ZAGREBAČKI HOLDING

SEMI-ANNUAL REPORT FOR THE FIRST HALF OF 2026



Zagrebački holding Group

ZAGREBAČKI HOLDING

Management Report of the Zagrebački holding Group for the First Half of 2026

Impressum

Publisher

Zagrebački holding d.o.o.
Ulica grada Vukovara 41, 10000 Zagreb

www.zgh.hr

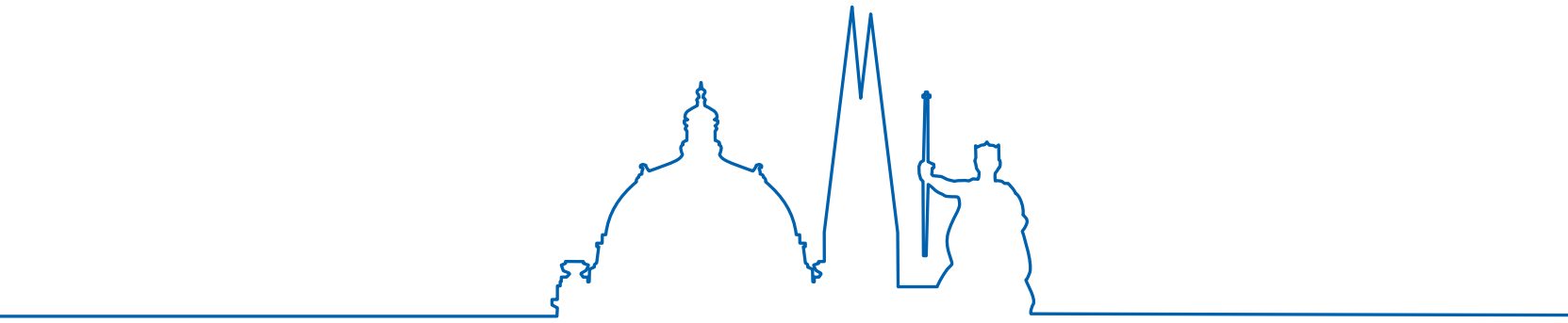
For the publisher

Sector for Strategy, Development and Business Compliance
Sector for Accounting

Professional services of all members of the Zagrebački holding Group participated in the preparation of this statement

Note on gender-sensitive language

For the sake of clarity and simplicity of the text, the terms listed in this report in the masculine gender refer equally to persons of all genders and are used as gender-neutral terms, without the intention of excluding or diminishing the visibility of any gender. Zagrebački holding is committed to equality, inclusion and equal opportunities for all.



SEMI-ANNUAL REPORT FOR THE FIRST HALF OF 2026

Zagrebački holding Group

Contents

I MANAGEMENT REPORT 5

1 BASIC INFORMATION about the Zagrebački holding Group 6

1.1. Corporate strategy of the ZGH Group 6

1.2. Organisational structure of the ZGH Group 7

2 MANAGEMENT BOARD'S COMMENT on performance in the first half of 2026 12

3 SELECTED BUSINESS EVENTS in the first half of 2026 16

3.1. Statutory changes in the ZGH Group during the first half of 2026 17

3.2. Business activities of the ZGH Group during the first half of 2026 by business/strategic areas 20

4 ANALYSIS OF THE GROUP'S OPERATIONS for the first half of 2026 37

4.1. Operating result 38

4.2. Revenue 38

4.3. Expenditure 39

4.4. Statement of financial position 40

5 MOST SIGNIFICANT RISKS AND UNCERTAINTIES to which Zagrebački holding Group is exposed 41

6 STATEMENT OF THE PERSONS RESPONSIBLE FOR COMPILING THE STATEMENT 44

II UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the period 1-6/2026 45

MANAGEMENT REPORT



1 BASIC INFORMATION

ABOUT THE ZAGREBAČKI HOLDING GROUP

The Zagrebački holding Group (hereinafter: the "Group" or the "ZGH Group") is a municipal company of the City of Zagreb that provides integrated services to citizens across a broad range of municipal, energy, water, pharmaceutical and market-based activities, pursuing sustainable growth with the aim of creating added value for its stakeholders[1] over time.

Guided by its mission, "To become a partner trusted by citizens through responsible corporate governance and a commitment to an efficient and green city," the Group conducts its activities based on the fundamental principle of preserving and renewing natural, economic and social resources.

1.1. Corporate strategy of the ZGH Group

The corporate strategy of the ZGH Group is focused on the sustainable development of municipal and public services and on the long-term creation of value for citizens and the City of Zagreb. It provides a common direction for development, effective resource management and the achievement of strategic objectives.

The Group operates in an environment characterised by changes in the labour market, accelerated digitalisation, the need for investment in infrastructure and equipment, and an increasingly demanding regulatory framework. In response to these challenges, the Group continues to strengthen operational efficiency, sustainable business practices and the quality of its services.

The Groups's strategic priorities are focused on:

- **improving and developing services** by increasing their quality, availability and reliability and applying the principles of the circular economy,
- **increasing efficiency and productivity** through the modernisation of infrastructure, digitalisation of operations, process standardisation and cost optimisation,
- **development the organisation and employees** through investment in competencies, strengthening organizational culture and promoting responsible and transparent business practices,
- **sustainability and responsible business practices** by integrating environmental, social and governance (ESG) principles into business processes and decision-making.

In addition to its regular operations, the Group is implementing strategic projects and activities that contribute to the modernisation of systems, infrastructure development, digital transformation, more efficient resource management, and the strengthening of cooperation and organisational capabilities across the Group as a whole.

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

1.2. Organisational structure of the ZGH Group

The Groups's operations are organized into two basic segments:

- operating activities and
- corporate services.

The operating segment comprises the activities of the branches, subsidiaries and the institution, which are organised according to the types of services they provide to citizens, with a basic distinction between municipal, energy, pharmaceutical, market-based activities, and public water supply and wastewater management. On the one hand, operations are monitored by individual activities (waste management, public area maintenance, parking, gas and water supply, pharmaceutical activities, etc.), while on the other hand, coordinated service delivery across the City of Zagreb is ensured through shared operating systems and communication channels[2] available to all of the Group's stakeholders.

Corporate services ensure common operating standards, greater transparency and efficiency across the entire system. These functions are organised centrally and provide support to all organisational units.

Central corporate services support operating units in the areas of management and administrative activities, financial management, procurement, corporate projects, strategy and development, control functions, information technology, etc.

The area of management and administrative activities includes human resources, occupational health and safety, legal affairs, corporate communications, sales, marketing, stakeholder relations, real estate management and general services, thereby ensuring the stable and coordinated functioning of the system.

The area of financial management and controlling encompasses accounting activities, financial planning and management of financial resources, as well as monitoring and analysis of operating results, with the aim of ensuring transparency and effective management.

The investment, project management and procurement area encompasses project management, investment planning and implementation, and procurement procedures in support of business operations.

Corporate strategy and development focuses on long-term planning, business improvement and the development of new services and projects, including cooperation and partnerships that contribute to the development of the system and the quality of services.

The information and communications technology area is responsible for the development and maintenance of digital solutions, the modernisation of systems and the enhancement of operational efficiency through digitalisation.

In addition to the functions described above, the organisational structure also includes internal audit and risk management functions, which, as part of the internal control system, monitor operations and report to the supervisory bodies.

2 Data on addresses, phone numbers, e-mail addresses, as well as platforms for communication with stakeholders are available on the website: www.zgh.hr

Main activities of the ZGH Group

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

Utility infrastructure maintenance

- maintenance of unclassified roads
- maintenance of public green spaces
- maintenance of public areas cleanliness
- cemetery and crematorium maintenance within the cemetery
- maintenance of public stormwater drainage facilities
- maintenance of buildings, devices and objects for public purposes
- maintenance of public areas where motor vehicle traffic is not allowed

Services, trade and tourism

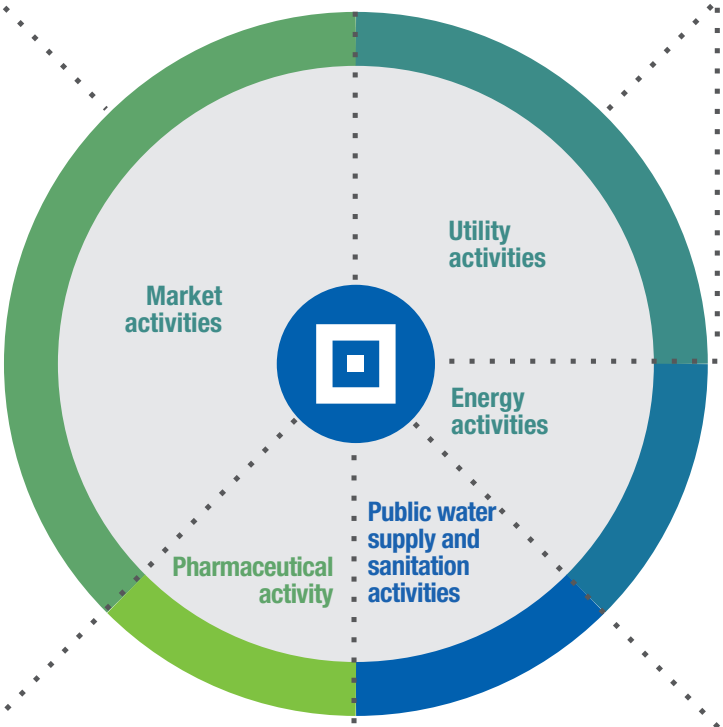
- publishing activity
- rental of advertising space
- wholesale market services
- travel agency, catering and tourist services
- goods storage and truck terminals
- production and wholesale and retail sale of seedlings, potted plants and herbs
- permanent, temporary and/or special decorating of indoor and outdoor spaces with plants
- funeral and stonemasonry services

Utility services activities

- waste collection from individuals (households)
- retail public market services
- bus station services
- burial and cremation services for the deceased in a crematorium within the cemetery
- parking services in landscaped public areas and public garages
- distribution telecommunications canalisation (DTC) and other utility infrastructure in the City of Zagreb

Real estate operations

- real estate management and real estate maintenance
- management of facilities owned by Zagrebački holding
- reception and storage of goods in domestic and international traffic



Waste management and road maintenance

- waste disposal (legal entities)
- maintenance, protection, management, reconstruction and construction of regional and local roads and other public traffic areas and maintenance of road equipment

- gas distribution and storage
- gas transport and supply
- production of electricity from renewable sources, electricity transmission and distribution

- supply and manufacture of medicines, supply of medical products, baby food, cosmetics and other health care products

- extraction, distribution, control and delivery of safe water, construction and repair of the water supply system and all water supply facilities
- drainage and monitoring of wastewater quality, control of the sewage network, construction and repair of the sewage system and all drainage facilities

The Group companies operate on the domestic market.

Members of the ZGH Group

- parent company Zagrebački holding d.o.o. (hereinafter: Company or ZGH) with 12 subsidiaries: AGM, Arena Zagreb, Autobusni kolodvor, Čistoća, Gradska Groblja, Robni terminali Zagreb, Tržnice Zagreb, Vladimir Nazor, Zagrebparking, Zagrebačke ceste, Zagrebački digitalni grad, Zrinjevac;
- Gradska plinara Zagreb d.o.o. (hereinafter: (GPZ) with its subsidiary Gradska plinara Bjelovar d.o.o.
- Gradska plinara Zagreb - Opskrba d.o.o. (hereinafter: GPZ-O);
- Gradsko stambeno komunalno gospodarstvo d.o.o. (hereinafter: GSKG);
- Vodoopskrba i odvodnja d.o.o. (hereinafter: VIO);
- Zagreb plakat d.o.o. (hereinafter: ZP);
- Gradska ljekarna Zagreb institution (hereinafter: GLJZ) with the subsidiary Apothecarium d.o.o.

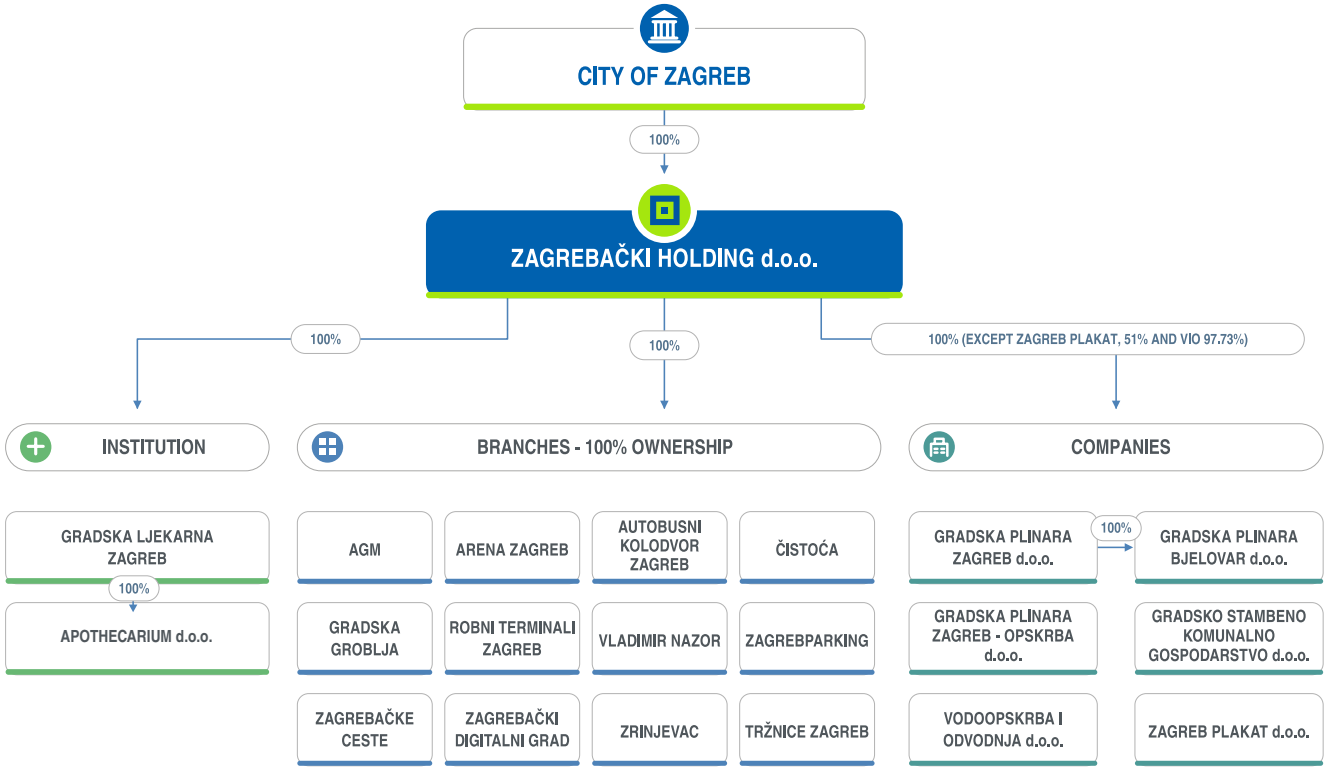


Figure 1: The ownership structure of the ZGH Group consisting of 12 subsidiaries, 5 companies and 1 institution

BASIC INFORMATION ABOUT THE PARENT COMPANY

Registered office:	Ulica grada Vukovara 41, Zagreb
Reg. no.:	080042653
OIB (VAT ID):	85584865987
Share capital:	EUR 437,166,150
Number of employees as at 30.06.2026:	**8,114**
Nominal amount of bonds listed on the Official Market of the Zagreb Stock Exchange:	305,000,000
Date of issue:	11.07.2023
Maturity date:	11.07.2028
Interest rate:	4.90%, fixed, payable semi-annually
Ownership:	The City of Zagreb is the founder and 100% owner of the company Zagrebački holding d.o.o.
Management Board as at 30.06.2026	» Ivan Novaković, President of the Management Board » Dubravko Karačić, Member of the Management Board » Damir Novinić, Member of the Management Board (until 30.06.2026) » Miljenko Hrman, Member of the Management Board (as of 9.2.2026)
Supervisory Board as at 30.06.2026	» Martina Jurišić, Deputy President » Andro Pavuna, Member of the Supervisory Board (President of the Supervisory Board until 30.06.2026, and member from 1.7.2026) » Željko Matijašec, member » Ivan Čevizović, member » Josip Tica, Member
Audit Committee as at 30.06.2026	» Ivan Čevizović, President » Josip Teklić, Deputy President » David Krmpotić, Member
Assembly as at 30.06.2026	The only member of the Assembly of the Company is the City of Zagreb, and the representatives of the member are: » Tomislav Tomašević » Danijela Dolenec » Luka Korlaet

BASIC INFORMATION ON SUBSIDIARIES

Management of subsidiaries and the Institution as at 30.06.2026:

GPZ:	Dalibor Pudić, director
GPZ-O:	Jeronim Tomas, director
GSKG:	Slaven Sladoljev, director
GLJZ:	Marina Rupčić, head of the institution (as of 17 June 2026, acting head of the institution until 16 June 2026)
VIO:	Janja Mihalić, director (as of 12 June 2026) and Marina Cigoj, deputy director (as of 30 June 2026)
ZP:	Emilio Gašpić, director and Toni Rončević, director

2 MANAGEMENT BOARD'S COMMENT

ON PERFORMANCE IN THE FIRST HALF OF 2026



Financial stability

The first half of 2026 was characterised by the continuation of stable operations at the Zagrebački holding Group despite the ongoing challenges in the economic and regulatory environment and the increasingly pronounced effects of climate change. Through continuous monitoring of business performance indicators, responsible management of expenses and investments, and the effective use of internal and external sources of financing, the Group maintained a stable financial position and its ability to finance ordinary operations. This created the conditions for the continuation of the largest investment cycle in recent years, focused on the modernisation of municipal infrastructure, digital transformation and the green transition of the system.

Although the Group maintained profitable operations and stable liquidity, the increase in labour and operating costs during the period under review resulted in lower operating profitability compared with the same period of the previous year.

Financial results for the first half of 2026

In the first half of 2026, the Group generated a profit of EUR 28.46 million and comprehensive income of EUR 28.23 million, representing a decrease of EUR 0.30 million compared with the same period of the previous year.

Operating revenues amounted to EUR 396.54 million, representing an increase of EUR 17.94 million compared with the same period of the previous year. The largest increase in revenue from sales was generated in the **water supply and wastewater management** segment, with revenue increasing by EUR 12.19 million as a result of changes to the pricing structure for water services effective as of 1 March 2026, higher volumes of water supplied, an increase in the number of customers and a greater volume of wastewater management services provided. However, due to the postponement of the application of the new Water Services Price List from the beginning of the year to 1 March 2026, the increase in revenues did not fully offset the increase in operating costs during the period under review. Revenue growth was also recorded in the **public road management and maintenance** segment, where revenue increased by EUR 8.34 million as a result of the regular maintenance and paving programme for unclassified roads and the adjustment of prices to input costs, as well as in the **pharmaceutical sales** segment, where revenue increased by EUR 4.28 million due to higher sales of prescription medicines and other products.

Other operating revenues in the first half of 2026 were EUR 10.02 million lower, primarily due to the fact that there was no longer a need to cover the operating costs of VIO from the City of Zagreb Budget, which amounted to EUR 11.00 million in the same period of the previous year following the entry into force of the new Water Services Price List. At the same time, the continuity of support from the City of Zagreb Budget was maintained to cover costs related to the public municipal waste collection service, the costs of collecting and disposing of plastic, and waste disposal charges.

Operating expenditure in the first half of 2026 amounted to EUR 360.44 million, representing an increase of EUR 23.41 million compared with the same period of the previous year. The increase in expenditure was primarily attributable to a EUR 16.87 million increase in personnel costs resulting from increases in the salary calculation base under the Collective Agreements and recruitment for technical and operational positions. In addition, the EUR 4.26 million increase in material costs reflects a greater volume of activities and higher input costs related to municipal infrastructure maintenance, procurement of materials and waste disposal costs.

These movements in revenues and expenses resulted in a lower level of operating profitability, with EBITDA in the first half of 2026 amounting to EUR 68.29 million, which is 6% lower than in the same period of the previous year (EUR 72.32 million).

Net finance expenses were EUR 3.05 million lower due to lower finance costs resulting from the refinancing of the club loan in 2025, which had a positive impact on the Group's overall financial result.

As at 30 June 2026, the Group's total net assets amounted to EUR 748.99 million, representing an increase of EUR 27.24 million compared with 31 December 2025.

Net working capital increased by EUR 17.70 million, primarily as a result of a reduction in liabilities of GPZO following the collection of EUR 143.28 million out of a total of EUR 187.56 million in claims for compensation for the difference in gas prices from the Republic of Croatia, while the increase in inventories reflected the greater volume of operating activities during the reporting period, with the majority of the funds collected being used to settle liabilities to the gas supplier.

As at 30 June 2026, net debt amounted to EUR 392.28 million, representing a decrease of EUR 31.49 million compared with the end of 2025. The decrease in net debt resulted from regular repayments of loan principal and finance lease liabilities and an increase in cash balances, further strengthening the Group's financial position and ensuring stable liquidity to finance operations and planned investments.

Equity increased by the profit generated in the current period.

Strategic investments and digitalisation

The Group's strategic focus remains on developing a modern, efficient and sustainable municipal system that will meet the long-term needs of citizens and support the development of the city. Such a system requires continuous investment in infrastructure, modernisation of equipment, digitalisation of operations, employee development, and responsible management of natural and financial resources. Accordingly, during the first half of the year, the investment cycle continued, focused on the modernisation of municipal infrastructure, increasing operational efficiency and enhancing the quality of public services. The investments being made are not aimed solely at renewing infrastructure, but also represent an investment in the city's long-term resilience, the quality of public services and the sustainable development of the city of Zagreb.

Progress was made on a number of strategic projects, with particular emphasis on preparatory activities for the Klaićeva Garage and Paromlin Garage projects, the modernisation of the Construction Waste Recycling Facility, the renewal of the vehicle fleet and machinery, and preparations for the construction of a new central municipal operations base. In this regard, the ZGH entered into a Loan Agreement with the International Finance Corporation in February. At the same time, one of the largest renewable energy investment programmes in the Group's history is being implemented through the construction of solar power plants at Zagrebački holding facilities. In the long term, the project will increase the energy self-sufficiency of the system, reduce energy costs and greenhouse gas emissions, and contribute to achieving the climate objectives of the City of Zagreb.

