INSTITUT IGH, d.d.

A simplified prospectus of the listing of 867,754 ordinary shares on the Official market of the Zagreb Stock Exchange

Date: 21 January 2025

The data outlined in this prospectus (hereinafter **„the Prospectus“**) refer to the listing of shares on the official market (hereinafter **„Official market“**) of the Zagreb Stock Exchange, with registered seat in Zagreb (hereinafter "**the Zagreb Stock Exchange**" or " the **ZSE**“) of 867,754 regular dematerialized registered shares , of a nominal value of 10 euros each, of Institut IGH, a joint stock company for research and development in civil engineering, with a registered seat in Zagreb, Janka Rakuše 1, entered into the court register under the number (MBS): 080000959, VAT Number: 79766124714 ("Issuer" or "Company") issued and fully paid in the process of increasing the Company's share capital pursuant a decision adopted by the General Assembly of 01 December 2023 and registered with the Central Depository and Clearing Company ("SKDD"), as dematerialized shares marked IGH-R-D and ISIN HRIGH0RD0003.

On 01 December 2023, the General Assembly adopted a decision on the harmonization and simplified reduction of the share capital by reducing the nominal value of shares in order to cover losses from EUR 15,476,104.59 by EUR 9,339.014.59 to EUR 6,137.090.00.

In addition, on the same day (01 December 2023), the Assembly adopted a Decision on the increase of share capital by issuing new shares. Pursuant to the said decision, the Issuer's share capital was increased from EUR 6,137,090.00 by EUR 8,677,540.00 to EUR 14,814,630.00 by issuing 867,754 regular, dematerialized registered shares, of a value of EUR 10 each. („Shares“).

All the shares rank the same, and each gives the right to one vote. The Issuer has not issued preference shares. The subject of listing is 867,754 shares marked IGH-R-D and ISIN HRIGH0RD0003.

The listing of shares was done with a simplified prospectus in accordance with the simplified obligations to publish for secondary issuers in case their securities are offered publicly or admitted to trading on a regulated market pursuant to the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC („**Regulation 2017/1129**“).

The purpose of preparing and publishing a prospectus is not the public offering of securities, but the listing of Shares on the Official Market.

The Issuer will publish this Prospectus in accordance with the provisions of the Capital Market Act („CMA“), after receiving a decision from the Croatian Financial Services Supervisory Agency („HANFA“) stating that the Prospectus has been approved, prior to the listing of the Shares on the Official Market.

Neither the Issuer nor the persons responsible for the content of the Prospectus have authorized a physical person or legal entity to disclose share- related information, and all information coming from third parties, which differ from the information contained in the Prospectus, will not be considered relevant information.

The Issuer will also neither explicitly nor implicitly confirm nor deny the truthfulness of data or statements given without authorization, nor will it confirm nor deny the consent to their disclosure. In addition, the Issuer shall not be liable for any damage that the investor might suffer in connection therewith. The completeness and truthfulness of the information contained in the Prospectus has been established in accordance with the status established as of the day this Prospectus was published, unless specifically stated otherwise in the Prospectus. The Issuer would hereby like to note that there is a possibility that the information contained in the Prospectus relating to the Issuer's business, financial position and business results might change after the date the Prospectus was published.

Investing in shares involves risk. Before investing, investors should gain insight into and take into account the factors outlined in part III of item 3.2. and 3.3. of the Prospectus („Risk factors“)

Listing agent

Agram Brokeri
ZA POSLOVANJE VRIJEDNOSNIM PAPIRIMA

I. INTRODUCTION

IMPORTANT NOTES

This prospectus was prepared in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC („Regulation 2017/1129“) and in accordance with Appendices 3 and 12 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 as well as in accordance with Appendix I of the Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301 („**Delegated Regulation**“).

This Prospectus was approved by the Croatian Financial Services Supervisory Agency („HANFA“) and it will be electronically published on the Issuer’s website www.igh.hr/hr/, in accordance with Article 21, paragraph 2, item (a) of Regulation 2017/1129 as well as on the website of the Zagreb Stock Exchange.

When approving this Prospectus, HANFA did not ascertain the truthfulness of the information contained therein. Instead, the agency limited its inspection to ascertaining the completeness, consistency and intelligibility of the stated information.

The Issuer shall be liable for the truthfulness and completeness of this Prospectus, that is, the Information contained therein. In accordance with the data available to the Issuer, their beliefs and knowledge, the information stated in the Prospectus represent a truthful and complete representation of their assets and liabilities, income and financial position as well as the rights granted by the shares, and no fact that, to the best of their knowledge, might influence the completeness and truthfulness of this Prospectus, has been left out.

The truthfulness and completeness of the information contained in this Prospectus have been ascertained in accordance with the status as of the date of this

Prospectus unless specifically stated otherwise in the Prospectus. The Issuer would hereby like to note that there is a possibility that the information contained in the Prospectus relating to the Issuer's business, financial position and business results might change after the date the Prospectus was published.

The publishing or distribution of this Prospectus will under no circumstances imply that there have been no changes in the Issuer's business or that the Information contained in this Prospectus shall remain accurate at all times after the date this Prospectus was published.

When it comes to this Prospectus, the applicable law shall be Croatian law, not including provisions colliding with international private law. Foreign investors should abide by the regulations of other states if applicable.

In case of any share listing-related disputes, including disputes related to the validity of their issuing as well as any legal effects arising therefrom, the applicable courts shall be Croatian courts.

Prospectus distribution and investing in shares may be prohibited in certain foreign legal systems. Investors to which such prohibitions apply have to abide by them and they alone shall be liable for any failure to comply with such prohibitions.

Herewith, the Issuer does not enable the extension of offers to buy the Shares nor do they entice persons anywhere to buy the shares, except in areas where the applicable law permits it.

Neither the Issuer nor the persons responsible for the content of this Prospectus have authorized a physical person or legal entity to disclose share listing- related information and statements not contained in this Prospectus. In case such information or statements were to be given without authorization to do so, the Investor should not rely on such information and statements as if they were data or statements provided or approved by the Issuer. The Issuer will also neither explicitly nor implicitly confirm nor deny the truthfulness of data or statements given without authorization, nor will it confirm nor deny consent to their disclosure. In addition, the Issuer shall not be liable for any damage that the investor might suffer in connection therewith.

The Issuer obtained the Information stated in the Prospectus, related to the market, market size, shares, growth and market penetration rates, as well as other information related to Issuer's normal operations via information sources directly or indirectly related to their normal operations, as well as via publicly available information. The Issuer takes full responsibility for the accurate and truthful representation of the available information; however, the Issuer does not take responsibility for the accuracy and completeness of the information itself. The Issuer has not checked the information obtained from other entities in the same area of operation as the Issuer, nor have they checked the information obtained from responsible authorities.

The Issuer’s legal advisor, the law firm, Ivančić & Čulić, is in no way responsible nor does it guarantee the Issuer nor any third parties (including investors), directly or indirectly, explicitly or implicitly that the Issuer will fulfill their obligations to the shareholders or the truthfulness, content, completeness and consistency of the data stated in the Prospectus. For the avoidance of doubt, the Issuer will act as the sole applicant for the listing of shares.

This prospectus is not to be considered recommendation to buy or offer to sell Shares, investment advice or recommendation, nor legal or tax advice by the Issuer or on behalf of the Issuer, its subsidiaries or representatives.

This Prospectus does not contain any advice, including, but not limited to advice related to investing in Shares, legal or financial advice.

Each investor considering the possibility of buying, and selling, that is, acquiring or disposing of Shares, is advised to consider the necessity and desirability of own examination, judgement and evaluation of all the data on facts, risks, trends, estimates and forecasts related to the Issuer, Shares and business environment. The Issuer would also advise investors to seek advice from certified legal, tax, financial and other consultants as needed and at their own expense and discretion.

In no way does the Issuer in this Prospectus state, predict or guarantee that the facts stated in the Prospectus which concern future events will come true. Future statements cannot be considered the most likely or standard scenario but are only one of many possible scenarios in the Issuer’s operations.

FORWARD STATEMENTS

This Prospectus includes statements that are or can be considered “forward statements”. These forward statements can be recognized by the use of certain tentative terminology, including, among other things, the following words: „believes“, „estimates“, „forecasts“, „considers“, „expects“, „requires”, „aim“, „strategy“, „purpose“, „intent“, „continues“, „might“, „will“, „has to be done“ or, in each individual case, negative or other forms of these or similar terms. These forward statements refer to issues not considered historical facts.

Forward statements appear in various places throughout the Prospectus and include statements regarding the intentions, beliefs, and/or current expectations of the Issuer, among other things, related to their plans, aims, outcomes, strategies, future events, future income or operation, capital expenses, funding needs, competitive advantages and disadvantages, business strategies and industry trends the Issuer expects, the legal and political environment in which they operate, as well as other information not considered historical data.

The nature of forward statements, including those used in this Prospectus, includes risks because they refer to events and depend on circumstances that may or may not occur in the future and are, more or less, outside of the Issuer's control. Forward statements are not a guarantee of future events given by the Issuer. The actual outcomes of the Issuer, their business results, financial status, liquidity, trends, business strategy development, market operations, as well as actually available resources may significantly differ from the impression given by the forward statements used in this Prospectus. Furthermore, even if investment outcomes, business results, financial status, liquidity and financial strategy development and market operations correspond to the statements given in this Prospectus, the said statements do not have to be an indicator of results, development, market or resources in later periods. Important factors that may be the cause of such discrepancies include, among other things, risk factors described in Part III of the Prospectus ("Risk Factors"), changes in economic and political circumstances, legislature, and tax systems.

Future investors are advised to read this Prospectus in its entirety, especially the parts about risk factors described in Part III of the Prospectus ("Risk factors") for the further consideration of the factors that might influence the Issuer's future outcomes. Taking into account the risks, uncertainties and assumptions mentioned herein the events described in the forwards statements in this Prospectus might not occur.

Such forward statements can only be taken into consideration on the date this Prospectus was prepared. In accordance with its legal and regulatory obligations, the Issuer will not update or revise any forward statement outlined herein in order to reflect any changes in expectations related to such a statement or any changes in the events, conditions, or circumstances based on which such a statement was given.

These warnings refer to all of the Issuer's forward statements.

AN OUTLINE OF FINANCIAL AND OTHER DATA

Annual information are based on the calendar year.

Numbers were rounded in certain places in the Prospectus, which is why there is a possibility that certain sums listed in the Prospectus do not correspond to the arithmetical sum of their parts.

The Prospectus includes the revised non-consolidated financial statements for the financial year which ended on 31 December 2021 , that is for 2021, for the financial year that ended on 31 December 2022, that is 2022, and for the financial year that ended on 31 December 2023, that is for 2023.

The Prospectus includes revised consolidated financial statements for the financial year that ended on 31 December 2023, that is for 2023.

In addition, the Issuer has included a non-revised financial statement of the issuer for the third quarter of 2024, for the period between 01 January until 30 September 2024, in this Prospectus.

REFERENCE TO INFORMATION

The Issuer would like to inform all interested parties that the full text of this this Prospectus is published on the Issuer's website www.igh.hr/hr/ . In addition, the Issuer's Articles of Association of 26 July 2024 and historical financial information included in this Prospectus.

THE VALIDITY OF THE PROSPECTUS

This Prospectus shall remain valid 12 months after the date of its approval.

The obligation to update this Prospectus in case of significant new factors, grave errors, or major inaccuracies shall not apply after this Prospectus ceases to be valid.

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ABBREVIATIONS, ACRONYMS AND DEFINITIONS

Unless explicitly stated otherwise, that is, unless different meanings can be inferred from context, the terms stated below shall have the following meanings:

Listing agent	shall mean AGRAM Brokeri d.d., with registered seat in Zagreb (the City of Zagreb), Ulica grada Vukovara 74, entered into the court register of the Commercial Court in Zagreb under the number (MBS) 080652030, VAT Number: 14665174376
Br.	Shall mean number(s)
CDS	CDS (short for Credit Default Swap) is a financial instrument enabling the investor to mitigate or completely eliminate the risk of loss in case they fail to collect debts from a creditor.
The day of the share capital increase	shall mean the day the increase of the Issuer's share capital pursuant to a decision of the General Assembly of 01 December 2023 was entered into the court register.
Company or Issuer	shall mean Institut IGH, joint stock company for research and development in civil engineering with registered seat in Zagreb, Janka Rakuše 1, entered into the court register of the Commercial Court in Zagreb under the number (MBS): 080000959, VAT Number: 79766124714
Shares	shall mean 867,754 dematerialized ordinary registered shares, of a nominal value of EUR 10 each pursuant to a decision adopted by the General Assembly on 01 December 2023.
EU	shall mean the European Union
EUR or euro	shall mean the currency applicable in EU Member States and the official currency

	of the Republic of Croatia since 01 January 2023.
General Assembly	shall mean the Issuer's general Assembly
Group	shall mean the Issuer and their Subsidiaries collectively
HANFA	shall mean the Croatian Financial Services Supervisory Agency with registered seat in Zagreb, Franje Račkoga 6, VAT Number (OIB): 49376181407
HNB	shall mean Croatian National Bank, Trg hrvatskih velikana 3, Zagreb, VAT Number (OIB): 95970281739
ISIN	shall mean International Securities Identification Number
IFRS	shall mean International Financial reporting Standards approved in the EU pursuant to Regulation (EC) no. 1606/2002.
Zagreb Stock Exchange Regulations	shall mean Zagreb Stock Exchange Regulations approved by HANFA on 25 November 2019 and amended on 07 October 2021, 22 November 2022 and 09 July 2024.
VAT Number (OIB)	shall mean a tax number
Subsidiary	shall mean subsidiaries as defined by the Companies Act and the Accounting Act. On the day this document was prepared, the following companies are considered the Issuer's subsidiaries: (1) IGH Mostar d.o.o.; (2) IGH Business Advisory d.o.o.; (3) Incro d.o.o.; (4) Slavonija centar – poslovna zona d.o.o.; (5) Marterra d.o.o.; (6) IGH projektiranje d.o.o.; (7) DP Aqua d.o.o. and (8) ETZ d.d.

VAT	shall mean Value Added Tax
Increasing share capital	shall mean the process of increasing the Company's share capital done pursuant a decision adopted by the General Assembly on 01 December 2023 increasing the Issuer's share capital from EUR 6,137,090.00 EUR by EUR 8,677,540.00 to EUR 14,814,630.00 by issuing 867,754 ordinary dematerialized registered shares, each of a nominal value of EUR 10.
Working day	shall mean any day other than Saturday, Sunday, state or religious holidays prescribed by law
Reducing share capital	means a simplified process of reducing the share capital done pursuant to a decision adopted by the General Assembly on 01 December 2023 by decreasing the nominal value of the Company's shares from EUR 25.22 by EUR 15,22 to EUR 10,00.
The official market	shall mean a multilateral system managed and/or led by a market operator, which matches or facilitates the matching of multiple third party interests to buy or sell financial instruments – in the system and in accordance with its non-discretionary rules-in a way that leads to the conclusion of a contract regarding the financial instruments listed for trade in accordance with its rules and/or systems, authorized to work and operating in accordance with article III of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU

Central Depository and Clearing Company (SKDD)

	Shall mean Central Depository and Clearing Company d.d., Zagreb,

Heinzelova 62a, entered into the court register of the Commercial Court in Zagreb under the number (MBS) 080138626, VAT Number (OIB): 64406809162, operating as a central depository of securities, that is, a register of dematerialized securities, where records of issuers, securities, their accounts, owners and other data prescribed by law are kept electronically. The company operates mainly in accordance with the Capital Markets Act and it is supervised by the Croatian Financial Services Supervisory Agency. The company provides depository, clearing and settlement and other services

Articles of Association of 01 December 2023	shall mean the Issuer's Articles of Association of 01 December 2023 pursuant to a decision adopted by the Issuer on 01 December 2023 to increase the Company's share capital from EUR 6,137,090.00 EUR by EUR 8,677,540.00 EUR to EUR 14.814.630,00 by issuing 867,754 ordinary dematerialized regular shares of a nominal value of EUR 10 each.
Council Regulation (EU) 2015/1589	shall mean Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union.
Council Regulation (EU) 2017/1129	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (Official Journal of the European Union L 168/12 of 30 June 2017)
The Value Added Tax Act	shall mean the Value Added Tax Act

	published in the Official gazette no. 115/16, 106/18, 121/19, 32/20, 138/20, 151/22, 114/23
The Companies Act	shall mean the Companies Act Zakon o published in the Official gazette no. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 111/12, 68/13, 110/15,40/19, 34/22, 114/22, 18/23, 130/23
The Takeover Act	shall mean the Takeover Act published in the Official gazette no. 107/07, 36/09, 10/12, 90/13, 99/13, 148/13
The Capital Markets Act (ZTK)	shall mean the Capital Markets Act published in the Official gazette no. 65/18,17/20,83/21, 151/22, 85/24
c.p.	shall mean cadastral plot
l.r.f.	shall mean land register folio
ZSE or the Market Stock Exchange	shall mean the Zagreb Stock Exchange with registered seat in Zagreb, Ivana Lučića 2a/22, entered into the court register of the Commercial Court in Zagreb under the number (MBS): 080034217, VAT Number (OIB): 84368186611

II. SUMMARY

1. INTRODUCTION AND WARNINGS

This Prospectus refers to the listing of 867,754 ordinary, dematerialized registered shares of Institut IGH, a civil engineering company for research and development in civil engineering(hereinafter "the Issuer") marked IGH-R-D, ISIN HRIGH0RD0003. broj LEI: 74780000W0UQ8MF2FU71 on the Official market of the Zagreb Stock Exchange.

The Issuer's contact information is given below:

Address:	Janka Rakuše 1, 10000 Zagreb
Phone:	+385 1 6125 125
E-mail:	igh@igh.hr
Website:	www.igh.hr/hr/

This Prospectus was approved by the Croatian Financial Services Supervisory Agency ("**HANFA**"). The Agency's contact information is given below:

Address:	Franje Račkoga 6, HR-10000 Zagreb
Phone:	+385 (0)1 6173 200
E-mail:	info@hanfa.hr
Website:	www.hanfa.hr

This Prospectus was approved on: 22 January 2025.

Class: UP/I 996-02/24-01/02, No.: 326-01-60-62-25-20, decision issued on: 22 January 2025.

The Investor is hereby warned of the following key facts:

i.) this Summary is to be read as an introduction to the Prospectus;

ii.) The Investor should base every investment decision on the Prospectus as a whole;

iii.) in case of a drop in share market prices, a financial decline of the Issuer and similar events, there is a possibility of the Investor losing a part or all of the capital invested in the Issuer;

iv.) if a lawsuit is brought to court related to the information contained in the Prospectus, the plaintiff investor may be obliged, according to national law, to bear the costs of translating the Prospectus before the court proceedings begin;

v.) only the persons who prepared

this Summary, including its translation, are subject to civil liability, but only if the Summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus, or fails to provide, when read together with other parts of the Prospectus , key information to help investors consider investing in the Shares. The Prospectus, including this Summary, was compiled by the Issuer.

2. KEY INFORMATION ABOUT THE ISSUER

2.1. Who is the Issuer of the securities?

The issuer of the shares is Institut IGH, a joint stock company properly founded and existing pursuant to Croatian law , with registered seat in Zagreb (the City of Zagreb) Janka Rakuše 1, entered into the Court register of the Commercial Court in Zagreb under the number (MBS): 080000959, VAT Number (OIB): 79766124714. The Issuer has been given the following LEI mark: 74780000W0UQ8MF2FU71. The Issuer operates and does business in accordance with the law of the Republic of Croatia and the EU acquis.

The issuer is the parent company of a Group consisting of the Issuer and their subsidiaries ("the Group").

The company does research, scientific and civil engineering work, including: design, study development, supervision in civil engineering, consulting, research, proofs of serviceability, laboratory testing and calibration. The company is ISO certified for the aforementioned activities, and possesses the following certificates: EN ISO 9001, EN ISO 14001, EN ISO 45001. The IGH group consists of 8 subsidiaries and 1 associate company (as of 31 December 2023). doing core business and other activities, along with other foreign subsidiaries. The company's headquarters are located in Zagreb, Croatia. As previously mentioned, other than from the headquarters, the company does business through its subsidiaries in Georgia, the Republic of Kosovo, Northern Macedonia and Bosnia and Herzegovina. Near the end of 2023, subsidiaries in Armenia and Hungary were also opened.

Table 1: The Issuer's largest shareholders – ordinary shares marked IGH-R-A and IGH-R-D

Shareholder	Type of account	Number of shares	Percentage of shares(%)
AGRAM BROKERI D.D. /AVENUE MEHANIZACIJA D.O.O.	Transactional account	566,581	45,63%
FROTIP DEVELOPMENT D.O.O.	Basic/transactional account	301,173	24,26%
AGRAM BANKA D.D. (70663193635)/AVENUE ENGINEERING AND CONSTRUCTION LIMITED (48729455913)	Special right of lien/transactional account	248,604	20,02%
SMIRNOV MANAGMENT I TRRANSPORTING J.D.O.O.	Basic account	53,846	4,34%
DRNASIN ANTE (40462672771)	Basic account	16,000	1,29%
LEJO IVAN (89253082427)	Basic account	12,500	1,01%
OTP BANKA D.D. (52508873833)	Basic account	11,955	0,96%
ČERNOŠEK KRUNOSLAV (62175352551)	Basic account	8,250	0,66%
MIHALJEVIĆ BRANKO (21733763085)	Basic account	8,100	0,65%
CAPTURIS D.O.O. (26726754649)	Basic account	7,895	0,64%
INSTITUT IGH, D.D. (79766124714) (1/1)	Basic account	6,659	0,54%
		1,241,563	**100%**

Source: Central Depository and Clearing Company CDCC, https://www.skdd.hr/portal/f?p=100:1

Members of the Management Board include: Robert Petrosian (CEO), Marija Đuroković (Management Member), Tatjana Bičanić (Management Member) and Josip Majer (Management Member).

Procurators include: Željka Sikaček and Senka Žaja.

Members of the Supervisory Board include: Žarko Dešković (Chairman of the SB), Mariyan Tkach (Deputy Chairman), Igor Aleksandrov Tkach (Member of the SB), Sergej Sergejevič Gljadelkin (Member of the SB) and Marin Božić (Member of the SB).

The Issuer's statutory auditor is: Russell Bedford Croatia - Revizija d.o.o., with registered seat in Zagreb, Selska cesta 90/B, VAT Number (OIB): 64094041583, entered into the Auditors Register kept by the Croatian Chamber of Auditors under the number 100003480.

2.2. What are the Issuer's key financial information?

Table 2: Consolidated income statement– annual and quarterly data

In thousands of euros	**2021**	**2022**	**2023**
Total revenue	24,420	24,861	29,715
Sales revenue	22,540	19,982	16,375
EBIT	(7,883)	2,892	8,187
Net profit/loss in the period	(7,535)	2,002	4,985
Base earnings per share (in EUR)	(12.5)	3.3	2.9

In thousands of euros	**30 September 2023**	**30 September 2024**
Total revenue	20.798	15.182
Sales revenue	11.827	13.100
EBIT	5.686	669
Net profit/loss in the period	6.296	651

Source: Issuer's annual consolidated and revised financial statement for the year that ended on 31 December 2021 , 31 December 2022, and 31 December 2023, as well as the non-revised consolidated quarterly statement for Q3 of 2024.

Table 3: The consolidated balance sheet – annual and quarterly data

In thousands of euros	**31 December 2021**	**31 December 2022**	**31 December 2023**	**30 September 2024**
Total assets	24,703	23,100	20,687	20,966
Total capital	(12,957)	(12,998)	3,878	4,283

Source: Issuer's annual consolidated and revised financial statement for the year that ended on 31 December 2021 , 31 December 2022, and 31 December 2023, as well as the non-revised consolidated quarterly statement for Q3 of 2024Tablica 4: Konsolidirani izvještaj o novčanim tokovima

In thousands of euros	**2021.**	**2022.**	**2023.**
Net operating cash flow	3.812	1.646	1.129
Net investment cash flow	(728)	(264)	(389)
Net financial cash flow	(3.358)	(1.738)	(819)
Cash and cash equivalents at the end of the period	868	513	434

In thousands of euros	**30 September 2023**	**30 September 2024**
Net operating cash flow	935	(428)

Net investment cash flow	412	79
Net financial cash flow	(1.427)	0
Cash and cash equivalents at the end of the period	434	85

Source: Issuer's annual consolidated and revised financial statement for the year that ended on 31 December 2021 , 31 December 2022, and 31 December 2023, as well as the non-revised consolidated quarterly statement for Q3 of 2024

Given that the 2021 and 2022 financial statements were prepared and presented in Croatian kunas, a fixed conversion rate EUR/HRK 7,5345 was used to present the 2021 and 2022 financial information.

The Issuer was given a qualified opinion for the 2021 and 2022 financial statements.

For 2021, The foundation of the Qualified opinion is given hereafter: 1) As stated in note 38 of the revised 2021 statement, purusant to a Management decision, the Russian subsidiary of INSTITUT IGH, d.d., in Moscow was closed. Due to the war in Ukraine, we were unable to obtain sufficient appropriate auditorial evidence of assets, liabilities, income and expenses, which prevented us from determining the revisions that need to be made to the statement and their impact on the 2021 consolidated financial statements.

For 2022, The foundation of a Qualified opinion is given hereafter: 1) As stated in the notes to the revised 2022 financial statements, the Company and the Group use a fair value model to evaluate property, plants and equipment, but they have not obtained the comprehensive evaluations pursuant to IAS 16. Because of this, we were unable to obtain sufficient appropriate auditorial evidence of stated values and determine the possible impacts of revisions on the 2022 consolidated and non-consolidated financial statements.; 2) As stated in Note 15., The Group shows investments in subsidiaries, some of which no longer do business. The Group revised the statements in accordance with International Accounting Standard 8, but if the said revisions had been doine in the earliest presented period, the stated amounts of receivables and accumulated losses would have been HRK 14 250 000 HRK smaller. In addition, as stated in Note 38 of the revised 2021 statements, purusant to a Management decision, the Russian subsidiary of INSTITUT IGH, d.d., in Moscow was closed. Due to the war in Ukraine, we were unable to obtain sufficient appropriate auditorial evidence of assets, liabilities, income and expenses, which prevented us from determining the revisions that need to be made to the statement and their impact on the 2021 consolidated financial statements.

The auditor's opinion for the 2023 financial statement was qualified.

On 01 December 2023, the General Assembly adopted a Decision on the increase of the share capital by issuing new shares. Pursuant to the aforementioned decision, the Issuer's share capital ws increased from EUR 6,137,090.00 by EUR 8,677,540.00 EUR to EUR 14,814,630.00 by issuing 867,754 ordinary dematerialized registered shares of a nominal value of EUR 10 each. The funds received from recapitalization were used to refinance existing obligations.

2.3. What are the key risks specific to the Issuer?

The Company, that is, the Group is exposed to various financial, legal, and operational risks. The Company is keeping track of the aforementioned risks and is trying to mitigate their potential impact to their financial exposure. The Company does not use derivatives to actively protect themselves from exposure to financial risks.

Liquidity risk

A liquidity risk is the risk of the IGH Group facing difficulties in meeting their financial obligations. A liquidity risk occurs during general financing of the Group's activities and asset management. In order to ensure the necessary liquidity, Management is actively monitoring and handling debt collection processes and planned outflows.

Credit risk
A credit risk is the risk of one party to a financial instrument incurring losses to another party due to partial or full default at maturity. The default would jeopardize the liquidity of the Group and reduce the value of its assets. The financial assets potentially exposing the Group to credit risk consists mainly of loans, accounts receivable, and other claims. The Group regularly monitors the default risk of other parties.

Business environment risk
The economic environment, circumstances and regulatory framework will certainly determine the extent to which the Group and the Company will achieve their set business goals. The Group will promptly react to each risk in the economic environment and adapt to new circumstances. In addition, the Group operates on Croatian and international markets, and Management sets the prices of their services based on respective market prices.

Currency risk
A currency risk is the exposure to changes in exchange rates. As of 01 January 2023, the Group's official currency is Euro. (EUR). However, the Group has invested, and still invests in financial instruments and enters into transactions involving currencies that represent the functional currency of issuers with registered seats in various countries. Consequently, the Group is exposed to currency risks in a way that can negatively impact their profit and value.

Regulatory risks
The risk of changes to tax policy is the likelihood of state legislation changing tax laws in a way that would negatively impact the profitability of the Group's business. The Group continuously monitors tax regulations in order to keep up to date with all the changes that might impact business.

The risk of keeping existing and finding new customers
The Company was impacted by dumping from unqualified competitors, but a positive trend of excluding such competitors can be seen, resulting in a balanced value in public tenders to the benefit of clients and high-quality tenderers. In that sense, if the aforementioned trend continues to develop, it will have very positive impacts on the Company's business and the number of existing and potential new customers.

Pre-bankruptcy settlement risk

During 2013, Institut IGH d.d initiated a pre-bankruptcy settlement procedure, came to an agreement with its creditors regarding debt restructuring and limited its co-debtorship-related exposure. When it comes to long-term risks, the Group would like to point out that the pre-bankruptcy settlement risk is a risk of the company not having a high enough EBITDA to meet its obligations to financial institutions pursuant to the pre-bankruptcy settlement. Taking into account the improvements in operative business, the Company is of the opinion that the aforementioned risks will not significantly impact viability.

3.KEY INFORMATION ON SECURITIES

3.1. What are the key features of the Issuer's securities?

The subject of investments on the Official Market of the Zagreb Stock Exchange will be 867,754 shares of a nominal value of EUR 10, marked IGH-R-D, ISIN: HRIGH0RD0003.

The shares have been issued pursuant to Croatian regulations. The shares are ordinary, registered, dematerialized, stored electronically in the CDCC's IT system. All the shares grant their holders the same rights pursuant to the Articles of Association of 26 July 2024, particularly the right to a dividend, voting rights in the General Assembly, the right of first refusal of bids for the registration of securities of the same kind the right to payment of the remaining liquidation value and the right to information about the Issuer's operations.. This Prospectus does not apply to the new listing or offer of shares or other Securities. It's purpose is solely the listing of the Issuer's shares on the Official market of the Zagreb Stock Exchange.. As of the date of this Prospectus. The Issuer's securities are listed on the Official Market, namely 613,709 ordinary dematerialized registered shares each of a nominal value of EUR 10, marked IGH-R-A.

3.2. Where will the securities be traded?

After the Prospectus is approved, the Issuer will file a request for the Shares to be listed on the Official market of the Zagreb Stock Exchange. The Issuer does not guarantee that the listing will be approved nor when the Zagreb Stock Exchange will approve the listing,

3.3. Is there a guarantee for the securities?

There is no guarantee for the Issuer's shares.

3.4. What are the key risks specific to the securities?

Market price volatility risk

A great number of internal and external factors influence the market price. These include the Issuer's operating results, capital structure, changes in market interest rates, overall economic trends, central bank policies, inflation and so on. As a result, shareholders may experience a significant drop in share market value.

The risk of non-payment of dividends

The amount of future dividends, if there are any, will depend on a number of factors, primarily the Issuer's future revenue, their financial position, cash flow, the Issuer's need for working capital, capital expenses, the Issuer's decision and other factors.

Market liquidity risk

Active share trading may at some point fail. There is a risk of a reduction in supply and/or demand, and, consequently, a risk of a serious reduction in the number of traded shares, or even a complete absence of share trading. In case shares are not actively traded due to a lack of demand, this will make selling shares on a regulated market difficult, and might negatively impact share market value.

The risk of trading on a regulated market

The Issuer can't guarantee that the Shares will be subject to active trading on the market. In addition, due to possible disturbances in market conditions, regulatory measures as well as technical and other difficulties, secondary trading of the Issuer's bonds might be hampered, and trading may be temporarily suspended.

Croatian capital market risk

Investing in shares as a kind of security, carries greater risk compared to investing in other kinds of securities. This is particularly true for non-equity securities such as bonds. Each capital market is typical for the state it takes place in, and the Croatian market is no exception. The Croatian capital market is small compared to some world markets and is of a limited liquidity.

4. KEY INFORMATION ON THE LISTING OF SECURITIES ON A REGULATED MARKET

4.1. Under which conditions and when can I invest in this security?

The purpose of the preparation and publishing of this Prospectus is not to issue securities anew and offer them, but the listing of the Issuer's shares on the Official market of the Zagreb Stock Exchange.

4.2. Who is the bidder, and/or the person filing a request for their shares to be listed for trading?

The person asking for their shares to be listed is the Issuer.

4.3. Why is this Prospectus being prepared?

The purpose of the Preparation and publishing of this Prospectus is the listing of the Issuer's newly-issued shares on the Stock Market of the Zagreb Stock Exchange.

III. THE REGISTRATION DOCUMENT

1. RESPONSIBLE PERSONS, INFORMATION ON THIRD PARTIES REPORTS AND APPROVAL FROM THE COMPETENT BODY

1.1. All the persons responsible for information are contained in the Registration document

The persons responsible for the information listed in the Registration document are listed below.

Issuer:

- **INSTITUT IGH,** joint stock company for research and development in civil engineering with registered seat in Janka Rakuše 1, Zagreb (the City of Zagreb), entered into the court register of the Commercial Court in Zagreb under the number (MBS): 080000959, VAT Number (OIB): 79766124714

Management:

- **Robert Petrosian**, CEO
- **Josip Majer,** Management Member
- **Marija Đuroković,** Management Member
- **Tatjana Bičanić,** Management Member

1.2. A Statement from the responsible persons regarding the Registration document.

The persons responsible for the Registration document hereby state:

„After taking all the necessary precautions to ensure the accuracy of the information stated hereunder, we hereby state that the information contained in this Registration document conform to the facts and that no information that could impact the content of the Registration document have been left out.“

Signees:

____

Robert Petrosian

CEO

Management Members:

Josip Majer	**Marija Đuroković**	**Tatjana Bičanić**
Management Member	Management Member	Management Member

1.3. Expert reports and statements

The following statement or expert report has been included in the Registration document:

- An independent auditor's report with the annual consolidated financial statements of the issuer for the year that ended on 31 December 2023.; prepared by Russell Bedford Croatia

- Revizija d.o.o., statutory auditor with registered seat in Zagreb (the City of Zagreb), Selska cesta 90/B, VAT Number (OIB): 64094041583 , entered into the Auditors list kept by the Ministry of Finance of the Republic of Croatia under the number 100003480.

The aforementioned independent statutory auditor has no share in the Issuer.

The aforementioned independent auditor's report was prepared at the request of the Issuer and its full text, as was given to the Issuer, is included in the text of the Prospectus with the consent of the person who approved the content of that part of the Prospectus.

- An independent auditor's report with the annual consolidated financial statements of the issuer for the year that ended on 31 December 2022. and 31 December 2021;

prepared by BDO CROATIA d.o.o., statutory auditor with registered seat in Zagreb (the City of Zagreb), Radnička cesta 180, VAT Number (OIB): 76394522236, entered into the Auditors list kept by the Ministry of Finance of the Republic of Croatia under the number 100002370.

The aforementioned independent statutory auditor has no share in the Issuer.

The aforementioned independent auditor's report was prepared at the request of the Issuer and its full text, as was given to the Issuer, is included in the text of the Prospectus with the consent of the person who approved the content of that part of the Prospectus.

1.4. Third party information

No information obtained from third parties has been listed in the document other than information contained in the revised financial statements for the year that ended on 31 December 2021, that is, for 2021, the financial year that ended on 31 December 2022, that is, for 2022, and the financial year that ended on 31 December 2023, that is, for 2023, audited by Russell Bedford Croatia - Revizija d.o.o. and BDO Croatia d.o.o.. The information stated in the aforementioned revised financial statements have been stated accurately, and, after checking the information published by the auditing companies, and to the Issuer's knowledge, no facts have been omitted that would make such information false or misleading.

For the purposes of this Registration document, information obtained by Group members will not be considered information obtained by third parties.

1.5. Approval by the competent authority

The Issuer hereby states that:

(a) this Registration document was approved by the Croatian Financial Services Supervisory Agency (HANFA), as the competent authority pursuant to Regulation no. 2017/1129;

(b) HANFA hereby only confirms that this Prospectus abides by the principles of completeness, clarity and consistency prescribed by Regulation EU no. 2017/1129;

(c) such an approval should not be considered an approval by the Issuer to which this Registration document refers, and

(d) the Registration document was prepared as part of a simplified Prospectus pursuant to Article 14 of Regulation EU no. 2017/1129.

Investors should read the detailed information stated in this Prospectus (and any other document to which this Prospectus refers), evaluate the appropriateness of investing in the Issuer's share themselves, and form their own opinion before making any other decision to invest in the Issuer's shares.

2. STATUTORY AUDITORS

The revised, non-consolidated financial statement of the Issuer for the year that ended on 31 December 2021, that is, for 2021, the financial year that ended on 31 December 2022, that is, for 2022, and the financial year that ended on 31 December 2023, that is, for 2023., and the revised consolidated financial statements of the Issuer, for the year that ended on 31 December 2023, that is, 2023, audited in 2021 and 2022 by BDO CROATIA d.o.o. with registered seat in Zagreb (the City of Zagreb), Radnička cesta 180, VAT Number (OIB): 76394522236, entered into the Auditors list kept by the Ministry of Finance of the Republic of Croatia under the number 100002370, and in 2023 Russell Bedford Croatia - Revizija d.o.o. with registered seat in Zagreb (the City of Zagreb), Selska cesta 90/B, VAT Number (OIB): 64094041583 , entered into the Auditors list kept by the Ministry of Finance of the Republic of Croatia under the number 100003480.

3. RISK FACTORS

3.1. Risk factors in general

When investing in securities, the Investor willingly takes on certain risks according to their risk appetite. When considering investing in the Issuer's shares, a potential investor should consider the risk factors outlined below. However, the investor is also advised to make their own judgements of the Issuer's financial position, their conditions and other influences and information that might impact the success of the issuing. The risks stated below are not the only risks faced by the Issuer. Investors should be aware of the existence of other risks unknown on the date of this Prospectus, which could not ha been included in it based on the data currently known to the Issuer.

Table 5: A summary of the risk factors

ISSUER- AND GROUP-RELATED RISK FACTORS		
Financial risks		
Risk factors	**Likelihood of occurrence**	**Degree of impact**
Liquidity risk	Medium	High
Credit risk	Medium	Medium

Business environment risk	Medium	Medium
Currency risk	Low	Low
The risk of changes in interest rates	Low	Low
Legal risks		
Risk factors	**Likelihood of occurrence**	**Degree of impact**
Regulatory risks	High	Low
Operational risks		
Risk factors	**Likelihood of occurrence**	**Degree of impact**
The risk of keeping existing and finding new customers	High	High
The pre-bankruptcy settlement risk	High	Medium
Industry and competition risks	High	Medium
The risk of exposure to cyber attacks	Medium	High
The risk of losing key staff and the risk of a lack of qualified manpower	Medium	Medium
SHARE-RELATED RISK FACTORS		
Risks related to the nature of shares		
Risk factors	Likelihood of occurrence	Degree of impact
Market price volatility risk	Medium	Medium
The risk of non-payment of dividends	Medium	Medium
Risks related to the listing and trading of shares on a regulated market		
Risk factors	Likelihood of occurrence	Degree of impact
Capital market liquidity risk	Medium	Medium
Croatian capital market risk	Medium	Medium
The risk of trading on a regulated market	Low	Low
Transactional costs and fees risk during secondary share trading	Low	Low
Legal risks		
Risk factors	Likelihood of occurrence	Degree of impact
Risks related to the taxation of share investments	Low	Low
The risk of mandatory announcement of takeover bids due to share acquisition	Low	Low

3.2. Issuer and Group-related risk factors

Liquidity risk

A liquidity risk is the risk of the IGH Group facing difficulties in meeting their financial obligations. A liquidity risk occurs during general financing of the Group's activities and asset management.. It involves the risk of being unable to service asset-related debts duly and at reasonable prices, as well as the risk of not being able to sell assets at a reasonable price and within an appropriate time-frame. Financial instruments involve investments that may not be liquid and that the Group might not quickly turn into money to meet its liquidity demands. In order to ensure the necessary liquidity, Management is actively monitoring and managing debt collection and planned outflows. The likelihood of this risk factor is estimated as medium, while the potential negative impact of this factor occurring is estimated as high.

