

2020

ANNUAL REPORT



May 2021, Zagreb

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1. INTRODUCTION

Articles 250.a and 250.b of the Companies Act and Article 21a of the Accounting Act establish an obligation to submit an Annual Report, a true and fair view of the Company's position and the annual consolidated financial statements.

Annual Report of the Company INSTITUT IGH, d.d. (hereinafter: Company) includes all information and data required by law.

Annual financial statements of the Company are consolidated since we own shares and business interests in affiliate companies and subsidiaries.

The phrase „IGH Group“ will be applied in this Report to the Company and its affiliates and subsidiaries, all with the aim to present complete, true and substantially accurate information to the shareholders and investment community.

The Annual Report also includes principal financial statements prepared in line with the Accounting Act and International Financial Reporting Standards. According to the Accounting Act, the principal financial statements are the statements on the financial status of the Company (balance sheet), profit and loss account, Statement on other comprehensive income, Statement on changes in equity, Cash flow statement and Notes to the Financial Statements. Apart from this, Annual Report also includes the non-financial report, i.e. additional information, pursuant to provisions of Article 21 of the Accounting Act.



2. INTRODUCTORY NOTE BY THE PRESIDENT OF THE MANAGEMENT BOARD

The year 2020 for the whole world was marked by events related to COVID-19 pandemic and business activities impacted by it. In addition, in Croatia two devastating earthquakes largely affected social and business trends. For our society, as well as for the entire community, this meant a whole range of challenges that we had to deal with, but also an opportunity for us to lay the foundations for further business development in the years ahead.

Despite all challenges and reduced scope of tendering and contracting, we continued with intensive employment during 2020 and hired **100** new employees, **75%** of which are experts in core business. Thus, we increased the number of total employed to 518, or 10% more than the year before. Together with employees from regional centres in Georgia, Russia, Kosovo and Bosnia and Herzegovina we have a total of 537 employees.

When we talk about the impact of the COVID-19 pandemic on business, first and foremost our primary goal was caring for employees. Business processes have been adjusted to the new circumstances and necessary measures have been undertaken for smooth operation of the company. All of this resulted in a low infection rate among employees throughout the duration of the pandemic. In the context of the pandemic impacting our business operations, the impact was significant. As already mentioned, this was primarily seen through less tendering and contracting of new jobs and larger private investments.

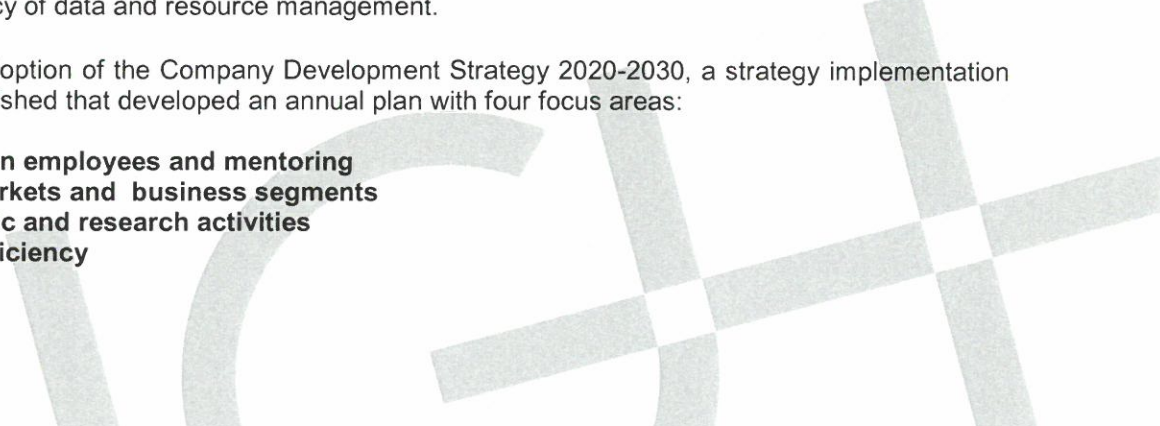
Nevertheless, during 2020, we concluded 261 new contracts with a total value of just over HRK 170 million. Out of the new contracts, I would like to single out two signed on the B&H market with the Public Company Motorways of the Federation of B&H d.o.o.

The first, value HRK 30 million, with our Company as the Lead Member of the Consortium, is signed for the services of design of express road Mostar-Široki Brijeg-Croatian State Borderline, section Polog- Croatian State Borderline. The second, approximate value of HRK 15,7 million is signed for technical supervision services of construction works on the Corridor Vc motorway, section Tarčin-Konjic, sub-section Tarčin-Ivan, entrance to the Ivan Tunnel.

In Croatia, we must point out the contract signed with Hrvatske ceste d.o.o. worth HRK 8,4 million for supervision of construction works on the road DC403, from the Škurinje Interchange to the Port of Rijeka, with our company as the Lead Member of the Consortium. Also, a contract was signed with HŽ Infrastruktura, worth HRK 5,3 million for supervision services during reconstruction of the Zagreb West Railway Station – Savski Marof railway line, mostly financed from the World Bank for Reconstruction and Development (IBRD).

Also, the announced project of digitization of internal documentation (DMS - Document Management System) has started, which is a cost-effective measure from which significant savings are expected in terms of efficiency of data and resource management.

Following the adoption of the Company Development Strategy 2020-2030, a strategy implementation team was established that developed an annual plan with four focus areas:

1. **Focus on employees and mentoring**
 2. **New markets and business segments**
 3. **Scientific and research activities**
 4. **Cost-efficiency**
- 

The management monitors the activities of the plan implementation on a monthly basis.

As in the previous year, one of the priorities of the Company is providing high quality products and services to clients is one of the company's priorities. Institut IGH is dedicated to continuous improvement of the skills and competences of its employees, who had the opportunity to attend relevant technical training and courses in the Competence centre even in 2020.

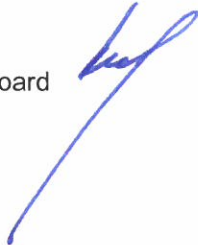
In order to maintain a leading market position, the company follows the trends and demands of the modern world when it comes to engineering solutions. As a response to that challenge, the company continued to promote and implement the Building Information Modelling (BIM) for future projects. During the implementation of the BIM process within the company, the market need for this specific knowledge was recognized and training plan was presented for external participants for 2021, which already begun with the first groups in February and March 2021.

During the year, the Company, in accordance with its legal obligations, continued to fulfil its obligations to creditors from the pre-bankruptcy settlement concluded in 2013. Also, during the year, intensive activities were ongoing to regulate the manner of settling obligations to the creditor B2 CAPITAL, which ultimately resulted in the signing of an agreement with the creditor in March 2021.

On behalf of the Institut IGH, d.d. Management

Robert Petrosian, dipl.ing.građ.

President of the Management Board



3. ACTIVITIES

INSTITUT IGH, d.d. is the leading consulting company for design and engineering services in civil engineering in Croatia and the region. Together with its 16 subsidiaries and 7 affiliates it provides comprehensive support in infrastructure and investment projects, delivering optimal, complete and innovative solutions in the civil engineering sector in Croatia and international markets.

The Company is registered at the Commercial Court in Zagreb under the number MBS: 080000959, with its head office in Zagreb, Janka Rakuše 1. The Company's share capital is HRK 116.604.710,00 divided into 613.709 ordinary shares mark IGH-R-A, ISIN:HRIGH0RA0006 nominal value HRK 190,00, listed on the official market of the Zagreb Stock Exchange.

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

- **PLANNING AND MANAGEMENT OF DEVELOPMENT RESOURCES**
 - Urban development plans and Master plans
 - Detailed urban plans
 - Development plans for areas of special character
 - Analysis and planning of transport systems
 - Elaboration of sustainable development projects
- **STUDY DEVELOPMENT**
 - Feasibility Studies
 - Documentation required for issuance of Location permit
 - Transport Studies
 - Environmental Impact Studies
 - Technical input, Environmental Protection Studies and Environmental Status Monitoring
 - Waste Management Programmes and Studies
 - Mathematical and Physical modelling of water engineering structures
 - Water supply, Drainage and Irrigation Studies
 - Development of Technical Reports for noise protection
- **DESIGN**
 - Design of concrete, steel and masonry structures and engineering facilities (bridges, tunnels)
 - Design of roads, geotechnical and water engineering structures
 - Pavement structure design, Traffic signs, road markings and road furniture design
 - Design of multipurpose water management infrastructure
 - Design of water supply and drainage systems
 - Designs for rehabilitation and repair of structures
 - Design of mining facilities and plants
 - Development of Technical studies in the field of building physics
 - Development of Technical solutions for thermal energy saving of buildings
 - Design of sanitary waste disposal sites for municipal and other waste
 - Development of Landscaping designs
 - Design validation and audit
- **TECHNICAL SUPERVISION**
 - Technical supervision during construction of concrete, steel and masonry structures of buildings and engineering facilities
 - Technical supervision during construction of roads, geotechnical and water engineering structures and facilities
- **CONSULTANCY IN IMPLEMENTING EU FUNDED PROJECTS**
 - Consultancy in project preparation

- Development of studies, business plans and analyses
- Preparation of design applications
- Consultancy in project implementation
- Financial management
- Public procurement
- Management of contracts and building projects

- **WASTE MANAGEMENT**
 - Investigation works to determine the impact of waste disposal sites on the environment, primarily soil and ground waters
 - Development of Environmental Impact Studies and Environmental Protection Reports as part of the Environmental impact assessment screening
 - Environmental Protection Management Programmes for large cities with respective Action plans
 - Environmental Protection Management Plans for infrastructure facilities
 - Appropriate Assessment for nature
 - Integrated Environmental protection requirements for plants
 - Review – audit of designs with regard to environmental protection requirements
 - Documentation for the issuance of environmental permit
 - Waste Management plans and reports
 - Reports on the implementation of Waste Management Plans for local self-governing units
 - Feasibility Studies with Cost-benefit Analysis
 - Development of tender documentation – depending on the type of procurement, in accordance with provisions of the Public Procurement Act and related implementing legislation
 - Design development (preliminary, detailed and working designs) for the purpose of obtaining the Location and Building permits for waste disposal sites, i.e. Waste Management Centres
 - Development of studies and technological designs for mechanical – biological treatment of mixed municipal waste
 - Technical supervision during execution of all types of works in the field of waste management
 - Technical assistance, advisory services and project management during different project implementation phases (preparation and implementation of public procurement procedure, contracting of works, design, work execution and during exploitation phase)

- **CONSULTING**
 - Consultancy services during design and construction
 - Consultancy services in the field of ecology, environmental protection and construction of all types of ecological structures
 - Technical advisory services for the Client
 - Technical project evaluation
 - Project management
 - Contract Management and supervision of contract implementation
 - Tender documentation and tender analysis
 - Study review

- **INVESTIGATION WORKS**
 - Determining the properties of building material
 - Investigation works, including construction, geotechnical, hydro-geologic and engineering-geological works
 - Investigation works for design purposes
 - Investigation works to determine the state of structure
 - Proving the serviceability of structure or part of structure

○ **PROOF OF SERVICEABILITY / SYSTEM OF ASSESSMENT AND VERIFICATION OF CONSTANCY OF PERFORMANCE**

Implementation of activities for assessment and verification of constancy of performance of construction materials in the sector regulated by law:

- Issuance of certificates for the constancy of performance of construction products (for systems 1 and 1+)
- Issuance of certificates for conformity of factory production control (for system 2+)
- Preparation and issuance of Croatian documents for verification in the sector regulated by law for the purpose of issuing Croatian Technical Assessment
- Preparation and issuance of Croatian Technical Assessment (CTA) in the sector regulated by law, that is, issuance of documents on the assessment of constancy of performance of construction products pertaining to its important properties, in accordance with the respective Croatian Document for Assessment.
- Implementation of activities relating to assessment and verification of constancy of performance of construction products in the sector not regulated by law

○ **LABORATORY TESTING / CALIBRATION**

- Laboratory testing of materials and construction products
- Control testing of materials and works during construction
- Field testing and measurements
- Testing the water tightness of water supply and drainage systems
- Testing the noise level and impact sound insulation
- Testing the Air Tightness and Thermographic survey of buildings
- Calibration of force measuring and length instruments
-

○ **SCIENTIFIC AND RESEARCH WORK**

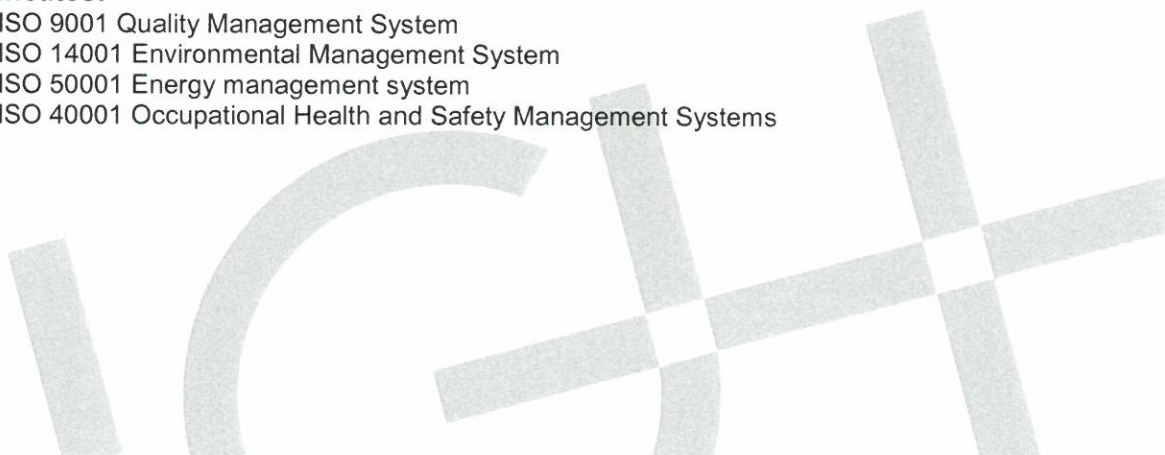
- Scientific and technological development projects
- Study of new building materials, building procedures and application technologies
- Experimental research
- Development of prototype equipment for civil engineering industry

○ **OTHER ACTIVITIES**

- Participating in the preparation of proposals for Building codes
- Participating in technical committees for development of Standards
- Professional training
- Publishing
- Information society services
- Web design
- Development and maintenance of web-sites
- Activities of electronic communication networks and services
- Universal services in the field of electronic communications
- Value added services
- Electronic publication services
- Teaching in informatics
- Computer and related activities

In compliance with the standards for sustainable development system, IGH has the following certificates:

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 50001 Energy management system
- ISO 40001 Occupational Health and Safety Management Systems



4. HISTORY

- 1949.
 - Establishment of INSTITUT IGH, d.d. as the Civil engineering laboratory Zagreb
- 1956.
 - Renamed to Civil Engineering Institute of Croatia
- 1961.-1962.
 - Opening of Regional offices in Split, Rijeka and Osijek
 - Gains the status of a research institution
- 1967.-1973.
 - Opening of permanent field laboratories in Sisak, Karlovac, Dubrovnik, Pula, Zadar and Varaždin
- 1977.
 - The Institute merges with the Faculty of Civil Engineering and obtains a new name: Civil Engineering Institute
- 1991.
 - The Institute separates from the Faculty of Civil Engineering and reverts to its former name: Civil Engineering Institute of Croatia
- 1994.
 - Transition and privatization
- 1995.
 - IGH – joint stock company
 - Establishment of first subsidiary: IGH Mostar d.o.o. with head office in Bosnia and Herzegovina
- 1997.
 - New office building opens in Rijeka and a new laboratory building is completed in Sisak
- 1999.
 - First accreditation according to HRN EN 45001 standard, later replaced by standard HRN EN ISO/IEC 17025 General requirements for the competence of testing and calibration laboratories
- 1999.
 - Establishment of IGH Cert – independent body within IGH for the Assessment and verification of the constancy of performance of construction products, by authorization of the Minister responsible
- 2000.
 - Department for Study and Design development established
 - New office building in Split completed and fully equipped
- 2003.
 - Establishment of IGH TD – independent body within IGH for assessment of properties of construction products by authorisation of the Minister responsible
 - Institute shares listed on the Zagreb Stock Exchange
- 2004.
 - IGH accredited according to HRN EN 45011 General requirements for bodies operating product certification systems
 - Over 400 testing standards for different construction products
 - IGH laboratory moves to new building in the IGH head office in Zagreb
- 2005.
 - IGH obtains approval for provision of the following conformity certification services: certification of products, certification of factory production control, supervision over factory production control and testing
- 2006.
 - IGH granted Certificate ISO 9001:2002 Quality Management System
- 2008.
 - Restructuring of the Company and new visual identity

- 2009.
- Name change to INSTITUT IGH, joint stock company for research and development in civil engineering
 - New organization
 - New visual identity
 - Granted Certificate ISO 14001 Environmental Management System
 - Granted Certificate OHSAS 18001 Occupational Health and Safety Assessment Specification
- 2012.
- New organization
 - Appointment of multi-member management
 - Increase of share capital by cash contribution, issue of new ordinary shares, individual nominal value of HRK 400,00
 - Increase of share capital to HRK 105.668.000,00 by issuing 105.590 new shares, nominal value HRK 400,00 each for a price of HRK 760,00 per share
 - Issuing Convertible bonds mark IGH-O-176A, ISIN: HRIGH0O176A8 in the amount of EURO 10.000.000,00
Establishing IGH-ESOP d.o.o. as a new FORM OF Employee Share Ownership, with 173 member - founders, with the paid-up share capital of HRK 2.979.200,00
 - Entry in the Register of Scientific Organizations in the technical sciences discipline, field of civil engineering
- 2013.
- New organization
 - Pre-bankruptcy settlement
 - IGH – Notified Body for certification (assessment of properties of material) of products at the EU level for area of harmonized European standards
 - IGH – Approved Body and Croatian Body for technical assessment according to authorisation of the Minister responsible for the area of non-harmonized EU Standards
 - IGH – Technical Assessment Body – TAB for technical assessment of construction products at the EU level
- 2014.
- Increase of share capital through authorized share capital by investment of rights of conversion of part of claims of a part of creditors from the pre-bankruptcy settlement, from HRK 105.668.000,00 to HRK 123.483.600,00, issuing of new 44.539 non-materialized shares, issued in name, nominal value of HRK 400,00 each
 - Decrease of share capital from HRK 123.483.600,00 to HRK 58.654.710,00 by decreasing the nominal value of shares by HRK 210, 00, from HRK 400,00 to HRK 190,00 to cover the loss realized in previous periods
 - Increase of share capital from HRK 58.654.710,00 to HRK 116.604.710,00 by cash contribution, by issuing new 305.000 non-materialized shares, issued in name, nominal value HRK 190,00 each
 - Change in the ownership structure, members of the Management, positions of the Management, power of representation of the Management members, Supervisory Board members, revocation and granting of general power of representation
- 2015.
- New organization
 - Conversion of 349.539 shares mark IGH-R-C ISIN HRIGH0RC00004 nominal value HRK 190,00 each into 349.539 shares mark IGH-R-A ISIN HRIGH0RC00006 nominal value HRK 190,00 each
 - Listing of 349.539 shares individual nominal value HRK 190,00, mark IGH-R-A, ISIN: HRIGH0RA00006 of the official market of the Zagreb stock exchange

- 2016.
- Operational restructuring
 - Establishing regional market approach
 - Opening of new markets
 - Opening of Branch office in Georgia
 - Operational indicators mark an increase owing to the change in business development trends
- 2017.
- Successful completion of large scale infrastructure projects in Georgia
 - Acquisition of IGH Mostar and establishment of business unit in Bjelina
 - Rebranding and new visual identity
- 2018.
- Successful re-accreditation of IGH Laboratory by the Croatian Accreditation Agency (HAA), meeting all requirements set by the standard HRN EN ISO/IEC 17025. IGH Laboratory obtained a new, valid Certificate on Accreditation, valid until 2024.
 - Accreditation for low strain impact integrity testing (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 transfer measurement during standard penetration testing (SPP/Er - ASTM D4633-16), which expanded our area of accreditation of geotechnical testing to IGH field investigations as well
 - Signed the Contract for technical supervision of construction works on the Bridge Mainland – Island of Pelješac with access roads with Hrvatske ceste d.o.o., on the basis of public procurement procedure and our offer for HRK 49,4 million (VAT exclusive)
 - New certificate ISO 50001 – Energy management systems
 - Supervision of works on the construction of TPP Banovići-Block 1-350 MW, net value HRK 15.769.400,00
- 2019.
- Obtaining a new certificate ISO 50001 Energy Management Systems
 - Signed a Contract for supervision of works on the construction of TPP Banovići - Block 1-350 MW, for a net value of HRK 15.769.400,00.
 - Signed a Contract for supervision of works on the construction of the Bypass of Ston (DC414), sub-sections Sparagovići / Zaradeže - Prapratno and Prapratno – Doli for a net value of HRK 12.750.697,00 as well as supervision on the Project Improvement of the water supply and utility infrastructure on the Rijeka agglomeration area, for a net value of HRK 12.522.863,00
 - Design of ID12 Vrbovec 2 Interchange, (D10) –Bjelovar–Virovitica–BC T. Polje, section Bjelovar–Virovitica–BC T. Polje (Hungarian State Borderline, app. 60 km long, for a net value of HRK 12.407.600,00.



2020.

- New Business Strategy 2020 – 2030 adopted
- Contract signed with Public Company Motorways of the Federation of B&H, valued HRK 30 million. We are the Lead Member of the Consortium and the contracted services are for design of express road Mostar-Široki Brijeg-Croatian State Borderline, section Polog-Croatian State Borderline
- Contract signed with Public Company Motorways of the Federation of B&H valued HRK 15,7 million for technical supervision during construction of the corridor Vc motorway, section Tarčin-Konjic, sub-section Tarčin-Ivan, entrance to the Ivan Tunnel
- The Ministry of Construction and Physical Planning gave its approval to the “Professional Training Programme 2020-2022” for internal and external educational programmes for which academic hours will be granted, which makes the Company the only private institution in Croatia to offer Professional Training Services for all persons who have passed professional state examination and who, in accordance with the Ordinance on professional training of persons performing physical planning and construction activities, must, within a two-year period, acquire at least twenty academic hours of education.
- In accordance with certification requirements, the Company implemented a transition from the standard OHSAS 18001 to the standard ISO45001:2018, this stressing the importance of Occupational Health and Safety of its employees, as part of the Company's culture.



5. GROUP COMPOSITION

Parent company of the Issuer is the Issuer himself. IGH Group members are partly complementary to the parent company, founded or acquired with the aim to provide complete range of services.

First part of the provided expert services include testing, design and design validation, technical supervision and management in the field of architecture, civil engineering and scientific research. The second part of the services are provided by dedicated companies for the realization of real-estate projects.

IGH Group includes **15 subsidiaries and 6 affiliates** (situation on 31 December 2019) providing core and similar activities, while the INSTITUT IGH, d.d. also operates through branch offices and representative offices abroad.

Subsidiaries are companies in which the Company has more than 50% of voting rights and/or controls the adoption and implementation of financial and business policies of the company in which it has invested, with the aim to acquire benefits from its activities.

Affiliates are companies in which the Company has between 20% and 50% of voting rights and a significant influence but not control, through participation in decision making of financial and business policies.

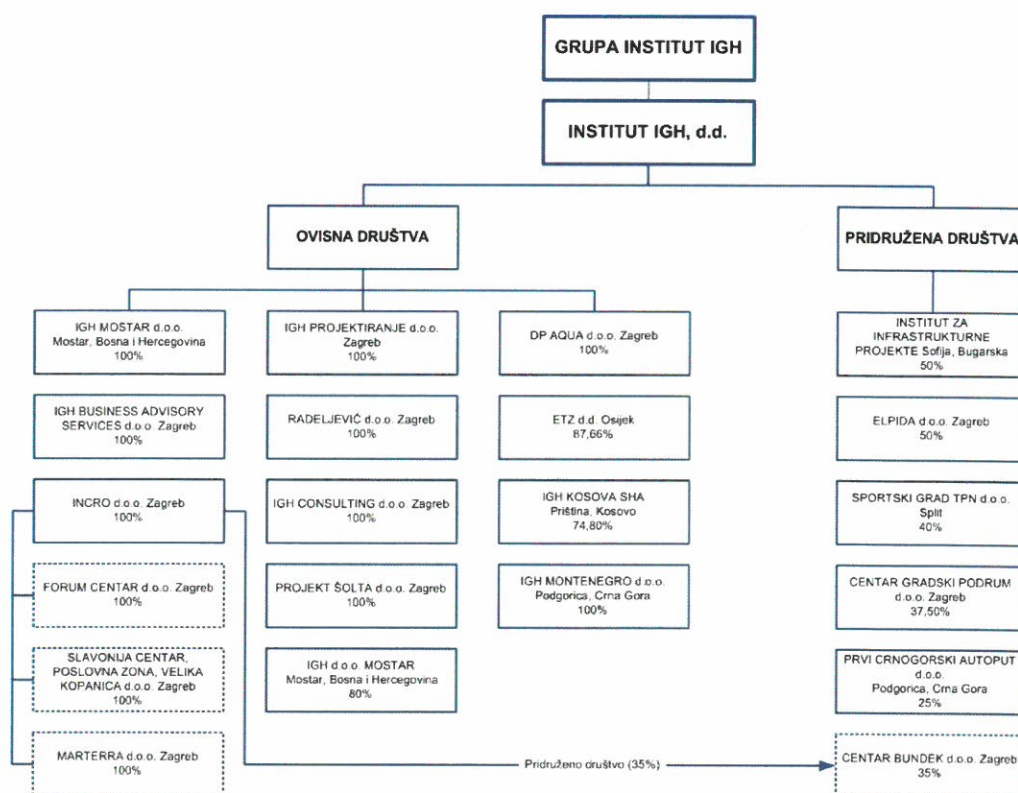


Chart 1: IGH Group on 31 March 2021

31/03/2021

Consolidation included the following **subsidiaries**:

SUBSIDIARY	ADDRESS
IGH d.o.o MOSTAR	Bišće Polje bb, Mostar, Bosnia and Herzegovina
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
RADELJEVIĆ d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH CONSULTING 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
FORUM CENTAR d.o.o.	Janka Rakuše 1, Zagreb, Croatia
SLAVONIJA CENTAR, POSLOVNA ZONA VELIKA KOPANICA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
PROJEKT ŠOLTA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH MOSTAR d.o.o.	Bišće Polje bb, Mostar, Bosnia and Herzegovina
IGH MONTENEGRO d.o.o.	Moskovska 2b, Podgorica, Montenegro
IGH KOSOVA Sha	Kosovo, Pristina

Table 1. Subsidiaries included in consolidation

Having in mind that the company Projekt Šolta is under bankruptcy, and the company Montenegro has no business activities, these two companies are not included in the consolidation for 2020. Also, during 2020, the company Autocesta Bar-Boljare d.o.o. has been removed from register.

Affiliates that have an impact on financial results by applying the equity method, are as follows:

AFFILIATE	ADDRESS
INSTITUT ZA INFRASTRUKTURNE PROJEKTE	Bulgaria, Sofia
ELPIDA d.o.o.	Ventilatorska 24, Lučko, Croatia
SPORTSKI GRAD TPN d.o.o. u stečaju	Zrinsko-Frankopanska 211, Split, Croatia
CENTAR GRADSKI PODRUM d.o.o.	Augusta Cesarca 2, Zagreb, Croatia
CENTAR BUNDEK d.o.o.	Ede Murtića 11, Zagreb, Croatia
PRVI CRNOGORSKI AUTOPUT d.o.o.	Montenegro, Podgorica

Table 2. Affiliate companies included in consolidation

The Company undertakes its business activities through its branch offices in Georgia, Republic of Kosovo and the Russian Federation as well as through its representative office in Bosnia and Herzegovina.