Important progress was also made in the Group's other activities. Čistoća continued to implement activities aimed at developing a sustainable waste management system through the modernisation of its vehicle fleet and infrastructure, improvements in recycling and the circular economy, and the continuation of remediation activities at the Jakuševec landfill to increase the safety and stability of the site pending the establishment of the Zagreb Waste Management Centre. Vodoopskrba i odvodnja continued the implementation of the Zagreb Project and the development of water supply and wastewater infrastructure, alongside activities aimed at reducing water losses, increasing energy efficiency and preparing new investment cycles financed from European sources. Gradska plinara Zagreb continued to invest in the safety and reliability of its distribution network and the modernisation of its management systems, while Gradska plinara Zagreb – Opskrba, under challenging market conditions following changes to the public gas supply service model, continued to adapt its operations to new market conditions, with an emphasis on maintaining competitiveness and the quality of services provided to customers. Gradsko stambeno komunalno gospodarstvo continued activities related to the renovation of buildings damaged in the earthquake and the adaptation of its operations to the new Act on the Management and Maintenance of Buildings, which introduced significant organisational and administrative changes in the management of the residential building stock. At the same time, Zrinjevac continued to invest in the preservation and development of the city's green areas, increasing the resilience of green infrastructure and adapting to climate change.

Digital transformation remains one of the key drivers of the Groups's development and a prerequisite for efficient management of the municipal system. During the reporting period, the development of digital solutions continued, improving operational efficiency and raising the level of services provided to citizens. In cooperation with the City of Zagreb, the eRegulacija system was put into production, digitalising the process of managing temporary traffic regulation and enabling timely information to citizens through digital navigation platforms. The implementation of a new digital system for monitoring the operations of the Winter Service is under way, enabling real-time monitoring of the completion of work tasks and more efficient management of operational activities.

At the same time, activities related to the implementation of the CRM system continued, establishing a single platform for customer relationship management that will enable faster resolution of requests, better availability of services and an improved customer experience, supported by more comprehensive analytics and more efficient management of processes.

These projects and activities will, over the long term, improve the sustainable management of resources, increase the resilience of the municipal system and ensure a higher level of services for citizens, while ensuring alignment with national and European environmental objectives.

Development, sustainable operations and corporate governance

Sustainable operations and responsible corporate governance remain an integral part of the Groups's strategic development. During the first half of the year, the development of the management system continued, integrating environmental, social and governance (ESG) aspects into business decisions, while further strengthening the risk management, compliance and internal control systems.

Particular attention was paid to improving energy efficiency, developing the circular economy and implementing projects that contribute to reducing greenhouse gas emissions. At the same time, the development of the integrated management system is continuing through the implementation of ISO 50001, preparations for the introduction of an information security management system in accordance with ISO/IEC 27001, and an occupational health and safety management system in accordance with ISO 45001.

By strengthening its governance processes, the Group is further increasing its resilience to climate, regulatory and cyber risks and creating the conditions for long-term sustainable operations and improved management of public resources.

Responsibility towards users, workers and the community

Users and workers remain at the heart of all development activities of the Group. During the first half of the year, numerous activities were carried out aimed at increasing the accessibility and quality of services, digitalising customer processes and developing new communication channels. Particular attention was paid to increasing the accessibility of services for vulnerable groups of citizens through the further development of mobile offices, digital customer services and the continued removal of administrative barriers to accessing services.

At the same time, employee competencies continued to be developed through professional training and activities aimed at strengthening an organisational culture that promotes responsibility, cooperation and continuous improvement of operations. Particular emphasis was placed on advancing occupational health and safety. Systematic investment in preventive measures, training, safer work procedures and improvements in work organisation resulted in a significant reduction in the number of occupational injuries and lost working hours, confirming the effectiveness of safety risk management measures.

The Group also continued to carry out a range of socially responsible activities in the areas of environmental protection, education of children and young people, promotion of the circular economy, inclusion and local community development, reaffirming its role as a responsible public utility company that actively contributes to the quality of life of the citizens of Zagreb.

Business resilience and risk management

The Groups's operations continue to be affected by a complex geopolitical and economic environment characterised by instability in energy markets, inflationary pressures, regulatory changes, climate change and growing cyber threats. The Group actively monitors regulatory changes in the gas sector, which represent one of the more significant strategic risks to its operations.

At the same time, the Management Board continuously develops the risk management system and strengthens business resilience through improvements to internal controls, business continuity plans and coordinated crisis management. The effectiveness of this approach was also demonstrated during the severe storm that affected Zagreb in March 2026. Thanks to established processes and clearly defined responsibilities, the rapid mobilisation of resources and the coordinated response of subsidiaries, the consequences were remedied within a short period while maintaining continuity in the provision of municipal services. Such experience confirms the importance of systematic risk management and continuous investment in the resilience of the Group.

Closing remarks and outlook

Significant development challenges remain ahead, but there are also substantial opportunities for the further modernisation of the municipal system. In the second half of the year, we will continue implementing strategic investments, developing digital solutions, strengthening infrastructure resilience, improving energy efficiency, and further enhancing corporate governance and sustainable operations. Our goal remains unchanged – to be a reliable, responsible and modern municipal system that creates long-term value for the City of Zagreb and its citizens and contributes to a higher quality of life in the city that is safer and more sustainable.

3 SELECTED BUSINESS EVENTS

IN THE FIRST HALF OF 2026



3.1. Statutory changes in the ZGH Group during the first half of 2026

Changes in the Company

MANAGEMENT BOARD:

Changes in the Management Board of the Parent Company in the period from 1 January 2026 to 30 June 2026:

- Matija Subašić-Maras, Member of the Management Board from 15.9.2025 to 17.1.2026
- Miljenko Hrman, Member of the Management Board as of 9.2.2026
- Damir Novinić, Member of the Management Board from 1.8.2023. to 30.6.2026.

SUPERVISORY BOARD:

Changes in the Supervisory Board in the period from 1 January 2026 to 30 June 2026:

- Andro Pavuna, President of the Supervisory Board until 30.6.2026, and member from 1.7.2026

Changes in the Company's subsidiaries

Gradska groblja subsidiary

- Igor Rađenović, subsidiary manager from 7.2.2026 to 19.5.2026
- Miljenko Hrman, subsidiary manager from od 20.5.2026
- Krešimir Končevski, specialist power of attorney to undertake all actions authorized to be undertaken by the subsidiary manager from 21.05.2026

Robni terminali Zagreb subsidiary

- Roberta Čupić, subsidiary manager appointed for a second term on 7.2.2026

Vladimir Nazor subsidiary

- Irena Benko, subsidiary manager appointed for a second term on 7.2.2026

Zagrebačke ceste subsidiary

- Jurica Krleža, subsidiary manager appointed for a second term on 7.2.2026

Zagrebački digitalni grad subsidiary

- Filip Jurišić, subsidiary manager from 1.3.2026 to 24.6.2026
- Miljenko Hrman, subsidiary manager as of 25.6.2026

Changes in subsidiaries and institutions of the ZGH Group

1. VIO

Management Board

Changes in the Management Board in the period from 1 January 2026 to 30 June 2026:

- Marko Blažević, director from 3.3.2023 to 26.5.2026
- Janja Mihalić, deputy director from 26.3.2024 to 11.6.2026, director as of 12.6.2026
- Marina Cigoj, deputy director as of 30.6.2026

Supervisory Board

Changes in the Supervisory Board in the period from 1 January 2026 to 30 June 2026:

- Matija Subašić-Maras, Member of the Supervisory Board and President of the Supervisory Board from 3.3.2025 to 14.1.2026
- Miljenko Hrman, Member of the Supervisory Board as of 16.2.2026, and President of the Supervisory Board as of 19.3.2026
- Ivan Čipin, Member of the Supervisory Board from 25.6.2024 to 18.5.2026 (workers' representative)
- Ivan Juriško, Member of the Supervisory Board as of 18.5.2026 (workers' representative)

2. GPZ

Supervisory Board

Changes in the Supervisory Board in the period from 1 January 2026 to 30 June 2026:

- Gordana Buturajac, Member of the Supervisory Board from 27.10.2025 to 18.3.2026
- Josip Krajina, Member of the Supervisory Board as of 18.3.2026, and President of the Supervisory Board as of 1.7.2026
- Romina Benčić Škrinjar, Member of the Supervisory Board, appointed for a second term on 27.10.2025 , Deputy President as of 13.1.2026
- Damir Novinić, Member of the Supervisory Board from 29.11.2023 to 30.6.2026
- Filip Jurišić, Member of the Supervisory Board from 7.6.2026 to 25.6.2026
- Vlatko Kottnig, Member of the Supervisory Board as of od 6.3.2026

3. GPZ-O

Supervisory Board

Changes in the Supervisory Board in the period from 1 January 2026 to 30 June 2026:

- Matija Subašić-Maras, Member of the Supervisory Board from 27.10.2025 to 14.1.2026
- Miljenko Hrman, Member of the Supervisory Board as of 18.3.2026

4. GSKG

Supervisory Board

Changes in the Supervisory Board in the period from 1 January 2026 to 30 June 2026:

- Dubravko Karačić, Member of the Supervisory Board, appointed for a second term on 7.6.2026, President of the Supervisory Board as of 13.7.2026
- Roberta Čupić, Member of the Supervisory Board, appointed for a second term on 7.6.2026 , Deputy President as of 13.7.2026
- Sandra Crnković, Member of the Supervisory Board from 24.3.2022 to 19.3.2026 (workers' representative)
- Tomislav Božić, Member of the Supervisory Board as of 20.3.2026 (workers' representative)

5. Zagreb plakat

Management Board

Changes in the Management Board in the period from 1 January 2026 to 30 June 2026:

- Emilio Gašpić, Member of the Management Board as of 14 February 2026, appointed for a second term
- Toni Rončević, Member of the Management Board as of 1.3.2026, appointed for a second term

Supervisory Board

Changes in the Supervisory Board in the period from 1 January 2026 to 30 June 2026:

- Kristina Šalković, Member of the Supervisory Board and President of the Supervisory Board as of 15.6.2026, elected for a second term

6. GLJZ

Changes in business management and representation in the period from 1 January 2026 to 30 June 2026:

- Marina Rupčić, acting head of the institution from 9.6.2025 to 16.6.2026, head of the institution as of 17.6.2026

Changes in the Management Board in the period from 1 January 2026 to 30 June 2026:

- Dubravko Karačić, Member and President of the Management Board elected for a second term on 7.6.2026

3.2. Business activities of the ZGH Group during the first half of 2026 by business/strategic areas

ESG considerations in business activities

Sustainability strategy

The Group integrates ESG considerations into all its business and management decisions. Therefore, the *Group's Sustainability Strategy for the period 2023–2028* is intrinsically linked to its business plans and business model and directs the Group's activities and projects towards achieving the key strategic sustainability objectives:

- Improved waste management: Achieve a 63% rate of waste separation, recycling or recovery by 2033, compared with 36% in 2022, by supporting the circular economy and reducing the disposal of waste in landfills;
- Improved water management: Reduce water losses from 55% in 2022 to 39% by 2033 through improved water management practices and investment in infrastructure;
- Renewable energy: Achieve a 70% share of renewable energy in the total energy consumption of the ZGH Group by 2028 through a combination of installing own solar photovoltaic (PV) systems and purchasing electricity from renewable sources.

In addition to the primary objectives set out above, the secondary objectives defined in the *Sustainability Strategy* focus on implementing activities in a sustainable and efficient manner, thereby improving the quality of life, accessibility of services and reducing greenhouse gas emissions.

The *2023–2028 Sustainability Strategy* was further operationalised through the *Decarbonisation Action Plan* and the *Circular Waste Management* document, adopted in 2025, which represent a roadmap towards achieving the primary objectives and will be implemented through 2035.

Report on performance targets 2025/2026

In accordance with the commitments undertaken under the *Sustainability-Linked Bond Framework*, the Company calculated and further developed the methodology for two sustainability targets:

Key performance indicator (KPI)	Base year	Value in 2025	Target values
KPI #1 Share of separately collected municipal waste (i.e. diverted from landfill)	37%	50.6%	58%
KPI #2 Share of renewable electricity in total electricity consumption (relative, as a percentage)	50%	99%	70%

For KPI #1, the baseline year is 2021, and the observation date for the performance target is 31 December 2027, while for KPI #2 the baseline period runs from 1 April 2023 to 31 March 2024, and the performance target period is the 12-month period ending on 31 March 2028.

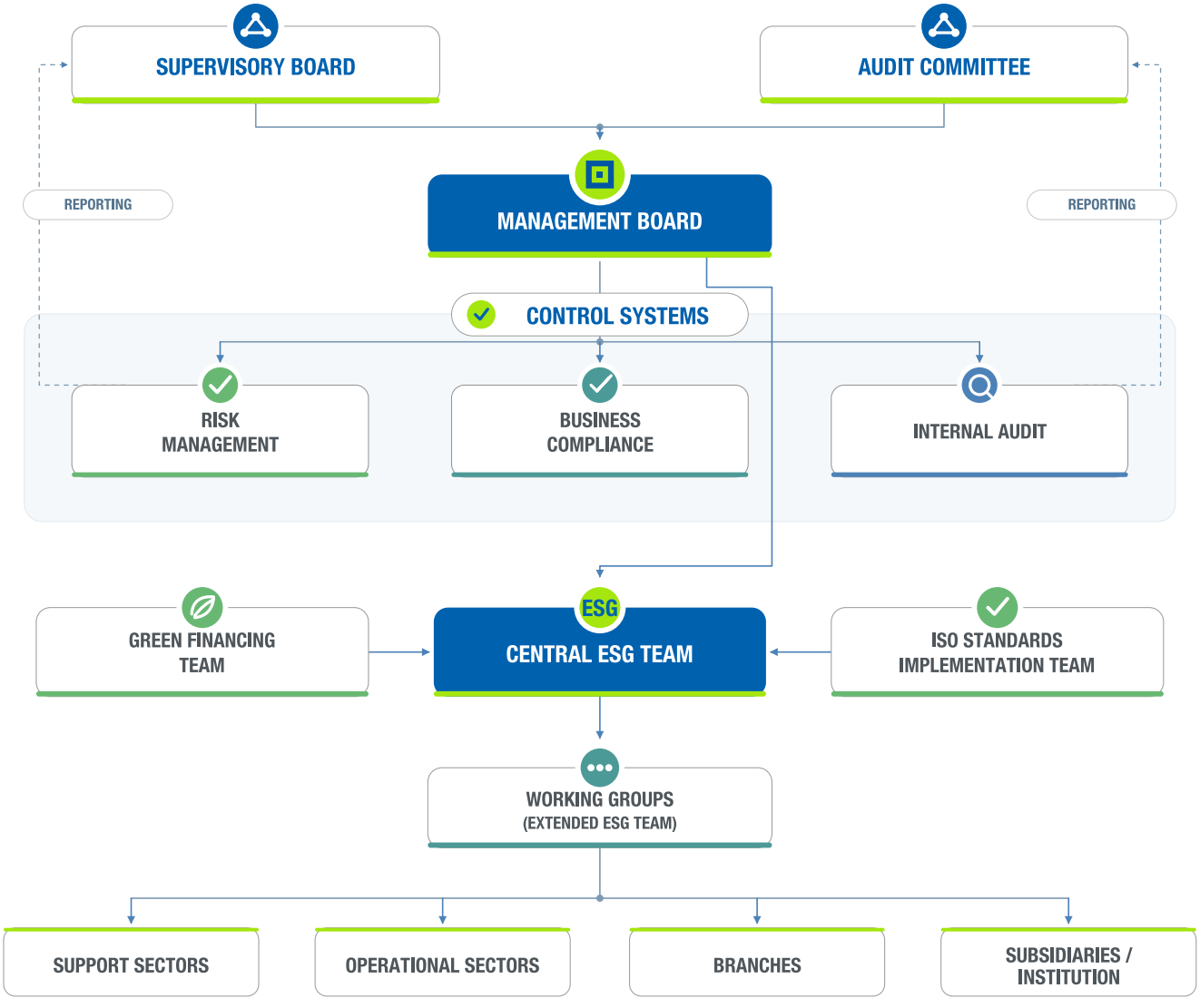
The **calculation of the KPIs**, as well as the **improvement of the methodology**, was verified by an independent assessor selected through a public procurement process, DNV Business Assurance Italy S.r.l. ("DNV"). The Report on performance targets and the *Independent assurance statement* are published in full on the www.zgh.hr website, at the following link: Reports

Environmental and social management system

The Environmental and Social Management System, which the Company and the Group have been establishing and continuously improving over the past several years, was described during the first half of 2026 in the Environmental and Social Management System Manual (hereinafter: the "ESMS") for the purpose of ensuring a clear understanding and allocation of responsibilities.

The purpose of the ESMS is to systematically manage environmental, health, safety and social (E&S) risks, ensure compliance with applicable legislation and good business practices, and continuously improve operational and ESG performance. The ESMS is implemented through the Plan–Do–Check–Act (PDCA) approach and is integrated into the Company's existing management systems, such as the ISO standards already implemented.

The ESMS requires cooperation among all organisational units, both horizontally and vertically, and is therefore organised as presented in the diagram below:



Regional ESG Leader Award

In April this year, ZGH received the "Regional ESG Leader" award, presented by the International Professional Council for Awards and Recognition "Regional ESG Leader". The award recognises excellence in the application of environmental, social and governance standards in business and highlights companies from Central and Southeast Europe that integrate sustainability into their long-term development. The Company received the award in the large enterprises category for its overall ESG achievements.

Responsibility for effective human resources management

Worker benefits of and employment

As **woker benefits were further improved** in 2025 compared with 2024, the new *Collective Agreement*, concluded for a fixed term of one year, provided for an increase in the salary calculation base for the Company's employees. As of 1 January 2026, the salary calculation base was further increased by 4.4% pursuant to that *Collective Agreement*. Furthermore, at GSKG, the salary calculation base was further increased by 4.4% as of 1 January 2026 pursuant to the Collective Agreement concluded for GSKG employees.

The multi-year trend of **recruitment through public recruitment processes**, primarily for operational positions, continued successfully in 2026. In the first half of 2026, a total of 372 employees were recruited, including seasonal workers, while the number of applications received in response to published recruitment processes remained exceptionally high. In the first half of the year alone, more than 2,700 applications were received for public recruitment processes at the Company. This once again confirmed the ZGH Group's position as a stable and attractive employer in the labour market.

The Group continues to recognise job security and stable income as key factors in attracting and retaining employees. Accordingly, the majority of new hires in 2026 were engaged on an indefinite-term basis, with a probationary period. Fixed-term contracts were concluded exclusively to replace temporarily absent employees or to address temporary increases in workload.

Competence development

During 2026, the Group successfully continued to develop its human resources and further strengthen its operational capacity. This continued growth was achieved through ongoing intensive recruitment for operational positions across the Group.

At the same time, activities aimed at building an ethical, inclusive and equitable working environment continued. Training on the Code of Ethics was organised with the aim of training all ZGH employees over the coming period. Furthermore, as part of the European **CAREvolution** project, employees participated in training on recognising unconscious bias, thereby continuing to develop an organisational culture that promotes equality, diversity and inclusion and creating the conditions for the development of the *ZGH Gender Equality Plan*.

The Group promotes a culture in which rules of conduct are clear and transparent, mutual respect between managers and employees is fostered, personal development and learning are encouraged, and commitment and professional achievement are recognised and rewarded.

ZeGeHop – Zagrebački holding sports games

The second edition of ZeGeHop, the Group's sports games, was held on Saturday, 9 May at the sports facilities of the Zagreb Central Wastewater Treatment Plant. The event, which brought together several hundred employees of the Group as a whole, provided an excellent opportunity for sporting competition as well as informal socialising among colleagues from different organisational units of the Group.

Responsibility towards users, economic operators and the community

Accessibility of services

The Group continuously improves the accessibility of its services. The implementation of a **customer relationship management system** (CRM) will enable more efficient receipt, monitoring and processing of customer requests across all communication channels.

The CRM will enable: digital receipt and monitoring of all user requests, regardless of whether they come by phone, e-mail, via a web form, application or in person; recording all communication with a customer in one place; monitoring the status and deadlines for resolving requests; faster forwarding of requests to the relevant departments; improved reporting on the number, type and resolution time of requests.

During the first half of 2026, the system for receiving requests via telephone calls was implemented. In the second half of the year, training is planned for employees who will use the CRM system, as well as testing the functionality for receiving and tracking requests received by e-mail, while the full solution is scheduled to go live by the end of 2026.

In subsequent phases, the customer relationship management system will be further enhanced through live chat with customers (a live agent, not a virtual assistant), integration with the document management system to enable digital tracking of written correspondence, and integration with the ticketing systems at the Holding Centre to include customers who visit in person.

Remediation of storm damage

At the end of March 2026, Zagreb was hit by one of the most severe storms in recent decades, accompanied by hurricane-force winds that caused extensive damage to public infrastructure, green areas and city cemeteries. From the outset, the remediation efforts involved the Zrinjevac, Zagrebačke ceste, Čistoća and Gradska groblja subsidiaries, as well as the VIO and GSKG subsidiaries, which, in coordination with the City of Zagreb and emergency services, carried out the removal of fallen trees and branches, secured roads, repaired infrastructure and eliminated hazards to citizens. In the first days following the storm, more than 2,000 interventions were carried out with the involvement of approximately 1,350 employees of Zagrebački holding, ZET and the emergency services.

The greatest damage was recorded at city cemeteries, particularly Mirogoj, where remediation is still under way due to the large number of damaged and unstable trees and the need for their gradual removal under the expert supervision of arborists and in accordance with conservation requirements, with the aim of ensuring visitor safety and protecting the cultural and historical value of the site.

To assist citizens whose graves were damaged in the storm, the City of Zagreb provided a financial assistance programme for the remediation of the damage, while Gradska groblja received damage reports and provided users with professional support in applying for the assistance.

The extraordinary circumstances further confirmed the **importance of systematic climate risk management and business continuity**. Thanks to predefined crisis procedures, coordinated action by the subsidiaries and established operational processes, the Group was able to rapidly mobilise human and material resources and ensure continuity in the provision of municipal services. The experience gained during the remediation efforts will be used to further strengthen the resilience of the system, improve crisis management plans and adapt operations to the increasingly pronounced effects of climate change.