Table 6: Liquidity risk

Risk factor	Likelihood of occurrence	Degree of impact
Liquidity risk	Medium	High

Credit risk

A credit risk is the risk of one party to a financial instrument incurring losses to another party due to partial or full default at maturity. The default would jeopardize the liquidity of the Group and reduce the value of its assets. The financial assets potentially exposing the Group to credit risk consists mainly of loans, accounts receivable, and other claims. The Group regularly monitors the default risk of other parties. Accounts receivable, loans receivables and other receivables have been adjusted for provisions for doubtful and disputed receivables. In order to measure the expected credit loss, contracted assets and accounts receivable were grouped by credit risk and maturity. For the same types of contracts, contractual assets carry the same risk characteristics as accounts receivables. So, the Group concluded that the expected loss rates of accounts receivables can be used to calculate the losses on contractual assets. In addition, the Group is exposed to credit risk through bank deposits. Bank deposits include cash on current accounts and deposits held as bank guarantee collaterals collected upon maturity and, therefore, classified as held-to – maturity assets in accordance with MSFI 9 and are measured at amortized cost. The Group uses a daily Credit default swap (CDS) value that covers 5 years' worth of insurance. The following formula was used to calculate credit risk: deposit amount * number of days * CDS / 365. To calculate credit risk, the Group uses a period of 2 days for demand deposit. The likelihood of this risk factor is estimated as medium, while the potential negative impact of this factor occurring is also estimated as medium.

Table 7: Credit risk

Risk factor	Likelihood of occurrence	Degree of impact
Credit risk	Medium	Medium

Business environment risk

The economic environment, circumstances and regulatory framework will certainly determine the extent to which the Group and the Company will achieve their set business goals. The Group will promptly react to each risk in the economic environment and adapt to new circumstances. In addition, the Group operates on Croatian and international markets, and Management sets the prices of their services based on respective market prices

In 2024, real GDP growth is expected to accelerate to 3,6%, compared to 3,1% in 2023 due to a continued strong growth in personal consumption, supported by the growth in real disposable income and significant intensification in investment activities. In addition, inflation is expected to slow down. According to forecasts made by CNB, in 2024, HCPI might drop by over 50%, with a further drop to 3,4% in 2025. and 2,3% in 2026. The likelihood of this risk factor is estimated as medium, while the potential negative impact of this factor occurring is also estimated as medium.

Table 8: Business environment risk

Risk factor	Likelihood of occurrence	Degree of impact
Business environment risk	Medium	Medium

Currency risk

A currency risk is the exposure to changes in exchange rates. As of 01 January 2023, the Group's official currency is Euro. (EUR). However, the Group has invested, and still invests in financial instruments and enters into transactions involving currencies that represent the functional currency of issuers with registered seats in various countries. Consequently, the Group is exposed to currency risks in a way that can negatively impact their profit and value. The Group uses the currency risk sensitivity analysis method and monitors exposure in order to minimize the aforementioned risk. The likelihood of this risk factor is estimated as low, while the potential negative impact of this factor occurring is also estimated as low.

Table 9: Currency

Risk factor	Likelihood of occurrence	Degree of impact
Currency risk	Low	Low

The risk of changes in interest rates

An interest rate risk is a risk of changes in the value of financial instruments due to changes in market rates compared to the interest rates applied to the financial instrument. The Group mainly uses credited with fixed interest rates and is not exposed to the risks of changes in interest rates. The Group does not use instruments to actively protect against exposure to interest rate risk. The likelihood of this risk factor is estimated as low, while the potential negative impact of this factor occurring is also estimated as low.

Table 10: The risk of changes in interest rates

Risk factor	Likelihood of occurrence	Degree of impact
The risk of changes in interest rates	Low	Low

Regulatory risks

The risk of changes to tax policy is the likelihood of state legislation changing tax laws in a way that would negatively impact the profitability of the Group's business. The Group continuously monitors tax regulations in order to keep up to date with all the changes that might impact business. The likelihood of this risk factor is estimated as high, while the potential negative impact of this factor occurring is estimated as low.

Table 11: Regulatory risks

Risk factor	Likelihood of occurrence	Degree of impact
Regulatory risks	High	Low

The risk of retaining existing and finding new customers

The risk of keeping existing and finding new costumers refers to the possibility of losing existing customers and challenges in attracting new ones. Dumping (submitting tenders far below the estimated value) occurring as part of public tenders are extremely unfavorable for clients, but also high quality tenderers. Through extremely low bids, high quality tenderers are eliminated or are forced to significantly reduce their prices to ensure competitiveness with the logical consequence being a subpar service (quality- and deadline-wise). As the company is considered a leader in the sector, it has often been a target of the aforementioned dumping practice by low quality competitors. However, in the last business year, the trend of a larger number of such competitors getting excluded from tenders by key sector clients has become more noticeable, consequently balancing value in public tendering procedures to the benefit of both the client and every high quality tenderer.

In that sense, if the aforementioned trend continues to develop, it will have very positive impacts on the Company's business and the number of existing and potential new clients In addition, a deficit in the planned vs. implemented (announced/initiated) public tenders is a trend which has had a significant negative impact on the Company's business for several years. The primary target market of INSTITUT IGH, d.d., as a sector leader, are clients such as Croatian roads(Hrvatske ceste), Croatian motorways (Hrvatske autoceste), Hrvatska elektroprivreda, Croatian railways(Hrvatske željeznice), Croatian waters(Hrvatske vode) – in other words, key national infrastructure companies. Unfortunately, numerous administrative barriers prevent projects from being implemented at a rate announced and forecast by those companies, resulting in the existence of the risk of retaining existing customers. The likelihood of this risk factor is estimated as high, while the potential negative impact of this factor occurring is also estimated as high.

Table 12: The risk of retaining existing and finding new customers

Risk factor	Likelihood of occurrence	Degree of impact
The risk of retaining existing and finding new customers	High	High

The pre-bankruptcy settlement risk

During 2013, Institut IGH d.d initiated a pre-bankruptcy settlement procedure, came to an agreement with its creditors regarding debt restructuring and limited its co-debtorship-related exposure. Regardless of financial restructuring, the company increased its share capital by issuing new shares, and initiated procedures to sell certain assets in order to ensure the necessary liquidity. In addition, in recent years, the company has implemented a series of measures regarding operational restructuring and a more active market presence in order to improve profitability. Given that the concluded pre-bankruptcy settlement is valid, the Group sees the pre-bankruptcy settlement risk as a potentially long-term risk since the settlement of obligations towards financial institutions from category a) is planned within 6,5 years, with a 3,5 year-long grace period. When it comes to long-term risks, the Group would like to point out that the pre-bankruptcy settlement risk is a risk of the company not having a high enough EBITDA to meet its obligations to financial institutions pursuant to the pre-bankruptcy settlement. As of the balance sheet date of 31 December 2023, the remaining debt amounts to 38 thousand EUR, and the Company continues to sell its assets to settle its debts to creditors and order to abide by the settlement. In the first quarter of 2024, the company paid off the full amount of its debt (EUR 38 000) and continues to undertake activities in order to fully abide by the settlement and end the pre-bankruptcy procedure. Taking into account the improvements in operative business, the Company is of the opinion that the aforementioned risks will not significantly impact viability. The likelihood of this risk factor is estimated as high, while the potential negative impact of this factor occurring is estimated as medium.

Table 13: The pre-bankruptcy settlement risk

Risk factor	Likelihood of occurrence	Degree of impact
The pre-bankruptcy settlement risk	High	Medium

Industry and competition risks

The civil engineering sector market is specific in many ways, but, according to management estimates and estimates done by other departments in INSTITUT IGH, a gradual end to a several years'-long trend marked by three relevant facts negatively impacting the Company's business can be seen. These are, namely: 1)continuous dumping in public tendering (participants offering extremely low prices with the aim of being granted the contract after which design and supervision works aren't done in a professional, timely and correct manner), 2) a lack of implemented (announced) public tenders compared to the plans announced by key sector clients and 3) a lack of manpower. The first two of the aforementioned facts are specific to the Croatian market while the third fact is part of global labor market trends, but significantly impacts the local market. Dumping (submitting tenders far below the estimated value) occurring as part of public tendering procedures are extremely detrimental to clients, but also high quality bidders. Through extremely low bids, high quality tenderers are eliminated or are forced to significantly reduce their prices to ensure competitiveness with the logical consequence being a subpar service (quality- and deadline-wise). The company has often been a target of the aforementioned dumping practice by low quality competitors. However, in the last business year, the trend of a larger number of such competitors getting excluded from tenders by key sector clients has become more noticeable, consequently balancing value in public tendering procedures to the benefit of both the client and every high quality tenderer. A deficit in the planned vs. implemented (announced/initiated) public tenders is a trend which has had a significant negative impact on the Company's business for several years. The primary target market of INSTITUT IGH, d.d., as a sector leader, are clients such as Croatian roads(Hrvatske ceste), Croatian motorways (Hrvatske autoceste), Hrvatska elektroprivreda, Croatian railways(Hrvatske željeznice), Croatian waters(Hrvatske vode) – in other words, key national infrastructure companies. Unfortunately, numerous administrative barriers prevent projects from being implemented at a rate announced and forecast by those companies. The Company is somewhat impacted by a lack of high quality staff given that its staff is qualified and as such has plenty of opportunities both on national and international labor markets. When it comes to the aforementioned negative trends and taking the risk of competition into account, the company has several important advantages: it is a regional market leader with a long-standing tradition and it has the most references, certificates and accreditations and the highest number of engineers and professionals in the region. In addition, the Company has the largest and best-equipped laboratory in the region and has held a reputation as both a scientific institution and an engineering company. The likelihood of this risk factor is estimated as high, while the potential negative impact of this factor occurring is estimated as medium.

Table 14: Industry and competition risks

Risk factor	Likelihood of occurrence	Degree of impact
Industry and competition risks	High	Medium

The risk of exposure to cyber attacks

Cyber-attacks pose one of the greatest risks in a modern, digital world, and companies increasingly stress its monitoring. Cyber-attacks can take on many forms and aim to steal data, incur financial damage, tarnish reputation or terminate a company. On 14 June 2022, Institut IGH d.d. successfully obtained an ISO /IEC 27001:2013 certificate during an audit conducted by DNV Adriatica d.o.o. The ISO 27001 describes the setup, implementation, maintenance, monitoring an improvement of a company's information security management system. Conforming to ISO 27001 means that the organization or a company has set up a system to manage risks related to the safety of the data the company handles or owns and that the system abides by the best practices and principles integrated in this international norm. The scope of certification in Institut IGH d.d. includes: design services, study preparation, supervision, consulting, engineering research, evaluation and assessment of conformity of performance, laboratory testing and calibration, and scientific and research activities in civil engineering. During 2023. and 2024. Institut IGH d.d. successfully passed the test assertions conducted by DNV Adriatica d.o.o. The likelihood of this risk factor is estimated as medium, while the potential negative impact of this factor occurring is estimated as high.

Table 15: The risk of exposure to cyber-attacks

The risk of exposure to cyber-attacks	Medium	High

The risk of losing key staff and the risk of a lack of qualified manpower

The risk of losing key staff refers to the possibility of individuals key to successful operations leaving the company. This can have long-term effects on operational stability, competitiveness and company growth. The risk of a lack of qualified manpower comes from an inability to find employees with the necessary knowledge, skills and experience on the labor market. The Company is somewhat impacted by a lack of high quality staff given that its staff is qualified and as such has plenty of opportunities both on national and international labor markets However, given that the company was able to comprehensively restructure this and last year, compared to previous years, a significant decrease in quality staff turnover can be seen, primarily as a result of the company's stable position. Given the age structure of the Croatian society, older employees are prevalent in the staff. Therefore, professional development and mentorship were recognized as one of the primary goals of the

Company’s strategic positioning. It was precisely professional development that was dominantly recognized as necessary in employee satisfaction polls. This is the way the Group manages the aforementioned risk. The likelihood of this risk factor is estimated as medium, while the potential negative impact of this factor occurring is estimated as medium as well.

Table 16: The risk of losing key staff and the risk of a lack of qualified manpower

Risk factor	Likelihood of occurrence	Degree of impact
The risk of losing key staff and the risk of a lack of qualified manpower	Medium	Medium

3.3. Share-related risks

Market price volatility risk

A great number of internal and external factors influence the market price. These include the Issuer’s operating results, capital structure, changes in market interest rates, overall economic trends, central bank policies, inflation and so on. As a result, shareholders may experience a significant drop in share market value which can be the result of several factors, including, but not limited to differences between the results announced by the Company and analysts’ forecasts, announcements of strategic partnerships, significant investments, the future issuing or selling of securities, fluctuations in the financial condition and business results of the Company and to the general fluctuation of process on the Zagreb Stock Exchange. There is no guarantee that events in Croatia or elsewhere won’t cause market volatility/instability and that such instability/volatility won’t influence the share price or that such economic and market conditions won’t have a negative impact of another kind. The likelihood of this risk factor is estimated as medium, while the potential negative impact of this factor occurring is estimated as medium as well..

Table 17: Market price volatility risk

Risk factor	Likelihood of occurrence	Degree of impact
Market price volatility risk	Medium	Medium

The risk of non-payment of dividends

The amount of future dividends, if there are any, will depend on a number of factors, primarily the Issuer’s future revenue, their financial position, cash flow, the Issuer’s need for working capital, capital expenses, the Issuer’s decision and other factors. Therefore, the Issuer cannot guarantee that they will have funds available for potential future payments of dividends. The likelihood of this risk factor is estimated as medium, while the potential negative impact of this factor occurring is also estimated as medium.

Table 18: The risk of Non-payment of dividends

Risk factor	Likelihood of occurrence	Degree of impact
The risk of Non-payment of dividends	Medium	Medium

Market liquidity risk

Active share trading may fail at some point. There is a risk of a reduction in supply and/or demand, and, consequently, a risk of a serious reduction in the number of traded shares, or even a complete absence of share trading. In case shares are not actively traded due to a lack of demand, this will make selling shares on a regulated market difficult, and might negatively impact share market value. Before investing in the Issuer's shares, each investor should determine if they are an acceptable investment to him and to what extent. The likelihood of this risk factor is estimated as medium, while the potential negative impact of this factor occurring is also estimated as medium.

Table 19: Market liquidity risk

Risk factor	Likelihood of occurrence	Degree of impact
Market liquidity risk	Medium	Medium

Croatian capital market risk

Investing in shares as a kind of security, carries greater risk compared to investing in other kinds of securities. This is particularly true for non-equity securities such as bonds. Each capital market is typical for the state it takes place in, and the Croatian market is no exception. The Croatian capital market is small compared to some world markets and is of a limited liquidity, as seen in the following:

a) a limited number of participants and a small number of institutional investors;

b) a small number of liquid financial instruments and a disproportionate number of those instruments in total market capitalization and traffic;

c) a limited number of standardized derivatives, resulting in significantly reduced possibilities of investment protection;

d) a high influence of a small number of institutional investors on the process and volume of trading;

e) insufficient liquidity of primary and secondary markets;

f) a very small number of initial public offers (IPO)

g) poorly developed corporate management and limited access to capital through capital markets with a traditional tendency to obtain funding through commercial banks.

In recent years, there have been significant changes in prices and turnover on the Croatian capital market. In the future, such trends can mean a higher risk of a negative impact on the market price of the Issuer's shares. Given the aforementioned disadvantages, one can reach the conclusion that, compared to developed markets, the Croatian market carries a greater systemic risk to investors. The likelihood of this risk factor is estimated as medium, while the potential negative impact of this factor occurring is also estimated as medium.

Table 20: The Croatian capital market risk

Risk factor	Likelihood of occurrence	Degree of impact
The Croatian capital market risk	Medium	Medium

The risk of trading on a regulated market

The Issuer can't guarantee that the Shares will be subject to active trading on the market. In addition, due to possible disturbances in market conditions, regulatory measures as well as technical and other difficulties, secondary trading of the Issuer's bonds might be hampered, and trading may also be temporarily suspended. Before investing in the Issuer's shares, each investor should determine if they are an acceptable investment for them and to what extent. The likelihood of this risk factor is estimated as low, while the potential negative impact of this factor occurring is also estimated as low.

Table 21: The risk of trading on a regulated market

Risk factor	Likelihood of occurrence	Degree of impact
The risk of trading on a regulated market	Low	Low

Transactional costs and fees risk during secondary share trading

Transactional costs may occur during secondary share trading and they usually include a small, fixed transactional fee or variable fees(shown as percentages) for larger transactions. These costs can significantly reduce or completely eat up potential earnings from share trading. Other than costs directly related to secondaries transactions (direct costs), investors should take into account costs that may occur after the conclusion of the transactions. Therefore, investors should, among other things, familiarize themselves with all the costs related to the conclusion and settlement of transactions before making any investment decisions. The likelihood of this risk factor is estimated as low, while the potential negative impact of this factor occurring is also estimated as low.

Table 22: Transactional costs and fees risk during secondary share trading

Risk factor	Likelihood of occurrence	Degree of impact
Transactional costs and fees risk during secondary share trading	Low	Low

Risks related to the taxation of investments in shares

On the day this Prospectus was prepared, the Income tax Act (OG no. 115/16, 106/18, 121/19, 32/20, 138/20, 151/22, 114/23) and the Income tax Bylaw (OG no. 10/17) pursuant to which physical persons pay capital income tax is in force. Pursuant to a provision of Article 69 of the aforementioned Act, income from dividends and profit shares based on shares in the capital are also considered capital income. Capital income tax is a withholding tax and is calculated at a rate of 12% without recognition of personal deductions. Income tax is not paid when paying dividends and profit shares from Article 70 of this Act if it is paid from the profit made until 29 February 2012., other than dividends and profit shares based on capital shares gained between 1 January 2001 until 31 December 2004, and profit shares based on capital shares that were realized in the period from January 1, 2001 to December 31, 2004, and are paid out after the entry into force of this Act and are taxed at an advance income tax rate of 12%. The Issuer can't guarantee that the tax rate won't change and that there won't be new share-related taxes. Each shareholder is advised to seek the advice of a tax consultant regarding the tax consequences that they may be subject to because of share ownership or disposal, including the applicability and effect of national and international tax regulations or international tax contracts. The likelihood of this risk factor is estimated as low, while the potential negative impact of this factor occurring is also estimated as low.

Tablica 23: Risks related to the taxation of investments in shares

Risk factor	Likelihood of occurrence	Degree of impact
Risks related to the taxation of investments in shares	Low	Low

The risk of the obligation to publish a takeover offer due to the acquisition of Shares

The Joint Stock Companies Takeover Act (OG 109/07, 36/09, 108/12, 90/13, 99/13, 148/13) applies to the Company's shareholders. Pursuant to the aforementioned Act, a person or legal entity has to publish a takeover bid when they acquire, directly or indirectly, jointly or independently, the target company's shares with voting rights, in such a way that they exceed the 25% threshold (together with already acquired shares).(i.e. controlling threshold). Exceptions to this obligation are outlined in the Joint Stock Companies Takeover Act

The likelihood of this risk factor is estimated as low, while the potential negative impact of this factor occurring is also estimated as low.

Table 24: The risk of the obligation to publish a takeover offer due to the acquisition of Shares

Risk factor	Likelihood of occurrence	Degree of impact
The risk of the obligation to publish a takeover offer due to the acquisition of Shares	Low	Low

4. INFORMATION ON THE ISSUER

4.1. General information

The Issuer's company name:

Company name: Institut IGH, joint stock company for research and development in civil engineering
Shortened company name: Institut IGH d.d.

Place of Issuer's registration, their registration number and Legal Entity Identification Mark („LEI“)

Competent Commercial Court: The Commercial Court in Zagreb

Registration Number (MBS): 080000959

OIB(VAT Number): 79766124714

LEI: 74780000W0UQ8MF2FU71

Founding year and the Duration of the Issuer's existence, unless this time is limited.

The Issuer's founding year: 1995.

The Issuer's duration: Not limited in advance

Issuer's registered seat and legal form, the legislation under which it operates, state of incorporation, address and phone number of their registered seat.

Issuer's registered seat: Zagreb, Croatia

Issuer's legal form: Joint stock company

Legislation under which the Issuer operates: Croatian law and EU Acquis

Issuer's state of incorporation: The Republic of Croatia

Address: Ulica Janka Rakuše 1,10 000 Zagreb, Croatia,

Phone number: +385 1 6125 125

Website: www.igh.hr/hr/

Information stated on the Company's website are not a part of this Prospectus.

5. OPERATIONS OVERVIEW

Sustainability statement

When doing business, the Issuer takes into account sustainability factors. Purusant to requirements for transparency and investor informedness, the Issuer shall prepare a non-financial report in which it will provide relevant information on the impact of sustainable factors on their business. This approach will ensure the impartiality and completeness of information, enabling investors to make informec decisions.

5.1. The Issuer's main business activities

The Issuer is registered to conduct the following business activities:

- - Publishing activity;
- - Counselling and purchase of programming equipment (software);
- Research and development in technical & technological sciences;
- Business and management counselling;
- The management of holding companies;
- Architectural and engineering activity & technical consultancy;
- Technical testing & analyses;
- Scientific research, development-oriented research, the publishing of the results of scientific and developmental research, scientific training and maintenance and development of scientific and research structure;
- The advancement of general, technical and autonomous regulations in the field of civil engineering and in other fields where civil engineering expertise is required, as well as the analyses and coordination of the implementation of international regulations in civil engineering;

• The improvement of development programs and construction technologies;

• The preparation of environmental impact studies from the standpoint of protection, preservation and improvement of physical space;

• The organization and implementation of activities aimed at further scientific and professional development;

• The control of technical documents to check stability, safety, functionality, physical properties and cost-effectiveness;

• The verification and evaluation of competence of the companies performing activities of consequence to the safety, quality and functionality of man-made structures;

• The control of technical documents to check stability, safety, functionality, physical properties and cost-effectiveness;

• The establishment and maintenance of a structures & infrastructure register, and the monitoring of structural conditions, conditions of use, and maintenance conditions;

• Professional activities in the field of environmental protection;

• Professional activities in the field of physical planning, as related to the preparation of physical planning documents, and technical documents for the issuing of location permits;

• The validation of designs for:

- Architectural designs (the architectural designs of structures/buildings, interior designs for structures/buildings, and landscaping designs);

- Mechanical engineering designs (mechanical design of power plants, design of storage and transport of gaseous and liquid substances);

• Programming and conducting geotechnical investigations;

• The preparation of geotechnical opinions, studies, reports and design documents;

• The preparation of civil engineering designs of geotechnical structures/facilities;

• Laboratory testing of rock and soil;

• In-situ testing of rock and soil materials in boreholes;

• Monitoring geotechnical structures/facilities;

• The laboratory and in-situ testing of geotextiles;

• The geological investigation of energy-providing, metallic and non-metallic raw-materials;

- Hydrogeological investigations (geological, structural geological, and hydrogeological investigations, testing hydraulic parameters of ground water, design of ground water well areas including works relating to water supply, and preparation of design support data for civil engineering structures);
- Engineering-geological investigations (geological, structural geological and engineering-geological investigations for the preparation of support data documents used in the civil engineering design of structures);
- The organization, supervision during implementation and design of engineering-geological and hydrogeological works;
- The study of ground water and engineering-geological properties of soil for the preparation of studies and design documents in the field of environmental protection;
- Geophysical investigations for environmental protection purposes, and for the preparation of support data for archaeological explorations;
- Activities of protection and preservation of cultural assets, namely: the surveying and documenting of the load-bearing structures of cultural assets and preparation of conceptual, preliminary, detailed and working designs for the repair of load-bearing structures of fixed cultural assets;
- The development of interdisciplinary activities needed for the improvement and advancement of civil engineering;
- The development of prototypes and series of measuring devices used in civil engineering;
- Consultancy and quality assurance services for technical equipment in structures/facilities;
- The elaboration and implementation of quality assurance programs;
- The typing and copying of technical documents;
- Certification services;
- The elaboration of technical approvals;
- The implementation of investment works in the country and abroad;
- Investigation services and the provision and use of information and knowledge relating to industry and science;
- Services relating to quality control and quality in the import and export of goods, the representation of foreign companies;
- Geophysical surveying as needed for engineering-geological, hydrogeological and geotechnical survey works and control tests and the quality control of civil engineering structures;

- Technical activities relating to physical development planning;
- Activities relating to the management of construction projects;
- Activities relating to preparation of design documents for water management facilities and water systems;
- The preparation of survey reports with permanent topographic points as required for basic topographic activities;
- The preparation of survey reports for the measuring, marking and maintaining of the national border;
- The preparation of reports for the development of the Croatian Basic Map;
- The preparation of reports for the development of digital orthophoto charts;
- The preparation of reports for the development of detailed topographic maps;
- The preparation of reports for the development of general topographic maps;
- The preparation of cadastral survey reports;
- The preparation of technical reambulation reports;
- The preparation of reports for the conversion of cadastral plans into a digital format;
- The preparation of reports for the conversion of digital cadastral plans into a given format;
- The preparation of reports concerning the homogenization of cadastral plans;
- The preparation of plot plans and other survey reports relating to land cadastre;
- The preparation of plot plans and other survey reports relating to real estate cadastre;
- The preparation of plot plans and other geodetic survey reports for the individual conversion of land cadastre plots into real-estate cadastre plots;
- The preparation of cadastral reports relating to utilities and geodetic/surveying activities that are needed for the provision of surveying services;
- The technical management of the cadastre for utility services;
- The preparation of special geodetic/surveying support data for preparation of physical-development documents and acts;
- The preparation of special geodetic support data for design work;
- The preparation of geodetic reports defining the condition of a structure prior to reconstruction work;
- The preparation of surveying designs;

• The stakeout (setting out) of structures and the preparation of stakeout reports;

• The preparation of general geodetic plans for built structures;

• The geodetic monitoring of structures during construction, and the preparation of surveying-monitoring reports;

• The monitoring of the displacement of structures in the course of maintenance activities, and preparation of surveying-monitoring reports;

• Geodetic activities that are undertaken in the scope of urban land redistribution;

• The preparation of agricultural land redistribution designs and surveying activities performed in the scope of redistribution of agricultural land;

• Preparation of special surveying/geodetic support data for protected areas and areas under protection;

• Technical supervision of works: development of work-cadastre reports and professional topographic activities for the provision of topographic services, the technical management of cadastre for utility service lines, the elaboration of special

topographic support data for the preparation of physical development documents and acts, preparation of special surveying support data for design work, the preparation of surveying reports defining condition of a structure prior to reconstruction work, preparation of geodetic designs, stakeout of structures and preparation of stakeout reports, geodetic monitoring of structures during construction, and preparation of geodetic-monitoring reports, monitoring displacement of structures in the course of maintenance activities, and preparation of geodetic-monitoring reports, and preparation of special surveying support data for protected areas and areas under protection;

• Professional activities relating to nature protection;

• Professional activities relating to noise protection;

• Account-keeping activities;

• Aerial photography;

• Translation and interpretation services;

• Activities relating to real estate management and real estate maintenance;

• Activities relating to real estate brokerage;

• Real estate activities;

• Motor vehicles rental;

• Aircraft rental;

• Yacht or boat rental, with or without a crew (charter) ;

- Vessel rental;
- Own-account transport;
- Transport of passengers in national road transport;
- Transport of passengers in international road transport;
- Transport of cargo in national and international road transport;
- Organizing seminars, courses, fairs, events, exhibitions and concerts;
- Market research and public opinion polls;
- Purchase and sale of goods;
- Provision of service in trade;
- Commercial brokerage on national and international markets;
- Design and construction of structures and technical supervision of construction works;
- Design and construction of mining facilities and plants.

Record of activities:

- IT services;
- Web design;
- Website maintenance and development;
- Electronic communication networks and service activities;
- Universal services in the field of electronic communications;
- Special tariff services;
- Electronic publishing services;
- Teaching computer science;
- IT and related activities;
- Development of designs for construction of mining and petroleum engineering facilities and plants;
- Construction of mining and petroleum engineering facilities and plants, and the technical supervision of construction works on the mining and petroleum engineering facilities and plants;

In line with sustainable development norms, IGH has the following certificates:

- ISO 9001 Quality management systems;
- ISO 14001 Environmental management systems;
- ISO 50001 Energy management systems;
- ISO 45001 Occupational health and safety systems;
- ISO 27001 Information security management systems;
- HRN EN ISO/IEC 17025:2017 for the testing laboratory;
- HRN EN ISO/IEC 17025:2017 for the measuring laboratory;
- HRN EN ISO 17065:2013 for production certification.

Institut IGH, d.d. is a leading civil engineering consulting company in Croatia and the region, which, with its 8 subsidiaries and 1 associated company provides extensive support to infrastructure and investment projects and delivers optimal, comprehensive and innovative solutions in civil engineering in Croatia and abroad.

Institut IGH d.d. primarily provides services on large infrastructure projects of utmost importance for the economy, society and humanity in general. When providing that kind of service, it is extremely important to bear in mind the possible consequences. For example, the professional supervision of a construction of a bridge or motorway has great socio-economic impact, but is also important for everyone involved on such projects. The Company is guided by principles of control management systems such as Occupational health and safety.: ISO 45001:2018.

Given below is a list of the Issuer's subsidiaries with the business segments they (mainly) do business in.

Tablica 25: A list of the Issuer's subsidiaries and their business segments

Subsidiary	State	Business segment
EKONOMSKO TEHNIČKI ZAVOD d.d. (ETZ d.d.)	Croatia	Engineering and related technical consulting
DP AQUA d.o.o.	Croatia	Engineering and related technical consulting
IGH PROJEKTIRANJE d.o.o.	Croatia	Architectural activities
IGH BUSINESS ADVISORY SERVICES d.o.o.	Croatia	Other research and experimental development in science and technology
INCRO d.o.o.	Croatia	Engineering and related technical consulting
MARTERRA d.o.o.	Croatia	Construction of residential and non-

		residential buildings
SLAVONIJA CENTAR, POSLOVNA ZONA VELIKA KOPANICA d.o.o.	Croatia	Managerial activities
IGH MOSTAR d.o.o.	Bosnia and Herzegovina	Engineering and related technical consulting

Table 26: A list of the Issuer's associated cpompanies and their business segments

Associated company	State	Business segment
ELPIDA d.o.o.	Croatia	Construction of residential and non-residential buildings

Source: Issuer's annual consolidated and revised financial report for the year that ended on 31 December 2023.

The company conducts its business activities through its subsidiaries in Georgia and Northern Macedonia. Near the end of 2023, subsidiaries in Armenia and Hungary were also opened, while subsidiaries in Kosovo and Bosnia and Herzegovina are undergoing liquidation. i Sjevernoj Makedoniji.

5.1.1. Significant changes that impacted the issuer's business and its main business activities since the end of the period included in its last published revised financial reports.

There have been no significant changes in the Issuer's business activity since the end of the period included in its last published revised financial reports.

5.2. Investments

The Issuer has no significant investments made after the date on which their last financial investments were published, nor do they have ongoing investments and7or investments to which they have already commited, including planned capital resources.

6. INFORMATION ON TRENDS

6.1. The most significant recent trends in manufacturing, sales, stocks and sales prices from the end of the last business year until the date of the registration document.

There have been no significant changes in the business results of Institut IGH, d.d. from the date of the last revised financial report for the year that ended on 31 December 2023, that is, from the last financial period for which financial information have been published until the date of the registration document.

The Issuer creates revenue in the following segments: a) The core activity of the Design department is the preparation of design and study documents for roads, railways and airports, including all road structures; b) The Hydrotechnics, geotechnics and environmental protection department is involved in design and studies, proofs of serviceability, research and metrology, modelling and planning in all areas of hydrotechnics as well as all activities necessary to solve engineering problems in areas where structures and the soil(rocks) make contact; c) The supervision and project management department conducts construction supervision and project management in civil engineering, building construction and energy and d) The materials and structures department conducts the testing and certification of construcion materials and is profitable. At this time, the Issuer is not able to estimate and analyze all the negative impacts that recession and inflation will have on the European economy as a whole in 2024.

6.2. A description of all the significant changes in the group's financial results from the end of the last financial period for which financial information have been published until the date of the registration document

There have been no significant changes in the group's financial results from the date of the final published revised consolidated financial statement for the year that ended on 31 December 2023, that is, from the last financial period for which financial information have been published until the date of the registration document.

6.3. Information on all known trends, contingencies, receivables, payables or events that might significantly impact the Issuer's chances at least in the current financial year

The civil engineering sector market is specific in many ways, but, according to management estimates and estimates done by other departments in INSTITUT IGH, a gradual end to a several years'-long trend marked by three relevant facts negatively impacting the Company's business can be seen.

These are, namely:

-continuous dumping in public tendering (participants offering extremely low prices with the aim of being granted the contract after which design and supervision works aren't done in a professional, timely and correct manner

-a lack of implemented (announced) public tenders compared to the plans announced by key sector clients

-a lack of manpower.

The first two of the aforementioned facts are specific to the Croatian market while the third fact is part of global labor market trends, but significantly impacts the local market. Dumping (submitting tenders far below the estimated value) occurring as part of public tendering procedures are extremely detrimental to clients, but also high quality bidders. Through extremely low bids, high quality tenderers are eliminated or are forced to significantly reduce their prices to ensure competitiveness with the logical consequence being a subpar service (quality- and deadline-wise). The company has often been a target of the aforementioned dumping practice by low quality competitors. However, in the last business year, the trend of a larger number of such competitors getting excluded from tenders by key sector clients has become more noticeable, consequently balancing value in public tendering procedures to the benefit of both the client and every high quality tenderer. In that sense, if the aforementioned trend of balancing prices in public tendering procedures continues to develop, this will reflect extremely favourably on the Company's business.

A deficit in the planned vs. implemented (announced/initiated) public tenders is a trend which has had a significant negative impact on the Company's business for several years. The primary target market of INSTITUT IGH, d.d., as a sector leader, are clients such as Croatian roads(Hrvatske ceste), Croatian motorways (Hrvatske autoceste), Hrvatska elektroprivreda, Croatian railways(Hrvatske željeznice), Croatian waters(Hrvatske vode) – in other words, key national infrastructure companies. Unfortunately, numerous administrative barriers prevent projects from being implemented at a rate announced and forecast by those companies. For example, compared to 2023, the aforementioned companies (with related entities) planned to conclude over 180 million euros worth of public tendering procedures, while the total value of the tenders that were actually announced, and concluded amounted to less that 50 million euros. There are many reasons why this is happening and it significantly impacts the plans of qualified sector tenderers (such as IGH). In the current year, this trend continued, however, certain changes were noted. Namely, the Company has noticed that the time needed for sector clients to prepare a project has decreased significantly (probably as a result of pressure from authorities which define project funding and subsequent possible penalties due to deadline extensions), indicating that, in case this trend continues, plans and implementation will balance out, resulting in more opportunities and enabling the company to plan well.

The Company is somewhat impacted by a lack of high quality staff given that its staff is qualified and as such has plenty of opportunities both on national and international labor markets. However, given that the company was able to comprehensively restructure this and last year, compared to previous years, a significant decrease in quality staff turnover can be seen, primarily as a result of the company's stable position. We believe the aforementioned trends will be reversed to the benefit of the Company in a way that it, as a market leader, will define standards in a (specialized) labor market.

When it comes to the aforementioned negative trends, the company has several important advantages:

- it is a regional market leader with a long-standing tradition,

- it has the most references, certificates and accreditations and the highest number of engineers and professionals in the region,
- the company has the largest and best-equipped laboratory in the region,
- has held a reputation as both a scientific institution and an engineering company,
- the company does business in Croatia, the EU, South East Europe(Serbia, Bosnia and Herzegovina, North Macedonia), but also on foreign markets (for example, current large projects in Georgia and Armenia).

Taking into acount the aforementioned facts, the following can be concluded:

- the aforementioned trends of balancing prices in public tenders work in the company's favor, especially when taking into account the fact that the number of participants in large public tenders is limited (due to the necessary references and certificates),
- a deficit in the realized public tenders indicates an increased client activity in the future, giving the company a high quality market to place services,
- high quality staff with immense experience and (guaranteed company stability) create a favorable environment for attracting younger staff, permanently improving the company's position as an employer in the labor market.

7. REVENUE ESTIMATES OR FORECASTS

The Issuer has not chosen to provide an estimate or forecast of its revenue.

8. ADMINISTRATIVE, MANAGERIAL AND SUPERVISORY BODIES AND UPPER MANAGEMENT

8.1. Data on members of administrative, managerial and supervisory bodies and the Group's upper management

The management board:

In accordance with the Articles of Association, the company's Management consists of at least one and at most seven members, pursuant to a decision by the Management Board. In case the Supervisory Board nominates a multi-member

Management Board, one of the Members will be nominated President of the Management Board, while members of the Management Board will be nominated by the Supervisory Board. The Supervisory Board may decide to appoint members of the Management Board based on a public tender. A person meeting the requirements set out by the Supervisory Board pursuant to their Decision can be appointed member of the Management Board. The Management Board's mandate lasts until the conclusion of the General Assembly where a decision on Management discharge is discussed in the (4^{th}) fourth year after its appointment. This does not include the business year in which the Management Board was nominated unless the Supervisory Board decides otherwise.

On the day this document was prepared, Members of the Management Board include:

(a) Mr. Robert Petrosian, President of the Management Board;
(b) Mr. Josip Majer, Member of the Management Board;
(c) Ms. Marija Đuroković, Member of the Management Board; and
(d) Ms. Tatjana Bičanić, Member of the Management Board

Procurators include:

(1) Željka Sikaček
(2) Senka Žaja.

The Mangement Board's business adress:

Institut IGH d.d.
Ulica Janka Rakuše 1
Zagreb (the City of Zagreb) 10000
Croatia

Robert Petrosian, President of the Management Board

Robert Petrosian is the President of the Management Board of Institut IGH, d.d., a leading European civil engineering consulting company providing professional services during all phases of a project-from planning, design and engineering to consulting services and construction work management. Before coming to Institut IGH, d.d. in 2013, Mr. Petrosian worked as a CEO, deputy CEO, Lead designer, Project manager, technical director, Lead On-site engineer in international companies in different locations. From 2016, he acted as the CEO of the subsidiary in Russia, and since 2017 he has acted as the CEO of the Georgian subsidiary. It should be noted that Mr. Petrosian has participated in and managed civil engineering projects, the supervision and design of railways, runways hospitals and international medical centers, power supply projects and transformation stations , nuclear power plants and industrial facilities warehouses and other infrastructure. Given below is a list of names of all the companies in which Mr. Petrosian is a member of administrative, managerial or supervisory bodies.