6. SIGNIFICANT PROJECTS AFTER THE BALANCE SHEET DATE

In the period between 31 Dec 2020 and this Report, the Company contracted new projects valued HRK 12.2 million,

Below given are some of the most significant projects contracted in 2021:

Novi ugovori u 2021						
Redni broj	Zemlja	Naručitelj	Naziv projekta	Opis usluge	Neto ugovorna vrijednost za IGH	Status
1	Hrvatska	Koprivničke vode d.o.o.	Poboljšanje vodnogomunalne infrastrukture aglomeracije Koprivnica	nadzor	4.965.804	ugovoreno
2	Hrvatska	INA - Industrija nafte d.d.	Usluge stručnog nadzora građenja i kontrole projektne dokumentacije_okvirni sporazum na 2 godine	nadzor	4.571.000	ugovoreno
3	Hrvatska	BOUYGUES TRAVAUX PUBLICS, podružnica u	Izvedbeni projekti građevinskih radova za Istarski ipsilon (2B2-1FAZA), dionica: Vranja-tunel Učka-2.cijev	projektiranje	1.968.946	ugovoreno
4	Hrvatska	HŽ Infrastruktura d.o.o.	Rekonstrukcija postojećeg i izgradnje drugog kolosijeka na dionici Križevci - Koprivnica - državna granica	projektantski nadzor	722.500	ugovoreno
5	Hrvatska	Hrvatske ceste d.o.o.	Glavni projekt s provedbom upravnog postupka ishođenja građevne dozvole čvora Brijesta	projektiranje	556.654	ugovoreno
6	Hrvatska	Hrvatske ceste d.o.o.	Novelacija idejnog rješenja i izrada Studije utjecaja na okoliš s ishođenjem Rješenja o prihvatljivosti zahvata na okoliš za prometnicu od obilaznice Orebića do čvora Brijesta	projektiranje/studijska dokumentacija	546.000	ugovoreno
7	Hrvatska	Hrvatske vode	Preliminarna kategorizacija nasipa na vodotocima 1. reda (VEPAR)	istražni radovi	492.810	ugovoreno
8	Hrvatska	Ministarstvo prostornoga uređenja, graditeljstva i državne imovine	Izrada Biltene Standardna kalkulacija radova u visokogradnji za 2020. godinu Nadogradnja i Samostojeće obiteljske kuće i obiteljske kuće u nizu	savjetodavne usluge	349.000	ugovoreno
9	Hrvatska	Hrvatske vode	Izrada detaljne projektne dokumentacije sustava navodnjavanja Vransko polje-I FAZA- podsustav Gorčine	projektiranje	320.900	ugovoreno
10	Hrvatska	Grad Rijeka	Izgradnja sortirnice na lokaciji Mihačeva draga - EU - usluge vođenja projekta	savjetodavne usluge	285.530	ugovoreno
Ukupno					12.228.249	

Table 3. List of projects contracted at the beginning of 2021

In February 2021, Institut IGH,d.d started with Professional Training Services for all persons who have passed professional state examination and who, in accordance with the Ordinance on professional training of persons performing physical planning and construction activities, must, within a two-year period, acquire at least twenty academic hours of education. First education sessions were thematic sessions for BIM – structural modelling.

In March 2021 the Company signed contracts by which it regulated the manner of settling its obligations towards the creditor **B2 KAPITAL**, all in line with its legal responsibility to settle its obligations towards the creditors from the pre-bankruptcy settlement signed in 2013.odine.



7. VISION AND MISSION

- VISION:** Be a leading engineering company in the region and beyond, whose employees are the best experts and satisfied co-owners, improving the every-day quality of life and of the environment through their innovative engineering solutions.
- MISSION:** Tackle engineering challenges to our client's satisfaction, with a timely, professional and responsible approach, knowledge and innovation.



8. IGH's STRATEGY 2020 - 2030

The new decade marks a new strategic step forward for Institut IGH, based on our key values. Our course in the next ten year period is to keep the leading position on the traditional Croatian and East European markets, providing services in the field of design, construction supervision, project management, laboratory services in sectors in which we have so far demonstrated our superior expertise, such as road and railway infrastructure. IGH bases its corporate advantage on the comprehensive services it provides in civil engineering, which is an exceptional efficiency in project implementation for the client, along with maintaining a high level of quality of services.

The Strategy proposes four key lines of action:

1. **Focus on employees and mentoring**
2. **New markets and business segments**
3. **Scientific and research activities**
4. **Cost-efficiency**

Employees are our greatest asset

The experience gained on large and demanding projects, and experts who are capable of managing all complex activities, must be kept in IGH. An invaluable pool of expertise and experience of IGH's experts is thus created, forming the basis for long-term sustainability of our business operations. Empowering expert staff by developing and training of presently employed and bringing new team leaders and key experts to work on projects, as well as attract junior engineers is still in our focus. In addition, through the implementation of the Quality Management System we would like to establish a system of mentoring whereby junior engineers and designers can work together with more experienced experts in all phases of designs. This will surely provide a faster transfer of knowledge and ultimately a higher quality level of our work and services and an added value for our partners. A systematic program of vocational education and training will enable our employees to develop their expertise and managerial skills, foreign languages and soft skills as well as application of new technologies as a part of the comprehensive digital transformation of the Company

Client orientation

IGH's view is to be a partner to his clients and not only a contractor, to achieve this by focusing on the timely achievement of their requirements and a proactive approach.

Scientific and research activities

IGH was once recognisable by his contribution to the profession through research and development. We would like to return to these roots in the next period and become once more the centre of excellence in the field of scientific and research activities and implementation of education programmes: use of plastic based waste materials in building materials, development of new methods for testing building materials and structures, including methods of non-destructive testing, further development and issuance of eco-certificates, capacity building for water analysis, research and development on hydrogen.

Focus on new sectors and modernization of services

Energy, in the classic sense and especially energy from renewable sources such as wind, water and biomass is a great opportunity to expand our experience to this sector and additionally diversify our service portfolio and sectors in which we operate.

Buildings for industrial and civil purposes as well as Data Centres will in the future require state of the art design, technical supervision and strategic consultancy services. This is precisely where IGH wants to remain and be recognized as a top leading company.

We wish to be the leading company when it comes to improving services according to world

standards, and be the leader of the trend towards the modernization of services in civil engineering for all stakeholders. This primarily means promoting BIM processes and tools and establish them as the standard in the industry.

Financial stability

Ensuring cash flow stability and further financial activities for IGH development in the next period, while complete fulfilment of commitments from the pre-bankruptcy settlement and its closure are a pre-requirement for easier business operation.

Increased involvement of all IGH assets on present and new foreign markets will achieve financial stability of the Company.

New markets

Our strategic goal in the next period is to turn towards the West and the Near East. This primarily means to the West European markets such as Austria, Germany, and Sweden. We will also boldly step onto the markets of the Near East and North Africa where we plan to open a branch office in Kairo.



Figure 2: Symbolic presentation of IGH's strategic areas



10. NON-FINANCIAL REPORTING

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 in its Annual Report all relevant information on business activities which are expected to be included in the non-financial report.

Quality management systems for environmental protection, occupational safety, safety at work and energy efficiency

Management systems in the Institute IGH, d.d. are applied to all business processes through a unique integrated system, which aims to continuously improve the process and develop the quality of service. In 2020, the Institute has certificates ISO 9001, ISO 14001, ISO 50001, OHSAS 18001. The annual certification audit of the certification company DNV GL has been completed, which gave us all the prerequisites for the transition to a new standard ISO45001, instead of the certificate according to standard OHSAS 18001.

The new management system policy is a document adopted by the Management Board to express its commitment to meeting the applicable requirements and to continuously improving the quality management system. The published policies define the guidelines of top management in terms of quality, environment, health and safety at work, occupational safety and energy efficiency. Strategic orientation, mission and vision are incorporated into the document itself, and the policy builds on the corporate values of the IGH Institute.

Quality management policy is publicly available to all interested parties on the website: www.igh.hr.

Ad 1. Client orientation

Based on our experience and expertise, we recognize our client's needs, we offer solutions through consulting and personalized service, and we achieve long-term relationships to mutual benefit and satisfaction. Our clients can expect a high level of expertise, reliability, impartiality, confidentiality, objectivity and independence in our work.

Ad 2. Proactive approach

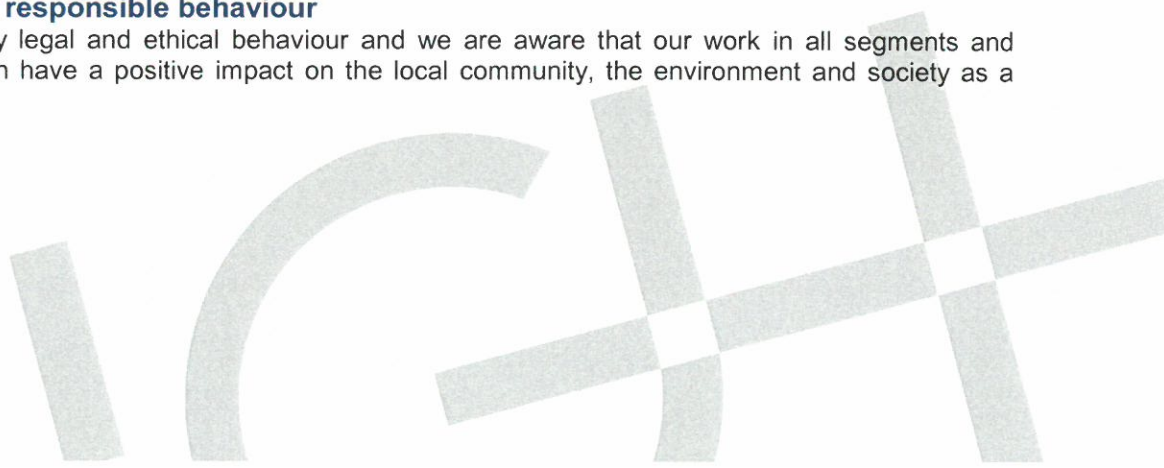
Every day we seek solutions better than the existing ones and give our best efforts in every opportunity and on every project. We accept and create new opportunities, learn from them and develop, and maintain and improve management systems.

Ad 3. Excellence

We persevere on expertise and quality in everything we do, set standards and constantly invest in raising the competencies of our employees..

Ad 4. Socially responsible behaviour

We support only legal and ethical behaviour and we are aware that our work in all segments and relationships can have a positive impact on the local community, the environment and society as a whole.



Ad 5. Collectivity

We encourage cooperation and knowledge sharing, nurture good interpersonal relationships and create a pleasant and stimulating work atmosphere.

Ad 6. Sustainable development

The sustainable development strategy is focused on sustainable building design, employee health protection, safety and social responsibility, responsible behaviour towards the environment and the local community.

Ad 7. Environmental management

We recognize our own responsibility to reduce the negative impacts of our activities on the environment and implement the programmes by applying ISO 14001: 2015. All our activities are carried out in accordance with applicable national regulations related to environmental protection. We develop a high level of employee awareness and culture of behaviour through this policy, our responsibilities, our significant aspects as well as through our own contribution to the effectiveness of environmental management. We strive to improve our own energy efficiency, optimize the use of resources and improve the waste management system in line with our goals.

Ad 8. Management of Occupational health and safety at work

Institut IGH d.d. continuously works on the development and application of the principles of occupational health and safety at work, in accordance with the risks that are present in business processes.

Last year, Institut IGH d.d. as well as other business entities in the world, was hit by the SARS COV 2 pandemic, which significantly affected the business environment and the organization of work processes. Serious risks have emerged both for the health of workers and for the functioning of the company. The risks have been analysed and assessed as high in both observations. Organisational and protective measures have been planned and implemented, but have not eliminated the risks. When talking about protecting the safety and health of workers, we are talking about biological risks that need to be continuously controlled in order to minimize the damage. The risk assessments and measures will be found in the new edition „Occupational Safety Risk Assessment“. After a certain period of adjustment, managers found models of functioning that reduced the risks of infection while maintaining the operation and efficiency of the work units at a high level.

Due to the above stated, the employer's expenditures have increased in the aspect of occupational safety and health of employees. New expenditures include the purchase of protective equipment for COVID, the purchase of temperature measurement terminals, the purchase of disinfectants for cleaning and maintenance of surfaces, and the subcontracting of electromotor disinfection of contaminated areas.

Last March, the location of the Institute in Zagreb was hit by another natural disaster, an earthquake. There were no human casualties among IGH staff because the quake occurred early in the morning.. Therefore, we can only talk about the consequences of the earthquake through the damage caused.. Considering that the complex in Zagreb was built in phases, over a longer period of time, the building standards for the buildings were different, so the consequence were also different. The least affected was the newest building in which the Laboratories are located. Immediately after the event, the management requested an analysis of the stability of all buildings so as to guarantee the safety of their employees. The analysis was conducted by leading IGH experts who determined that the damage and cracks did not affect the structure and its properties and that work in the buildings can be continued (report Krunoslav Mavar, Marija Čagalj). Damage was reported to the insurance company and repairs were made.

An earthquake of similar magnitude as the first occurred again at the end of the year. Since IGH employees were on their annual Christmas leave at the time, again, there were no casualties but there was damage at similar locations within the complex. Professional staff re-inspected the complex to determine if it was safe for staff to return. Again, it was determined that there was no damage on the load bearing elements which would affect the stability of the structures. After the Christmas holidays, employees returned to their safe work posts. The damage was reported to the insurance company and

we are waiting for their decision to start repairs.

Last year, the Company completed a successful transition of the Occupational health and safety at work system, by switching from the standard OHSAS 18001:2007 (Occupational Health and Safety Assessment Series) to ISO 45001:2018 (Occupational Health and Safety).

During the regular external audit procedure, the evaluation body for the DNV-GL occupational health and safety of workers system was evaluated as functional, with a mark 3 out of 5.

The established system ensures a healthy and safe working environment and reduces the risk for workers, subcontractors, visitors and other stakeholders that the company's activities may have an impact on.

In accordance with its commitments, Institut IGH d.d. ensures a healthy and safe working environment by respecting the following principles of health protection and safety:

- creating an environment in which health and safety risks are controlled to prevent injuries and occupational diseases
- compliance with all laws and regulations, and compliance with all applicable international standards
- implementing the occupational health and safety at work management programme

Internal inspections of occupational safety found several instances in most processes and at all locations. These instances were recorded in the Internal Audit Reports and sent to authorized representatives and immediate representatives in occupational safety, i.e. process owners. By eliminating these instances the system of occupational health and safety of employees is continuously improving.

Increased fluctuation of employees continues (new employments). These new employees, immediately upon employment undergo the necessary occupational safety training, depending on the risks to which they are exposed. In view of the above, regular expenditures for personal protective equipment for workers working in special working conditions also increased. The number of workers who have the obligation to go for regular medical examinations to determine their medical fitness has also increased.

In order to avoid discrepancies between the planned and actual expenditures, it would be advisable if the Occupational Health and Safety and Fire Protection Service had input parameters, in this case a Plan on Employments for the year ahead.

All employees actively apply preventive measures in order to prevent injuries and occupational diseases, and report any occurrences in their working environment that could endanger their health.

Despite the challenges and stress to which the Institut IGH d.d. employees were exposed we must note the exceptional discipline and education of our employees in the field of Occupational Health and Safety and Fire Protection, which resulted in less work-related injuries, controlled by the employees. An analysis of injuries between 2013 and 2020 is given below, showing a decrease of lost work days.

Analysis of injuries between 2013 - 2020 / Work related injuries analysis

GODINA / YEAR	BROJ OZLJEDA / No ACCIDENTS	IZGUBLJENI RADNI DANI / LOST WORKING DAYS	UČESTALOST* / FREQUENCY RATE*	TEŽINA OZLJEDA** / SEVERITY RATE**	Broj djelatnika / Employees number	Fond sati po djelatniku / Number of working hours	Ukupno sati / Total hours IGH	Izgubljeni sati / Lost hours	Izgubljeni dani / Lost days
2013	4	100	0,03	0,74	651	2088	1359288	800	100
2014	3	50	0,02	0,39	613	2088	1279944	400	50
2015	2	59	0,02	0,49	578	2088	1206864	472	59
2016	3	26	0,03	0,23	532	2088	1110816	208	26
2017	4	22	0,04	0,22	473	2088	987624	176	22
2018	1	62	0,01	0,71	421	2088	879048	496	62
2019	5	99	0,05	1,01	469	2088	979272	792	99
2020	1	14	0,01	0,13	517	2088	1079496	144	14

*INDEX CALCULATION FREQUENCY: N. INJURIES/N. HOURS WORKED X 10.000

**INDEX CALCULATION OF GRAVITY: TOTAL WORKING DAYS LOST/TOTAL HOURS WORKED X 10.000

Two more workers had accidents (in 2020) on the way home (from work) but employer did not have any influence on processes which caused the injuries

Table 4: Analysis of work related injuries 2013-2020

Appropriate health care is provided for INSTITUT IGH d.d. employees who work in special working

conditions, by the contracted occupational medicine, as well as previous and periodic medical check-ups, to determine their medical fitness (psycho-physiological, mental). Depending on results of medical check-ups, authorized persons in charge of Occupational Safety and workers covered by the report on medical check-up, are informed on any deficiencies that may affect the safety and health of workers during performance of their regular duties and they are forbidden to work on jobs that represent a substantial risk until these deficiencies are resolved.

Approximately 290 INSTITUT IGH, d.d. employees are in the regular medical check-up system.

Ad 9. Energy efficiency policy

By implementing and certification of energy management systems according to the standard ISO50001, we develop our core values: recognizing and meeting the needs and wishes of our clients, with continuous improvement focused on energy efficiency, through:

- Preventive maintenance and investments
- Improving methods for data analysis on own consumption
- Respecting laws and regulations
- Raising awareness of all employees
- Implementation of energy-efficiency solutions in focus during design
- Energy efficient equipment is purchased, suppliers are prompted to manufacture energy efficient goods and services

The Waste Management Regulation and Guidelines on the management of environmental goals and aspects were adopted for environmental protection purposes. Recycling yards were set up at all locations, for separate collection of waste until final collection. Waste Management Programmes were made for every location, as well as instructions and plan for waste disposal. Contract with authorized companies are signed for waste treatment and disposal.

In line with laws and regulations, respective Forms for waste are filled in and Logbooks on the creation of waste are kept, and registration in the Hazardous waste Register is made according to need.

Likewise, a Register of Environmental Aspects and Risk Assessment is made, which is regularly kept up-to-date.

ZAGREB	
TYPE F WASTE	QUANTITY (t)
(*) hazardous waste	4,74
paper and cardboard	8,11
mixed construction waste	69,40

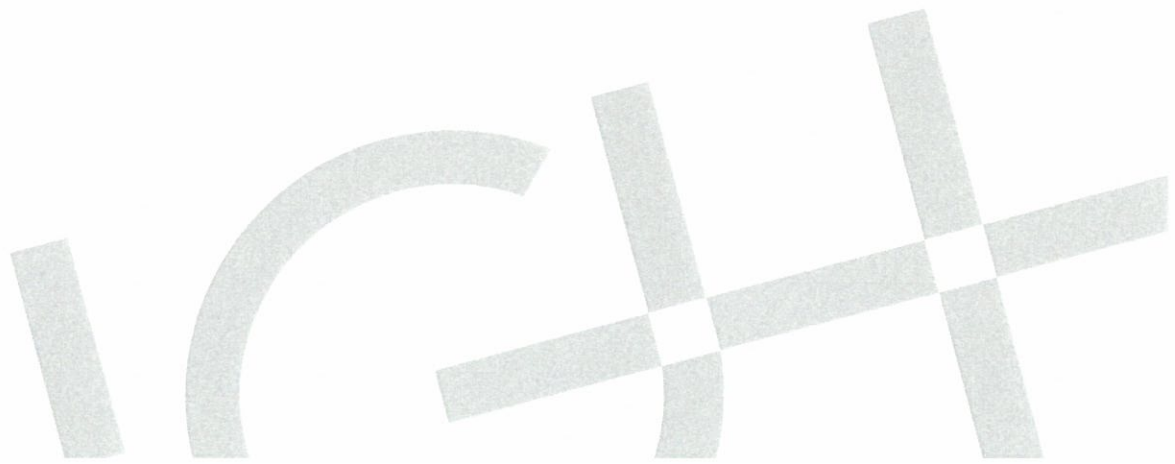
RC RIJEKA	
TYPE OF WASTE	QUANTITY (t)
(*) hazardous waste	0,00
paper and cardboard	0,38
mixed construction waste	9,31

RC SPLIT	
TYPE OF WASTE	QUANTITY (t)
(*) hazardous waste	0,92
paper and cardboard	0,00
mixed construction waste	0,00

Tables 5, 6., 7. Type of waste per location

ANNUAL REPORT • 2020 •

A total of 8,49 tons of paper, 5,66 tons of hazardous waste and 78,71 tons of construction waste were managed in 2020.



Tables 8,9,10. Type of waste per location – detailed

ZAGREB																		
NASTANAK OTPADA										Podaci za 2020. godinu				Obrazac NO				
Ključni broj otpada	Naziv otpada	Osnova određivanja količine 2 - izračun	Za službu da je otpad nastao postupkom obrade na lokaciji upisati oznaku UO 1 - vaganje 3 - prosudba	Nastalo u izvještajnoj godini (t)	Stanje privremenog skladišta na dan (t)		Postupanje s otpadom na mjestu nastanka		Namijenjeno za postupak oporabe (R) ili zbrinjavanja (D)	Količina (t)	Predano		Naziv i adresa tvrtke/obrtu koja preuzima otpad	OIB tvrtke koja preuzima otpad	Naziv odlagališta i adresa	ID kod odlagališta	Količina (t)	Država uvoznica
					1.1.	31.12.	količina (t)	D/R postupak			količina (t)	količina (t)						
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s
08 0111	opadne boje i tinte koji sadrže organske otapale ili druge opasne tvari	1 - vaganje		0.885	0	0.905			D	0.85			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				
08 0311	opadni lakovi i tinte koji sadrže opasne tvari	1 - vaganje		0.34	0	0			D	0.34			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				
14 0002	ostala heterogeni otpad i mješavine otpada	1 - vaganje		0.085	0	0.085				0			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski					
15 0102	praznina ambalaže	1 - vaganje		0.82	0.218	0.118			D	0.72			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				
15 0111	metalna ambalaža koja sadrži opasne tvari opasne materije (npr. adhezivi, uključujući epoksidne smole) pod tlakom	1 - vaganje		0.011	0	0.003			D	0.008			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				
15 0203	neopasni, otpad iz metalne industrije, otpad iz obradbe metala koji nisu navedeni pod 15 02 02 i 15 02 03	1 - vaganje		0.28	0	0			D	0.25			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				
15 0303	opadne gume	1 - vaganje		0.017	0	0			D	0.017			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				
16 0121	opasne komponente koje nisu navedene pod 15 01 07 do 15 01 11 i 15 01 13 i 15 01 14	1 - vaganje		0.23	0	0.08			D	0.15			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				
16 0203	labaratorijski otpad koji sadrži opasne komponente, a koje nisu navedene pod 16 02 02 i 16 02 03	1 - vaganje		2.67	0	0.49			D	2.18			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				
16 0606	labaratorijski kemikalije koje se čuvaju od opasnih tvari ili u opasnoj, uključujući mješavine labaratorijskih kemikalija	1 - vaganje		0.01	0.344	0			D	0.364			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				
17 0107	mješavine betona, cigle, čvrstobločica i keramike koje nisu navedene pod 17 01 08	1 - vaganje		148.28	0	0			R	148.28			ZAGREBAČKI HOLDING d.o.o. 10000 Zagreb, Ulica grada Vukovca 41 - Lokacija Dorćol 48, 10000 Zagreb	8558485087				
17 0303	ugrijani katali i proizvod koji sadrži katal	1 - vaganje		0.255	0.34	0.175			D	0.42			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				
17 0904	mješavine građevinskih otpada i otpad od tluženja objekata, koji nije naveden pod 17 09 01, 17 09 02 i 17 09 03	1 - vaganje		59.395	0.705	0			R	70.1			ZAGREBAČKI HOLDING d.o.o. 10000 Zagreb, Ulica grada Vukovca 41 - Lokacija Dorćol 48, 10000 Zagreb	8558485087				
20 0101	papir i karton	1 - vaganje		8.11	0	0			R	8.11			DS SMITH UNIPAPIR CROATIA d.o.o. 10000 Zagreb, Laskovica 5 - Lokacija Donja Dubrava bb, 10000 Zagreb	9948775874				
20 0201	rukavice, cipele i ostali otpad koji sadrži drvo	1 - vaganje		0.183	0	0			D	0.183			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				
20 0301	glumazni otpad	1 - vaganje		1.86	0	0			R	1.86			KEMIS-TERMOLEAN d.o.o. 10000 Zagreb, Slavonska avenija 26/4 - Lokacija Dubrava 5, 51250 Novi Vinodolski	4771925482				

SPLIT																		
NASTANAK OTPADA					Podaci za 2020. godinu						Obrazac NO							
Ključni broj otpada	Naziv otpada	Osnove određivanja količine: 1 - vaganje, 2 - izračun, 3 - prosudba	Za službu da je otpad nastao postupkom obrade na lokaciji upisati oznaku UO	Nastalo u izvještajnoj godini (t)	Stanje privremenog skladišta na dan (t)		Postupanje s otpadom na mjestu nastanka		Namijenjeno za postupak oporabe (R) ili zbrinjavanje (D)	Količina (t)	Predano				Izveštenje			
					1.1.	31.12.	količina (t)	D/R postupak			količina (t)	Naziv i adresa tvrtke/obrtu koja preuzima otpad	OIB tvrtke/obrtu koja preuzima otpad	Naziv odlagališta i adresa	ID kod odlagališta	Količina (t)	Država uvoznica	
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o				
16 06 03*	otpad iz stakla i tinte	1 - vaganje			0.22	0.22	0		R		0.22	DAN d.o.o., 22000 04021603871		0.22	AUSTRIJA Republika Austrija			
16 03 03*	anorganski otpad	1 - vaganje			0.429	0.429	0		R		0.429	DAN d.o.o., 22000 04021603871		0.429	AUSTRIJA Republika Austrija			
16 05 06*	laboratorijski kemikali	1 - vaganje			0.266	0.266	0	0	R		0.266	DAN d.o.o., 22000 04021603871		0.266	AUSTRIJA Republika Austrija			

RIJEKA																		
NASTANAK OTPADA					Podaci za 2020. godinu					Obrazac NO								
Ključni broj otpada	Naziv otpada	Osnova određivanja količine: 1 - vaganje, 2 - izračun, 3 - prosudba	Za službu da je otpad nastao postupkom obrade na lokaciji upisati oznaku UO	Nastalo u izvještajnoj godini (t)	Stanje privremenog skladišta na dan (t)		Postupanje s otpadom na mjestu nastanka		Namijenjeno za postupak oporabe (R) ili zbrinjavanja (D)	Količina (t)	Predano				Izvoz/iznos			
					1.1.	31.12.	količina (t)	D/R postupak			količina (t)	Naziv i adresa tvrtke/obrtu koja preuzima otpad	OIB tvrtke/obrtu koja preuzima otpad	Naziv odlagališta i adresa	ID kod odlagališta	Količina (t)	Država uvoznica	
17 01 02	beton	1 - vaganje		36.5	1	5			D		32.5	METIS d.d., Inđur	19158233003					
17 09 04	mješavine građevinskih otpada	1 - vaganje		9.31	0.5	2.5			D		7.31	METIS d.d., Inđur	19158233003					
20 01 01	papir i karton	1 - vaganje		0.38	0.08	0.06			D		0.4	METIS d.d., Inđur	19158233003					

Furthermore, consumption of energy sources is constantly monitored and analysed in accordance with the requirements of ISO 50001, for which we have been certified:

INSTITUT IGH, d.d. ZAGREB 2020.						
	HEATING	ELECTRICITY	WATER	GAS		
MONTH	kWh	kWh/NT	kWh/VT	TOTAL kWh	m3	m3
1	409.000,00	19.398,00	46.000,00	65.398,00	366,00	113,00
2	269.000,00	17.592,00	45.343,00	62.935,00	432,00	119,00
3	239.000,00	19.927,00	44.704,00	64.631,00	386,00	85,00
4	144.000,00	21.865,00	40.021,00	62.872,08	444,00	0,00
5	105.000,00	31.655,00	58.613,00	90.268,00	347,00	47,00
6	39.000,00	34.085,00	66.086,00	100.171,00	191,00	105,00
7	14.000,00	40.091,00	79.711,00	119.802,00	233,00	17,00
8	13.000,00	40.927,00	77.431,00	118.358,00	462,00	49,00
9	40.000,00	50.319,00	89.435,00	139.754,00	493,00	112,00
10	188.000,00	46.823,00	84.372,00	131.195,00	561,00	118,00
11	292.000,00	39.456,00	74.686,00	114.142,00	493,00	121,00
12	351.000,00	26.504,00	53.449,00	79.953,00	440,00	98,00

Table 11. Energy consumption - Zagreb

INSTITUT IGH, d.d. RIJEKA 2020.					
	ELECTRICITY			WATER	GAS
MONTHj	kWh/NT	kWh/VT	TOTAL kWh	m3	Kn
1	861,00	1.501,00	2.362,00	12,00	1.388,60
2	962,00	1.634,00	2.596,00	30,00	1.737,78
3	1.232,00	2.063,00	3.295,00	81,00	1.584,59
4	784,00	1.264,00	2.048,00	95,00	1.734,99
5	913,00	1.019,00	1.932,00	114,00	402,33
6	559,00	1.082,00	1.641,00	72,00	297,76
7	579,00	1.197,00	1.776,00	100,00	442,74
8	465,00	882,00	1.347,00	92,00	275,97
9	1.290,00	2.311,00	3.601,00	103,00	364,70
10	625,00	1.130,00	1.755,00	74,00	322,07
11	852,00	1.419,00	2.271,00	10,00	1.636,03
12	933,00	1.653,00	2.586,00	7,00	2.521,34
	10.055,00	17.155,00	27.210,00	790,00	12.708,90

INSTITUT IGH, d.d. SPLIT 2020.				
MONTH	ELECTRICITY			WATER
	kWh/NT	kWh/VT	TOTAL kWh	m3
1	6.243,00	15.983,00	22.226,00	153,00
2	5.952,00	15.543,00	21.495,00	319,00
3				137,00
4	4.646,00	9.347,00	13.993,00	76,00
5	7.304,00	14.921,00	22.225,00	144,00
6	11.163,00	22.828,00	33.991,00	148,00
7	13.454,00	29.271,00	42.725,00	232,00
8	14.305,00	28.108,00	42.413,00	0,00
9	12.621,00	26.043,00	38.664,00	143,00
10	8.180,00	17.450,00	25.630,00	0,00
11	5.972,00	13.917,00	19.889,00	0,00
12	6.444,00	14.109,00	20.553,00	224,00
	96.284,00	207.520,00	303.804,00	1.576,00

INSTITUT IGH, d.d. OSIJEK 2020.					
MONTH	HEATING	ELECTRICITY			WATER
	kWh	kWh/NT	kWh/VT	TOTAL kWh	m3
1	66.000,00	2.947,00	6.266,00	9.213,00	18,00
2	46.000,00	2.622,00	5.384,00	8.006,00	25,00
3	48.000,00	2.804,00	5.720,00	8.524,00	20,00
4	26.000,00	2.826,00	5.001,00	7.827,00	24,00
5	6.000,00	2.854,00	5.500,00	8.354,00	33,00
6	288,25	2.458,00	5.091,00	7.549,00	22,00
7	288,25	2.640,00	6.086,00	8.726,00	26,00
8	288,25	2.638,00	6.114,00	8.752,00	119,00
9	288,25	2.823,00	5.537,00	8.360,00	53,00
10	30.000,00	3.090,00	6.338,00	9.428,00	60,00
11	48.000,00	2.774,00	6.524,00	9.298,00	31,00
12	64.000,00	2.635,00	5.748,00	8.383,00	29,00
	335.153,00	33.111,00	69.309,00	102.420,00	460,00

Tables 12,13, 14: Energy consumption per location

11. RELATIONS TOWARDS EMPLOYEES

Employee rights in the Company in 2020 are regulated by:

- The Labour Act
- Employment Regulation of 18 Feb 2012, which entered into force on 1 Jan 2013 and its Amendments, with respective Price list of services and Catalogue of Job Descriptions, and the Employment Regulation of 23 March 2017, which came into force on 1 April 2017, repealing the previously mentioned Employment Regulation and its Amendments,
- Regulation on the use of Company cars, number 2014/59-2 of 6 June 2014,
- Regulation on business trips and field work, number 2017/127-2 which is in force since 1 Jan 2017.