Creative workshops on waste

ZGH and the City of Zagreb conducted the second cycle of educational and creative workshops on sustainable waste management, attended by nearly 2,000 students from 21 primary schools in Zagreb. Through interactive lectures, quizzes and creative activities, **students developed awareness of the importance of proper waste separation** and environmental protection.

The City of Zagreb further enhanced the programme by providing 1,000 sets of containers for separate waste collection to 72 primary schools, enabling students to apply the knowledge they acquired on a daily basis. By educating the youngest members of the community, the Group continues to contribute to the development of sustainable habits and greater environmental awareness in the community.

We thank all the schools for their exceptional participation and look forward to continuing our cooperation in the next school year.

Cleaning Without Borders

The XI international **children's diving eco patrol** – Cleaning Without Borders brought together 70 divers from Croatia and Slovenia and more than 30 students from Zagreb primary schools from 5 to 7 June 2026, with the aim of cleaning the seabed of Savudrija Bay and raising awareness of the importance of protecting the sea and the environment. The event was traditionally held at the Veli Jože Camp and organised by Plava Promocija Agency, the ZGH Vladimir Nazor subsidiary, numerous diving clubs, associations and institutions from Croatia and Slovenia, as well as Ukrainian veterans. During the campaign, more than 3 m^3 of waste was removed from the sea, once again combining environmental protection with educating young people about sustainable development.

Co-operation with the Council of the Roma National Minority

The Group continued its cooperation with the Council of the Roma National Minority of the City of Zagreb in **promoting the employment** of members of the Roma national minority, in accordance with the City of Zagreb Action Plan for the Implementation of the National Plan for Roma Inclusion 2025–2027. During 2026, joint working meetings and a presentation for potential candidates for employment were held in cooperation with the Croatian Employment Service, with the aim of presenting employment opportunities and measures to improve employability.

Responsible financial management

"Green" financing

The International Finance Corporation (hereinafter: "IFC"), as one of the key investors, supported the Company's long-term investment programme through a specialised green loan of up to EUR 56,000,000.00. The proceeds of the green loan are intended to finance investments aimed at supporting the development of a circular waste management system and advancing the green cities agenda in the City of Zagreb, including the procurement of lower-emission vehicles and machinery for separate waste collection, the development of green areas and road maintenance, infrastructure for source separation of waste, a bio-waste pre-treatment facility, and information and communication technologies for smart, data-driven waste management operations.

Further to the above, in December 2025 the Group obtained the consent of the City Assembly of the City of Zagreb for long-term borrowing under a loan agreement in the amount of up to EUR 56,000,000.00 between the IFC and the Company, and on 17 February 2026 the respective Loan Agreement was entered into. As at the reporting date, no funds had been drawn under the loan.

The respective investments will be implemented in accordance with the Circular Economy Green Financing Framework, which defines the key principles relating to activities that are of vital importance to the City of Zagreb. Moody's, as the independent reviewer, performed an assessment of the Circular Economy Green Financing Framework through a Second Party Opinion (SPO), under which the Company was assigned an SQS2 Sustainability Quality Score, i.e. very good.

Receivables collection management

The enhancement of the business area of receivables collection management, with the aim of gradually **centralising processes and proactively managing receivables**, primarily at the Company level, is a long-term process being implemented in several phases. In the first half of 2026, the organisational unit responsible for fee collection was transferred from GSKG to the Company and placed within the Receivables Management Sector. This represented an important step towards further centralisation of this business area.

As at the date of transfer, the organisational unit comprised 107 employees responsible for calculating and collecting fees, lease payments, rents, municipal charges and the cultural heritage levy on behalf and for the account of the City of Zagreb; calculating and collecting water management charges; and collecting receivables of the Čistoća subsidiary and the VIO subsidiary. These charges are consolidated for users through a single payment order (JUP).

As part of the transfer, the employment contracts of the employees concerned were also transferred to the Company, with no change to their employment, economic or social status.

During this first year following the transfer of the business unit, the focus is on stabilising the organisation and work processes assumed from the transferred business unit. In subsequent phases, further centralisation and standardisation of processes is expected, together with their technological enhancement and further organisational and process adjustments, with the aim of increasing efficiency and developing proactive receivables management at the ZGH level.

Municipal infrastructure

New utility bases

In the coming period, the construction of a new central municipal operations base is planned, which will consolidate the Groups's operational functions at a single location and improve the efficiency of municipal service delivery. The project includes the construction of modern, energy-efficient infrastructure with integrated renewable energy sources, thereby contributing to the reduction of greenhouse gas emissions through increased energy efficiency.

The planned solution comprises modern and functional infrastructure that will support various activities within the system, from logistics and fleet management to technical and administrative services.

At the beginning of the year, ZGH and the European Investment Bank (EIB) entered into a consultancy agreement under which the EIB provides expert support to ZGH in developing sustainable, climate-neutral and financially viable investment projects. Following this agreement, during the first half of 2026 the EIB commissioned advisory services for the development of the conceptual design of the central operations base from a consortium of tenderers, which commenced its analysis of the relevant data. The advisory cooperation between ZGH and the EIB under the *InvestEU Advisory Hub* programme is the result of the City of Zagreb being awarded the European Union Mission Label for a climate-neutral and smart city, positioning Zagreb among Europe's climate-neutral cities, with ZGH acting as a key operational and investment platform for achieving the objectives of the mission to reach climate neutrality.

Mechanization / fleet

In the investment period 2024-2026, the Group is implementing a **municipal infrastructure renewal** project aimed at modernising equipment and machinery for waste management, road maintenance and landscaping. The objective of the project is to increase the efficiency and quality of municipal services, improve urban infrastructure and reduce greenhouse gas emissions through the use of more energy-efficient and environmentally friendly vehicles, machinery and equipment. The modernisation will also enable more efficient waste management, higher-quality maintenance of transport infrastructure and further improvement of green areas in the city.

During the first half of 2026, procurement procedures were carried out for delivery and heavy-duty vehicles, as well as for machinery and equipment.

Digitalization and information security

Information security

During the first half of the year, the Company adopted a number of internal acts governing in greater detail the implementation of cybersecurity requirements and measures, with the aim of ensuring compliance with the *Cybersecurity Act* (Official Gazette No. 14/2024).

In accordance with the plan, an internal cybersecurity audit and a self-assessment were conducted based on the guidelines set out in the regulatory self-assessment calculator.

During the first half of 2026, a public procurement process was initiated for the provision of services for conducting a GAP analysis of the Company's compliance with cybersecurity regulations and establishing a security operations centre. The procurement procedure for the Security Operations Centre was also initiated at GPZ.

Certain entities within the ZGH Group use the Company's information and communications infrastructure, including the subsidiaries GPZ-O, VIO and GSKG. Pursuant to the Decision **on the Centralised Provision of Information and Cybersecurity Measures within the ZGH Group**, these entities are required to comply with the internal acts, policies, rules, procedures and instructions of ZGH governing information and cybersecurity.

An LMS platform was implemented in the Company's business system, through which a phishing campaign was successfully conducted, followed by employee training using interactive materials and a quiz with randomly selected questions.

In addition, cooperation was established with the Faculty of Electrical Engineering and Computing (FER) for the future delivery of cybersecurity training.

Development of the LoRaWAN communication network

The development of the LoRaWAN communication network will enable the cost-effective and efficient delivery of numerous municipal and city services, ranging from remote meter reading at consumer premises to the collection of various types of data for advanced traffic, parking, public lighting and waste management, as well as resource utilisation optimisation. Once established, the network will be used to improve services across the entire Group and the City of Zagreb.

During the first half of 2026, the installation of LoRaWAN gateways began in the City of Zagreb, together with the establishment of a comprehensive LoRaWAN network that will form the basis of the smart City of Zagreb. The first three key applications will be public lighting management and remote reading of water and gas meters.

Čistoća subsidiary

The primary business activities of the Čistoća subsidiary during the first half of 2026 were focused on increasing the efficiency of municipal waste collection and optimising operational processes in its other activities. These activities were carried out in the context of an increase in the number of household and business customers, as well as an increase in the total volume of municipal waste collected.

By continuously optimising its work programmes, primarily in waste collection, the subsidiary carries out its activities using established technologies based on underground waste containers and digital tools for creating optimal routes for specialised vehicles. A digital work order system has also been implemented to improve the efficiency of waste collection, primarily from business customers.

The **project for the construction and installation of underground and semi-underground waste containers** continued in order to provide the infrastructure required to increase the separately collected share of municipal waste, thereby achieving statutory targets and reducing visual pollution of public areas. By the end of the first half of 2026, a total of 275 underground containers had been installed and put into operation at 66 locations in the historic city centre of Zagreb, as well as 453 semi-underground containers at 151 locations across 12 city districts outside the historic city centre. The containers are intended to replace outdated standardised containers for the separate collection of dry fractions of municipal waste (paper, cardboard, plastic, metal and glass packaging) that are unsuitable in terms of capacity and location on public areas.

In addition, in accordance with the plan, the implementation of an **access control and usage recording system for underground and semi-underground waste containers** began in the first quarter of 2026. The system provides for containers to be unlocked either using the user's physical access card or a virtual key via a mobile application. To date, such locks have been installed on underground containers at 18 locations.

Activities under the investment cycle for the modernisation of machinery and the vehicle fleet continued during the first half of 2026, as the subsidiary is included in the investment plan for which the Company is pursuing long-term financing through a "green loan". A procurement procedure was conducted for delivery and heavy-duty vehicles.

During the first half of 2026, 2,952.28 tonnes of construction waste generated from post-earthquake reconstruction were received at the **Resnik temporary construction material storage facility**, representing 49% of the volume recorded in the comparable period of the previous year. At the same time, the contribution to the circular economy is reflected in the fact that 108.64% more of the received and stored material was processed, of which 10.5% less material was released for reuse, while the quantity of residual waste handed over to authorised recovery operators was 85% lower than in the same period of the previous year. Project activities for the establishment of a construction waste recycling centre at the same location also continued.

We also note a **positive trend with regard to separately collected bulky waste**. The quantity of bulky waste collected increased by 9.91% in the first half of 2026 compared with the previous comparable period. In the first half of 2026, citizens submitted almost 40% more requests for the collection of bulky waste from customers' metering points than in the same period of 2025.

Following the successful remediation of the landslide and slope failure during 2025, activities aimed at further increasing the **long-term safety and stability of the Jakuševec landfill** continued in the first half of 2026. Additional works were carried out to improve the leachate drainage and landfill gas extraction systems, continuous geotechnical monitoring was performed, and new safety protocols introduced following the 2023 landslide continued to be implemented.

The works carried out significantly increased the stability of the landfill and created the conditions for the continuation of further remediation activities, including further improvements to the landfill gas extraction and drainage systems and monitoring. For monitoring purposes, a Programme for Systematic Observation of the Presence of Leachate at the Jakuševec Landfill was prepared, together with a general observation programme.

Further planned activities include, but are not limited to: asphalt rehabilitation on part of the northern access road; installation of new lighting poles in the composting facility area in the northern part of the landfill; continued installation of geogrids along the landfill perimeter on the slopes of sections 6/2 and 6/3; construction of an additional drainage and landfill gas extraction system, both vertical and horizontal; installation of additional inclinometers and piezometers and their inclusion in the monitoring system; and other routine works.

All of the activities described above are aimed at further reducing environmental and operational risks and ensuring the safe and reliable operation of the waste management system until the establishment of the Zagreb Waste Management Centre.

Zagrebačke ceste subsidiary

In 2026, the Zagrebačke ceste subsidiary focused on the maintenance and renewal of transport infrastructure, improving road safety and upgrading municipal infrastructure, activities which the subsidiary carries out continuously in coordination with the City Office for Local Self-Government, Transport, Municipal Affairs, Civil Protection and Security.

Under the Programme for the Asphalt Paving of First-Order Unclassified Roads, 11 streets across the city were upgraded in the first half of 2026, with more than 70,000 m^2 of carriageway surface paved in total. Under the Programme for the Improvement of Municipal Infrastructure, 59 streets were upgraded, with a total of 40,149 m^2 of carriageways and pavements being paved or otherwise improved. In the first half of 2026, total **production of asphalt mixtures** by the Zagrebačke ceste subsidiary amounted to 42,912.62 tonnes, representing a 7% increase compared with the same period of the previous year. The asphalt was used for regular maintenance and other municipal activities of the subsidiary, including the municipal activities programme (47 locations), the programme of small municipal works of local committees (12 locations) and emergency interventions (4 locations).

The **reorganisation of the road-cut reinstatement process**, which began in 2025, was intensified at the beginning of 2026 with the aim of shortening response times for reinstatement works. For this purpose, four specialised road-cut reinstatement teams were established. The results of the reorganisation are already evident, and a further reduction in the number of unrepaired road cuts is expected while maintaining a high weekly rate of reinstatement. Since the beginning of the year, the number of unrepaired road cuts has decreased by more than 60%, while the average number of road cuts reinstated each week is approximately 100.

In cooperation with the City of Zagreb, a **digital system for managing temporary traffic regulation (eRegulacija)** was put into operation in the first half of 2026, significantly improving the digitalisation and transparency of procedures related to temporary traffic regulation. The system enables electronic submission of applications through the e-Citizens portal (NIAS), issuance of decisions and record-keeping, thereby simplifying the process for citizens and businesses without the need to visit the competent authorities in person. At the same time, the system is connected to leading digital navigation platforms, so information on closed roads and alternative traffic routes is automatically displayed in real time, thereby improving traffic flow and the quality of information provided to citizens.

During 2026, further improvements were made to the **digital system for monitoring work performance and calculating Winter Service activities**. he existing Zimska 1.0 application, following its migration from the previous system at the end of 2025, is in production. At the same time, a new Zimska 2.0 application is being developed, representing a technologically and functionally enhanced solution for monitoring Winter Service activities. The application is in the final testing phase, which will be completed before the start of the 2026 winter season. The system enables monitoring of the completion of work tasks by location, team and degree of completion, supported by a map-based display of activities and detailed time records, thereby further improving operational monitoring, resource management and transparency in the performance of Winter Service activities.

The Zagrebačke ceste subsidiary operates the **Construction Waste Recycling Facility (RGO)** at Tišinska cesta, where construction waste is processed into recycled materials for the construction and maintenance of roads and other public areas. With the aim of increasing the capacity and efficiency of construction waste recovery, as part of a project co-financed under the "Investment in Efficient Use of Resources and Support for the Transition to a Circular Economy" call, the upgrading of the facility was completed during the first quarter of 2026 through the installation of three new recycling modules.

The modernisation of the facility increased the flexibility and efficiency of construction waste processing and created the conditions for greater reuse of recycled materials, reducing the quantities of waste sent to landfill and further strengthening the principles of the circular economy in the Groups's operations. The total value of the project amounts to EUR 2,498,600, of which EUR 1,000,000 (40%) was provided through grants from the Ministry of Environmental Protection and Green Transition.

Zrinjevac subsidiary

The Zrinjevac subsidiary continued its activities relating to the maintenance and improvement of public green areas and the enhancement of the city's horticultural landscaping standards. Particular emphasis was placed on sustainability, biodiversity conservation and adaptation to climate change.

Despite the extraordinary circumstances caused by the severe storm in March 2026, the Zrinjevac subsidiary maintained the planned schedule for green area maintenance and, by the end of the first half of the year, completed four mowing cycles, in line with the previous year.

Furthermore, in April 2026, the horticultural landscaping project for **Središće Park** was launched on an area of 4,250 m^2. The project includes landscaping 2,550 m^2 of green areas through planting, the construction of paths with rest areas, and the installation of various urban amenities. By the end of the first half of 2026, all horticultural and technical preparatory works had been completed in preparation for planting, which will be carried out in the autumn once favourable climatic conditions are in place.

In May 2026, the **greening project for the Gredelj complex** was launched. The project will create a 55,000 m^2 grassed area, representing a new green oasis in the wider city centre. By the end of June 2026, all preparatory works for establishing the future lawn had been completed, and project implementation is planned for September 2026.

In addition, during the first half of the year, a project to establish and plant **wildflower meadows** as corridors for wild pollinators was implemented at 29 locations across the city, covering more than 20,000 m^2. The project was designed to increase biodiversity, preserve and improve green areas and thereby enhance the quality of life in the urban environment. The project also has an educational component, with 85 information boards installed providing information on the plant species planted, with the aim of raising public awareness of the importance of planting biodiversity and wild pollinators in urban areas.

As part of the **greening of the City of Zagreb** and during the 2025/2026 planting season, more than 7,800 trees had been planted by April 2026. During this season, planting was further adapted to the needs of individual city districts and citizens' initiatives, with trees planted in school and kindergarten courtyards, around health centres, along major roads and in parks. In addition to reducing temperatures during urban heatwaves, trees are important for climate adaptation and biodiversity, and increasing their number makes the City of Zagreb a more pleasant place for its citizens.

From 14 to 18 May, the **60th International Garden Exhibition Floraart** was held in Bundek Park under the theme "Water – Source of Life". Floraart's programme included 34 floral installations, a professional competition in floristry techniques, educational workshops, children's performances, numerous professional lectures and a special sales programme. The 60th anniversary of the exhibition was marked by the publication of the monograph Sixty Years in Bloom – The History of Floraart and the production of a short documentary film about the history of the exhibition. Once again this year, the event attracted several hundred thousand visitors.

Tržnice Zagreb subsidiary

The activities of the Tržnice Zagreb subsidiary are aimed at improving the offer and quality of services in city markets. During the current period, particular focus is being placed on modernising infrastructure and increasing its attractiveness to tenants and users.

In the first half of 2026, key activities included:

- **Modernization of the Trešnjevka market**, under which the refurbishment of metal structures and replacement of awnings in the market area are currently under way, while the following projects have been completed: replacement of canopies in the southern section of the market, refurbishment of the eastern plaza, and construction of a standardised waste-sorting storage facility in accordance with HACCP standards.
- **Reconstruction of Utrina Market** – reconstruction idocumentation for the roof and flooring was prepared. In addition, an analysis and structural assessment were carried out, and the remediation of the steel and reinforced-concrete structures was incorporated into the Main Design. A public procurement procedure was conducted for carrying out investigative works and preparing an assessment of the existing condition. The next steps include an analysis of options for rehabilitating the perimeter section of the underside of the roof, redesigning the project for phased execution, and coordinating the phasing of works with the Landscape and External Area Design Project, after which responsibility for the reconstruction project will be assumed by the City of Zagreb, with funding provided from the city budget.

- Following the preparation of the assessment of the existing condition, including a proposed strengthening plan, a procedure was initiated for the preparation of the Main Design for the comprehensive refurbishment of the **Dolac Market**.
- Following completion of the project documentation in 2025, activities continued in 2026 in connection with the **Vrapče Market reconstruction project**, with the aim of refurbishing the premises for tenants and improving the level of service provided by the market. The completion of the reconstruction is planned for the first quarter of 2027.

In addition, numerous marketing activities are being carried out continuously to raise consumer awareness of the quality of locally produced goods offered at Zagreb's markets. Accordingly, this year, as part of the "Certified Farmers' Market" project implemented by the City of Zagreb in cooperation with the ZGH Tržnice Zagreb subsidiary and the Croatian Association of Farmers' Markets, family farms were awarded the "Croatian Farmer's Products" certificate. A little over 100 certificates were awarded, which is also the largest number so far. The certificate provides assurance that consumers are purchasing locally produced goods directly from the producer. The Organic Market project at Jarun Market also continued.

Furthermore, the number of events held outside the markets increased through existing and new partnerships and various cultural and gastronomic events, including Place Market at Kvatrić Market, Food Truck Festival at Britanski trg Market, Art Plac at Splavnica, Špica Plac at Trešnjevka Market, Stari Plac Festival at Dubrava Market, Kultura naše Pešće at Volovčica Market, Štampar u tvom kvartu, Plac Mljac at Trešnjevka Market, and Kino na placu at Trešnjevka Market.

Zagrebparking subsidiary

During the first half of 2026, the Zagrebparking subsidiary continued to modernise and improve its services across three key business areas, with the aim of increasing efficiency, service quality and process digitalisation. The acquisition of a further six **new tow trucks** further strengthened its operational capacity to remove improperly stopped and parked vehicles, thereby contributing to more effective management of stationary traffic.

Klaićeva Garage

The new garage in Klaićeva Street, with a capacity of 860 parking spaces, is a project aimed at relieving on-street public parking in the centre of Zagreb and improving urban mobility.

The planned construction period is 18 months, with construction scheduled to begin in the second quarter of 2027. The project involves the construction of an underground public garage on the site of a secondary school sports ground bounded by Savska, Kačićeva, Klaićeva and Kršnjavoga streets. Construction is planned on land designated for sports and recreation, with a total area of 22,262 m^2. The land is owned by the City of Zagreb, while the planned investor is ZGH, Zagrebparking subsidiary. In order for ZGH to acquire investor status on the newly formed plot, the conclusion of an Agreement on the Transfer of the Right of Construction between the City of Zagreb and ZGH is expected during the third quarter of 2026.

The building permit for the construction of the public garage was issued on 3 April, and became final on 23 April 2026. Market research activities have also been initiated as part of the procurement procedure for the construction contractor. The market research is being conducted through the European Bank for Reconstruction and Development's Client e-Procurement Portal (ECEPP). The project is divided into three stages, as follows:

1. Construction of the underground public garage and associated above-ground structures (two covered vehicular and pedestrian entrances and three covered emergency staircases) – investor: ZGH;
2. Construction of the sports ground (sports facility), including public lighting – investor: City of Zagreb;
3. Installation of equipment in the transformer substation and construction of the medium-voltage (MV) cable – owner: HEP.

Paromlin Garage

The revitalisation project for the former Paromlin industrial complex is currently under way. The project comprises the refurbishment of four historic buildings, construction of two new buildings, a new City Library and a community and cultural centre, as well as an underground public garage with 330 parking spaces. The City of Zagreb is the project investor and is co-financing the project through grants under the *Integrated Territorial Programme 2021–2027.* Completion of the project is planned by the end of 2026.

In order to ensure the timely opening of the public garage, the City of Zagreb authorised the Zagrebparking subsidiary to conduct the procurement procedures and all preparatory activities necessary for its equipping and commissioning. The procurement of a modern garage management system is under way, including automated parking control and payment, recording of entries and exits, licence plate recognition, and integration with the ZGPARK application and m-parking service. Following completion of construction and obtaining the occupancy permit, the Paromlin public garage will become part of the City of Zagreb's public garage system, while its operation will be managed by the Zagrebparking subsidiary pursuant to an agreement with the City of Zagreb.