Table 27: The names of all the companies in which Mr. Petrosian is a member of administrative, managerial or supervisory bodies

MANAGEMENT BOAED MEMBER	COMPANY NAME	PIN (OIB):	POSITION WITHIN THE COMPANY	DURATION OF POSITION
ROBERT PETROSIAN	MARTERRA d.o.o. za graditeljstvo	28983577816	CEO	23 November 2022-present
	DP-AQUA limited liability company for services in liquidation	56489608488	CEO	26 March 2021-15 July 2021

Josip Majer, Management Board Member

Josip Majer is a seasoned expert in manging complex projects and managing project teams. He graduated in civil engineering from the Faculty of civil Engineering at the University of Zagreb. He obtained a position in IGH Zagreb, as pavement structure designer, supervising engineer and project manager which he held until 2012. He defended his Master's thesis, entitled „Improving base soil through jet grouting" in 2011 at the Faculty of Civil Engineering at the University of Zagreb. From 2016 until 2024 he held a position in Vodoopskrba i odvodnja d.o.o. as head of the Water Supply sector, and Head of the Technical sector. Since April 2024, he has held a position in Institut IGH as Technical Director. Since 2002, he has been a member of the Croatian Chamber of Civil Engineers, and since 2005, he has been a member of the Croatian Association of Civil Engineers. Given below is a list of names of all the companies in which Mr. Majer is a member of administrative, managerial or supervisory bodies.

Table 28: The names of all the companies in which Mr. Majer is a member of administrative, managerial or supervisory bodies

MANAGEMENT BOAED MEMBER	COMPANY NAME	PIN (OIB):	POSITION WITHIN THE COMPANY	DURATION OF POSITION
JOSIP MAJER	ETZ, ekonomsko tehnički zavod d.d. Osijek	38245860299	CEO	05 July 2024-present
	IGH-ESOP d.o.o. for management and consulting in liquidation	90083820661	Member	16 May 2012-04 June 2024

Marija Đuroković, Ph.D., Management Board Member

Marija Đuroković is a seasoned production, quality control and cement and construction products certification expert. In 1997, she graduated in chemistry from the Science Faculty of the University of Zagreb. That same year, she obtained a position with Našicecement d.d. where she was the head of control and product quality management as well as the head of their technological center. She has held the position of the Head of the Ecology and Binders Laboratory since 2011. In 2019, at the Faculty of Science at the University of Zagreb, she defended her doctoral thesis entitled " Chemical resistance of cement paste to the action of deionized water." She began her scientific work while still at Našicecement and is particularly interested in the application of science in developing new products with modified properties and a reduced environmental footprint. Ms. Đuroković publishes articles in scientific journals. She is a long-standing Head of Technical committee 74 for cement and lime in the Croatian Standards Institute, and since 2021, she has been leading the Research and Scientific Council of Institut IGH, d.d. Given below is a list of names of all the companies in which Ms. Đuroković is a member of administrative, managerial or supervisory bodies.

Table 29: The names of all the companies in which Ms. Đuroković is a member of administrative, managerial or supervisory bodies

MANAGEMENT BOAED MEMBER	COMPANY NAME	PIN (OIB):	POSITION WITHIN THE COMPANY	DURATION OF POSITION
MARIJA ĐUROKOVIĆ	ETZ, ekonomsko tehnički zavod d.d. Osijek	38245860299	President of the Supervisory Board	10 June 2024 .present
	KRUNA KVALITETE j.d.o.o. za proizvodnju i usluge	57768648925	CEO	04 December 2023-26 August 2024

Tatjana Bičanić, Member of the Management Board

Tatjana is an experienced manager with almost 20 years of experience in civil engineering and engineering. After graduating high school, she enrolled in and successfully graduated from the Astana Internationa University's Pedagogical Institute, in the capital of the Republic of Kazahstan. Later, she also successfully graduated from the Faculty of Economic and Technical Sciences in Tolyatti, Russia. She started her career in the banking sector where she gained logistical, adiministrative and economic operations management skills. However, recognizing her potential for greater challenges, she quickly moved her focus to the civil engineering industry in Croatia, where her unique skills were quickly recognized. Her expertise, specific skills and knowledge were recognized already at the beginning of her career when she started working as an executive assistant, where she gained experience in corporative and project management. In 2019, Tatjana joined Institut IGH as Administrative Director, that is Head of the Management's Office and Head of the Contracting Division. In this role, she showed superb understanding of market dynamics and the ability to manage complex business operations. In 2024, she additionally extended the scope of her professional activity by being selected into and appointed member of IGH's Management Board. Throughout her career, Tatjana showed strong dedication to management excellence, gaining reputation as a reliable and professional businesswoman in the business sector. Given below is a list of names of all the companies in which Ms. Bičanić is a member of administrative, managerial or supervisory bodies.

Table 30: The names of all the companies in which Ms. Bičanić is a member of administrative, managerial or supervisory bodies

MANAGEMENT BOAED MEMBER	COMPANY NAME	PIN (OIB):	POSITION WITHIN THE COMPANY	DURATION OF POSITION
TATJANA BIČANIĆ	ETZ, ekonomsko tehnički zavod d.d. Osijek	38245860299	CHAIRMAN OF THE SUPERVISORY BOARD	10 June 2024-present

Supervisory Board

Pursuant to the Articles of Association, the Supervisory Board consists of 5 (five) 7(seven) or 9 (nine) members pursuant to a Decision by the General Assembly. Members of the Supervisory Board are, in general, selected among professionals in areas which comprise the company's core business. Members of the Supervisory Board are selected by the General Assembly. One member of the Supervisory Board is a representative of the employees, appointed and impeached as prescribed by the Labor Act. This Appointed Member of the Supervisory Board has a 4-year mandate. Members of the Suprvisory Board have a four (4)-year mandate from the day they are appointed members.

As of the day this document was prepared, members of the Supervisory Board include:

(a) Žarko Dešković, Chairman of the Supervisory Board;
(b) Mariyan Tkach, Deputy Chairman;
(c) Sergej Sergejevič Gljadelkin, Supervisory Board Member;
(d) Igor Aleksandrov Tkach, Supervisory Board Member;
(e) Marin Božić, Supervisory Board Member;

The Supervisory Board's business address:

INSTITUT IGH d.d.
Ulica Janka Rakuše 1
Zagreb (the City of Zagreb) 10000
Croatia

Žarko Dešković, Chairman of the Supervisory Board

Born on July 5, 1955 in Split. After completing his high school education, he entered and successfully graduated from the Faculty of Civil Engineering, obtaining the title of graduate civil engineer. He received his master's degree in 1982 in Padua - Italy at the Universita di Costruzioni Marittime e Geotecnica. He started his professional career at Institut IGH on February 1, 1979, where he had an impressive career until April 10, 2016. Throughout his long career, Žarko Dešković stood out as one of the key executives at IGH. From 1993 to 2016, he held the position of Director of the Split Business Center. In addition to that position, from July 1, 2004 to December 31, 2007, he was the Deputy Director of the Institute of Construction in Croatia d.d. and later until December 31, 2012, he was the Assistant Director of the IGH Institute. He is responsible for numerous successful projects and strategic decisions within the company. She was elected as a member of the supervisory board in the convocation from 1995 to 1999. Dešković retired in April 2016, but remained professionally active as an advisor to the Board until December 2016, when he was elected to the position of President of the IGH Supervisory Board. Assembly of the Institute IGH d.d. confirmed his election in 2020 and 2023, when he was re-elected as Chairman of the Supervisory Board.

Mariyan Tkach, Deputy Chairman of the Supervisory Board

Mariyan Tkach is an experienced entrepreneur and angel investor with diverse experience in business development and business management. He is a Swiss citizen, born on May 8, 1991. He completed his education at Webster University in Geneva, where he gained a strong foundation in business and entrepreneurship. Since then, Mariyan has been actively involved in numerous startups and business ventures, honing his skills and fostering business and personal growth. Currently, Mariyan holds leading roles in various sectors, in the position of director of Avenue Mehanizacija d.o.o. and Kio Kotišina d.o.o. in Croatia, Avenue International Management SA in Switzerland and Prime Avenue EOOD in Bulgaria. His expertise also extends to corporate management, where since 2020 he has held the position of Deputy Chairman of the Supervisory Board of the IGH Institute, d.d. He was re-elected in 2023, in order to continue contributing with his knowledge and strategic decision-making. Mariyan's career reflects a commitment to innovation, growth and strategic leadership, with a proven track record of business development and investment across industries.

Sergej Sergejevič Gljadelkin, Member of the Supervisory Board

Sergej Sergejevič Gljadelkin born on June 16, 1989. is a successful international entrepreneur with more than ten years of expertise in business intelligence, investments and management in various industries. After earning his high school diploma from the College du Léman in Versoix, Switzerland, he continued his education in Geneva, where he earned two degrees, one in finance and one in business administration. He achieved significant success in the construction and construction sector, where he built a strong reputation in business development and management. In addition to his achievements in construction, he is also an investor involved in renewable energy and green solutions, seeking to bring sustainable practices to the industry. Sergej currently serves as director of Real Novation SA in Belgium, Avenue Osteuropa GmbH in Austria and Avenue Group Ltd in Hong Kong, where he oversees corporate development, business expansion and strategic leadership. In 2013, he joined the Supervisory Board of IGH, where he contributes with proven experience in leading IGH to sustainable success, market leadership and international expansion, consistently demonstrating its commitment and expertise to the development of the civil engineering industry.

Igor Aleksandrov Tkach, Member of the Supervisory Board;
Igor Tkach is an experienced business executive with a distinguished career in construction and corporate management. Born on June 11, 1979 in Tarasha, Russia, he received his higher education at the prestigious Académie russe de l'économie nationale, where he graduated in 2004. After completing his studies, Igor established himself in the urban construction sector, where he achieved significant success in administrative and management positions, driving significant growth and operational success. His expertise and contribution to the industry was recognized when he was nominated and elected to the position of Deputy Chairman of the CJSC Board of Directors. In this leadership position, Igor demonstrated exceptional strategic vision and deep understanding of market dynamics, further cementing his reputation as a top business leader. In 2014, Igor expanded his influence by joining the Board of Directors and the Supervisory Board of the IGH Institute. His role on these committees allowed him to provide strategic oversight, guide organizational growth and contribute to important decisions. With extensive experience and success in various aspects of business and construction, Igor Tkach is a recognized business personality in the industry, known for his strategic skills and commitment to sustainable development.

Marin Božić, Member of the Supervisory Board;
Marin Božić is a long-standing expert in project supervision and a specialist in managing complex projects according to the FIDIC contract model. He obtained his diploma in civil engineering in 2007 at the Faculty of Civil Engineering at the University of Split. Immediately after finishing his studies, Marin started his professional career at IGH Regional Center Split, in the department of professional supervision. In this role, he was responsible for overseeing various construction projects, ensuring they adhered to technical specifications, quality standards and regulatory requirements. Marin has been a member of the Croatian Chamber of Civil Engineers (HKIG) since 2011, which reflects his commitment to professional

development and adherence to industry standards. In 2021, he further expanded his professional involvement by joining the Supervisory Board of IGH. Throughout his career, Marin Božić has demonstrated a strong commitment to excellence in construction and project management, earning a reputation for reliability and professionalism in every project he undertakes.

Members of the Management Board are in no way related.

Members of the Supervisory Board, except for Sergej Sergejevič Gljadelkin, Mariyan and Igor Tkach, are in no way related.

Maiyan and Igor Tkach are father and son, and Sergej Sergejevič Gljadelkin and Mariyan Tkach are cousins.

There are no official public accusations and/or sanctions by judicial and regulatory bodies (including certain professional bodies) against members of the Issuer's Management Board and Supervisory Board, nor have these persons been excluded by court decision from membership in the issuer's administrative, management or supervisory bodies or from the issuer's management or management duties in the last five years.

Upper Management

Outlined below are high-performing individuals whose work contributes to the Group's success.

Hrvoje Sironić, Head of RC Rijeka

Employed at Institut IGH, d.d. since 2003, since then he has worked as deputy head of the Rijeka RC Laboratory, technologist for concrete structures, Assistant Director of the Institute for Materials and Constructions and head of the Materials and Constructions Laboratory in the RC Rijeka. Narrower specialty in concrete production and installation technologies, determining the condition and creating solutions for the rehabilitation of concrete structures. He currently holds the position of Director of RC Rijeka.

Ernest Ević, Head of RC Osijek

Ernest Ević completed his studies in civil engineering in 1994 at the Faculty of Civil Engineering at the Josip Juraj Strossmayer University in Osijek. In the same year, he started his career at the IGH Institute, d.d. in the Osijek regional center in the construction department and the department for expert supervision and project management. Working in these departments, he went through all phases from trainee engineer to expert in the field of professional supervision, design and project management. His specialty is in the design and supervision of load-bearing structures with an emphasis on reinforced concrete and steel bridges. Since 2022, he has held the position of Director of RC Osijek. Throughout his career, he worked on large and successfully completed infrastructure projects, from post-war reconstruction to the construction of roads and highways in the eastern part of Croatia. He has been a member of the Croatian Chamber of Civil Engineers since its foundation in 1999, and since 2015 he has been a member of the Chamber's assembly.

Ante Katić, Head of RC Split

Ernest Ević completed his studies in civil engineering in 1994 at the Faculty of Civil Engineering at the Josip Juraj Strossmayer University in Osijek. In the same year, he started his career at the IGH Institute, d.d. in the Osijek regional center in the construction department and the department for expert supervision and project management. Working in these departments, he went through all phases from trainee engineer to expert in the field of professional supervision, design and project management. His specialty is in the design and supervision of load-bearing structures with an emphasis on reinforced concrete and steel bridges. Since 2022, he has held the position of Director of RC Osijek. Throughout his career, he worked on large and successfully completed infrastructure projects, from post-war reconstruction to the construction of roads and highways in the eastern part of Croatia. He has been a member of the Croatian Chamber of Civil Engineers since its foundation in 1999, and since 2015 he has been a member of the Chamber's assembly.

Table 31: The names of all the companies in which Mr. Katić is a member of administrative, managerial or supervisory bodies

MANAGEMENT BOAED MEMBER	COMPANY NAME	PIN (OIB):	POSITION WITHIN THE COMPANY	DURATION OF POSITION
ANTE KATIĆ	IGH MOSTAR d.o.o.	4227060470005	HEAD	27 JANUARY 2024-PRESENT

Igor Grginić, Head of the Design Department

A long-standing expert with more than 20 years of experience in the field of design, consulting and project management, including leading complex projects and managing project teams. He finished his civil engineering studies in 1999 at the Faculty of Civil Engineering of the University of Zagreb. Employed at the IGH Institute, d.d. since 2000, where he works in the positions of Designer, Project Manager, Head of the Environmental Engineering Department and Deputy Director of the Department of Environmental Engineering. Since April 2023, he has held the position of Director of the Institute for Design. Member of HKIG - Croatian Chamber of Civil Engineers since 2003. Member of PMI (Project Management Institute) with an authorized certificate for project management (PMP) since 2006..

Zoran Trogrlić, Head of the Supervision and Project Management Department

Zoran Trogrlić has been an employee of the IGH Institute for more than 20 years. Immediately after graduation in 2002, Mr. employed at the then Institute for Steel Structures, where he started and built his career as an expert in steel structures. As a supervising engineer, he participated in the construction of numerous capital infrastructure projects, such as the Krka bridge on the A1 highway, the bridge over the Sava river in Jasenovac, the Ždrelac bridge between Ugljan and Pašman, block C of the Sisak thermal power plant, the modernization of the Sisak steel plant, the Odra viaduct on the A11 highway, the HŽ1 overpass on the A12 highway, up to the peak of his professional career and participation in the construction of the mainland-Island Čiovo bridges, the Pelješac and the bridge over the river Cetina in Omiš. He is a two-time winner of the "Colossus" award of the Croatian Chamber of Civil Engineers for professional supervision during the construction of the steel structure of the Čiovo and Pelješac bridges. Since April 2023, he has been the director of the Institute for Expert Supervision and Project Management.

Goran Grubješić, Head of the Materials and Structures Department

After graduating from the Faculty of Civil Engineering in Zagreb in 2006. he got a job at the IGH Institute as a technological supervisor of asphalting works. He participated in the construction of the A6 Rijeka-Zagreb (II phase) and A11 Zagreb-Sisak highways. In 2008, his desire for new challenges in the execution of works took him. to Viadukt, then the leading construction company in Croatia, as the head of the Asphalt Laboratory. He managed the control of asphalt production and quality on all Viadukt projects in the country and abroad, of which the reconstruction project of the 300 km Nalut - Ghadames road in Libya (2008-2011) stands out. He returned to the IGH Institute in 2017 as an expert test leader in the Asphalt Laboratory, where he deals with tests, supervision, certification, design and expertise in the field of pavement constructions. Since October 2023, he has held the position of Director of the Institute for Materials and Structures, i.e. Head of the IGH Laboratory.

8.2. Conflicts of interest in adinistrative, managerial and supervisory bodies and upper management

The Issuer declares that it is not aware of any circumstances regarding the existence of a conflict of interest of administrative, management bodies and senior management, as well as circumstances that could be considered as causing or could cause a conflict of interest in administrative, management and bodies and senior management, except for the fact that the member of the Supervisory Board, Mariyan Tkach, is also a member of the board of AVENUE MEHANIZACIJA d.o.o., which is a shareholder of the Company.

Mr. Mariyan Tkach is a member of the Supervisory Board of the Issuer, and at the same time he is a member of the Management Board of AVENUE MEHANIZACIJA d.o.o. Zagreb, which company is a shareholder of the Publisher

The aforementioned company is owned by the foreign company AVENUE ENGINEERING AND CONSTRUCTION LIMITED with headquarters in Hong Kong, and Mr. Tkach, according to the Issuer's knowledge, performs the duties of a member of the Management Board on a professional basis, and the Issuer has no information that he holds shares in the company or in the parent company.

According to the information available to the Publisher, most of the business activities of AVENUE MEHANIZACIJA d.o.o. is focused on financial consulting and real estate rental, where the Issuer is also in a lease relationship with that company (as a sub-lessee of office space in Zagreb, at Janka Rakuše 1, where the Issuer's headquarters are located). The aforementioned business relationship is based on transparent and market prices, which are available to the competent authorities.

In relation to a potential conflict of interest, Mr. Tkach had no influence on the business relationship between the Publisher and the company AVENUE MEHANIZACIJA d.o.o. in relation to the sublease of business premises, since the Issuer operates in the business premises in question long before the appointment of Mr. Tkach to the position of the Supervisory Board of the Issuer and the Management of the company AVENUE MEHANIZACIJA d.o.o.

In the earlier period, the Publisher and the company AVENUE MEHANIZACIJA d.o.o. occasionally cooperated on certain projects, and the services were charged according to market prices and circumstances. Mr. Tkach did not have a role in these affairs either, given that the Issuer is one of the market leaders in its field of activity, so engagement by the company AVENUE MEHANIZACIJA d.o.o., especially with the fact that this company is a shareholder of the Issuer, was logically imposed.

Regarding the conflict of interest, the Issuer believes that Mr. Tkach, as a member of the Supervisory Board, has no opportunity to influence business decisions and processes, given the powers and legal position of the Supervisory Board.

Otherwise, in any situation that could result in a potential conflict of interest, Mr. Tkach would be exempted from participating in the work of the Supervisory Board regarding that issue, and all other members of the Supervisory Board would act in the same way in the event of a potential conflict of interest regarding any issue. This practice is established in the Issuer's business and defined by regulations and internal acts

Member of the Supervisory Board of the Publisher is SERGEJ (Sergejevič) GLJADELKIN, domiciled in Zagreb, ID No. 50886241583.

Director of AVENUE GROUP Ltd with headquarters in Hong Kong, which is the only member of AVENUE ENGINEERING AND CONSTRUCTION Ltd, which is the only member of AVENUE MEHANIZACIJA d.o.o. Zagreb is SERGEJ (Ivanovič)

GLJADELKIN, domiciled in Zagreb, OIB 53315489840. He is the father of a member of the Supervisory Board of the Issuer, therefore, another person with the same (similar) name. In any case, the statement given regarding the member of the Supervisory Board of the Issuer, Mr. Maryan Tkach, who is a member of the Management Board of AVENUE MEHANIZACIJA d.o.o., is fully applicable.

The Issuer has no knowledge of the existence of agreements and/or contracts between members of the Management Board and members of the Supervisory Board with the Issuer's majority shareholders, clients, suppliers or any other persons on the basis of which the members of the Management Board and the Supervisory Board would be elected for that position.

Table 31: Members of the Management Board

First and Last Name	Function	Start of mandate	End of mandate	Start of membership
Robert Petrosian	President of the Management Board	17 June 2024	17 June 2028	22 May 2019
Josip Majer	Member of the Management Board	17 June 2024	17 June 2028	17 June 2024
Marija Đuroković	Member of the Management Board	17 June 2024	17 June 2028	17 June 2024
Tatjana Bičanić	Member of the Management Board	17 June 2024	17 June 2028	17 June 2024

Table 32: Members of the Supervisory Board

First and Last Name	Function	Start of mandate	End of mandate	Start of membership
Žarko Dešković	Chairman of the Supervisory Board	01 December 2023	01 December 2027	19 May 1995
Mariyan Tkach	Deputy Chairman of the Supervisory Board	01 December 2023	01 December 2027	14 October 2019
Sergej Sergejevič Gljadelkin	Member of the Supervisory Board	01 December 2023	01 December 2027	22 October 2014
Igor Tkach	Member of the Supervisory Board	01 December 2023	01 December 2027	22 October 2014

Marin Božić	Member of the Supervisory Board	14 June 2021	14 June 2025	21 July 2021

9. MAJORITY SHAREHOLDER

9.1. Name and surname of persons, except members of administrative, management or supervisory bodies, who directly or indirectly have a share in the Issuer's capital or voting rights

Table 33: The Issuer's largest shareholders – regular shares marked IGH-R-A and IGH-R-D

Shareholder	Account type	Number of shares	Percentage of shares (%)
AGRAM BROKERI D.D. /AVENUE MEHANIZACIJA D.O.O.	Transactional account	566.581	45,63%
FROTIP DEVELOPMENT D.O.O.	Basic/ Transactional account	301.173	24,26%
AGRAM BANKA D.D. (70663193635)/AVENUE ENGINEERING AND CONSTRUCTION LIMITED (48729455913)	Special lien/ Transactional account	248.604	20,02%
SMIRNOV MANAGMENT I TRRANSPORTING J.D.O.O.	Basic account	53.846	4,34%
DRNASIN ANTE (40462672771)	Basic account	16.000	1,29%
LEJO IVAN (89253082427)	Basic account	12.500	1,01%
OTP BANKA D.D. (52508873833)	Basic account	11.955	0,96%
ČERNOŠEK KRUNOSLAV (62175352551)	Basic account	8.250	0,66%
MIHALJEVIĆ BRANKO (21733763085)	Basic account	8.100	0,65%
CAPTURIS D.O.O. (26726754649)	Basic account	7.895	0,64%
INSTITUT IGH, D.D. (79766124714) (1/1)	Basic account	6.659	0,54%

		1.241.563	**100%**

Table 34: The Issuer's largest shareholders on the day this document was developed, egular shares marked IGH-R-A

Shareholder	Account type	Number of shares	Percentage of shares (%)
AGRAM BANKA D.D./AVENUE ENGINEERING AND CONSTRUCTION LIMITED	Special lien	239.500	39,03
AGRAM BROKERI D.D. /AVENUE MEHANIZACIJA D.O.O.	Transactional account	53.846	8,77
DRNASIN ANTE	Basic account	16.000	2,61
LEJO IVAN	Basic account	12.500	2,04
OTP BANKA D.D.	Transactional account	11.955	1,95
AGRAM BANKA D.D./AVENUE ENGINEERING AND CONSTRUCTION LIMITED	Transactional account	9.104	1,48
ČERNOŠEK KRUNOSLAV	Basic account	8.250	1,34
MIHALJEVIĆ BRANKO	Basic account	8.100	1,32
CAPTURIS D.O.O.	Basic account	7.895	1,29
INSTITUT IGH D.D.	Basic account	6.659	1,09
		373.809	**60,91**

Source: Central clearing and depository company, SKDD, https://www.skdd.hr/portal/f?p=100:1

Table 35: The Issuer's largest shareholders on the day this document was developed, egular shares marked IGH-R-D

Shareholder	Account type	Number of shares	Percentage of shares (%)
AGRAM BROKERI D.D.	Transactional	512.735	59,09

/AVENUE MEHANIZACIJA D.O.O.	account		
FROTIP DEVELOPMENT D.O.O.	Basic account	224.173	25,83
AGRAM BROKERI D.D. /FROTIP DEVELOPMENT D.O.O.	Transactional account	77.000	8,87
SMIRNOV MANAGMENT I TRRANSPORTING J.D.O.O.	Basic account	53.846	6,21
		867.754	**100%**

Izvor: Središnje klirinško depozitarno društvo SKDD, https://www.skdd.hr/portal/f?p=100:1

In relation to the company AVENUE MEHANIZACIJA d.o.o. from Zagreb, Janka Rakuše 1, OIB: 58611913496, its founder is AVENUE ENGINEERING AND CONSTRUCTION Limited, from China, Hong Kong, and the founder of that company is AVENUE GROUP Ltd, headquartered in Hong Kong. The sole founders of that company are SERGEJ (Ivanovič) GLJADELKIN, resident in Zagreb, OIB 53315489840 (with a 70% share) and IGOR (Aleksandrovich) TKACH, citizen of the Republic of Bulgaria, born on June 11, 1973.

In relation to the company FROTIP DEVELOPMENT d.o.o. from Zagreb, Janka Rakuše 1, OIB: 41167110931, the founders of that company are Mr. FEDOR GNATYUK, Zagreb, Petrinjska ulica 31, OIB: 71665386111 (with a 50% share of direct ownership) and the Spanish company YG ISABELLA 65 S.L., Saint Luis (with a 50% share of direct ownership), and the founders of that company are Mr. YURI GNATYUK residing in the Kingdom of Spain (with 90% share) and his wife ALISA GORBUNOVA, also residing in the Kingdom of Spain (with 10% share). That is, Mr. YURI GNATYUK has 45% indirect ownership, and Mrs. ALISA GORBUNOVA has 5% indirect ownership in the company FROTIP DEVELOPMENT d.o.o.

Mr. OLEKSII NEMYROVSKYI, Ukraine, KIEV, Reytarskaya 4/5, OIB: 03742854805, as a natural person, is the sole founder of SMIRNOV MANAGEMENT & TRANSPORTING j.d.o.o. from Zagreb, Janka Rakuše 1, OIB: 21228029860. Mr. Nemyrovskyi is a citizen of Ukraine, which is undisputed by a review of the Court Register, which is a public register.

In relation to Article 5 e of Council Regulation (EU) no. 833/2014 of July 31, 2014 on restrictive measures with regard to the actions of Russia that destabilize the situation in Ukraine, the Issuer carried out a procedure for implementing restrictive measures, i.e. determining the real (ultimate) owner in the aforementioned companies, as well as checks related to natural persons Fedor Gnatyuk and Oleksii Nemyrovskyi, as well as in relation to natural persons SERGEJ (Sergejevič) GLJADELKIN with residence in Zagreb, OIB 50886241583, SERGEJ (Ivanovič) GLJADELKIN with residence in Zagreb, OIB 53315489840, IGOR (Aleksandrovich) TKACH, who is a citizen of the Republic of Bulgaria, FEDOR GNATYUK, Zagreb, Petrinjska ulica 31, OIB: 71665386111, YURI GNATYUK with residence in the Kingdom of Spain and ALISA GORBUNOVA, domiciled in the Kingdom of Spain, and found that none of the aforementioned persons, as well as legal entities AVENUE ENGINEERING AND

CONSTRUCTION Limited, from China, Hong Kong, AVENUE GROUP Ltd with headquarters in Hong Kong and YG ISABELLA 65 S.L., Saint Luis, Kingdom of Spain, are on the List of natural and legal persons, entities and bodies specified in Annex I of Council Regulation (EU) no. 269/2014 of March 17, 2014 on restrictive measures in relation to actions that undermine or threaten the territorial integrity, sovereignty and independence of Ukraine.

Also, in the verification process, it was determined that the ban from Article 5 e of Council Regulation (EU) no. 833/2014, based precisely on the provision of Article 5.e para. 2 of the aforementioned Regulation, given that all the aforementioned natural persons have temporary or permanent residence in the territory of a member state of the European Union (Republic of Croatia, Kingdom of Spain).

In relation to shares encumbered with liens in favor of Agram brokeri d.d./ Avenue mehanizacija d.o.o. voting rights on encumbered shares are exercised by the company Avenue mehanizacija d.o.o. over which the burden is registered.

In relation to shares encumbered with liens in favor of Agram brokeri d.d./ Frotip Development d.o.o. voting rights on encumbered shares are exercised by the company Frotip Development d.o.o. over which the burden is registered.

9.2. Information on whether the Issuer's majority shareholders have different voting rights

All Shares of the Issuer give equal voting rights.

9.3. To the extent known to the Issuer, direct or indirect shares or control over the Issuer, the nature of such control and the measures adopted to avoid abuse of control

Pursuant to the provisions of the Companies Act, certain decisions of the General Assembly cannot be adopted if votes representing three quarters of the share capital represented at the General Assembly have not been cast for them. In making decisions, the Issuer's bodies act in accordance with the powers granted to them by the Companies Act, the Statute of 07/26/2024. and general acts of the Issuer and thereby ensure appropriate control mechanisms.

9.4. Description of all arrangements known to the Issuer, the implementation of which could subsequently result in a change of control over the Issuer

The Issuer is not aware of any agreements, the implementation of which could subsequently result in a change of control over the Issuer.

10. TRANSACTIONS WITH RELATED PERSONS

10.1. Data on transactions with related parties

The company has not had materially significant transactions with related parties since the date of the last financial statements.

11. FINANCIAL INFORMATION ON ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES OF THE ISSUER

11.1. Financial information

In the attached section of the Prospectus, the Issuer's audited financial statements for the financial year ending on December 31, 2021, i.e. for the financial year 2021 and for the financial year ending on December 31, 2022, i.e. for the financial year 2022, for the financial year ending on December 31, 2023, i.e. for the financial year 2023, i.e. audited consolidated financial statements are presented. for the year 2023, whose audit for 2021 and 2022 was carried out by the authorized auditor BDO CROATIA d.o.o., with headquarters in Zagreb (City of Zagreb), Radnička cesta 180, OIB: 76394522236, entered in the Register of Auditors maintained by the Ministry of Finance of the Republic of Croatia under registration number 100002370, i.e. for the year 2023, Russell Bedford Croatia - Revizija d.o.o. with headquarters in Zagreb (City of Zagreb), Selska cesta 90/B, OIB: 64094041583, registered in the Register of Auditors maintained by the Ministry of Finance of the Republic of Croatia under registration number 100003480. Also, the unaudited financial report of the Issuer for the third quarter of 2024 is attached.

Table 36: Income statement with comparative information for the third quarter of 2022-2024

In thousands of euros	30 September 2022	30 September 2023	30 September 2024
Total revenue	17.001	20.798	15.182
Sales revenue	15.077	11.827	13.100
EBIT	819	5.686	669
Net profit/loss from the period	-221	6.296	651

Source: Unaudited consolidated financial statements of the Issuer for the third quarter of 2022, 2023 and 2024

Table 37: Balance sheet with comparative information for the third quarter of 2024

In thousands of euros	31 December 2022	31 December 2023	30 September 2024
Total assets	23.100	20.687	20.966
Total capital	(12.998)	3.878	4.283

Source: Audited consolidated financial statements of the Issuer for 2022 and 2023, that is, unaudited consolidated financial statements for the third quarter of 2024.

Table 38: Statement of cash flows with comparative information for the third quarter of 2022-2024

In thousands of euros	30 September 2022	30 September 2023	30 September 2024
Net cash flows from business activities	(2.031)	935	(428)
Net cash flows from investment activities	596	412	79
Net cash flows from financial activities	1.490	(1.427)	0
Cash and cash equivalents at the end of the period	923	434	85

Source: unaudited consolidated financial statements for the third quarter of 2022, 2023 and 2024

The audited financial statement forms an integral part of this Prospectus. In the audited financial statement of the Issuer for the business year 2023, the auditor stated in his report that the financial statements truthfully and fairly present the position of the Company as of December 31, 2023, its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards adopted by the European Union.

11.2. Audit of annual financial information

11.2.1. Report on the performed audit

An audit of the historical annual financial information must be performed by an independent auditor. The annual financial statements of the Issuer, which are attached to this Prospectus, have been revised. The audit of the Issuer's financial statements for the years 2021 and 2022 was performed by the auditing company BDO CROATIA d.o.o., with headquarters in Zagreb (City of Zagreb), Radnička cesta 180, OIB: 76394522236, registered in the Register of Auditors maintained by the Ministry of Finance of the Republic of Croatia under registration number 100002370, i.e. for the year 2023, authorized auditor Russell Bedford Croatia - Revizija d.o.o. with headquarters in Zagreb (City of Zagreb), Selska cesta 90/B, OIB: 64094041583, registered in the Register of Auditors maintained by the Ministry of Finance of the Republic of Croatia under registration number 100003480.

The auditor audited the financial statement for 2023 and gave the following opinion:

2023

"**Opinion**

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

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

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Foundation for opinion

We conducted our audit in accordance with International Auditing Standards (IAS). Our responsibilities under these standards are described in more detail in our auditor's report in the section on compliance with the International Code of Ethics for Professional Accountants, including the International Standards of Independence issued by the International Ethics Standards Board for Accountants (IESBA) (IESBA Code), as well as in accordance with the ethical requirements relevant to our audit of financial statements in the Republic of Croatia and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion."
Upon inspection of the audited financial statements for 2021 and 2022, it was determined that the auditor BDO Croatia d.o.o. expressed a qualified opinion for both financial years. In view of the above, the prospectus includes the above information and information related to the basis for a qualified opinion. In addition, in all three audited financial statements (for 2021, 2022 and 2023) the independent auditor's report includes highlighting of issues. Therefore, highlighting of questions for each individual year is indicated.

Raising issues

We draw attention to Note 2.6. "Continuity of operations" and Note 35. "Impact of pre-bankruptcy settlement" to these financial statements. As of December 31, 2023, the short-term liabilities of the IGH Group exceed the current assets by the amount of EUR 863 thousand (2022: EUR 19,424 thousand). The management of the IGH Group is continuously making efforts to solve the current situation, and to improve the business and financial position of the IGH Group, for the purpose of further continuity of business continuity. Our opinion has not been modified on this matter.

2022

Qualified opinion

In our qualified opinion, except for the possible effects of the matter described in our report in the Basis for Qualified Opinion Section, the attached annual unconsolidated and consolidated financial statements give a true and fair view of the unconsolidated and consolidated financial position of the Company and the Group as at 31 December 2022, the unconsolidated and consolidated financial performance and the unconsolidated and consolidated cash flows of the Company and the Group for the year then ended for the year then ended in accordance with International Financial Reporting Standards adopted by the European Union (IFRS).

Foundation for qualified opinion

Valuation of real estate, plant and equipment

As stated in notes 3.8., 3.9., 12., 14. and 24.1. audited financial statements for the year 2022, the Company and the Group adopted the accounting policy of subsequent valuation of real estate, plant and equipment using the fair value model. The Company and the Group did not obtain relevant and comprehensive valuations of real estate, plant and equipment in the reporting period in accordance with International Accounting Standard 16 Real Estate, Plant and Equipment. In accordance with the above, during the audit it was not possible to obtain sufficient and appropriate audit evidence to be convinced of the stated values of real estate, plant and equipment, revaluation reserves and deferred tax liabilities, and it was not possible to determine the effects of corrections, if any, on the annual unconsolidated and consolidated financial statements for 2022.

Investments in affiliated companies

As stated in note 15, the Group reports investments in associated companies. During the previous reporting periods, some of the associated companies ceased operations and the Group reported the aforementioned effects in the consolidated Statement of Financial Position as of December 31, 2022 and the consolidated Statement of Changes in Equity for the year ended on December 31, 2022. if the Group had implemented corrections of previous periods in the earliest presented period in accordance with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors, the stated amounts of receivables and accumulated losses in the consolidated Statement of Financial Position as of December 31, 2021 would have been HRK 14,250,000 lower.

Business of the Institute IGH Moscow branch

As stated in Note 38 of the audited reports for the year 2021 "Events after the balance sheet date" to these consolidated financial statements, the INSTITUT IGH d.d. branch was closed by the Decision of the Company's Management Board. Moscow, Russia. Due to the events that occurred related to the beginning of the war in Ukraine and the impossibility to access the assets of the INSTITUT IGH d.d. branch. Moscow, Russia, we could not obtain sufficient and appropriate audit evidence on the values of assets in the total amount of HRK 5,356 thousand, liabilities in the total amount of HRK 6,385 thousand, income in the total amount of HRK 2,784 thousand and expenses in the total amount of HRK 2,662 thousand. Accordingly, we could not determine whether any restatements of these amounts were necessary and the possible effects on the consolidated financial statements for 2021.

Raising issues

We draw attention to Note 2.7. "Continuity of operations" and Note 35. "Impact of pre-bankruptcy settlement" to these unconsolidated and consolidated financial statements.

As of December 31, 2022, the Company has negative capital in the amount of HRK 80,408 thousand (2021: HRK 96,873 thousand), and the Company's short-term liabilities exceed the Company's short-term assets by the amount of HRK 169,188 thousand (2021: HRK 172,762 thousand), while the Group has negative capital in the amount of HRK 97,934 thousand. (2021: HRK 97,621 thousand), and short-term liabilities exceed the Group's current assets by HRK 135,625 thousand (2021: HRK 122,845 thousand).

In addition to the above, the Management of the Company and the Group continuously invests efforts to solve the current situation, and improve the business and financial position of the Company and the Group, for the purpose of further continuity of time-limited operations. Our opinion has not been modified on this matter.

2021

Qualified opinion

We have audited the annual consolidated financial statements of the company INSTITUT IGH d.d., Zagreb, Janka Rakuše 1, Zagreb (the "Company"), for the year ended December 31, 2021, which include the consolidated Statement of Financial Position as of December 31, 2021, the consolidated Statement of Comprehensive Income, the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Capital for the then ended year, as well as the related Notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in our report in the Basis for Qualified Opinion Section, the attached annual consolidated financial statements give a true and fair view of the financial position of the Company as of December 31, 2021 and the financial performance and cash flows of the Company for the year then ended in accordance with the Accounting Act and the International Financial Reporting Standards ("IFRS") established by the European Commission and published in the Official Journal of the European Union.

Foundation for qualified opinion

Business of the Institute IGH Moscow branch

As stated in Note 38 of the audited reports for the year 2021 "Events after the balance sheet date" to these consolidated financial statements, the INSTITUT IGH d.d. branch was closed by the Decision of the Company's Management Board. Moscow, Russia. Due to the events that occurred related to the beginning of the war in Ukraine and the impossibility to access the assets of the INSTITUT IGH d.d. branch. Moscow, Russia, we could not obtain sufficient and appropriate audit evidence on the values of assets in the total amount of HRK 5,356 thousand, liabilities in the total amount of HRK 6,385 thousand, income in the total amount of HRK 2,784 thousand and expenses in the total amount of HRK 2,662 thousand. Accordingly, we could not determine whether any restatements of these amounts were necessary and the possible effects on the consolidated financial statements for 2021.