Personnel structure

On 31 December 2020, INSTITUT IGH, d.d. had 518 employees, with an additional 19 employed in foreign branch offices. This is a decrease by 35 employees compared to 31 December 2019, when the Company had 572 employees.

AGE	LOW SKILLED	SKILLED	SECONDARY SCHOOL	HIGHER EDUCATION	UNIVERSITY DEGREE	MASTER'S DEGREE	DOCTORATE	Total	percentage
20-29			11	5	58			74	14%
30-39	1		12	7	75			95	19%
40-49	1		40	22	96	5	4	168	33%
50-59		1	32	12	47	10	6	108	21%
60-69	1		13	12	34	6	3	69	13%
70-75			1		2		1	4	0%
TOTAL	2	1	109	58	312	22	13	518	100%
percentage	0%	0%	21%	12%	61%	4%	2%	100%	-

Table 15. Age and educational structure of INSTITUT IGH, d.d. employees in Croatia on 31 Dec 2020



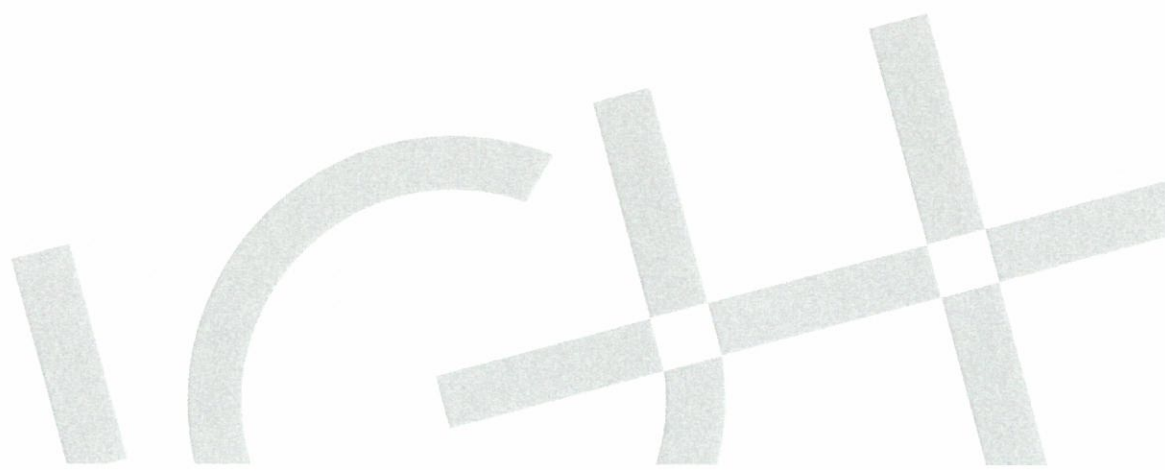
12. TRANSACTIONS WITH SHARES

Company shares are listed on the official market of the Zagreb Stock Exchange d.d., mark IGH-R-A, ISIN: HRIGH0RA0006, and the Book of Shares is kept by the Central Depository and Clearing Company

No.	SHAREHOLDER	IGH-R-A	% Percentage
1	AGRAM BANKA D.D. / AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	239.500	39,03
2	AGRAM BANKA D.D./ AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	75.500	12,30
3	AKCIONAR D.O.O.	12.086	1,97
4	AGRAM INVEST d.d.	9.055	1,47
5	Own shares	7.859	1,28
6	PBZ d.d./Skrbnički zbirni račun klijenta	7.754	1,26
7	Mihaljević Branko	6.380	1,03
9	Own shares	5.500	0,89
10	Others	250.075	40,77
	TOTAL	613.709	100

Table 16: Situation regarding the IGH-R-A shares in the Book of Shares on 31 December 2020
(Source: Central Depository and Clearing Company)

In 2020, the Zagreb Stock Exchange traded with 233.736 shares IGH-R-A in the amount of HRK 27.635.493 with the daily concluded prices ranging between HRK 70 and 173 (Source: ZSE, Trade information and statistics, Periodic Trade Reports, Review of Trade in 2020).



13. DECLARATION ON CORPORATE GOVERNANCE CODE

The Company applies the Corporate Governance Code of the Zagreb Stock Exchange and once a year submits to the Zagreb Stock Exchange a Declaration on its implementation, and announces it on its site: www.igh.hr.

The largest shareholders are Avenue Engineering and Construction Limited, with 51,33% and Akcionar d.o.o. with 1,96 %, while all other shareholders hold less than 1,5% share in the Company. 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.

Company Management

The INSTITUT IGH, d.d. Management, in the period from 1 January 2020 to 31 Dec 2020 consisted of the following members:

1. Until 29 February 2020 – two member board: Oliver Kumrić, President of the Management Board – Robert Petrosian, Member of the Management Board
2. From 01 March 2020 – Robert Petrosian, Director
3. From 25 July 2020 – three member board: Robert Petrosian, President of the Management Board - Vedrana Tudor, Member of the Management Board – Miroslav Pauzar, Member of the Management Board

The Company Management acts in accordance with the Law and provisions of the Articles of Association of the Company.

Supervisory Board

The INSTITUT IGH, d.d. Supervisory Board, during 2020 had seven members, this number to be reduced to five members:

1. Žarko Dešković – Chairman of the Supervisory Board
2. Veniamin Mezhibovskiy – Deputy Chairman of the Supervisory Board – ceased to be member of the Supervisory Board on 06 July 2020
3. Sergej Gljadelkin (10.8.1970.) –Supervisory Board member – ceased to be Supervisory Board Member on 03 Sept 2020
4. Sergej Gljadelkin (16.6.1989.) – Supervisory Board member
5. Igor Tkach – Supervisory Board member
6. Mariyan Tkach – Supervisory Board member since 26 August 2019
7. Dušica Herkač- Supervisory Board member, appointed as representative of employees

14. INTERNAL CONTROLS

In line with the Corporate Governance principles, Management of the Company and its subsidiaries established respective internal controls and risk management systems. An efficient internal control system contributes to the safeguard of Company 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 to the Management regarding the preparation and fair presentation of separate and consolidated financial statements. Management of the Company and its subsidiaries have assessed the efficiency of internal control over financial reporting for 2018 and concluded that the internal control of financial reporting has fulfilled all set criteria.



15. RISK MANAGEMENT

Along with the risks already mentioned in the notes of the comprehensive 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 Clause on law binding enforceability 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.

In the pre-bankruptcy settlement procedure, the Company upheld the claim of the City of Split amounting up to HRK 474,1 million. This claim was defined only for the pre-bankruptcy settlement purposes, as a hypothetical claim and a possible debt which has not been determined in fact. For it to become a factual claim, arbitration litigation would be required to prove its actual existence. Litigation on the subject has not been initiated until now, and if it is instituted, the Company Management has strong arguments to entirely deny the claim. We believe that there is no possibility of this becoming a claim, a commitment which the Company must settle..

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. .



16. FINANCIAL OVERVIEW

In 000 HRK	IGH GROUP			INSTITUT IGH, d.d.		
	2020	2019	Index	2020	2019	Index
Operating revenue	190.208	188.862	101%	180.664	177.288	102%
Operating costs	166.636	158.976	105%	156.886	147.236	107%
EBITDA	23.572	29.886	79%	23.779	30.052	79%
EBITDA margin	12%	16%		13%	17%	
<i>Short-term assets except inventories</i>	98.363	92.672	106%	94.797	90.516	105%
<i>Short-term liabilities except liabilities for loans and borrowings</i>	64.876	75.450	86%	59.858	60.897	98%
Current ratio	1,5	1,2		1,6	1,5	

Table 17. Key financial indicators

INSTITUT IGH, d.d. in 2020 achieved an EBITDA amounting to HRK 23,7 million compared HRK 30 million in 2019. The EBITDA trend reflects an increase in expenditures of 7%.

Results of the IGH Group are primarily determined by activities of the parent company, which positively impacted the results of the whole Group.

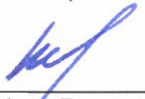
A detailed financial overview is given as part of the annual financial statements given in Attachment.



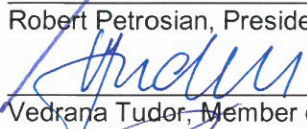
17. SIGNATURE OF THE COMPANY'S MANAGEMENT BOARD

The Company's Management Board hereby gives the following statement and signs this Report:

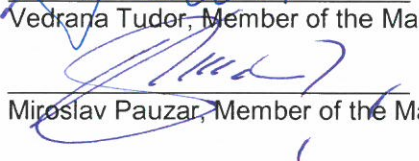
„In accordance with our beliefs, knowledge and information at our disposal, we hereby state that all information set forth in this Report represents a complete and accurate view, and facts that could alter the completeness and accuracy of this Report have not been omitted.“



Robert Petrosian, President of the Management Board



Vedrana Tudor, Member of the Management Board



Miroslav Pauzar, Member of the Management Board



18. ATTACHMENTS

1. FINANCIAL STATEMENTS

1.1 financial statements of the Company INSTITUT IGH, d.d. for the year ending 31 December 2020, with the Independent Auditor's Report

2. CORPORATE GOVERNANCE CODE – YEARLY QUESTIONNAIRE

3. SCIENTIFIC COUNCIL OF INSTITUT IGH, d.d.



Attachment 3

SCIENTIFIC COUNCIL OF INSTITUT IGH, d.d.

In order to acquire a Certificate for performing scientific activity, Institut IGH, d.d. underwent an extensive and comprehensive review by the Agency for Science and Higher Education.

Based on a successful reaccreditation procedure, an Accreditation recommendation was issued in 2015, and on 20 January 2016, a Certificate was issued by the Ministry of Science, Education and Sports, confirming that Institut IGH, d.d. fulfils the conditions necessary to perform Scientific Activities.

These requirements are outlined in the Act on Quality Assurance in Science and Higher Education (OG 45/09), Ordinance on Conditions for Issuing Licence for Scientific Activity, Conditions for Re-accreditation of Scientific Organisations and Content of Licence (OG 83/10) and Evaluation Criteria for Scientific Organisations outside the system of higher education and public scientific institutes.

INSTITUT IGH, d.d. is listed in the Register of Scientific institutions as one of 184 institutions, i.e. as one of few private scientific institutions. In order to meet the demanding criteria needed to be listed in the Register, Institut IGH, d.d. developed a five-year strategy for research and scientific work providing a framework for encouraging research to complement the professional work done in the company.

The 2015-2020 Research and scientific strategy of INSTITUT IGH, d.d. is a mid-term strategy proposed by the Scientific Council of INSTITUT IGH, d.d., and verified by Management in order to improve the research work of INSTITUT IGH, d.d. and to guide Management, members of the Scientific Council and employees when planning their own and the long-term development of the Company.

The evaluation of research and scientific quality and potential of the employees of INSTITUT IGH, d.d. should serve as basis to encourage excellence in research. The research and scientific strategy of INSTITUT IGH, d.d. refers mainly to research in the field of civil engineering.

INSTITUT IGH, d.d. has significant human resources, certain equipment and high quality references at its disposal, enabling them to conduct research in the field of civil engineering. Currently, 13 company employees hold a Ph.D. At the beginning of 2021, we plan to establish a new Scientific and Research Council and adopt a strategy for the new period .





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Web: www.igh.hr

INSTITUT IGH d.d., Zagreb

**Annual consolidated financial reports
and independent auditor's report for 2020**

INSTITUT IGH d.d., Zagreb
Annual consolidated financial reports
and independent auditor's report for 2020

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Liability for the annual financial report

The Board of the Company INSTITUT IGH d.d., Zagreb, Janka Rakuše 1 (hereinafter the Company) is obliged to ensure that the Company's annual consolidated financial report for 2020 is developed in accordance with the valid Croatian Accounting Act and International Financial Reporting Standards defined by the European Commission and published in the Official Journal of the European Union, in a manner that they provide accurate and objective overview of consolidated financial situation, consolidated business results, consolidated capital changes and consolidated financial flow of the Company for the subject period.

Pursuant to the implemented research, the Board legitimately expects that the Company has suitable funds to continue the business activities in the nearby future. In accordance with the above mentioned, the Board developed annual consolidated financial reports under the assumption that the Company can conduct its business for an indefinite period of time.

When developing the annual consolidated financial reports, the Board shall be held liable for the following:

- Selection and consistent application of the suitable accounting policies in accordance with the valid financial reporting standards;
- Provision of reasonable and logical judgments and evaluations;
- Development of annual consolidated financial reports with the assumption of an indefinite period of time for the activities, unless this assumption is not appropriate.

The Board is liable for managing accurate accounting records which shall, at any time and with acceptable accuracy, reflect consolidated financial position, consolidated business results, consolidated capital changes and consolidated financial flows of the Company and their compliance with the valid Croatian Accounting Act. The Board is also liable for preserving Company's assets and taking justified measures in order to prevent and discover fraud and other illegalities.

Signed on behalf of the Board:


Robert Petrosian
Board President

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

Miroslav Pauzar
Board member



Vedrana Tudor
Board member



In Zagreb, 25 May 2021

INDEPENDENT AUDITOR'S REPORT

To the shareholders of the Company INSTITUT IGH d.d., Zagreb

Report on the audit of the annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of INSTITUT IGH d.d., Janka Rakuše 1 ("the Company") and its affiliated companies (together "Group") for the year ended as at 31 December 2020, which includes the consolidated Statement of financial position as at 31 December 2020, consolidated Statement of comprehensive income, consolidated Statement of cash flows and consolidated Statement of changes in equity for the year then ended, as well as the accompanying Notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the attached annual consolidated financial statements present a true and fair view of the consolidated position of the Group as at 31 December 2020, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards established by the European Commission and published in the Official Journal of the European Union ("IFRS").

Base for the Opinion

We have implemented our audit in accordance with the International Standards on Auditing (ISAs). Our liabilities in relation to these standards are described in more details in our Independent Auditor's Report in the section referring to auditor's responsibilities for the audit of annual consolidated financial statements. We are independent and we are not related to the Group in accordance with the Code of Ethics for Professional Accountants ("IESBA Code"). Also, we meet other ethical responsibilities arising from the IESBA Code. We believe that the auditing evidences we have obtained are suitable and enough to ensure the basis for our opinion.

Emphasis of matter

Significant uncertainty in relation to going concern

We draw attention to Note 2.6. "Going concern" and Note 35 "Impact of the pre-bankruptcy Settlement" attached to these consolidated financial statements and describing the process of implementing the pre-bankruptcy settlement which was finalized with the decision made by the Commercial Court in Zagreb no. 72 Stpn 305/13 of 5 December 2013.

As shown in Note 2.6. "Going concern", the Company as at 31 December 2020 has a total due liabilities under the pre-bankruptcy settlement in the amount of HRK 311,218 thousand, which were to be settled by 31 December 2020. For part of the debt, creditors have the right to initiate enforcement proceedings, but creditors have not activated enforcement of payment until the date of this report.

As at 31 December 2020, the Group has negative equity in the amount of HRK 45,870 thousand, and the Group's short-term liabilities exceed the Group's current assets by HRK 285,350 thousand and the Group does not have sufficient free cash flow until the reporting date, which indicates that there is a significant uncertainty for the Group to continue as a going concern as described in Note 2.6. Going concern.

In addition to the above, the Company's Management Board is making efforts to resolve the existing situation related to the pre-bankruptcy settlement and to improve the current operations and financial position of the Company in the manner described in Note 2.6. "Going concern" with consolidated financial statements, all in terms of settling liabilities and to continue operating at a profit and assuming going concern. Our opinion has not been modified on this matter.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Emphasis of matter (continued)

Restatement of prior periods

We draw attention to Note 4.4 "Restatement of prior periods" which describes the effects of restatement of financial statements for previous periods. The Group has restated its financial statements and disclosed the effects of adjustments in accordance with International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Our opinion has not been modified on this matter.

Key audit matters

Key audit matters refer to those matters which were, in accordance with our professional judgement, of the greatest importance in our audit of the annual consolidated financial statements for the current period. The key auditor's matters include recognized and the most important risks referring to incorrect information caused by mistakes and fraud with the greatest effect on our audit strategy, division of available resources and engaged audit's team time investment. We dealt with these questions within our revision of annual consolidated financial statements as a whole and when forming our opinion on them. We do not provide a separate opinion on those.

We have established that the below stated question is a key audit question which has to be published in our Independent auditor's report.

Recognition and deferred income

In the Statement of comprehensive profit for 2020, the Group had sales income in the amount of 156,549 thousand kuna (2019: 173,492 thousand kuna). On 31 December 2020, the Group had deferred income in the amount of 126.299 thousand kuna (31 December 2019: 140,736 thousand kuna), contractual assets in the amount of 15,124 thousand kuna (31 December 2019: 12,850 thousand kuna), contractual liability in the amount of 3,875 thousand kuna (31 December 2019: 7,548 thousand kuna).

Key audit question

The application of income recognition principles in accordance with IFRS 15 - Income from agreements with the buyers is very complex. It requires significant assumptions and evaluations. For agreements where the income is recognized during certain period of time, contracted income and expenses are recognized in accordance with the project completion level at the end of the reporting period. Expected loss is recognised as an expense immediately, regardless the level of completion.

Within the risk assessment procedure, we evaluated that there is a risk that the income in the financial statements was presented in the amounts which are higher than the ones realized within business activities. Also, there is a risk that the income was not regularly deferred to a period it belongs to.

In accordance with the above stated, we think that there is a risk that the accuracy and properly deferred income were incorrectly presented in the financial statements. Therefore, this needed our special attention and thereto we consider this a key audit matter.

Related publications in the corresponding annual financial statements

See note 3.3. "Income", 4.1. "Key accounting judgements and evaluations", 5. "Segment information" and 23. "Contractual assets and liabilities" in the corresponding financial statements.

How we addressed the key audit question

Our auditing procedures in relation to this area, among other things, included the following:

- Compliance between the Group's accounting policy and IFRS 15 - Income from the agreements with buyers
- Understanding and evaluation of the design and operative efficiency of the internal controls referring to the collection and records of transactions related to income recognition over a period of time
- Inspection of the agreement sample for significant projects which are not completed by 31 December 2020 and which are not started in the current year. We read in detail all the agreements and compared the records of these agreements with suitable bases (approved evaluations of total project expenses, realized expenses summaries, invoice samples and spent hours, analysis and similar). By testing the transaction sample, we inspected the application of 5 steps which are established in the standard that the Group prepared in order to define whether the income can be recognized at a certain moment or over a period of time. For the agreements concluded in 2020 whose income is recognized during a period of time, we compared the time of income recognition with the completion level pursuant to input method (measured as a percentage of these expenses in relation to overall expenses).

Apart from the procedures described above, we made an enquiry to the Management Board in order to question the evaluations referring to total project expenses and evaluated margins per project. We estimated that the presented and published sales income in the Group's consolidated financial statements were complete and accurate.

INDEPENDENT AUDITOR'S REPORT (continued)**Report on the audit of the annual consolidated financial statements (continued)****Other matters**

The audit of annual consolidated financial statements of the Group for the year ended as at 31 December 2019 was performed by the audit company PricewaterhouseCoopers d.o.o., Zagreb, which, in its Independent Auditor's Report dated as of 25 August 2020, has expressed an unmodified opinion on these annual consolidated financial statements.

We hereby emphasize the Note 36 attached to the consolidated financial statements which, in accordance with the Item (b), Paragraph 8, Article 21.a of the valid Accounting Act, defines the website where the Group's separate non-financial statements shall be published within a defined deadline. Our opinion has not been modified on this matter.

Other information in the Annual Report and separate non-financial statements

The Management Board is responsible for other information. Other information contain information which are included in the Annual Report. However, other information do not include annual consolidated financial statements and our Independent Auditor's Report on it. The consolidated financial statements were obtained before the date of this Independent Auditor's report. Further, other information do not include separate non-financial statements which we expect shall be put on the disposal after the above defined date.

Our opinion on the annual consolidated financial statements does not include other information.

As regards to our audit of the consolidated financial statements, our responsibility was to read other above stated information and inspect whether they significantly oppose to the annual consolidated financial statements or our findings discovered during the audit, and whether they are incorrectly presented in any other manner. Further, our responsibility was to inspect whether non-financial information required in accordance with the provisions of the Paragraph 1 or 2, Article 21.a of the Accounting Act were presented in a separate non-financial statements.

When we read the separate non-financial statements and if we conclude that there is a significant incorrect information in it, we are required to present this issue to those who are in charge of managing the Group. We have also implemented procedures as defined by the valid Accounting Act ("Accounting Act") in relation to the Management Report and Statement on the Corporative Management Code Application. These procedures include the following considerations:

- Whether the Management Report was prepared in accordance with all significant provisions defined in the Article 21 of the Accounting Act and whether it was prepared in accordance with all relevant provisions from the attached financial reports;
- Whether the specific information from the Statement on the Corporative Management Code Application required pursuant to the Article 22, Paragraph 1, Items 3 and 4 of the Accounting Act ("relevant parts of the Statement on the Corporative Management Code Application") were prepared in accordance with all relevant instructions from the provisions of the Article 22 of the Accounting Act;
- Whether the Statement on the Corporative Management Code Application includes publications in accordance with the Article 22, Paragraph 1, Items 2, 5 and 6 of the Accounting Act.

Pursuant to the procedures which were required within our audit of the annual consolidated financial statements and pursuant to the above defined procedures, we think that:

- Information contained in the Management Report and relevant parts of the Statement on the Corporative Management Code Application for the year for which consolidated financial statements were prepared, are in accordance, in all their relevant components, with the Group's annual consolidated financial statements presented at the pages 8 to 72 to which we provided our opinion as stated above;
- Management Report and relevant parts of the Statement on the Corporative Management Code Application were prepared, in all their relevant components, in accordance with the Article 21 and 22 of the Accounting Act.

INDEPENDENT AUDITOR'S REPORT (continued)**Report on the audit of the annual consolidated financial statements (continued)****Other information in the Annual Report (continued)**

- Statement on the Corporate Management Code Application includes all information as required by the Article 22, Paragraph 1, Items 2, 5 and 6 of the Accounting Act.

Furthermore, considering the knowledge and understanding of the Group's business activities and context which we acquired during our audit, we are obliged to state whether we have identified any incorrect statements in the Management Report and among other information which we obtained prior to this Independent Auditor's Report. We do not have anything to state in this respect.

The responsibility of the Management Board and those who are in charge of managing annual consolidated financial statements

The Management Board is responsible for the development of the annual consolidated financial statements which provide an accurate and fair presentation in accordance with IFRS, and for the internal controls which the Board defines as necessary in order to enable the development of the annual consolidated financial statements without incorrect information which are a result of a mistake or a fraud.

While developing annual consolidated financial statements, the Management Board is responsible for the evaluation of the Group's capability to continue business activities for an indefinite period of time, for the publication, if applicable, of issues related to timely unlimited business activities and usage of accounting base arising from timely unlimited business activities, except in the cases when the Board plans to liquidate the Group, stop business activities or when the Board has no alternative but to do so.

Those in charge of managing are responsible for supervising the financial reporting process defined by the Group.

The auditor's responsibility in relation to the audit of the consolidated financial statements

Our aims are to acquire reasonable belief as regards to whether the annual consolidated financial statements, as a whole, include incorrect information resulting from a mistake or a fraud and to issue an Independent Auditor's Report including our opinion. A reasonable belief is a higher level of belief. However, it is not a guarantee that the audit implemented in accordance with MRevS shall detect relevant incorrect information when such information exist. Incorrect information can appear due to a fraud or a mistake. Furthermore, they are considered relevant if it can be reasonably expected, individually or collectively, to impact economical decisions of the users made pursuant to such annual consolidated financial statements.

As an audit's component part pursuant to MRevS, we create professional judgements and we maintain professional scepticism during the audit. Furthermore, we:

- Recognize and evaluate risks referring to relevant incorrect presentation in the annual consolidated financial statements, caused by a fraud or a mistake; we develop and implement auditing procedures as a reaction to such risks and we obtain auditing evidences which are enough and suitable to ensure the base for our opinion. The risk of failure to discover relevant incorrect presentation caused by a fraud is larger than the risk caused by a mistake, since fraud can include secret agreements, falsifications, deliberate omissions, incorrect presentations or avoidance of internal controls.