Gradska groblja subsidiary

The Gradska groblja subsidiary carried out activities focused on sustainability, modernisation of its vehicle fleet and the restoration of cultural heritage. In this context, a project for the **procurement of eight alternative-fuel vehicles**, with a total value of EUR 128,896, was submitted under the Public call for the purchase of new alternative-fuel vehicles (EnU-4/25) issued by the Environmental Protection and Energy Efficiency Fund. The vehicles were delivered in the first half of 2026.

At the same time, extensive **cultural heritage restoration projects at Mirogoj Cemetery** continued. The renovation works on the mortuary building were completed and financed through the EU Solidarity Fund, the National Recovery and Resilience Plan and national funding, in a total amount of EUR 3,855,661.19. These works did not include the restoration of the façade, roof and surrounding grounds of the mortuary building, for which activities to prepare the design and technical documentation were initiated in the first half of 2026.

With the aim of ensuring additional gravesites and continuity in the provision of municipal services, the implementation of the project for developing new burial plots **at Miroševac Cemetery** continued. The project includes the construction of three burial fields with a total of 357 gravesites and 34 urn niches, as well as the development of access paths, green areas and related infrastructure. Completion of the works is planned for the third quarter of 2026, with funding of EUR 1,000,000 provided in the City of Zagreb budget. The fencing of Miroševac Cemetery within its existing boundaries is also in the design phase, with the provision of new gravesites through columbarium niches and conventional ground burials.

The project for the expansion of Markovo polje Cemetery is also under way and will be implemented and financed from the City of Zagreb budget.

Vladimir Nazor subsidiary

In 2026, in addition to its regular operations, the subsidiary placed particular focus on investments in infrastructure improvements, including:

- reconstruction of the restaurant building, replacement of joinery in the accommodation pavilions and replacement of the domestic hot water preparation system at Hostel Stoimena in Crikvenica, with completion of the works expected by November this year;
- sanitary facility works at Hostel Zlatokrila on Veli Lošinj, completed at the beginning of the second quarter of 2026;
- extensive works at Veli Jože Camp in Savudrija aimed at its reclassification, expected in September 2026, including the improvement of camp areas, the restaurant terrace, sanitary facilities, infrastructure and ancillary facilities, which are also in the final stages; and
- works on the construction of sewer connections for the Snježna kraljica Apartment House, which have been completed, and for Hotel Tomislavov dom, with completion expected during the third quarter of this year.

Grad mladih Granešina

Grad mladih in Dubrava is a protected cultural and historical complex and a unique educational, sports and recreational facility intended for children and young people. Recognising its cultural and social value, the City of Zagreb initiated a comprehensive renovation project. During 2025, the preparation of project documentation for the renovation of earthquake-damaged buildings and the reconstruction of the infrastructure network was contracted. The project documentation has been completed, and the process of obtaining the necessary approvals to launch the tender for the comprehensive renovation works is under way.

During the first half of 2026, the detailed design for the installation of new infrastructure at Grad mladih (water supply, drainage, telecommunications infrastructure, low-voltage network and public lighting) was prepared and submitted for the issuance of a building permit.

At the end of 2025, the project documentation for the comprehensive renovation of the School building at Grad mladih was completed. The public procurement procedure for the execution of the works will follow, with the works expected to commence in early 2027 and to last for a total of 13 months.

At Grad mladih, Phase 2 of the renovation of the children's playground is being carried out in accordance with conservation requirements, with completion of the playground renovation expected by the end of September this year.

Autobusni kolodvor subsidiary

Following the investments made in the previous period and the analyses and inspections carried out to define the further direction of investment, the planned activities and further works at the bus terminal facility are continuing during the current year.

Rehabilitation of steel structures (Phase I and Phase II)

Following an analysis of the existing condition and stability assessments of the steel structure of the Bus Terminal facility (commissioned in May 2025), the extent of the damage was determined and recommendations for rehabilitation were defined and divided into three levels of urgency: immediate measures, works to be completed within one year, and works to be completed within five years.

Based on the expert recommendations, a decision was made to implement the works in phases: Phase I: Implementation of urgent and indispensable works, Phase II: Implementation of the remaining necessary works within the prescribed timeframes.

Phase I works commenced in April 2026 and are expected to be completed in July 2026. This phase includes two key units: the rehabilitation of steel cables and the rehabilitation of canopy concrete.

Phase II works are planned for the first quarter of 2027 and relate to the protection of all steel elements located on the facility, as well as the essential works required for the application of protective coatings to the steel structure and steel columns. The project will also include the rehabilitation of the suspended ceiling inside the facility.

Installation of automatic barriers for sanitary facilities

In June 2026, an agreement was signed for the procurement and installation of a new payment system with automatic access control. The existing payment system has reached the end of its economic and technical useful life and requires replacement. The new automatic barriers will enable reliable access control to the sanitary facilities, automated payment for use (cash/contactless payment), easy maintenance and the availability of servicing support.

The investment comprises payment barriers, pedestrian barriers, an automated payment terminal, parameter configuration services, operator training, electrical installation works and construction works. Completion of the procurement and installation of the new system is planned for August 2026.

AGM subsidiary

The core of AGM's operations is its publishing activity, encompassing around twenty specialised book series. During the first half of 2026, two new books were published with a total print run of 1,450 copies, along with one reprint of 500 copies. The remaining books are at various stages of production, ranging from translation to printing. Finalisation of the *Životinjsko carstvo* monograph is under way, as is obtaining consent from Kraš d.d. for its publication.

VIO

In accordance with its Quality Policy, during the first half of 2026, VIO continued activities aimed at ensuring a reliable and continuous water supply and developing and modernising the water supply and wastewater systems in the City of Zagreb and part of Zagreb County. Priorities included expanding municipal infrastructure, implementing the "Zagreb Project", preparing an Action Plan for reducing water losses, more efficient management of water and energy resources, including the use of

renewable energy sources, continuing the implementation of the remote water meter reading system, and further improving service quality and customer relations.

VIO continues to implement activities and work on the **strategic Zagreb Project** in cooperation with the City of Zagreb, as detailed in the section *Improved Water Management.*

Following the integration of water service providers in Service Area 11 in accordance with the *Regulation on Service Areas* (Official Gazette No. 70/23), VIO became the provider of public water supply and wastewater services for the areas of the cities of Zagreb, Samobor, Sveta Nedelja and Jastrebarsko and the municipalities of Stupnik, Klinča Sela and Žumberak. During 2025, two new business units were established within VIO's organisational structure: the Samobor Business Unit and the Jastrebarsko Business Unit, in order to ensure continuity of service provision across the entire area. In April 2026, a new Articles of Association Agreement was signed, regulating in detail the scope of operations under the responsibility of the subsidiaries in the process of establishment: the Samobor subsidiary and the Jastrebarsko subsidiary.

As part of projects co-financed under the Recovery and Resilience Facility (National Recovery and Resilience Plan 2021–2026):

- On 6 September 2024, a Grant Agreement was signed for the project "Construction and Reconstruction of the Public Water Supply System in the City of Zagreb and Zagreb County". The total value of the project amounts to EUR 19,234,019.45, while the maximum grant contribution amounts to EUR 12.31 million. To date, a request for the disbursement of part of the grant funding has been submitted and is awaiting approval. An extension of the deadline for requesting the remaining undisbursed portion of the grant funding has been approved until 31 August 2026;
- In 2025, following the merger of Vode Jastrebarsko, VIO assumed responsibility for implementing the project "Reconstruction and Extension of Municipal Water Infrastructure of the Jastrebarsko Agglomeration". In March this year, a request was submitted to increase the amount under the Grant Agreement in line with the project value, bringing the total project value to EUR 5,507,185.69, while the maximum grant contribution will amount to EUR 3 million, with a new deadline of 31 December 2026. The remaining amount of eligible project costs, totalling EUR 752,615.01, is to be shared equally between Hrvatske vode and VIO.

Water management plan for 2026

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

1. Agreement on the Co-financing of the Construction of Water Infrastructure in the Zagreb Agglomeration, in the total amount of EUR 803,350.00, with Hrvatske vode financing 80% and VIO 20%.
2. Agreement on the Co-financing of the Construction of Water Infrastructure in the Samobor Agglomeration, in the total amount of EUR 125,000.00, with Hrvatske vode financing 80% and VIO 20%.
3. Agreement on the Co-financing of the Water Supply System Loss Reduction Programme in the Republic of Croatia in the area covered by the Zagreb Water Supply System operated by Vodoopskrba i odvodnja, in the total amount of EUR 250,000.00, with Hrvatske vode financing 80% and VIO 20%.
4. Agreement on the Co-financing of the Construction of Water Infrastructure in the Vodoopskrba i odvodnja Zagreb Service Area, in the total amount of EUR 250,000.00, with Hrvatske vode financing 80% and VIO 20%. On 28 November 2025, the First Amendment to the Agreement was also concluded, and funding in the amount of EUR 112,393.00 (the amount financed by Hrvatske vode) was drawn.
5. Agreement on the Co-financing of the Construction of Water Infrastructure in the Zagreb Water Supply Zone – Water Exploration Works, in the total amount of EUR 125,000.00, with Hrvatske vode financing 80% and VIO 20%.
6. Agreement on the Co-financing of the Construction of Water Infrastructure in the Klinča Sela Water Supply System, in the total amount of EUR 125,000.00, with Hrvatske vode financing 80% and VIO 20%. The contracted funds have been drawn.
7. Agreement on the Co-financing of Project Documentation for the Jastrebarsko Water Supply System, in the total amount of EUR 12,500.00, with Hrvatske vode financing 80% and VIO 20%.

GSKG

During the first half of 2026, the operational activities of GSKG were characterised by the continued implementation of the provisions of the new *Act on the Management and Maintenance of Buildings* (Official Gazette No. 152/24), as well as changes to the Company's organisational and business structure.

The new *Act on the Management and Maintenance of Buildings (Official Gazette No. 152/24)* introduced extensive organisational, administrative and operational changes in the management of residential buildings. During the reporting period, the Company aligned management agreements and co-ownership agreements with the new statutory provisions, registered co-owners' communities in the Register of Co-owners' Communities and the Register of Building Managers, and obtained tax identification numbers (OIBs) for co-owners' communities that acquired legal entity status under the new legal framework. At the same time, preparations commenced for the implementation of co-financing programmes for the installation of lifts, accessibility improvements and façade renovation, while the appointment of compulsory representatives for buildings that did not have them was successfully completed. Due to the scope of the new statutory obligations, the Company further strengthened its administrative capacities to ensure the timely and efficient implementation of all prescribed activities.

Furthermore, in line with the strategic focus on its core business – building management and maintenance and related activities – the transfer of the organisational unit responsible for fee collection, which was transferred to the Company, was successfully completed as of 1 February 2026. This activity is described in more detail in the section *Responsible Financial Management*.

During 2026, in addition to its regular management of residential and commercial buildings, GSKG continued **activities related to energy renovation** and the coordination of the renovation of buildings damaged in the 2020 earthquake. As at 30 June 2026, decisions on renovation and the allocation of financial assistance had been adopted for 468 buildings, while procedures for the remaining applications were still under way. In terms of the implementation of renovation works, by June 2026 a total of 87 work coordination projects had been contracted, 43 construction sites had been opened and 21 had been completed, while the remaining projects were in the active construction phase. GSKG's activities continue to make a significant contribution to the renovation of the housing stock, improving building safety and enhancing the quality of housing in Zagreb and the surrounding area.

GSKG also actively participates in programmes of the Ministry of Physical Planning, Construction and State Assets for façade renovation, as well as the installation of lifts and accessibility improvements in existing buildings.

GPZ-O

The first half of 2026 in the gas supply business was characterised by the continued regulatory impact on gas prices for households, a reduction in government subsidies, an increase in regulated distribution costs, the announced amendments to the *Gas Market Act* (Official Gazette Nos. 18/18 and 23/20), and outstanding issues relating to the future public service model and EU ETS2.

In the household segment, the impact of government measures and the regulatory framework remained significant. In the January–June 2026 period, compared with the same period of 2025, the cost of gas procurement for households in the GPZ distribution area decreased from EUR 0.0469/kWh to EUR 0.0449/kWh. At the same time, the **gas subsidy decreased** from EUR 0.0072/kWh to EUR 0.0027/kWh, while the distribution cost for TM2 increased from EUR 0.0055/kWh to EUR 0.0075/kWh. This shows that, although the cost of gas procurement decreased, the end-user gas price did not decrease, as the government subsidy for gas prices was reduced at the same time as the regulated distribution cost increased.

Pursuant to a decision of HERA's Governing Council in May 2024, gas suppliers subject to the public service obligation were designated for 27 distribution areas for the period from 1 October 2024 to 30 September 2027. Međimurje-plin was selected as the supplier subject to the public service obligation for the distribution area of the City of Zagreb.

The **current public gas supply service model for households expires on 30 September 2027**, and it is still unknown whether it will be extended, amended or replaced by a fully market-based pricing model. The future regulatory framework represents one of the key strategic factors affecting the operations of GPZ-O, as it will directly influence its market position, ability to retain customers, price levels, profitability and future business plans.

During the first half of 2026, the **settlement of claims for compensation for the difference in gas prices** from the Ministry

of Economy continued in accordance with the *Regulation on Eliminating Disruptions in the Domestic Energy Market*. As at 30 June 2026, GPZ-O had received and collected compensation for the difference in gas prices in respect of four claims for which decisions had been issued by the Ministry of Economy. In respect of the remaining two claims, GPZ-O had not received decisions from the competent Ministry as at the date of preparation of this report.

Pursuant to the provisions of *Directive (EU) 2023/959 amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system, and the Climate Change and Ozone Layer Protection Act* (Official Gazette No. 67/25), GPZ-O is a **regulated entity under the EU ETS2[3] system**, as it places fossil fuels intended for building heating and road transport on the market. EU ETS2 covers regulated entities that release fuels for consumption, rather than end consumers. Under the current European framework, operational implementation of the EU ETS2 system is planned for 2028, and GPZ-O is undertaking activities to fulfil the prescribed obligations.

During the period under review, a **new CRM system** was successfully implemented as a central platform for managing customer communications. The system integrates communication channels, automatically records, categorises and assigns enquiries to the responsible teams, and enables their status to be tracked in real time. This has improved the efficiency of customer support, response times, internal coordination and the quality of communication with customers.

GPZ

In the first half of 2026, GPZ continued the implementation of the Gas Distribution System (PDS) Construction and Reconstruction Project in accordance with the Development Plan for the third regulatory period (2022–2026), approved by the Croatian Energy Regulatory Agency (HERA). At the same time, the Gas Distribution System Development Plan for the fourth regulatory period (2027–2031) was prepared, covering investments in the construction and reconstruction of the gas network.

Projects involving the reconstruction of high-pressure and low-pressure gas pipelines were completed (VTP Vrapčanska Putina and NTP I. G. Kovačića – Britanski trg – Radnički Dol, Phase II), works commenced on the reconstruction of low-pressure gas pipelines (NTP Donja Kustošija, Phase II, Sub-phase 3, and NTP Borongajska – Vukomerec, Phase II), and construction of the medium-pressure gas pipeline (STP Klin) commenced. A total of 760 metres of gas pipelines were constructed.

The implementation of **projects for the modernisation of monitoring and control of the GPZ gas distribution system (PDS GPZ)**, planned for the third regulatory period, also continued, with the aim of continuously improving the quality of PDS management and monitoring and ensuring safe and uninterrupted operation under all conditions.

To date, projects for the modernisation and commissioning of a new SCADA system for monitoring, data acquisition, measurement and control of the PDS have been successfully implemented, as well as projects for the modernisation of the monitoring and control systems at four existing block stations, which are now remotely monitored from the Distribution Centre.

At the same time, the Digital Radio Network programme is under implementation, significantly improving the system for transmitting data from remotely monitored facilities to the central monitoring and control centre at GPZ, with completion expected by the end of 2026. Also under implementation are the expansion of remote monitoring of the cathodic protection system for steel gas pipelines, enabling the detection of potential technical failures in the cathodic protection system and the timely initiation of maintenance activities; the construction of end-point facilities for the gas pressure and odorant concentration measurement and monitoring system (GPRS SCADA system), for which the procurement procedure for the contractor for Phase II of the project is under way; and the introduction of next-generation device technology into the PDS leak-tightness testing process, which significantly contributes to safety during gas system testing and to process modernisation. Phase IV of this project was completed during the first half of the year, while implementation of Phase V, the final phase, is planned for September 2026.

In addition, further projects related to information security management and the application of AI technologies have been initiated. At the beginning of 2026, a pilot project for the application of AI technologies was launched. In the first phase, a virtual assistant (BEA) was developed and tested as a fast and efficient communication channel for citizens and other interested parties in the GPZ distribution area.

3 EU ETS2 is the new European greenhouse gas emissions trading system, which, separately from the existing ETS, targets the buildings, road transport and small business sectors. The full launch of the system and the surrender of the first emission allowances are scheduled for 2028.

The introduction of an information security management system in accordance with ISO/IEC 27001 at GPZ and the classification of GPZ as a critical entity in the "Energy" sector, "Gas" subsector, pursuant to the *Cybersecurity Act* (Official Gazette No. 14/2024), resulted in requirements for a further increase in the level of cybersecurity of the SCADA systems used for continuous and uninterrupted monitoring of PDS operations in the provision of the essential service of gas distribution.

As the premises in which part of the SCADA system equipment is located are not adequate for ensuring a high level of cybersecurity, the **Project for Security Upgrades, Replacement of Part of the Equipment and Refurbishment of the SCADA System Premises for Monitoring and Control of the Gas System – Construction** was initiated in order to achieve the required high level of security. During the first half of 2026, market research was conducted with the aim of assessing realistic costs and preparing the design and technical documentation for the refurbishment of the existing premises and/or the construction or delivery of a new modular solution, in order to plan the funds required for the implementation of the selected solution.

Furthermore, GPZ's operations continued to be significantly affected by the regulatory and market environment during the first half of 2026. Inflationary pressures and rising input costs had an adverse effect on the implementation of the investment plan. Due to the inadequacy of the existing tariff items, in September 2024 GPZ requested an extraordinary tariff review, following which HERA adopted a **decision in September 2025 to increase tariff item** Ts1 by 33% for the period from 1 October to 31 December 2025 and by an additional 3% in 2026, thereby creating the conditions for stabilising operations and continuing the investment cycle.

Following a public consultation, HERA adopted and published on 17 April 2026 a new *Methodology for Determining the Amounts of Tariff Items for Gas Distribution* (Official Gazette No. 40/2026). Pursuant to Article 47 of the new Methodology, GPZ prepared a request for determining or changing the amounts of tariff items for gas distribution for the fourth regulatory period 2027–2031 and submitted it, together with the relevant documentation, to HERA for approval on 30 June 2026. HERA is required to publish the new tariff items at least ten days before the beginning of the regulatory period, i.e. by 21 December 2026.

Improved water management

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

The Zagreb Project, the largest strategic investment in the water supply and wastewater systems of the City of Zagreb, implemented by the ZGH Group member VIO, comprises the reconstruction and expansion of the water supply and wastewater networks and the upgrade of the Central Wastewater Treatment Plant to tertiary treatment by upgrading the sludge treatment line through the introduction of thermal hydrolysis and thermal drying processes. The objectives of the project are to increase the availability of the water supply and wastewater networks, improve the quality of wastewater treatment, reduce water losses, reduce the frequency of failures, and increase the efficiency and reliability of the water supply, wastewater collection and treatment systems. The Zagreb Project is a key element in achieving the Group's strategic objective of responsible water resource management, for which the key performance indicator has been set as a reduction in water losses.

In May 2025, the Government of the Republic of Croatia adopted the *Decision on the Financing Model for New Water and Wastewater Sector Projects under the Competitiveness and Cohesion Programme 2021–2027* and granted consent to the Ministry of Environmental Protection and Green Transition for the allocation of Cohesion Fund grants under the *Competitiveness and Cohesion Programme 2021–2027.* At the end of 2025, specifically on 16 December 2025, the "Zagreb Project" was submitted under the Call issued by the Ministry of Environmental Protection and Green Transition within the framework of the Competitiveness and Cohesion Programme 2021–2027. Following the submission, comments and recommendations for improving the project and reducing its scope were received from Hrvatske vode and the Ministry of Environmental Protection and Green Transition on 26 March 2026. Taking these guidelines into account, the study documentation and application package were updated, and the project was resubmitted on 15 June 2026.

According to the calculation of Cohesion Fund grants, out of the total investment cost of the Project for the Improvement of the Water and Wastewater Infrastructure of the Zagreb Agglomeration, amounting to EUR 410.30 million (eligible costs of EUR 397.36 million and ineligible costs of EUR 12.95 million), it was proposed that EUR 284.81 million (71.68% of total eligible costs) be provided through EU grants, while EUR 112.55 million (28.32% of total eligible costs) would be financed through national funding. The allocation of financing for the local component was made proportionally to the investments in the territories of the local self-government units.

According to the prepared implementation schedules, procurement procedures for the investments included in the EU-funded project are planned to commence in 2026, followed by the execution of works through to 2029. Publication of the call for co-financing, including the scope of co-financing, is expected in the second half of 2026, based on which the final scope of the project will be confirmed.

Details of the works and investments included in the Zagreb Project are available on the website https://www.vio.hr/vio-projekti/eu-projekt-zagreb/3102.

Renewable energy

The ZGH Group Solar Energy Programme sets an ambitious target of installing 25 MW of solar power plants by 2035. In cooperation with REGEA, VIO is developing a portfolio of 16 solar power plants of various capacities under the PVMax project, co-financed by EU and Croatian funds. Some of these plants are already operational (Bukovac and Oporovec), while the others are under construction or in the preparatory phase.