We conducted our audit in accordance with International Auditing Standards (IAS). Our responsibilities under those standards are described in more detail in our Independent Auditor's Report in the section on the auditor's responsibilities for the audit of the annual consolidated financial statements. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants ("IESBA Code") and have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Raising issues

Significant uncertainty related to time-limited operations

We draw attention to Note 2.6. "Continuity of operations" and Note 36. "Impact of the pre-bankruptcy settlement" to these unconsolidated financial statements, which describe the process of fulfilling the pre-bankruptcy settlement concluded by the Decision of the Commercial Court in Zagreb No. 72 Stpn 305/13 of December 5, 2013.

11.2.2. Listing in the Registration Document of other information audited by auditors

There is no other information in the Registration Document that has been audited by the auditors.

11.2.3. If the financial information in the Registration Document is not taken from the Issuer's audited financial statements, the source of the data is indicated with the indication that the information has not been audited

Financial data in the Prospectus relating to data for the third quarter of 2024, as well as comparative data in 2022 and 2023, have not been audited and are taken from the unaudited financial statements of the Issuer for the aforementioned years

11.3. Court and arbitrary procedures

11.3.1. Information on all procedures before state administration bodies, court or arbitration procedures

The publisher participates in court disputes, both on the plaintiff's side and on the defendant's side. Accordingly, the Issuer participates in proceedings conducted before state administration bodies or arbitration proceedings. Below is the amount of provision for the Issuer's legal disputes.

Table 39: The amount of provisions for legal disputes

In euros	**31 December 2022.**	**31 December 2023.**
Provisions for legal disputes	1.383.000	905.000

Source: Issuer’s internal documents

11.4. A significant change in the issuer's financial position

Since the date of the last audited report for the year ending December 31, 2023, there have been no significant changes in the financial position of the Company Institut IGH d.d.

11.5. Pro forma financial information

The issuer does not have pro-forma financial information

11.6. Dividend policy

11.6.1. Description of the Issuer's policy on dividend distribution and possible restrictions

The issuer does not have an established dividend policy

11.6.2. Dividend amount per share for each financial year for the period covered by historical financial information

The company did not pay dividends in the specified period.

12. DDITIONAL INFORMATION

12.1. Share capital

The amount of the share capital and for each type of Shares into which the share capital is divided.

The issued capital of the Issuer amounts to EUR 14,814,630 (fourteen million eight hundred fourteen thousand and thirty-six euros) and is divided into 1,481,463 (one million four hundred eighty-one thousand and four hundred sixty-three) shares, each with a nominal value of EUR 10.00 :

- 613.709 shares that are registered with SKDD as dematerialized securities with the designation IGH-R-A;

- 867.564 shares that are registered with SKDD as dematerialized securities marked IGH-R-D.

All shares are of the same genus.

12.1.1. The amount of all convertible securities, exchangeable securities or securities with variants

The issuer has no convertible securities, exchangeable securities or securities with variants.

12.1.2. Information about the rights and/or obligations and conditions for acquiring approved but unsubscribed capital or the decision to increase capital

There is no approved, unsubscribed capital, and no decision has been made to increase the capital.

13. REGULATORY ANNOUNCEMENTS

13.1. Summary of information published on the basis of Regulation (EU) no. 596/2014 in the last 12 months that are relevant on the date of the prospectus

The issuer regularly publishes all information for which, in accordance with the relevant regulations, there is a need for publication.

In the last 12 months, the Publisher published a total of 69 publications, the most important of which are summarized below.

Title	Type	Date
INSTITUT IGH, d.d. - Financial Statement - 2024, Third Quarter, Unaudited, Consolidated	Financial Statement	30 September 2024
INSTITUT IGH, d.d. - Financial Statement - 2024, Third Quarter, Unaudited, Consolidated	Financial Statement	30 September 2024
INSTITUT IGH, d.d. - Financial Statement - 2024, Third Quarter, Unaudited, Consolidated	Financial Statement	30 September 2024
INSTITUT IGH, d.d. - Financial Statement - 2024, Third Quarter, Unaudited, Consolidated	Financial Statement	30 September 2024
INSTITUT IGH, d.d. - Institut IGH signed a	Other	26 August 2024

contract with ZG-Projekt d.o.o. of a value of 1.462.532,50 EUR	information	
INSTITUT IGH, d.d. – General Assembly decisions of 26 July 2024	Notifications on a General Assembly	26 July 2024
INSTITUT IGH, d.d. - - Financial Statement - 2024, Second Quarter, Unaudited, Consolidated	Financial Statement	26 July 2024
INSTITUT IGH, d.d. - - Financial Statement - 2024, Second Quarter, Unaudited, Consolidated	Financial Statement	26 July 2024
INSTITUT IGH, d.d. - - Financial Statement - 2024, Second Quarter, Unaudited, Consolidated	Financial Statement	26 July 2024
INSTITUT IGH, d.d. - - Financial Statement - 2024, Second Quarter, Unaudited, Consolidated	Financial Statement	26 July 2024
INSTITUT IGH, d.d. – Call to a General Assembly session of 26 July 2024	Notifications on a General Assembly	26 July 2024
INSTITUT IGH, d.d. - Notice on the appointment of new members of the Management Board	Classified information	29 May 2024
INSTITUT IGH, d.d. - Institut IGH signed a contract with HC d.o.o. in the value of EUR 405,350.94 including VAT	Other information	17 May 2024
INSTITUT IGH, d.d. - Institut IGH, d.d. signed a framework agreement with Anas SpA	Other information	06 May 2024
INSTITUT IGH, d.d. - Financial Statement – 2023, Annual statement, Unaudited, Consolidated	Financial Statement	30 April 2024
INSTITUT IGH, d.d. - Financial Statement - 2023, Annual statement, Audited, Unconsolidated	Financial Statement	30 April 2024
INSTITUT IGH, d.d. - - Financial Statement – 2023, Annual statement, Audited, Consolidated	Financial Statement	30 April 2024
INSTITUT IGH, d.d. - Financial Statement - 2023, Annual statement, Audited, Unconsolidated	Financial Statement	30 April 2024
INSTITUT IGH, d.d. - Code of corporate conduct – conformance questionnaire for 2023	Code of corporate conduct	30 April 2024

INSTITUT IGH, d.d. - Financial Statement - 2023, Annual statement, Audited, Consolidated	Financial Statement	30 April 2024
INSTITUT IGH, d.d. - Financial Statement - 2023, Annual statement, Audited, Consolidated	Financial Statement	30 April 2024
INSTITUT IGH, d.d. – Financial statement - 2024, First quarter, Unaudited, Consolidated	Financial Statement	30 April 2024
INSTITUT IGH, d.d. – Financial statement - 2024, First quarter, Unaudited, Consolidated	Financial Statement	30 April 2024
INSTITUT IGH, d.d. – Financial statement - 2024, First quarter, Unaudited, Unconsolidated	Financial Statement	30 April 2024
INSTITUT IGH, d.d. – Financial statement - 2024, First quarter, Unaudited, Unconsolidated	Financial Statement	30 April 2024
INSTITUT IGH, d.d. – Financial statement - 2023, Fourth quarter, Unaudited, Consolidated	Financial Statement	29 February 2024
INSTITUT IGH, d.d. – Financial statement - 2023, Fourth quarter, Unaudited, Unconsolidated	Financial Statement	29 February 2024
INSTITUT IGH, d.d. – Financial statement - 2023, Fourth quarter, Unaudited, Consolidated	Financial Statement	29 February 2024
INSTITUT IGH, d.d. – Financial statement - 2023, Fourth quarter, Unaudited, Unconsolidated	Financial Statement	29 February 2024
INSTITUT IGH, d.d. - The branch of Institut IGH in the Republic of Georgia signed a contract worth EUR 1,791,318.75	Other information	15 January 2024
INSTITUT IGH, d.d. - Notice on the registration of the merger of the company RADELJEVIĆ d.o.o. and IGH CONSULTING d.o.o. to the company INSTITUT IGH, d.d., in the Court Register of the Commercial Court in Zagreb	Other information	03 January 2024
INSTITUT IGH, d.d. – Institut IGH signed another contract with HAC d.o.o. in the value of EUR 271,990.00	Other information	19 Decmber 2023
INSTITUT IGH, d.d. - Announcement for investors - Institut IGH signed a contract with HAC d.o.o. in the value of EUR 395,220.00	Other information	06 December 2023

INSTITUT IGH, d.d. - Decisions of the General Assembly 01 December 2023	Notice of the assembly	01 Decmber 2023
INSTITUT IGH, d.d. - Notice on the conclusion of the contract on the merger of the company RADELJEVIĆ d.o.o. and IGH CONSULTING d.o.o. to the company INSTITUT IGH, d.d.	Classified information	29 November 2023
INSTITUT IGH, d.d. - Supplement to the invitation to the General Assembly on December 1, 2023.	Notice of the assembly	27 October 2023
INSTITUT IGH, d.d. - Financijski izvještaj - 2023, Treći kvartal, Nerevidirano, Konsolidirano	Financial Statement	27 October 2023
INSTITUT IGH, d.d. - Financijski izvještaj - 2023, Treći kvartal, Nerevidirano, Nekonsolidirano	Financial Statement	27 October 2023
INSTITUT IGH, d.d. - Financijski izvještaj - 2023, Treći kvartal, Nerevidirano, Konsolidirano	Financial Statement	27 October 2023
INSTITUT IGH, d.d. - Financijski izvještaj - 2023, Treći kvartal, Nerevidirano, Nekonsolidirano	Financial Statement	27 October 2023

Source: The Zagreb Stock Exchange ZSE, available at: https://zse.hr/

14. SIGNIFICANT CONTRACTS

14.1. A summary of each significant contract

Publisher Institut IGH d.d. on December 27, 2023, entered into a contract for the purchase and sale of real estate registered at the Municipal Court in Zadar, Land Registry Department Zadar at zk.ul. 16381, registered office Zadar, z.k.č. no. 3125/6 in the nature of BUILDING AND YARD, BUILDING area of 172 m2 and yard area of 428 m2, total area of 600 m2, with buyer Autoflota d.o.o. The contracting parties agreed on the purchase price for the property in the amount of EUR 330,000.00.

Publisher Institut IGH d.d. on February 6, 2024, concluded a contract for the purchase and sale of real estate, namely the co-owned parts of the real estate marked with rbr. 2. and 4. entered in the land registers of the Municipal Court in Dubrovnik, land registry department Dubrovnik, entered in zk. st. 3290 hp GRUŽ, cat. particle 485/17 and cat. plot ZGR, 2536, with which co-ownership parts of the real estate are connected with the ownership of separate parts as follows:

- 2. Co-ownership part: 321/1000 CONDOMINIUM OWNERSHIP (E-1), Business premises PP1 on the ground floor with a net usable area of 207.5 m2, which includes a manipulative working area on the ground floor with a net usable area of 8.20 m2;
- 4. Suvlasnički dio: 343/1000 ETAŽNO VLASNIŠTVO (E-3), Poslovni prostor PP3 na drugom katu neto korisne površine 215,30 m2 kojem pripada parkirališno mjesto PM3 u prizemlju neto korisne površine 3,40 i parkirališno mjesto PM4 u prizemlju neto korisne površine 3,40 m2,

The contracting parties agreed on the purchase price for the property in the amount of EUR 1,164,000.00

15. AVAILABLE DOCUMENTS

After the approval of the Prospectus, within a period of twelve months from the date of publication of this Prospectus, the following documents will be available for review in electronic form on the Issuer's website (www.igh.hr/hr/):

The Issuer's Articles of Associations of 26 July 2024 [https://www.igh.hr/hr/o-nama/odnosi-s-investitorima/]

Audited financial statements of the Issuer for the business year ended on December 31, 2021. [https://www.igh.hr/hr/o-nama/odnosi-s-investitorima/]
Audited financial statements of the Issuer for the business year ended on December 31, 2022. [https://www.igh.hr/hr/o-nama/odnosi-s-investitorima/]
Audited financial statements of the Issuer for the business year ended on December 31, 2023. [https://www.igh.hr/hr/o-nama/odnosi-s-investitorima/]
Audited, consolidated financial statements of the Issuer for the business year ended on December 31, 2023. [https://www.igh.hr/hr/o-nama/odnosi-s-investitorima/]
Unaudited financial statement of the Issuer for the third quarter of 2024 [https://www.igh.hr/hr/o-nama/odnosi-s-investitorima/]

IV. SECURITY NOTICE

1. RESPONSIBLE PERSONS, INFORMATION ABOUT THIRD PARTIES, EXPERT REPORTS AND AUTHORITY APPROVAL

1.1. All persons responsible for the information contained in the Securities Notice

The persons responsible for the information contained in the Securities Notice are listed below

Issuer:

- **INSTITUT IGH**, joint-stock company for research and development in civil engineering, with its headquarters at Ulica Janka Rakuše 1, Zagreb (City of Zagreb), registered in the court register of the Commercial Court in Zagreb under the number (MBS): 080000959, VAT Number (OIB): 79766124714

The Managemet Board

:

- **Robert Petrosian**, President of the Management Board
- **Josip Majer,** Member of the Management Board
- **Marija Đuroković,** Member of the Management Board
- **Tatjana Bičanić,** Member of the Management Board

1.2. Statement of persons responsible for the Securities Notice

The persons responsible for the information contained in the Security Notice hereby declare:

"*After taking all necessary measures to ensure this, we declare that, to the best of our knowledge, the information contained in this Securities Notice is in accordance with the facts and that no information has been omitted that could affect the meaning of the Securities Notice*."

Signees:

____

Robert Petrosian

President of the Management Board

Members of the Management Board:

_______________	_______________	_______________
Josip Majer	**Marija Đuroković**	**Tatjana Bičanić**
Member of the Board	Member of the Board	Member of the Board

1.3. Professional reports or statements

The following expert statements or reports are included in the Securities Notice:

- Independent auditor's report accompanying the annual consolidated financial statements of the Issuer for the year ending on December 31, 2023;

and made by authorized auditor Russell Bedford Croatia - Revizija d.o.o. with headquarters in Zagreb (City of Zagreb), Selska cesta 90/B, OIB: 64094041583, registered in the Register of Auditors maintained by the Ministry of Finance of the Republic of Croatia under registration number 100003480.

The aforementioned independent authorized auditor has no share in the Issuer.

The aforementioned independent auditor's report was prepared at the request of the Issuer and is included in the Prospectus in the entire text in which the independent auditor submitted it to the Issuer and is included with the consent of the person who approved the content of that part of the Prospectus.

- Independent auditor's report with the annual consolidated financial statements of the Issuer for the year ending on December 31, 2022 and December 31, 2021; and prepared by the authorized auditor BDO CROATIA d.o.o., with headquarters in Zagreb (City of Zagreb), Radnička cesta 180, OIB: 76394522236, registered in the Register of Auditors maintained by the Ministry of Finance of the Republic of Croatia under registration number 100002370.

The aforementioned independent authorized auditor has no share in the Issuer.

The aforementioned independent auditor's report was prepared at the request of the Issuer and is included in the Prospectus in the entire text in which the independent auditor submitted it to the Issuer and is included with the consent of the person who approved the content of that part of the Prospectus.

1.4. Information from third parties

Information obtained by third parties is not specified in the Securities Notice.

1.5. Approval of the competent authority

The publisher declares that:

(a) this Prospectus has been approved by the Croatian Financial Services Supervisory Agency (HANFA), acting as the competent authority in accordance with Regulation 2017/1129;

(b) HANFA only confirms that this Prospectus complies with the principles of completeness, comprehensibility and consistency prescribed by Regulation 2017/1129;

(c) such approval should not be deemed to be an approval of the Issuer to which this Prospectus relates; you

(d) that the Securities Notice was drawn up as part of a simplified prospectus in accordance with Article 14 of Regulation 2017/1129.

Investors should read the detailed information provided in this Prospectus (and any other document to which it refers), make their own assessment of the suitability of the investment and take their own views before making any decision to invest in the Shares.

2. RISK FACTORS

Investing in shares carries certain risks associated with the characteristics of shares as equity securities that can lead to significant losses. Investors should consider such risks before making a decision to purchase shares. The issuer is in point 3.2. and 3.3. Part III of this Prospectus described the risks associated with investing in shares.

3. KEY INFORMATION

3.1. Interest of natural and legal persons involved in the issue

Ivančić & Čulić - law firm d.o.o., Dražanac 3/A, 21000 Split, OIB: 18225237670, as legal advisors to the Issuer, is involved in the process of listing the Shares on the Official Market of the Zagreb Stock Exchange. There are and have never been conflicts of interest (as regulated by law and/or the rules of the Croatian Bar Association) between members and employees of the legal advisor in relation to the Issuer, as well as in relation to the mandate of the legal advisor to provide legal services in the process of listing the Shares.

3.2. Reasons for offering and using receipts

This Prospectus does not refer to the issue and offer of securities and the collection of funds based on this, but the purpose of creating and publishing this Prospectus is exclusively the inclusion of all newly issued Shares of the Issuer on the Official Market.

The Issuer estimates that the total amount of costs associated with listing the Shares on the Official Market will not exceed EUR 20,000.00.

3.3. Statement of working capital

Table 40: Working capital

In thousands of euros	31 December 2021	31 December 2022	31 December 2023
Short term assets	15.515	12.213	10.451
Short-term liabilities	31.820	30.199	13.443
Working capital	(16.305)	(17.986)	(2.992)

Source: Audited financial statement of the Issuer for the year ended December 31, 2021, December 31, 2022, December 31, 2023.

Throughout the observed period, short-term liabilities are greater than short-term assets, but liabilities are decreasing. Working capital throughout the observed period from 2021 to 2023 is negative and the Issuer does not have enough working capital for its current requirements.

Additional working capital is intended to be secured through credit lines, exchange of cash deposits with bank guarantees and own funds from operating profit.

Business improvements in the last observed period are significant, which is evident in the positive trend of the working capital position, which reached -3 million euros from -18 million euros. The issuer actively and continuously takes all measures to ensure sufficient working capital to meet all requirements, and concrete measures were implemented during 2024, which reduced working capital to positive values.

In this context, the following should be stressed:

1.) Deadlines

The period in which the company plans to secure the working capital needed to settle all its claims is 12 months.

2.) Losses

According to the financial data for the last year, working capital amounts to -2,992 thousand euros, and a positive trend is highlighted in 2024, considering the measures that are implemented.

3.) Action plan and possible risks

- Frameworks for bank guarantees - the company implemented a framework for bank guarantees in the amount of 4 million euros, which started to replace cash deposits with legal entities with bank guarantees at the end of 2024. In this way, the additional funds needed to settle current liabilities will be released. As of the date of writing this prospectus, 2 million euros have been realized, and 2 million euros remain to be realized in the upcoming period.

  Risk: Due to objective reasons, partners cannot replace cash deposits with guarantees.

- Credit lines – negotiations are underway with commercial banks to secure credit lines in order to ensure adequate working capital.

  Risk: negative decisions of the bank

- Ensuring operational profit - regular monitoring of the operational business of each organizational unit with the aim of profitable results and taking measures in case of inefficient business. Determining new strategies for increasing sales, cutting costs and evaluating human resources.

Risk: additional costs when introducing new measures to realize and ensure operational profit

- Negotiations with suppliers – repayment plans are being actively negotiated with suppliers, which are already being implemented during 2024.

  Risk: non-acceptance of the repayment plan by the supplier

- Evaluation and restructuring plan of human resources - active work is being done on the restructuring plan in the area of human resources

  Risk: potentially high costs in the process of implementing the plan

- Reduction of costs – negotiations with partners regarding the reduction of contractual prices and payment conditions are underway.

  Risk: non-acceptance of new contractual conditions by the supplier

4.) Consequences

The measures mentioned in the previous item are ongoing as of the writing date of this prospectus and have mostly been implemented, as stated earlier. The risk of possible failure has been reduced to a minimum, and no negative outcome for society is expected in the event of the failure of an individual measure specified in the action plan.

3.4. Capitalization and indebtedness

On 29 December 2023, pursuant to Decision no. Tt-23/52200-2, the company carried out recapitalization for the purpose of covering accumulated losses and improving the financial position. Before the implementation of the recapitalization, the Company's share capital consisted of 613,709 shares marked IGH-R-A, ISIN: HRIGH0RA0006, with an individual nominal amount of EUR 10 in the total amount of EUR 15,476 thousand. The shares are listed on the Official Market of the Zagreb Stock Exchange d.d. Each share has the right to vote at the general meeting and the right to a dividend.

With the recapitalization, the Company's share capital was recalculated from the amount of HRK 116,604,710.00 to the amount of EUR 15,476,104.59. The individual nominal amount of the ordinary share of the symbol IGH-R-A was recalculated from the amount of HRK 190.00 to the amount of EUR 25.22. In this way, the share capital of the Company was reduced from the amount of EUR 15,476,104.59 to the amount of EUR 9,339,014.59 to the amount of EUR 6,137,090.00 by the reduction of the individual nominal amount of ordinary shares of the designation IGH-R-A from the amount of EUR 25.22 to the amount of EUR 15.22 to the amount of EUR 10.00. The Company's share capital was increased from the amount of EUR 6,137,090.00 by the amount of EUR 8,677,540.00 to the amount of EUR 14,814,630.00 by the issue of 867,754 ordinary shares of the designation IGH-R-A with an individual nominal amount of EUR 10.00. After implementation, the share capital of the Company entered in the SKDD information system amounts to EUR 14,814,630.00 and is divided into 1,481,463 ordinary shares of the designation IGH-R-A with a nominal amount of EUR 10.00.

In 2023, pre-bankruptcy obligations were settled as follows: /ii/ "PIK" is the debt part of the claim settled by the sale of the pledged property of the Debtor or related companies. The final maturity of PIK claims is 6 years from the date of finality of the decision approving the settlement, with interest of 4.5% per year, which is also paid upon final maturity. /iii/ "Senior debt" is part of the creditor's claim settled by installments in accordance with the provisions of the settlement and additional agreements with creditors of category a), with an interest rate of 4.5% per year in semi-annual installments due on June 30 and December 31 each year. /iv/ Different creditors did not waive their right to separate settlement in the pre-bankruptcy settlement procedure, and had the right to initiate separate enforcement proceedings for the purpose of selling real estate and settling their claims. In the event that the funds obtained through the realization of the pledge are not sufficient to cover the secured claims, separate creditors do not have the right to settle up to the entire amount of the secured claim, but their claim is considered fulfilled by the realization of the pledge. Based on these loans, the company has no obligation to repay the principal or interest from regular operations, but the exclusive settlement is from the sale of mortgaged real estate. A debt in the amount of EUR 1,161,000 is still recorded in the company's business books, but it is settled by the real estate that is also in the company's business books, and the write-off after the completed process does not and will not have an impact on the financial statements. /v/ Bonds issued On June 6, 2012, the company issued bonds with the right to exchange them for shares in the amount of EUR 10 million for the purpose of partially rescheduling obligations under previously issued financial instruments and financing working capital. On June 10, 2013, the Settlement Council of Fine issued a Decision on the opening of the pre-bankruptcy settlement procedure for the company INSTITUT IGH d.d. Holders of convertible bonds as separate creditors have not waived their right to separate settlement in the pre-bankruptcy settlement procedure, and have the right to initiate separate enforcement proceedings for the purpose of selling real estate and settling their claims. In the event that the funds obtained through the realization of the pledge are not sufficient to cover the secured claims, the bondholders do not have the right to settle up to the entire amount of the secured claim, but their claim is considered fulfilled through the realization of the pledge. Based on the bond, the company has no obligation to repay the principal or interest from regular operations, but the exclusive settlement is from the sale of pledged real estate.

Table 41: Statement on capitalization

In thousands of euros	2021	2022	2023
Total current debt (including the current part of long-term debt)	**22.414**	**21.572**	**5.939**
Guaranteed	1.313	1.658	1.731
Secured by collateral	4.362	1.311	1.311
Not secured by guarantee/ not secured by collateral	16.739	18.603	2.897
Total long-term debt (not including current part of long-term debt)	**3.129**	**3.285**	**1.913**
Guaranteed*	3.092	3.237	1.880
Secured by collateral			
Not secured by guarantee/ not secured by collateral	37	48	33
Own capital	**-12.957**	**-12.998**	**3.878**
Share capital	15.476	15.476	14.815
Statutory reserves			
Other reserves			
Total	**12.586**	**11.859**	**11.730**

Source: Audited consolidated financial statements for the year ended 31 December 2021, 31 December 2022, 31 December 2023, Issuer

Table 42: Declaration of indebtedness

In thousands of euros	2021	2022	2023
A Cash equivalents	868	513	434
B Other short-term financial assets*	3.619	3.601	3.975
C Liquidity (A + B)	4.487	4.114	4.409
D Current financial debt (incl			

but not including debt instruments current part of long-term financial debt)	22.414	21.572	5.939
E Current part of long-term financial debt			
F Current financial indebtedness (D + E)	22.414	21.572	5.939
G Net current financial indebtedness (F-C)	17.927	17.458	1.530
H Long-term financial indebtedness (no including the current part and the debt part instruments)	3.128	3.286	1.912
I Debt instruments			
J Long-term trade payables and other liabilities	26	26	26
K Long-term financial indebtedness (H+I+J)	3.154	3.312	1.938
L Total financial indebtedness (G+K)	**21.081**	**20.770**	**3.468**

** Other short-term financial assets include loans and deposits*

Source: Audited consolidated financial statements for the year ended 31 December 2021, 31 December 2022, 31 December 2023, Issuer

4. INFORMATION ON SECURITIES LISTED FOR TRADING

4.1. Description of the type and category of securities offered and/or listed for trading

The object of investment on the Official Market of the Zagreb Stock Exchange will be 867,754 Shares with a nominal value of 10 euros with the security code IGH-R-D and ISIN code HRIGH0RD0003.

4.2. The currency of the securities

All Shares of the Issuer are denominated in euros.

4.3. In case of new issues, a statement on the decisions, authorizations and approvals on the basis of which the securities were created and/or issued or will be created and/or issued

Not applicable.

4.4. Description of all restrictions on transferability of securities

Not applicable.

4.5. The influence of the tax regulations of the investor's member state on the realized profit of the shares

The following summary of the tax treatment arising from the ownership of the Shares is based on positive regulations of the Republic of Croatia at the time of preparation of this Prospectus. The tax regulations of the investor's member state and the country in which the Issuer is established may affect the realized profit from the Shares. Each holder of Shares is advised to consult with his tax advisor about the tax consequences that may arise for him from owning or disposing of Shares, including the applicability and effect of domestic and foreign regulations or international tax treaties.

The law and ordinances that regulate the taxation of legal and natural persons are the Law on Profit Tax and the Ordinance on Profit Tax, which regulate the taxation of domestic and foreign legal entities, and the Law on Income Tax and the Ordinance on Income Tax, which regulate the taxation of the income of domestic and foreign natural persons.

Income tax

According to the Income Tax Act, income from capital, among other things, is also considered to be receipts from dividends and profit shares based on capital shares.

Advance income tax on the basis of receipts from dividends or profit shares based on equity shares is calculated and paid, by deduction, from the total receipt, at a rate of up to 12%, without recognition of personal deductions. Income tax is not payable on the payment of dividends and profit shares if they are paid out of profits realized up to February 2012, except for dividends and profit shares based on capital shares that were realized in the period from January 1, 2001 to December 31, 2004, and are paid after January 1, 2017, and are taxed at an advance income tax rate of 12%.

In addition to income tax, domestic natural persons also pay an income tax surcharge if such an obligation is determined by the decisions of the competent authorities of the local and regional (regional) self-government units in the place of residence or habitual residence of the domestic natural person, and according to the rates prescribed by those decisions.

If the Republic of Croatia has entered into an agreement on the avoidance of double taxation with the country of residence of a foreign natural person, the provisions of the agreement on the avoidance of double taxation shall apply if they are more favorable, and the capital income tax shall be paid on the profit according to the rate from the agreement if all the necessary conditions are met.

Pursuant to the provisions of Article 69, paragraph 2 of the Income Tax Act, income from capital is not determined on the basis of dividends and profit shares if the dividends and those shares were used to increase the company's share capital or if they were realized from investments of the Fund of Croatian Homeland War veterans and their family members and are intended and distributed to the members of that

Fund. The application of the aforementioned exemption is also prescribed by Article 70, Paragraph 9 of the Income Tax Ordinance.

In accordance with the Income Tax Act, capital gains are also considered capital gains, whereby the provisions of the Income Tax Act in the part relating to the taxation of capital gains entered into force on January 1, 2016. Capital gains based on capital gains are the difference between the contracted sales price, that is, the receipts determined according to the market value of the financial asset acquired after January 1, 2016, which is disposed of, and the purchase value of that asset, whereby among other things, receipts from transferable securities or shares are considered financial assets, while sale, exchange, donation and other transfer of financial assets are considered alienation.

Holders of financial assets are obliged to calculate, suspend and pay advance tax on income from capital based on capital gains by the end of February of the current year for all capital gains realized in the previous year less realized capital losses at a rate of 12%, with the suspension of surtax (if prescribed) without recognition of personal deductions.
Income from capital on the basis of capital gains is not taxed if: (i) the alienation was made between spouses and first-line relatives and other immediate family members from Article 14, paragraphs 5 and 6 of the Income Tax Act, between divorced spouses, if the alienation is directly related to the divorce, (ii) if the alienation is directly related to the inheritance of financial assets, and (iii) if the financial assets were alienated after two years from the date of purchase or acquisition of that property.

Corporate tax

In accordance with the Law on Profit Tax, the income of domestic legal entities based on dividends and profit shares is not subject to taxation with profit tax. Legal entities - non-residents are obliged to pay withholding tax in the Republic of Croatia on the income they receive from dividends and profit shares, at a rate of 10%, which are paid from March 1, 2012, except in the case of the payment of dividends and profit shares that were realized until December 31, 2000, regardless of when they are paid. If the Republic of Croatia has entered into an agreement on the avoidance of double taxation with the country of residence of a legal entity - a non-resident, the provisions of the agreement on the avoidance of double taxation are applied if they are more favorable and the withholding tax is paid according to the rate from the agreement if all the necessary conditions are met. The tax base of the withholding tax is the gross amount of compensation paid by the domestic payer to the non-resident - foreign recipient. A withholding tax taxpayer is a domestic payer of benefits (dividends or profit shares) and the same, when paying such benefits to a non-resident, calculates, suspends and pays withholding tax in accordance with the law in question, unless the non-resident has its seat in the countries with which the Republic of Croatia applies a treaty on the avoidance of double taxation and the right from the treaty on the avoidance of double taxation is more favorable, bearing in mind that all the necessary conditions are met.

Inheritance and gift tax

In accordance with the Law on Local Taxes, inheritance and gift tax, at a rate of 4%, is paid on cash, cash claims and securities and on movable property, if the individual market value of the movable property is greater than EUR 6,700.00 on the date of determination of the tax liability. Inheritance and gift tax is not paid if some other tax is paid on inherited or gifted cash, money claims, securities and movable property according to a special regulation. Inheritance and gift tax payers are natural and legal persons who, in the territory of the Republic of Croatia, inherit or receive as a gift or acquire on another basis free of charge property on which inheritance and gift tax is paid. The aforementioned Law also prescribes various exemptions from inheritance and gift taxes depending on the recipient's relationship with the testator or donor, and depending on the status of the recipient or the purpose of the gift.

4.6. The identity and contact details of the offeror and/or the person seeking listing for trading on a regulated market, if different from the issuer, including the legal entity identification number (LEI) if the offeror is a legal entity

It is not applicable considering that the person requesting inclusion is also the Issuer.

4.7. Description of rights arising from securities, including possible limitations of these rights and the procedure for their realization

In accordance with the provisions of the Companies Act and the Statute of 07/26/2024. all Shares of the Issuer give the holders (residents and non-residents) the same rights.

Dividend right

Depending on the Issuer's income, the Issuer's financial position, cash flow, the Issuer's needs for working capital and the Issuer's capital expenditures, as well as the fulfillment of the legal conditions for the payment of dividends, the Company will pay the dividend in accordance with the decision of the General Assembly of the Company, which is made by a majority of the votes cast (ordinary majority).

The right to vote at the General Assembly

Pursuant to the provisions of Article 16 of the Statute dated 26 July 2024, unless otherwise determined by the decision on the issuance of shares or by law, one share gives the right to one vote at the General Assembly of the Company.

Right of first refusal in offers for registration of securities of the same type

Pursuant to the provisions of the Law on Companies, the right of priority to the registration of new shares can be fully or partially excluded by a decision of the General Assembly by votes representing at least three quarters of the votes of the share capital represented at the General Assembly when making that decision.

The right to payment of part of the remainder of the liquidation or bankruptcy estate of the Issuer

By the Articles of Association of 26 June 2024 the right to payment of part of the liquidation or bankruptcy estate is not specifically regulated, and the said right is exercised in accordance with the applicable regulations

Redemption provisions

The right of redemption is not specifically regulated by the Issuer's Articles of Association of July 26, 2024. and the provisions of the regulations regulating the said right, specifically the provisions of the Companies Act, the Act on Takeover of Joint Stock Companies and the regulations of the Central Clearing Depository Company, are applied to the redemption.

Right to information

The right to be informed about the Issuer's operations and all other management and property rights that for shareholders derive from the provisions of the Companies Act and other relevant regulations.

4.8. A statement of national takeover regulations, if any, which apply to the Issuer and which could prevent such takeovers

According to the Act on the Takeover of Joint Stock Companies, a natural or legal person, acting directly or indirectly, independently or jointly with other persons, acquires shares of the Issuer with voting rights after listing the Shares on the regulated market (then the Issuer becomes a target company within the meaning of the Act on Takeovers of Joint Stock Companies), so that, together with the shares it has already acquired, it exceeds the threshold of 25% of voting shares, is obliged to announce a public offer for the acquisition of all Shares.

According to the provisions of the CA, a shareholder who holds at least 95% of the company's share capital has the right to propose to the general meeting the adoption of a decision by which the minority shareholders' shares would be transferred to the majority shareholder while paying the minority shareholders an appropriate severance pay in money. The main shareholder determines the amount of severance pay in money that should be paid to minority shareholders, and the adequacy of the severance pay must be examined by one or more experts appointed by the court at the request of the main shareholder. The decision of the general assembly on the transfer of shares is entered in the court register, and upon registration, the shares are transferred to the main shareholder. The decision on the transfer of shares cannot be challenged with a lawsuit because the amount of the severance pay is not appropriate. A request to the court for the determination of an appropriate severance pay can be made by a minority shareholder to the court only within two months from the date of publication of the entry of the decision on the transfer of shares in the court register. The court decision on the amount of severance pay applies to all minority shareholders, regardless of whether they participated in the procedure in which it was determined.

Pursuant to the provisions of the Act on the Takeover of Joint Stock Companies, if after the takeover offer, the bidder and the persons acting with him jointly hold at least 95% of the voting shares of the target company, the bidder has the right to transfer such shares to minority shareholders within three months of the expiration of the takeover bid, with fair compensation. The fair compensation is considered to be the price specified in the takeover offer. In order to exercise the rights, the bidder submits a request to the SKDD, which will transfer the shares from the shareholder's account to the bidder's account and pay the minority shareholders after determining that the legal requirements have been met.

4.9. Data on public offers by third parties for the takeover of the Issuer's ordinary shares that were made in the last and current financial year

In the last and current financial year, there were no public offers from third parties to take over the Shares.

5. TERMS OF PUBLIC OFFERS OF SECURITIES

This Prospectus does not refer to the new issue and offer of securities and the collection of funds based on that, but the purpose of creating and publishing this Prospectus is exclusively the listing of all existing Shares on the Official Market. Accordingly, item 5 from Annex 12 of the Regulation on the conditions of a public offer is not applicable.

6. TRADE CLASSIFICATION AND TRADE ARRANGEMENTS

6.1. Information on whether or not the offered securities are and will be the subject of a request for listing for trading for the purpose of their distribution on a regulated market or on a third country market, a growing SME market or on a multilateral trading platform, specifying which market in question

After the approval of the Prospectus by HANFA and the publication of the Prospectus in accordance with Article 21 of Regulation 2017/1129, the Issuer will submit a request for the listing of the Shares, i.e. 867,754 registered ordinary shares of the Issuer, each with a nominal value of 10 euros, which are held at SKDD in dematerialized form under the security code IGH-R-D and ISIN code HRIGH0RD0003, on the Official Market Zagreb barrels, and they will be listed according to the decision of the Zagreb Stock Exchange on listing.

When submitting the relevant application for the listing of the Shares, the Issuer will act in accordance with all applicable regulations and the Rules of the Zagreb Stock Exchange in order to approve the listing, but cannot guarantee that the listing of the Shares will necessarily be approved by the Zagreb Stock Exchange. The earliest date of listing of the Shares is not known.

6.2. All regulated markets, third country markets, emerging SME markets or multilateral trading platforms on which, to the knowledge of the Issuer, securities of the same type will be publicly offered or listed for trading or have already been listed for trading

As of the date of this Prospectus, 613,709 ordinary shares of the Issuer have already been listed on the Official Market of the Zagreb Stock Exchange. As stated earlier, the purpose of this Prospectus is to list 867,754 newly issued Shares on the Official Market.

6.3. If securities of the same type are privately listed or offered or sold at the same time or almost simultaneously with the submission of an application for the listing of securities on the regulated market, or if securities of other types are prepared for private or public offer or sale, details of the nature of such transactions and the number, characteristics and price of the securities to which they relate shall be provided.

Apart from the Shares for which listing on the Official Market of the Zagreb Stock Exchange is requested, the Issuer shall not simultaneously or almost simultaneously with the submission of the application for the listing of the Shares privately subscribe or offer or sell securities of the same type, nor create securities of other types for private or public offer or sale.

6.4. Information on entities that have undertaken to act as intermediaries in secondary trading, whereby they will provide liquid funds based on offers for purchase and sale, and a description of the main terms of their commitment

Not applicable.

7. SECURITY HOLDERS PARTICIPATING IN THE OFFER

The Prospectus does not refer to the new issue and offer of securities and the collection of funds based on this, but the purpose of the preparation and publication of the Prospectus is exclusively the listing of all existing Shares of the Issuer on the Official Market of the Zagreb Stock Exchange.

Accordingly, point 7 from Annex 12 of the Regulation on holders of securities that access the offer is not applicable.

8. ISSUE/OFFER COST

The Prospectus does not refer to the issue and offer of securities and the raising of funds based thereon, but the purpose of the preparation and publication of the Prospectus is exclusively the listing of newly issued Shares of the Issuer on the Official Market of the Zagreb Stock Exchange. Accordingly, point 8 from Annex XII of the Commission Regulation 2019/980 on holders of securities who access the offer is not applicable..

9. DILUTION OF THE SHAREHOLDER STRUCTURE

The Prospectus does not refer to the new issue and offer of securities and the raising of funds based on that, but the purpose of the preparation and publication of the Prospectus is exclusively the listing of the Issuer's newly issued Shares on the Official Market of the Zagreb Stock Exchange.

10. ADDITIONAL INFORMATION

10.1. If advisors associated with the issue are named in the securities notice, the function that the advisors held must be stated

Advisors of the Issuer

▪ Ivančić & Čulić – law firm d.o.o. with headquarters in Split, Dražanac 3/A, 21000 Split, VAT Number (OIB): 18225237670, ID number (MB) 05774110, is a legal advisor and provides the Issuer with legal consulting services in connection with the listing of the Shares on the regulated market. There are no, nor have there ever been, conflicts of interest in relation to the engagement of the aforementioned law firm to provide legal consulting services in the process of listing the Shares on the regulated market. The above-mentioned persons are not responsible for the accuracy or truthfulness of the information contained in this Prospectus. Any potential investor, when making an investment decision, must not rely on the fact that the advisers provided the aforementioned services to the Issuer.