INDEPENDENT AUDITOR'S REPORT (continued)**Report on the audit of the annual consolidated financial statements (continued)****The auditor's responsibility in relation to the audit of the consolidated financial statements (continued)**

- Gain understanding of the internal controls which are relevant for the audit in order to form the auditing procedures suitable for given circumstances, however not in order to express the opinion on the Group's internal controls efficiency.
- Evaluate the suitability of the used accounting policies and reasonability of the accounting evaluations and related publications created by the Management Board.
- Make conclusions on the suitability of the used accounting base relying on the timely unlimited business activities used by the Management Board and, pursuant to the obtained audit evidences, conclude whether there is any relevant uncertainty in relation to the events or circumstances which might make the Group's capability to continue timely unlimited business activities doubtful. If we conclude that there is such uncertainty, we are required to emphasize related publications from the annual consolidated financial reports in our Independent Auditor's Report or, if such publications are not suitable, we are required to modify our opinion.

Our conclusions are based on auditing evidences which are obtained up to the date of our Independent Auditor's Report. However, future events or conditions might cause the termination of the Group's timely unlimited activities.

- Evaluate the overall presentation, structure and content of the annual consolidated financial statements, including the publications, and whether the annual consolidated financial statements reflect the transactions and events they are based on in a manner that fair presentation is implemented.

We communicate with those who are in charge of managing, among other things, the audit's planned volume and time schedule as well as important audit findings, including those referring to relevant internal control insufficiencies which are discovered during our audit.

We also provide statements to those who are in charge of management, confirming that we have acted in accordance with the relevant requirements referring to independence, and that we shall communicate with them as regards to all relations and issues which might impact our independence and, if applicable, related protection measures.

Among issues being communicated with those in charge of the management, we define those which are of the greatest importance during the audit of the annual consolidated financial statements for the current period. Therefore, these are key auditing questions. We describe those questions in our Independent Auditor's Report, unless question publication is legally forbidden, or unless we, in rare circumstances, decide that the question should not be presented in our Independent Auditor's Report since it can be expected that the negative consequences of such publication would be greater than the public interest benefits related to such publication.

INDEPENDENT AUDITOR'S REPORT (continued)**Report on the audit of the annual consolidated financial statements (continued)****Report on other legal requirements**

On 25 September 2020, we were appointed by the Group's General Assembly for the audit of the Group's annual consolidated financial statements for 2020.

We have been engaged to perform legal audit of the Group's annual consolidated financial statements for the first time in 2020. Therefore, this is a one-year engagement.

Within the auditing procedure referring to the Group's consolidated financial statements for 2020, we have determined the materiality for consolidated financial statements as a whole in the amount of 1,146 thousand kuna which is approximately 0.75% of the realized sales income in 2020.

We selected sales income as a materiality measure since we find it a most suitable measure considering relevant profit fluctuations before the taxation in the current and previous periods.

Our auditing opinion is in accordance with the additional report made for the Group's auditing board which was formed pursuant to the provisions from the Article 11 of the Regulation (EU) no. 537/2014.

In the period between the start date of the Group's restated annual consolidated financial statements for 2020 and the date of this Report, we haven't provided banned non-auditing services to the group and its affiliated companies. Furthermore, in the business year preceding the above stated period, we haven't provided the services referring to creating and implementing internal control procedures or managing risks related to the financial information preparation and/or control, or creating and implementing technological systems for financial information. Finally, while performing the audit, we kept our independence in relation to the Group.

Vlatka Rukavina, an certified auditor, is an engaged audit partner in the audit of the Group's consolidated financial statements for 2020 which results in this Independent Auditor's Report.

In Zagreb, May 25th, 2021

BDO Croatia d.o.o.
Trg J. F. Kennedy 6b
10000 Zagreb



Vedrana Stipić, Board member



Vlatka Rukavina, Certified auditor

BDO CROATIA
BDO Croatia d.o.o.
za pružanje revizorskih, konzalting
i računovodstvenih usluga
Zagreb, J. F. Kennedy 6/b

INSTITUT IGH d.d.
Consolidated Statement of comprehensive income
for the year ending as at 31 December 2020

Report on the comprehensive income	Notes	2020	2019 restated
<i>(in thousand kuna)</i>			
Income from sales	7	165.990	183.357
Other operational income	9	24.218	5.505
Total income		190.208	188.862
Materials, raw materials and services expenses	10	(50.938)	(60.892)
Employees expenses	11	(98.915)	(94.628)
Value adjustments for current assets	12	(1.235)	8.817
Other operational expenses	13	(15.547)	(11.941)
Total operational expenses		(156.886)	(147.236)
Operational income before amortization and value adjustments for non-current assets		23.573	30.218
Amortization	13	(13.043)	(10.001)
Value adjustments for non-current assets	12	-	(155)
Provisions	14	(571)	(443)
Total operational expenses		(180.249)	(169.243)
Operational income		9.959	19.619
Financial income		4.986	5.950
Financial expenses		(15.919)	(14.889)
Net financial expenses	14	(10.933)	(8.939)
Share in loss/gain of associates		23	(14)
Income before taxation		(952)	10.666
Income tax	15	443	5.657
Income in the current year		(509)	16.323
Other comprehensive income			
Revaluation of the non-current assets, net from tax			(6)
Differences in currency exchange		411	18
Corrections through retained profit		17	(13)
Other comprehensive income per year		428	(568)
Comprehensive income in the current year		1.882	16.631
Basic profit per share (in kuna)	37	0,003	27,10

Corresponding notes below are a component part of Consolidated annual financial reports.

INSTITUT IGH d.d.
Consolidated Statement of financial position
as at 31 December 2020

	Notes	2020 thous. HRK	31 December 2019 restated thous. HRK	1 January 2019 restated thous. HRK
ASSETS				
Intangible assets	13	2,245	1,691	2,939
Properties, plants and equipment	14	190,591	139,862	190,489
Investments in properties	15	247	247	348
Investments in subsidiaries and other investments	16	14,581	108,504	14,572
Provided loans	19	677	3,167	559
Claims from the customers and other claims	18	835	1,062	1,225
Deferred tax assets		7	7	-
NON-CURRENT ASSETS		209,183	210,243	210,132
Reserves	17	78,674	76,297	76,297
Claims from the customers and other claims	18	41,880	45,320	47,264
Provided loans and deposits	19	24,382	18,785	18,797
Calculated income and expenses paid in advance	22	8,330	3,770	6,922
Contracted assets	23	15,161	12,850	16,655
Cash and cash equivalents	20	8,610	11,144	4,521
CURRENT ASSETS		177,037	168,969	170,456
Non-current assets intended for sales	21	57,600	80,912	107,329
TOTAL ASSETS		443,820	460,124	487,917
Off-balance sheet items				
CAPITAL AND LIABILITIES				
Shareholder's capital	24	116,605	116,605	116,605
Treasury shares	25	(3,809)	(5,676)	(5,676)
Reserves for treasury shares		1,446	1,446	1,446
Other reserves		1,503	953	1,344
Capital reserves		(255)	(255)	(255)
Revaluation reserves	26	97,183	102,232	125,403
Accumulated loss		(254,136)	(262,644)	(301,634)
Capital attributed to the Company's shareholders		(41,975)	(47,339)	(62,767)
Non-controlled interest		(398)	(697)	(634)
TOTAL CAPITAL		(42,373)	(48,036)	(63,401)
Liabilities per credits and loans	27	40,950	50,083	231,231
Provisions	28	7,223	8,191	7,980
Deferred tax liabilities	12	21,384	21,989	27,694
Liabilities towards suppliers and other liabilities	29	198	198	198
LONG-TERM LIABILITIES		69,755	80,461	267,103
Liabilities per credits and loans	27	351,328	352,249	188,240
Liabilities towards suppliers and other liabilities	29	50,314	63,694	81,008
Liabilities for received advanced payments and deposits	30	7,342	1,254	362
Provisions	28	3,219	2,950	2,819
Contractual liabilities	23	3,839	7,552	10,692
Deferred expense payment and income for the future period	22	395	-	1,094
SHORT-TERM LIABILITIES		416,437	427,699	284,215
TOTAL CAPITAL AND LIABILITIES		443,820	460,124	487,917

Corresponding notes below are a component part of Consolidated annual financial reports.

INSTITUT IGH d.d.
Consolidated Statement of changes in equity
FOR THE YEAR ENDING ON 31 DECEMBER 2020

<i>(in thousand kuna)</i>	Registered capital	Capital reserves	Treasury shares	Reserves for treasury shares	Other reserves	Revaluation reserves	Accumulates losses	Capital attributed to company's shareholders	Non-controlled interest	Total
<i>(in thousand kuna)</i>	116,605	(255)	(5,676)	1,446	1,344	125,403	(295,676)	(56,809)	(634)	(57,443)
Situation 31 December 2018										
Correction of a mistake from the previous period							(5,958)	(5,958)		(5,958)
Situation 1 January 2019 - restated	116,605	(255)	(5,676)	1,446	1,344	125,403	(301,634)	(62,767)	(634)	(63,401)
<i>Transactions with the owners</i>										
Reserves for awards and stock options	-	-	-	-	(391)	-	-	(391)		(391)
	-	-	-	-	(391)	-	-	(391)		(391)
<i>Comprehensive income</i>										
Profit in the current year	-	-	-	-	-	-	16,639	16,639	(63)	16,576
Transfer from revaluation reserve	-	-	-	-	-	(23,206)	23,206	-		-
Long-term assets revaluation, net from tax	-	-	-	-	-	(6)	-	(6)		(6)
Currency differences from the foreign business recalculation	-	-	-	-	-	41	-	41		41
Correction through retained profit	-	-	-	-	-	-	(13)	(13)		(13)
Other							(590)	(590)		(590)
Total comprehensive income	-	-	-	-	-	(23,171)	39,242	16,071	(63)	16,008
Situation 31 December 2019	116,605	(255)	(5,676)	1,446	953	102,232	(262,392)	(47,087)	(697)	(47,784)
<i>Correction of a mistake from the previous period</i>										
Situation 31 December 2019 (restated)	116,605	(255)	(5,676)	1,446	953	102,232	(262,644)	(47,339)	(697)	(48,036)
<i>Transactions with the owners</i>										
Purchase of own shares	-	-	-	-	-	-	-	-	-	-

INSTITUT IGH d.d.
Consolidated Statement of changes in equity
FOR THE YEAR ENDING ON 31 DECEMBER 2020

(in thousand kuna)	Registered capital	Capital reserves	Treasury shares	Reserves for treasury shares	Other reserves	Revaluation reserves	Accumulates losses	Capital attributed to company's shareholders	Non-controlled interest	Total
Allocation of prize shares	-	-	-	-	-	-	-	-	-	-
Reserves for premium and option shares	-	-	-	-	550	-	-	550	-	550
<i>Total transactions with owners</i>	-	-	-	-	550	-	-	550	-	550
<i>Comprehensive income</i>										
Loss in the current year	-	-	-	-	-	-	(509)	(509)	-	(509)
Transfer from revaluation reserve	-	-	-	-	-	(5,460)	5,460	-	-	-
Impact of company sales P45	-	-	1,867	-	-	-	3,540	5,477	299	5,706
Exchange rate differences from the translation of foreign operations	-	-	-	-	-	411	-	411	-	411
Adjustments through retained earnings	-	-	-	-	-	-	17	17	-	17
Other	-	-	-	-	-	-	-	(520)	-	(520)
<i>Total comprehensive income</i>	-	-	1,867	-	-	(5,049)	8,507	4,813	299	5,112
Situation 31 December 2019	116,605	(255)	(3,809)	1,446	1,503	97,183	(254,137)	(41,464)	(398)	(42,373)

Corresponding notes below are a component part of consolidated annual financial reports.

INSTITUT IGH d.d.
Consolidated Statement of cash flows
for the year ended as at 31 December 2020

Report on cash flows (in thousand kuna)	Note	2020	2019 restated
Cash flow from business activities			
Profit/loss in the year before taxation		(952)	10.927
Adjustments:			-
Amortisation	13,14	13.043	10.001
Value adjustments	9	1.235	(8.827)
Interest income	11	(35)	(2.377)
Interest expenses	11	7.015	11.363
Provision net reduction		-	343
Non-realized currency exchange differences (net)	11	2.985	(123)
Income from the sales of long-term tangible and intangible assets	14	(3.209)	1.570
Other financial expenses		-	78
Other adjustments for nonfinancial transactions and non-realized profit and loss		1.479	(2)
Income from the subsidiary sales		(397)	-
Result of business activities before operative capital changes		21.142	22.746
Reduction in the short-term claims		3.550	11.463
Reduction of the contractual assets		(2.311)	3.805
(Reduction) short-term liabilities	29	(13.390)	(16.501)
(Reduction) contractual liabilities		(3.713)	(3.140)
Net cash flow from business activities before interest rates and taxes		5.278	18.373
Net cash flow from business activities		5.278	18.373
Cash flow from investment activities			0
Cash income from the financial assets sales		-	1
Cash income from the provided credits and deposit charges		12.374	12.796
Cash expenses for the purchase of long-term tangible and intangible assets		-	(3.079)
Cash expenses for provided credits and deposits	27	(5.376)	(11.030)
Net cash flow from investment activities		(6.998)	(1.312)
Cash flow from financial activities			
Cash income from the credit, loans and borrowings principal		26.637	1.987
Cash expenses for the credit principal and liabilities payment		(18.721)	(13.041)

INSTITUT IGH d.d.
Consolidated Statement of cash flows
for the year ended as at 31 December 2020

Cash expenses for lease		(1.762)	(1.124)
Other cash expenses from financial activities		(21.626)	-
Net cash flow from financial activities		(15.472)	(12.178)
Total cash flow reduction		(3.196)	4.883
Cash and cash equivalents at the beginning of the period		11.805	6.922
Cash and cash equivalents at the end of the period	20	8.610	11.805

Corresponding notes below are a component part of consolidated annual financial reports.

1. General Information

Foundation and development

Institut IGH d.d., Zagreb, Janka Rakuše 1, ("the Company"), PIN 79766124714, is registered in the court register of the Commercial Court in Zagreb under the subject's registration number 080000959.

Company's shares marked IGH-R-A, ISIN: HRIGH0RA0006 are traded Zagrebačka burza.

The Company deals with expert and scientific and research work in the field of civil engineering which includes: design, study development, expert supervision, counselling, research works, usability proving, laboratory testing and measurements. The Company is certified for such activities in accordance with the sustainable development norms which are as follows: EN ISO 9001, EN ISO 14001, OHSAS 18001.

The Company's headquarters is in Zagreb, Croatia, at the address of Janko Rakuša 1. Apart from the headquarters' business, the Company conducts its business through its foreign branch offices in Georgia, Russia, Bosnia and Herzegovina and Kosovo.

Company's bodies:

Company's General Assembly

President

Žarko Dešković

Assembly members include each individual shareholder or his/her representative.

Supervisory Board

IGH d.d. Supervisory Board included 7 members in 2020 and they are as follows:

- Žarko Dešković, Supervisory Board president
- Mariyan Tkach - Supervisory Board vice-president
- Sergej Gljadelkin (OIB 50886241583) - member of the Supervisory Board
- Igor Tkach - member
- Dušica Kerhač, member - as an appointed workers' representative
- Veniamin Mezhibovskiy - released from the position of Supervisory Board vice - president on July 6th 2020
- Sergej Gljadelkin (OIB 53315489840) - stopped being a member of Supervisory Board on September 3rd 2020

Board

IGH, d.d. Board consisted of two members from 1 January 2020 to 28 February 2020:

- Oliver Kumrić - Board president
- Robert Petrosian - Board member

From 1 March 2020, the Board includes one member:

- Robert Petrosian - director

From 6 May 2020, Company's procurators representing the company with two more procurators are:

- Domagoj Šimunović,
- Dario Bašić and
- Igor Džajić

From 25 July 2020, the Board consists of three members:

- Robert Petrosian - Board president
- Vedrana Tudor - Board member
- Miroslav Pauzar - Board member

Company's Auditing Board consists of 3 members:

- Gerhard Sattler
- Nadica Šalov
- Sergej Sergejević Gljadelkin

2. General Preparation Procedures

2.1. Compliance certificate

Consolidated financial reports are prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS) and in force in the European Union. IFRS published by the Board for Financial Reporting Standards appointed by the Government of the Republic of Croatia (OG136/09, 8/10, 18/10, 27/10, 65/10, 120/10, 58/11, 140/11, 15/12, 118/12, 45/13, 69/13), which were in force up to a point when Croatia joined the European Union, are compliant with the IFRS defined by the European Commission and published in the Official Journal of the European Union. The consolidated financial reports of the Company and its associate companies, which the Company has to prepare in accordance with the IFRS and Croatian legislation, are published independently and simultaneously with the consolidated financial reports. The users of these consolidated financial reports should read them together with the Group's consolidated financial reports of 31 December 2020 and for the year which ended at that time, in order to obtain the overall information on the Group's financial position, its business results and Group's overall financial condition changes. Consolidated financial reports on the date and for the year ending on 31 December 2020 are available together with these consolidated financial reports at the Company's above stated address.

The Company keeps accounting records in Croatian, in kuna and in accordance with the Croatian legal regulations and accounting principles, as well as in accordance with the practice implemented in Croatian companies.

Consolidated financial reports were approved by the Board on 25 May 2021. Balance positions are shown on 31 December 2020.

2.2. New standards and interpretations of the published standards which have not been adopted yet or which are not in force

The following amended standards entered into force on 1 January 2020. However, they did not materially impact the Company:

- Amendments of the Instructions for Conceptual Framework within the IFRS (EU Regulation 2019/2075);
- Amendments of the International Accounting Standard 1 and 8: Materiality Definition (EU Regulation 2019/2104);
- Amendments of the International Financial Reporting Standard 9, International Accounting Standard 39 and International Financial Reporting Standard 17: Reform of the Interest Rate Referent Value (EU Regulation 2020/34);
- Amendments of the International Financial Reporting Standards 3: Business Combination (EU Regulation 2020/551);
- Amendment of the International Financial Reporting Standards 16: Lease of the Rental Concessions related to COVID 19 (EU Regulation 2020/1434).

With these amendments the lessees are free (this is allowed, not required) from the evaluation whether the rental concession related to COVID-19 presents a rent change. Entities applying the exemption, available as of 1 June 2020, shall recognize these amendments as if there was no rental changes. The Company did not apply the exemption as foreseen in the amendments of the International Financial Reporting Standard 16.

The adoption of these standards has not caused any significant effects as regards to the amounts recognized in the balance sheet and profit and loss account.

Standards and interpretations issued by the Standards Board, which did not enter into force and which the Company has not adopted earlier, and standards, amendments of the existing standards and interpretations which are issued but are not in force at the date when the financial reports were published, are presented below. The Company intends to adopt these standards, if they are applicable, once they enter into force.

On 31 December 2020, the European Commission approved the following amendments of the accounting principles which are applied for reporting and which entered into force on 1 January 2021 or after that:

- Amendments of the International Financial Reporting Standard 4: Insurance Agreements - postponement, International Financial Reporting Standard 19 (EU Regulation 2020/2097)
- Amendments of the International Financial Reporting Standard 9, International Accounting

INSTITUT IGH d.d.
Notes to the financial statements
for the year ending on 31 December 2020

Standard 39, International Financial Reporting Standard 7, International Financial Reporting Standard 4 and International Financial Reporting Standard 16 Reform of the Interest Rate Referent Value - Phase 2 (August 2020).

On 31 December 2020, the Board for International Accounting Standards issued the following standards, amendments, interpretations and audits whose application is subject to the approval by the competent European Commission bodies, which is still in progress:

- International Financial Reporting Standard 17 Insurance Agreement (May 2017) including the International Financial Reporting Standard 17 amendments: Insurance Agreements (June 2020);

2. General Preparation Procedures - continued

2.2. New standards and interpretations of the published standards which have not been adopted yet or which are not in force - continued

Amendments of the International Accounting Standards 1: Presenting Financial Reports: Classification of liabilities as current and non-current and Classification of liabilities as current or non-current - Postponed entrance into force (January 2020 or 15 July 2020):

- Amendments of the International Financial Reporting Standards 3: Business Combination (May 2020);
- Amendments of the International Accounting Standards 16: Properties, Plants and Equipment (May 2020)
- Amendments of the International Accounting Standards 37: Provisions, Potential Liabilities and Assets (May 2020);
- Amendments of Annual Processing 2018 - 2020 (May 2020).

These standards are not expected to impact the Company's financial report significantly.

2.3. Basic measurements

Financial reports are expressed in accordance with the history of expense, apart from the following:

- Revaluation of the property and facilities value as stated in the Note 3.9 (i)
- Investments in the property as stated in the Note 3.11.
- Assets per fair value through other comprehensive profit as stated in the Note 3.18
- Non-current assets intended for sale as stated in the Note 3.22
- Methods used for fair value measurement as stated in the Note 6.

2.4. Functional currency and presented currency

The financial reports were expressed in Croatian currency, kuna (kn), which is a functional currency, rounded to the closest thousand.

2.5. Judgements and evaluations usage

Financial reports preparation, which is in accordance with the International Financial Reporting Standards, requires the Board to create evaluations, judgements and assumptions which impact the policy application and amounts published for the assets and liabilities, incomes and expenses. Evaluations and related assumptions are based on the previous experience and other various factors which we considered reasonable in the given circumstances. The result of these is a starting point for the evaluation of the assets and liabilities values which cannot be obtained from other sources. Real results can differ from such evaluations.

The above mentioned evaluations and related assumptions are a subject of a regular inspection.

Evaluation correction impact is recognized in the period when the evaluation was corrected if the correction impacts exclusively the period when it was implemented, or the period when the correction was implemented and future periods if the correction impacts both current and future periods.

The judgements which the Board made while applying the International Financial Reporting Standards and which have a significant impact on financial reports and judgements with a high risk of materially significant correction in the upcoming year, are stated in the Note 5.

2. General Preparation Procedures - continued

2.6. *Timely unlimited business activities*

In 2013, the Company started a pre-bankruptcy settlement procedure through which the Company reached an agreement with the creditors. In accordance with the agreement, the liabilities were restructured and the exposure caused by co-debts towards certain related companies was limited. Regardless the financial restructuring, the Company made recapitalization by issuing new shares, and it started the procedure of selling certain assets in order to ensure needed liquidity.

Pre-bankruptcy settlement procedure was successfully finalized by the Decision of the Commercial Court in Zagreb no. 72, Stpn 305/13 of 5 December 2013 which approves the Pre-bankruptcy settlement between the debtor Institut IGH d.d. and creditors in the Pre-bankruptcy settlement. The Pre-bankruptcy settlement entered into force on 28 December 2013. The Pre-bankruptcy settlement impact and plan implementation is described in detail in the Note 35. The Company takes all measures which are needed to meet other liabilities towards the suppliers from the Pre-bankruptcy settlement. The above debts shall be settled from the current business activities as soon as possible.

In order to improve business and activities profitability, within the recent years, the Company implements a number of operative restructuring measures and approaches the market more actively. Unfortunately, the impact of SARS-CoV-2 pandemics, which caused great changes in the business world in 2020, impacted the Company's business as well.

The Company has a fall in the sales income, a moderate operative result. However, the Company also has a net profit in the amount of 1.453 thousand kuna (2019: profit of 16.631 thousand kuna). Nevertheless, the capital is still negative amounting to 45.870 thousand kuna. At the end of the year, the Company's current liabilities exceeded its current assets for 285.350 thousand kuna (2019: 225.125 thousand kuna).

On 31 December 2020, total liabilities referring to Pre-bankruptcy settlement amount to 338.422 thousand kuna. In accordance with the Pre-bankruptcy settlement, the liabilities in the amount of 311.218 thousand kuna are due in 2020 and they should be settled by 31 December 2020. However, due to insufficiently available free financial flow, these liabilities were not settled. In accordance with the Pre-bankruptcy settlement (see Note 35), the liabilities in the amount of 204.468 thousand kuna can be settled only by selling the pledged assets or by taking over the pledged assets. The liabilities in the amount of 133.954 thousand kuna have to be settled in cash. From the end of 2020 to the date of these financial reports, 184.509 thousand kuna was settled by selling the pledged assets. Total current liabilities are 311.218 thousand kuna. As it has already been explained, 204.468 thousand kuna can be settled by selling assets or taking over pledged assets. Consequently, total current liabilities in the amount of 106.750 thousand kuna have to be settled in cash. Current assets, without assets intended for sale, amount to 94.797 thousand kuna. This means that 11.953 thousand kuna is lacking. The Company's Board prepared a three-year financial flow projection. The projection indicates that the Company can generate approximately 20 million kuna of free financial flow from business activities per year. This shall be used to settle the current liabilities. However, there is uncertainty as to whether the Company shall be able to generate the projected financial flow due to instable conditions at the market. Also, the most significant part of liabilities in accordance with the Pre-bankruptcy settlement, which is not covered by the assets lien, refers to a due debt arising from the Senior debt which is negotiated with the creditors in relation to the liabilities settlement deadlines.

The company is taking all necessary measures in order to sell the assets which might result in additional financial flow and settlement of one part of the liabilities in 2021. Pursuant to the most recent evaluations, these assets have greater value than the value which is currently expressed in the financial reports. Such difference is caused by the fluctuations in the market within the last two years.

On 11 March 2021, the Company concluded the Debt Restructuring Agreement with the largest creditor. These financial reports have been drafted under the assumption that the business activities are to be implemented for an indefinite period of time. However, there is a significant uncertainty as regards to the above stated issue and it can cause doubt as to whether the Company can continue timely unlimited business activities.

An overview of the significant accounting policies adopted for the preparation of these financial reports follows. These accounting policies have been consistently applied for all the periods from these reports.

3. Basic Accounting Policies

- **Investment into subsidiaries**

Subsidiaries are companies whose business is, directly or indirectly, controlled by the Company. The control is implemented when the Company has the right of managing entity's financial and business policies in a manner that there is a benefit from its activities.

Investments into subsidiaries are initially recognized per expense and subsequently per expense minus value reductions. Testing the investments into subsidiaries per value reduction is implemented every year.

- **Investments into associates**

Associates are companies which the Company influences, but has no control of. Significant influence is the power of participating in the decisions referring to the entity's financial and business policies which were invested in. However, the control or joint control of such policies is not a part of it. Investments into associates are initially recognized per expense and subsequently per expense minus the value reductions. Testing the investments into associates per value reduction is implemented every year.

- **Income**

Income recognition and liabilities settlement policies

Income is measured pursuant to the fee which is agreed with the customer. The Company recognizes income when the control over the goods or services is transferred to the customer. The transfer of control over the goods or services can be continually implemented (income recognition over a period of time) or at a certain date (recognition in the moment, after the completion). Prior to income recognition, the Company identifies the agreement and different implementation liabilities contained in the agreement. The number of liabilities depends on the type of the agreement and activity. Most Company's agreements include only one liability.

Income recognition in accordance with the International Financial Reporting Standard 15 is applicable for the following income sources:

- (i) *Construction agreements*

The main income which the Company generates from the construction agreements refers to the services of designing, developing studies, implementing supervision, counselling, laboratory services, research work and scientific and research work, restructuring and constructing roads and other civil engineering facilities.

In accordance with the basic International Financial Reporting Standards principle 15, the Company's accounting policies referring to the recognition of income from agreements with the customers reflect the following:

- Dynamics of meeting the liabilities, which corresponds to the transfer of goods and services to the customer;
- Amount which the seller expects to receive as a fee for its activities.

The contractual conditions and manner in which the Company manages the construction agreements arise mostly from the projects containing one liability. In order to measure steps towards the construction completion, the Company uses the method which is based on the portion of occurred expenses. In other words, the Board selected input method to calculate the income (expenses which occurred up to a certain date) arising from the construction agreement.

3. Basic Accounting Policies - continued

3.3 Income (continued)

(i) Construction agreements (continued)

Agreement amendments (referring to the agreement price and/or volume) are recognized once they are approved by the customer. If the amendments refer to new products or services which are considered different and if the contractual price is increased for the amount reflecting "independent sales price" for additional product and services, these amendments are recognized as an individual agreement. When third party (such as subcontractor) is included in the goods or services delivery, the Company determines whether it takes the control of the subject product or service before it is transferred to a customer. If the control is taken before it is transferred to the customer, the Company recognizes the income as a gross amount which it will have right to at the handover. If the control is not taken over, the Company thinks that it is not a contractor in the transaction and recognizes the income as an amount which corresponds its intermediary fee.

The expense referring to the agreement and arising if the Company did not get the agreement is recognized as assets if it can be compensated and amortised during the agreement period.

When the construction agreement result cannot be reliably estimated, agreement income is recognized up to the amount of the occurred contractual expenses which are probably going to be compensated. The expected agreement loss is immediately recognized in the profit and loss account.