During the first half of 2026, the following activities were carried out:

- Construction of SE Folnegovićeva (500 kW) was completed in December 2025. The reconstruction of the transformer substation, which is under HEP's responsibility, has also been completed, and approval from HEP for commencement of trial operation is pending;
- Co-financing decisions were obtained for five solar power plants: SE Cerje (425 kW), SE Laščina (200 kW), SE Jačkovina (50 kW), SE Sokolovac (200 kW) and SE Zagorska (200 kW), under the FZOEU call of 30 April 2025 for co-financing the construction of solar power plants of public water service providers. Documentation to secure the funding is currently being prepared, followed by the signing of the respective agreements. The implementation period is 36 months from the date of signing the agreements;
- HEP submitted the EOTRP for SE Mala Mlaka (9,900 kW), which is planned to be constructed by the end of 2027. Documentation for amending the location permit is currently being prepared;
- An electricity transmission and distribution grid connection consent was obtained for SE Sašnak (7,000 kW). A public procurement procedure was conducted, and the decision on the selection of the most economically advantageous tenderer is currently being prepared.

At a later stage, the construction of the following solar power plants is also planned: Petruševec (1,000 kW), Strmec (5,000 kW) and Bregana (4,000 kW).

4 ANALYSIS OF THE GROUP'S OPERATIONS

FOR THE FIRST HALF OF 2026



4.1. Operating result

Description	1-6/2026 in EUR 000	1-12/2025 in EUR 000	Rate of change in %
Operating revenue	396,544	378,609	5%
Operating expenditure	(360,438)	(337,026)	7%
Financial income	5,225	4,108	27%
Financial expenditure	(13,011)	(16,063)	(19%)
Total revenue	**401,769**	**382,717**	**5%**
Total expenditure	**(373,449)**	**(353,089)**	**6%**
Profit before tax	**28,320**	**29,628**	
Tax revenue	139	-	
Profit for the period	**28,459**	**29,628**	**(4%)**
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified as profit or loss			
Profit from revaluation of real estate (net)	(8)	(729)	
Profit from valuation of available-for-sale financial assets (net)	(275)	(615)	
Tax on other comprehensive income	51	242	
Total comprehensive income for the period	**28,227**	**28,526**	
EBIT	*36,106*	*41,583*	*(13%)*
EBITDA	*68,291*	*72,323*	*(6%)*
Loss from financial activities	*(7,786)*	*(11,955)*	*(35%)*

4.2. Revenue

In the first half of 2026, operating revenues were realized in the amount of EUR 396.54 million and increased by EUR 17.94 million or 5% compared to the same period of the previous year.

Sales revenues amounted to EUR 326.99 million (1–6/2025: EUR 299.03 million), which represents an increase of EUR 27.96 million or 9% compared to the previous year. The most significant increase was recorded in the *water supply and wastewater management* segment, where revenue increased by EUR 12.19 million, primarily due to the change in the pricing structure for water services effective as of 1 March 2026, as well as higher volumes of water supplied and wastewater services provided as a result of an increase in the number of customers and a greater volume of services provided. In the *public road management and maintenance segment*, revenue increased by EUR 8.34 million, as a result of higher revenue from the regular maintenance and paving programme and the adjustment of prices to input costs. In the *pharmaceutical sales* segment, revenue increased by EUR 4.28 million due to higher demand for prescription medicines and other galenic products.

Other operating revenues amounted to EUR 69.55 million in the first half of 2026, representing a decrease of EUR 10.02 million compared with the same period of the previous year. The decrease was primarily attributable to the fact that,

following the entry into force of the new Water Services Price List, there was no longer a need to cover the operating costs of water services from the City of Zagreb Budget, whereas in 2025 coverage in the amount of EUR 11.00 million had been provided. This negative effect could not be fullyoffset by higher revenue from sales, as the new price has been applicable only since 1 March 2026. In addition, state subsidies for compensation for the difference in gas prices were lower, as in 2025 a subsidy of EUR 1.14 million was received pursuant to the Decision of the Croatian Energy Regulatory Agency on compensation for the difference in gas prices for losses for the period from 1 April 2024 to 31 March 2025. At the same time, higher coverage of the operating costs of the public service provided by the Čistoća subsidiary was realised from the City of Zagreb Budget, in an amount EUR 3.23 million higher, due to increases in personnel costs and material costs related to the public municipal waste collection service.

Financial income in the first half of 2026 was EUR 1.12 million higher, in line with higher interest income from term deposits held by VIO.

4.3. Expenditure

In the first half of 2026, operating expenditure amounted to EUR 360.44 million, representing an increase of EUR 23.41 million, or 7%, compared with the same period of the previous year.

Within operating expenditure, the most significant increase was recorded in personnel costs, which were EUR 16.87 million higher, primarily due to increases in the salary calculation base under the applicable Collective Agreements and a 3% increase in the average number of employees. The increase in the number of employees resulted from the strengthening of technical and operational capacities in the business areas comprising the largest components of the Company and the main providers of municipal services to the citizens of the City of Zagreb, particularly at the Zagrebačke ceste, Zrinjevac and Čistoća subsidiaries, as well as at VIO, primarily in the Samobor subsidiary.

Material costs and services increased by EUR 4.26 million, primarily due to higher costs of raw materials and consumables, increased energy costs, higher utility and fee costs related to the disposal of sludge generated from wastewater treatment, and higher subcontracting costs resulting from price increases and a greater volume of road works. At the same time, the cost of goods sold decreased due to lower gas deliveries in the business customer segment.

Other operating expenditure increased by EUR 3.46 million, primarily due to the recognition of an extraordinary item relating to the write-off of part of the receivables arising from four claims for compensation for the difference in gas prices of the subsidiary that were not recognised in accordance with the decisions issued (EUR 1.81 million), for which the Company obtained approval from the supplier. In addition, other operating expenditure increased due to higher Jakuševec landfill charges in accordance with the Regulation on the Unit Charge for Waste Disposal (EUR 1.1 million).

Impairment expenses decreased by EUR 2.62 million due to lower impairment of trade receivables of VIO and GPZ-O.

Financial expenses in the first half of 2026 were EUR 3.05 million lower, due to lower interest expenses following the refinancing of the club loan in 2025.

4.4. Statement of financial position

The following is a condensed presentation of assets, equity and liabilities as reported in the statement of financial position as at 30 June 2026, compared with the position as at 31 December 2025:

Description	30.06.2026. EUR 000	31.12.2025 EUR 000	Rate of change in %
Fixed assets	**1,983,706**	**2,003,471**	**(1%)**
Net working capital	**36,016**	**18,312**	**97%**
Inventories	25,831	22,793	13%
Receivables	231,930	382,309	(39%)
Liabilities	(221,745)	(386,790)	(43%)
Net debt	**(392,279)**	**(423,764)**	**(7%)**
Credits, loans, financial lease received	(239,878)	(253,064)	(5%)
Liabilities for issued bonds	(303,875)	(303,599)	0%
Cash and cash equivalents	151,474	132,899	14%
Financial assets	**9,386**	**4,231**	**122%**
Other non-current and current liabilities	**(887,842)**	**(880,501)**	**1%**
Net assets	**748,987**	**721,749**	**4%**
Subscribed capital	437,166	437,166	0%
Reserves	366,449	367,316	0%
Transferred loss	(63,413)	(91,677)	(31%)
Non-controlling shares	8,785	8,944	(2%)
Equity	**748,987**	**721,749**	**4%**

** The item "Loans, borrowings and finance lease" includes a finance lease liability relating to the Arena sports hall in the amount of EUR 57.60 million in 2026 (2025: EUR 61.57 million). At the same time, the same amount is recognised within "Non-current assets" as a receivable from the City of Zagreb and the Government of the Republic of Croatia.*

As at 30 June 2026, the Groups's total net assets amounted to EUR 748.99 million, representing an increase of EUR 27.24 million compared with 31 December 2025.

Non-current assets decreased by EUR 19.77 million, primarily due to a EUR 4.63 million decrease in property, plant and equipment, the reclassification of part of the financial assets to current assets in the amount of EUR 6.32 million, and a EUR 8.85 million decrease in non-current receivables. The decrease in non-current receivables primarily relates to lower receivables from the City of Zagreb under multi-year lease agreements for public-purpose facilities and lower receivables related to the financing of the lease of the Arena Zagreb sports facility.

Net working capital increased by EUR 17.70 million due to a EUR 150.10 million decrease in trade and other receivables, together with a EUR 165.05 million decrease in trade and other payables. The most significant decrease in receivables relates to GPZ-O, specifically receivables from the state and other institutions, which decreased from EUR 187.20 million to EUR 44.00 million as a result of the collection of receivables under four of the six claims submitted for compensation for the difference in gas prices pursuant to the Regulation on Eliminating Disruptions in the Domestic Energy Market. At the same time, the funds collected were used to settle liabilities to the gas supplier.

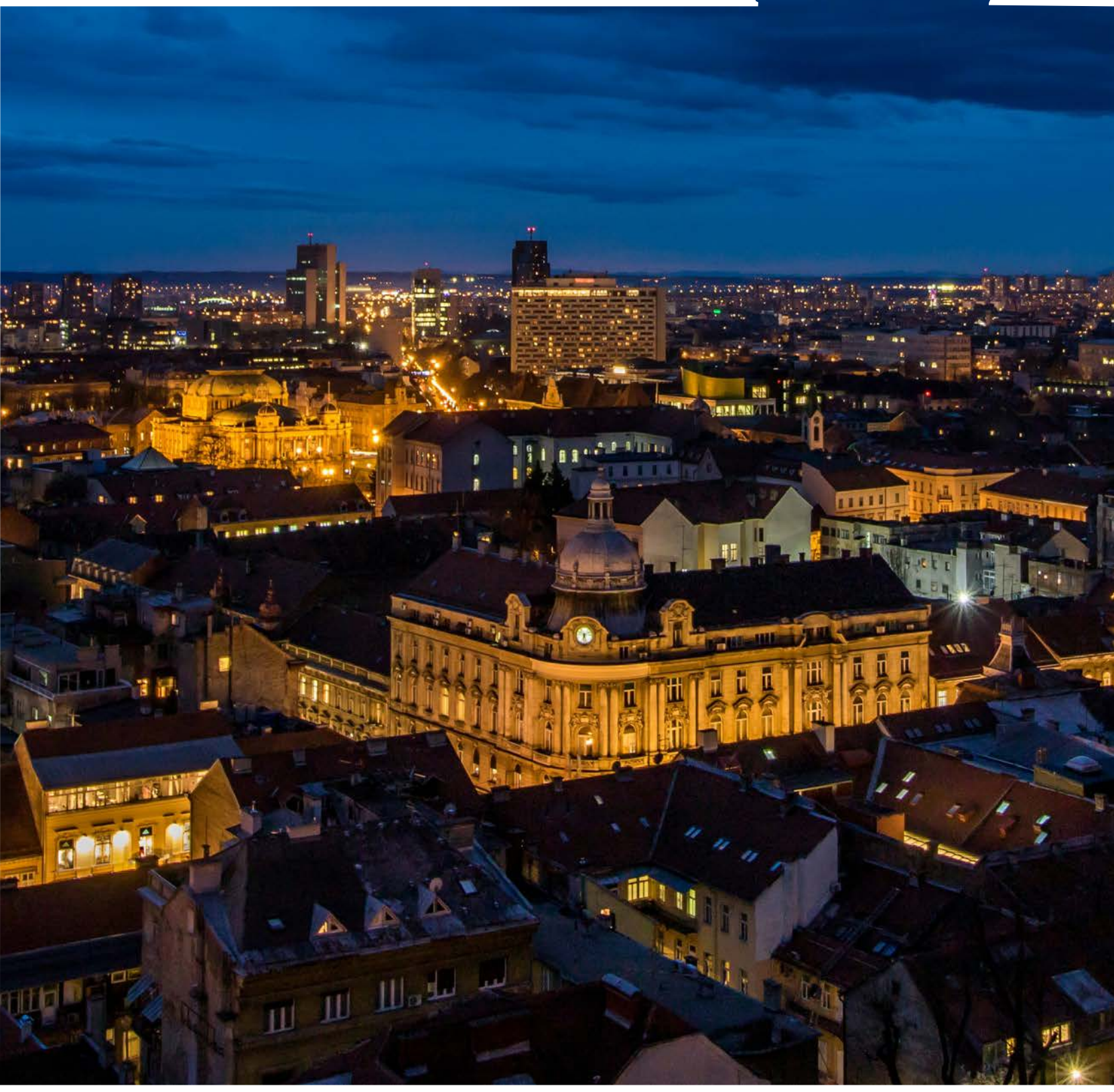
As at 30 June 2026, net debt amounted to EUR 392.28 million, representing a decrease of EUR 31.49 million compared with 31 December 2025, due to regular repayments of loan principal and finance lease liabilities and an increase in cash balances.

Other non-current and current liabilities increased by EUR 7.34 million due to deferred recognition of revenue, primarily relating to deferred revenue of VIO associated with the financing of non-current assets through grants and other sources.

Equity increased by the profit generated in the current period.

5 MOST SIGNIFICANT RISKS AND UNCERTAINTIES

TO WHICH THE ZAGREBAČKI HOLDING GROUP IS EXPOSED



During the first half of 2026, further efforts were made to enhance the maturity of the Company's risk management system by improving integrated risk management through project management, deepening process management from a quantitative perspective, and creating the prerequisites for implementing an integrated risk management system at Group level. Building on the critical areas identified in 2025, activities focused on operationalising risk management through a comprehensive cycle of risk identification, assessment and definition of control mechanisms in three key business areas:

- investment planning and oversight,
- real estate management and
- cybersecurity.

This directly addressed the operational efficiency of the investment cycle, identified as a key risk area, through specific proposed measures within the existing processes of the respective areas, without duplicating the responsibilities of relevant stakeholders. Emphasis was placed on a more detailed analysis of the causes and consequences of risks, more comprehensive risk assessment in accordance with potential foreseeable and unforeseen circumstances and events, and determining the impact on investment decisions and financial management. Furthermore, with the aim of maintaining business continuity and supporting the financing instruments in place, a comprehensive Environmental and Social Risk and Impact Management System was established for the first time, enabling integrated management of project-related risks. This not only fulfilled a formal prerequisite under the financing arrangements, but also systematically strengthened the resilience of the business model and significantly improved integrated risk management.

Climate change is increasing the frequency and intensity of extreme weather events, making it one of the more significant operational risks to the Groups's business. At the end of March 2026, Zagreb was hit by a severe storm with hurricane-force winds reaching 120.6 km/h, constituting an extreme weather event. The consequences included fallen trees, disrupted traffic, and damage to and safety risks affecting public areas, parking areas, garages and city cemeteries.

The rapid and coordinated response of the Zrinjevac, Zagrebačke ceste, Čistoća and Gradska groblja subsidiaries, as well as the VIO and GSKG subsidiaries, enabled the effective remediation of the consequences and ensured continuity in the provision of municipal services. This response was the result of improved operational procedures, clearly defined responsibilities and developed coordination mechanisms for emergency situations, which have been systematically strengthened in recent years through risk management and business resilience planning.

As part of activities aimed at increasing employee safety and reducing **occupational safety risks**, the Group continued to strengthen its occupational health and safety management system by improving preventive measures, employee training, work organisation and the application of safer work procedures. The effectiveness of the measures implemented is confirmed by the results achieved in the first half of 2026, when, compared with the same period of the previous year, the number of occupational injuries decreased by 20%, the number of serious injuries by 80%, and the number of lost working hours by 27%, with no fatal injuries or recorded occupational diseases.

In order to further strengthen the systematic management of occupational safety risks, activities to implement an occupational health and safety management system in accordance with the HRN EN ISO 45001 standard commenced during 2026. The introduction of this internationally recognised standard will further improve risk management, preventive activities, employee training and information, and contribute to the continuous improvement of occupational health and safety.

Cyber risks represent one of the key strategic risks to the Groups's operations, given the growing digitalisation of business processes, the development of information systems and increasingly stringent regulatory requirements in the area of cybersecurity. As an entity classified at the critical level under the *Cybersecurity Act* (Official Gazette No. 14/24), ZGH continued in 2026 to strengthen its cyber risk management system and align it with the national regulatory framework.

Activities focused on assessing the maturity of the cybersecurity management system, strengthening corporate governance in this area, and further standardising processes and responsibilities at Group level. Particular emphasis was placed on centralised management of information and cybersecurity, ensuring a consistent approach to risk management and the protection of information systems within the parent Company and subsidiaries using shared information and communications infrastructure.

In accordance with the plans for developing the management system, activities continued on the preparation of internal

policies and procedures, conducting a self-assessment of compliance with regulatory requirements, and establishing an information security management system in accordance with the HRN EN ISO 27001 international standard within the Company. This further strengthens the Group's resilience to cyber threats, ensures business continuity and enhances the security of public service provision. An important contribution to strengthening the overall level of cybersecurity across the Group is made by the subsidiary GPZ, which already has an established and certified information security management system in accordance with the international standard HRN EN ISO/IEC 27001.

The Group is exposed to **interest rate risk** arising from long-term loans and leases and issued bonds. Most of the Company's long-term interest-bearing debt is contracted at fixed interest rates through a EUR 305 million bond and a EUR 131 million club loan.

Under the new investment cycle financed by the IFC in an amount of up to EUR 56 million, which follows the previous refinancing of sustainability-linked bonds, a variable interest rate has been agreed, with exposure to interest rate risk managed through a combination of fixed and variable interest rates. In the event of a significant increase in benchmark interest rates transmitted from global markets to the Croatian financial market, the Group plans to minimise the impact of interest rate risk by entering into hedging instruments through interest rate swaps, with the IFC or an appropriate local bank as the counterparty, and by monitoring developments in the money market. The Group continuously monitors movements in interest rates with the aim of reducing interest rate risk.

As the Group does not have significant interest-bearing assets, its revenue and cash flows from operating activities are not materially dependent on changes in market interest rates. The Group continuously monitors changes in interest rates, taking into account potential refinancing and alternative financing opportunities, and on that basis calculates the impact of changes in interest rates on profit or loss.

The Groups's **credit risk** relates to the collection of receivables from customers and other debtors and to the security of funds invested. The Groups's exposure to credit risk is limited, given the high collection rate of its receivables from the City of Zagreb and other customers.

At parent Company and Group members level, **liquidity risk** is managed through continuous monitoring of projected cash flows and their comparison and alignment with actual cash inflows and outflows. In addition, the parent Company and Group members manage this risk by maintaining an adequate level of cash and cash equivalents and ensuring the availability of financial resources, including, where necessary, by establishing dedicated credit lines. The Group duly settles all matured financial liabilities, while the synergies arising from the Group's broad portfolio of services contribute to revenue growth and a reduction in the costs of external services. Additional potential for reducing financial indebtedness and strengthening liquidity may be achieved through the commercialisation and/or sale of non-operating assets.

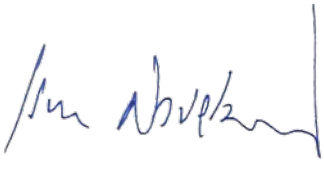
6 STATEMENT OF THE PERSONS RESPONSIBLE FOR COMPILING THE STATEMENT

OF ZAGREBAČKI HOLDING GROUP IN ACCORDANCE WITH THE CAPITAL MARKET ACT

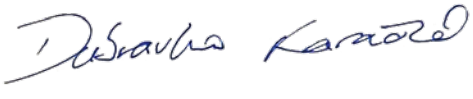
We declare that to the best of our knowledge:

- The unaudited financial statements of Zagrebački holding Group for the period from 1 January 2026 to 30 June 2026 (consolidated), prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets and liabilities, profit or loss, financial position and operations of the issuer;
- The Management Report of Zagrebački holding Group for the period from 1 January 2026 to 30 June 2026 (consolidated) contains a true and fair view of the development and results of operations and the financial position of the issuer, together with a description of the most significant risks to which the issuer is exposed.

In Zagreb, 22 September 2026



Ivan Novaković
President of the
Management Board



Dubravko Karačić
Member of the
Management Board



Miljenko Hrman
Member of the
Management Board

II UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD 1-6/2026



ZAGREBAČKI HOLDING d.o.o.

Consolidated statement of comprehensive income

For the period from 1 January to 30 June 2026

	Note	1-6/2026	1-6/2025
		EUR 000	EUR 000
Sales revenue	3	326,991	299,033
Other operating revenue	4	69,553	79,576
Operating revenue		**396,544**	**378,609**
Material costs and services	5	(183,623)	(179,361)
Staff costs	6	(131,779)	(114,913)
Depreciation		(32,184)	(30,740)
Value adjustment		(4,186)	(6,805)
Other operative expenditure	7	(8,666)	(5,207)
Operating expenditures		**(360,438)**	**(337,026)**
NET OPERATING PROFIT		**36,106**	**41,583**
Financial income		5,225	4,108
Financial expenses	8	(13,011)	(16,063)
NET FINANCIAL EXPENDITURE		**(7,786)**	**(11,955)**
PROFIT BEFORE TAX		**28,320**	**29,628**
Tax revenue		139	-
PROFIT FOR THE PERIOD		**28,459**	**29,628**
For distribution:		**28,459**	**29,628**
To the owner of the Company		27,629	28,799
To the holders of non-controlling interest		830	829
Other comprehensive income			
Items that will never be reclassified as profit or loss			
Profit from revaluation of real estate (net)		(8)	(729)
Profit from subsequent valuation of available-for-sale financial assets (net)		(275)	(615)
Tax on other comprehensive income		51	242
Total comprehensive income for the period		**28,227**	**28,526**
Total comprehensive income to be distributed:		**28,227**	**28,526**
To the owner of the Company		27,397	27,697
To the holders of non-controlling interest		830	829

ZAGREBAČKI HOLDING d.o.o.

Consolidated statement of financial position

As at 30 June 2026

	Note	30.6.2026	31.12.2025
		EUR 000	EUR 000
FIXED ASSETS			
Property, plant and equipment	9	1,624,294	1,628,928
Investment property		234,832	236,193
Right-of-use assets		4,356	3,803
Intangible assets and goodwill		9,934	9,083
Financial assets	10	9,525	15,845
Non-current receivables	11	86,451	95,305
Deferred tax assets		14,314	14,314
Total fixed assets		**1,983,706**	**2,003,471**
CURRENT ASSETS			
Inventories	12	25,831	22,793
Receivables from related parties	13	64,122	64,406
Trade and other receivables	14	167,808	317,903
Financial assets	15	9,386	4,231
Cash and cash equivalents	16	151,474	132,899
Total current assets		**418,621**	**542,232**
TOTAL ASSETS		**2,402,327**	**2,545,703**

ZAGREBAČKI HOLDING d.o.o.

