



**ZAGREBAČKI
HOLDING**

LEI: 74780090ND4TXRKKO752

Home member state: CROATIA

ISIN: HRZGHOO237A3

Symbol: 3ZGH

ZSE, official market

Zagreb, May 24th 2022

CROATIAN FINANCIAL SERVICES

SUPERVISORY AGENCY

Official register of prescribed information

ZAGREB STOCK EXCHANGE INC.

NOTICE OF PRIVILEGED INFORMATION

Moody's confirmed Ba1 credit rating of Zagreb Holding with a stable outlook

On Monday, May 23, 2022, the international credit rating agency Moody's confirmed Ba1 credit rating of Zagreb Holding with a stable outlook.

According to the report, the credit rating of Zagreb Holding is underpinned by strong financial and institutional links with its shareholder, the City of Zagreb, and strategic role of Holding by providing utility services in the city of Zagreb. Stable prospects reflect the agency's expectation that the City of Zagreb will provide timely support to Zagreb Holding if necessary. The rating also reflects the favorable regulatory framework, which ensures the stability and predictability of future revenue streams in the Holding's core business.

Looking back on the business year 2021, the agency recognized the negative effects of the pandemic, supply chain disruptions, inflationary trends and the energy market crisis on the business results of Zagreb Holding. However, although Zagreb Holding achieved a negative business result for the third year in a row at the end of the business year 2021, Moody's expects the EBITDA to improve significantly this year to approximately HRK 500 million, which represents 12% of operating income forecasted over the same period.

Namely, taking into account the organizational restructuring started in the fourth quarter of last year, the announced merger and optimization of corporate functions and other measures to stabilize the Holding's businesses planned this year, Moody's expects that operating costs will be further reduced in 2022, despite challenges of the energy market's price and difficulties in supply chains. The undertaken activities of savings from operational efficiency will also have a positive effect on the reduction of credit indebtedness to financial institutions.

Zagreb Holding Ltd.