10.2. In the securities notification, it is necessary to specify other information that has been audited or reviewed by authorized auditors and who have drawn up a report on it. A copy of the report or, with the approval of the competent authority, a summary of the report is attached

n addition to the audited financial reports for the financial year ending on 31.12.2021, for the financial year ending on 31 December 2022 and for the financial year that ended on December 31, 2023, specified in point 11.1 of the Prospectus, there is no information that was audited or reviewed by authorized auditors and a report was drawn up.

LIST OF TABLES

APPENDICES

- Audited financial statements of the Issuer for the financial year ended December 31, 2021.
- Audited financial statements of the Issuer for the financial year ended December 31, 2022.
- Audited financial statements of the Issuer for the financial year ended December 31, 2023.
- Audited consolidated financial statements of the Issuer for the financial year ended December 31, 2023.
- Unaudited financial statements of the Issuer for the third quarter of 2024
- Statute of the Issuer dated July 26, 2024.

INSTITUT IGH, d.d.

2021

ANNUAL SEPARATE FINANCIAL STATEMENTS TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

Zagreb, July 2022

CONTENTS

1. INTRODUCTION

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

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

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

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

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

2. INTRODUCTORY NOTE BY THE CEO

The year 2021 was marked by the continuation of the COVID-19 pandemic and business activities influenced by it. After two devastating earthquakes in Croatia in the previous year, the necessary recovery mechanisms needed to be established which in practice turned out to be difficult, since they are connected with the public procurement system. During 2021, we continuously tried to point out to the competent authorities the problems of public procurement when it comes to infrastructure projects of public interest. Namely, a significant number of foreign service providers have appeared on the market, which is not disputed, but what is disputable is the result that, unfortunately, has been achieved. This primarily refers to unfair competition, the erosion of professional credibility and, what is particularly questionable and worrying, a deterioration of the quality of contracted engineering services, all as a result of the fact that the level of commitment between supply and the provision of services is not maintained. Simply put, the team with the offered references is too often not the team that performs the contracted service.

Despite all the difficulties, we have kept the number of employees at the same level as in 2020. We ended the year with 521 employees, with 13 more employees engaged in foreign branches.

When we talk about the impact of the COVID-19 pandemic on business, first of all, our primary goal was caring for employees. Business processes were adapted to the current circumstances, and the necessary measures were implemented to enable a smooth operation of the company. All this has led to a low infection rate among employees throughout the pandemic period. In the context of the pandemic's impact on the company's, the impact was more significant.

During 2021, we signed **248 new contracts totalling just over HRK 156 million**. I would single out several of these contracts, signed on the Croatian market.

The first, worth HRK 7.2 million, was concluded with the company Hrvatske ceste d.o.o. for complete technical supervision services over the construction of the express road Okučani - Bosnia and Herzegovina border / Phase 2, length 4.07 km. Another contract with the same client was signed, value just over HRK 10.5 million. This contract includes preliminary design development, environmental impact assessment and obtaining the Location permit for the reconstruction of the Zagreb Bypass (Jankomir - Ivanja Reka) the construction of a third traffic lane as well as the development of the Main and Working design and obtaining the Building permit for the section Jankomir - Lučko. The contract was signed as a Consortium with the company Inženjerski projektni zavod d.d.

Four groups of contracts related to the main inspections of building structures at four locations in Croatia must also be mentioned, approximate value of HRK 8 million, signed with HEP proizvodnja d.o.o. where Institut IGH is a part of the consortium together with the Institut za elektroprivredu d.d., EKONERG d.o.o. and GEOEXPERT-I.G.M. d.o.o.

Eight Framework agreements were also signed with clients such as INA- INDUSTRIJA NAFTE D.D., VIRTUS PROJEKT D.O.O., HŽ INFRASTRUKTURA D.O.O., HEP-PROIZVODNJA D.O.O. and HRVATSKE CESTE D.O.O. for a wide variety of services, approximate value is just over HRK 46 million.

The announced project of digitization of internal documentation also continued (**Document Management System**), which is a cost-effective measure from which significant savings are expected in terms of data and resource management efficiency.

After the adoption of the **Company Development Strategy 2020-2030**, and the establishment of a team to implement the Strategy, an annual plan with four focus areas was developed:

1. Focus on employees and mentoring
2. New markets and business segments
3. Scientific and research activities
4. Profitability

The Management Board monitored the implementation plan on a monthly basis, and at the end of the year the results were presented to the Company's Supervisory Board. The results showed 80% of the total realization of the set goals

As one of the Strategy goals is to further internationalize the Company's business, the focus in 2021 was on the assessment and visits to countries and markets such as Iraq and Egypt. A strategic decision was subsequently made to position the Company on the markets of the Middle East and North Africa (MENA) by opening a branch in Cairo that will serve as a HUB for the area

The Company continued to promote and implement **Building Information Modelling (BIM)** for future projects. During the implementation of the BIM process within the Company, a **market need for this specific knowledge was recognized** and in 2021, external training for individuals and companies was initiated, and an increased interest in this type of services on the market was recognized.

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

Robert Petrosian, dipl.ing.građ.
CEO

3. ACTIVITIES

INSTITUT IGH, d.d. is the leading consulting company for design and engineering services in civil engineering in Croatia and the region. Together with its 14 subsidiaries and 6 affiliates it provides comprehensive support in infrastructure and investment projects, delivering optimal, complete and innovative solutions in the civil engineering sector in Croatia and international markets.

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

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

- Publishing activity
- Counselling and purchase of programming equipment (software)
- Research and development in technical & technological sciences
- Counselling on business & management
- Management of holding companies
- Architectural and engineering activity & technical consultancy
- Technical testing & analyses
- Scientific research, development-oriented research, publishing results of scientific and development research, scientific training and education, and maintenance and development of scientific and research structure
- Advancement of general, technical and autonomous regulations in the field of civil engineering and in other fields where civil engineering expertise is required. Analysis and coordination of the implementation of international regulations in civil engineering

- Improvement of development programs and construction technologies
- Preparation of environmental impact studies from the standpoint of protection, preservation and improvement of physical space
- Organization and implementation of activities aimed at further scientific and professional development
- Inspection of technical documents to check stability, safety, functionality, physical properties and cost-effectiveness
- Verification and evaluation of competence of companies performing activities of consequence to the safety, quality and functionality of man-made structures
- Expert evaluations in the field of civil engineering, technics, technology
- and cost-effectiveness of construction projects
- Establishment and maintenance of a structures & infrastructure register, and the monitoring of structural conditions, conditions of use, and maintenance conditions
- Technical activities in the field of environmental protection
- Technical activities in the field of physical planning, as related to the preparation of physical planning documents, and technical documents for the issuing of location permits

VALIDATION OF DESIGNS FOR:

- architectural design (architectural design of structures/buildings, interior design for structures/buildings, and landscaping design);
- mechanical engineering design (mechanical design of power plants, design of storage and transport of gaseous and liquid substances).

- programming and realization of geotechnical investigations;
- development of geotechnical opinions, studies, reports and design documents
- civil engineering design of geotechnical structures/facilities;
- laboratory testing of rock and soil;
- in-situ testing of rock and soil materials in boreholes;
- monitoring behaviour of geotechnical structures/facilities;
- laboratory and in-situ testing of geotextiles;
- geological investigation of energy-providing, metallic and non-metallic raw-materials;
- hydrogeological investigations (geological, structural geological, and hydrogeological investigations, testing hydraulic parameters of ground water, design of ground water well areas including works relating to water supply, and preparation of design support data for civil engineering structures);
- organization, supervision during realization and design of engineering-geological and hydrogeological works;
- study of ground water and engineering geological properties of soil for the preparation of studies and design documents in the field of environmental protection;
- geophysical investigations for environmental protection purposes, and for preparation of support data for archaeological explorations;
- activities for the protection and preservation of cultural assets, i.e.: survey and documenting of load-bearing structures of cultural assets and preparation of conceptual, preliminary, detailed and working designs for the repair of load-bearing structures of fixed cultural assets or architectural documenting of cultural assets and preparation of conceptual, preliminary, detailed and working designs for the works on fixed cultural assets, and for the repair of materials on fixed cultural assets.
- development of interdisciplinary activities needed for the improvement and advancement of civil engineering
- development of prototypes and series of measuring devices used in civil engineering
- consultancy and quality assurance services for technical equipment in structures/facilities
- elaboration and implementation of quality assurance programs
- typing and reproduction of technical documents
- certification services
- elaboration of technical approvals
- implementation of investment works in the country and abroad
- investigation services and provision and use of information and knowledge relating to industry and science
- services relating to quality control and quality in the import and export of goods
- representation of foreign companies
- geophysical survey as needed for the engineering-geological, hydrogeological and geotechnical survey works and control tests and quality control on civil engineering structures
- technical activities relating to physical development planning
- activities relating to management of construction projects
- activities relating to preparation of design documents for water management facilities and water systems
- preparation of survey reports with permanent topographic points as required for basic topographic activities
- preparation of survey reports for the measuring, marking and maintaining of the national border
- preparation of reports for the development of the Croatian Basic Map
- preparation of reports for the development of digital orthophoto charts
- preparation of reports for the development of detailed topographic maps
- preparation of reports for the development of general topographic maps

- preparation of cadastral survey reports
- preparation of technical reambulation reports
- preparation of reports for the conversion of cadastral plans into digital format
- preparation of reports for the conversion of digital cadastral plans into a given format
- preparation of reports concerning the homogenization of cadastral plans
- preparation of plot plans and other survey reports relating to land cadastre
- preparation of plot plans and other survey reports relating to real estate cadastre
- preparation of plot plans and other geodetic survey reports for the individual conversion of land cadastre plots into real-estate cadastre plots
- preparation of cadastral reports relating to utilities and geodetic/surveying activities that are needed for the provision of surveying services
- technical management of the cadastre for utility services
- preparation of special geodetic/surveying support data for preparation of physical-development documents and acts
- preparation of special geodetic support data for design work
- preparation of geodetic reports defining the condition of a structure prior to reconstruction work
- preparation of surveying designs
- stakeout (setting out) of structures and preparation of stakeout reports
- preparation of general geodetic plans for built structures
- geodetic monitoring of structures during construction, and preparation of surveying-monitoring report
- monitoring displacement of structures in the course of maintenance activities, and preparation of surveying-monitoring reports
- geodetic activities that are undertaken in the scope of urban land redistribution
- preparation of agricultural land redistribution designs and surveying activities performed in the scope of redistribution of agricultural land
- preparation of special surveying/geodetic support data for protected areas and areas under protection
- technical supervision of works: development of work-cadastre reports and
- Expert topographic activities for provision of topographic services, technical management of cadastre for utility service lines, elaboration of special
- topographic support data for the preparation of physical development documents and acts, preparation of special surveying support data for design work, preparation of surveying reports defining condition of a structure prior to reconstruction work, preparation of geodetic designs, stakeout of structures and preparation of stakeout reports, geodetic monitoring of structures during construction, and preparation of geodetic-monitoring reports, monitoring displacement of structures in the course of maintenance activities, and preparation of geodetic-monitoring reports, and preparation of special surveying support data for protected areas and areas under protection
- professional activities relating to nature protection
- professional activities relating to noise protection
- account-keeping activities
- aerial photography
- translation and interpretation services
- activities relating to real estate management and real estate maintenance
- activities relating to real estate brokerage
- real estate activities
- rental of motor vehicles
- rental of aircrafts

- activities relating to rental of yachts or boats, with or without crew (charter)
- rental of vessels
- own-account transport
- transport of passengers in national road transport
- transport of passengers in international road transport
- transport of cargo in national and international road transport
- organizing seminars, courses, fairs, events, exhibitions and concerts
- market research and public opinion polls
- purchase and sale of goods
- provision of service in trade
- commercial brokerage on national and international markets
- design and construction of structures and technical supervision of construction works
- design and construction of mining facilities and plants

ACTIVITIES ON RECORD

- IT services
- web design
- development and maintenance of websites
- electronic communication networks and service activities
- universal services in the field of electronic communications
- special tariff services
- electronic publishing services
- teaching computer science
- IT and related activities
- development of designs for construction of mining and petroleum engineering facilities and plants
- Construction of mining and petroleum engineering facilities and plants, and technical supervision of construction works on the mining and petroleum engineering facilities and plants

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

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

4. HISTORY

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

2006
- IGH granted Certificate ISO 9001:2002 Quality Management System

2008
- Restructuring of the Company and new visual identity

2009
- Name change to INSTITUT IGH, joint stock company for research and development in civil engineering
- New organization
- New visual identity
- Granted Certificate ISO 14001 Environmental Management System
- Granted Certificate OHSAS 18001 Occupational Health and Safety Assessment Specification

2012
- New organization
- Appointment of multi-member management
- Increase of share capital by cash contribution, issue of new ordinary shares, individual nominal value of HRK 400,00
- Increase of share capital to HRK 105.668.000,00 by issuing 105.590 new shares, nominal value HRK 400,00 each for a price of HRK 760,00 per share
- Issuing Convertible bonds mark IGH-O-176A, ISIN: HRIGH0O176A8 in the amount of EURO 10.000.000,00
- Establishing IGH-ESOP d.o.o. as a new FORM OF Employee Share Ownership, with 173 member - founders, with the paid-up share capital of HRK 2.979.200,00
- Entry in the Register of Scientific Organizations in the technical sciences discipline, field of civil engineering

2013
- New organization
- Pre-bankruptcy settlement
- IGH – Notified Body for certification (assessment of properties of material) of products at the EU level for area of harmonized European standards
- IGH – Approved Body and Croatian Body for technical assessment according to authorization of the Minister responsible for the area of non-harmonized EU Standards
- IGH – Technical Assessment Body – TAB for technical assessment of construction products at the EU level

2014

- Increase of share capital through authorized share capital by investment of rights of conversion of part of claims of a part of creditors from the pre-bankruptcy settlement, from HRK 105.668.000,00 to HRK 123.483.600,00, issuing of new 44.539 non-materialized shares, issued in name, nominal value of HRK 400,00 each
- Decrease of share capital from HRK 123.483.600,00 to HRK 58.654.710,00 by decreasing the nominal value of shares by HRK 210, 00, from HRK 400,00 to HRK 190,00 to cover the loss realized in previous periods
- Increase of share capital from HRK 58.654.710,00 to HRK 116.604.710,00 by cash contribution, by issuing new 305.000 non-materialized shares, issued in name, nominal value HRK 190,00 each
- Change in the ownership structure, members of the Management, positions of the Management, power of representation of the Management members, Supervisory Board members, revocation and granting of general power of representation
-

2015

- New organization
- Conversion of 349.539 shares mark IGH-R-C ISIN HRIGH0RC00004 nominal value HRK 190,00 each into 349.539 shares mark IGH-R-A ISIN HRIGH0RC00006 nominal value HRK 190,00 each
- Listing of 349.539 shares individual nominal value HRK 190,00, mark IGH-R-A, ISIN: HRIGH0RA00006 of the official market of the Zagreb stock exchange

2016

- Operational restructuring
- Opening of new markets
- Opening of Branch office in Georgia
- Operational indicators mark an increase owing to the change in business development trends

2017

- Successful completion of large scale infrastructure projects in Georgia
- Acquisition of IGH Mostar and establishment of business unit in Bjelina
- Rebranding and new visual identity

2018

○

- Successful re-accreditation of IGH Laboratory by the Croatian Accreditat Agency (HAA), meeting all requirements set by the standard HRN EN ISO/ 17025. IGH Laboratory obtained a new, valid Certificate on Accreditation, v until 2024.
- Accreditation for low strain impact integrity testing (PIT - ASTM D5882-: High strain dynamic testing of deep foundations (PDA - ASTM D4945-: Standard penetration testing (SPP/SPT - HRN EN ISO 22476-3:2008) . Energy transfer measurement during standard penetration testing (SPP/ ASTM D4633-16), which expanded our area of accreditation of geotechn testing to IGH field investigations as well
- Signed the Contract for technical supervision of construction works on Bridge Mainland – Island of Pelješac with access roads with Hrvatske ceste d.o.o., on the basis of public procurement procedure and our offer for I 49,4 million (VAT exclusive)
- Obtaining of new certificate ISO 50001 Energy Management System
- Signed a Contract for supervision of works on the construction of TPP Banovići - Block 1-350 MW, for a net value of HRK 15.769.400,00.

2019

- Obtaining of new certificate ISO 50001 Energy Management System
- Signed a Contract for supervision of works on the construction of TPP Banovići - Block 1-350 MW, for a net value of HRK 15.769.400,00.
- Signed a Contract for supervision of works on the construction of the Bypass of Ston (DC414), sub-sections Sparagovići / Zaradeže - Prapratno and Prapratno – Doli for a net value of HRK 12.750.697,00 as well as supervision on the Project Improvement of the water supply and utility infrastructure on the Rijeka agglomeration area, for a net value of HRK 12.522.863,00
- Design of ID12 Vrbovec 2 Interchange, (D10) –Bjelovar–Virovitica–BC T. Polje, section Bjelovar – Virovitica– BC T. Polje (Hungarian State Borderline, app. 60 km long, for a net value of HRK 12.407.600,00.

2020

- New Business Strategy adopted for the period 2020 – 2030
- A contract signed with the Public Company Motorways of the Federation of Bosnia and Herzegovina worth app. HRK 30 million, with Institute IGH d.d. as the leading partner in the Consortium, for the design of the express road Mostar-Široki Brijeg-Croatian State border, section Polog-Croatian State border
- A contract signed with the Public Company Motorways of the Federation of Bosnia and Herzegovina worth HRK 15,7 million for technical supervision services of construction works on the Corridor Vc motorway, section Tarčin-Konjic, sub-section Tarčin-Ivan, entrance to the Tunnel Ivan
- The Ministry of Construction and Physical Planning gave its approval for the "2020-2022 vocational training program", namely for conducting internal and external education courses, for which academic hours will be allocated, which makes the company the only private institution in the Republic of Croatia that will provide vocational training services to all persons who have passed a professional exam, and who, in accordance with the Regulation on vocational training of persons performing physical planning and construction work are required to have at least twenty school hours of training in a period of two years
- The company, in accordance with the certification requirements, made the transition from the standard OHSAS 18001 to ISO45001:2018 and thereby emphasized the importance of occupational safety and health of employees as part of the company's culture.

2021.

- Implementation of the new Business Strategy 2020 – 2030
- Re-establishment of the visual identity developed in 2008
- A contract signed with Hrvatske ceste d.o.o. for supervision of construction works on the express road Okučani – B&H Stater border, valued HRK 7,2 million
- A contract signed with the Vukovar Port Authority for the development of study and design documentation. valued HRK 5,9 million.
- Contracts signed with HEP proizvodnja d.o.o. regarding the main inspection of building structures and facilities in Croatia, valued app. HRK 8 million
- A contract signed with Hrvatske autoceste d.o.o. for the reconstruction of the Zagreb City Bypass valued over HRK 10,5 million
- Preparation of conservation support dana and design for the reconstruction of the roof on the Poljud Stadium in Split
- Technical supervision on the construction of student dormitory complex of the University of Dubrovnik completed.

5. GROUP COMPONENTS

arent company of the Issuer is the Issuer himself. IGH Group members are partly complementary to the parent company, founded or acquired with the aim to provide complete range of services.
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First part of the provided expert services include testing, design and design validation, technical supervision and management in the field of architecture, civil engineering and scientific research. The second part of the services is provided by dedicated companies for the implementation of real-estate projects.

IGH Group consists of **14 subsidiaries and 6 affiliate companies** (as at 31 December.2020) providing core and similar activities, while the INSTITUT IGH, d.d. also operates through branch offices and representative offices abroad.

Dependent companies are companies in which the company owns more than 50% of the voting rights and/or controls the adoption and implementation of the financial and business policies of the company in which investments were made in order to benefit from its activities.

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

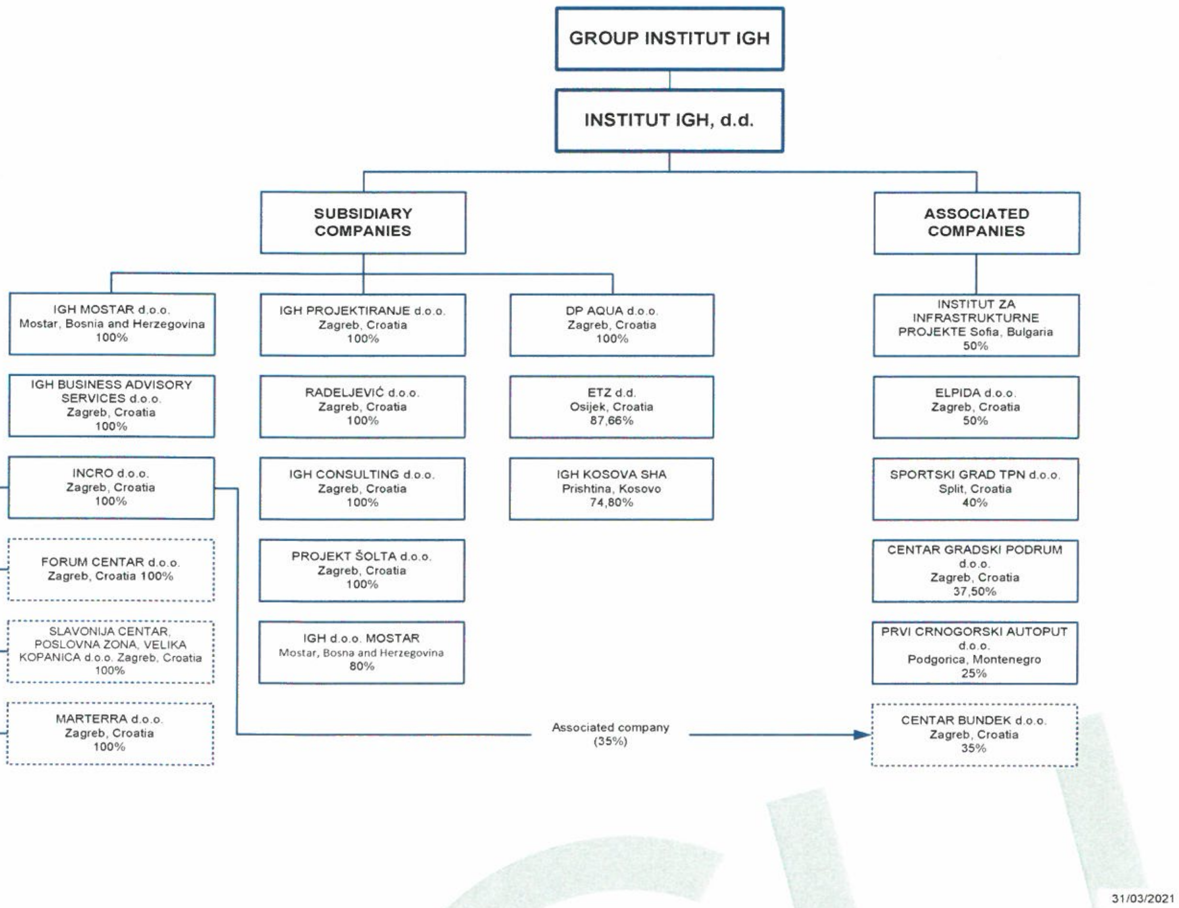

Figure 1. Group components on 31. December 2021.

Consolidation includes the following subsidiaries:

SUBSIDIARY	ADDRESS
IGH d.o.o MOSTAR	Bišće Polje bb, Mostar, Bosna i Hercegovina
EKONOMSKO TEHNIČKI ZAVOD d.d. (ETZ d.d.)	Drinska 18, Osijek, Croatia
DP AQUA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH PROJEKTIRANJE d.o.o.	Janka Rakuše 1, Zagreb, Croatia
RADELJEVIĆ d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH CONSULTING d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH BUSINESS ADVISORY SERVICES d.o.o.	Janka Rakuše 1, Zagreb, Croatia
INCRO d.o.o.	Janka Rakuše 1, Zagreb, Croatia
MARTERRA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
FORUM CENTAR d.o.o.	Janka Rakuše 1, Zagreb, Croatia
SLAVONIJA CENTAR, POSLOVNA ZONA VELIKA KOPANICA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
PROJEKT ŠOLTA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH MOSTAR d.o.o.	Bišće Polje bb, Mostar, Bosnia and Herzegovina
IGH KOSOVA Sha	Kosovo, Priština

Tabe 1.Subsidiaries included in the consolidation

Having in mind that the company Projekt Šolta is under bankruptcy, and the company Montenegro was deleted from the register, these two companies are not included in the consolidation for 2021. Also, loss of control over the companies IGH Kosova SHA and IGH d.o.o. Mostar was recognized at the beginning of 2021 due to the fact that the agreement on the acquisition of shares was not realized in full.

Affiliates are:

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

Table 2. Affiliates included in the consolidation

The companies CENTAR BUNDEK d.o.o., CENTAR GRADSKI PODRUM d.o.o. were removed from the

Register during 2021, while the bankruptcy proceedings were opened against the company SPORTSKI GRAD TPN d.o.o.

The Company undertakes its business activities through **branches** in Georgia, The Republic of Kosovo and The Russian Federation (the procedure for closing this branch was initiated in 2022) and through its **representative office** in Bosnia and Herzegovina.

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6. SIGNIFICANT PROJECTS AFTER THE BALANCE SHEET DATE

In the period between 31 December 2021, prior to the preparation of this Report , the Company contracted new projects valued HRK **61,4 million**.

Below given are some of the most significant projects contracted in 2022

Novi ugovori u 2022.					
Redni broj	Zemlja	Naručitelj	Naziv projekta	Opis usluge	Neto ugovorna vrijednost za IGH
1	Hrvatska	Vodovod i kanalizacija d.o.o.	Ugovor o uslugama nadzora nad gradnjom za ugovore 1-6 (Upov, Mreža, Sdnu) u okviru projekta Poboljšanja vodno kom. infra. aglomeracije St-Solin	Nadzor	17.610.352
2	Hrvatska	Institut Ruđer Bošković	Ugovor o uslugama provođenja stručnog nadzora nad izvođenjem građevinskih radova	Nadzor	4.636.250
3	Hrvatska	Vodovod Dubrovnik d.o.o.	Ugovor o uslugama nadzora nad radovima za projekt sufinanciran od EU razvoj vodno-komunalne infrastrukture Dubrovnik	Nadzor	3.221.323
4	Gruzija	Roads Department Of Georgia	Provision of Services for the Preparation of Technical Documentation Related to the Process of Design Cost-Estimate and Tender Procedures Required for the Road Rehabilitation Works	Projektiranje	2.877.139
5	Hrvatska	Sveučilište u Zagrebu	Izrada projektne i tehničke dokumentacije za zahvat cjelovite obnove potresom oštećene zgrade Sveučilišta u Zagrebu i Pravnog fakulteta	Projektiranje	2.018.948
6	Hrvatska	Hrvatske Ceste d.o.o.	Izrada općih i tehničkih uvjeta za radove na cestama	Projektiranje	1.746.719
7	Hrvatska	Sveučilište u Zagrebu, Medicinski fakultet	Ugovor o nabavi usluge izrade potrebne tehničke dokumentacije za projekt Fseu-Cjelovita obnova-Šalata 11	Projektiranje	1.285.500
8	Hrvatska	Hrvatske Autoceste d.o.o.	Izrada projekata sustavnih sanacija objekata, Grupa I - izrada projekata sanacije objekata na temelju izvanrednog pregleda objekata i glavnih pregled	Projektiranje	1.076.058
9	Hrvatska	Euroinspekt Tehnokem d.o.o.	Ugovor o pružanju usluga za gradilište, poboljšanje vodno-komunalne infrastrukture na području aglomeracije Rijeka - Komponenta A	Ispitivanje	987.417
10	Hrvatska	Hrvatske Ceste d.o.o.	Provedba glavnih pregleda 109 mostova na državnim cestama Republike Hrvatske	Istražni radovi	976.169
	Ukupno				36.435.874

Table 3. ***List of projects contracted at the beginning of 2022***

In January 2022, the Company officially opened a representative office in Cairo, the Arab Republic of Egypt. Also, a branch office was opened in Northern Macedonia, with regard to the announced tenders and investments in infrastructure projects in which the Company intends to participate.

At the same time in March 2022, the Company decided to close its branch office in the Russian Federation. The closure of the branch will not affect the Company's future business plan.

On 28 February 2022, a Bond mark: RAKU-O-272E was issued and INSTITUT IGH, d.d., based on the decision of the Management and consent of the Supervisory Board, became co-debtor for claims arising from the subject Bonds. This concluded the restructuring of Senior debt of INSTITUT IGH, d.d. from the 2013 pre-bankruptcy settlement.

7. VISION AND MISSION

VISION: Be a leading engineering company in the region and beyond, whose employees are the best experts and satisfied co-owners, improving the every-day quality of life and of the environment through their innovative engineering solutions.

MISSION: Tackle engineering challenges to our client's satisfaction, with a timely, professional and responsible approach, knowledge and innovation.

8. IGH's STRATEGY 2020 - 2030

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

The Strategy proposes four key courses of action:

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

Employees – our greatest asset

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

Client orientation

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

Scientific and research activities

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

Focus on new sectors and modernization of services

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

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

We wish to be the leading company when it comes to improving services according to world standards, and be the leader in the trend towards modernization of services in civil engineering for all stakeholders. This primarily means promoting BIM processes and tools and establishes them as the standard in the industry.

Financial stability

Ensuring cash flow stability and further financial activities for IGH development in the next period, with complete fulfilment of commitments from the pre-bankruptcy settlement and its closure as a pre-requirement for easier business operation.
Increased involvement of all IGH assets on current and new foreign markets will ensure long-term and sustainable financial stability of the Company.

New markets

Our strategic goal in the next period is to turn towards the West and the Near East. This primarily means to the West European markets such as Austria, Germany, Sweden, as well as the markets of the Near East and North Africa where we have opened a branch office in Cairo.

Diagram 2. Symbolic presentation of the strategic areas of Instituta IGH, d.d.

9.ORGANIZATIONAL STRUCTURE

On 31 December 2021, the Company's organizational structure was as follows:

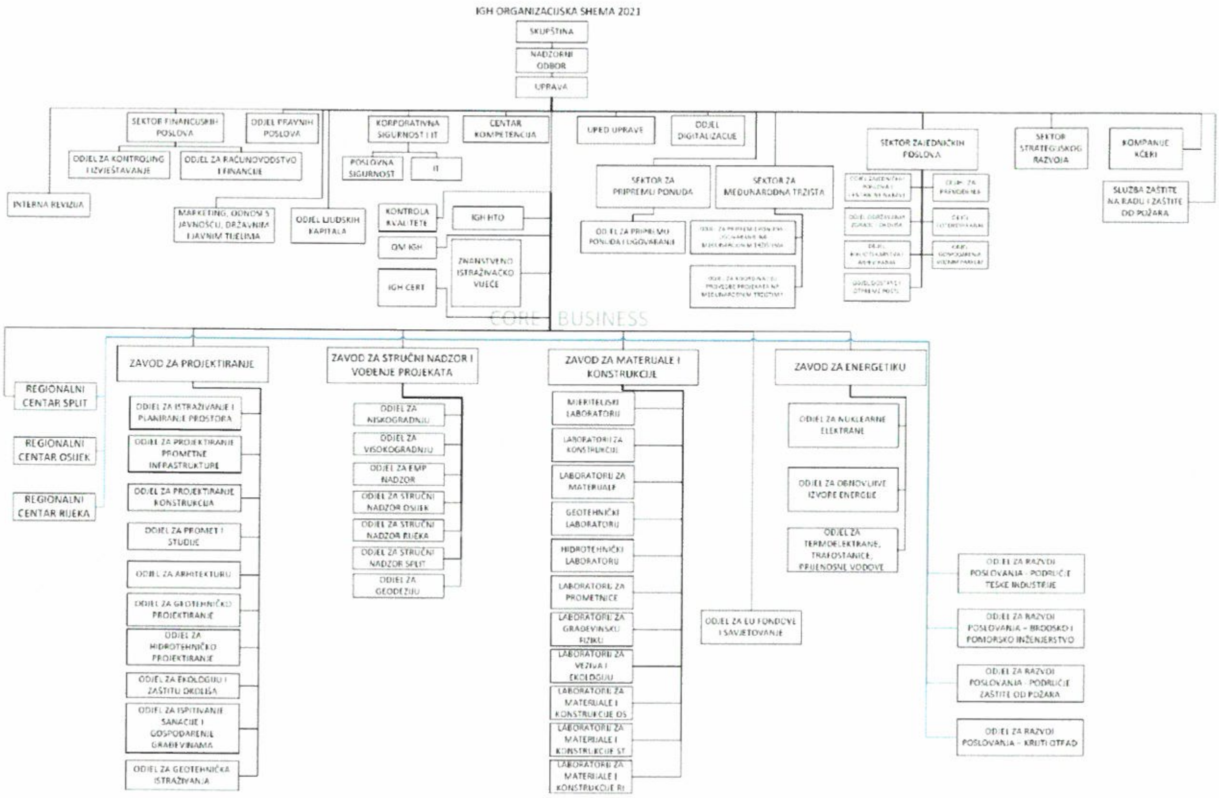

Figure 3. Organizational structure on 31 December 2021

10. NON-FINANCIAL REPORTING

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

INSTITUT IGH, d.d. is particularly proud of the long-standing tradition of implementing and certification of the Quality Management System in accordance with the standard HRN EN ISO 9001:2015; the Environmental Management System in accordance with the standard HRN EN ISO 14001:2015; Energy Management System in accordance with the standard HRN EN ISO 50001:2018 and the Occupational Health and Safety Management System in accordance with the standard HRN ISO 45001:2015.
The Company received confirmation of compliance with the requirements of all these standards from the Certification Body DNV in December 2021, upon completion of audit

Laboratory activities have also been carried out for many years in accordance with the requirements of the standard HRN EN ISO/IEC 17025:2017 at several locations throughout Croatia (Zagreb, Split, Rijeka, Osijek, Pula, Varaždin, Dubrovnik). All organizational units conduct testing/ calibration/ sampling in accredited and non-accredited areas.
Accreditation in testing laboratories for 493 methods, i.e. 687 methods, if we take into account all the locations where accredited testing is conducted, began towards the end of 2021.

The quality of the metrological laboratory was confirmed through accreditation by the Croatian Accreditation Agency in March 2021 issuing a Certificate 2070 for 16 methods for calibration of measuring devices for: strength, length, frequency, mass, temperature.

Integrated management system at the INSTITUT IGH d.d is applied to all business processes and locations and, as a requirement of modern business operations, ensures continuous improvement of processes, corporate social responsibility and development of service quality.

In difficult times, when the Covid-19 pandemic and the effects of the earthquake greatly affected business, INSTITUT IGH d.d. sought to continue to promote corporate social responsibility through the development of its business processes by reorganization and digitization, by focusing on employees, encouraging and developing research work, as well as accountability to the environment.

Pursuing global goals to reduce carbon and water footprints, as well as responsible energy consumption, INSTITUT IGH d.d seeks to increase its efficiency through defined goals.

INSTITUT IGH d.d. will continue to improve its business model for the benefit of its clients, investors, employees and suppliers, as well as the entire social community.

Management Systems in INSTITUT IGH, d.d.

Integration of all management systems in INSTITUT IGH, d.d. was a priority in 2021, in order to facilitate their operation, increase their efficiency, reduce costs, reduce the number of management system documents and allow for easier access and understanding for the employees.

Within the framework of the management system, app. ten training events were held for all newly hired employees to increase awareness of management systems, awareness of the contribution of each employee to system efficiency, the quality system policy, the environment, energy and employee health and safety system policies.

More than 20 mostly integrated internal audits have been carried out in all locations, including construction sites, as separate units, where the INSTITUT IGH d.d. is present, mostly through technical supervision activities.
The audit of the certification company DNV was held in November and included the requirements of ISO9001 (recertification), ISO14001, ISO45001 and ISO50001 (supervision).
With the exception of a few isolated and recorded inconsistencies, the integrated management system is considered efficient and harmonized i.e. aligned with the standards based on audited samples. Certificates for the environmental management system, occupational health and safety management system, as well as energy management system remain in force, and a new certificate has been issued for the quality management system, valid until the end of 2024.

Quality Management System including laboratories

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

The laboratories meet the training requirements and make up the majority of all laboratories in Croatia. All laboratories are equipped with modern equipment for laboratory, in-situ testing, research services and calibration of measuring devices and are accredited in accordance with the standard HRN EN ISO/IEC 17025:2017. According to the attachment to the Accreditation Certificate obtained in 2021 a total of 687 testing methods was accredited in the testing laboratories, of which 194 methods overlap by location, so in all 493 different methods are accredited. In the application for audit by the Croatian Accreditation Agency for 2021, 22 new methods were registered, and 9 accredited methods were registered in a fixed area of accreditation where the issues of standards changed. The laboratory withdrew from two accredited methods because there were no customer requirements for them. Accreditation began at the end of 2021, and for objective reasons has not been completed until the completion of this Report.

The Metrological laboratory was evaluated by the Croatian Accreditation Agency in March 2021. Methods of calibration of length meters, force meters, vibration tables with a measuring system, non-automatic scales and temperature chambers were accredited. Five methods are accredited in the laboratory and eleven methods in-situ.

Environmental management system

Through the environmental management system, the INSTITUT IGH d.d. in 2021 revised its environmental aspects related to its own activities which have environmental impacts, taking into account the prospects of the life cycle. The recognized aspects are: energy use, waste production, CO2 emissions and exploitation of natural resources

An environmental protection department has been established with the aim of timely and accurate implementation of environmental protection activities, monitoring of legal regulation, development of procedures, instructions and other documentation in accordance with the requirements of all interested parties, as well as professional guidance for all employees in the field of environmental protection.

Based on the above, training was conducted for three employees

The below given types of waste were managed in 2021, in the stated quantities:

Type of waste	Waste management	Weight (t)	Share in the total mass of waste (%)
mixtures of concrete, bricks, tiles/tiles and ceramics not specified under 17 01 06*	recycled	166,290	62,775
mixed municipal waste	disposed of	63,000	23,783
biodegradable waste	recycled	14,150	5,342
mixed construction waste and waste from demolition of objects not specified under 17 09 01*, 17 09 02* and 17 09 03*	recycled	9,180	3,465
paper and cardboard	recycled	5,320	2,008
plastic	recycled	3,880	1,465
plastic packaging	recycled	1,558	0,588
other halogenated solvents and solvent mixtures	disposed of	0,303	0,114
absorbents, filter media, wipes and protective clothing not specified under 15 02 02*	recycled	0,300	0,113
non-chlorinated mineral-based motor, machine and oil lubricants	disposed of	0,274	0,103
packaging containing residues of hazardous substances or contaminated with hazardous substances	disposed of	0,237	0,089
laboratory chemicals consisting of or containing hazardous substances, including mixtures of laboratory chemicals	disposed of	0,181	0,068
insulation materials not specified under 17 06 01* and 17 06 03*	recycled	0,100	0,038
waste not otherwise specified	disposed of	0,092	0,035
used tires	recycled	0,030	0,011

metal packaging containing hazardous solid porous materials (for example, solid porous materials). asbestos), including empty pressurized containers	disposed of	0,003	0,001
Total		**264,898**	

Table 4. Data on the quantities of waste for Zagreb in 2021.