Consolidated statement of financial position

As at 30 June 2026

	Note	30.6.2026	31.12.2025
		EUR 000	EUR 000
NON-CURRENT LIABILITIES			
Liabilities for loans and leases received	17	202,830	216,302
Liabilities for issued bonds		303,875	303,599
Provisions		50,703	51,245
Deferred revenue recognition		737,946	729,778
Deferred tax liability		73,245	73,435
Other non-current liabilities		883	892
Total non-current liabilities		**1,369,482**	**1,375,251**
Trade payables and other liabilities	18	221,745	386,790
Liabilities towards related parties	19	2,080	1,711
Liabilities for loans and leases received	17	37,048	36,762
Current maturity of deferred revenue recognition		22,985	23,425
Current income tax liability		-	15
Total current liabilities		**283,858**	**448,703**
TOTAL LIABILITIES		**1,653,340**	**1,823,954**
NET ASSETS		**748,987**	**721,749**
EQUITY			
Share capital		437,166	437,166
Revaluation reserves	20	329,995	330,637
Fair value reserves		3,736	3,961
Other reserves		32,718	32,718
Accumulated loss		(63,413)	(91,677)
Non-controlling interest		8,785	8,944
Total equity		**748,987**	**721,749**
TOTAL EQUITY AND LIABILITIES		**2,402,327**	**2,545,703**

ZAGREBAČKI HOLDING d.o.o.

Consolidated statement of changes in equity

For the period from 1 January to 30 June 2026

in EUR thousands	Share capital	Revaluation reserves	Fair value reserves	Other reserves	Accumulated loss	Parent's ownership interest	Non-controlling share	Total
Balance as at 31 December 2024	**421,666**	**321,565**	**4,515**	**48,218**	**(112,566)**	**683,398**	**9,476**	**692,874**
Comprehensive income								
Profit for the year	-	-	-	-	20,739	**20,739**	990	**21,729**
Profit from valuation of financial assets (net)	-	-	(554)	-	-	**(554)**	-	**(554)**
Profit from revaluation of real estate assets (net)	-	9,072	-	-	66	**9,138**	-	**9,138**
Other comprehensive income	-	9,072	(554)	-	66	8,584	-	**8,584**
Total comprehensive income	**-**	**9,072**	**(554)**	**-**	**20,805**	**29,323**	**990**	**30,313**
Transactions with owners recognized directly in the principal								
Entry of ownership rights in real estate	15,500	**-**	**-**	(15,500)	**-**	-	208	**208**
Merger of service areas	-	**-**	**-**	-	84	84	**-**	**84**
Distribution of profit to non-controlling interests	-	-	**-**	-	-	**-**	(1,730)	**(1,730)**
Total transactions with owners recognized directly in the principal	**15,500**	**-**	**-**	**(15,500)**	**84**	**84**	**(1,522)**	**(1,438)**
Balance as at 31 December 2025	**437,166**	**330,637**	**3,961**	**32,718**	**(91,677)**	**712,805**	**8,944**	**721,749**
Comprehensive income								
Profit for the period	-	-	-	-	27,629	**27,491**	830	**28,321**
Profit from valuation of financial assets (net)	-	-	(225)	-	-	**(225)**	-	**(225)**
Profit from revaluation of real estate assets (net)	-	(7)	-	-	-	**(7)**	-	**(7)**
Other comprehensive income	-	(7)	(225)	-	-	(232)	-	**(232)**
Total comprehensive income	**-**	**(7)**	**(225)**	**-**	**27,629**	**27,397**	**830**	**28,227**
Transfer of revaluation provisions to accumulated loss	-	(635)	-	-	635	-	-	-
Transactions with owners recognized directly in the principal								
Distribution of profit to non-controlling interests	-	-	**-**	-	-	**-**	(989)	**(989)**
Total transactions with owners recognized directly in the principal	**-**	**-**	**-**	**-**	**-**	**-**	**(989)**	**(989)**
Balance as at 30 June 2026	**437,166**	**329,995**	**3,736**	**32,718**	**(63,413)**	**740,202**	**8,785**	**748,987**

ZAGREBAČKI HOLDING d.o.o.

Consolidated statement of cash flows

For the period from 1 January to 30 June 2026

	1-6/2026	1-6/2025
	EUR 000	EUR 000
Profit before tax	***28,320***	***29,628***
Financial expenses recognized in profit or loss	13,011	16,063
Financial revenue recognized in profit or loss	(5,225)	(4,108)
Value adjustment of receivables from related parties	538	352
Value adjustment of trade receivables	3,649	5,687
Value adjustment of stock	-	766
Depreciation of fixed and intangible assets	32,184	30,740
Loss from derecognition of assets	-	79
Decrease in long-term provisions	(542)	(103)
Decrease in deferred income for assets financed by others	8,168	14,103
Changes in working capital:		
Increase in inventories	(3,038)	(2,062)
Decrease in trade receivables	18,943	22,554
(Decrease) / increase of receivables from related parties	(253)	(23,867)
Increase in receivables from employees	(225)	(4)
Decrease in receivables from the state	141,756	721
(Increase) / decrease in other receivables	(3,402)	1,410
Decrease in liabilities to suppliers and related parties	(166,532)	(26,692)
Increase in liabilities for taxes and contributions	1,664	1,452
(Decrease) / increase in liabilities towards employees	(21)	806
Decrease in other liabilities	(3,761)	(8,176)
Net cash from operating activities	***65,234***	***59,349***

	1-6/2026	1-6/2025
	EUR 000	EUR 000
Cash flows from operating activities (continued)		
Cash from operating activities	65,234	59,349
Income tax paid	-	(2,960)
Interest paid	(8,781)	(12,587)
Interest charged	4,515	1,443
Net cash from operating activities	**60,968**	**45,245**
Cash flows from investment activities		
Procurement of tangible, intangible assets and investments in real estate	(29,925)	(23,692)
Receipts / (expenses) for advances for fixed assets	(175)	65
Receipts for advances for current assets	1,478	1,294
(Expenses) / receipts from non-current receivables	(1,100)	11,472
Expenses on current financial assets	(5,155)	(61)
Receipts from fixed financial assets	6,320	616
Receipts from dividends	11	11
Distribution of profit to minority shares	(989)	(1,261)
Net cash from investment activities	**(29,535)**	**(11,556)**
Cash flows from financing activities		
Loans and credits received	2,063	1,883
Repayments of loans and credits	(14,921)	(19,440)
Net cash from financing activities	**(12,858)**	**(17,557)**
Net cash increase	**18,575**	**16,132**
Cash as at 1 January	**132,899**	**113,404**
Cash as at 30 June	**151,474**	**129,536**

1/ GENERAL DATA

Zagrebački holding d.o.o., Zagreb ("Company") is a limited liability company established with its registered office in the Republic of Croatia at ulica grada Vukovara 41, Zagreb. The Company is the parent company of the Zagrebački holding Group (the "Group"), which operates in the Republic of Croatia and provides water distribution, cleaning and waste collection, public road management and maintenance, parking, storage and rental services, landscaping and maintenance of green areas, construction and project and facility management, electronic communications infrastructure and networks, as well as gas sales and distribution and pharmaceutical sales.

On 22 September 2026, the Management Board approved the issuance of these consolidated interim financial statements for the period from 1 January to 30 June 2026.

The consolidated interim financial statements have not been audited.

2/ BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis for the preparation of consolidated financial statements

The Group's condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 – *Interim Financial Reporting* approved by the European Union, and should be read in conjunction with the latest published annual financial statements available on the Company's website at https://www.zgh.hr/o-nama-7/izvjesca/19.

The accompanying condensed unaudited consolidated interim financial statements do not contain all the data and disclosures required for annual financial statements; however, they do contain selected disclosures.

Significant accounting policies

The interim financial statements were prepared on the basis of the same accounting policies and calculation methods used in the preparation of the Group's annual consolidated financial statements as at 31 December 2025. Certain new accounting standards and interpretations have been in force since 1 January 2026, but do not have a significant impact on the financial statements.

Key accounting estimates

In applying the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and related assumptions are based on past experience and other relevant factors. Actual results may differ from estimates. Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The current market environment, as well as the Russia-Ukraine conflict and the crisis surrounding the Strait of Hormuz, continue to represent significant events and sources of uncertainty that require management to make estimates and judgements when determining their impact on the financial position and operating results. The related assumptions and estimates are regularly reviewed and are based on events that can reasonably be expected to occur under the existing circumstances.

Except as stated above, in preparing the consolidated financial statements for the first half of 2026, management's significant judgements regarding changes to the Group's accounting policies and the key sources of estimation uncertainty were consistent with those described in the previously published annual financial statements.

3/ SEGMENT INFORMATION

In accordance with *IFRS 8 – Operating Segments*, the Group has identified operating segments based on internal reports on the components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The Group has identified operating segments based on reports that are regularly reviewed by the Management Board and used for making strategic decisions. The operating segments have been determined based on the activities of the subsidiaries and dependent companies comprising the Group, whereby nine activities have been identified as operating segments, while the tenth segment comprises all other activities of the Group.

The operating segments are as follows:

1/ Water supply, drainage and treatment
2/ Cleaning and waste collection services
3/ Management and maintenance of public roads
4/ Parking services
5/ Storage and rental
6/ Landscaping and maintenance of green spaces
7/ Facility management and Corporate services
8/ Gas supply and distribution
9/ Sale of medicines
10/ Other activities

The following is an analysis of the Group's revenues and results by reporting segments presented in accordance with IFRS 8. Sales revenue shown refers to revenue generated by sales to external customers.

	1-6/2026	**1-6/2025**
	EUR 000	EUR 000
Revenue from the sale and distribution of gas	78,968	81,474
Revenue from the sale of medicines	45,842	41,557
Revenue from cleaning and waste collection services	44,436	43,296
Revenue from water supply, drainage and treatment	52,712	40,518
Revenue from management and maintenance of public roads	29,924	21,618
Revenue from landscaping and maintenance of green spaces	22,084	20,382
Revenue from parking services	14,466	14,006
Revenue from facility management and Corporate services	9,621	8,478
Revenue from storage and rental services	6,596	6,667
Other revenue	22,342	21,037
	326,991	**299,033**

Other revenue includes the following:

	1-6/2026	**1-6/2025**
	EUR 000	EUR 000
Revenue from funeral services	5,706	5,420
Revenue from green markets	4,392	4,454
Revenue from travel agencies	3,257	2,811
Revenue from advertising services	3,346	3,176
Revenue from bus station services	2,342	1,800
Revenue from the lease of telecommunications lines and networks	1,633	1,586
Revenue from sports facility management services	1,477	1,568
Revenue from publishing	189	222
	22,342	**21,037**

Revenue and results by segment for 1-6/2026

	Facility management and Corporate services	Water supply, drainage and treatment	Cleaning and waste collection services	Management and maintenance of public roads	Parking services	Storage and rental	Landscaping and maintenance of green spaces	Sales and distribution of gas	Sale of medicines	Other	Elimination	Total
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Revenue from sales to external customers	9,621	52,712	44,436	29,924	14,466	6,596	22,084	78,968	45,842	22,342	-	326,991
Inter-segmental sales	23,832	451	841	1,857	111	101	563	11,562	19	188	(39,525)	-
Total sales revenue	**33,453**	**53,163**	**45,277**	**31,781**	**14,577**	**6,697**	**22,647**	**90,530**	**45,861**	**22,530**	**(39,525)**	**326,991**
Expenditure from other activities, net other revenue from core activities	**(19,110)**	**(54,520)**	**(40,721)**	**(27,601)**	**(9,231)**	**(4,724)**	**(21,457)**	**(85,660)**	**(42,571)**	**(23,557)**	**38,267**	**(290,885)**
Profit / (loss) from operating activities	**14,343**	**(1,357)**	**4,556**	**4,180**	**5,346**	**1,973**	**1,190**	**4,870**	**3,290**	**(1,027)**	**(1,258)**	**36,106**
Financial income	4,355	1,269	139	-	37	-	-	739	247	61	(1,622)	5,225
Financial expenses	(9,554)	(416)	(289)	(1)	(3)	-	(43)	(376)	(43)	(2,908)	622	(13,011)
Net financial result	(5,199)	853	(150)	(1)	34	-	(43)	363	204	(2,847)	(1,000)	(7,786)
Profit / (loss) before tax	**9,144**	**(504)**	**4,406**	**4,179**	**5,380**	**1,973**	**1,147**	**5,233**	**3,494**	**(3,874)**	**(2,258)**	**28,320**
Tax revenue												139
Net profit												**28,459**

Revenue and results by segment for 1-6/2025

	Facility management and Corporate services	Water supply, drainage and treatment	Cleaning and waste collection services	Management and maintenance of public roads	Parking services	Storage and rental	Landscaping and maintenance of green spaces	Sales and distribution of gas	Sale of medicines	Other	Elimination	Total
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Revenue from sales to external customers	8,478	40,518	43,296	21,618	14,006	6,667	20,382	81,474	41,557	21,037	-	299,033
Inter-segmental sales	21,000	384	1,051	1,664	97	77	321	10,259	15	188	(35,056)	-
Total sales revenue	**29,478**	**40,902**	**44,347**	**23,282**	**14,103**	**6,744**	**20,703**	**91,733**	**41,572**	**21,225**	**(35,056)**	**299,033**
Expenditure from other activities, net other revenue from core activities	**(15,791)**	**(36,416)**	**(39,949)**	**(22,593)**	**(8,377)**	**(4,460)**	**(17,579)**	**(88,012)**	**(38,095)**	**(20,471)**	**34,293**	**(257,450)**
Profit / (loss) from operating activities	**13,687**	**4,486**	**4,398**	**689**	**5,726**	**2,284**	**3,124**	**3,721**	**3,477**	**754**	**(763)**	**41,583**
Financial income	4,590	641	162	35	50	14	-	482	336	55	(2,257)	4,108
Financial expenses	(12,706)	(513)	(375)	(14)	(10)	-	(59)	(479)	(40)	(2,911)	1,044	(16,063)
Net financial result	(8,116)	128	(213)	21	40	14	(59)	3	296	(2,856)	(1,213)	(11,955)
Profit / (loss) before tax	**5,571**	**4,614**	**4,185**	**710**	**5,766**	**2,298**	**3,065**	**3,724**	**3,773**	**(2,102)**	**(1,976)**	**29,628**
Tax (expenditure) / revenue												**-**
Net profit												**29,628**

Assets and liabilities by segment as at 30 June 2026

EUR 000	Facility management and Corporate services	Water supply, drainage and treatment	Cleaning and waste collection services	Management and maintenance of public roads	Parking services	Storage and rental	Landscaping and maintenance of green spaces	Sales and distribution of gas	Sale of medicines	Other	Elimination	Total
Real estate, plants and equipment	101,798	823,282	68,995	46,946	10,420	28,904	75,139	108,772	5,164	309,893	44,981	1,624,294
Right-of-use assets	943	1,887	9	12	65	-	20	752	2,438	500	(2,270)	4,356
Intangible assets	5,562	1,182	340	55	152	217	31	231	111	1,836	217	9,934
Investments in real estate	124,617	-	116	-	-	171,682	960	601	-	3,037	(66,181)	234,832
Inventories	427	1,978	1,774	4,276	125	46	2,635	2,244	10,543	1,783	-	25,831
Unallocated assets	522,440	122,393	89,421	93,283	67,226	35,868	47,191	87,918	50,894	109,360	(722,914)	503,080
Total assets	**755,787**	**950,722**	**160,655**	**144,572**	**77,988**	**236,717**	**125,976**	**200,518**	**69,150**	**426,409**	**(746,167)**	**2,402,327**
Issued bonds	303,875	-	-	-	-	-	-	-	-	-	-	303,875
Revaluation reserves	69,556	174	29,505	27,150	-	17,187	47,937	29,575	3,907	97,828	10,912	333,731
Equity and unallocated liabilities	382,356	950,548	131,150	117,422	77,988	219,530	78,039	170,943	65,243	328,581	(757,079)	1,764,721
Total principal and liabilities	**755,787**	**950,722**	**160,655**	**144,572**	**77,988**	**236,717**	**125,976**	**200,518**	**69,150**	**426,409**	**(746,167)**	**2,402,327**
Capital expenses:	**803**	**15,283**	**712**	**2,755**	**1,264**	**1**	**11**	**3,506**	**110**	**3,417**	**-**	**27,862**
Real estate, plants and equipment	466	15,200	695	2,752	1,264	1	11	3,482	103	3,031	-	27,005
Intangible assets	337	83	17	3	-	-	-	24	7	386	-	857
Depreciation and impairment of assets	1,014	17,323	3,371	342	965	201	1,281	5,485	436	2,170	(404)	32,184

Assets and liabilities by segment as at 31 December 2025

EUR 000	Facility management and Corporate services	Water supply, drainage and treatment	Cleaning and waste collection services	Management and maintenance of public roads	Parking services	Storage and rental	Landscaping and maintenance of green spaces	Sales and distribution of gas	Sale of medicines	Other	Elimination	Total
Real estate, plants and equipment	102,130	824,756	71,516	44,517	10,267	29,101	76,285	110,628	5,217	309,530	44,981	1,628,928
Right-of-use assets	1010	875	-	13	103	-	30	866	2,074	421	(1,589)	3,803
Intangible assets	5,284	1,329	396	56	188	390	35	246	125	817	217	9,083
Investments in real estate	124,617	-	124	1392	-	171,642	960	601	-	3,038	(66,181)	236,193
Inventories	424	1,819	1,221	4,231	134	38	2,407	801	10,134	1,584	-	22,793
Unallocated assets	613,043	125,770	36,965	74,467	53,142	29,422	27,806	248,596	48,409	92,568	(705,285)	644,903
Total assets	**846,508**	**954,549**	**110,222**	**124,676**	**63,834**	**230,593**	**107,523**	**361,738**	**65,959**	**407,958**	**(727,857)**	**2,545,703**
Issued bonds	303,599	-	-	-	-	-	-	-	-	-	-	303,599
Revaluation reserves	69,556	174	29,511	27,786	-	17,187	47,937	29,575	4,132	97,828	10,912	334,598
Equity and unallocated liabilities	473,353	954,375	80,711	96,890	63,834	213,406	59,586	332,163	61,827	310,130	(738,769)	1,907,506
Total principal and liabilities	**846,508**	**954,549**	**110,222**	**124,676**	**63,834**	**230,593**	**107,523**	**361,738**	**65,959**	**407,958**	**(727,857)**	**2,545,703**
Capital expenses:	**5,009**	**31,212**	**4,752**	**339**	**2,376**	**251**	**7,186**	**11,432**	**1,822**	**2,076**	**-**	**66,455**
Real estate, plants and equipment	2,933	30,934	4,741	330	2,313	251	7,186	11,399	1,740	1,820	-	63,647
Intangible assets	2,076	278	11	9	63	-	-	33	82	256	-	2,808
Depreciation and impairment of assets	1,361	34,171	6,688	692	1,744	562	1,889	11,235	874	3,879	-	63,095

4/ OTHER OPERATING REVENUE

	1-6/2026	1-6/2025
	EUR 000	EUR 000
Revenue from subsidies, grants and refunds /i/	33,965	42,938
Revenue from revocation of deferred revenue recognition	13,235	14,083
Collected written-off receivables	8,407	9,513
Revenue from reversal of provisions	7,636	6,896
Revenue from internal realization	2,036	1,445
Revenue from damage collection	518	240
Other	3,756	4,461
	69,553	**79,576**

/i/ Revenues from subsidies were mostly generated by the City of Zagreb and the Republic of Croatia:

	1-6/2026	1-6/2025
	EUR 000	EUR 000
Subsidies and grants from the City of Zagreb	30,065	37,735
Subsidies and grants from the Republic of Croatia and others	3,900	5,203
	33,965	**42,938**

Subsidies and grants from the City of Zagreb primarily relate to financial support from the City budget for the financing of the lease of the Arena Zagreb facility in the amount of EUR 1,519 thousand, as well as the coverage of the operating costs of the Čistoća subsidiary related to the public service, the costs of collecting plastic packaging and waste disposal charges pursuant to the Waste Management Act, in the total amount of EUR 27,763 thousand (1–6/2025: EUR 24,592 thousand), and other grants in the amount of EUR 783 thousand (1–6/2025: EUR 627 thousand).

5/ MATERIAL COSTS AND SERVICES

	1-6/2026	1-6/2025
	EUR 000	EUR 000
Costs of raw materials and supplies	12,859	12,376
Costs of energy consumed	16,409	14,328
Write-off of small inventory	1,051	1,000
a) Total material costs	**30,319**	**27,704**
b) Change in the value of inventories of work in progress and finished goods	**(8)**	**(205)**
c) Costs of goods sold	**89,098**	**92,666**
Utility services and fees /i/	22,893	20,457
Maintenance services	9,222	10,372
Costs of subcontractors /ii/	11,595	9,455
Costs of transport services	4,721	4,508
Data processing and software maintenance services	4,334	3,354
Rent and leasing services	3,448	3,060
Intellectual services	2,062	2,025
Insurance premiums	1,912	1,719
Banking services and payment costs	833	707
Advertising and promotion services	158	153
Other external services	3,036	3,386
d) Total external services	**64,214**	**59,196**
	183,623	**179,361**

/i/ The increase in costs of utilities and fees is mostly related to the disposal of separately collected waste (increase in the amount of plastic packaging and biodegradable waste).

/ii/ Subcontracting costs increased compared to the comparative period due to the higher volume of work and increases in certain contractual prices under the road regular maintenance programme, as well as higher subcontracting costs resulting from the greater volume of works carried out on the landscaping and construction of gravesites.

6/ STAFF COSTS

	1-6/2026	1-6/2025
	EUR 000	EUR 000
Net salary costs and charges costs	69,759	61,679
Costs of taxes and contributions	44,812	38,219
Reimbursement of costs to employees and expenses for other worker	17,208	15,015
	131,779	**114,913**
Number of employees at the end of the period	**8,114**	**7,892**
Average number of employees based on work hours	**7,540**	**7,702**

	1-6/2026	1-6/2025
	EUR 000	EUR 000
Personnel costs	**131,779**	**114,913**
Revenue from reversal of provisions for unused annual leave	(7,634)	(6,609)
	124,145	**108,304**

6/ STAFF COSTS / CONTINUED

On 15 May 2025, the Company signed a Collective Agreement for a period of one year. Pursuant to it, the salary calculation base was increased by 15.60% as of 1 May 2025 and by an additional 4.40% as of 1 January 2026. The salary calculation base at the subsidiaries Vodoopskrba i odvodnja d.o.o., Gradska plinara Zagreb d.o.o. and Gradska plinara Zagreb-Opskrba d.o.o. was increased as of January 2026 by the percentage increase in the average salary in the City of Zagreb economy in the period from January to August 2026 compared to the period from January to August 2025.