Contractual assets and liabilities

The contractual liability is shown when the customer paid a fee and the Company did not meet the contractual obligation by delivering goods or services. If the Company delivered goods or services to the customer and the customer did not pay the fee and the right to a fee is not conditioned by any elements apart from the due date, claim towards the customer is recognized. The contractual assets are recognized if the right to a fee is somehow conditioned (for example, by some other obligation).

(ii) Income from the state aid

State aid is recognized when there is a reasonable belief that the Company shall meet the conditions for the aid, and when there is a reasonable belief that the aid shall be received. In accordance with the above mentioned, the Company does not recognize the aid unless there is a guarantee that the Company shall meet the required aid conditions and that the aid shall be received. The state aid is recognized as a profit or loss on a systematic base over a period of time when the expenses which the aid is intended for are recognized. **Claims to state aid for the compensation of the occurred expenses or losses, or for the purpose of providing current financial aid to an entity without future related expenses, are recognized as a profit or loss for the period when the claim occurred.**

In 2020, the Company received the job preservation aid for March and April in the total amount of 3.129 thousand kuna for 440 employees.

Furthermore, the Company's debts for taxations and contributions in the amount of 1.345 thousand kuna for the same period were written off.

(iii) Financial income and expenses

Financial income and expenses include interest rate to the credits and loans calculated via effective interest rate method, claims for interest rates to the invested funds, dividend income, profits and loss arising from currency exchange and profit/loss from the sales of the investments into subsidiaries. Income arising from financial liabilities write-off is also expressed as a financial income.

Interest rate income is recognized in the profit and loss account by applying calculated income method and by using the effective interest rate. Dividend income is recognized in the profit and loss account at the date when the Company's right to a dividend was established.

Financial expense consists of the expense for the interest rates calculated to loans, changes in financial assets fair value expressed per fair value in the profit and loss account, losses arising from the financial assets value reduction, losses arising from currency exchange. Loan related expenses are recognized in the profit and loss account by using an effective interest rate method.

3. Basic Accounting Policies - continued

(iv) *Lease Income*

Income arising from the lease services is recognized in the period when the lease services were provided and it refers to the operative lease.

3.4 Leases

a) *Impact on the lessee's accounting*

During initial recognition, these assets are measured pursuant to the financial flows of the lease agreements. After initial recognition, the usage right shall be evaluated in accordance with the international standards for assets, pursuant to the International Accounting Standards 16, 38 or 40 which means by applying expenses model, minus accumulated amortisation and losses arising from value reduction, revaluation model or fair value model.

In order to calculate lease liability and accompanying assets with the right of usage, discounting of the future lease payments with a suitable discount rate is implemented. In accordance with the above mentioned, future lease payments which are discounted are determined pursuant to contractual provisions, VAT free, since the tax payment obligation arises once the lessor issues an invoice, and not on the lease agreement start date.

In order to implement the above calculation, lease payments have to be discounted per implicit contractual interest rate or, if it is not available, per incremental borrowing rate. Incremental borrowing rate is determined pursuant to the financing expenses for the liabilities referring to similar period of time and similar safety as those in the lease agreement. While determining the lease period, irrevocability period determined by the agreement has to be considered. During such period, the lessee has the right to use the subject property taking into consideration potential renewal options if the lessee is reasonably sure of such renewal. Concretely, in relation to those agreements which allow the lessee to automatically renew the lease agreement after the initial period, the lease deadline is determined taking into consideration the factors such as first period length, plans for leased property release and other circumstances indicating reasonable renewal safety.

The exceptions are the agreements of small value, up to 30 thousand kuna, and short-term agreements which are recognized as an expense in the period they refer to.

The Company leases certain plants and equipment. The leases where the Company takes over all the risks and related benefits are shown as financial leases. Financial leases are capitalized at the lease start in accordance with the leased property fair value or current minimal lease value, depending on which is lower. Each lease payment is classified into liabilities and financial expenses in order to obtain constant rate for the remaining financial situation. Financial expense interest component is recognized as a profit or loss during the lease period. Properties, plants and equipment which are purchased under financial lease are amortized in accordance with the usage period or lease period, depending on which one is shorter.

3. Basic Accounting Policies - continued

3.4 Leases (continued)

Leases where the Company does not bear a relevant risk portion or ownership benefits are classified as operative leases. Payments made in accordance with operative leases are recognized as a profit or loss pursuant to the straight-line method during the lease period.

3.5 Foreign currencies

Transactions and conditions in foreign currencies

Transactions in foreign currencies are expressed in the functional currency by using the currency exchange rate which is valid at the transaction date. Monetary assets and liabilities expressed in a foreign currency at the reporting date are transformed into functional currency using the exchange rate which is valid at the reporting date. Profits or losses arising from the currency exchange and while settling these transactions, and due to the transformation of monetary assets and liabilities denoted in foreign currencies, are recognized as a profit or loss.

Non-monetary assets and items which are measured in accordance with the foreign currency historic cost are not calculated in accordance with the new currencies. Non-monetary assets and liabilities denoted in the foreign currency are presented in accordance with the historic cost and transformed into the functional currency by using the exchange rate which is valid on the transaction date.

Valid Croatian currency exchange rate on 31 December 2020 was 7.536898 kuna for 1 EUR (31 December 2019: 7,442580 kuna for 1 EUR).

Valid Georgian currency exchange rate on 31 December 2020 was 1,873600 HRK for 1 GEL (31 December 2019: 2,2801 kuna for 1 GEL).

3.6 Borrowings and borrowing expenses

Borrowings are initially recognized per fair value, minus transaction expenses. In future periods, the borrowings are shown per amortized expense. All differences between remuneration (minus transaction expenses) and surrender value are recognized in the comprehensive profit report during the borrowing period, using the effective interest rate method.

Borrowings are classified as short-term liabilities, except if the Company has unconditional right to delay the liability settlement at least 12 months after the reporting date.

Borrowings from the creditors which are classified as "Separate Creditors" (Note 2) are evaluated in accordance with the fair value of the property under lien due to the subject borrowing, since the subject borrowings charge is possible only from the properties with a lien.

3. Basic Accounting Policies - continued

3.7 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in financial reports in the period when they were approved by the Company's General Assembly.

3.8 Taxation

Income Tax

Income tax expense consists of the current and deferred tax. Income tax is expressed within the profit or loss, except up to the income tax amount referring to the items within the capital when the income tax is recognized within the comprehensive profit.

Current tax presents the expected tax liability calculated per taxable income amount for a year, using interest rate which is valid on the reporting date and all tax liability compliances from the previous periods.

(i) Deferred tax assets and liabilities

Deferred tax is recognized using balance method and it considers temporary difference between the assets and liabilities accounting value used for the needs of financial reporting and amounts which are used for tax purposes. Deferred tax amount is not recognized for the following temporary differences: initial assets and liabilities recognition in the transaction which is not a business combination and which does not impact accounting or taxable profit and differences referring to the investments into subsidiaries and jointly controlled companies when the situation shall not probably change in the nearby future. Deferred tax is evaluated per tax rates which are expected to be applied with temporary differences once they are changed, pursuant to the laws valid at the reporting date.

Deferred tax assets are recognized in the amount which probably corresponds to future taxable profit which shall be available in order to be neutralized by temporary differences. Deferred tax assets are decreased for the amount which probably cannot be used as a tax relief.

Deferred tax assets and liabilities are offset if there is a legal right to an offsetting of the current tax liability and assets, and if they refer to the taxes which are calculated by the same tax institution for the same taxable entity or for different taxable entities, but they intend to settle current tax liabilities and assets per net base or realize their tax assets and liabilities simultaneously.

(ii) Tax exposure

While determining current and deferred tax amount, the Company considers the impact of uncertain tax situations and potential additional taxes and interest rates. These considerations are relied on the evaluations and assumptions, and they can include a number of judgements as regards to future events. New information might become available and might cause the Company to change their judgement as regards to the suitability of the existing tax liabilities. Such tax liability changes shall impact the tax expenses in the period when such decision was made.

Value Added Tax (VAT)

Tax Administration requires the value added tax to be settled per net base. VAT arising from the sales and purchase transactions is recognized and expressed in the financial situation report per net base. If the claim for value correction is decreased, reduction loss is expressed in the claim gross amount, including VAT.

3. Basic Accounting Policies - continued

3.9 Property, plant and equipment

(i) Land and buildings

After recognition at cost, land and buildings are recognised at a revalued amount, which is the fair value at the date of revaluation less subsequent depreciation of buildings and the cost of impairment.

The fair value is based on market value, which is the estimated value for which an asset could be sold on the valuation date between a voluntary buyer and a voluntary seller under normal business and commercial conditions.

When the carrying amount of an asset increases as a result of a revaluation that increase is credited directly to other comprehensive income called the revaluation reserve. A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset that was previously recognised as an expense.

When the carrying amount of an asset decreases as a result of a revaluation, the revaluation decrease is charged directly to the revaluation reserve to the extent that this decrease does not exceed the amount that exists as a revaluation reserve for the same asset and the remaining amount is charged to expense in the period incurred.

An estimate is performed on a sufficiently regular basis so that the carrying amount does not differ materially from that which would be determined by determining the fair value at the reporting date. Certain land and buildings are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from the derecognition of land and buildings (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in profit or loss when derecognised.

The corresponding part of the revaluation surplus realised during the previous valuation is released into profit or loss, from the surplus of the valued asset, during the disposal of the revalued asset.

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

Based on the valuation performed by independent appraisers, the Company revalued the value of a property and created revaluation reserves which are transferred to retained earnings/accumulated losses in accordance with the adopted depreciation policy.

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

(ii) Plant and equipment

Plant and equipment are initially recognised in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses if any. The cost includes the cost that is directly attributable to the acquisition of the asset. After initial recognition at cost, plant and equipment are recognised at a revalued amount, which is the fair value at the date of revaluation less any subsequent depreciation of plant and equipment and the cost of impairment.

The fair value is based on market value, which is the estimated value for which an asset could be sold on the valuation date between a voluntary buyer and a voluntary seller under normal business and commercial conditions.

(iii) Right-of-use asset

Right-of-use assets are stated 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 rights are recognised in profit or loss within other income or expense.

3. Basic accounting policies - continued

3.9 Property, plant and equipment (continued)

When the carrying amount of an asset increases as a result of a revaluation, that increase is recognised directly in equity under the heading revaluation reserve. A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset that was previously recognised as an expense.

When the carrying amount of an asset decreases as a result of a revaluation, the decrease is recognised as an expense. A revaluation reduction is charged directly to the revaluation reserve to the extent that this reduction does not exceed the amount that exists as a revaluation reserve for the same asset.

An estimate is performed on a sufficiently regular basis so that the carrying amount does not differ materially from that which would be determined by determining the fair value at the reporting date. Certain land and buildings are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from the derecognition of land and buildings (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in profit or loss when derecognised.

The corresponding part of the revaluation surplus realised during the previous valuation is released into profit or loss, from the surplus of the valued asset, during the disposal of the revalued asset, and during its use.

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

Based on the valuation performed by an independent appraiser, the Company revalued the value of equipment, classified in the depreciation groups Laboratory equipment and Measuring and control instruments, and formed revaluation reserves which are transferred to retained earnings/accumulated losses in accordance with the adopted depreciation policy.

Gains and losses on disposals of equipment are recognised within profit or loss within other income or expense. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

(iv) Subsequent expenditure

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the Company has a future economic benefit from the asset and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other maintenance costs are recognised in profit or loss in the financial period in which they are incurred.

3. Basic accounting policies - continued

3.9 Property, plant and equipment (continued)

(v) Depreciation

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

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

The residual value of an asset represents the estimated amount that the Company would currently receive from the sale of the asset less the estimated cost of sale if the asset had reached the age and condition expected at the end of the asset's useful life. The asset's residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

In the event that the carrying amount of an asset is greater than its estimated recoverable amount, the difference is written off to its recoverable amount (Note 3.12).

Gains and losses on disposals are determined as the difference between the sales proceeds and the carrying amount of the asset sold and are recognised within profit or loss within other income/expenses.

3.10 Intangible assets

Patents, licenses and computer software

(i) Owned asset

Patents, licenses and computer software are capitalised on the basis of acquisition costs and costs incurred in bringing the asset to working condition.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it increases the future economic benefits associated with the asset. All other costs represent an expense in profit or loss in the period in which they are incurred.

(iii) Depreciation

Intangible assets in preparation are not depreciated. Depreciation of other intangible assets is calculated using the straight-line method to allocate cost or to the residual value of the asset and asset over its estimated useful life as follows:

The right to use the asset of the third 1 to 2 years

Software, content and other assets 1 to 2 years

3. Basic accounting policies - continued

3.11 Investment properties

Investment properties are recognised as an asset when it is probable that future economic benefits associated with the investment property will flow to the Company and the cost of the investment property is measured reliably. Investment properties include property held either for the purpose of obtaining rental income or capital gains or both.

Investment properties are initially measured at cost including transaction costs. Subsequently, after initial recognition, investment properties are measured at fair value which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

3.12 Inventories

The cost of work in progress and finished goods includes raw materials, direct labour costs, other direct costs and the related part of general production costs (based on normal regular production capacity).

Merchandise goods are stated at the lower of cost and selling price (net of taxes and margins). Small inventory and tools are completely written off when put into use.

3.13 Trade receivables

Trade receivables are amounts relating to services sold in ordinary activities. 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 recognised at fair value and subsequently measured at depreciation cost using the effective interest method, less the expected loss. Business models of receivables management is a model of depreciation cost - a business model whose goal is achieved by holding financial assets for the collection of contracted cash flows (principal and interest).

Provisions for impairment of trade receivables and contractual assets are measured at an amount equal to the expected credit losses over their useful lives, i.e. by applying the simplified approach to expected credit losses.

Historical observations (through a minimum of 2 years) on the days of delay in collection of receivables adjusted for estimated future expectations in the collection of receivables are used in measuring the expected credit losses of the Company. Trade receivables are divided according to age structure.

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

- significant financial difficulties with the issuer or debtor and/or
- breach of contract, e.g. late payment or non-payment of interest or principal and/or
- likely initiation of bankruptcy or financial restructuring with the debtor

3. Basic accounting policies - continued

3.14 Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and other short-term, highly liquid instruments which are readily convertible to known amounts of cash with original maturities of three months or less, and which are subject to the negligible risk of change in value. Cash and cash equivalents are valued at

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depreciation cost because: (i) are held for the purpose of collecting cash flows from contracts which represent SPPI, and (ii) are not reported as FVTPL.

3.15 Share capital

Share capital consists of ordinary shares. Receipts reported in principal when issuing new shares or options are shown net of related transaction costs and income tax. The amount of the fair value of the consideration received above the nominal value of the shares issued is shown in the notes as a capital gain. The consideration paid for purchased treasury shares, including all directly attributable transaction costs (less income tax), reduces the share capital attributable to the Company's shareholders until the shares are withdrawn, reissued or sold. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction costs and income tax effects, is included in principal.

3.16 Employee benefits

(i) Liabilities for pensions and other liabilities after retirement

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

(ii) Incentive severances pay

Severance pay obligations are recognised when the Company terminates the employment of an employee before the statutory retirement date or by a decision of the employee to voluntarily accept termination of employment in exchange for compensation. The Company recognises severance pay obligations when it has demonstrably assumed an obligation to terminate its employment relationship with current employees, based on a detailed formal plan without the possibility to waive it or provide severance pay as a result of an offer to encourage voluntary termination of an employment relationship.

(iii) Regular severance pay upon retirement

Severance payments that fall due more than 12 months after the reporting date are discounted to their present value based on an actuarial calculation made at the end of each reporting period that uses assumptions about the number of employees who are estimated to be entitled to regular retirement benefits, the estimated cost of the stated severance pay and the discount rate in the amount of the rate of return on bonds of the Republic of Croatia. Actuarial gains and losses arising from adjustments and changes based on experience in actuarial assumptions are recognised immediately within profit or loss.

3. Basic accounting policies - continued

3.17 Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) which arose as a result of past events, and it is probable (more than not) that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at each reporting date and adjusted for an estimate based on current knowledge. When the amount of the impairment loss is significant, the amount of the provision is the present value of the costs expected to be incurred to settle the obligation and determined using the estimated risk-free interest rate as the discount rate. When discounting is used, the effect of discounting is recorded as a financial expense each year and the stated value of the provision is increased each year for the elapsed time.

3.18 Financial instruments

Non-derivative financial instruments

(i) Recognitions and initial measurement

Trade receivables and debt securities issued are initially recognised at inception. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets (unless a trade receivable has no significant financial component) or financial liability are initially measured at fair value plus an item not stated at fair value through profit or loss, and transaction costs that are directly attributable to the acquisition or issuance. 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 stated at: depreciation cost; fair value through other comprehensive income - debt investment; fair value through other comprehensive income - investment in the capital; or fair value through profit or loss.

Financial assets are not reclassified after initial recognition unless the Company changes its business model for managing financial assets, in which case all financial assets are reclassified on the first day of the first reporting period after the change in the business model.

A financial asset is measured at depreciation cost if it meets both of the following conditions and is not classified as fair value through profit or loss:

- is held within a business model aimed at holding assets for the purpose of collecting contractual cash flows; and
- on the basis of the agreed conditions, on certain dates, it realises cash inflows that represent exclusively the payment of principal and interest on the outstanding amount of principal.

All financial assets which are not classified as financial assets measured at depreciation cost as described above are measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses including any interest or dividend income are recognised in the income statement.

Financial assets carried at depreciation cost are subsequently measured at depreciation cost using the effective interest method. The depreciation cost is reduced by impairment losses. Interest income, foreign exchange differences, and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

3. Basic accounting policies - continued

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities are classified as financial liabilities measured at depreciation cost or fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is held for trading, is a derivative, or is classified as such on initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, while net gains and losses, including all interest expenses, are recognised in the income statement. Other financial liabilities are subsequently measured at depreciation cost using the effective interest method. Interest expenses and foreign exchange gains

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and losses are recognised in the income statement. Gains or losses on derecognition are also recognised in the income statement.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Company transfers the rights to receive the contractual cash flows in a transaction in which all key risks and rewards of ownership of the financial assets have been transferred or in which the Company neither transfers nor retains all risks and rewards of ownership and does not retain control of the financial assets.

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

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company also derecognises a financial liability when its terms have changed and the cash flows of the modified liability differ significantly, in which case, a new financial liability is recognised at fair value based on the changed terms.

Upon derecognition of a financial liability, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

(iv) Netting

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

Effective interest method

The effective interest method is a method of calculating the depreciation cost of a financial asset and of allocating interest income over the relevant period. Effective interest rate is the rate at which estimated future cash inflows, including any fees according to points paid or received and which are an integral part of the effective interest rate, 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 recognised on an effective-interest basis.

3. Basic accounting policies - continued

3.19 Financial guarantee contract and financial liability

Financial guarantee contract

A financial guarantee contract is initially recognised at fair value and subsequently measured at the higher of:

- the amount determined in accordance with the expected credit loss model in accordance with IFRS 9 and
- the amount initially recognised less, if necessary, the corresponding cumulative effect recognised

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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 at depreciation cost using the effective interest method, with interest expense recognised on an effective-yield basis.

The effective interest method is a method of calculating the depreciation cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate accurately discounts estimated future cash payments over the expected life of the financial instrument or, where appropriate, over a shorter period to the gross carrying amount of the financial asset or depreciation 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 they are held for trading or defined as such by the Company.

They are measured at fair value and the related profit or loss is recognised in the income statement, except for changes in the fair value of liabilities which result from changes in the Company's own credit risk that are recognised through other comprehensive income. The net profit or loss recognised in the income statement includes interest paid on the financial liability.

3.20 Business segment reporting

The Company determines business segments according to internal reports on the components of the Company, which are regularly reviewed by the chief executive of business decisions (determined by the Company's Management Board) in order to allocate resources to segments and evaluate the performance of their operations. Details of business segments are disclosed in Note 5 to the financial statements.

3.21 Earnings per share

The Company presents basic and diluted earnings per share data for ordinary shares. Basic and diluted earnings per share are calculated by dividing the profit or loss for the year applicable to ordinary shares by the weighted average number of ordinary shares over the period.

3.22 Non-current assets held for sale

Non-current assets held for sale are intended to settle a separate debt to financial institutions that have not waived the right to separate settlement in the pre-bankruptcy settlement procedure. Estimates of the market value of assets were determined by the Company on the basis of calculations by independent appraisers who determined it by the cost method, comparative method and/or income method, depending on the type of asset. Additional information on valuation methods can be found in Note 21.

4.1. Key accounting judgements and estimates

Key judgements in applying accounting policies

The preparation of financial statements in conformity with IFRS requires Management to make judgements, estimates and assumptions which affect the application of policies and amounts disclosed for assets, liabilities, income and expenses. Actual results may differ from such estimates. Estimates and associated assumptions are reviewed on an ongoing basis. The effect of an adjustment to an estimate is recognised in the period in which the estimate is adjusted and in future periods if the adjustment affects current and future periods.

(i) Revenue recognition

The Company recognises revenue and expenses under contracts from the design activity based on an assessment of the degree of completion of the contracted work at the balance sheet date, which requires a certain degree of judgement. If the outcome of the contract cannot be estimated reliably, contract revenue is recognised to the extent that it is probable that the contract costs incurred will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred. If the total contract costs are likely to exceed the total contract revenues, the expected losses are recognised immediately as an expense.

(ii) Lifespan of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. There were no changes in the life expectancy of non-current assets during the year.

In the event of a change in useful life by +/- 10%, with other variables unchanged, the depreciation expense would change by +/- HRK 690 thousand.

(iii) Impairment of assets

The Company regularly checks the recoverability of assets individually and if there are indications of impairment, the same is carried out up to the estimated recoverable amount.

(iv) Pre-bankruptcy settlement and going concern

The Company considers all relevant information related to all key risk factors, assumptions and uncertainties that are clearly relevant to the Company's ability to continue as a going concern.

The Company continuously records the growth of operating operations, and on the other hand, actively works on debt restructuring to financial institutions through the sale of non-operating assets and through refinancing of the operational part of the debt. Considering the stable base of contracts, successful deleveraging to non-financial institutions and all information on the course of debt restructuring to financial institutions, the Company considers that it meets all business requirements under the assumption of a business as a going concern.

(v) Valuation of liabilities under a pre-existing settlement

The Company has reduced the liabilities related to the liabilities on loans that will be settled from the Company's assets, in accordance with the pre-bankruptcy settlement, to the fair value of the corresponding assets. Management has taken the estimated value of assets as a reference value of liabilities.

4.2.Determining fair value

The Company has established a control system within fair value measurement, which includes the overall responsibility of the Management Board and financial functions related to monitoring all significant fair value measurements, consulting with external experts and, in this context, reporting on the same to the bodies in charge of corporate management.

Fair values are measured in relation to information collected from third parties in which case the Management Board and the finance function are making valuations if the evidence collected from third parties ensures that those fair value estimates meet the requirements of IFRS, including the level in the fair value hierarchy at which those estimates should be classified.

All significant issues related to the fair value estimate are reported to the Supervisory Board.

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

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

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

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

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

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

- Note 14: Property, plant and equipment
- Note 15: Investment properties
- Note 16: Investment in related parties and other investments
- Note 21: Non-current assets held for sale

4.3. Impact of Covid 19 pandemic on Company's operations

On March 11, 2020, the World Health Organization declared a global pandemic caused by the COVID-19 virus. On the same date, the Government of the Republic of Croatia adopted a Decision declaring an epidemic of coronavirus in the entire territory of the Republic of Croatia.

During the COVID-19 pandemic in Croatia, **the Company**, as a provider of services of general economic interest, is an important factor in ensuring the functioning of vital functions of the society in extraordinary circumstances and therefore the Company's core business is not extremely affected by the COVID-19 pandemic.

In accordance with the measures adopted by the National Civil Protection Headquarters, during the economy lockdown in March and April 2020, **the Company** operated to a lesser extent, which had an impact on the realization of planned income.

In the rest of the year, due to reduced economic activities, a decrease in income and in the number of concluded Contracts was recorded. Operational income in 2020 is lower by 10% or HRK 16.9m compared to 2019.

Since the beginning of the pandemic, **the Company** has taken and will continue to take certain measures in terms of reconciliation of expenses with the generated income level, in order to preserve liquidity and financial stability.

4.4. Correction of errors from previous periods

The Company's annual financial reports for 2019 have been restated as follows:

For the period 31/12/2019 and 01/01/2020 in the annual financial reports, the positions of profit and loss statement were adjusted - increase in other operational income from written-off receivables in the total amount of HRK 219 thousand and costs of raw materials in the amount of HRK 41 thousand based on correct recording of IFRS16 concluded in 2019, decrease in value adjustments of investments property (HRK 101 thousand) due to the formal legal status and value adjustment of other receivables (HRK 109 thousand) for which the condition for adjustment in accordance with the Company's accounting policies arose during 2019:

Report on comprehensive income	Notes	Original state I-XII 2019	Modification	Restated state I- XII 2019
<i>(in thousands HRK)</i>				
Revenue from sale	7	183,357		183,357
Other operational income	8	5,505	219	5,505
Total revenue		188,862	219	188,862
Costs of raw material and services	9	(60,851)	(41)	(60,892)
Employee expenses	10	(94,628)	-	(94,628)
Value adjustments of current assets	11	8,927	(110)	8,927
Other operating costs	12	(12,383)	-	(12,383)
Total operating costs		(158,935)	(151)	(158,976)
Operating income before depreciation and value adjustments of non-current assets (EBITDA)		29,927	68	29,886
Depreciation	12	(10,001)		(10,001)
Value adjustments of non-current assets	11	(54)	(101)	(155)
Provisions	12	-	-	-
Total operating costs		(168,990)	(252)	(169,132)

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Notes to the financial statements
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4.1. Correction of errors from previous periods - continued

Operating profit/(loss)		19,872	(33)	19,730
Financial income		5,950	-	5,950
Financial expenses		(14,889)	-	(14,889)
Net financial expenses	13	(8,939)	-	(8,939)
Share in loss/gain of associated companies		(14)	-	(14)
Profit before tax		10,919	(33)	10,777
Income tax expense	14	5,657	-	5,657
Profit for the year		16,576	(33)	16,434
Non-controlled interest		63	-	63
Profit of the Company's shareholders		16,639	(33)	16,497
Core gain/loss per share (in HRK)	37	27.11		27.48
Other comprehensive income				
Revaluation of non-current assets, net of tax		(6)	-	(6)
Exchange rate differences		41	-	41
Adjustments through retained earnings		(590)	-	(590)
Other		(13)	-	(13)
Other comprehensive (loss)/profit for the year		(568)		(568)
Comprehensive profit for the year		16,008	(33)	15,866

On 01/01/2019 and 31/12/2019 in the annual financial reports the positions of assets were adjusted - increase in tangible assets (HRK 1,079 thousand) based on recognition of IFRS16, decrease in value of Investment property (HRK 101 thousand) due to formal legal status and other receivables (HRK 110 thousand) and the positions of liabilities - increase in liabilities HRK 1,120 thousand and accumulated losses in the total amount of HRK 252 thousand.