It is evident from the above given data that INSTITUT IGH, d.d. in Zagreb recycles over three quarters of waste, which can be seen in the diagram below (different shades of green indicate recycling).

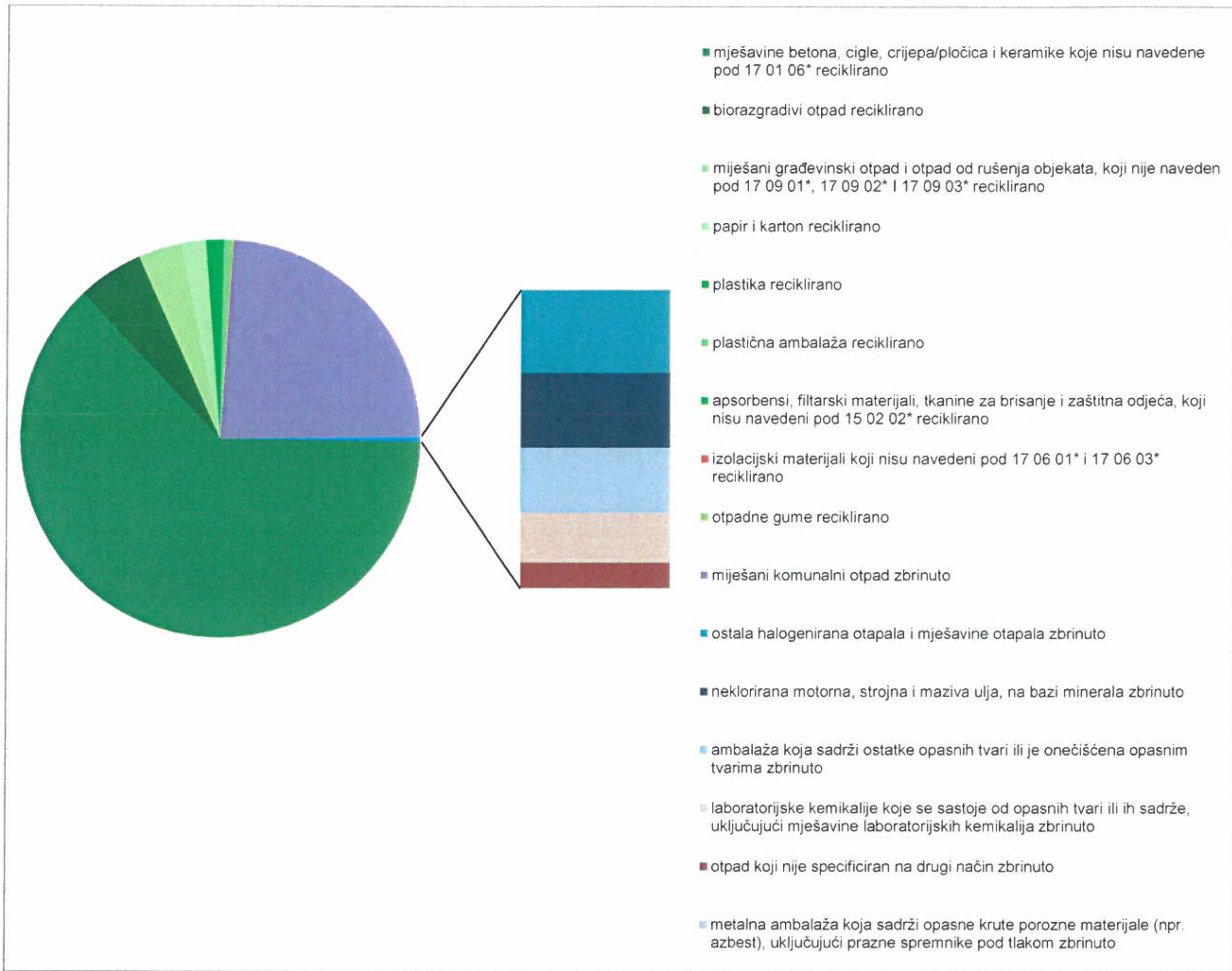

Figure 1. Comparison of recycled and disposed waste in 2021 - Zagreb

Rock wool, concrete, brick, tile and filler, expanded polystyrene and similar materials, which are brought to INSTITUT IGH d.d. as testing samples are returned into production for reuse in order to create an additional – longer value of the product. Extending the service life of construction products actually reduces the amount of waste and direct impact on the environment and supports the circular economy model.

The following quantities of waste have been recorded in the Register of environmental pollutants In the RC Rijeka:

Type of waste	Quantity (t)
17 01 01 - Concrete	26,13
17 09 04 - mixed construction waste and waste from demolition of objects not specified under 17 09 01*, 17 09 02* and 17 09 03*	15,32
20 01 01 - paper and cardboard	0,32

Table 5. Regional Centre Rijeka – type of waste

The following quantities of waste have been recorded in the Register of environmental pollutants in RC Osijek:

Type of waste	Quantity (t)
17 09 04 - mixed construction waste and waste from demolition of objects not specified under 17 09 01*, 17 09 02* and 17 09 03*	21,85

Table 6. RC Osijek – type of waste

Occupational Health and Safety Management System

The Occupational Health and Safety Management System ensures a framework for risk and opportunity management, providing healthy workplaces for employees, preventing injuries at work and occupational diseases. In order to keep up with the trends, a license for a record program in the field of occupational safety and fire protection was purchased. In addition of having a data base record the program also allows you to track the testing deadlines of equipment and systems in accordance with current legal requirements. All records have been entered and four employees were trained to work in the program, thus providing easier track of business activities from the point of view of occupational health and safety and fire protection.

The focus in this segment during 2021 was on the COVID-19 pandemic. Since the beginning of the pandemic, there have been no deaths in the INSTITUT IGH d.d., and as for the infected employees, the curve has been consistently lower compared to the number of confirmed cases in the Republic of Croatia.

But, given the increased risk of coronavirus, the number of hours lost is extremely small, since all measures given by the Civil Protection Board on wearing protective masks, the established distance, hand disinfection, disinfection of surfaces and rooms in which the infected person was mainly located, and regular ventilation of workplaces were constantly in effect. The Institute's Management has also taken organizational measures to hold only necessary meetings, to use digital forms of communication and, in the most difficult situations, work from home where possible.

As for work-related injuries, the analysis in the table below shows a decrease in the number of lost days and hours caused by work-related injuries in 2021 compared to previous years.

Year	Number of injuries	Lost working days	Frequency*	Severity of injuries**	Number of employees	Hours fund per employee	Total hours	Lost Hours	Lost Days
2013	4	100	0,03	0,74	651	2088	1359288	800	100
2014	3	50	0,02	0,39	613	2088	1279944	400	50
2015	2	59	0,02	0,49	578	2088	1206864	472	59
2016	3	26	0,03	0,23	532	2088	1110816	208	26
2017	4	22	0,04	0,22	473	2088	987624	176	22
2018	1	62	0,01	0,71	421	2088	879048	496	62
2019	5	99	0,05	1,01	469	2088	979272	792	99
2020	1	18	0,01	0,17	517	2088	1079496	144	18
2021	2	15	0,02	0,14	521	2088	1087848	120	15

Table 7. Analysis of injuries in the period 2013 - 2021 - Croatia

* Injury frequency index: number of injuries / number or work hours X 10.000

** Injury severity index calculation :total number of days lost / number of work hours x 10.000

Two more injuries were not included in this 2021 statistic. One employee had minor scratches and no lost hours, and the other had a back injury related to a previous health condition that he did not report to the employer.

Energy Management

The energy management system requires an energy audit per location, monitoring of energy consumption and compliance with legal requirements.

The energy review carried out within the framework of the energy management system in accordance with ISO 50001 includes Institute's locations of business: The head office in Zagreb, RC Split, RC Osijek, RC Rijeka. Other locations are energy-nonsignificant consumers and are not covered by the analysis.

In 2021 INSTITUT IGH, d.d. recorded consumption of the following energy sources per quantity:

Energy Group	Energy source	Consumption per unit of measurement	Consumption in kWh
Transport	Diesel fuel	220.666 l	2.361.126 kWh
Heating	Thermal energy	2.500.424 kWh	2.500.424 kWh
Electricity	Electricity	1.746.463 kWh	1.746.463 kWh
Heating	Fuel oil	30.024 l	299.039 kWh
Water	Water	6.824 m^3	-

Table 8. Energy consumption – Zagreb, RC Rijeka, RC Split and RC Osijek

A comparison of the total energy consumption in kWh shows that thermal energy has the greatest consumption

The Zagreb head office registered the following consumption in 2021:

Month 2021	Thermal energy (kWh)	El. energy NT (kWh)	El. energy VT(kWh)	El. energy total (kWh)	Water (m^3)	Gas (m^3)
1	412.000	26.593	53.285	79.878	425	48
2	303.000	32.692	62.227	94.919	464	87
3	257.000	37.757	72.296	110.053	438	99
4	193.000	39.338	69.122	108.460	432	100
5	63.530	37.813	69.101	106.914	524	116
6	15.670	38.922	74.581	113.503	524	76
7	12.420	49.943	97.621	147.564	313	111
8	14.140	46.327	83.113	129.440	447	66
9	26.820	38.597	71.696	110.293	509	99
10	212.850	34.696	65.824	100.520	493	129
11	279.450	30.873	63.183	94.056	401	128
12	342.520	32.304	66.923	99.227	400	125
Total	**2.132.400**	**445.855**	**848.972**	**1.294.827**	**5.370**	**1.184**

Table 9. Energy consumption – Zagreb

Regional Centre Split registered the following significant consumption in 2021:

Month 2021	El. energy kWh/NT	El. energy kWh/VT	El. energy total (kwh)	Water (m^3)	Fuel oil (l)
1	6.648	14.886	21.534	4	N/A
2	6.070	14.547	20.617	79	N/A
3	7.013	16.549	23.562	72	N/A
4	6.206	15.176	21.382	78	N/A
5	6.519	13.770	20.289	82	N/A
6	11.317	24.234	35.551	85	N/A
7	11.750	27.889	39.639	6	N/A
8	10.041	21.958	31.999	177	N/A
9	9.501	21.145	30.646	74	N/A
10	7.816	16.135	23.951	90	N/A
11	7.137	15.889	23.026	84	N/A
12	7.814	16.851	24.665	105	N/A
Total	**97.832**	**219.029**	**316.861**	**936**	**30.024**

Table 10. Energy consumption – RC Split

Regional Centre Osijek registered the following significant consumption in 2021:

Month 2021	Thermal energy (kWh)	El. energy kWh/NT	El. energy kWh/VT	El. energy total (kWh)	Water (m3)
1	64.000	2.448	5.492	7.940	16
2	47.000	2.575	6.028	8.603	27
3	55.000	3.039	6.529	9.568	33
4	38.000	2.754	5.293	8.047	32
5	7.000	2.748	5.055	7.803	28
6	288	2.386	8.518	10.904	28
7	288	2.294	5.803	8.097	29
8	288	2.234	5.094	7.328	31
9	288	2.237	4.672	6.909	64
10	30.906	2.486	5.382	7.868	36
11	58.376	2.285	5.046	7.331	35
12	66.589	2.611	5.150	7.761	45
Total	**368.024**	**30.097**	**68.062**	**98.159**	**404**

Table 11. Energy consumption – RC Osijek

Regional Centre Rijeka registered the following significant consumption in 2021:

Month 2021	El. energy kWh/NT	El. energy kWh/VT	El. energy total (kWh)	Water (m^3)	Gas (m^3)
1	887	1.785	2.672	56	485
2	704	1.471	2.175	27	412
3	1.327	2.156	3.483	17	268
4	652	1.228	1.880	86	356
5	870	1.509	2.379	29	356
6	548	1.146	1.694	34	356
7	744	1.513	2.257	59	356
8	378	794	1.172	58	356
9	569	991	1.560	56	400
10	898	1.482	2.380	104	412
11	779	1.599	2.378	84	433
12	734	1.180	1.914	32	465
Total	**9.090**	**16.854**	**25.944**	**642**	**4.655**

Table 12. Energy consumption – RC Rijeka

In conclusion, energy consumption is monitored and analysed, and energy saving efforts are visible. The greatest savings of energy sources were made on fuel consumption compared to last year. For other energy sources that significantly affect energy efficiency, we cannot take the same previous year (2021) for comparison because of the COVID 19 crisis. Namely, the near was extremely unusual. Working from home, self-isolation and isolation are also evident in energy consumption

11. RELATIONSHIP WITH EMPLOYEES

Employee rights in the Company, in 2021 were regulated by:

- The Labour Act
- Employment Regulation dated 23 March 2017 which entered into force on 1 April 2017, by which the previous Employment Regulation and its Amendments ceased to be valid
- Regulation on the use of company cars no. OD-2-11/2021 dated 1 July 2021, by which the previous Regulation on the use of company cars dated 8 July 2020 ceased to be valid
- Decision of the Management Board no.OD-15-1/2021 by which a consolidated text of the Regulation on Business Trips and Field Work was adopted, in force since 25 March.2021 and by which all previous Regulations/Decisions on this subject have ceased to be valid.
- Decision of the Management Board no. OD-74/2020 dated 20 July 2020 by which the Decision on Salary Classes came into force and by which the Decision on Salary Classes no 201/131-4 dated 23 March 2017 ceased to be valid.

Personnel structure

On 31 December 2021, INSTITUT IGH, d.d. had 521 employees, with an additional 13 employed in foreign branch offices. This is a decrease by 3 employees compared to 31 December 2020, when the Company had 537 employees.

AGE	LOW SKILLED	SKILLED	SECONDARY SCHOOL	HIGHER EDUCATION	UNIVERSITY DEGREE	MASTER'S DEGREE	DOCTORATE	Total	percentage
20-29			11	7	59			77	14%
30-39	1		9	7	84			101	19%
40-49			31	21	102	6	2	162	31%
50-59	1	1	37	14	52	9	6	120	22%
60-69	1		12	8	41	5	3	70	13%
70-75			1		2	1		4	1%
TOTAL	**3**	**1**	**101**	**57**	**340**	**21**	**11**	**534**	**100%**
Share	**0%**	**0%**	**19%**	**11%**	**64%**	**4%**	**2%**	**100%**	**-**

Table 13. S Age and educational structure of INSTITUT IGH, d.d. employees in Croatia and in branch offices on 31 Dec.2021.

12. TRANSACTIONS WITH SHARES

Company shares are listed on the official market of the Zagreb Stock Exchange d.d., mark IGH-R-A, ISIN: HRIGHORA0006, and the Book of Shares is kept by the Central Depository and Clearing Company.

No.	SHAREHOLDER	IGH-R-A	% Share
1	AGRAM BANKA D.D. / AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	239.500	39,03
2	AGRAM BANKA D.D./ AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	75.500	12,30
3	AKCIONAR D.O.O.	12.500	2,03
4	INSTITUT IGH, d.d.	12.159	1,98
5	PBZ d.d./custodial account of the client	11.005	1,79
6	CAPTURIS d.o.o.	7.895	1,28
7	Mihaljević Branko	7.638	1,24
8	Čolina Ante	4.550	0,74
9	IPRO - INŽENJERING d.o.o.	4.512	0,73
10	Marus Anna	4.150	0,67
11	Others	234.300	38,21
	TOTAL	**613.709**	**100**

Table 14. Balance of IGH-R-A shares in the Book of Share on 31 December 2021
(Source: Central Depository and Clearing Company)

In 2021, the Zagreb Stock Exchange traded with 59.806 shares mark IGH-R-A in the amount of HRK 7.750.500,00 with the daily concluded prices ranging between HRK 97,00 and 155,00 (Source: ZSE, Trade information and statistics, Periodic Trade Reports, Review of Trade in 2021).

13. STATEMENT ON IMPLEMENTATON OF CORPORATE GOVERNANCE

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

The largest shareholders are Avenue Engineering and Construction Limited, with 51,33% and Akcionar d.o.o. with 1,96 %, while all other shareholders hold less than 1,5% share in the Company.
There are no holders of securities (shares) in the Company with specific control rights. There are no restrictions regarding voting rights in the Company. Each share carries one vote. There are no time limits for execution of voting rights in the Company, and there are no instances where, in cooperation with the Company, the financial rights pertaining from securities are separated from holding of these securities.
Rules on appointment and revocation of appointment of Management Board members are laid down in Articles 31-34 of the Articles of Association of the Company. Rules on the powers of the Board members are laid down in Article 33 of the Articles of Association. The Articles do not contain special rules on the powers of the Board members to issue Company shares or acquire own shares. Rules on appointment and revocation of appointment of Supervisory Board members and the powers of the Company Supervisory Board are given in Articles 23-30 of the Company's Articles of Association.

Company Management

The INSTITUT IGH, d.d. Management, in the period from 1 January 2021 to 31 December .2021 consisted of the following members:

1. From 29 July 2021 – three member Board: Robert Petrosian, President of the Management Board - Vedrana Tudor, Member of the Management Board – Miroslav Pauzar, Member of the Management Board
2. From 30 July 2021 – four member Board: Robert Petrosian, President of the Management Board - Vedrana Tudor, Member of the Management Board – Miroslav Pauzar, Member of the Management Board – Igor Džajić – Member of the Management Board

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

Supervisory Board

The INSTITUT IGH, d.d. Supervisory Board, during 2021 had five members:

1. Žarko Dešković – Chairman of the Supervisory Board
2. Mariyan Tkach – Supervisory Board member since 26 August 2019 – Deputy Chairman of the Supervisory Board since 26 August 2020
3. Sergej Gljadelkin (16.6.1989.) – Member of the Supervisory Board
4. Igor Tkach – Member of the Supervisory Board
5. Dušica Kerhač - Member of the Supervisory Board, appointed representative of the employees – ceased to be a member of the Supervisory Board on 13 June 2021
6. Marin Božić – Member of the Supervisory Board since 14 June 2021 appointed representative of the employees

14. INTERNAL CONTROLS

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

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

Management of the Company and its subsidiaries are responsible for the implementation and execution of internal control of financial reporting. The internal control system is organized to ensure reasonable assurance to the Management regarding the preparation and fair presentation of separate and consolidated financial statements. Management of the Company and its subsidiaries have assessed the efficiency of internal control over financial reporting for 2021 and concluded that the internal control of financial reporting has fulfilled all set criteria.

15. RISK MANAGEMENT

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

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

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

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

16. FINANCIAL OVERVIEW

in 000 HRK	IGH GROUP 2021	IGH GROUP 2020	IGH GROUP Index	INSTITUT IGH, d.d. 2021	INSTITUT IGH, d.d. 2020	INSTITUT IGH, d.d. Index
Operating income	180.426	190.208	95%	178.666	180.664	99%
Operating costs	188.324	165.971	113%	157.945	156.222	101%
EBITDA	**-7.898**	**24.237**	-33%	**20.721**	**24.442**	85%
Ebitda margin	**-4%**	**13%**		**12%**	**14%**	
Current assets less inventories	103.910	98.363	106%	87.371	93.981	93%
Short-term liabilities less liabilities for loans and borrowings	79.761	64.599	123%	76.560	66.274	116%
Current ratio	**1,5**	**1,5**		**1,1**	**1,4**	

Table 5.Key financial indicators

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

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

A more detailed financial overview is provided in the annual financial statements given in **Attachment**.

17. SIGNATURE OF THE COMPANY'S MANAGEMENT

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

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

IGH, dioničko društvo za ... 01

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Robert Petrosian, President of the Management Board

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Vedrana Tudor, Member of the Management Board

____

Miroslav Pauzar, Member of the Management Board

____

Igor Džajić, Member of the Management Board

18. ATTACHMENTS

1. **FINANCIAL STATEMENTS**
   1.1. Separate financial statements of the Company INSTITUT IGH, d.d. for the year ended on 31 December 2021 together with the independent auditor's report
2. **CORPORATE GOVERNANCE CODE - ANNUAL QUESTIONNAIRE**
3. **SCIENTIFIC COUNCIL OF INSTITUT IGH d.d.**

Attachment 3

SCIENTIFIC COUNCIL OF INSTITUT IGH D.D.

INSTITUT IGH d.d has been and remains an important professional and research institution in the field of civil engineering. The development of the Institute is based on the knowledge and experience of employees, capacities and professional attitude to work. The main determinant of development is the indivisibility of the professional and scientific components of the Institute.

By the decision of the Company's Management from 29 January 2021, a Scientific and Research Council was established to promote the research work of the INSTITUT IGH d.d. The Council consists of twelve permanent members and four associate members. The Council proposes to the Company's Management research projects of interest to the INSTITUT IGH d.d. and plans, implements, monitors and directs approved projects.

The scientific and research activities of INSTITUT IGH d.d. for the most part relate to research in the field of civil engineering, in accordance with the Scientific and Research Strategy 2015 - 2020. The newly established Council has initiated research work in other fields, especially in the field of environment and energy. During 2021 considerable efforts have been made in the research of plastic and its possible applications in construction, with an emphasis on the environmental impacts of micro plastics. A project related to the production of hydrogen is also being developed. Accordingly, a new Research Strategy 2022 - 2025 is currently being developed.

The Scientific and Research Council pays special attention to maintaining links with the scientific community in order to establish links with other research institutions in the Republic of Croatia and the European Union. During 2021, INSTITUT IGH d.d signed a Framework agreement on cooperation with the Faculty of Mechanical Engineering and Naval Architecture of the University of Zagreb and the Faculty of Food Technology of the University of Osijek.

A particularly important goal of the Scientific and Research Council is to strengthen the research profile by improving the quality of research and taking care of the younger generation of scientists and researchers.

INSTITUT IGH d.d., Zagreb
Annual Separate Financial Statements
together with the Independent Auditor's Report
for the year 2021

INSTITUT IGH d.d., Zagreb

Annual Separate Financial Statements
together with the Independent Auditor's Report
for the year 2021

INSTITUT IGH d.d., Zagreb
Annual Separate Financial Statements
together with the Independent Auditor's Report
for the year 2021

Responsibility for the Annual Financial Statements

The Management of INSTITUT IGH d.d., Zagreb, Janka Rakuše 1 shall ensure that the annual separate financial statements of INSTITUT IGH d.d. and its subsidiaries (the Group) for the year 2021 are prepared in accordance with the current Croatian Accounting Act and International Financial Reporting Standards, which are defined by the European Commission and published in the Official Journal of the European Union. They shall provide a true and fair view of the separate financial position, separate operating results, separate changes in capital and separate cash flows of the Group for the subject period.

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

In preparing the separate financial statements, the Management Board is responsible for:

- selection and then consistent application of appropriate accounting policies in accordance with current financial reporting standards;
- providing reasonable and prudent judgments and assessments;
- preparation of annual separate financial statements on the going concern basis, unless it is inappropriate to assume that the Group will continue its business

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

On behalf of the Management Board:

Robert Petrosian President of the Management Board	Miroslav Pauzar Member of the Management Board	Vedrana Tudor Member of the Management Board	Igor Džajić Member of the Management Board

Institut IGH, d.d.
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Republic of Croatia

In Zagreb, 25 July 2022

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the Annual Separate Financial Statements

Qualified opinion

We audited the annual separate statements of the Company INSTITUT IGH d.d., Zagreb, Janka Rakuše 1, Zagreb (the Company) for the year ended 31 December 2021, which include the separate statement of the financial position as of 31 December, 2021, separate statement of comprehensive income, separate statement of cash flows and separate statement of changes in equity for the year then ended, as well as respective Notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in our report in the section Basis for Qualified opinion, the enclosed annual separate financial statements present the Company's financial position as of 31 December 2021 truthfully and fairly, its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards established by the European Commission and published in the Official Journal of the European Union (IFRS).

Basis for Qualified opinion

As stated in Note 38 „Events after the Balance Sheet date“ to these separate financial statements, the INSTITUT IGH d.d. branch office in Moscow, Russia, was closed by the decision of the Management Board. Due to the events that occurred related to the beginning of the war in Ukraine and the impossibility to access the assets of the branch office of INSTITUT IGH d.d. Moscow, Russia, we could not obtain sufficient and appropriate audit evidence on the value of assets in the total amount of HRK 5,356,401, liabilities in the total amount of HRK 6,384,591, income in the total amount of HRK 2,783,827 and expenses in the total amount of HRK 2,661,974, which were transferred by internal transfer to the Company's separate financial statements

In accordance with the above, we could not determine whether some adjustments of the given sums were required.

We conducted our audit in accordance with International Auditing Standards (IAS). Our responsibilities under these standards are further described in our Independent Auditor's Report in the section *Auditor's Responsibilities* for the audit of annual separate financial statements. We are independent of the Group, in accordance with the Code of Ethics for Professional Accountants (IESBA Code) and have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and adequate to provide a basis for our qualified opinion.

Key audit questions

Material uncertainty related to going concern

We draw attention to Note 2.6. "Going concern" and Note 35 -Effects of the pre-bankruptcy settlement agreement, with these Separate financial statements, which describe the process of fulfilling the pre-bankruptcy settlement concluded by the Decision of the Commercial Court in Zagreb No. 72 Stpn 305/13 dated 5 December 2013.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the Annual Separate Financial Statements (continued)

Key audit questions (continued)

Material uncertainty related to going concern (continued)

As can be seen in Note 2.6. "Going concern", the Company, as of 31 December 2021, has a total of due liabilities under the pre-bankruptcy settlement amounting to HRK 78.974 thousand, which were to be settled by 31 December 2021. For part of the debt, the creditors have the right to start an enforcement procedure, but the creditors have not called for payment in the form of activation of enforcement until the date of this report.

As of 31 December 2020, the Group has negative capital in the amount of HRK 96.874 thousand, and the Group's short-term liabilities exceed the Company's short-term assets by HRK 185.063 thousand and until the reporting date, the Group does not have sufficient free cash flow, all of which indicates that there is significant material uncertainty for the Group to continue as a going concern as described in Note 2.6. - Going concern.

Further to the above, the Company's Management is making efforts to resolve the existing situation related to the pre-bankruptcy settlement and to improve the Company's current operations and financial position as described in Note 2.6. "Going concern" and Note 38 -Events after the Balance sheet date, to the separate financial statements, all in terms of meeting their obligations and in order to continue operating with profit and under the assumption of going concerns. Our opinion has not been modified in relation to this issue.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of the greatest importance in our audit of the current period's annual separate financial statements and include the identified most significant risks of material misstatement, whether due to error or fraud, with the greatest impact on our audit strategy, the disposition of our available resources and time spent by the engaged audit team.

We addressed these matters in the context of our audit of the annual separate financial statements as a whole and in forming our opinion thereon, and we do not express a separate opinion on these matters. We have determined that the matter below is a key audit matter to be disclosed in our Independent Auditor's Report.

INDEPENDENT AUDITOR'S REPORT (continued)
Report on the audit of the Annual Separate Financial Statements (continued)
Key audit matter (continued)

Recognition and accrual of income	
In the Statement of Comprehensive Profit for 2021, the Company reported revenue from sales in the amount of HRK 169.137 thousand (2020: HRK 156.549 thousand). On 31 December 2021, the Company reported revenues recognized over time in the amount of HRK 147.269 thousand (31 Dec 2020: HRK 126.299 thousand), contractual assets in the amount of HRK 4.402 thousand (31 Dec 2020: HRK 15.124 thousand), contractual liabilities in the amount of HRK 2.093 thousand (31 Dec 2020: HRK 3.875 thousand).	
Key audit matter	**How we addressed the key audit matter**
The application of the principle of revenue recognition in accordance with IFRS 15 - Revenue from contracts with customers is complex and requires making significant assumptions and estimates. For contracts for which revenues are recognized over time, contractual revenues and expenditures are recognized according to the degree of completion of the project at the end of the reporting period. The expected loss is recognized immediately as expenditure immediately, regardless of the stage of completion. As part of the risk assessment, we assessed that there is a risk that the revenues shown in the financial statements are higher than the Group actually realized as part of its business activities, as well as a risk that the revenues are not properly divided/allocated in the period to which they belong. Accordingly, we believe that the accuracy and correct allocation of recognized revenue is associated with a significant risk of misstatement in the financial statements and required our increased attention. Therefore we consider it to be a key audit matter. **Related announcements in the respective annual financial statements** See Notes 3.3 - Revenues, 3.22 -Key accounting judgments and estimates, 5. - Information about segments and 23. - Contract assets and liabilities, in the corresponding annual financial statements.	Our audit procedures related to this area, among others, included the following: - consideration of compliance of the Group's accounting policy with the requirements of IFRS 15 - Revenue from Contracts with Customers, - understanding and evaluation of the design and operational efficiency of internal controls related to the collection and recording of transactions related to the recognition of revenue over time, - review of contract template for significant projects that were not completed as of 31 December 2020 and those started in the current year. We read the related Contracts in detail and compared the accounting entries of these contracts with the appropriate documents (approved estimates of total project costs, summaries of realized costs, invoice samples and reviews of work hours spent, analytics etc.). By testing the transactions template, we reviewed 5 steps established in the standard prepared by the Group, to determine whether revenue can be recognized at a certain point or over time. For contracts concluded in 2021 for which it was concluded that revenue is recognized over time, we compared the timing of revenue recognition with the degree of completion based on the input method (measured as a percentage of incurred costs in total costs). In addition to the procedures described above, we have sent inquiries to the Management to review the estimates related to the total costs of the project and the estimated margins per project. We also assessed the level of completeness and accuracy of the presentation and disclosure of revenue from sales in the Group's separate financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the Annual Separate Financial Statements (continued)

Other questions

We draw attention to Note 37 „Non-financial Report“ to the annual separate statements which, in accordance with item (b) paragraph 8, Article 21.a of the current Accounting Act, specifies the website where the separate non-financial report of the Group will be published within the defined period. Our opinion has not been modified on this matter.

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

Management is responsible for other information. The other information includes the information included in the Annual Report, but does not include the Annual separate Financial Statements and our Independent Auditors' Report thereon that we received prior to the date of this Independent Auditors' Report and the separate Non-Financial Report that we expect to be made available to us after that date.
Our opinion on the Annual Separate Financial Statements does not include other information.
With regards to our audit of the Annual Separate Financial Statements, it is our responsibility to read the above stated other information and to consider whether the other information is materially inconsistent with the Annual Separate Financial Statements or our knowledge obtained during the performance of the audit or otherwise appears to be materially misstated, and whether the non-financial information required by the provisions of paragraph 1 or paragraph 2 of Article 21a of the Accounting Act is presented in a Separate Non-Financial Report.

If we conclude, upon reading the Separate Non-Financial Report, that it contains a material misstatement, we are required to communicate the matter to those charged with management of the Group. Regarding the Management Report and the Statement on the implementation of the Corporate Governance Code, we have also implemented the procedures required by the current Croatian Accounting Act (Accounting Act). These procedures include consideration of:

- whether the Management Report has been prepared in all significant determinants in accordance with Article 21 of the Accounting Act and whether the Management Report has been prepared in all significant determinants in accordance with the attached financial statements,
- whether the specific information given in the Declaration on the implementation of the Corporate Governance Code, required by Article 22, paragraph 1, items 3 and 4 of the Accounting Act (relevant parts of the Statement on the implementation of the Corporate Governance Code), is prepared in all significant terms in accordance with the provisions of Article 22 of the Accounting Act,
- Does the Statement on the implementation of the Corporate Governance Code include disclosures in accordance with Article 22, Paragraph 1, Items 2, 5 and 6 of the Accounting Act.

Based on the procedures required to be performed as part of our audit of the Annual Separate Financial Statements and the above-mentioned procedures, in our opinion:

- The information contained in the Management Report and the relevant parts of the Statement on implementation of the Corporate Governance Code for the financial year for which the Separate Financial Statements were prepared are harmonized in all significant respects with the annual Separate Financial Statements of the Company shown on pages 10 to 66, on which we expressed our opinion as set forth in the above given section Opinion,
- The Management Report and relevant parts of the Statement on the implementation of the Corporate Governance Code were prepared, in all significant respects, in accordance with Articles 21 and 22 of the Accounting Act.
- Statement on the implementation of the Corporate Governance Code includes the

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the Annual Separate Financial Statements (continued)

- information required by Article 22, paragraph 1, items 2, 5 and 6 of the Accounting Act.

Furthermore, taking into account the insight and understanding of the Group's business operations and the environment in which it operates, which we have acquired during our audit, it is our duty to report whether we have identified material misstatements in the Management Report and in other information obtained prior to the date of this Independent Auditor's Report. In this sense, we have nothing to report.

Responsibilities of the Management Board and those in charge of management of the Annual Separate Financial Statements.

The Management is responsible for the preparation of Annual Separate Financial Statements that present a true and fair view in accordance with IFRS, and for those internal controls for which the Management determines that are necessary for the preparation of annual separate financial statements that are free of material misstatement due to fraud or errors.

In preparing the Annual Separate Financial Statements, the Management is responsible for assessing the Group's ability to continue as a going concern, for disclosing, if applicable, issues related to going concern and using the going concern basis of accounting, unless the Management intends to liquidate the Company or cease operations or has no other alternative but to do so. Those charged with governance are responsible for overseeing the financial reporting process established by the Company.

Auditor's responsibilities for the audit of the Annual Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a higher level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Separate Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a Going Concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related

INDEPENDENT AUDITOR'S REPORT (continued)
Report on the audit of the Annual Separate Financial Statements (continued)
Auditor's responsibilities for the audit of the Annual Separate Financial Statements

- disclosures in the annual Separate financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual Separate financial statements, including the disclosures, and whether the annual Separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Annual Separate Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our independent Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication..

Report on other legal requirements

On 30 July 2021, the General Assembly of the Company appointed us to audit the Group's Annual Consolidated Financial Statements for the year 2021.

We have been engaged to perform a legal audit of the Group's Annual Separate Financial Statements for the first time, for the year 2020, which represents a two year engagement.

In the audit of the Group's Annual Separate Statements for 2021, we determined the materiality for the consolidated financial statements as a whole, in the amount of HRK 1,672 thousand, which represents approximately 1% of the realized revenue from sales for the year 2021.

We chose the revenue from sales as the measure of materiality because we believe it is the most appropriate measure given the significant fluctuations in pre-tax profit in the current and prior periods.

Our audit opinion is consistent with the additional report for the Company's audit committee drawn up in accordance with the provisions of Article 11 of the Regulation (EU) no. 537/2014.

During the period between the initial date of the audited Annual Separate Financial Statements of the Group for the year 2021 and the date of this Report, we did not provide prohibited non-audit services to the Company or companies under its control, and we did not provide services for the design and implementation of internal control procedures in the business year prior to the above mentioned period, or risk management related to the preparation and/or control of financial information or the design and implementation of technological systems for financial information, and have preserved our independence in relation to the Company in performing the audit.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the Annual Separate Financial Statements (continued)

Report based on the requirements of delegated regulation (EU) 2018/815 amending Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards for the specification of a single electronic reporting format.

Report on the auditor's assurance on the compliance of the annual separate financial statements (hereinafter referred to as: financial statements), compiled based on the provision of Article 462, paragraph 5 of the Capital Market Act (Official Gazette, No. 65/18, 17/20 and 83/21) applying the requirements of the Delegated Regulation (EU) 2018/815, which determines a single electronic reporting format for issuers (hereinafter: ESEF Regulation).

We have conducted our engagement with the reasonable belief as to whether the financial statements have been prepared based on Article 462 paragraph 5 of the Capital Market Act, which are contained in the electronic file *igh17-2021-12-31_hr.zip*, in all significant aspects prepared in accordance with the requirements of the ESEF Regulation.

Responsibilities of the Management Board and those in charge of management

The Company's management is responsible for the preparation and content of financial statements in accordance with the Regulation on ESEF.
In addition, the Company's Management is responsible for maintaining a system of internal controls that reasonably ensures the preparation of financial statements without significant non-compliance with the reporting requirements of the ESEF Regulation, whether due to fraud or error.

The Company's management is also responsible for:

- publishing the financial statements contained in the annual report in valid XHTML format
- selection and use of XBRL marks in accordance with the requirements of the ESEF Regulation.

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

Auditor's responsibilities

Our responsibility is to express a conclusion, based on the audit evidence gathered, about whether the financial statements are free of material non-compliance with the requirements of the ESEF Regulation. We conducted this reasonable assurance engagement in accordance with International Standard on Assurance Engagements (MSIU) 3000 (Amended) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Undertaken procedures

The nature, timing and extent of the procedures selected depend on the auditor's judgment.
Reasonable belief is a high degree of assurance, however, it does not ensure that the scope of testing will reveal every material non-compliance with the ESEF Regulation.

We performed the following activities as part of the selected procedures:

- we have read the requirements of the ESEF Regulation
- we gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or error, and
- on that basis, designed procedures as a respond to the assessed risks, and to obtain reasonable assurance for the purpose of expressing our conclusion.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the Annual Separate Financial Statements (continued)

Report based on the requirements of delegated regulation (EU) 2018/815 amending Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards for the specification of a single electronic format for reporting (continued)

Undertaken procedures (continued)

The aim of our procedures was to assess whether:

- the financial statements included in the separate annual report are made in valid XHTML format
- data, contained in the separate financial statements, required by the ESEF Regulation, are marked and all whether markings meet the following requirements:
- the XBRL marking language was used
- the elements of the basic taxonomy specified in the ESEF Regulation with the closest accounting significance were used, unless an additional element of the taxonomy was created in accordance with Annex IV of the ESEF Regulation
- the labels comply with common labelling rules under the ESEF Regulation.

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

Conclusion

According to our belief, based on the implemented procedures and the evidence obtained, the financial statements presented in the ESEF format, contained in the above-mentioned electronic file, and based on the provisions of Article 462, paragraph 5 of the Capital Market Act, prepared for publication to the public, are in all material criteria in accordance with the requirements of Articles 3, 4 and 6 of the ESEF Regulation for the year ended December 31, 2021.

In addition to this conclusion, as well as the opinion contained in this Independent Auditor's Report for the subject separate financial statements and the annual report for the year ended 31 December 2021, we do not express any opinion on the information contained in these presentations or on other information contained in the above mentioned file.

The engaged partner in the audit of the Company's consolidated annual financial statements for the year 2021, which results in this Independent Auditor's Report, is Vlatka Rukavina, certified auditor.