7/ OTHER OPERATING EXPENDITURE

	1-6/2026	1-6/2025
	EUR 000	EUR 000
Fines, penalties and damages	4,355	2,849
Membership fees, fees, contributions and taxes independent of the result	680	663
Gifts, donations and sponsorships	87	59
Administrative and court costs	541	761
Written-off receivables	1,995	113
Representation	57	56
Other	951	706
	8,666	**5,207**

8/ FINANCIAL EXPENDITURE

	1-6/2026	1-6/2025
	EUR 000	EUR 000
Interest costs	11,214	14,282
Discount and bond issuance costs	290	278
Interest costs from related parties	22	11
Other financial expenditure	1,485	1,492
	13,011	**16,063**

9/ PROPERTY, PLANTS AND EQUIPMENT

	Land	Buildings and residential buildings	Plants and equipment	Transport vehicles and tools	Other tangible assets	Tangible assets in preparation	Total tangible assets
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
PURCHASE VALUE							
Balance as at 01.01.2025	**563,446**	**1,973,659**	**193,870**	**113,237**	**6,294**	**48,483**	**2,898,989**
New purchases	7	3,169	3,492	840	-	56,139	**63,647**
Status changes/company mergers	207	19,140	174	920	-	3,043	**23,484**
Transfer from assets in preparation	17	31,388	13,139	12,725	-	(57,271)	**(2)**
Reclassification (transfers from/to)	-	18	741	(812)	-	-	**(53)**
Revaluation	10,964	121	-	0.00	-	-	**11,085**
Aftercost - increase	-	3,599	-	-	-	-	**3,599**
Expenditure, disposals and sales	(27)	(2,174)	(5,527)	(1,693)	(13)	(2,046)	**(11,480)**
Reclassification to IAS 40	(52)	(205)	-	-	-	-	**(257)**
Return from inventories	-	25	-	-	-	-	**25**
Assets held for sale	(229)	(195)	-	-	-	-	**(424)**
Balance as at 31.12.2025	**574,333**	**2,028,545**	**205,889**	**125,217**	**6,281**	**48,348**	**2,988,613**
New purchases	-	1,013	1,253	216	-	24,523	**27,005**
Transfer from assets in preparation	-	5,141	4,980	5,141	3,856	(18,884)	**234**
Reclassification (transfers from/to)	(26,503)	(307)	(270)	270	-	(816)	**(27,626)**
Expenditure, disposals and sales	(3)	(64)	(1,201)	(790)	-	(5)	**(2,063)**
Balance as at 30.06.2026	**547,827**	**2,034,328**	**210,651**	**130,054**	**10,137**	**53,166**	**2,986,163**
ALLOWANCE							
Balance as at 01.01.2025	**32,549**	**1,037,288**	**137,285**	**90,041**	**18**	**4,315**	**1,301,496**
Depreciation	-	41,477	13,523	5,867	1	-	**60,868**
Value adjustment	-	-	-	-	-	984	**984**
Reclassification (transfers from/to)	-	1	237	(246)	-	-	**(8)**
Status changes/company mergers	-	6,954	98	330	-	-	**7,382**
Expenditure, disposals and sales	-	(1,773)	(5,299)	(1,676)	-	(1,680)	**(10,428)**
Reclassification to IAS 40	-	(72)	-	-	-	-	**(72)**
Assets held for sale	-	(71)	-	-	-	-	**(71)**
Balance as at 31.12.2025	**32,549**	**1,083,804**	**145,844**	**94,316**	**19**	**3,619**	**1,360,151**
Depreciation	-	20,584	7,133	3,453	-	-	**31,170**
Reclassification (transfers from/to)	(26,503)	(306)	45	(45)	-	-	**(26,809)**
Expenditure, disposals and sales	-	(54)	(1,161)	(787)	-	-	**(2,002)**
Balance as at 30.06.2026	**6,046**	**1,104,028**	**151,861**	**96,937**	**19**	**3,619**	**1,362,510**
Balance as at 01.01.2025	**530,897**	**936,371**	**56,585**	**23,196**	**6,276**	**44,168**	**1,597,493**
Balance as at 31.12.2025	**541,784**	**944,741**	**60,045**	**30,901**	**6,262**	**44,729**	**1,628,462**
Balance as at 30.06.2026	**541,781**	**930,300**	**58,790**	**33,117**	**10,118**	**49,547**	**1,623,653**

9/ PROPERTY, PLANTS AND EQUIPMENT (continued)

	30.6.2026	31.12.2025
	EUR 000	EUR 000
Net value without advances	1,623,653	1,628,462
Advances on tangible assets	641	466
Property, plants, equipment and advances	**1,624,294**	**1,628,928**

10/ FINANCIAL ASSETS

Financial assets are shown as follows:

	30.6.2026	31.12.2025
	EUR 000	EUR 000
/i/ Financial assets held at fair value through profit or loss		
Investments in shares *(Note 15)*	214	214
/ii/ Financial assets held at amortized cost		
Deposits with a maturity of more than one year	9,525	10,884
Current part	-	-
Non-current part	*9,525*	*10,884*
Deposits with a maturity of up to one year	3,577	13
Deposits for the settlement of property and legal relations	288	3,380
Other securities held to maturity	620	624
	4,485	4,017
Financial assets held at amortised cost - current part (Note 15)	*4,485*	*4,017*
Financial assets managed at amortized cost - non-current part	*9,525*	*10,884*
/iii/ Financial assets held at fair value through other comprehensive income		
Investments in shares – current part *(Note 15)*	4,687	-
Investments in shares – long term part	-	4,961
Total financial assets, current part	**4,699**	**4,231**
Total financial assets, non-current part	**9,525**	**15,845**

/i/ Financial assets held at fair value through profit or loss refer to minority interests owned by banks and other business entities that the Group has no significant influence over.

/ii/ Financial assets held at amortized cost refer to deposits, the most significant of which are non-current guarantee deposits for the repayment of credit and lease liabilities, due upon the final repayment of liabilities.

11/ NON-CURRENT RECEIVABLES

Non-current receivables are shown as follows:

	30.6.2026	31.12.2025
	EUR 000	EUR 000
Non-current part		
Receivables from related parties /i/	56,696	65,032
Receivables under loans	900	683
Receivables from sale on credit	81	82
Other receivables /ii/	28,774	29,508
	86,451	**95,305**

/i/ Receivable from related parties:

	30.6.2026	31.12.2025
	EUR 000	EUR 000
Receivables from a member of the Company	100,657	109,215
Discount of outstanding receivables from a member of the Company	(34,912)	(37,204)
Value adjustment of receivables from a member of the Company	(1,216)	(1,216)
1. Total receivables from a member of the Company	**64,529**	**70,795**
Of which current part (Note 13)	*10,196*	*10,480*
Loans granted to related parties	13,587	21,495
Value adjustment of loans granted to related parties	(8,851)	(14,405)
2. Loans granted to related parties	**4,736**	**7,090**
Of which current part (Note 13)	*2,373*	*2,373*
Total receivables from related parties (1+2)	**69,265**	**77,885**
Current part total	*12,569*	*12,853*
Non-current part total	*56,696*	*65,032*

11/ NON-CURRENT RECEIVABLES (continued)

Receivables from the member of the Company relate to receivables from the City of Zagreb for the financing of 50% of the rental costs of the Arena Zagreb sports facility in the net amount of EUR 28,802 thousand (2025: EUR 30,785 thousand), and to receivables under agreements for the long-term lease of public-purpose facilities (schools, kindergartens and swimming pools), which the Group recognised as a non-current receivable from the City of Zagreb, as the lessee, in accordance with IFRIC 12 Service Concession Arrangements, in the amount of EUR 34,677 thousand (2025: EUR 40,010 thousand). The lease term is contracted for a period of 7-13 years, of which 2 contracts in 2028, 1 in 2032 and 2 in 2035. The rent under the contracts is paid monthly. Pursuant to the agreement, the Group is responsible for capital investment, management and maintenance of the facilities throughout the term of the agreement, with the costs of management and maintenance included in the calculation of the monthly lease payment.

As at 30 June 2026, loans granted to related parties relate to a loan granted to Zagrebački električni tramvaj d.o.o. Interest on the loan is charged at the market rate applicable at the time the loan was granted, i.e. 3.875%. The loan agreement was entered into in 2018 for a period of 10 years, with payment securities in place. Due to increased credit risk, the Group recognised an impairment loss on receivables from loans granted in the statement of comprehensive income in accordance with IFRS 9 Financial Instruments.

/ii/ Other receivables:

	30.6.2026	**31.12.2025**
	EUR 000	EUR 000
Receivables from Republic of Croatia	28,802	31,685
Other receivables	2,523	328
Impairment of other receivables	(308)	(312)
	31,017	**31,701**
Current part	*2,243*	*2,193*
Non-current part	*28,774*	*29,508*

12/ INVENTORIES

	30.6.2026	**31.12.2025**
	EUR 000	EUR 000
Raw materials and supplies	22,158	21,358
Finished products	1,736	1,770
Ongoing production	902	861
Merchandise	12,062	10,227
Inventory advances	54	62
Fixed assets held for sale	-	169
Value adjustment of stock	(11,081)	(11,654)
	25,831	**22,793**

13/ RECEIVABLES FROM RELATED PARTIES

	30.6.2026	31.12.2025
	EUR 000	EUR 000
Receivables from a member of the company and other related parties	65,219	65,788
Current maturity of long-term receivables from a member of the company (Note 11)	10,196	10,480
Current maturity of loans granted to related parties (Note 11)	2,373	2,373
Accrued interest on loans granted to related parties	-	179
Value adjustment of receivables from related parties	(13,666)	(14,414)
	64,122	**64,406**

Receivables from a member of the company and other related parties relate to receivables arising from the regular supply of works and services to a member of the company and other related companies owned by the City of Zagreb.
Loans granted to related parties relate to the current maturity of long-term loans (Note 11/i/).

14/ TRADE AND OTHER RECEIVABLES

	30.6.2026	31.12.2025
	EUR 000	EUR 000
Receivables from customers	89,496	112,088
Receivables from the Republic of Croatia and other institutions /i/	52,419	194,133
Receivables from employees	271	43
Other receivables /ii/	25,622	11,639
	167,808	**317,903**

/i/ Receivables from the Republic of Croatia and other institutions primarily relate to receivables from the Republic of Croatia pursuant to the Amendments to the Regulation on Eliminating Disruptions in the Domestic Energy Market. The amendments to the Regulation of 6 July 2023 regulate the right of a trader or gas supplier supplying a public service obligation supplier, or a public service obligation supplier itself, to compensation for the difference in price where, during the period from 1 April 2023 to 30 March 2024, the trader or gas supplier supplied gas to a public service obligation supplier under a gas sales agreement concluded before 1 April 2023, and where the gas purchased and procured for the public service obligation supplier was supplied at an average procurement price of natural gas delivery higher than the price regulated by the Regulation. Gradska plinara Zagreb Opskrba d.o.o., as a public service obligation supplier, submitted claims for compensation to the competent Ministry in the total net amount of EUR 186,557 thousand. During the first quarter of 2026, a significant portion of these receivables was collected in February and March 2026, in the total amount of EUR 142,283 thousand. For the unpaid and unrecognised portion of the difference under the issued decisions, amounting to EUR 1,632 thousand, the Company recognised a final write-off against other operating expenses. The remaining amount of EUR 42,642 thousand relates to the last two applications submitted, which are undergoing regular administrative verification by HERA.

14/ TRADE AND OTHER RECEIVABLES (continued)

/ii/ Other receivables refer to the following:

	30.6.2026	31.12.2025
	EUR 000	EUR 000
Prepaid expenses and overdue collection of revenue	19,653	7,184
Current maturity of non-current receivables	975	939
Advances given	4,300	2,730
Receivables from insurance companies and for compensation of damages	22	123
Other receivables	725	716
Expected credit losses of advances given	(53)	(53)
	25,622	**11,639**

15/ FINANCIAL ASSETS

	30.6.2026	31.12.2025
	EUR 000	EUR 000
Financial assets held at fair value through profit or loss (Note 10)	214	214
Financial assets held at amortized cost (Note 10)	4,485	4,017
Financial assets held at fair value through other comprehensive income /i/	4,687	-
	9,386	**4,231**

/i/ Pursuant to the contract concluded on 8 June 2026, Gradska ljekarna Zagreb sold and transferred 1,025 ordinary shares to Medika d.d. Zagreb and the financial assets are classified as current. By 30 June 2026, the transfer of the shares in question to the buyer was not carried out in the CDCC.

16/ CASH AND CASH EQUIVALENTS

	30.6.2026	31.12.2025
	EUR 000	EUR 000
Giro account	38,268	22,670
Foreign currency giro account	91	108
Cash on hand	47	179
Deposits with a maturity of up to three months /i/	112,977	109,838
Other funds	91	104
	151,474	**132,899**

Deposits with maturities of up to three months relate to overnight deposits and, predominantly, unrestricted deposits with maturities of up to three months, bearing contracted interest rates ranging from 1.89% to 2.37%.

17/ LIABILITIES UNDER RECEIVED LOANS AND LEASES

	30.6.2026	31.12.2025
	EUR 000	EUR 000
Long-term loans		
Credits and loans	137,148	147,610
Financial lease	65,682	68,692
	202,830	**216,302**
Short-term loans		
Credits and loans	20,923	20,923
Financial lease	8,096	8,296
Other (interest)	8,029	7,543
	37,048	**36,762**
Total loans and leases	**239,878**	**253,064**

On February 17, 2026, after obtaining the prior consent of the City Assembly of the City of Zagreb, the Company concluded a long-term "green" loan agreement with the International Finance Corporation (IFC) up to the amount of EUR 56 million, for 7 years, of which 2 years were grace period. The interest rate is variable and comprises an interest margin of 0.65% plus six-month EURIBOR, with a repayment grace period until 2027, followed by repayment in 10 equal semi-annual instalments from 2027 to 2032. As at 30 June 2026, the Company had not drawn any funds under the aforementioned loan.

Pursuant to the provisions of the relevant Agreement, a promissory note in the amount of EUR 56 million was issued as security. To secure the creditors' claims, the Company entered into an Agreement on the Establishment of a lien over receivables, an Agreement on amendments and supplements No. 1 to the Agreement on the establishment of a lien over receivables, and an Agreement on the establishment of a lien over a bank account.

18/ TRADE PAYABLES AND OTHER LIABILITIES

	30.6.2026	31.12.2025
	EUR 000	EUR 000
Trade payables	108,878	275,833
Liabilities for advances, deposits and guarantees	7,889	6,411
Liabilities to employees for net salaries and benefits	14,050	14,071
Other liabilities /i/	90,928	90,475
	221,745	**386,790**

The significant decrease in trade payables was primarily attributable to payments to suppliers for purchased gas, following the collection of receivables from the state, i.e. the Ministry to which claims for compensation for the difference in the price of purchased gas had been submitted in previous periods (Note 14/i/).

18/ TRADE PAYABLES AND OTHER LIABILITIES (continued)

/i/ Other liabilities were as follows:

	30.06.2026.	31.12.2025
	EUR 000	EUR 000
Liabilities to others for services charged	39,468	47,009
Other liabilities for fees	13,087	7,308
Accrued expenses not yet invoiced relating to the current period	9,214	6,568
Liabilities for taxes and contributions on salaries and allowances	7,814	7,797
Deferred recognition of sales revenue	7,245	2,637
Current maturity of non-current provisions	5,331	5,331
Liability for membership fees, fees and taxes and other	4,178	3,554
Value added tax liability	4,099	2,143
Liabilities for unused annual leave	488	8,123
Current maturity of other non-current liabilities	4	5
	90,928	**90,475**

19/ LIABILITIES TOWARDS RELATED PARTIES

	30.6.2026	31.12.2025
	EUR 000	EUR 000
Liabilities towards related parties	2,080	1,711

Of the total liabilities to related parties, EUR 1,318 thousand relate to liabilities to the City of Zagreb.

20/ REVALUATION RESERVES

a/ Provisions from property and land revaluation

	1-6/2026	2025.
	EUR 000	EUR 000
Balance at the beginning of the year	**330,637**	**321,564**
Decrease/increase from revaluation (net)	(7)	9,127
Realization of revaluation reserves	(635)	(54)
Balance at the of the period	**329,995**	**330,637**

b/ Provisions from changes in fair value of financial assets through other comprehensive income

	1-6/2026	2025.
	EUR 000	EUR 000
Balance at the beginning of the year	**3,961**	**4,515**
Decrease from change in fair value (net)	(225)	(554)
Balance at the end of the year	**3,736**	**3,961**
Revaluation reserves total (a+b)	**333,730**	**334,598**

20/ CONTINGENT LIABILITIES

The loan agreement with the International Finance Corporation (IFC) was concluded on 17 February 2026 for an amount of up to EUR 56 million. The loan has a seven-year term, including a two-year grace period for repayment of principal, with repayment in semi-annual instalments. The agreed interest rate is variable and is determined as six-month EURIBOR plus a margin of 0.65%. The first principal repayment is due on 15 November 2027, and the final principal repayment is due on 15 May 2032. As at 30 June 2026, the Company had not drawn any funds under the approved long-term "green" loan from the International Finance Corporation (IFC) (Note 16).

The subsidiary Gradsko stambeno komunalno gospodarstvo d.o.o. has loan liabilities relating to loans arranged with commercial banks on behalf and for the account of residential buildings.

As at 30 June 2026, the total amount of loans for which the subsidiary is the borrower under the loan agreements and the ultimate beneficiaries are the owners of the buildings managed by the subsidiary amounted to EUR 23,411 thousand, of which EUR 3,890 thousand related to the current portion and EUR 19,521 thousand to the non-current portion. The entire amount is recoverable from the residential buildings. The co-owners waive their right to terminate or cancel the Management Agreement for a period extending two years beyond the loan repayment term. Loan repayments have priority over the payment of all other building-related costs and, if the reserve fund balance in the account is insufficient, the co-owners are obliged to increase their contributions to the reserve fund.

The loan liabilities of the residential buildings are secured by promissory notes issued by Gradsko stambeno komunalno gospodarstvo d.o.o.

21/ EVENTS AFTER THE DATE OF CONSOLIDATED FINANCIAL STATEMENTS

On 1 July 2026, Andro Pavuna became a member of the Supervisory Board after stepping down as Chairman of the Supervisory Board on 30 June 2026.

On 11 September 2026, the General Assembly of Vodoopskrba i odvodnja d.o.o. appointed Janja Mihalić as the new Managing Director and member of the Company's Management Board.

ISSUER'S GENERAL DATA

Reporting period:	1.1.2026	to	30.6.2026
Year:	2026		

Annual financial statements

gistration number (MB):	03677702	Issuer's home Member State code:	HR
Entity's registration number (MBS):	080042653		
Personal identification number (OIB):	85584865987	LEI:	7470090ND4TXRKKO752
Institution code:	5790		
Name of the issuer:	ZAGREBAČKI HOLDING d.o.o.		
Postcode and town:	10000		ZAGREB
eet and house number:	ULICA GRADA VUKOVARA 41		
E-mail address:	zgh-royal-blue@zgh.hr		
Web address:	www.zgh.hr		
Number of employees (end of the reporting	8114		
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)	
Audited:	RN	(RN-not audited/RD-audited)	

Names of subsidiaries (according to IFRS):	Registered office:	MB:
GRADSKA LJEKARNA ZAGREB	ZAGREB, KRALJA DRŽISLAVA 4	1269739
GRADSKA PLINARA ZAGREB D.O.O.	ZAGREB, RADNIČKA CESTA 1	3276066
GRADSKA PLINARA ZAGREB OPSKRBA D.O.O.	ZAGREB, RADNIČKA CESTA 1	2371090
GRADSKO STAMBENO KOMUNALNO GOSPODARSTVO D.O.O.	ZAGREB, SAVSKA CESTA 1	4123433
VODOOPSKRBA I ODVODNJA D.O.O.	ZAGREB, FOLNEGOVIĆEVA 1	4123425
ZAGREB PLAKAT D.O.O.	ZAGREB, HEBRANGOVA 32	2076543

Bookkeeping firm:	No	(Yes/No)	
			(name of the bookkeeping firm)
Contact person:	Smolković Vlatka		
	(only name and surname of the contact person)		
Telephone:	+385 (0)1 6420 701		
E-mail address:	vlatka.smolkovic@zgh.hr		
Audit firm:			
	(name of the audit firm)		
Certified auditor:			
	(name and surname)		

BALANCE SHEET
balance as at 30.06.2026

in EUR

Submitter: ZAGREBAČKI HOLDING d.o.o.			
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**	2,003,470,554	1,983,706,428
I INTANGIBLE ASSETS (ADP 004 to 009)	**003**	9,150,952	10,035,779
1 Research and development	**004**	143,387	94,909
2 Concessions, patents, licences, trademarks, software and other rights	**005**	2,478,960	2,071,741
3 Goodwill	**006**	216,522	216,522
4 Advances for the purchase of intangible assets	**007**	0	0
5 Intangible assets in preparation	**008**	5,850,934	7,197,355
6 Other intangible assets	**009**	461,149	455,252
II TANGIBLE ASSETS (ADP 011 to 019)	**010**	1,868,856,211	1,863,380,405
1 Land	**011**	541,784,208	541,780,763
2 Buildings	**012**	944,741,851	930,301,368
3 Plant and equipment	**013**	60,044,831	58,790,738
4 Tools, working inventory and transportation assets	**014**	30,899,898	33,117,709
5 Biological assets	**015**	9,815	9,214
6 Advances for the purchase of tangible assets	**016**	466,469	640,969
7 Tangible assets in preparation	**017**	44,729,582	49,546,116
8 Other tangible assets	**018**	9,986,462	14,361,211
9 Investment property	**019**	236,193,095	234,832,317
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	**020**	21,245,301	12,788,184
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**	4,716,803	2,363,196
4Investments in holdings (shares) of companies linked by virtue of participating interests	**024**	0	0
5 Investments in other securities of companies linked by virtue of participating interests	**025**	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	**026**	0	0
7 Investments in securities	**027**	0	0
8 Loans, deposits, etc. given	**028**	683,443	899,631
9 Other investments accounted for using the equity method	**029**	0	0
10 Other fixed financial assets	**030**	15,845,055	9,525,357
IV RECEIVABLES (ADP 032 to 035)	**031**	89,904,434	83,188,404
1 Receivables from undertakings within the group	**032**	60,314,724	54,332,986
2 Receivables from companies linked by virtue of participating interests	**033**	0	0
3 Customer receivables	**034**	81,914	81,634
4 Other receivables	**035**	29,507,796	28,773,784
V DEFERRED TAX ASSETS	**036**	14,313,656	14,313,656
C) CURRENT ASSETS (ADP 038+046+053+063)	**037**	535,048,922	398,967,048
I INVENTORIES (ADP 039 to 045)	**038**	22,792,682	25,831,116
1 Raw materials and consumables	**039**	10,636,149	12,007,992
2 Production in progress	**040**	566,027	607,366