Report on financial position

(in thousands HRK)

ASSETS

	Notes	Original state I-XII 2019	Modific. 2019	Restated state I-XII 2019
Intangible asset	15	2,916		2,916
Property, plant and equipment	16	189,730	1,079	190,809
Investment properties	17	348	(101)	247
Investment in related parties and other investments	18	14,558		14,558
Given loans	21	644		644
Trade receivables and other receivables	20	1,062		1,062
Deferred tax assets		7		7

NON-CURRENT ASSET

		209,265	978	210,243
Inventory	19	76,297		76,297
Trade receivables and other receivables	20	45,430	(110)	45,320

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Given loans and deposits	21	18,785		18,785
Accrued income and prepaid expenses	24	3,770		3,770
Contract asset	24.1	12,850		12,850
Cash and cash equivalents	22	11,947		11,947
CURRENT ASSET		169,079	(110)	169,079
Non-current asset held for sale	23	80,912		80,912
TOTAL IN ASSET		459,256	868	460,124

4.4. Correction of errors from previous periods - continued

Report on financial position

(in thousands HRK)

	Notes	Original I- XII 2019	Modific. 2019	Restated I- XII 2019
EQUITY AND LIABILITIES				
Share capital	25	116,605		116,605
Treasury shares	26	(5,676)		(5,676)
Reserves for treasury shares		1,446		1,446
Other reserves		953		953
Capital reserves		(255)		(255)
Revaluation reserves	27	102,232		102,232
Accumulated losses		(256,434)	(252)	(262,644)
Capital attributed to Company's shareholders		(41,129)	(252)	(47,339)
Non-controlling interest		(697)	-	(697)
TOTAL CAPITAL		(41,826)		(48,036)
Liabilities for loans and borrowings	28	48,963	1,120	50,083
Provisions	29	2,233	-	8,191
Deferred tax liabilities	14	21,989		21,989
Trade payables and other liabilities	30	198		198
LONG TERM LIABILITIES		73,383	-	80,461
Liabilities for loans and borrowings	28	352,249		352,249
Trade payables and other liabilities	30	63,694		63,694
Liabilities for advances received and deposits	31	1,254		1,254
Provisions	29	2,950		2,950
Contract liabilities	24.1	7,552		7,552
Accrued expenses and deferred income	32	-		-
CURRENT LIABILITIES		427,699	-	427,699
TOTAL IN CAPITAL AND LIABILITIES		459,256	868	460,124

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In addition to the above, on 01/01/2019 in the financial reports' liabilities - long term provisions and accumulated losses - were adjusted by HRK 5,958 thousand. The mentioned modification refers to court disputes initiated before January 1, 2019 and court fees based on the decision on enforcement from pre-bankruptcy period, i.e. before 01/01/2019:

4.4. Correction of errors from previous periods - continued

Report on financial position	Original state I-XII 2018	Modification	Restated state I -XII 2019.
<i>(in thousands HRK)</i>			
EQUITY AND LIABILITIES			
Share capital	116,605		116,605
Treasury shares	(5,676)		(5,676)
Reserves for treasury shares	1,446		1,446
Other reserves	1,344		1,344
Capital reserves	(255)		(255)
Revaluation reserves	125,403		125,403
Accumulated losses	(295,676)	(5,958)	(301,634)
Capital attributed to the Company's shareholders	(56,809)	(5,958)	(62,767)
Non-controlling interest	(634)		(634)
TOTAL CAPITAL	(58,579)	-	(63,401)
Liabilities for loans and borrowings	231,231	-	231,231
Provisions	7,980	5,958	2,022
Deferred tax liabilities	27,694		27,694
Trade payables and other liabilities	198		198
LONG TERM LIABILITIES	261,145	-	267,103

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5. Segment information

The Company is organized into business units according to a combination of locations and areas in construction. Business units are engaged in design, studies, supervision, consulting services, laboratory services, research work and scientific research.

Reporting segments are an integral part of internal financial reports. Internal financial reports are regularly reviewed by the Company's Management Board, which is also the main business decision-maker and evaluates business performance and makes business decisions based on them.

Internal reporting on segment results is adjusted for operations and key indicators for each segment separately, so the disclosures of this information are adjusted for the current year and the previous period.

5.1. Revenues and operating results by segments

The following is an analysis of the Company's revenues and results by reporting segments presented in accordance with IFRS 8 and the adjustment of operating results by segments with profit or loss before tax. Revenues from sales refer to income generated from sales to external customers. Sales between reporting segments are eliminated in reporting. In the internal reports, the Management Board monitors revenues in the net amount, i.e. sales income less the amount of the cooperation cost (shown in Note 7). Accordingly, segment revenues are shown at that level.

	Segment revenues	
	2020	2019
<i>(in thousands HRK)</i>		
Department for Design	35,534	31,826
Department for Hydrotechnical and Geotechnical Engineering and Environmental Protection	11,868	21,360
Department for Professional Supervision and Project Management	55,610	36,618
Department for Materials and Structures	30,476	39,914
RC Split	-	-
RC Osijek	-	-
RC Rijeka	113	79
Branch offices	1,231	21,469
Management and support service	1,877	214
Total by segments	136,710	151,480

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5. Segment information - continued

5.2. Revenues - by geographical areas

	2020. thous. HRK	2019. thous. HRK
Republic of Croatia	142,099	137,745
Foreign countries	23,891	45,612
Total	165,990	183,357

5.3. Revenues by categories

	2020. thous. HRK	2019. thous. HRK
Revenue recognised over a period of time	133,470	140,736
Revenue recognised at a point in time	32,520	42,621
Total	165,990	183,357

The Department for Design has as its core business the preparation of design and study documentation for traffic routes - roads, railways and airports, including all road structures on routes.

The Department for Hydrotechnical and Geotechnical Engineering and Environmental Protection engages in design and studies, proving usability, research and measurements, modelling, planning, in all hydrotechnical areas as well as all activities required to solve engineering problems at the contact of soil (rock) and building structures.

The Department for Professional Supervision and Project Management performs professional supervision over the construction of buildings and project management in the field of civil engineering, building construction and energy. In addition, the activity also includes consulting services, performing professional spatial planning activities, urban planning, designing, preparation of feasibility studies, preparation of expert opinions and reports, assessment of property value and construction costs.

The Department for Materials and Structures engages in testing and certification of building materials. With about 600 test methods accredited in accordance with the standard HRN EN ISO/IEC 17025, our laboratories meet the requirements of competence and make up approximately 60% of all laboratories in Croatia accredited in the field of construction.

The regional centres of Split, Rijeka and Osijek participate in almost all major and significant projects in their fields in the form of providing services, like making studies, designs (routes with all associated facilities, hydraulic structures, buildings, etc.), conducting expert supervision and providing consulting services, performing research work, laboratory testing and proving usability, and scientific research work in the field of construction.

The accounting policies of the reporting segments are the same as the Company's accounting policies set out in Note 3.20. Segment revenue represents the profit made by each segment without allocating central administrative expenses, provisions, other income, and financial income and expenses. The Company does not allocate assets and liabilities by segments.

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6. Other operational income

	2020 (in thousands HRK)	2019 Restated
Income from liability write-off	10,254	591
Income from compensations, subsidies	4,860	74
Income from sale of assets	3,200	-
Revenue from leases	3,469	3,650
Income from reversal of value adjustment and provisions	1,369	231
Income from collected receivables written off	217	-
Income from compensation for damages	577	7
Revenue from court costs	-	426
Other income	273	526
	24,218	5,505

7. Cost of raw material and services

	2020 thous. HRK	2019 thous. HRK <i>restated</i>
Costs of raw material	1,572	2,197
Costs of energy	4,826	6,586
Costs of small inventory and spare parts	678	699
Transportation, telephone and mail costs	1,211	1,292
Cooperants costs	29,778	31,877
Costs of manufacturing services	1,073	2,294
Utility costs	1,231	1,228
Maintenance costs	2,234	1,391
Rental costs	4,323	7,152
Other external costs	4,012	6,135
Total	50,938	60,851

8. Employee expenses

	2020 (in thousands HRK)	2019
Net salaries	59,138	57,709
Taxes, contributions and similar expenses	31,733	29,588
Compensations for employees (travel expenses, daily allowances, transportation)	6,376	6,333
Severance payments, benefits and other substantial employee's rights	1,090	995
Fees, severance payments and benefits above the taxable amount	9	3
		40

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Remuneration to members of the Supervisory Board	569	-
	98,915	94,628

On December 31, 2020, the Company had 535 employees (2019: 469 employees). In 2020, non-taxable severance payments were paid to 11 employees in the amount of HRK 112.5 thousand (2019: for 26 employees in the amount of HRK 619 thousand).

During the period, the Company calculated the contribution for mandatory pension insurance for 573 employees in the total amount of HRK 14,451 thousand (2019: for 503 employees in the total amount of HRK 12,123 thousand).

9. Value adjustments

	2020	2019 restated
	thous. HRK	thous. HRK
<i>Value adjustments of non-current assets</i>		
Value adjustment of investment properties	-	101
Value adjustment of share in associates	-	38
Value adjustment of given loans and other financial assets	-	54
	-	193
<i>Value adjustments of current assets</i>		
Value adjustment of trade receivables	1,078	(7,156)
Value adjustment of given loans and other financial assets	-	(1,839)
Value adjustment of other receivables	157	178
	1,235	(8,817)

10. Other operating costs and provisions

	2020	2019
	(in thousands HRK)	
Costs of legal, consulting and auditing services	1,807	2,140
Bank fees and commissions	1,402	1,456
Other expenses	5,719	904
Penalties, etc.	80	837
Insurance premiums	1,105	1,016
Contributions to public bodies and fees	1,608	2,043
Representation costs	400	640
Training and education costs	266	419
Taxes that do not depend on business results		

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	77	916
Expenses from sale of non-current assets	3,085	1,570
Total	15,548	11,941

	2020	2019
	<i>(in thousands HRK)</i>	
Provision for severance pay and jubilee awards	172	-
Provision for legal disputes	399	443
	571	443

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11. Financial income and expenses

	2020	2019
	thous. HRK	thous. HRK
Financial income		
Income from exchange difference	4,351	3,573
Interest income	35	2,377
Income from liability write-off	-	-
Income from the sale of shares	397	-
Other financial income	203	-
	4,986	5,950
Financial expenses		
Expenses from exchange difference	7,336	3,448
Interest expenses	7,017	11,363
Unrealized losses from financial assets	1,565	-
Other financial expenses	1	78
	15,919	14,889
Net financial expenses	(10,933)	(8,939)

12. Income tax expense

Tax income includes:

	2020	2019
	thous. HRK	thous. HRK
Deferred taxes	442	5,657

Adjustment of effective tax rate

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

	2020	2019
	thous. HRK	thous. HRK
Profit/loss before tax	(953)	10,666
Tax at the rate of 18% (2019: 18%)	(98)	1,973
Effects of non-taxable income and other reduced tax bases	(3,871)	(2,400)
Effects of unrecognised expenses and other increases of the tax base	4,035	7,519
Utilised tax losses of previous years for which no deferred tax asset is recognised		
Effects of tax losses not recognised as deferred tax assets	(346)	(7,092)
Previously recognised deferred tax liabilities	442	5,657
Income tax expense	344	5,657
Effective tax rate	-36%	52%

12. Income tax expense - continued

Unused tax losses from previous periods amounted to HRK 51,371 thousand and related to tax losses from 2017 that are usable until 2022. In 2020, the Company used the tax loss to reduce the tax base in the amount of HRK 1,921 thousand. The total amount of tax losses for transfer is HRK 49,451 thousand and can be used until 2022.

Amounts of unused tax losses are not used to recognise deferred tax assets in the financial position report because it is not probable that sufficient taxable profit will be gained for the utilisation of deferred tax assets.

The Company did not recognise deferred tax assets in the total amount of HRK 2,823 thousand due to temporary differences based on value adjustments of long-term and current financial assets, value adjustments of receivables and non-deductible provisions. At the same time, the company used unrecognised deferred tax assets (reduced the income tax base) in the amount of HRK 3,065 thousand on the same basis (value adjustments of receivables and financial assets, reversal of provisions) and in the amount of HRK 345 thousand from the use of transferred tax losses.

Deferred tax liability arises from the following:

<i>2020 (in thousands HRK)</i>	Initial state	Through capital	Through profit or loss	Closing balance
Temporary difference:				
Revaluation of non-current assets	21,989	(163)	(442)	21,384
	21,989	(163)	(442)	21,384
<i>2019 (in thousands HRK)</i>				
Temporary difference:				
Revaluation of non-current assets	27,694	(5,705)	-	21,989
	27,694	(5,705)	-	21,989
<i>2018 (in thousands HRK)</i>				
Temporary difference:				
Revaluation of non-current assets	28,335	(85)	(556)	27,694
	28,335	(85)	(556)	27,694

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13. Intangible assets

(in thousands HRK)

For the year that ended on December 31, 2019

Balance as on January 1	331	1,468	1,140	2,939
New purchase	1,444	-	-	1,444
Depreciation of the current year	(1,314)	-	-	(1,314)
Reduction	(1)	(149)	-	(150)
Value adjustment	-	-	(4)	-
Transfer to use	1,235	(1,235)	-	-
Balance as on December 31, 2019	1,695	84	1,136	2,919

Balance as on December 31, 2019

Purchase value	40,795	3,974	12,083	56,852
Accumulated depreciation	(39,099)	(3,890)	(10,947)	(53,936)
Net book value	1,696	84	1,136	2,916

For the year that ended on December 31, 2020

Balance as on January 1	1,696	84	1,136	2,916
New purchase	19	-	-	19
Depreciation of the current year	(687)	-	-	(687)
Reduction	-	-	-	-
Value adjustment	(3)	-	-	(3)
Transfer to use	50	(50)	-	-
Balance as on December 31, 2020	1,075	34	1,136	2,245

Balance as on December 31, 2020

Purchase value	40,864	3,974	12,083	56,871
Accumulated depreciation	(39,789)	(3,940)	(10,947)	(54,626)
Net book value	1,075	34	1,136	2,245

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Notes to the financial statements
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14. Property, plant and equipment

<i>(in thousands HRK)</i>	Asset with the right of use	Land	Buildings	Plant and equipment	Asset in preparation	Other	Advanced payments for tangible assets	Total
Balance as on December 31, 2018								
Purchase value	-	108,488	112,568	77,194	28,072	650	202	327,174
Accumulated depreciation and impairment	-	(14,806)	(55,295)	(59,239)	(6,946)	(347)	(52)	(136,685)
Net book value	-	93,682	57,273	117,955	21,126	303	150	190,489
For the year that ended on December 31, 2019								
Balance as on January 1, 2019	-	93,682	57,273	17,955	21,126	303	150	190,489
Depreciation of the current year	(708)	-	(4,174)	(3,556)	-	-	-	(8,438)
Direct purchase	4,138	-	-	32	1,337	1	265	5,773
Transfer to use	-	-	43	1,323	(1,366)	-	-	-
Value adjustment	-	-	-	-	-	-	(1)	(1)
Reduction	-	-	-	-	-	-	-	-
Effect of first-time adoption of IFRS 16	2,841	-	-	(862)	-	-	-	-
Exchange rates	-	15	6	-	-	-	-	21
Balance as on December 31, 2019	6,271	93,697	53,148	14,892	21,097	304	414	189,823

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Balance as on December 31, 2019									
Purchase value	6,979	108,488	112,568	77,194	28,072	650	467	334,418	
Accumulated depreciation and impairment	(708)	(14,791)	(59,420)	(62,302)	(6,975)	(345)	(53)	(143,886)	
Net book value	6,271	93,697	53,148	14,892	21,097	305	414	189,224	

For the year that ended on December 31, 2020

Balance as on January 1, 2020	6,271	93,697	53,148	14,892	21,097	305	414	189,824	
Depreciation of the current year	(4,148)	-	(6,022)	(2,186)	-	-	-	(12,356)	
Direct purchase	16,263	-	-	-	1,977	-	1,113	19,353	
Transfer to use	-	-	-	-	(2,014)	-	(1,436)	(3,450)	
Reduction	-	(2,105)	(3,312)	(509)	-	-	-	(5,926)	
Restatement	1,079	-	-	-	-	-	-	1,079	
Balance as on December 31, 2020	19,465	91,592	43,814	13,613	21,658	305	144	190,591	

Balance as on December 31, 2020

Purchase value	24,321	108,488	112,568	78,610	28,633	650	197	353,467	
Accumulated depreciation and impairment	(4,856)	(16,896)	(68,754)	(64,997)	(6,975)	(345)	(345)	(162,168)	
Net book value	19,465	91,592	43,814	13,613	21,658	305	144	190,591	

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The Company's buildings and land (including assets in preparation) with a net book value of HRK 112,273 thousand (2019: HRK 118,344 thousand) are pledged as collateral for credit liabilities with commercial banks (Note 27).

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Notes to the financial statements
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14. Property, plant and equipment - continued

Assets in preparation relate to investments in the construction of an office building at the location of Janko Rakuša 1 in Zagreb.

Estimates of the market value of real estate for revaluation purposes were determined by the Company on the basis of calculations by independent appraisers who determined it by the cost method, comparative method and/or income method, depending on the real estate type.

Estimates of the market value of laboratory equipment and measuring instruments for revaluation purposes were determined by the Company based on the calculations of independent appraisers who primarily used the cost method as the most appropriate one, because it is based on the application of the economic principle that for the property the buyer will not pay more than the price he would pay for the assets of equal utility in the event of a new purchase or construction. On December 31, 2020, the net book value of revalued equipment before revaluation would amount to HRK 725 thousand (*December 31, 2019: HRK 802 thousand*).

In previous years (2015 and 2016), the Company concluded financial leasing agreements which financed the purchase of equipment - a system for recording the condition of pavements and devices for testing friction. Leasing fees are settled in 60 installments that contain interest determined at variable interest rates. On the day of concluding the contract, the effective interest rate for the friction testing device is 6.07% and for the pavement recording system is 6.01%.

	2020 thous. HRK
Costs of capitalised financial leases	1,993
Accumulated depreciation	(1,132)
Net book value	861

(i) Estimation method and significant input variables

The following table summarizes the fair value estimate methods and techniques and the significant input variables used in the valuation:

Methods and techniques for valuation	Significant input variables that are not observable
<i>Land and buildings</i>	
Fair value estimates of land and buildings were conducted by certified appraisers. Depending on the purpose of the assets, the market method (by developing the cost method), the income method and the residual method were used.	Correction factors in calculating the market price. Average rate of return : 7 - 9%
The calculation of the property market value by developing cost method is obtained by calculating the value of newly built property and its reduction due to time impact on the wear and tear of the building, structure, finishing works, etc. The price thus obtained is adjusted to the market price by a number of factors that are specific to the observed property or land.	Among other factors, the estimated discount rate considers the quality of the property and its location and the currently achievable lease terms in a similar geographical location for a comparable property type.
The income valuation method considers the present value of the net cash flows that the asset could generate from the lease taking into account the expected net lease based on comparable transactions.	Specific costs in determining the net cash flow for the income method.
The residual method is based on an investment analysis and is aimed at determining the value of the land planned for construction. It is applied as part of project development, if the investor wants to determine the maximum value of land that needs to be paid in order for the project to be realised profitably.	Specific costs of construction, financing period, interest rates, required sales margins and other costs in calculating the residual method.

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Methods and techniques for valuation	Significant input variables that are not observable
<i>Equipment</i>	
Fair value estimate of the equipment was performed by certified appraisers. The cost method and the DCF method - the recapitalization method were used in the valuation.	Correction factors in calculating the market price.
Estimating the value of equipment by the cost method involves determining the value of physical, functional and economic obsolescence of equipment. The cost value is determined based on the book value from the register of fixed assets. In the valuation process of physical obsolescence, the existing asset life, total service life and remaining useful life are analysed, for each valuation tool separately. Functional obsolescence takes into account the ability to perform a function for the remaining lifespan. The model of economic obsolescence and the model of economic indicators are used in the valuation of economic obsolescence	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.
The DCF method is a variation of the income approach whereby the market value of an asset is based on the estimated future cash flows expected to be generated by the operation of machinery and equipment.	Specific costs in determining net cash flow in the DCF method.

15. Investment properties

	2020 thous. HRK	2019 restated thous. HRK
Balance as on January 1	348	348
Value adjustment over the period	(101)	(101)
Balance as on December 31	247	247

Investment property with an acquisition cost of HRK 18,263 thousand (2019: HRK 18,263 thousand) is pledged as a guarantee of a credit obligation with a commercial bank. Because the property is encumbered by a lien for other people's credit obligations, the Company recognised an impairment loss on the property in the amount of the acquisition cost.

The company additionally adjusted the value of the land in Rijeka in the amount of HRK 101 thousand due to the estimate from 2016. when it was established that there are no legal grounds to take possession of the same.

Valuation method and significant input variables

The following table summarizes the fair value estimate methods and techniques and the significant input variables used in the valuation:

Methods and techniques for valuation	Significant input variables that are not observable
<i>Land and buildings</i>	
The valuation methods and techniques are identical to those used in the valuation of land and buildings in Note 16 (i)	Significant variables are shown in Note 16 (i)

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16. Investment in related parties and other investments

Investments in associates relate to companies in which the IGH Institut d.d. has no independent control over management, regardless of ownership interest.

2020. (u tisućama kuna)	Vlasništvo	Ulaganje	Imovina	Obveze	Neto (imovina- obveze)	Prihodi	Dobitak/gubitak	Udio Grupe u neto imovini/(obvezama)	Udio Grupe u dobiti/gubitku
Centar Bunde d.o.o. Zagreb	35%	31.960	216	313.570	-313.354	62	-9.809	-109.674	-3.433
Centar Gradski Podrum d.o.o.	38%	21.533	197.023	197.024	-1	1	-1	0	0
Sportski grad TPN d.o.o. u stečaju	40%	8	-	-	-	-	-	-	-
Elpida d.o.o.	50%	31.300	37.147	906	36.241	91	46	18.121	23
Institut za infrastrukturne projekte d.o.o.	50%	8	-	-	-	-	-	-	-
Autocesta Bar-Boljare d.o.o.	40%	0	-	-	-	-	-	-	-
Prvi Crnogorski Autoput d.o.o. Podgorica	25%	-	-	-	-	-	-	-	-
Ispravak vrijednosti		-70.251	-	-	-	-	-	-	-
		14.558	234.386	511.500	-277.114	154	-9.764	-91.553	-3.410

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2019. (u tisućama kuna)	Vlasništvo	Ulaganje	Imovina	Obveze	Neto (imovina- obveze)	Prihodi	Dobitak/gubitak	Udio Grupe u neto imovini/(obvezama)	Udio Grupe u dobiti/gubitku
Centar Bunde d.o.o. Zagreb	35%	31.960	216	313.570	(313.354)	62	(9.809)	(109.674)	(3.433)
Centar Gradski Podrum d.o.o.	38%	21.533	197.023	197.024	(1)	1	(1)	-	-
Sportski grad TPN d.o.o. u stečaju	40%	8	-	-	-	-	-	-	-
Elpida d.o.o.	50%	31.300	37.148	884	36.264	-	(28)	18.132	(14)
Institut za infrastrukturne projekte d.o.o.	50%	8	-	-	-	-	-	-	-
Autocesta Bar-Boljare d.o.o.		-	-	-	-	-	-	-	-
Prvi Crnogorski Autoput d.o.o. Podgorica	25%	-	-	-	-	-	-	-	-
Ispravak vrijednosti		(70.251)	-	-	-	-	-	-	-
		14.558	234.387	511.478	-277.091	63	-9.838	-91.542	-3.447

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16. Investment in related parties and other investments

Investments in associates relate to companies in which the IGH Institut d.d. has no independent control over management, regardless of ownership interest.

DESCRIPTION	2020 thous. HRK	2019 thous. HRK
Investing in shares in investment funds	2.297	2.297
Minus: Value adjustment of shares in investment funds	(2.297)	(2.297)
Total	-	-

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Participating interests

DESCRIPTION	2020 thous. HRK	2019 thous. HRK
Geotekhnika-inženjering d.o.o., Zagreb	62.790	62.790
Konstruktor-inženjering d.d.	759	759
Viktor Lenac d.d. Rijeka	47	47
GP Dubrovnik d.d. in liquidation, Dubrovnik	2.694	2.694
Međimurje beton d.d., Čakovec	383	383
Industrogradnja Grupa d.d.	372	372
Elektrometal d.d. Bjelovar	17	17
Value correction of participating interests	(67.062)	(67.062)
Total	-	-

The Company has participating interests in several companies that are value-adjusted and their book value is reduced to zero.

17. Inventory

DESCRIPTION	2020 thous. HRK	2019 thous. HRK
Production in progress	129,123	126,746
Goods for sale	568	568
Inventory of finished goods	113	113
Minus: value adjustment of finished goods inventory	(113)	(113)
Total	78,674	76,297

Unsold business premises pledged as collateral for received loans are also recorded in inventories (Note 27), the book value of which has been reduced to zero by value adjustment. Their decrease was caused by the sale of part of the business premises, which resulted in the closure of related credit liabilities.

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18. Trade receivables and other receivables

DESCRIPTION	2020	2019. restated
	thous. HRK	thous. HRK
<i>Non-current receivables</i>		
Receivables for apartments sold with deferred payment and other receivables	818	1,062
<i>Current receivables</i>		
Trade receivables	69,582	82,698
Minus: Value re-adjustment of trade receivables	(44,613)	(42,919)
Receivables from the state and state institutions	2,118	1,985
Receivables from employees	740	877
Receivables for given loans	-	2,157
Other receivables	14,053	732
Total	41,880	45,430

The following tables explain the changes in the value adjustment of trade receivables according to the simplified ECL model between the beginning and the end of the annual period:

December 31, 2019	2019
	<i>thous. HRK</i>
Balance on January 1, 2019	50,875
Newly created expected credit loss	963
Reversal of previous credit loss	(800)
Collected previously value-adjusted receivables	(8,119)
Balance on December 31	42,919

December 31, 2020	2020
	<i>thous. HRK</i>
Balance on January 1, 2020	42,919
Newly created expected credit loss	(280)
Reversal of previous credit loss	1,974
Balance on December 31	44,613

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18. Trade receivables and other receivables - continued

To reduce the value of trade receivables, the Company applies a model based on expected credit losses (simplified approach) in accordance with the requirements of IFRS 9 and the amount of impairment does not have a significant impact on the financial reports. The Company continues to apply value re-adjustments based on proven losses when the conditions arise.

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

December 31, 2020	<i>(in thousands HRK)</i>		
	Gross amount	Value re-adjustment	Net amount
Not due	27,943		27,943
0-90 days	4,348	(246)	4,102
90-180 days	2,287	-	2,287
181-360 days	3,427	-	3,427
over 360 days	31,577	(44,367)	(12,790)
	69,852	(44,613)	24,969

December 31, 2019	<i>(in thousands HRK)</i>		
	Gross amount	Value re-adjustment	Net amount
Not due	26,437	(193)	26,244
0-90 days	4,728	(241)	4,487
90-180 days	1,284	(250)	1,034
181-360 days	1,889	(279)	1,610
over 360 days	48,260	(41,956)	6,304
	82,598	(42,919)	39,679

19. Given loans and deposits

	2020	2019
	thous. HRK	thous. HRK
Short term loans given		
Loans given to third parties	281	226
Given deposits	24,215	18,370
Interest receivables on loans given	-	303
Expected credit loss	(114)	(114)
Total	24,382	18,785

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19. Given loans and deposits - continued

Loans to related companies are approved without interest or at a certain interest rate, whereby the interest rates prescribed in Art. 14 (3) of the Law on Corporation Tax are taken into account to determine the income tax base.

20. Cash and cash equivalents

	2020	2019
	thous. HRK	thous. HRK
Balance on giro accounts	5.505	7.739
Cash on hand	7	15
Balance on foreign currency accounts	3.098	4.193
Total	8.610	11.947

Overview of cash and cash equivalents by currency

	2020	2019
	thous. HRK	thous. HRK
HRK	4,844	7,772
GEL	583	3,141
BAM	1,325	138
EUR	1,827	886
Other currencies	31	10
Total	8,610	11,947

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21. Non-current assets held for sale

DESCRIPTION	2020	2019
	thous. HRK	thous. HRK
Purchase value		
Balance as on January 1	80,912	107,329
Sale	(23,312)	(26,417)
Balance as on December 31	57,600	81,609

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

Liabilities to secured creditors for 2020 (Note 27), who have registered liens on assets classified as non-current assets held for sale, amount to HRK 57,600 thousand (more detailed explanation in Note 35). The assets have been reduced by HRK 23,312 thousand as a result of a property sale in Velika Kopanica. The sale of the property reduced the principal of the debt of separate creditors by the same amount.

(i) Valuation method and significant input variables

The following table summarizes the fair value estimate methods and techniques and the significant input variables used in the valuation:

Methods and techniques for valuation	Significant input variables that are not observable
Fair value estimates are made using the method applicable for individual company. The following methods were used:	Significant variables are shown in Note 3.9 (i)
<ul style="list-style-type: none"> Real estate appraisals conducted by certified appraisers (methods described in Note 3.9(i)) 	Separate debt extent
<ul style="list-style-type: none"> Review of the secure creditors' rights 	

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22. Prepaid expenses

DESCRIPTION	2020	2019
	thous. HRK	thous. HRK
Prepaid expenses	5,086	3,495
VAT on advances received	1,065	275
Advances received	2,178	-
Total	8,330	3,770

23. Assets and liabilities under contracts with customers

The following table presents information on trade receivables and payables, based on the construction contract, for which on the reporting date the Company reported trade receivables under a contractual obligation or liabilities to customers under a contractual obligation:

DESCRIPTION	December 31 2020	December 31 2019
	thous. HRK	thous. HRK
Contract assets from contracts with customers	15,279	12,975
Expected credit loss	(117)	(125)
	15,161	12,850
Contract liability from contract with customers	3,839	7,552
Total	3,839	7,552

Contractual assets primarily relate to the Company's rights to compensation for work performed but not collected at the reporting date. Contractual assets are transferred to receivables when the rights become unconditional. This usually happens when the Company issues an invoice to a customer. A description of the methodology for calculating expected credit losses on contractual assets is described in Note 31.