In Zagreb, 25 July 2022

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

Vedrana Stipić
Member of the Management Board

Vlatka Rukavina
Certified Auditor

INSTITUT IGH d.d.
Separate statement on comprehensive income
for the year ending 31 December 2021

DESCRIPTION	Note	2021 Thous.HRK	2020 Thous.HRK
Revenue from sale	5	**169.137**	156.549
Other operating income	6	**9.529**	24.115
Total revenue		**178.666**	180.664
Cost of consumables and raw materials	7	**(6.507)**	(6.933)
Cost of services	7	**(41.476)**	(40.800)
Staff costs	8	**(98.105)**	(95.856)
Other operating expenses	10	**(11.857)**	(12.633)
Total operating expenses		**(157.945)**	(156.222)
Profit from operations before depreciation and impairment		**20.721**	24.442
Depreciation	13,14	**(18.927)**	(12.256)
Impairments/value adjustment of non-current financial assets	9	**(25.059)**	-
Impairments/value adjustment of other non-current assets	9	**(26.812)**	-
Value adjustment of receivables	9	**(4.266)**	(1.235)
Total depreciation and impairment		**(75.064)**	(13.491)
Financial revenue		**3.797**	5.003
Financial expenditure		**(10.426)**	(14.943)
Net financial expenditure	11	**(6.629)**	(9.940)
Pre-tax profit		**(60.972)**	1.010
Corporate tax	12	**9.897**	441
Current year profit		**(51.075)**	1.452
Other comprehensive income			
Not to be reclassified through profit and loss			
Value adjustment of non-current assets, net tax		**(17)**	17
to be reclassified through profit and loss			
Exchange rate differences from transfer of foreign earnings		**(91)**	411
Other comprehensive profit for the year		**(108)**	428
Comprehensive profit for the year		**(51.183)**	1.880
Basic profit per share (in HRK)	34	**(84,99)**	2,42

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

INSTITUT IGH d.d.
Separate statement on comprehensive income
for the year ending 31 December 2021

DESCRIPTION	Notes	2021 Thous. HRK	2020 Thous. HRK
ASSETS			
Non-current assess	13	**1.733**	1.089
Property, plants and equipment	14	**38.335**	144.320
Investment in property	15	**247**	247
Investments in related parties	16	**74.106**	99.676
Loans and deposits given	19	**3.488**	3.225
Trade receivables and other receivables	18	**2.196**	818
NON-CURRENT ASSETS TOTAL		**120.105**	249.375
Inventories	17	**568**	816
Trade receivables and other receivables	18	**39.911**	38.197
Loans given and deposits	19	**25.644**	24.322
Prepaid expenses	22	**11.226**	8.379
Contract assets	23	**4.402**	15.137
Cash and cash equivalents	20	**6.188**	7.946
CURRENT ASSETS		**87.939**	94.797
Non-current assets held for sale	21	**12.300**	57.600
TOTAL ASSETS		**220.344**	401.772
EQUITY AND LIABILITIES			
Share capital	24	**116.605**	116.605
Own shares	25	**(3.017)**	(3.196)
Reserves for own shares		**1.446**	1.446
Other reserves		**1.503**	1.503
Capital reserves		**(255)**	(255)
Revaluation reserves	26	**41.719**	86.915
Accumulated losses		**(254.875)**	(248.888)
EQUITY TOTAL		**(96.874)**	(45.870)
Loans and borrowings	27	**12.764**	27.755
Lease liabilities	28	**10.808**	13.196
Provisions	29	**11.223**	7.223
Deferred tax liabilities	12	**9.223**	19.124
Trade and other payables	30	**198**	198
NON-CURRENT LIABILITIES TOTAL		**44.216**	67.496
Loans and borrowings	27	**196.442**	313.872
Lease liabilities	28	**9.896**	6.416
Trade and other payables	30	**53.965**	45.526
Liabilities for advances received	31	**6.941**	6.631
Liabilities for deposits received	31	**419**	400
Provisions	29	**2.784**	3.219
Contract liabilities	23	**2.093**	3.875
Accrued and deferred income		**462**	207
CURRENT LIABILITIES TOTAL		**273.002**	380.146
TOTAL EQUITY AND LIABILITIES		**220.344**	401.772

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

INSTITUT IGH d.d.
Separate statement on change in equity
For the year ending 31 December 2021

Statement on changes in equity

(In thousands HRK)	Share capital	Capital reserves	Own shares	Reserves for own shares	Other reserves	Revaluation reserves	Accumulated loss	Total
Status on 31 December 2019 (amended)	**116.605**	**(255)**	**(3.196)**	**1.446**	**952**	**91.446**	**(255.299)**	**(48.301)**
Reserves for bonus and option shares	-	-	-	-	551	-	-	551
Transfer from revaluation reserves	-	-	-	-	-	(4.959)	4.959	-
Comprehensive income								
Current year profit	-	-	-	-	-	-	1.452	1.452
Other comprehensive income	-	-	-	-	-	428	-	428
Total comprehensive income	-	-	-	-	-	428	1.452	1.880
Status on 31 December 2020	**116.605**	**(255)**	**(3.196)**	**1.446**	**1.503**	**86.915**	**(248.888)**	**(45.870)**
Sale of treasury shares			179					179
Transfer from revaluation reserves	-	-	-	-	-	(45.088)	45.088	-
Comprehensive income								
Current year profit	-	-	-	-	-	-	(51.075)	(51.075)
Other comprehensive income	-	-	-	-	-	(108)	-	(108)
Total comprehensive income	-	-	-	-	-	(108)	(51.075)	(51.183)
Status on 31 December 2021	**116.605**	**(255)**	**(3.017)**	**1.446**	**1.503**	**41.719**	**(254.875)**	**(96.874)**

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

INSTITUT IGH d.d.
Separate statement on cash flow
For the year ending 31 December 2021

DESCRIPTION	Note	2021 Thous.HRK	2020 Thous.HRK
Cash flow generated from operations			
Profit/loss before taxation		**(60.972)**	1.011
Adjustments:			
Depreciation	13,14	**18.927**	12.256
Value adjustments	9	**56.137**	1.235
Income from interest	11	**(188)**	388
Expenditure from interest	11	**5.844**	6.352
Net decreases in provisions		**3.565**	-
Unrealised exchange differences (net)	11	**(3)**	2.980
Profit from sale of fixed tangible and intangible assets	14	**(1.807)**	(3.209)
Other adjustments for non-cash transactions and unrealized gains and losses		**(4.516)**	1.479
Profit from sale of subsidiary		-	(397)
Result from operating activities before changes in working capital		**16.987**	21.319
Decrease (Increase) of short term receivables		**(5.797)**	4.307
Decrease of contract assets		**10.735**	2.287
(Decrease (Increase) of short term liabilities	29	**8.338**	(7.040)
(Decrease) contract liabilities		**(1.782)**	(3.673)
Net cash flow from operating activities before interests and tax		**28.481**	17.200
Net cash flow from operating activities		**28.481**	17.200
Cash flows from investment activities			
Outflow for purchase of non-current tangible and intangible assets		**(5.672)**	-
Cash outflows for loans and bonds	27	**(110)**	(5.376)
Net cash flow from investment activities		**(5.782)**	(5.376)
Cash flows from financial activities			
Cash receipts from loan principal, loans and other borrowings		**1.540**	26.637
Cash receipts from sale of treasury shares		**180**	-
Cash outflows for repayment of principal loans and bonds		**(17.574)**	(18.271)
Cash outflows for rent		**(8.603)**	(1.762)
Other cash outflows from financing activities		-	(21.626)
Net cash flow from finance activities		**(24.457)**	(15.022)
Total cash flow decrease		**(1.758)**	(3.198)
Cash and cash equivalents at beginning of the business year		**7.946**	11.144
Cash and cash equivalents at the end of business year	20	**6.188**	7.946

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

INSTITUT IGH d.d.
Separate statement on cash flow
For the year ending 31 December 2021

1. General information

Establishment and development

Institut IGH d.d., Zagreb, Janka Rakuše 1, (the Company), VAT/OIB 79766124714, entered in the Commercial Court Register in Zagreb under the registration number 080000959.
Company shares, mark IGH-R-A, ISIN: HRIGHORA0006 are listed on the Zagreb Stock Exchange.

The Company is engaged in professional and scientific research in the field of civil engineering which includes: design, elaboration of studies, technical supervision, consulting, investigation works, and proof of serviceability, laboratory testing and calibration. The Company is certified for these activities in accordance with the Sustainable Development Standards: EN ISO 9001, EN ISO 14001, OHSAS 18001.

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

Company Bodies:

General Assembly
Chairman - Žarko Dešković

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

Supervisory Board
In 2021, the Supervisory Board of Institut IGH d.d. consisted of 7 members, as follows:

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

Management Board
The Management Board of Institut IGH, d.d. from 29 July 2021 consists of three members:
- Robert Petrosian - President of the Management Board, represents the Company solely and independently
- Vedrana Tudor - Management Board member, represents the Company together with another Management Board member
- Miroslav Pauzar - Management Board member, represents the Company together with another Management Board member

From 30 July 2021, the Management Board consists of four members:
- Robert Petrosian - President of the Management Board, represents the Company solely and independently
- Vedrana Tudor - Management Board member, represents the Company together with another Management Board member
- Miroslav Pauzar - Management Board member, represents the Company together with another Management Board member
- Igor Džajić - Management Board member, represents the Company together with another Management Board member

Company Procurators representing the Company with another Procurator are:
- Domagoj Šimunović
- Dario Bašić

Company's Audit Committee consists of three members:

- Gerhard Sattler
- Nadica Šalov
- Sergej Sergejević Gljadelkin

2. Basis for preparation

2.1. Statement on compliance

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

The consolidated financial statements of the Company and its subsidiaries, which the Company prepares in accordance with IFRS and Croatian laws, are published separately and issued simultaneously with the separate financial statements. Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2021in order to obtain full information on the financial position, results of operations and changes in the financial position of the Group as a whole. The consolidated financial statements as at, and for the year ended 31 December 2021 are available together with these separate financial statements directly at the registered address of the Company stated above.

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

These separate financial statements were authorised for issue by the Management Board on 25 July 2022. Balance sheet items were recorded as at 31 December 2021.

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

The following amended standards have entered into force and are applicable for financial statements for 2021:

- IFRS 16 Leases - COVID-19 lease relief (Amendments)
  The amendments apply for annual reporting periods beginning on or after June 1, 2020.
- Amendments to IFRS 4: Insurance contracts
  postponement of the start of application of IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Reform of the benchmark interest rate - Phase 2

The Management has estimated that the mentioned changes have no impact on the Company's financial statements.

Standards, amendments to existing standards and interpretations that have been issued but are not yet effective by the date of publication of the financial statements are presented below. The Company intends to adopt these standards, if applicable, when they become effective.

The European Commission has approved the following changes in accounting principles applicable to reporting, which will take effect on or after January 1, 2021:

- IFRS 17 Insurance Contracts (May 2017) including amendments to IFRS 17: Insurance Contracts (June 2020)
- IFRS 16 Leases - COVID-19 lease relief (Amendments)
- Amendments to IAS 1: Presentation of financial statements: Classification of liabilities as short-term or long-term and Classification of liabilities as short-term or long-term
- Amendments to IAS 8: Accounting policies, changes in accounting estimates and errors: defining accounting estimates
- Amendments to IFRS 3: Business combinations
- Amendments to IAS 16: Real estate, plant and equipment
- Amendments to IAS 37: Provisions, contingent liabilities and contingent assets
- Amendments to the Annual Updates 2018-2020.

These standards are not expected to significantly affect the Company's financial statements

2.2. Basis for preparation - continued

New standards and interpretations of published standards that have not yet been adopted or are in force - continued

Standards that have not yet been approved by the European Commission and are not in force for the current period:

- MRS 1 Presentation of financial statements and IFRS Guideline 2: Disclosure of Accounting Policies (amendments)
- Amendments to IAS 1: Presentation of financial statements: Classification of liabilities as short-term or long-term and Classification of liabilities as short-term or long-term - postponement of entry into force
- Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction (Amendments)
- Amendments to IFRS 17 - Insurance contracts; comparative information

These standards are not expected to significantly affect the Company's financial statements.

2.3. Basis for measurement

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

- Revaluations of the value of land and buildings as stated in Note 3.9 (i)
- Investments in real estate as stated in Note 3.10.
- Assets at fair value through other comprehensive income as stated in Note 3.17
- Non-current assets intended for sale as stated in Note 3.21
- The methods used to measure the fair value are presented in Note 3.23.

2.4. Functional currency and presentation currency

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

2.5. Use of estimates and judgments

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

These estimates and respective assumptions are subject to regular reviews.

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

Judgements made by the Management Board in the application of IFRSs that have significant effect on the financial statements and estimates with a material risk of material adjustments in the next year are discussed in Note 4.1.

2. Basis for preparation - continued

2.6. Going concern

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

The pre-bankruptcy settlement proceedings were successfully completed by the Decision of the Commercial Court in Zagreb no. 72 Stpn-305/13 of 5 December 2013, approving the pre-bankruptcy settlement agreement between the debtor Institut IGH, d.d. and creditors. The pre-bankruptcy settlement became legally valid as of 28 December 2013. The effects and the completion of the pre-bankruptcy settlement plan are set out in detail in Note 35. The Company is undertaking all measures necessary to settle any remaining obligations to suppliers under the Pre-Bankruptcy Settlement. These debts will be settled from current operations as soon as possible.

In order to improve the profitability of operations and core business, over the past years the Company has implemented a number of operational restructuring measures and has had a more active market access. Unfortunately, the impact of the SARS-CoV-2 pandemic, which caused tectonic changes in the entire business world during 2020 and 2021, also affected the Company's business activities.

The Company records a decrease in sales revenue and a loss in the amount of HRK 50,995 thousand (2020: profit of HRK 1,453 thousand). The Company's capital is still negative and amounts to minus HRK 96,795 thousand. On 31 December 2021, the Company's short-term liabilities exceeded current assets by HRK 184,839 thousand (2020: short-term liabilities exceed short-term liabilities by HRK 285,349 thousand).

From the legally concluded pre-bankruptcy settlement until 31 December 2021, the Company has settled a total of HRK 291,024 thousand in liabilities incurred before the opening of the pre-bankruptcy settlement procedure. Total liabilities related to the pre-bankruptcy settlement amount to HRK 338,422 thousand. However, due to insufficient available funds, the Company did not settle the due debt during 2021, which should have been settled by the end of 2021. The total amount of outstanding claims of groups a) and b) amounted to HRK 21,602 thousand, while the due Senior debt instalments remained unsettled, in the amount of HRK 57,372 thousand. The Company's Management is undertaking efforts in order to regulate the relations with the relevant creditors within a reasonable period of time and settle the stated obligations. The intention is to settle these debts by selling or exchanging part of the Company's property that is pledged for these debts.

These financial reports have been prepared under the assumption of a going concern. However a material uncertainty exists regarding the above stated which can raise doubt in the Company's ability to continue as a going concern. During 2021 the Company's Management made adjustments and changes to key business processes and activities, necessary for an efficient execution of the obligations under the pre-bankruptcy settlement and believes that, based on the business plans and Restructuring Agreements concluded with the largest creditor, the Company is able to continue with its business operations. In addition, significant activities were undertaken by the Company in completing the process of transferring assets as settlement of the pre-bankruptcy settlement obligations, all with the aim of further stabilizing the Company's operations and focusing on strategic goals and future development of the Company.

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

3. Principal accounting policies

3.1. Investment into subsidiaries

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

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

3.2. Investment in associated companies

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

3.3. Revenue

Policies for recognition of revenue and enforcement obligations

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

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

(i) Construction contracts

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

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

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

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

3. Principal accounting policies - continued

3.3 Revenue - continued

(i) Construction contracts (continued)

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

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

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

Contractual assets and contractual liabilities

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

(ii) Income from state aid

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

(iii) *Financial revenue and expenditure*

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

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

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

3. Principal accounting policies - continued

3.3 Revenue (continued)

(iv) *Income from lease*

Revenues from lease are recognised when lease services are provided and are related to operating leases.

3.4 Leases

a) Impact on accounting of the Lessee

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

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

In order to implement all this, the rent payment must be discounted per implicit contracted interest rate, and if not available, per incremental borrowing rate. Incremental interest rate is determined on the basis of finance costs for obligations of similar duration and similar security, such as those in a Lease Agreement. When defining the duration of the lease, a period of irrevocability must be considered defined in the Contract, where the Lessee has the right to use the subject asset also considering potential extension options, if the Lessee is reasonably certain of the extension. In fact, when looking at the contracts which allow the Lessor to tacitly extend the Lease Contract after the first period, the period of lease is determined on the basis of facts such as the length of the first lease period, possible plans for the sale of the leased asset and any other circumstance indicating a reasonable safety of extension.
Exceptions to this are low value lease contracts (up to 30 thousand HRK) and short duration contracts which are recognized as costs in the period to which they refer.

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

3. Principal accounting policies - continued

3.5 Foreign currencies

Transactions and balance in foreign currencies

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

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

Official exchange rate HRK on 31 December 2021 was HRK 7,517174 for 1 EURO (31 December 2020: HRK 7,536898 for 1 EURO).

Official exchange rate of GEL on 31 December 2021 was HRK 2,119100 for 1 GEL (31 December 2020: HRK 1,873600 for 1 GEL).

3.6 Borrowings and cost of borrowing

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

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

Borrowings from creditors classified as "Secured Creditors" (Note 2) are carried at fair value of the property under mortgage for the borrowings in question, since the collection of the relevant borrowings is possible solely from the mortgaged property.

3.7 Dividend

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

3.8 Taxation

Corporate tax

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

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

3. Principal accounting policies - continued

3.8 Taxation - continued

Corporate tax - continued

(i) Deferred tax assets and liabilities

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

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

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

(ii) Tax exposure

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

Value added tax (VAT)

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

3.9 Real-property, plants and equipment

(i) Land and buildings

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

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

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

3. Principal accounting policies - continued

3.9 Real-property, plants and equipment - continued

(i) Land and buildings - continued

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

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

The relevant portion of the revaluation surplus, realised in the previous valuation, is released to profit or loss from the surplus of the valued assets upon the disposal of the revalued asset
Also, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

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

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

(ii) Plants and equipment

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

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

(iii) Assets with right of use

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

Gains and losses from the termination of property rights are recognized within the profit or loss account, within other income or expenses.
When the carrying amount is increased as a result of revaluation, this increase should be recognised directly in other comprehensive income under revaluation reserves. The revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

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

3. Principal accounting policies - continued

3.9 Real-property, plants and equipment - continued

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

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

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

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

(iv) Subsequent costs

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

(v) Depreciation

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

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

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

If and asset's carrying amount is greater than its estimated recoverable amount, the difference is written-off to its revocable amount (Note 3.22.).

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

3. Principal accounting policies - continued

3.9 Intangible assets

Patents, licenses and software

(i) Ownership of assets

Patents, licenses and software are capitalised on the basis of the costs incurred and costs of bringing to use the specific asset.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

3.10 Investment into real-property

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

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

3.11 Inventories

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

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

3.12 Trade receivables

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

3. Principal accounting policies - continued

3.12 Trade receivables - continued

Impairment provisions for trade receivables and contractual assets are measured at an amount equal to the expected credit losses over the life of the loan, i.e. by applying a simplified approach to expected credit losses.
The Company uses historical observations (over a minimum of 2 years) to measure the expected credit losses of the Company on the days when the receivables are delayed, adjusted for estimated future expectations in the collection of receivables. Trade receivables are broken down by ageing structure.
Receivables are impaired and impairment losses for individual customers are incurred if there is objective evidence of impairment arising from one or more events after the initial recognition of the asset when that event affects the estimated future cash flows of the receivable that can be reliably determined. Objective evidence of impairment of financial assets for expected credit losses includes:

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

3.13 Cash and cash equivalents

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

3.14 Share capital

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

3.15 Employee benefits

(i) Pension obligations and post-employment benefits

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

(ii) Severance pay

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

3. Principal accounting policies - continued

3.15 Employee benefits - continued

(iii) Regular retirement benefits

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

(iv) Share based payments

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

3.16 Provisions

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

3.17 Financial instruments

Non-derivative financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Financial assets

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

3. Principal accounting policies - continued

3.17 Financial instruments - continued

(ii) Classification and subsequent measurement - continued

Financial assets - continued

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

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

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

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

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

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

Financial liabilities - classification, subsequent measurement , profit and loss

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

(iii) Derecognition

Financial assets

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

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

3. Principal accounting policies - continued

3.17 Financial instruments - continued

(iii) Derecognition - continued

Financial liabilities

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

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

(iv) Netting

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

Effective interest method

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

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

3.18 Financial guarantee for the contracted obligations and financial liabilities

Financial guarantee for contractual obligation

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

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

Financial liabilities, classification and measurement

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

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

3. Principal accounting policies - continued

3.18 Financial guarantee for the contracted obligations and financial liabilities - continued

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

3.19 Reporting on operating segments

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

3.20 Earnings per share

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

3.21 Non-current assets held for sale

Non-current assets held for sale are intended to settle the secured debt to financial institutions that have not waived their right to a separate settlement in the process of the pre-bankruptcy settlement. The estimated market value was determined based on the independent valuers' report that was based on the cost method, the comparative method and/or the income method depending on the type of property. Additional information on valuation methods are set out in Note 21.

3.22 Critical accounting judgments and estimates

Critical judgments in applying accounting policies

The preparation of financial statements in conformity with IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Revenue recognition

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

(ii) Useful lives of property, plants and equipment

The Company reviews the estimated useful lives of property, plants and equipment at the end of each annual reporting period. During the year, there were no changes in estimated useful lives of non-current assets.

3. Principal accounting policies - continued

3. Principal accounting policies - continued

3.22. Critical accounting judgments and estimates

(iii) Impairment of assets

The Company regularly reviews the recoverability of each asset individually and if there is any indication of impairment, it shall be impaired to the estimated recoverable amount.

(iv) Pre-bankruptcy settlement and going concern

The Company considers all relevant information on all the key risk factors, assumptions and uncertainties that it is aware of and that are essential to the ability of the Company to continue as a going concern.

The Company continues to record growth in business operations, while on the other side it is actively working to restructure debts to financial institutions through the sale of non-operating real estate and refinancing the operating part of the debt. Considering the stable base contracts, the successful deleveraging to nonfinancial institutions and all the information on the ongoing restructuring of debts to financial institutions, the Company believes that it meets all business requirements to continue as a going concern.

(v) Valuation of liabilities from pre-bankruptcy settlement

The Company has recorded the liabilities relating to loan commitments that will be settled from the Company's property, in accordance with the pre-bankruptcy settlement agreement, at the fair value of the corresponding property. The Management Board has taken the estimated value of the property as the reference value of the liabilities.

3.23 Determination of fair value

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

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

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

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

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

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

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

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

3. Principal accounting policies - continued

3.23 Determination of fair value - continued

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

- Note 14: real-property, plants and equipment
- Note 15: Investment into real-property
- Note 16: : Investments in related parties and other investments
- Note 21: Non-current assets held for sale

3.24 Comparative data

In order to align with the ESEF Regulation, comparative data was reclassified where necessary in order to obtain consistency in the presentation of data with data of the current financial year and other data.

4. Impact of the COVID 19 pandemic on the Company's business operations

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

In this COVID-19 pandemic situation in Croatia, the Group, as the provider of services of general economic interest, is an important factor in ensuring the operation of all aspects of society in extraordinary circumstances, and therefore the Company's core activity does not belong to the activities particularly strongly affected by the COVID-19 pandemic.

In accordance with the measures adopted by the National Headquarters of Civil Protection, the Group and its components operated on a smaller scale during the economic lock-down in March and April of 2020, which had an impact on the realization of planned revenues.

During 2021, due to reduced economic activities, a decrease in business income and a decrease in the number of concluded Contracts was recorded, but this decline slowed down compared to 2020. Thus, business income in 2021 is lower by 1% or HRK 2 million compared to 2020 while income in 2020 marked a 10% decrease, or HRK 16.9 mil. compared to 2019.

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

5. Information on segments

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

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

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

5. Information on segments - continued

5.1. Revenue and results per segment

Set out below is an analysis of the Company's revenue and results per reporting segment, presented in accordance with IFRS 8, and alignment of results per segment with the profit or loss before tax. The revenue presented below relates to third-party sales. Inter-segment revenues are eliminated when reporting. The Company's Management reports net income in its internal reports, i.e. sales revenue less the cost of co-operation (shown in Note 7). Accordingly, segment revenues are presented at this level.

	Revenue per segment	
DESCRIPTION	**2021**	2020
	In thous. HRK	In thous. HRK
Design department	**43.900**	28.443
Water Engineering, Geotechnical and Environmental Protection Department	**-**	11.868
Expert Supervision and Project Management Department	**50.894**	55.610
Department for Materials and Structures	**42.801**	30.476
RC Split	**-**	-
RC Osijek	**-**	-
RC Rijeka	**-**	113
Branch offices	**(1.990)**	1.231
Management and Administration	**3.448**	1.877
Segments total	**139.053**	129.618

5.2. Revenue - per geographical area

DESCRIPTION	**2021**	2020
	In thous. HRK	In thous. HRK
Republic of Croatia	**133.128**	139.943
Rest of the World	**36.009**	16.606
Total	**169.137**	156.549

5.3. Revenue by category

DESCRIPTION	**2021**	2020
	In thous. HRK	In thous. HRK
Revenue recognised over time	**147.269**	126.299
Revenue recognised at a point in time	**21.868**	30.250
Total	**169.137**	156.549

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

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

5. Information on segments - continued

5.3. Revenue by category - continued

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

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

5.4. Revenue by category - continued

Regional centres Split, Rijeka and Osijek participate in almost all major and significant projects in their areas of service from study development, design (roads with all related facilities, water engineering structures, building construction etc.), conducting expert supervision and providing consultancy services, conducting survey works, laboratory testing and proof of serviceability, and scientific research work in the field of construction.
The accounting policies of the reportable segments are the same accounting policies as described in Note 3.20. Segment profit represents the profit earned by each segment without allocating central administration costs, depreciation, provisions, impairment, other revenue and other finance income and costs. The Company does not allocate assets and liabilities by segments.

6. Other operating revenue

DESCRIPTION	2021	2020
	In thous. HRK	In thous. HRK
Revenue from written-off liabilities	**8**	10.084
Revenue from compensation, subsidies	**38**	4.479
Revenue from sale of assets	**1.807**	3.209
Revenue income from rent	**1.726**	1.876
Revenue from cancellation of provisions	**670**	1.604
Revenue from subsequently collected receivables	**4.272**	1.051
Revenue from damages	**578**	577
Other revenue	**430**	1.234
Total	**9.529**	24.115

7. Cost of raw materials, consumables and services

DESCRIPTION	2021	2020
	In thous. HRK	In thous. HRK
Cost of raw material and consumables		
Cost of raw material and consumables	**1.150**	1.572
Energy costs	**4.789**	4.688
Cost of small inventory and spare parts	**567**	673
Total	**6.506**	6.933
Cost of services		
Transportation, telephone and postal services	**1.158**	1.190
Subcontractors	**28.750**	26.931
Production services	**1.833**	1.033
Utilities	**1.169**	1.185
Maintenance	**1.979**	2.144
Rental expenses	**1.651**	4.295
Other external expenses	**4.937**	4.022
Total	**47.983**	47.733

8. Staff costs

DESCRIPTION	2021	2020
	In thous. HRK	In thous. HRK
Net salaries and wages	**56.671**	56.708
Taxes, contribution and other charges	**34.822**	31.019
Reimbursement of employee expenses (travel expenses, daily allowances, transportation)	**6.192**	6.372
Severance payments and other employee benefits	**420**	1.585
Total	**98.105**	95.684

On 31 December 2021, the Group had 533 employees (2020: 535 employees). In 2021, the Company paid 168 thousand HRK for non-taxable termination benefits (2020: 112 thousand HRK for one employee).

During 2021, the Company accounted for pension and other contributions HRK 15.678 thousand (2020: for a total amount of HRK 14.451 thousand).

9. Value adjustments

DESCRIPTION	2021	2020
	In thous. HRK	In thous. HRK
Value adjustment of non-current assets		
Value adjustment of investment into real property	**26.812**	-
Value adjustment of share in affiliates	**25.059**	-
Total	**51.871**	-
Value adjustment of short-term assets		
Value adjustment of trade receivables	**4.266**	1.078
Value adjustment of other receivables	-	157
Total	**4.266**	1.235

10. Other operating costs and provisions

DESCRIPTION	2021 In thous. HRK	2020 In thous. HRK
Legal, consultancy and audit services	1.857	1.577
Bank fee and charges	1.073	1.252
Other expenses	672	3.110
Penalties	232	80
Insurance premiums	1.279	1.101
Contributions to public services	613	1.305
Entertainment	517	384
Education and training expenses	1.211	264
Taxes not dependent on result	193	77
Court disputes	4.210	399
Loss on sale of non-current assets	-	3.084
Total	**11.857**	12.633

11. Financial revenue and expenditure

DESCRIPTION	2021 In thous. HRK	2020 In thous. HRK
Financial revenue		
Revenue from foreign exchange	3.096	4.015
Revenue from interest	199	388
Revenue from debt write-offs	-	203
Revenue from sale of shares	-	397
Other financial revenue	502	
	3.797	5.003
Financial expenditure		
Expenditure due to foreign exchange losses	3.680	6.995
Interest expenditures	5.843	6.352
Unrealised losses from financial assets	63	1.479
Other financial expenditure	840	117
	10.426	14.943
Net financial expenditure	**(6.629)**	(9.940)

12. Corporate tax

Tax income includes:

DESCRIPTION	2021 In thous. HRK	2020 In thous. HRK
Deferred tax	**9.897**	442

Adjustment of effective tax rate

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

DESCRIPTION	2021 In thous. HRK	2020 In thous. HRK
Profit/loss before taxation	**(60.892)**	1.011
Tax rate 18% (2020: 18%)	**(10.960)**	182
Effects of non-taxable income and other decreases in tax base	**(640)**	(3.871)
Effects of unrecognized expenses and other increases in tax base	**11.118**	4.035
Effects of tax losses not recognised as deferred tax assets	**482**	(346)
Previously recognized deferred tax liabilities	**(9.897)**	442
Corporate tax	**(9.897)**	442
Effective tax rate	**16%**	44%

Unused tax losses from previous periods amounting to HRK 51.371 thousand and relate to the tax loss incurred in 2017 that could be used until 2022. In 2020, the Company used the tax loss to reduce the tax base in the amount of HRK 1.921 thousand. The total amount of transfer tax losses is HRK 49.451 thousand and can be used until 2022. In 2021, the total amount for transfer of tax losses decreased by HRK 20.835 thousand and at the end of the year it amounted to HRK 28.615 thousand.

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

The Company did not recognise deferred tax assets in the total amount of HRK 4.516 thousand from temporary differences and value adjustments of financial assets, value adjustments of receivables and tax unrecognized provisions. At the same time, the Company used unrecognized deferred tax assets (reduced the corporate tax base) by HRK 482 thousand on the basis of use of tax losses carried forward.

The deferred tax liability arises from the following:

2021 (in thousand HRK)	**Opening balance**	**Through equity**	**Through profit and loss**	**Closing balance**
Temporary difference:				
Revaluation of non-current assets	19.124	45.104	(9.897)	9.223
2020 (in thousand HRK)				
Temporary difference:				
Revaluation of non-current assets	19.599	(33)	(442)	19.124
	19.599	**(33)**	**(442)**	**19.124**

13. Intangible assets

(in thousands HRK)	Right of usage of property of third parties	Assets under preparation	Total
For the year ending 31 December 2020			
As at 1 January	**1.655**	**36**	**1.691**
New acquisition	486	-	486
Current year depreciation	(1.085)	(3)	(1.088)
As at 31 December 2020	**1.056**	**33**	**1.089**
As at 31 December 2020			
Acquisition cost	24.016	3.900	27.916
Accumulated depreciation	(22.960)	-	(26.827)
Value adjustment	-	(3.867)	-
Net book value	**1.056**	**33**	**1.089**
For the year ending 31 December 2021			
As at 1 January	**1.056**	33	1.089
New acquisition	1.579	1.585	3.164
Impairment	(4)	(1.579)	(1.583)
Current year depreciation	(934)	-	(934)
Value adjustment	-	(3)	(3)
As at 31 December 2021	**1.697**	**36**	**1.733**
As at 31 December 2021			
Acquisition cost	19.535	44	19.579
Accumulated depreciation	(17.838)	-	(17.838)
Value adjustment	-	(8)	(8)
Net book value	**1.697**	**36**	**1.733**

14. Real-property, plants and equipment

As at 31 December 2020	Property with right of use	Land	Buildings	Plants and equipment	Assets under construction	Other	Advances for tangible assets	Total
As at 1 January 2020	**7.256**	**52.201**	**44.454**	**13.491**	**21.689**	**305**	**466**	**139.862**
Current year depreciation	(3.440)	-	(3.940)	(3.788)	-	-	-	(11.169)
Direct purchase	16.263	-	-	1.817	1.977	-	1.113	21.170
Transfer to use	-	-	-	-	(2.014)	-	(1.436)	(3.450)
Impairment	-	(839)	(1.254)	-	-	-	-	(2.093)
As at 31 December 2020	**20.079**	**51.362**	**39.260**	**11.520**	**21.652**	**305**	**143**	**144.320**
As at 31 December 2020								
Acquisition cost	24.476	55.215	69.984	64.460	31.978	480	1.682	248.275
Accumulated depreciation and impairment	(4.397)	(3.853)	(30.724)	(52.940)	(10.326)	(175)	(1.539)	(103.954)
Net book value	**20.079**	**51.362**	**39.260**	**11.520**	**21.652**	**305**	**143**	**144.320**

Land and buildings of the Company (including assets under construction) with a net carrying amount of HRK 112.273 thousand (2019: HRK 118.344 thousand) have been pledged as security for borrowings from commercial banks (Note 33).

14. Real-property, plants and equipment - continued

As at 31 December 2021	Property with right of use	Land	Buildings	Plants and equipment	Assets under construction	Other	Advances for tangible assets	Total
As at 1 January 2021	**20.079**	**51.362**	**39.260**	**11.520**	**21.652**	**305**	**143**	**144.321**
Current year depreciation	(13.535)	-	(1.055)	(3.403)	-	-	-	(17.993)
Direct purchase	13.805	-	-	613	959	-	421	15.798
Transfer to use	-	-	-	922	(922)	-	-	-
Impairment	(526)	(47.000)	(34.339)	(201)	(21.295)	-	(430)	(103.791)
As at 31 December 2021	**19.823**	**4.362**	**3.866**	**9.451**	**394**	**305**	**134**	**38.335**
As at 31 December 2021								
Acquisition cost	36.818	4.362	7.318	62.964	394	480	314	112.650
Accumulated depreciation and impairment	(16.995)	-	(3.452)	(53.513)	-	(175)	(180)	(74.315)
Net book value	**19.823**	**4.362**	**3.866**	**9.451**	**394**	**305**	**134**	**38.335**

Land and buildings of the Company (including assets under construction) with a net carrying amount of HRK 8.622 thousand (*2020: HRK* 112.273 thousand) have been pledged as security for borrowings from commercial banks (Note 33).

14. Real-property, plants and equipment - continued

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

The estimated market value of laboratory equipment and measuring instruments for revaluation purposes was determined based on the independent valuers' calculations who applied the cost method as the most appropriate method because it is based on the economic principle that the buyer of the property will not pay more than the price that the buyer would have paid for an asset of equal utility in case of a new purchase or construction. The net book value of revalued assets before revaluation would have amounted to HRK 655 thousand (31 December *2020: HRK 725 thousand*).

In prior years 2015 and 2016, the Company concluded a finance lease agreements used to purchase equipment - pavement structure control system and a friction testing device. The lease will be repaid in 60 instalments at an interest determined using variable interest rates. At the day of the conclusion of the agreement, the effective interest rate was 6.07% for friction testing machine and 6.01% for pavement structure control system.

	2021	2020
DESCRIPTION	**In thous.HRK**	In thous. HRK
Cost of capitalised finance leases	**1.993**	1.993
Accumulated depreciation	**(1.993)**	(1.132)
Net book value	-	861

(i) Valuation techniques and significant inputs

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

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

14. Real-property, plants and equipment

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

15. Investment into real-property

DESCRIPTION	31 Dec 2021 tis HRK	31 Dec 2020 tis HRK
As at 1 January	247	348
Value adjustment during the period	-	(101)
As at 31 December	**247**	247

Investment into real-property with a cost of HRK 18.263 thousand (2020: HRK 18.263 thousand) has been pledged as security for a borrowing from a commercial bank. Since the property is encumbered by a lien on third-party borrowing liabilities, the Company recognised an impairment loss of the property at the acquisition cost.

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

Valuation methods and techniques	Significant unobservable
Land and buildings	
Valuation methods and techniques used are identical to those used in determining fair value of land and buildings in Note 16 (i).	Significant variables are described in Note 16 (i).

16. Investment into related companies

DESCRIPTION	31 Dec 2021 tis HRK	31Dec 2020 tis HRK
Investment into subsidiaries	**59.106**	84.165
Investment into related parties	**15.000**	15.000
Deposits and guarantees given	-	511
Total	**74.106**	99.676

Investment into subsidiaries

(In thousands HRK)	**31 Dec 2021** Share in ownership and voting rights (%)	Book value	31 Dec 2020 Share in ownership and voting rights (%)	Book value
IGH Mostar d.o.o., Mostar	**100,00**	**6.005**	100,00	6.005
IGH Business advisory d.o.o., Zagreb	**100,00**	**222**	100,00	222
Incro d.o.o., Zagreb	**100,00**	**20**	100,00	20
IGH Projektiranje d.o.o., Zagreb	**100,00**	**6.103**	100,00	6.103
Radeljević d.o.o., Zagreb	**100,00**	**116.827**	100,00	116.827
IGH Consulting d.o.o., Zagreb	**100,00**	**100**	100,00	100
DP AQUA d.o.o., Zagreb	**100,00**	**452**	100,00	452
ETZ Ekonomsko tehnički zavod d.d., Osijek	**87,70**	**6.684**	87,70	6.684
IGH d.o.o. Mostar, Mostar	**80,00**	**1.131**	80,00	1.131
IGH Kosova Sha Priština	**74,80**	**39**	74,80	39
Value adjustment of investments in subsidiaries		**(78.477)**		(53.418)
Total		**59.106**		84.165

COMPANY	Cost of acquisition	IV Investment	SV 31 Dec 2020	Impairment for 2021	**SV 31 Dec 2021**
IGH-MOSTAR D.O.O.	6.005	6.005	-	-	-
IGH BUSINESS ADVISORY SERVICES D.O.O.	222	222	-	-	-
RADELJEVIĆ D.O.O.	116.827	41.827	75.000	-25.000	**50.000**
INCRO D.O.O.	20	20	-	-	-
DP AQUA D.O.O.	452	452	-	-	-
IGH PROJEKTIRANJE D.O.O.	6.103	4.853	1.250	-	**1.250**
IGH CONSULTING D.O.O.	100	-	100	-59	**41**
IGH D.O.O. MOSTAR	1.131	-	1.131	-	**1.131**
ETZ, EKONOMSKO TEHNIČKI ZAVOD D.D.	6.684	-	6.684	-	**6.684**
IGH KOSOVA SHA	40	40	-	-	-
Total	**251.930**	**167.765**	**84.165**	**-25.059**	**59.106**

16. Investment into related companies - continued

Valuation methods and significant inputs

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

Valuation methods and techniques	Significant unobservable inputs
The fair value of investments in related parties was estimated using methods applicable to each individual company, The following methods were used: The valuation of property was carried out by authorised independent valuers (methods described in Note *16 (i)* The estimation of the recoverable amount of assets, liabilities and equity of the Company as at 31 December Future cash flow projections	• Significant unobservable inputs are described in Note 16 (i), • Future cash flow projections with a growth rate of 5%

Investment into associated companies

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

DESCRIPTION	*Thous. HRK*	**31 Dec 2021** Share in ownership and voting rights (%)	**31 Dec 2021** Book value	31 Dec 2020 Share in ownership and voting rights (%)	31 Dec 2020 Book value
Elpida d.o.o. Zagreb		**50,00**	**31.300**	50,00	31.300
Institut za infrastrukturne projekte, Sofija		**50,00**	**9**	50,00	9
Sportski grad TPN d.o.o. u stečaju, Split		**40,00**	**8**	40,00	8
Centar Gradski podrum d.o.o., Zagreb		**37,50**	**21.533**	37,50	21.533
Value adjustment of investments in associates			**(37.850)**		(37.850)
Total		**-**	**15.000**	-	15.000

DESCRIPTION	**31 Dec 2021** *Thous. HRK*	31 Dec 2020 *Thous. HRK*
Investment into shares in investment funds	**2.297**	2.297
Minus: Value adjustment of share in investment funds	**(2.297)**	(2.297)
Total	**-**	-

16. Investment into related companies - continued

Participating interests

DESCRIPTION	31 Dec 2021 Thous.HRK	31 Dec 2020 Thous.HRK
Geotehnika-inženjering d.o.o., Zagreb	**62.790**	62.790
Konstruktor-inženjering d.d.	**759**	759
Viktor Lenac d.d. Rijeka	**47**	47
GP Dubrovnik d.d. u stečaju, Dubrovnik	**2.694**	2.694
Međimurje beton d.d., Čakovec	**383**	383
Industrogradnja Grupa d.d.	**372**	372
Elektrometal d.d. Bjelovar	**17**	17
Value adjustment of participating interest	**(67.062)**	(67.062)
Total	**-**	-

The Company has participating interests in several companies whose value has been impaired, and their carrying amount has been reduced to zero.