3 Finished goods	**041**	1,134,141	1,100,954
4 Merchandise	**042**	9,998,209	11,677,031
5 Advances for inventories	**043**	60,211	52,797
6 Fixed assets held for sale	**044**	397,945	384,976
7 Biological assets	**045**	0	0
II RECEIVABLES (ADP 047 to 052)	**046**	371,529,690	208,847,384
1 Receivables from undertakings within the group	**047**	61,854,043	61,749,092
2 Receivables from companies linked by virtue of participating interests	**048**	0	0
3 Customer receivables	**049**	112,088,183	89,496,454
4 Receivables from employees and members of the undertaking	**050**	44,753	269,901
5 Receivables from government and other institutions	**051**	191,916,477	50,160,122
6 Other receivables	**052**	5,626,234	7,171,815
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	**053**	7,827,333	12,814,917
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**	2,552,454	2,372,824
4 Investments in holdings (shares) of companies linked by virtue of participating interests	**057**	0	0
5 Investment in other securities of companies linked by virtue of participating interests	**058**	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	**059**	0	0
7 Investments in securities	**060**	0	0
8 Loans, deposits, etc. given	**061**	1,043,899	1,056,584
9 Other financial assets	**062**	4,230,980	9,385,509
IV CASH AT BANK AND IN HAND	**063**	132,899,217	151,473,631
D) PREPAID EXPENSES AND ACCRUED INCOME	**064**	7,184,049	19,653,219
E) TOTAL ASSETS (ADP 001+002+037+064)	**065**	2,545,703,525	2,402,326,695
OFF-BALANCE SHEET ITEMS	**066**	120,775,189	100,965,208
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	**067**	721,749,189	748,986,555
I INITIAL (SUBSCRIBED) CAPITAL	**068**	437,166,150	437,166,150
II CAPITAL RESERVES	**069**	0	0
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	**070**	32,718,041	32,718,041
1 Legal reserves	**071**	0	0
2 Reserves for treasury shares	**072**	0	0
3 Treasury shares and holdings (deductible item)	**073**	0	0
4 Statutory reserves	**074**	0	0
5 Other reserves	**075**	32,718,041	32,718,041
IV REVALUATION RESERVES	**076**	330,636,856	329,994,673
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 083)	**077**	3,960,816	3,735,680
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	**078**	3,960,816	3,735,680
2 Cash flow hedge - effective portion	**079**	0	0
3 Hedge of a net investment in a foreign operation - effective portion	**080**	0	0
4 Other fair value reserves	**081**	0	0
5 Exchange rate differences from translation of foreign operations (consolidation)	**082**	0	0
6 Exchange rate differences from translation into the presentation currency	**083**	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 085-086)	**084**	-112,416,634	-91,041,904
1 Retained profit	**085**	0	0
2 Loss brought forward	**086**	112,416,634	91,041,904
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 088-089)	**087**	20,739,260	27,628,983

1 Profit for the business year	**088**	20,739,260	27,628,983
2 Loss for the business year	**089**	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	**090**	8,944,700	8,784,932
B) PROVISIONS (ADP 092 to 097)	**091**	51,245,223	50,703,216
1 Provisions for pensions, termination benefits and similar obligations	**092**	19,082,017	19,006,552
2 Provisions for tax liabilities	**093**	0	0
3 Provisions for ongoing legal cases	**094**	19,597,857	19,131,315
4 Provisions for renewal of natural resources	**095**	12,565,349	12,565,349
5 Provisions for warranty obligations	**096**	0	0
6 Other provisions	**097**	0	0
C) LONG-TERM LIABILITIES (ADP 099 to 109)	**098**	594,228,161	580,833,010
1 Liabilities to undertakings within the group	**099**	701,627	701,628
2 Liabilities for loans, deposits, etc. of undertakings within the group	**100**	0	0
3 Liabilities to companies linked by virtue of participating interests	**101**	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	**102**	0	0
5 Liabilities for loans, deposits etc.	**103**	0	0
6 Liabilities to banks and other financial institutions	**104**	156,095,519	144,205,551
7 Liabilities for advance payments	**105**	0	0
8 Liabilities to suppliers	**106**	60,206,930	58,624,502
9 Liabilities for securities	**107**	303,598,541	303,874,569
10 Other long-term liabilities	**108**	190,209	181,812
11 Deferred tax liability	**109**	73,435,335	73,244,948
D) SHORT-TERM LIABILITIES (ADP 111 to 124)	**110**	448,702,836	283,858,121
1 Liabilities to undertakings within the group	**111**	1,711,355	2,080,510
2 Liabilities for loans, deposits, etc. of undertakings within the group	**112**	0	0
3 Liabilities to companies linked by virtue of participating interests	**113**	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	**114**	0	0
5 Liabilities for loans, deposits etc.	**115**	0	0
6 Liabilities to banks and other financial institutions	**116**	36,761,877	37,047,888
7 Liabilities for advance payments	**117**	6,411,189	7,889,202
8 Liabilities to suppliers	**118**	275,832,814	108,877,769
9 Liabilities for securities	**119**	0	0
10 Liabilities to employees	**120**	14,070,528	14,050,235
11 Taxes, contributions and similar liabilities	**121**	10,534,748	12,199,555
12 Liabilities arising from the share in the result	**122**	0	0
13 Liabilities arising from fixed assets held for sale	**123**	0	0
14 Other short-term liabilities	**124**	103,380,325	101,712,962
E) ACCRUALS AND DEFERRED INCOME	**125**	729,778,116	737,945,793
F) TOTAL – LIABILITIES (ADP 067+091+098+110+125)	**126**	2,545,703,525	2,402,326,695
G) OFF-BALANCE SHEET ITEMS	**127**	120,775,189	100,965,208

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2026 to 30.06.2026

in EUR

Submitter: ZAGREBAČKI HOLDING d.o.o.			
Item	**ADP code**	**Same period of the previous year**	**Current period**
1	**2**	**3**	**4**
I OPERATING INCOME (ADP 002 to 006)	**001**	378,609,275	396,543,437
1 Income from sales with undertakings within the group	**002**	63,083,241	72,068,364
2 Income from sales	**003**	235,949,728	254,922,362
3 Income from the use of own products, goods and services	**004**	1,445,078	2,035,907
4 Other operating income with undertakings within the group	**005**	37,735,513	30,065,365
5 Other operating income (outside the group)	**006**	40,395,715	37,451,439
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	**007**	337,026,204	360,437,765
1 Changes in inventories of work in progress and finished goods	**008**	-205,136	-8,147
2 Material costs (ADP 010 to 011)	**009**	179,566,307	183,631,526
a) Costs of raw materials and consumables	**010**	27,706,099	30,319,272
b) Costs of goods sold	**011**	92,665,941	89,098,441
c) Other external costs	**012**	59,194,267	64,213,813
3 Staff costs (ADP 014 to 016)	**013**	99,898,028	114,571,513
a) Net salaries and wages	**014**	61,678,571	69,759,899
b) Tax and contributions from salary costs	**015**	24,539,160	28,954,615
c) Contributions on salaries	**016**	13,680,297	15,856,999
4 Depreciation	**017**	30,739,593	32,184,187
5 Other costs	**018**	16,775,030	18,789,350
6 Value adjustments (ADP 020+021)	**019**	6,804,570	4,185,776
a) fixed assets other than financial assets	**020**	0	0
b) current assets other than financial assets	**021**	6,804,570	4,185,776
7 Provisions (ADP 023 to 028)	**022**	0	0
a) Provisions for pensions, termination benefits and similar obligations	**023**	0	0
b) Provisions for tax liabilities	**024**	0	0
c) Provisions for ongoing legal cases	**025**	0	0
d) Provisions for renewal of natural resources	**026**	0	0
e) Provisions for warranty obligations	**027**	0	0
f) Other provisions	**028**	0	0
8 Other operating expenses	**029**	3,447,812	7,083,560
III FINANCIAL INCOME (ADP 031 to 040)	**030**	4,107,841	5,224,897
1 Income from investments in holdings (shares) of undertakings within the group	**031**	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	**032**	10,906	9,893
3 Income from other long-term financial investment and loans granted to undertakings within the group	**033**	167,704	420,915
4 Other interest income from operations with undertakings within the group	**034**	769	1,414
5 Exchange rate differences and other financial income from operations with undertakings within the group	**035**	0	0
6 Income from other long-term financial investments and loans	**036**	0	0
7 Other interest income	**037**	1,146,608	1,591,220
8 Exchange rate differences and other financial income	**038**	859,861	908,328
9 Unrealised gains (income) from financial assets	**039**	1,916,761	2,291,254
10 Other financial income	**040**	5,232	1,873
IV FINANCIAL EXPENSES (ADP 042 to 048)	**041**	16,063,144	13,010,598

1 Interest expenses and similar expenses with undertakings within the group	**042**	1,622	1,362
2 Exchange rate differences and other expenses from operations with undertakings within the group	**043**	9,573	21,023
3 Interest expenses and similar expenses	**044**	14,421,929	11,243,542
4 Exchange rate differences and other expenses	**045**	1,395	7
5 Unrealised losses (expenses) from financial assets	**046**	0	0
6 Value adjustments of financial assets (net)	**047**	0	0
7 Other financial expenses	**048**	1,628,625	1,744,664
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VRITUE OF PARTICIPATING INTERESTS	**049**	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	**050**	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	**051**	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	**052**	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	**053**	382,717,116	401,768,334
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	**054**	353,089,348	373,448,363
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	**055**	29,627,768	28,319,971
1 Pre-tax profit (ADP 053-054)	**056**	29,627,768	28,319,971
2 Pre-tax loss (ADP 054-053)	**057**	0	0
XII INCOME TAX	**058**	0	-139,493
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	**059**	29,627,768	28,459,464
1 Profit for the period (ADP 055-059)	**060**	29,627,768	28,459,464
2 Loss for the period (ADP 059-055)	**061**	0	0
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 063-064)	**062**	0	0
1 Pre-tax profit from discontinued operations	**063**	0	0
2 Pre-tax loss on discontinued operations	**064**	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	**065**	0	0
1 Discontinued operations profit for the period (ADP 062-065)	**066**	0	0
2 Discontinued operations loss for the period (ADP 065-062)	**067**	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	**068**		
1 Pre-tax profit (ADP 068)	**069**	0	0
2 Pre-tax loss (ADP 068)	**070**	0	0
XVII INCOME TAX (ADP 058+065)	**071**	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	**072**	0	0
1 Profit for the period (ADP 068-071)	**073**	0	0
2 Loss for the period (ADP 071-068)	**074**	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 076+077)	**075**	29,627,768	28,459,464
1 Attributable to owners of the parent	**076**	28,798,558	27,628,983
2 Attributable to minority (non-controlling) interest	**077**	829,210	830,481
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	**078**	29,627,768	28,459,464
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80 + 87)	**079**	-1,344,182	-282,742
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	**080**	-1,344,182	-282,742
1 Changes in revaluation reserves of fixed tangible and intangible assets	**081**	-729,182	-8,186

2 Profit or loss arising from subsequent measurement of equity securities at fair value through other comprehensive income	**082**	-615,000	-274,556
3 Changes in the fair value of the financial liability at fair value through statement of profit or loss that is attributable to changes in the credit risk of that liability	**083**	0	0
4 Actuarial gains/losses on the defined benefit obligation	**084**	0	0
5 Other items that will not be reclassified	**085**	0	0
6 Income tax relating to items that will not be reclassified	**086**	-241,953	-50,893
IV Items that may be reclassified to profit or loss (ADP 088 to 096)	**087**	0	0
1 Exchange rate differences from translation of foreign operations	**088**	0	0
2 Exchange rate differences from translation into the presentation currency	**089**	0	0
3 Profit or loss arising from subsequent measurement of debt securities at fair value through other comprehensive income	**090**	0	0
4 Profit or loss arising from effective cash flow hedging	**091**	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	**092**	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	**093**	0	0
7 Changes in fair value of the time value of an option	**094**	0	0
8 Changes in fair value of the forward elements of forward contracts	**095**	0	0
9 Other items that may be reclassified to profit or loss	**096**	0	0
10 Income tax relating to items that may be reclassified to profit or loss	**097**	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087 - 086 - 097)	**098**	-1,102,229	-231,849
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+099)	**099**	28,525,539	28,227,615
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)			
VII COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 101+102)	**100**	0	0
1 Attributable to owners of the parent	**101**	0	0
2 Attributable to minority (non-controlling) interest	**102**	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2026. to 30.06.2026.

in EUR

Submitter: ZAGREBAČKI HOLDING d.o.o.			
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**	29,627,768	28,319,971
2 Adjustments (ADP 003 to 010):	**002**	63,579,009	51,741,685
a) Depreciation	**003**	30,739,593	32,184,187
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	**004**	78,811	-39,644
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	**005**	0	0
d) Interest and dividend income	**006**	-4,108,081	-5,224,897
e) Interest expenses	**007**	16,063,613	13,010,598
f) Provisions	**008**	-102,670	-542,007
g) Exchange rate differences (unrealised)	**009**	0	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	**010**	20,907,743	12,353,448
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	**011**	93,206,777	80,061,656
3 Changes in the working capital (ADP 013 to 016)	**012**	-33,856,793	-14,828,602
a) Increase or decrease in short-term liabilities	**013**	-32,608,451	-168,608,623
b) Increase or decrease in short-term receivables	**014**	813,362	156,818,339
c) Increase or decrease in inventories	**015**	-2,061,704	-3,038,318
d) Other increase or decrease in working capital	**016**	0	0
II Cash from operations (ADP 011+012)	**017**	59,349,984	65,233,054
4 Interest paid	**018**	-12,586,553	-8,781,112
5 Income tax paid	**019**	-2,959,720	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	**020**	43,803,711	56,451,942
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	**021**	200	200
2 Cash receipts from sales of financial instruments	**022**	0	0
3 Interest received	**023**	1,443,330	4,514,916
4 Dividends received	**024**	10,906	10,906
5 Cash receipts from repayment of loans and deposits	**025**	0	0
6 Other cash receipts from investment activities	**026**	13,445,361	6,524,534
III Total cash receipts from investment activities (ADP 021 to 026)	**027**	14,899,797	11,050,556
1 Cash payments for the purchase of fixed tangible and intangible assets	**028**	-23,691,979	-29,924,577
2 Cash payments for the acquisition of financial instruments	**029**	0	0
3 Cash payments for loans and deposits for the period	**030**	0	0
4 Acquisition of a subsidiary, net of cash acquired	**031**	0	0
5 Other cash payments from investment activities	**032**	-1,322,199	-6,145,270

IV Total cash payments from investment activities (ADP 028 to 032)	**033**	-25,014,178	-36,069,847
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	**034**	-10,114,381	-25,019,291
Cash flow from financing activities			
1 Cash receipts from the increase in 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**	1,882,852	2,063,029
4 Other cash receipts from financing activities	**038**	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	**039**	1,882,852	2,063,029
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	**040**	-14,750,047	-10,461,360
2 Cash payments for dividends	**041**	0	0
3 Cash payments for finance lease	**042**	-4,689,667	-4,459,906
4 Cash payments for the redemption of own shares and decrease in initial (subscribed) capital	**043**	0	0
5 Other cash payments from financing activities	**044**	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	**045**	-19,439,714	-14,921,266
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	**046**	-17,556,862	-12,858,237
1 Unrealised exchange rate differences in respect of cash and cash equivalents	**047**	0	0
D) NET INCREASE OR DECREASE IN CASH FLOW (ADP 020+034+046+047)	**048**	16,132,468	18,574,414
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**049**	113,404,106	132,899,217
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	**050**	129,536,574	151,473,631

STATEMENT OF CHANGES IN EQUITY

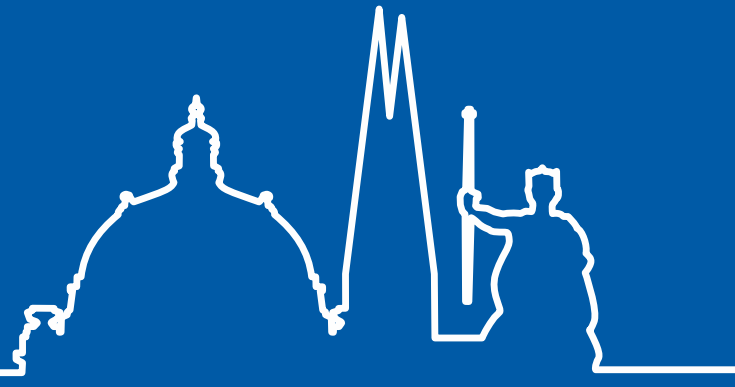
for the period from **1.1.2026** **to** **30.6.2026**

in EUR

Item	ADP code	Attributable to owners of the parent							Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Other reserves	Revaluation reserves	Financial assets at fair value through other comprehensive income (available for sale)	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	3	9	10	11	17	18	19 (3 to 6 - 7 + 8 to 18)	20	21 (19+20)
Previous period										
1 Balance on the first day of the previous business year	**001**	421,666,149	48,218,037	321,564,954	4,515,546	-129,324,760	16,757,465	683,397,391	9,475,587	692,872,978
2 Changes in accounting policies	**002**	0	0	0	0	0	0	0	0	0
3 Correction of errors	**003**	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	**004**	421,666,149	48,218,037	321,564,954	4,515,546	-129,324,760	16,757,465	683,397,391	9,475,587	692,872,978
5 Profit/loss of the period	**005**	0	0	0	0	0	20,739,260	20,739,260	990,249	21,729,509
6 Exchange rate differences from translation of foreign operations	**006**	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	**007**	0	0	9,071,902	0	66,764	0	9,138,666	0	9,138,666
8 Profit or loss arising from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	**008**	0	0	0	-554,730	0	0	-554,730	0	-554,730
9 Profit or loss arising from effective cash flow hedge	**009**	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	**010**	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	**011**	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	**012**	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	**013**	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	**014**	0	0	0	0	0	0	0	0	0

15 Decrease in initial (subscribed) capital (other than that arising from the pre-bankruptcy settlement procedure and arising from the reinvestment of profit)	**015**	0	4	0	0	0	0	4	0	4
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	**016**	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	**017**	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	**018**	0	0	0	0	0	0	0	0	0
19 Payments from members/shareholders	**019**	15,500,001	-15,500,000	0	0	83,897	0	83,898	208,370	292,268
10 Payment of share in profit/dividend	**020**	0	0	0	0	0	0	0	-1,729,506	-1,729,506
21 Other distributions and payments to members/shareholders	**021**	0	0	0	0	0	0	0	0	0
22 Transfer to reserves according to the annual schedule	**022**	0	0	0	0	16,757,465	-16,757,465	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	**023**	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	**024**	437,166,150	32,718,041	330,636,856	3,960,816	-112,416,634	20,739,260	712,804,489	8,944,700	721,749,189
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)	**025**	0	0	9,071,902	-554,730	66,764	0	8,583,936	0	8,583,936
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	**026**	0	0	9,071,902	-554,730	66,764	20,739,260	29,323,196	990,249	30,313,445
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	**027**	15,500,001	-15,499,996	0	0	16,841,362	-16,757,465	83,902	-1,521,136	-1,437,234
Current period										
1 Balance on the first day of the current business year	**028**	437,166,150	32,718,041	330,636,856	3,960,816	-112,416,634	20,739,260	712,804,489	8,944,700	721,749,189
2 Changes in accounting policies	**029**	0	0	0	0	0	0	0	0	0
3 Correction of errors	**030**	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	**031**	437,166,150	32,718,041	330,636,856	3,960,816	-112,416,634	20,739,260	712,804,489	8,944,700	721,749,189
5 Profit/loss of the period	**032**	0	0	0	0	0	27,628,983	27,628,983	830,481	28,459,464
6 Exchange rate differences from translation of foreign operations	**033**	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	**034**	0	0	-6,713	0	0	0	-6,713	0	-6,713
8 Profit or loss arising from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	**035**	0	0	0	-225,136	0	0	-225,136	0	-225,136
9 Profit or loss arising from effective cash flow hedge	**036**	0	0	0	0	0	0	0	0	0

10 Profit or loss arising from effective hedge of a net investment in a foreign operation	**037**	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	**038**	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	**039**	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	**040**	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	**041**	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than that arising from the pre-bankruptcy settlement procedure and arising from the reinvestment of profit)	**042**	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	**043**	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	**044**	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	**045**	0	0	0	0	0	0	0	0	0
19 Payments from members/shareholders	**046**	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	**047**	0	0	0	0	0	0	0	-990,249	-990,249
21 Other distributions and payments to members/shareholders	**048**	0	0	-635,470	0	635,470	0	0	0	0
22 Carryforward per annual plan	**049**	0	0	0	0	20,739,260	-20,739,260	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	**050**	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	**051**	437,166,150	32,718,041	329,994,673	3,735,680	-91,041,904	27,628,983	740,201,623	8,784,932	748,986,555
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 33 to 41)	**052**	0	0	-6,713	-225,136	0	0	-231,849	0	-231,849
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 3252)	**053**	0	0	-6,713	-225,136	0	27,628,983	27,397,134	830,481	28,227,615
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	**054**	0	0	-635,470	0	21,374,730	-20,739,260	0	-990,249	-990,249



zgh.hr