Contractual obligations primarily relate to deferred income for construction work, for which revenue is recognised over time.

The remaining fee under contracts under which contractual assets were recognised as on December 31, 2020 amounts to HRK 188,706 thousand (2019: HRK 133,969 thousand). Over the one-year period, revenues in the amount of HRK 2,285 thousand were recognised, and they relate to contracts under which a contractual obligation was recognised on January 1, 2020.

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24. Share capital

	Number of shares 2020	Ownership share 2020	Number of shares 2019	Ownership share 2019
AVENUE ENGINEERING AND CONSTRUCTION LTD	239,500	39,03%	239,500	39,03%
AVENUE ENGINEERING AND CONSTRUCTION LTD (1/1)	75,500	12,30%	75,500	12,30%
INSTITUT IGH, D.D.	13,359	2,18%	13,359	2,18%
AKCIONAR D.O.O.	12,500	2,04%	44,990	7,33%
AGRAM INVEST D.D.	9,055	1,48%	20,086	3,27%
PRIVREDNA BANKA ZAGREB D.D.	7,754	1,26%	7,895	1,29%
MIHALJEVIĆ BRANKO	6,380	1,04%	5,630	0,92%
MARUS ANNA	5,000	0,81%	2,791	0,45%
I PRO - INŽENJERING D.O.O.	4,512	0,74%	-	0,00%
Other shareholders	240,149	39,13%	203,958	33,23%
	613,709	100%	613,709	100%

The share capital of the Company consists of 613,709 shares marked IGH-R-A, ISIN: HRIGH0RA0006, with an individual nominal amount of HRK 190.00 and amounts to HRK 116,605 thousand. The shares are listed on the Official Market of the Zagreb Stock Exchange. Each share has the right to vote at the General Meeting and the right to a dividend.

Pursuant to the pre-bankruptcy settlement concluded on December 28, 2013, creditors within PIK and Junior debt have the right after the final maturity of 6 years to convert their remaining claim into share capital and thus become part of the Company's ownership structure, up to 20% of share capital. PIK debt represents 63.6% of debt to banks in pre-bankruptcy settlement, which will be repaid once in 6 years with a fixed interest rate of 4.5% per annum, which will also be repaid upon maturity of the total debt. After the expiration of 6 years, creditors have the right to use the option of debt-to-equity conversion up to a maximum of 20% of the share capital at the time of conversion. Details of the pre-bankruptcy settlement are described in Note 35.

Given the above, the Company has an obligation to calculate the probability and amount of debt-to-equity conversion. Due to the high uncertainty of significant variables in the calculation, the Company did not calculate nor recognise the equity component as on December 31, 2020.

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25. Reserves

Legal reserves are formed in accordance with Croatian regulations according to which the Company is obliged to enter in legal reserves one twentieth (5%) of the current year's profit, until these reserves together with capital gain reach the amount of five percent (5%) of share capital. This reserve as well as the reserve for treasury shares is not distributable.

The company has 16,729 treasury shares. Treasury shares are stated at acquisition cost and are released using the weighted average cost method.

DESCRIPTION	Number of treasury shares 31.12.2020.	Number of treasury shares 31.12.2019.
Balance as on January 1	16,729	16,729
Increase throughout the year		
Balance as on December 31	16,729	16,729
	Number of treasury shares 31.12.2020.	Number of treasury shares 31.12.2019.
Balance as on January 1	16,729	16,729
Increase throughout the year	-	0
Awarded shares	-	-
Balance as on December 31	16,729	16,729

The Company's Management Board exercises the right to awarded and option shares, but on that basis no shares were allocated during 2020, while the remaining amount will be allocated in accordance with the Company's capabilities in the coming years. The net value of liabilities for premium and option shares is stated in Other reserves according to the market price of the share on the reporting date.

26. Revaluation reserves

(in thousands HRK)	Revaluation reserves for non-current tangible assets	Exchange difference on translation of foreign operations	Corrections through retained earnings	Total
Balance as on December 31, 2018	126,040	(637)	-	125,403
Transfer to accumulated losses	(23,206)	-		(23,206)
Exchange difference on translation of foreign operations	-	41		41
Reduction of revaluation because of a one-time write-off	(6)	-		(6)
Balance as on December 31, 2019	102,828	(596)		102,232
Transfer to accumulated losses	(1,865)	-		(1,865)
Exchange difference on translation of foreign operations	-	411	17	411
Reduction of revaluation because of a one-time write-off	(3,612)	-		(3,612)
Balance as on December 31, 2020	97,351	(185)	17	97,183

Revaluation reserves are not available for distribution to shareholders.

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27. Liabilities for loans and borrowings

	2020	2019
	thous. HRK	thous. HRK
		restated
Non-current debts		
Bank loans - PIK debt /ii/	-	-
Bank loans - junior debt /iv/	-	-
Bank loans - senior debt /iii/	27,203	43,065
Bank loans - other	-	256
Liabilities for lease	13,221	6,265
Liabilities for accrued interests	-	-
Other debts	526	497
Total	40,951	50,083
Current debts		
Bank loans - PIK debt /ii/	131,045	129,589
Bonds issued /vi/	47,800	70,973
Bank loans (creditors with separate satisfaction right) /v/	25,622	25,622
Bank loans - junior debt /iv/	-	7,693
Bank loans - current maturity of senior debt /iii/	81,629	53,217
Bank loans - other	3,074	16,629
Liabilities for lease	6,416	675
Other debts	988	1,185
Liabilities for accrued interests	54,754	46,666
Total	351,328	352,249
Total loans and borrowings	392,278	402,332

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27. Liabilities for loans and borrowings - continued

<i>(in HRK thousand)</i>	Bank loans - PIK debt /ii/	Bank loans - senior debt /iii/	Bank loans - junior debt /iv/	Bank loans - - (CWSSR) /v/	Bank loans - other	Bonds issued /vi/	Lease liabilities	Other debts	Liabilities for accrued interests	Total
Net book value										
As on 1 January 2020	129,589	96,282	7,693	25,622	16,885	70,973	6,940	1,681	46,666	402,331
Payment	-	(17,582)	-	-	(13,811)	-	(1,762)	(1,311)	-	(34,466)
Non-monetary repayment	-	-	(7,693)	-	-	(24,009)	-	-	(2,352)	(34,054)
Loans received	-	-	-	-	-	-	14,469	1,226	10,742	26,437
Transfer of liabilities	-	29,097	-	-	-	-	-	-	(302)	28,795
Exchange rate	1,456	1,035	-	-	-	836	(9)	(82)	-	3,236
Balance as at 31 December 2020	131,045	108,832	-	25,622	3,074	47,800	19,638	1,514	54,754	392,279

(in HRK thousand)

Net book value

As on 1 January 2020.	129,158	103,585	7,670	49,221	21,087	70,973	-	672	904	36,201	419,471
Restated 2019	-	-	-	-	-	-	1,120	-	-	-	1,120
Payment	-	(7,629)	-	-	(5,064)	-	(1,124)	-	(348)	-	(14,165)
Non-monetary repayment	-	-	-	(23,599)	-	-	1,740	(672)	-	-	(22,531)
Loans received	-	-	-	-	862	-	-	-	1,125	-	1,987
Increase in assets with the right-received loans	-	-	-	-	-	-	5,217	-	-	-	5,217
Transfer of liabilities	-	-	-	-	-	-	-	-	-	-	-
Exchange rate	431	326	23	-	-	-	(13)	-	-	-	767
Interest expense for the year	-	-	-	-	-	-	-	-	-	10,465	10,465
Balance as at 31 December 2019	129,589	96,282	7,693	25,622	16,885	70,973	6,940	-	1,681	46,666	402,331

27. Liabilities for loans and borrowings - continued

Non-monetary repayment refers to the closing of liability after the sale of real estate in Velika Kopanica (Note 23).

/i/ Loans received from banks in the amount of HRK 131,045 thousand (2019: HRK 129,589 thousand) as well as liabilities under issued bonds in the amount of HRK 46,964 thousand (2019, 70,973) are secured by pledged land and buildings of the Company, pledged shares in related companies and pledged stocks of the Company.

By pre-bankruptcy settlement, creditors' claims are classified into the following categories:

/ii/ "PIK" is part of the claim that will be settled by selling the pledged property of the debtor or related companies. Final maturity of PIK claims is 6 years from the finality date of the decision approving the settlement, with interest of 4.5% per annum, which is also paid upon final maturity.

/iii/ "Senior debt" is part of the creditors' claim that will be settled in instalments in accordance with the provisions of the settlement and of the additional agreements with category a) creditors, with an interest rate of 4.5% per annum in semi-annual instalments due on 30 June and 31 December each year.

/iv/ "Junior debt" is part of the creditors' claim that will be settled in a manner determined by the settlement. The final maturity of the junior debt is 6 years from the finality day of the Decision on Pre-Bankruptcy Settlement. Interest at the rate of 4.5% is calculated annually and matures once-only upon the final maturity of the junior debt.

/v/ Creditors with separate satisfaction right have not waived their right to separate settlement in the pre-bankruptcy settlement procedure and have the right to initiate separate enforcement proceedings for the purpose of the sale of real estates and settlement of their claims. In the event that the funds obtained through the realization of the pledge are not sufficient to cover the secured claims, the creditors with separate satisfaction right do not have the right to settle up to the entire amount of the secured claim; their claim is considered fulfilled by the realization of the pledge. Based on these loans, the Company has no liability for repayment of the principal or the interest from regular operations; the settlement is exclusively from the sale of pledged real estate.

/vi/ Bonds issued

On 6 June 2012, the Company issued bonds with the right of conversion into shares in the amount of EUR 10 million for the purpose of partial rescheduling of liabilities for previously issued financial instruments, and financing of working capital.

On 10 June 2013, the FINA Settlement Council issued a Decision on the opening of pre-bankruptcy settlement proceedings for INSTITUT IGH d.d. Convertible bond holders, as creditors with separate satisfaction right, have not waived their right to separate settlement in the pre-bankruptcy settlement procedure and have the right to initiate separate enforcement proceedings for the purpose of the sale of real estates and settlement of their claims. In the event that the funds obtained through the realization of the pledge are not sufficient to cover the secured claims, the bond holders do not have the right to settle up to the entire amount of the secured claim; their claim is considered fulfilled by the realization of the pledge. Based on these bonds, the Company has no liability for repayment of the principal or the interest from regular operations; the settlement is exclusively from the sale of pledged real estate.

The value of land and buildings pledged amounts to HRK 46,964 thousand, and the value of liabilities for bonds is adjusted to the stated amount.

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27. Provisions

<i>(in HRK thousand)</i>	Unused vacation days	Severance pays	Litigations	Total
As on 31 December 2019:				
Non-current part	-	506	1,727	2,233
Current part	2,929	-	21	2,950
	2,929	506	1,748	5,183
Increase in provisions	269	172	464	905
Abolished during the year	-	-	(1,604)	(1,604)
Restated for 2019	-	-	5,958	5,958
As on 31 December 2020	3,198	678	6,566	10,442
As on 31 December 2020:				
Non-current part	-	678	6,545	7,223
Current part	3,198	-	21	3,219
	3,198	678	6,566	10,442

(i) Unused vacation days

Provision for allowances for vacations not used in 2020 was calculated based on the expectation that the rights to annual vacations from 2020 will be used in 2021.

(ii) Severance pays

In 2020, the Company made a long-term provision for severance pays for all employees for the non-taxable amount of HRK 8 thousand per employee in the amount of HRK 678 thousand.

(iii) Litigations

The stated amounts of made provisions refer to litigations against the Company. Based on the expert opinion of an attorney at law, the Management Board of the Company anticipates that it will not have material losses per these disputes above the amount for which provisions were made on 31 December 2020.

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28. Account payables and other liabilities

	2020	2019
	<i>(in HRK thousand)</i>	
<i>Non-current liabilities</i>		
Account payables	188	198
	188	198
<i>Current liabilities</i>		
Domestic trade payables	16,145	20,227
Account payables based on PBS	133	913
Account payables from other countries	10,071	7,769
Liabilities toward the state and state institutions	11,307	8,526
Liabilities toward employees	6,840	6,425
Liabilities for interests	19	14,576
Liabilities for public utility fees	1,925	2,930
Liabilities to related entities	-	314
Other liabilities	3,874	2,014
	50,314	63,694
	50,502	63,892

As on 31 December 2020 the Company has no non-current account payables based on the Pre-Bankruptcy Settlement Decision. The book value of all other current liabilities as on 31 December 2020 approximately corresponds to fair value, due to the current nature of these liabilities. Other liabilities refer to those other current liabilities.

The Company's exposure to currency risk and liquidity risk is indicated in Note 31.

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29. Liabilities for received advances and deposits

	2020	2019
	HRK thous.	HRK thous.
Advances from domestic customers	3,003	-
Advances from foreign customers	2,692	-
Deposits and guarantees received	400	1,254
Calculation of advances given	1,247	-
Total	7,342	330

30. Financial instruments and risk management

Financial risk factors

The Company is exposed to various financial risks which are related to currency, interest rate, credit and liquidity risks. The Company monitors these risks and seeks to mitigate their potential impact on the Company's financial exposure. The Company does not use derivative financial instruments for active hedging against financial risk exposure.

Market risk

The market risk refers to financial instruments. The IFRS define market risk as the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market prices. The market risk encompasses three types of risk: currency risk, interest rate risk and other price risks.

The Company operates on the Croatian and international markets. The Management Board determines the prices of their services based on the market prices of the respective market.

a) Price risk

The Company is engaged in professional and scientific-research operations in the construction field, an area where the financial crisis has had a significant impact causing relative market inactivity.

Nevertheless, recent positive macroeconomic indicators have spurred the recovery of the market and associated prices.

b) Currency risk

The official currency of the Company is the Croatian kuna. However, the Company has invested in financial instruments and entered into transactions denominated in currencies that represent its functional currency. Accordingly, the Company is exposed to the risk of changes in the exchange rate of its currency against other currencies in a manner which may adversely affect the Company's profit and value.

Transactions in foreign currencies are converted into Croatian kunas using the exchange rates valid on the date of the balance sheet. The resulting exchange differences are credited or charged to the income statement. Changes in foreign exchange rates may affect profits mainly as a result of positive or negative foreign exchange differences resulting from the conversion of foreign currency receivables (EUR) into HRK, and received loans and liabilities with a currency clause (EUR). Due to the part of the income generated in foreign markets and liabilities denominated in other currencies, the Company is exposed to changes in the exchange rate value, primarily of the EUR, and therefore the expected changes are not significant.

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31. Financial instruments and risk management - continued

The Company's total exposure to changes in foreign exchange rates on the reporting date was as follows:

<i>(in HRK thousand)</i>	Liabilities		Assets	
	2020	2019	2020	2019
European Union (EUR)	180,950	326,204	26,675	37,962
Bosnia and Hercegovina (BAM)	834	23	673	1,012
USA (USD)	1,187	1,553	86	608
Russian Federation (RUB)	428	1,151	1,617	2,594
Georgia (GEL)	7,532	8,648	15,289	18,213

Currency risk sensitivity analysis

The Company is mainly exposed to the currency risk of changes in the exchange rate of the kuna against the EUR, by balances of received loans, suppliers and trade receivables. The Company is additionally exposed to changes in the exchange rate of the kuna against the GEL, due to the operations of the subsidiary in Georgia.

The sensitivity analysis includes only open monetary items in foreign currency and their conversion at the end of the period based on the percentage change in exchange rates. The sensitivity analysis includes monetary assets and monetary liabilities denominated in currency. A negative number indicates a decrease in profits if the Croatian kuna has changed in relation to the currency in question by the above percentages. In the case of an inversely proportional change in the value of the Croatian kuna against the currency in question, the impact on profits would be equal and opposite.

If the kuna depreciated against the exchange rate of the shown currencies by 1%, the Company would have the following effects on profits:

Impact of the EUR		Impact of the USD		Impact of the GEL	
2020	2019	2020	2019	2020	2019
<i>(in thousand HRK)</i>		<i>(in thousand HRK)</i>		<i>(in thousand HRK)</i>	
(1,543)	(2,854)	(11)	(9)	78	95
Impact of the BAM		Impact of the RUB			
2020	2019	2020	2019		
<i>(in thousand HRK)</i>		<i>(in thousand HRK)</i>			
(2)	10	12	14		

31. Financial instruments and risk management - continued

The middle exchange rates against the kuna of currencies significant for the Company are as follows:

	31 December 2020	31 December 2019
EUR	7.536898	7.44258
BAM	3.853555	3.805331
USD	6.139039	6.64991
RUB	0.082861	0.1053
GEL	1.873600	2.2801

c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market rates relative to the interest rates applied to the financial instrument.

The Company uses loans with predominantly fixed interest rates, and is not exposed to the risk of changes in interest rates. The Company does not use instruments for active hedging against interest rate risk exposure.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial losses the other party due to default, in whole or in part, at maturity. Failure to fulfil this liability would jeopardize the liquidity of the Company and reduce the value of its assets. As on 31 December 2020, the financial assets that could potentially expose the Company to credit risk consist mainly of loans given, trade receivables and other receivables.

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

Trade receivables, other receivables and receivables on loans given are adjusted for the amount of provisions for bad debts.

The Company applies a simplified approach of IFRS 9 for measuring expected credit losses, which uses the expected value adjustment for all trade receivables and contractual assets. To measure expected credit losses, trade receivables and contractual assets are grouped based on common credit risk characteristics and by maturity date. For the same types of contracts, contractual assets are tied to the same risk characteristics as trade receivables. Therefore, the Company has concluded that the expected loss rates for trade receivables can also be used to calculate losses on contractual assets. Expected loss rates are based on the data on collection in the period of 24 months before 31 December 2020 and historical credit losses in that period.

Furthermore, the Company is exposed to credit risk through monetary deposits with banks. As on 31 December 2020, the Company cooperated with eleven banks, holding its money and deposits in seven banks. Risk management is focused on doing business with the most respectable foreign and domestic banks at home and abroad, and on daily contact with the banks. Deposits with banks consist of money on current accounts and deposits with a maturity of up to 3 months that are charged at maturity and are therefore classified as held-to-maturity in accordance with IFRS 9 and are measured at amortized cost. Credit risk is measured using a general approach. The Company uses the daily value of the CDS which covers insurance for a period of 5 years. The 5-year CDS has the highest market liquidity and is therefore chosen as the benchmark. CDS is sensitive to increased risk of default - whether insurance with a period of 3 or 5 years is selected. Domestic banks do not have a CDS rating or indicator as a measure of risk.

To measure risk, the Company adopted the CDS for the Republic of Croatia, which on 31 December 2020 amounted to 1.44%. Credit risk amount calculated according to the formula: deposit amount * number of days * 0.63%/365. For demand deposits, the Company uses 2 days when calculating the amount of credit risk.

31. Financial instruments and risk management - continued

Liquidity risk

Liquidity risk is the risk that the Company will face difficulties in meeting its obligations. Liquidity risk arises during the general financing of the Company's activities and asset management. It includes the risk of inability to finance assets at appropriate maturities and prices, as well as the risk of inability to sell assets at a reasonable price and within a reasonable time frame. Financial instruments also include investments that may be illiquid and that the Company is unable to liquidate quickly to meet its liquidity requirements.

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

Tabular analysis of liquidity risk

The tables are prepared on the basis of undiscounted cash outflows by financial liabilities at maturity. The tables show cash flows by principal and interests.

<i>2020 in HRK thousand</i>	Net book value	Contracted cash flows	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities						
Loans received and financial leasing	392,278	408,277	352,623	18,896	36,758	0
Account payables and other liabilities	49,783	49,783	49,585	198	0	0
	<u>442,061</u>	<u>458,060</u>	<u>402,208</u>	<u>19,094</u>	<u>36,758</u>	<u>0</u>
	<u><u>442,061</u></u>	<u><u>458,060</u></u>	<u><u>402,208</u></u>	<u><u>19,094</u></u>	<u><u>36,758</u></u>	<u><u>0</u></u>
 <i>2019 in HRK thousand</i>						
Non-derivative financial liabilities						
Loans received and financial leasing	402,332	424,188	364,208	39,614	20,365	-
Account payables and other liabilities	50,149	50,149	49,951	198	-	-
	<u>452,481</u>	<u>474,337</u>	<u>414,159</u>	<u>39,812</u>	<u>20,365</u>	<u>-</u>
	<u><u>452,481</u></u>	<u><u>474,337</u></u>	<u><u>414,159</u></u>	<u><u>39,812</u></u>	<u><u>20,365</u></u>	<u><u>-</u></u>

The Company's interest-free liabilities of up to one month consist mostly of account payables and other current liabilities.

Interest liabilities show liabilities based on current and non-current loans, leases and bonds.

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31. Financial instruments and risk management - continued

The tables have been prepared on the basis of discounted cash inflows for financial assets at maturity. The tables show cash flows by principal and interests.

<i>(in HRK thousand)</i>	Net book value	Contracted cash flows	Up to 1 year	1 to 2 years	2 to 5 years
2020					
Non-derivative financial liabilities					
Loans given	24,950	24,950	24,950	-	-
Trade receivables and other receivables	43,538	43,538	42,703	835	1
Total	68,488	68,488	67,653	835	1

<i>(in HRK thousand)</i>	Net book value	Contracted cash flows	Up to 1 year	1 to 2 years	2 to 5 years
2019, restated					
Non-derivative financial liabilities					
Loans given	18,785	18,785	18,785	1	1
Trade receivables and other receivables	45,430	45,430	44,368	53	1,009
Total	64,215	64,215	63,153	53	1,010

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities under standard terms and traded in active liquid markets is determined at market prices,
- the fair value of other financial assets and other financial liabilities is determined in accordance with pricing models, based on an analysis of discounted cash flows using prices from known market transactions and prices offered for similar instruments.

Financial instruments held to maturity in ordinary operations are carried at cost or net amount less any repayment. Fair value is defined as the amount at which a financial instrument could be traded between willing and familiar parties under market conditions, except in the case of a forced sale or liquidation. Fair value of a financial instrument is that which is disclosed in the securities market or obtained using the discounted cash flow method.

As on 31 December 2019, the reported amounts of cash, current deposits, receivables, current liabilities, accrued expenses, current loans and other financial instruments correspond to their market value, due to the current nature of these assets and liabilities.

31. Financial instruments and risk management - continued

The Management Board believes that the book value of non-current deposits, receivables and liabilities for credits and loans as on 31 December 2020 is approximately equal to their fair value with respect to with respect to incurring liabilities with the application of variable interest rates.

Capital risk management

Net debt to equity ratio

The company monitors the capital in accordance with the laws and regulations of the Republic of Croatia which require a minimum paid-in capital of HRK 200,000 for joint stock companies. The owners do not require any special measures regarding capital management. There are no capital goals that are monitored internally.

32. Transactions with related parties

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

	2020	2019
Revenue from the sale of services to dependent companies	1.179	-
Revenues from the sale of services to associate companies	-	102
Revenues from the sale of services to companies under the control of the same source	61	-
Revenues from the sale of services to companies under significant control of the same source	77	4
Revenues from the collection of previously value-adjusted receivables to companies under the control of the same source	-	1.449
Revenues from the collection of previously adjusted receivables to companies under significant control of the same source		769
Revenues from the collection of previously value-adjusted receivables from dependent companies	275	-
Revenues from interests on borrowings given to dependent companies	1	-
Revenues from interests on borrowings given to companies under significant control of the same source	5	0
Receivables for services provided to dependent companies	255	-
Receivables for services provided to companies under the control of the same source	90	18
Loans and deposits given to companies under the control of the same source	113	-
Loans and deposits given to companies under significant control of the same source	-	1
Revenues from positive exchange rate differences to companies under the control of the same source	-	332
Revenues from positive exchange rate differences to companies under significant control of the same source	134	
Receivables for loans given to companies under the control of the		

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same source	-	111
Liabilities for advances with companies with significant control of the same source	-	1
Liabilities for advances with dependent companies	2	-
Liabilities for loans with companies with significant control of the same source	534	-
Liabilities for loans with companies with control of the same source	113	-

Information on co-debts and guarantees issued to related companies are disclosed in Note 33.

Remuneration to members of the Management Board and the Supervisory Board

The total remuneration for members of the Management Board and the Supervisory Board in 2020 amounted to HRK 3,583 thousand (2019: HRK 1,898 thousand).

32. Contingent liabilities

	2020	2019
	thous. HRK	thous. HRK
Guarantees and warranties given - externally	37,220	42,495
Co-debts in loans of related companies	15,680	30,245
Performance guarantees issued to related companies	647	797
Total	53,547	73,537

Litigations

As on 31 December 2020, several litigations against the Company are in progress, for which contingent liabilities are not indicated in the statement of financial position as on 31 December, because according to the assessment of the Management Board as on 31 December 2020, there is no probability of occurrence of these liabilities for the Company.

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33. Contingent liabilities - continued

An overview of co-debts in related company loans is as follows:

	2020	2019
	thous. HRK	thous. HRK
Geotehnika Inženjering d.o.o. Zagreb	-	14,565
Incro d.o.o. Zagreb	15,680	15,680
Total	15,680	30,245

Company Geotehnika Inženjering d.o.o. Zagreb was deleted from the court register on 28 May 2020.

34. Earnings per share

Basic earnings per share are calculated as follows:

	2020	2019
Profit for the current year (in HRK thousand)	(510)	16,386
Weighted average number of shares	600,350	600,350
Basic earnings per share (in HRK)	(0.85)	27.29

As indicated in Note 35, as part of the pre-bankruptcy settlement, part of the Company's debt may be converted into share capital after 6 years from the effective date of the settlement, up to a maximum of 20% of the share capital at the time of conversion. Due to the high uncertainty of significant variables in the calculation, the Company did not calculate diluted earnings per share in the event of conversion of this part of the debt into capital.

35. The impact of pre-bankruptcy settlement

On 17 May 2013, the Company submitted a Proposal for opening the pre-bankruptcy settlement procedure, and on 5 December 2013, the Commercial Court in Zagreb accepted the Proposal and approved the conclusion of the settlement. In April of 2014, the court ruled that the pre-bankruptcy settlement became final on 28 December 2013.

I. Settlement with suppliers

An agreement was reached with the suppliers according to which 30% of claims are converted into the share capital of the Company. 20% of claims will be paid in money upon recapitalization of the Company or sale of the Company's assets. The remaining 50% of claims will be paid in the next 5 years from the date of finality in 10 equal semi-annual instalments. During 2018, the Company settled its account payables in the total amount of HRK 10,041 thousand in the manner and within the deadlines set by the provisions of the pre-bankruptcy settlement. During 2019, liabilities to related companies, natural persons on the basis of service contracts and copyright contracts, non-financial institutions and the Ministry of Finance in the total amount of HRK 2,912 thousand were settled. During 2020, the remaining liabilities in the amount of HRK 196 thousand were closed. The remaining balance as in 31 December 2020 is HRK 2,000.

II. Settlement with banks

PIK debt

Of the total debt at the time of initiating the pre-bankruptcy settlement, 63.6% of the debt was converted into PIK debt. Repayment of PIK debt is once-only after 6 years from the day the pre-bankruptcy settlement becomes final. Until the due date, a fixed interest rate of 4.5% per annum is calculated and matures once-only after 6 years from the day the pre-bankruptcy settlement becomes final. The PIK debt will be settled through the sale of pledged assets.

After the expiration of the 6th year from the day of pre-bankruptcy settlement finality, the Company has the obligation to convert the PIK debt into senior debt proportionally per creditors in such a manner that senior debt does not exceed the net indebtedness limit of 3.5 last year's consolidated EBITDA. If the current amount of senior debt exceeds the set ratio, the conversion from PIK to senior debt is made. The Company did not make the conversion on 31 December 2020 because the precondition indicated in the pre-bankruptcy settlement was not met.

According to the final pre-bankruptcy settlement, EBITDA is defined as profit before interest, taxes, depreciation of tangible and intangible assets and one-off items of revenue and expenses.

The cost of interest on the debtor's debts is considered to be the interest.

One-off revenues and expenses are those that do not relate to operations of the Company and are not repetitive in nature. One-off revenue and expenses especially relate to, but are not limited to revenue and expenses from the sale of fixed assets or assets.

After 6 years from the date of finality and the process of converting PIK debt into senior debt, creditors had the right to request the conversion of their remaining claim into Company's capital at a price of HRK 400 per share, but up to a maximum of 20% of the share capital. If the General Assembly did not invite the creditor to subscribe for shares, then the remaining PIK debt falls due at the invitation of the creditor. The creditors did not request the exercise of their right, the deadline for submitting the right was 31 December 2019. Since the PIK debt was not converted into shares or senior debt, the total amount of HRK 211,081 thousand will be repaid only with revenue from the sale of assets or takeover of pledged assets.

If a pledged property is sold, the PIK claim (including interest) is settled first, and then the part from the senior claim of the creditor who has a lien on that property. If a sale results in an excess of money over the creditor's claim, then that excess belongs to the debtor i.e. the Company.

35. The impact of pre-bankruptcy settlement - continued

II. Settlement with banks (continued)

PIK debt (continued)

After the balance sheet date, and until the date of preparation of these financial statements, the Company settled liabilities in the amount of HRK 115,247 thousand through the takeover of assets by creditors. The creditors took over the Company's assets with book value in the amount of HRK 184,509 thousand.

Senior debt

The first instalment of the senior debt matures 24 months after the day of pre-bankruptcy settlement finality. Repayment dates are 30 June and 31 December each year. Repayment is in instalments, 2 times a year with a fixed interest rate of 4.5% per annum. Interest is calculated and paid throughout the debt repayment period. During 2016, the Company concluded an agreement with banks from creditors category a) which extends the grace period by another 18 months, so that the total grace period is 42 months from the date of the decision confirming the pre-bankruptcy settlement, which consequently shortens the repayment period to 6.5 years from the due date of the first instalment.

Consequently, the first instalment of the creditor category a) senior debt matures 42 months after the date of pre-bankruptcy settlement finality. Repayment dates are 30 June and 31 December each year, of which the first instalment is due on the first of these dates after 42 months from the finality date of the decision confirming the pre-bankruptcy settlement, which is 30 June 2017. Repayment is in instalments, 2 times a year with a fixed interest rate of 4.5% per annum. Interest is calculated and paid throughout the debt repayment period. Interest payable on senior debt for 2020 was settled in the amount of HRK 0 thousand (2019: HRK 3 thousand), but the outstanding due amount of HRK 54,754 thousand as on 31 December 2020 remains. The company is late with the repayment of senior debt, but the creditors have not called for payment as an activation of forced collection until the day of preparing these reports. If the negotiations are not successful, the creditors can initiate a forced collection procedure.

Junior debt

Junior debt has the same repayment dynamics as the PIK debt, except that junior debt includes creditors who do not have their claims secured by a lien on the Company's assets. Junior debt matured on 31 December 2019. A fixed interest rate of 4.5% is charged on the principal. The creditors did not use the rights that became mature on 28 December 2019 and the liability was written off in 2020.

Creditors with separate satisfaction right

The principal of the debt to creditors who do not follow the pre-bankruptcy settlement (creditors with separate satisfaction right) is classified as current and is presented in Note 27 in the amount of the principal of HRK 73,423 thousand. Pledged assets held for settlement of a part of separate debt are classified as non-current assets held for sale and are presented in Note 23 in the amount of HRK 57,600 thousand. Lien is a registered part of the assets of a dependent company in which the Company holds shares, in proportion to the amount of separate creditor's claims in the amount of HRK 16,875 thousand.

Creditors with separate satisfaction right (continued)

The value of tangible fixed assets intended for sale to settle liabilities to creditors who do not follow the pre-bankruptcy settlement (creditors with separate satisfaction right) is reduced to the amount of liabilities to creditors with separate satisfaction right. As the change of ownership of the real estate in question has not yet been executed, its value, as well as that of the related liabilities, is shown in the balance sheet. It is important to point out that the Company has no liability to pay the principal or interest from ordinary operations to creditors with separate satisfaction right, and the settlement is exclusively through takeover or sale of the pledged real estate.

The impact on the report on the financial position of the Company after the settlement of liabilities to creditors with separate satisfaction right through the transfer of assets intended for settlement of these liabilities is shown in the following table:

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35. The impact of pre-bankruptcy settlement - continued

<i>(in HRK thousand)</i>	Balance sheet 31 Dec 2020	Settlement of liabilities to creditors with separate satisfaction right	Balance sheet after the settlement of liabilities
Non-current assets	209,160	(16,875)	192,285
Non-current assets held for sale	57,600	(57,600)	-
Current assets	177,037	-	177,037
TOTAL ASSETS	443,797	(74,475)	369,322
Total capital	(42,397)		(42,397)
Non-current liabilities	69,755		69,755
Current liabilities	416,438	(73,423)	343,015
TOTAL CAPITAL AND LIABILITIES	443,797	(73,423)	370,374

The following is a brief overview of the most significant impacts of the pre-bankruptcy settlement on the statement of financial position:

	2020 thous. HRK	2019 thous. HRK
PIK debt (note 27)	131,045	129,589
Senior debt (note 27)	80,037	96,282
Junior debt (note 27)	-	7,693
	211,082	233,564
Creditors with separate satisfaction right - debt principal (note 35)	73,423	97,432
	73,423	97,432

From the final conclusion of the pre-bankruptcy settlement until 31 December 2020, through cash payments, issuance of shares for converting part of creditors' claims into capital, payment of priority claims and other claims of employees with taxes and contributions, as well as write-off in accordance with the provisions of the pre-bankruptcy settlement, the Company has settled a total of HRK 173,047 thousand of liabilities that arose before the opening of the pre-bankruptcy settlement procedure.

As of the balance sheet date, the due PIK debt amounts to HRK 131,045 thousand, and the current maturity of the senior debt amounts to HRK 52,832 thousand, while the total senior debt amounts to HRK 80,037 thousand.

After the balance sheet date, the Company continues with the activities of settling liabilities to creditors partly from the sale, partly from the takeover of assets, in order to reduce and settle the liabilities from the pre-bankruptcy settlement.

36. Non-financial report

Report on the status of preparation of the non-financial report on the sustainability of the Company for 2020

The preparation of the non-financial report on the Company's sustainability for 2020 is in progress. In accordance with the provisions of the applicable Accounting Act, the non-financial report will be published on IGH's website within the set deadlines. The report will be published on the following link <https://www.igh.hr>.

37. Events after the balance sheet date

On 12 March 2021, the Company signed a restructuring agreement with the largest creditor, B2 KAPITAL d.o.o., which regulates the manner of settling PIK debts of the Company, and the remaining senior liabilities, all in accordance with the concluded pre-bankruptcy settlement from 2013.

In accordance with the subject agreement, the Company settles the entire PIK debt in the amount of HRK 131,045 thousand and the appertaining interest. On this basis, the Company's current liabilities in the amount of HRK 320,288 thousand decreased to HRK 189,243, of which HRK 72,586 thousand was covered by a lien on assets. From all the above, up until the date of preparing this report, current liabilities amount to HRK 116,657 thousand.

In order to complete the whole and get an overall picture of the signed agreement with B2 capital, it is necessary to observe consolidated all liabilities and receivables because part of the assets covered by the lien is on the assets of the subsidiary. All of the above is comprised in the consolidated report, which is issued parallel with the consolidated report.

By the same agreement, the company fulfils its legal obligations from the pre-bankruptcy settlement.

On 28 January 2021 the General Assembly of the Company was held to decide on the election of a member of the Supervisory Board. Mr. Žarko Dešković was elected member of the Supervisory Board, for a term of four years from the date of the decision. Mr. Dešković was appointed President of the Supervisory Board.

At the same Assembly, a decision was made to change the subject of business, i.e. to supplement the Company's activities by adding the activities of designing oil and mining facilities and plants, construction of oil and mining facilities and expert supervision of construction of oil and mining facilities and plants. In accordance with that, the Company's Articles of Association were amended, adding those activities to the subject of Company's operations.

OPĆI PODACI ZA IZDAVATELJE

Razdoblje izvještavanja: 1.1.2020 do 31.12.2020

Godina: 2020

Godišnji financijski izvještaji

Matični broj (MB): 03750272 Oznaka matične države članice izdavatelja: HR

Matični broj subjekta (MBS): 080000959

Osobni identifikacijski broj (OIB): 79766124714 LEI: 74780000W0UQ8MF2FU71

Šifra ustanove: 1461

Tvrtka izdavatelja: Institut IGH d.d.

Poštanski broj i mjesto: 10000 Zagreb

Ulica i kućni broj: Janka Rakuše 1

Adresa e-pošte: igh@igh.hr

Internet adresa: http://www.igh.hr

Broj zaposlenih (krajem izvještajnog razdoblja): 538

Konsolidirani izvještaj: KD (KN-nije konsolidirano/KD-konsolidirano)

Revidirano: RD (RN-nije revidirano/RD-revidirano)

Tvrtke ovisnih subjekata (prema MSFI):

Sjedište:

MB:

IGH PROJEKTIRANJE D.O.O. ZAGREB, JANKA RAKUŠE 1 02441918

INCRO D.O.O. ZAGREB, JANKA RAKUŠE 1 01982516

IGH BUSINESS ADVISORY SERVICES D.O.O. ZAGREB, JANKA RAKUŠE 1 01819585

FORUM CENTAR D.O.O. ZAGREB, JANKA RAKUŠE 1 01960229

EKONOMSKO TEHNIČKI ZAVOD DD OSIJEK, DRINSKA 18 03013669

IGH CONSULTING D.O.O. ZAGREB, JANKA RAKUŠE 1 02462478

DP AQUA D.O.O. ZAGREB, JANKA RAKUŠE 1 01907522

RADELJEVIĆ D.O.O. ZAGREB, JANKA RAKUŠE 1 01938533

MARTERRA D.O.O. ZAGREB, JANKA RAKUŠE 1 02814692

POSLOVNA ZONA VELIKA KOPANICA D.O.O. ZAGREB, JANKA RAKUŠE 1 02349671

IGH MOSTAR D.O.O. MOSTAR, BIŠĆE POLJE BB 27060470005

IGH D.O.O. MOSTAR MOSTAR, BIŠĆE POLJE BB 27725460006

IGH KOSOVA Sha PRIŠTINA, KOSOVO 70528347

IGH MONTENEGRO D.O.O. PODGORICA, MOSKOVSKA 2B 318283

PROJEKT ŠOLTA D.O.O. ZAGREB, JANKA RAKUŠE 1 80716950

Knjigovodstveni servis: Ne (Da/Ne) (tvrtka knjigovodstvenog servisa)

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Revizorsko društvo: BDO Croatia d.o.o. (tvrtka revizorskog društva)

Ovlašteni revizor: Vedrana Stipić (ime i prezime)

BALANCE SHEET
balance as at 31.12.2020

in HRK

Submitter: Institut IGH d.d.

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	209.264.329	209.177.790
I INTANGIBLE ASSETS (ADP 004 to 009)	003	2.207.084	2.244.201
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	988.492	1.075.713
3 Goodwill	006	1.134.983	1.134.984
4 Advance payments for purchase of intangible assets	007	43.613	0
5 Intangible assets in preparation	008	39.996	33.504
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	190.787.246	190.837.638
1 Land	011	93.666.253	91.591.730
2 Buildings	012	53.129.161	43.813.184
3 Plant and equipment	013	16.405.327	29.162.758
4 Tools, working inventory and transportation assets	014	5.374.198	3.915.294
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	466.947	144.083
7 Tangible assets in preparation	017	21.091.428	21.658.295
8 Other tangible assets	018	305.575	305.882
9 Investment property	019	348.357	246.412
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	15.201.368	15.258.493
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	0	0
5 Investment in other securities of companies linked by virtue of participating interest	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	0	511.693
7 Investments in securities	027	125.800	165.800
8 Loans, deposits, etc. given	028	503.632	0
9 Other investments accounted for using the equity method	029	14.558.000	14.581.000
10 Other fixed financial assets	030	13.936	0
IV RECEIVABLES (ADP 032 to 035)	031	1.061.970	837.458
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	1.061.970	441.900
4 Other receivables	035	0	395.558
V. Deferred tax assets	036	6.661	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	233.372.207	208.770.855
I INVENTORIES (ADP 039 to 045)	038	157.210.631	133.898.361
1 Raw materials	039	0	0
2 Work in progress	040	75.729.758	75.729.758
3 Finished goods	041	0	0
4 Merchandise	042	568.162	0
5 Advance payments for inventories	043	0	0
6 Fixed assets held for sale	044	80.912.711	58.168.603
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	45.429.810	41.880.474
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interest	048	0	148.800
3 Customer receivables	049	39.631.112	24.820.586
4 Receivables from employees and members of the undertaking	050	877.276	740.034
5 Receivables from government and other institutions	051	1.984.872	2.117.762
6 Other receivables	052	2.936.550	14.053.292
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	18.784.632	24.382.498
1 Investments in holdings (shares) of undertakings within the group	054	0	0

2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057	0	0
5 Investment in other securities of companies linked by virtue of participating interest	058	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059	9.200	140.800
7 Investments in securities	060	50.720	26.664
8 Loans, deposits, etc. given	061	18.724.712	24.054.191
9 Other financial assets	062	0	160.843
IV CASH AT BANK AND IN HAND	063	11.947.134	8.609.522
D) PREPAID EXPENSES AND ACCRUED INCOME	064	16.620.079	23.491.363
E) TOTAL ASSETS (ADP 001+002+037+064)	065	459.256.615	441.440.008
OFF-BALANCE SHEET ITEMS	066	49.806.747	36.697.781
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 080)	067	-41.828.491	-42.374.065
I. INITIAL (SUBSCRIBED) CAPITAL	068	116.604.710	116.604.710
II CAPITAL RESERVES	069	-255.383	-255.383
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	-3.275.313	-860.885
1 Legal reserves	071	0	0
2 Reserves for treasury shares	072	1.446.309	1.446.309
3 Treasury shares and holdings (deductible item)	073	-5.676.024	-3.809.746
4 Statutory reserves	074	0	0
5 Other reserves	075	954.402	1.502.552
IV REVALUATION RESERVES	076	102.868.949	97.183.224
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Fair value of financial assets available for sale	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	-273.713.497	-254.137.733
1 Retained profit	082	144.899.852	195.679.094
2 Loss brought forward	083	418.613.349	449.816.827
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	16.639.000	-509.790
1 Profit for the business year	085	16.639.000	3.645.968
2 Loss for the business year	086	0	4.155.758
VIII MINORITY (NON-CONTROLLING) INTEREST	087	-696.957	-398.208
B) PROVISIONS (ADP 089 to 094)	088	2.232.828	10.441.842
1 Provisions for pensions, termination benefits and similar obligations	089	505.988	677.714
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	1.726.840	6.566.188
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	0	3.197.940
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	71.149.584	62.523.881
1 Liabilities towards undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	097	0	0
3 Liabilities towards companies linked by virtue of participating interest	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	099	0	0
5 Liabilities for loans, deposits etc.	100	497.127	526.412
6 Liabilities towards banks and other financial institutions	101	48.209.430	40.424.816
7 Liabilities for advance payments	102	255.987	0
8 Liabilities towards suppliers	103	197.924	187.924
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	0	0
11 Deferred tax liability	106	21.989.116	21.384.729
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	374.118.655	408.984.347
1 Liabilities towards undertakings within the group	108	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	109	0	-379
3 Liabilities towards companies linked by virtue of participating interest	110	314.428	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	111	0	0
5 Liabilities for loans, deposits etc.	112	1.254.216	938.010
6 Liabilities towards banks and other financial institutions	113	233.040.921	302.589.447
7 Liabilities for advance payments	114	3.717.354	7.342.202

8 Liabilities towards suppliers	115	26.633.747	26.349.607
9 Liabilities for securities	116	70.973.241	47.800.858
10 Liabilities towards employees	117	6.423.294	6.840.039
11 Taxes, contributions and similar liabilities	118	8.525.889	11.307.836
12 Liabilities arising from the share in the result	119	216.366	0
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	23.019.199	5.816.727
E) ACCRUALS AND DEFERRED INCOME	122	53.584.039	4.244.158
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	459.256.615	443.820.163
G) OFF-BALANCE SHEET ITEMS	124	49.806.747	36.697.781

STATEMENT OF PROFIT OR LOSS
for the period 1.1.2020 to 31.12.2020

in HRK

Submitter: Institut IGH d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (ADP 126 to 130)	125	202.233.632	190.207.854
1 Income from sales with undertakings within the group	126	0	0
2 Income from sales (outside group)	127	183.086.867	165.989.543
3 Income from the use of own products, goods and services	128	252.739	261.660
4 Other operating income with undertakings within the group	129	20.118	0
5 Other operating income (outside the group)	130	18.873.908	23.956.651
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	182.361.826	180.250.452
1 Changes in inventories of work in progress and finished goods	132	0	0
2 Material costs (ADP 134 to 136)	133	60.851.032	53.509.516
a) Costs of raw material	134	9.482.307	7.375.189
b) Costs of goods sold	135	0	0
c) Other external costs	136	51.368.725	46.134.327
3 Staff costs (ADP 138 to 140)	137	88.532.412	90.879.730
a) Net salaries and wages	138	59.484.576	59.146.440
b) Tax and contributions from salaries expenses	139	19.111.084	20.781.181
c) Contributions on salaries	140	9.936.752	10.952.109
4 Depreciation	141	9.792.219	13.043.384
5 Other expenses	142	20.363.102	13.283.918
6 Value adjustments (ADP 144+145)	143	3.184	1.219.596
a) fixed assets other than financial assets	144	0	0
b) current assets other than financial assets	145	3.184	1.219.596
7 Provisions (ADP 147 to 152)	146	442.186	840.017
a) Provisions for pensions, termination benefits and similar obligations	147	0	440.828
b) Provisions for tax liabilities	148	0	0
c) Provisions for ongoing legal cases	149	442.186	399.189
d) Provisions for renewal of natural resources	150	0	0
e) Provisions for warranty obligations	151	0	0
f) Other provisions	152	0	0
8 Other operating expenses	153	2.377.691	7.474.291
III FINANCIAL INCOME (ADP 155 to 164)	154	5.950.194	4.985.924
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	156	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0
4 Other interest income from operations with undertakings within the group	158	4.435	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	1.694.667	0
6 Income from other long-term financial investments and loans	160	0	396.882
7 Other interest income	161	2.372.934	34.811
8 Exchange rate differences and other financial income	162	1.878.083	4.351.405
9 Unrealised gains (income) from financial assets	163	0	0
10 Other financial income	164	75	202.826
IV FINANCIAL EXPENDITURE (ADP 166 to 172)	165	14.889.000	15.919.312
1 Interest expenses and similar expenses with undertakings within the group	166	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0
3 Interest expenses and similar expenses	168	11.270.739	7.017.315
4 Exchange rate differences and other expenses	169	3.447.481	7.335.910
5 Unrealised losses (expenses) from financial assets	170	0	1.449.453
6 Value adjustments of financial assets (net)	171	91.872	115.234
7 Other financial expenses	172	78.908	1.400
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	173	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	23.000

VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	14.000	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	208.183.826	195.216.778
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	197.264.826	196.169.764
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	10.919.000	-952.986
1 Pre-tax profit (ADP 177-178)	180	10.919.000	0
2 Pre-tax loss (ADP 178-177)	181	0	-952.986
XII INCOME TAX	182	-5.657.000	-443.266
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	16.576.000	-509.720
1 Profit for the period (ADP 179-182)	184	16.576.000	0
2 Loss for the period (ADP 182-179)	185	0	-509.720
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0
1 Pre-tax profit from discontinued operations	187	0	0
2 Pre-tax loss on discontinued operations	188	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192	0	0
1 Pre-tax profit (ADP 192)	193	0	0
2 Pre-tax loss (ADP 192)	194	0	0
XVII INCOME TAX (ADP 182+189)	195	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	0	0
1 Profit for the period (ADP 192-195)	197	0	0
2 Loss for the period (ADP 195-192)	198	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	16.576.000	-509.790
1 Attributable to owners of the parent	200	16.639.000	-509.790
2 Attributable to minority (non-controlling) interest	201	-63.000	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	202	16.576.000	-509.790
II OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (ADP 204 to 211)	203	-568.557	428.796
1 Exchange rate differences from translation of foreign operations	204	41.000	411.196
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	-6.456	0
3 Profit or loss arising from re-evaluation of financial assets available for sale	206	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interest	209	0	0
7 Actuarial gains/losses on defined remuneration plans	210	0	0
8 Other changes in equity unrelated to owners	211	-603.101	17.600
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	-568.557	428.796
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	16.007.443	-80.994
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	16.007.443	-80.994
1 Attributable to owners of the parent	216	16.070.443	-80.994
2 Attributable to minority (non-controlling) interest	217	-63.000	0

STATEMENT OF CASH FLOWS - indirect method
for the period 1.1.2020. to 31.12.2020.

in HRK

Submitter: Institut IGH d.d.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	10.919.000	-953.056
2 Adjustments (ADP 003 to 010):	002	11.760.219	22.095.887
a) Depreciation	003	9.792.219	13.043.383
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-8.927.000	1.235.000
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	-2.127.000
d) Interest and dividend income	006	-2.377.000	-34.811
e) Interest expenses	007	11.363.000	7.017.315
f) Provisions	008	343.000	0
g) Exchange rate differences (unrealised)	009	-123.000	2.985.000
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	1.689.000	-23.000
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	22.679.219	21.142.831
3 Changes in the working capital (ADP 013 to 016)	012	-4.164.219	-15.864.000
a) Increase or decrease in short-term liabilities	013	-4.829.219	-17.103.000
b) Increase or decrease in short-term receivables	014	665.000	1.239.000
c) Increase or decrease in inventories	015	0	0
d) Other increase or decrease in the working capital	016	0	0
II Cash from operations (ADP 011+012)	017	18.515.000	5.278.831
4 Interest paid	018	0	0
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	18.515.000	5.278.831
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	1.000	0
3 Interest received	023	0	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	12.796.000	12.374.000
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	12.797.000	12.374.000
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-3.079.000	0
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-11.030.000	-5.376.000
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-14.109.000	-5.376.000
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-1.312.000	6.998.000
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	1.987.000	26.637.000
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	1.987.000	26.637.000
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-13.041.000	-18.721.000
2 Dividends paid	041	0	0
3 Cash payments for finance lease	042	-1.124.000	-1.762.000

4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	0	-21.768.355
VI Total cash payments from financing activities (ADP 040 to 044)	045	-14.165.000	-42.251.355
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-12.178.000	-15.614.355
1 Unrealised exchange rate differences in cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	048	5.025.000	-3.337.524
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	6.922.046	11.947.046
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 048+049)	050	11.947.046	8.609.522

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2020 to 31.12.2020

in HRK

Item		ADP code	Attributable to owners of the parent										Attributable to owners of the parent in HRK					
			(initial subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Realised profit or loss from foreign operations - effective portion	Profit/loss for the business year	Total attributable to owners of the parent	Minority non-controlling interest	Total capital and reserves
			3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 + 7 to 15)	17	18 (16+17)
Previous period																		
1 Balance on the first day of the previous business year		01	116 604 710	-255 383		0	1 446 309	5 676 024	0	1 346 600	126 039 469	0	0	-292 167 480	-4 160 607	-56 822 376	-633 957	-57 453 333
2 Changes in accounting policies		02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors		03	0	0	0	0	0	0	0	0	-630 949	0	0	-5 068 000	0	-6 594 949	-63 000	-6 657 949
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)		04	116 604 710	-255 383		0	1 446 309	5 676 024	0	1 346 600	125 408 520	0	0	-298 125 480	-4 160 607	-63 417 325	-696 957	-64 114 282
5 Profit/loss of the period		05	0	0	0	0	0	0	0	0	0	0	0	0	16 639 000	16 639 000	0	16 639 000
6 Exchange rate differences from translation of foreign operations		06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets		07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from re-evaluation of financial assets available for sale		08	0	0	0	0	0	0	0	0	-23 170 550	0	0	23 205 638	0	35 088	0	35 088
9 Gains or losses on efficient cash flow hedging		09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation		10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/losses of companies linked by virtue of participating interest		11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actual gains/losses on defined benefit plans		12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners		13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity		14	0	0	0	0	0	0	0	0	0	0	0	-591 048	0	-591 048	0	-591 048
15 Increase/decrease in initial (subscribed) capital (other than from re-investing profit and other than arising from the pre-bankruptcy settlement procedure)		15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase of initial (subscribed) capital by re-investing profit		16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure		17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings		18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend		19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners		20	0	0	0	0	0	0	-392 198	0	0	0	0	0	4 160 607	3 768 409	0	3 768 409
21 Transfer to reserves by annual schedule		21	0	0	0	0	0	0	0	0	0	0	0	-4 160 607	-4 160 607	0	-4 160 607	
22 Increase in reserves arising from the pre-bankruptcy settlement procedure		22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the previous business year reporting period (ADP 04 to 22)		23	116 604 710	-255 383		0	1 446 309	5 676 024	0	954 402	102 232 000	0	0	-279 671 497	16 639 000	-47 726 483	-696 957	-48 423 440
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																		
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)		24	0	0	0	0	0	0	0	-23 170 550	0	0	0	22 614 500	0	-555 960	0	-555 960
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)		25	0	0	0	0	0	0	0	-23 170 550	0	0	0	22 614 500	16 639 000	16 083 040	0	16 083 040
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)		26	0	0	0	0	0	0	-392 198	0	0	0	0	-4 160 607	4 160 607	-392 198	0	-392 198
Current period																		
1 Balance on the first day of the current business year		27	116 604 710	-255 383		0	1 446 309	5 676 024	0	954 402	102 232 000	0	0	-273 713 487	16 639 000	-41 708 483	-696 957	-42 405 440
2 Changes in accounting policies		28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors		29	0	0	0	0	0	0	0	0	0	0	0	-252 000	0	-252 000	0	-252 000
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)		30	116 604 710	-255 383		0	1 446 309	5 676 024	0	954 402	102 232 000	0	0	-273 965 497	16 639 000	-42 020 483	-696 957	-42 717 440
5 Profit/loss of the period		31	0	0	0	0	0	0	0	0	0	0	0	0	-509 760	-509 760	0	-509 760
6 Exchange rate differences from translation of foreign operations		32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets		33	0	0	0	0	0	0	0	0	-5 460 000	0	0	5 460 000	0	0	0	0
8 Profit or loss arising from re-evaluation of financial assets available for sale		34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging		35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation		36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/losses of companies linked by virtue of participating interest		37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actual gains/losses on defined remuneration plans		38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners		39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity		40	0	0	0	0	0	-1 866 278	0	0	411 196	0	0	-2 288 836	0	-11 362	298 749	287 387
15 Increase/decrease in initial (subscribed) capital (other than from re-investing profit and other than arising from the pre-bankruptcy settlement procedure)		41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase of initial (subscribed) capital by re-investing profit		42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure		43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings		44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend		45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners		46	0	0	0	0	0	0	0	548 150	0	0	0	0	-16 639 000	-16 073 750	0	-16 073 750
21 Transfer to reserves by annual schedule		47	0	0	0	0	0	0	0	0	0	0	0	17 600	0	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure		48	0	0	0	0	0	0	0	0	0	0	0	16 639 000	0	16 639 000	0	16 639 000
23 Balance on the last day of the current business year reporting period (ADP 30 to 48)		49	116 604 710	-255 383		0	1 446 309	3 809 746	0	1 592 552	97 183 196	0	0	-254 137 733	-509 760	-41 975 885	-398 208	-42 374 003
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																		
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)		50	0	0	0	0	0	-1 866 278	0	0	-5 048 804	0	0	3 171 164	0	-11 362	298 749	287 387
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)		51	0	0	0	0	0	-1 866 278	0	0	-5 048 804	0	0	3 171 164	-509 760	-521 152	298 749	-222 403
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)		52	0	0	0	0	0	0	548 150	0	16 656 600	0	0	16 656 600	-16 639 000	565 750	0	565 750