17. Inventories

DESCRIPTION	31 Dec 2021 Thous.HRK	31 Dec 2020 Thous.HRK
Work in progress	**-**	247
Goods for sale	**568**	569
Stocks of finished products	**113**	113
Less: value adjustment of stocks of finished products	**(113)**	(113)
Total	**568**	816

18. Trade receivables and other receivables

DESCRIPTION	31 Dec 2021 Thous.HRK	31 Dec 2020 Thous.HRK
Long-term receivables		
Receivables from sale of apartments with deferred payments and other receivables	**2.196**	818
Total	**2.196**	818
Short-term receivables		
Trade receivables	**79.077**	78.059
Less: value adjustment of trade receivables	**(45.795)**	(44.613)
Receivables from government institutions	**1.304**	1.363
Receivables from employees	**516**	727
Receivables from associated entrepreneurs	**5.014**	2.372
Less: value adjustment of receivables from associated entrepreneurs	**(2.078)**	(2.078)
Receivables from issued advances	**1.747**	2.080
Other receivables	**126**	286
Total	**39.911**	38.197

18. Trade receivables and other receivables - continued

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

	2020.
As at 31 Dec 2020	*tis HRK*
As at 1 Jan 2020	45.267
Newly created expected credit loss	(280)
Cancellation of previous credit loss	1.703
As at 31 December	**46.690**

	2021.
As at 31 Dec 2021	*tis HRK*
As at 1 Jan 2021	46.690
Newly created expected credit loss	4.541
Cancellation of previous credit loss	(3.358)
As at 31 December	**47.873**

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

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

31 Dec 2020		*(in thousand HRK)*	
	Gross amount	Value adjustment	Net amount
Not due	24.811		24.811
0-60 days	3.842	(246)	3.596
60-120 days	1.163	-	1.163
120-180 days	1.119	-	1.119
180-360 days	3.325	-	3.325
Over 360 days	46.170	(46.444)	(274)
	80.430	**(46.690)**	**33.740**

31 Dec 2021		*(in thousand HRK)*	
	Gross amount	Value adjustment	Net amount
Not due	1.182	(1.182)	-
0-60 days	-	-	-
60-120 days	6.903	-	3.110
120-180 days	19.067	-	20.783
180-360 days	8.406	(69)	8.338
over 360 days	48.203	(46.650)	1.553
	83.761	**47.901**	**33.783**

19. Loans and deposits given

DESCRIPTION	2021 Thous.HRK	2020 Thous.HRK
Long-term loans		
Loans given to subsidiaries	3.033	3.225
Loans given to third parties	455	-
	3.488	3.225
Short-term loans		
Loans given to subsidiaries	354	367
Loans given to third parties	154	113
Deposits and guarantees	24.664	23.332
Interests receivables	442	624
Securities and factoring	145	0
Expected credit loss	(115)	(114)
	25.644	24.322
Total	29.132	27.547

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

20. Cash and cash equivalents

DESCRIPTION	2021 Thous.HRK	2020 Thous.HRK
Giro accounts	4.293	4.837
Cash in hand	4	7
Foreign currency accounts	1.891	3.102
Total	6.188	7.946

Breakdown of cash and cash equivalents

DESCRIPTION	2021 Thous.HRK	2020 Thous.HRK
HRK	4.293	4.844
GEL	1.080	583
BAM	410	661
EUR	403	1.826
Other currencies	2	31
Total	6.188	7.946

21. Non-current assets held for sale

DESCRIPTION	2021 Thous.HRK	2020 Thous.HRK
Acquisition cost		
As at 1 January	57.600	81.609
Sale	(45.300)	(24.009)
As at 31 December	12.300	57.600

21. Non-current assets held for sale

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

(i) Valuation techniques and significant inputs

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

Valuation methods and techniques	Significant unobservable inputs
The fair value was estimated using methods applicable to each individual company, The following methods were used: • The valuation of property carried out by authorised independent valuers (methods described in Note 3.9 (i)	Significant inputs are described in Note 3.9 (i)
• Review of rights of secured creditors	Amount of secured debt

22. Prepaid expenses

	2021	2020
DESCRIPTION	Thous.HRK	Thous.HRK
Prepaid expenses	**8.181**	5.137
VAT on advances	**2.431**	2.177
Advance payments received on account	**614**	1.065
Total	**11.226**	8.379

23. Assets and liabilities from contracts with clients

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

	31 Dec 2021	31 Dec 2020
DESCRIPTION	Thous.HRK	Thous.HRK
Contract assets	**4.519**	15.254
Expected credit loss	**(117)**	(117)
	4.402	15.137
Contract liabilities	**2.093**	3.875
Total	**2.093**	3.875

Contract assets primarily relate to the Company's rights to compensation for works performed but not collected at the reporting date. Contract assets are transferred to trade receivables when the rights become unconditional. This usually happens when the Company invoices the customer. A description of the methodology for calculating expected credit losses on a contract asset is described in Note 31.

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

24. Share capital

	Number of shares 2021	Ownership share 2021	Number of shares 2020	Ownership share 2020
AVENUE ENGINEERING AND CONSTRUCTION LTD	239.500	39,03%	239.500	39,03%
AVENUE ENGINEERING AND CONSTRUCTION LTD (1/1)	75.500	12,30%	75.500	12,30%
AKCIONAR D.O.O.	12.500	2,03%	12.500	2,04%
INSTITUT IGH, D.D.	12.159	1,98%	13.359	2,18%
PRIVREDNA BANKA ZAGREB D.D.	11.005	1,79%	7.754	1,26%
CAPTURIS d.o.o.	7.895	1,28%	0	0%
MIHALJEVIĆ BRANKO	7.638	1,24%	6.380	1,04%
ČOLINA ANTE	4.550	0,74%	0	0%
IPRO - INŽENJERING D.O.O.	4.512	0,73%	4.512	0,74%
MARUS ANNA	4.150	0,67%	5.000	0,81%
Other shareholders	234.300	38,21%	240.149	39,13%
AGRAM INVEST D.D.	0	0%	9.055	1,48%
Total	**613.709**	**100%**	**613.709**	**100%**

The Company's share capital comprises 613,709 shares, ticker IGH-R-A, ISIN: HRIGHORA0006, with a nominal amount of HRK 190.00 per share, which amounts to HRK 116,605 thousand. The shares were listed on the Official Market of the Zagreb Stock Exchange. Each share holds voting and dividend rights.

Based on the final pre-bankruptcy settlement agreement of 28 December 2013, creditors transferred into the PIK and Junior debt have the right, upon the maturity period of six years, to convert their remaining claims into share capital and thus become a part of the ownership structure of the Company, up to 20% of the share capital. The PIK debt represents 63.6% of debt towards banks in the pre-bankruptcy settlement and is to be paid in one instalment after six years at a fixed interest rate of 4.5% per annum, which will also be paid upon maturity. After 6 years, creditors have the right to exercise an option to convert debt into equity up to a maximum of 20% of the share capital at the time of conversion. The details of the pre-bankruptcy settlement agreement are described in Note 35.

Given the above, the Company has an obligation to calculate the probability and amount of conversion of debt into equity. Due to the significant uncertainty of key variables in the calculation, the Company did not calculate and recognise the equity component as at 31 December 2021.

25. Reserves

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

The Group owns 13.359 of own shares. Own shares are recorded at acquisition cost, and are released using the weighted average price method.

DESCRIPTION	Number of own shares 31 Dec 2021	Number of own shares 31 Dec 2020
As at 1 January	**13.359**	13.359
Increase during the year	-	-
Decrease during the year	**(1.200)**	-
As at 31 December	**12.159**	13.359

The Management Board of the Company has the right to receive bonus shares and treasury shares. There was no award on this basis during the year 2021, while the remaining amount will be allocated in accordance with the Company's possibilities in the coming years. The Net Asset Value of treasury shares and bonus shares is presented in Other Reserves according to market value of the share on the reporting date.

26. Revaluation reserves

(In thousands HRK)	Revaluation reserves for non-current tangible assets	Foreign exchange differences from recalculation of foreign operations	Total
As at 31 December 2019	**92.063**	**(618)**	**91.445**
Transfer to accumulated losses	(1.848)	-	(1.848)
Foreign exchange differences from recalculation of foreign operations	-	411	411
Decrease due to write-offs	(3.093)	-	(3.093)
As at 31 December 2020	**87.122**	**(207)**	**86.915**
Transfer to accumulated losses	(45.105)	-	(45.105)
Foreign exchange differences from recalculation of foreign operations	-	(91)	(91)
As at 31 December 2021	**42.017**	**(298)**	**41.719**

Revaluation reserves are not distributable to shareholders.

27. Commitments for loans and borrowings

	31 Dec 2021	31 Dec 2020
	Thous.HRK	Thous.HRK
Long term borrowings		
Bank loans-senior debt /iii/	**12.489**	27.229
Other borrowings	**275**	526
Total	**12.764**	27.755
Short term borrowings		
Bank loans-PIK debt /i/	**32.862**	131.045
Issued bank bonds /vi/	**-**	46.964
Bank loans (separate creditors) /v/	**25.583**	25.622
Bank loans -current portion of senior debt /iii/	**64.687**	52.833
Borrowings of associated companies	**50.493**	1.281
Other borrowings	**845**	1.373
Accrued interest payable	**21.972**	54.754
Total	**196.442**	313.872
Loans and borrowings total	**209.206**	341.602

27. Commitments for loans and borrowings - continued

(in thous.HRK)	Bank loans - PIK debt /ii/	Bank loans - Senior debt/iii/	Bank loans - Junior debt/iv/	Bank loans - secured creditors /v/	**Issued bonds /vi/**	**Loans from associated companies**	Other borrowings	Accrued interest payable	Total
Net book value									
As at 1 January 2020	129.589	96.282	7.693	25.622	70.973	1.158	1.367	46.666	379.350
Payments	-	(17.582)	-	-	-	(77)	(612)	-	(18.271)
Non-monetary repayment	-	-	(7.693)	-	(24.009)	-	-	(2.352)	(34.054)
Loans received	-	-	-	-	-	200	1.226	10.742	12.168
Transfer of commitments	-	302	-	-	-	-	-	(302)	-
Exchange rate difference	1.456	1.035	-	-	-	-	(82)	-	2.409
As at 31 December 2020	**131.045**	**80.037**	**-**	**25.622**	**46.964**	**1.281**	**1.899**	**54.754**	**341.602**

(in thous.HRK)	Bank loans - PIK debt /ii/	Bank loans - Senior debt/iii/	Bank loans - Junior debt/iv/	Bank loans - secured creditors /v/	**Issued bonds /vi/**	**Loans from associated companies**	Other borrowings	Accrued interest payable	Total
Net book value									
As at 1 January 2021	131.045	80.037	-	25.622	46.964	1.281	1.899	54.754	341.602
Non-monetary repayment	(98.183)	(2.861)	-	(39)	(46.964)	-	(799)	(32.782)	(181.608)
Loans received	-	-	-	-	-	49.212	-	-	49.212
As at 31 December 2021	**32.862**	**77.176**	**-**	**25.583**	**-**	**50.493**	**1.120**	**21.972**	**209.206**

27. Commitments for loans and borrowing - continued

/i/ Bank borrowings in the amount of HRK 32.862 *thousand (2020: HRK 131.045 thousand)* are secured with the Company's land and buildings, shares in the affiliates and pledged Company inventories.

In accordance with the pre-bankruptcy settlement agreement, creditors are classified into the following categories

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

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

/iv/ The 'Junior debt' relates to part of creditor claims which will be settled in accordance with the provisions of the settlement agreement. Final maturity of junior claims is 6 years from the day the pre-bankruptcy settlement becomes legally valid. Interest amounting to 4.5% is calculated annually and becomes due in one instalment upon final maturity of the junior debt.

/v/ Secured creditors have not waived their right for separate settlement in the pre-bankruptcy settlement proceedings, and have the right to initiate separate enforcement procedures to enforce property sales and settlement of their claims. If the sale of pledged assets does not generate sufficient funds to settle secured claims, secured creditors are not entitled to settlement of outstanding claims in full, but their claims are considered to be settled entirely through the sale of the pledged assets. Regarding these borrowings, the Company is not obligated to repay principal or interest from the ordinary course of business, but the settlement is made only from the sale of pledged property.

/vi/ Issued bonds

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

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

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

Bond obligation was settled during 2021.

27. Commitments for loans and borrowing - continued

The analytical review of loans and borrowings is as follows:

	Currency	Interest rate	2021	Up to 1 year	1 - 2 years	2 - 5 years	Over 5 years
Financial liabilities							
Commercial bank	EUR	4,50%	716	440	276	-	-
Third parties	EUR	4,50%	115.497	115.497	-	-	-
Third parties	EUR	4,50%	22.092	22.092	-	-	-
Liabilities for interest	HRK	-	286	286	-	-	-
Non-interest bearing other liabilities to secured creditors							
Third parties	EUR	-	24.209	24.209	-	-	-
Loans from other financial institutions	HRK	-	836	836	-	-	-
Other financial liabilities							
Loans from related parties	HRK	3%	1.653	1.653	-	-	-
Loans from non-related parties	HRK	4,50%	2.637	2.623	15	-	-
Other borrowings	RUB	4%	2	2	-	-	-
Lease obligations - IFRS 16	HRK	4,50%	20.703	9.870	5.416	5.416	-
Total			**188.632**	**177.508**	**5.708**	**5.416**	-

The analytical review of loans and borrowings is as follows (continued):

	Currency	Interest rate	2020	Up to 1 year	1 - 2 years	2 - 5 years	Over 5 years
Financial liabilities							
Commercial bank	EUR	4,50%	992	416	576	-	-
Commercial bank	HRK	6,50%	-	-	-	-	-
Third parties	EUR	4,50%	239.006	235.957	3.048	-	-
Third parties	EUR	4,50%	24.172	-	24.172	-	-
Liabilities for interest	HRK	-	389	389	-	-	-
Non-interest bearing other liabilities to secured creditors							
Third parties	EUR	-	534	534	-	-	-
Third parties	EUR	-	14.333	14.333	-	-	-
Third parties	EUR	-	12.419	12.419	-	-	-
Loans from other financial institutions	HRK	-	836	836	-	-	-
Bonds	EUR	-	46.964	46.964	-	-	-
Other finance liabilities							
Loans from related parties	HRK	3%	1.346	1.346	-	-	-
Loans from non-related parties	HRK	4,50%	148	148	-	-	-
Other borrowings	RUB	4%	531	531	-	-	-
Financial leasing	EUR	6,01-6,07%	-	-	-	-	-
Operating lease - MSFI 16	HRK	4,50%	19.571	6.416	6.416	6.739	
Total			**361.240**	**320.288**	**34.212**	**6.739**	-

28. Lease obligations

	31 Dec 2021	31 Dec 2020
	Thous. HRK	Thous. HRK
Long-term liabilities		
Lease obligations	10.808	13.196
Total	10.808	13.196
Short-term liabilities		
Lease obligations	9.896	6.416
Total	9.896	6.416

(in thousand HRK)

	Lease obligations
Net book value	
As at 1 Jan 2020	5.820
Impact of corrections in 2019	1.120
Payments	(1.762)
Loans received	14.469
Exchange rate differences	(9)
As at 31 Dec 2020	**19.638**

(in thousand HRK)

	Lease obligations
Net book value	
As at 1 Jan 2021	19.638
Payments	(17.631)
Increase in assets with rights	18.721
As at 31 Dec 2021	20.704

29. Provisions

(In thousands HRK)	Unused vacation days	Retirement benefits	Legal disputes	Total
As at 31 December 2020				
Long-term	-	678	6.545	7.223
Short-term	3.198	-	21	3.219
	3.198	**678**	**6.566**	**10.442**
Increase in provisions	-	23	4.211	4.234
Total during the year	(436)	-	(233)	(669)
As at 31 December 2021				
Long-term	-	701	10.522	11.223
Short-term	2.762	-	22	2.784
	2.762	**701**	**10.544**	**14.007**
As at 31 December 2019				
Long-term	-	506	7.685	8.191
Short-term	2.929	-	21	2.950
	2.929	**506**	**7.706**	**11.141**
Increase in provisions	269	172	464	905
Total during the year	-	-	(1.604)	(1.604)
As at 31 December 2020	**3.198**	**678**	**6.566**	**10.442**
As at 31 December 2020				
Long-term	-	678	6.545	7.223
Short-term	3.198	-	21	3.219
	3.198	**678**	**6.566**	**10.442**

(i) *Unused vacation days*

In 2021, the provision for unused vacation days was accrued based on the expectations that unused vacation days from 2021 will be used in 2022.

(ii) *Retirement benefits*

In 2021 the Company increased provisions for retirement benefits in the amount of HRK 23 thousand.

(iii) *Legal disputes*

The amounts of provisions relate to a number of legal disputes initiated against the Company. Based on the expert opinion of a legal counsel, the Company's Management Board believes that the outcome of these legal disputes will not give rise to any significant loss beyond the amount provided for as at 31 December 2021.

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30. Trade payables and other payables

DESCRIPTION	31 Dec 2021 Thous. HRK	31 Dec 2020 Thous. HRK
Long-term liabilities		
Trade payables	**198**	198
	198	198
Short-term liabilities		
Domestic trade payables	**25.363**	15.562
Trade payables per pre-bankruptcy settlement	**148**	133
Foreign trade payables	**6.463**	8.613
Liabilities towards government institutions	**8.850**	8.900
Liabilities to employees	**6.335**	6.583
Interests payable	**-**	19
Municipal charges	**2.065**	1.925
Liabilities towards associated companies	**1.142**	677
Other liabilities	**3.599**	3.115
	53.965	45.526
Total	**54.163**	45.724

As at 31 December 2021, the book value of short-term liabilities approximates their fair value, due to the short-term nature of these liabilities.

Other liabilities relate to those other short-term liabilities.
Company's exposure to foreign exchange rate risk and solvency risk is presented in Note 31.

31. Commitments for advances and deposits received

DESCRIPTION	31 Dec 2021 Thous.HRK	31 Dec 2020 Thous.HRK
Received advances		
Advances from domestic clients	**3.239**	3.003
Advances from foreign clients	**2.984**	2.382
Calculation of advances given	**718**	1.246
Total	**6.941**	6.631
Received deposits		
Deposits and guarantees received	**419**	400
Total	**419**	400

32. Financial instrument and risk management

Financial risk factors

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

a) Market risk

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

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

b) Price risk

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

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

c) Foreign currency exchange risk

The Company's official currency is the Croatian Kuna (HRK). However, the Group has invested in financial instruments and entered into transactions denominated in currencies that do not represent its functional currency. Accordingly, the Group is exposed to foreign exchange risk of its currency in relation to other currencies in a way that may adversely affect the result and value of the Company.

Transactions denominated in foreign currencies are translated into Croatian Kuna by applying the exchange rates in effect at the balance sheet date. The resulting foreign exchange differences are credited or charged to the income statement. Changes in exchange rates may affect the profits mainly as a result of foreign exchange gains or losses arising on translation of receivables in foreign currency (EUR) and borrowings and liabilities contracted with a foreign currency clause (EUR). Due to part of its income being earned in foreign markets and liabilities denominated in other currencies, the Company is exposed to foreign exchange risk primarily through EUR and therefore the expected changes are not significant.
Due to part of its income being earned in foreign markets and liabilities denominated in other currencies, the Group is exposed to foreign exchange risk primarily through EUR and therefore the expected changes are not significant.

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

(In thousands HRK)	Liabilities		Assets	
	2021	2020	2021	2020
European Union (EUR)	61.874	180.950	23.932	26.675
Bosnia and Hercegovina (BAM)	37	834	421	673
USA (USD)	120	1.187	54	86
Russian Federation (RUB)	2.673	428	3.412	1.617
Georgia (GEL)	3.985	7.532	7.932	15.289

32. Financial instruments and risk management - continued

Sensitivity analysis to foreign currency risk

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

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

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

Effect of EUR currency		**Effect of USD currency**		**Effect of GEL currency**	
2021	**2020**	**2021**	**2021**	**2020**	**2020.**
(In thousands HRK)		(In thousands HRK)		(In thousands HRK)	
(379)	(1.543)	(1)	(11)	39	78

Effect of BAM currency		**Effect of RUB currency**	
2021	**2020**	**2021**	**2020.**
(In thousands HRK)		(In thousands HRK)	
4	(2)	7	12

The mean exchange rates of currencies to HRK, significant for the Company are as follows:

	31 Dec 2021	**31 Dec 2020**
EUR	7,517174	7,536898
BAM	3,843470	3,853555
USD	6,643548	6,139039
RUB	0,089400	0,082861
GEL	2,119100	1,873600

d) Interest rate risk

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

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

e) Credit risk

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

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

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

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

Expected loss rates are based on collection data for the 24-month period prior to 31 December 2021 and historical credit losses during that period.

Furthermore, the Company is exposed to credit risk through cash deposits in banks. As of 31 December 2021, the Company cooperated with eleven banks, while it kept its money and deposits in seven banks. Risk management is focused on doing business with the most respectable foreign and domestic banks in the country and abroad and on daily contacts with banks.

Deposits in banks consist of money on account and deposits with a maturity of up to 3 months, which are charged upon maturity and are therefore classified as held-to-maturity assets in accordance with IFRS 9 and are measured at amortized cost. Credit risk is measured using a general approach. The company uses the daily CDS value, which covers insurance for a period of 5 years. CDS with 5 years insurance has the highest market liquidity and is therefore chosen as the benchmark. CDS is sensitive to an increase in default risk - regardless of whether insurance with a 3-year or 5-year term is selected. Domestic banks do not have a rating or CDS indicator as a risk measure.

The Company took the CDS for the Republic of Croatia to measure the risk, which at 31 December 2021 amounted to 1,11%. Credit risk, calculated according to the formula: amount of deposits * number of days * CDS / 365. For deposits on demand, the Company uses 2 days in calculating the amount of credit risk.

Solvency risk

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

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

Table showing analysis of solvency risk

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

2021 (in thousand HRK)	Net book value	Contracted cash flows	Up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years
Non-derivate financial liabilities						
Loans received and financial leasing	188.632	188.632	177.508	5.708	5.416	-
Trade and other payables	53.621	53.621	53.423	198	-	-
	242.253	**242.253**	**230.931**	**5.906**	**5.416**	-

32. Financial instruments and risk management - continued

2020 (in thousand HRK)	Net book value	Contracted cash flows	Up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years
Non-derivate financial liabilities						
Loans received and financial leasing	361.240	378.034	322.380	18.896	36.758	-
Trade and other payables	45.724	45.724	45.526	198	-	-
	406.964	**423.758**	**367.906**	**19.094**	**36.758**	-

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

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

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

(in thousand HRK)	Net book value	Contracted cash flows	Up to 1 year	From 1 to 2 years	From 2 to 5 years
The year 2021					
Non-derivative financial assets					
Loans given	29.144	29.144	25.664	-	-
Trade and other receivables	41.750	41.750	39.733	-	-
Total	**70.894**	**70.894**	**65.397**		

(in thousand HRK)	Net book value	Monetized cash flows	Up to 1 year	From 1 to 2 years	From 2 to 5 years
The year 2020					
Non-derivative financial assets					
Loans given	27.547	27.547	27.547	-	-
Trade and other receivables	39.015	39.015	38.197	47	771
Total	**66.562**	**66.562**	**65.744**	**47**	**771**

Fair value of financial instruments

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

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

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

As at 31 December 2021, the reported amounts of cash, short-term deposits, receivables, short-term liabilities, accrued expenses, short-term borrowings and other financial instruments approximate their market values due to the short-term nature of those assets and liabilities.

32. Financial instruments and risk management - continued

The Management Board believes that the book value of long-term deposits, receivables and borrowings as at 31 December 2021 approximates their fair value due to the application of variable interest rates on liabilities.

Capital risk management

Net debt-to-equity ratio

The Company monitors capital in line with laws and regulations valid in the Republic of Croatia which require a minimum deposit of HRK 200.000 for joint stock companies. Owners do not require any special measures with regard to management of capital. There are no capital goals internally monitored.

32. Transactions with related parties

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

DESCRIPTION	2021 Thous.HRK	2020 Thous.HRK
Revenues from sales of services to subsidiaries	2.889	1.179
Revenues from sale of services to affiliated companies	5	-
Revenue from previously value adjusted receivables from subsidiaries	3.316	275
Interest income on loans given to subsidiaries	19	1
Interest income on loans given to related parties	4	5
Receivables from positive exchange rate differences related to companies controlled by the same party	109	134
Total	6.342	1.594

DESCRIPTION	31 Dec 2021 Thous.HRK	31 Dec 2020. Thous.HRK
Receivables for services provided to subsidiaries	3.922	255
Total	3.922	255
Liabilities to subsidiaries	50.534	705
Liabilities for advance payment with subsidiaries	-	2
Total	50.534	707

Loans given to subsidiaries

(in thousand HRK)	2021		2020	
	Principal	Interest	Principal	Interest
IGH-Mostar d.o.o., Mostar	3.013	-	3.013	-
IGH d.o.o., Mostar	367	70	367	52
IGH Business Advisory Services d.o.o., Zagreb	-	-	-	1
Radeljević d.o.o, Zagreb	-	-	212	-
Total	3.380	70	3.592	53

Information on co-debtor relationships and guarantees issued to related parties is stated in Note 33.

33. Transactions with related parties - continued

Management Board and Supervisory Board compensation:
The total compensation of Management Board and the Supervisory Board members in 2021 amounted to HRK 2.534 thousand (in 2020 this amount was HRK 3.583 thousand).

Compensation for the Supervisory Board members

(in thousand HRK)	**Compensation**	**Participation on sessions**
Žarko Dešković	185	7
Sergej Gladeljkin	64	4
Dušica Kerhač	87	4
Igor Tkach	78	5
Mariyan Tkach	65	7
Total	**479**	

Compensation for the Management Board members

(in thousand HRK)	**Salary - fixed component**	**Salary - variable component**	**Other**	**Total**
Džajić Igor	592	5	0	596
Pauzar Miroslav	587	20	11	619
Petrosian Robert	699	10	0	709
Tudor Vedrana	587	13	11	611
Total	**2.465**	**48**	**22**	**2.535**

34. Potential liabilities

	2021	2020
DESCRIPTION	**Thous.HRK**	Thous.HRK
Guarantees given to third parties-externally	**33.043**	37.220
Co-debtor in loans to related parties	**15.680**	15.680
Guarantees for related parties	-	647
TOTAL	**48.723**	53.547

Litigations

As at 31 December 2021, several legal disputes are in progress against the Group for which potential liabilities have not been recorded in the statement of financial position as at 31 December, due to the Management Board's estimates that ,as at 31 December 2021, there is no probability that liabilities will arise for the Company.

The overview of co-debtor relationships in related party loans is as follows:

	2021	2020
Description	**Thous.HRK**	Thous.HRK
Incro d.o.o. Zagreb	**15.680**	15.680
Total	**15.680**	15.680

35. Earnings per share

Basic earnings per share are calculated as follows::

DESCRIPTION	2021	2020
Profit for the year (in thousands of HRK)	**(51.075)**	1.452
Weighted average number of shares	**603.700**	600.350
Basic earnings per share (un HRK)	**(84,60)**	2,42

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

36. Impact of pre-bankruptcy settlement

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

a. *Settlement with suppliers*

An agreement was reached according to which 30% of claims are converted into the Company's share capital. 20% of claims will be repaid in cash after the share capital increase or the sale of the Company's assets. The remaining 50% of claims will be repaid in 10 equal semi-annual instalments over the period of 5 years. During 2018, the Company settled trade payables totalling HRK 10.041 thousand as prescribed in the provisions of the pre-bankruptcy settlement. During 2019 the Company also settled liabilities to related parties, natural persons for service contracts and royalties, non-financial institutions and the Ministry of Finance in the total amount of HRK 2.912 thousand. During 2020 all remaining obligations were settled amounting to HRK 196 thousand.

b. *Settlement with banks*

PIK debt

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

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

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

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

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

36. Impact of pre-bankruptcy settlement - continued

II. Settlement with banks - continued

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

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

Senior debt

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

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

As a result of the above, the first instalment of the senior debt of creditors from category a) becomes due 42 months from the date the pre-bankruptcy settlement will have become legally valid. The payments fall due 30 June and 31 December of each year, and the first instalment becomes due on the first of the above dates 42 months after the settlement became legally valid, which is on 30 June 2017. Instalments are paid 2 times a year with a fixed interest rate of 4.5% per annum. Interest are accrued and paid over the entire repayment period. Liabilities for interests accrued on the senior debt for 2021 has been settled in the amount of HRK 0 thousand (2020: HRK 0 thousand). Company is late in paying the Senior debt but the creditors, until the date of this Report, have not made claims for payment in the sense of enforcement. In case the negotiations are not successful, creditors can initiate an enforcement procedure.

Junior debt

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

Secured creditors

The principal of the debt towards creditors who have not waived their right to separate settlement in the process of the pre-bankruptcy settlement agreement (secured creditors) is classified as short-term and is presented in Note 27 in the principal amount of HRK 25.622 thousand.

Pledged assets are intended to cover the secured debt and are classified long-term assets held for sale as presented in Note 21 in the amount of HRK 12.300 thousand.

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

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

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

36. Impact of pre-bankruptcy settlement - continued

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

(In thousands HRK)	**Balance sheet as at 31 Dec 2021**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	120.105	(16.875)	103.230
Non-current assets held for sale	12.300	(12.300)	0
Current assets	87.939	-	87.939
TOTAL ASSETS	**220.344**	**(29.175)**	**191.169**
Total equity	(96.874)	-	(96.874)
Non-current liabilities	44.216	-	44.216
Current liabilities	273.002	(25.622)	247.380
TOTAL CAPITAL AND LIABILITIES	**220.344**	**(25.622)**	**194.722**

(In thousands HRK)	**Balance sheet as at 31 Dec 2020**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	249.375	(16.875)	232.500
Non-current assets held for sale	57.600	(57.600)	-
Current assets	94.797	-	94.797
TOTAL ASSETS	**401.772**	**(74.475)**	**327.297**
Total equity	(45.870)		(45.870)
Non-current liabilities	67.496		67.496
Current liabilities	380.146	(73.423)	306.723
TOTAL CAPITAL AND LIABILITIES	**401.772**	**(73.423)**	**328.349**

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

DESCRIPTION	**2021** *In thousands HRK*	2020 *In thousands HRK*
PIK debt (Note 27)	**32.862**	131.045
Senior debt (Note 27)	**77.176**	80.037
	110.038	211.082
Secured creditors - principal (Note 36)	**25.622**	73.423
	25.622	73.423

Since the legally valid pre-bankruptcy settlement up to 31 December 2021, the Company settled an amount of HKR 321.892 thousand incurred before initiating the pre-bankruptcy settlement, by payments in cash, issuing registered shares, converting a part of receivables of a part of creditors into equity, payment of priority claims and other claims of employees with accompanying taxes and contributions, and write-off in accordance with the provisions of the pre-bankruptcy settlement.

On the Balance Sheet date, the PIK debt amounts to HRK 32.862 thousand, the and current Senior debt maturity amounts to HRK 52.832 thousand while the total Senior debt amounts to HRK 74.423 thousand.

After the balance sheet date, the Company shall continue to cover liabilities towards creditors in part from sale, in part from the acquisition of assets, in order to reduce and settle its obligations from the pre-bankruptcy settlement.

36. Impact of pre-bankruptcy settlement - continued

The following was settled during 2021:

- HRK 46.964 thousand per issued bond by transfer of the Company's assets (land and buildings)
- HRK 98.183 thousand PIK debt by transfer of assets of subsidiaries, and
- HRK 32.782 related interest

37. Non-financial reporting

Report on the status of the preparation of the Non-Financial Report on the sustainability of the Company for the year 2021.

Preparation of the Non-Financial Report on the sustainability of the Company for 2021 is in progress. In accordance with the provisions of the current Accounting Act, the non-financial report will be published on IGH's website within the given deadlines. The report will be published on the following link https://www.igh.hr.

38. Events after the balance sheet date

Settlement of obligations from the PBS

At the beginning of 2022, the Company continued negotiations and concluded an agreement with the creditor company B2 KAPITAL d.o.o. , regulating the method of settlement of the company's remaining PIK debt and remaining obligations per Senior debt, all in accordance with the pre-bankruptcy settlement from 2013.

According to the subject agreement, the Company settles the entire remaining PIK debt of the Company in the amount of HRK 39.262 thousand and Senior debt of HRK 77.176 thousand. As part of the above stated, the Company is a co-debtor in the issue of annuity bonds of Rakušina d.d.

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

Due to the events resulting from the war in Ukraine and the sanctions imposed on Russia, the Group's subsidiary in Russia found itself with limited business opportunities. Likewise, access to the resources of the branch is limited in itself and there is uncertainty relating to the development of future events and the market, as well as options for new contracts and new projects. As a result of the above, the Management Board at its session on 2 March 2022, adopted the decision to close the INSTITUT IGH d.d. branch. Moscow, Russia.

As of 31 December 2021, within the Consolidated Financial Statements of the Company INSTITUT IGH d.d., receivables, liabilities, income and expenses relating to the subsidiary INSTITUT IGH d.d. Moscow, Russia, are presented as follows:

	31 Dec 2021
Item	**Thous. HRK**
Total assets	5.356
Total liabilities	6.384
Total income	2.783
Total expenditure	2.661

39. Approval of the Financial Statements

Financial Statements were adopted by the Management Board and approved for issuance on 25 July 2022

Robert Petrosian President of the Management Board	Miroslav Pauzar Member of the Management Board	Vedrana Tudor Member of the Management Board	Igor Džajić Member of the Management Board

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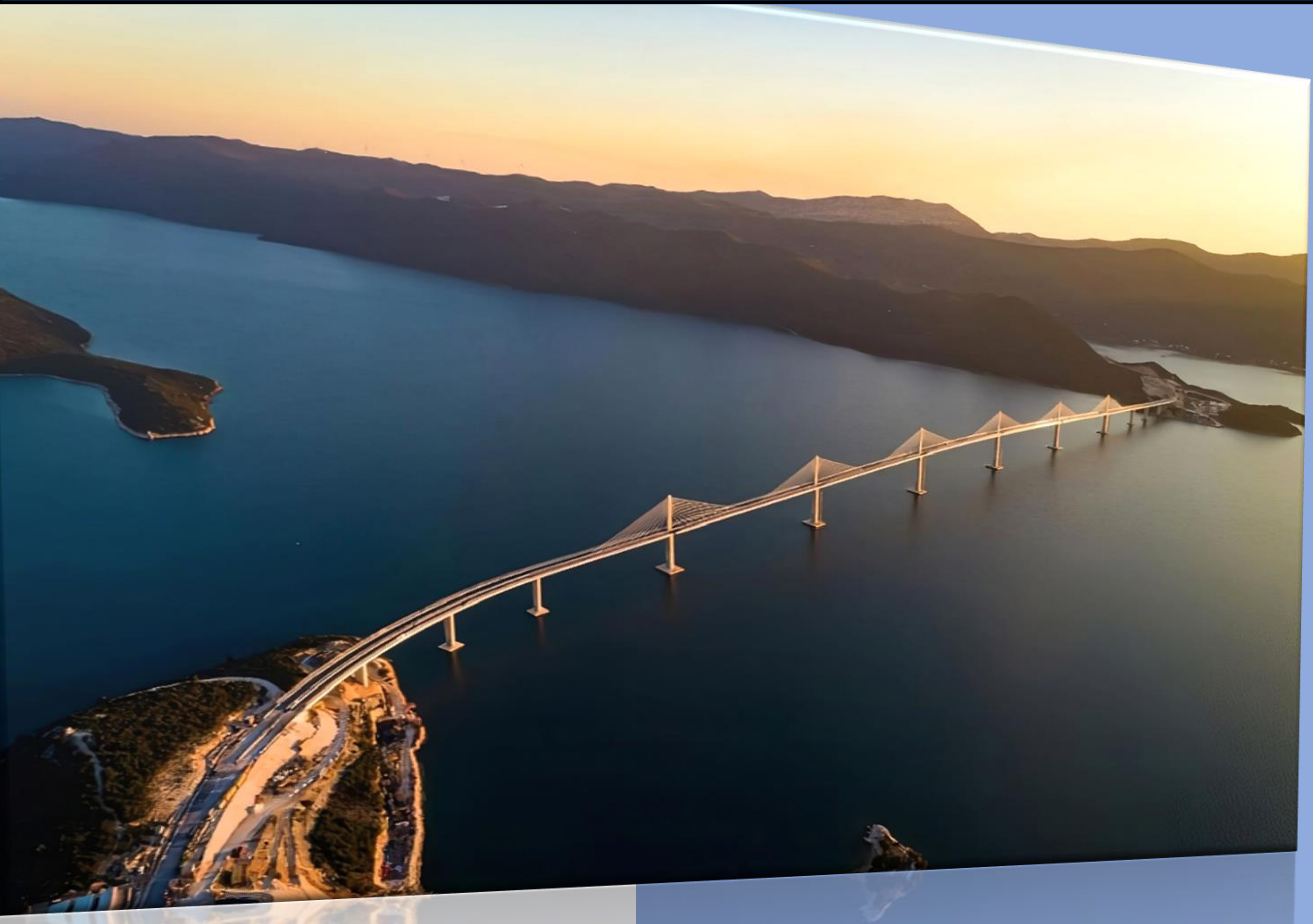
Republic of Croatia

NON-OFFICIAL REPORTING FORMAT

INSTITUT IGH, d.d.

2022.

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



October 2023.

Hewlett-Packard Company

CONTENTS

1. INTRODUCTION

Articles 250.a and 250.b of the Companies Act and Article 21.a of the Accounting Act establish an obligation to submit an Annual Report on the Company's position as well as the Annual Consolidated Financial Statements.

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

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

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

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

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2. INTRODUCTORY NOTE BY THE CEO

The year 2022 marked the completion of one of the largest infrastructure projects in the Republic of Croatia – the Pelješac Bridge. INSTITUT IGH, d.d. experts provided technical supervision, quality control and laboratory services on the project. It is somewhat concerning that investments of our main clients such as Hrvatske ceste (Croatian roads), Hrvatske autoceste (Croatian Motorways) and Hrvatske vode (Croatian Water Company) dropped in 2022. Nevertheless, the Company's portfolio of contracts is good for at least the following two years. We started some major projects within the Reconstruction Program and started opening new markets in Italy and Hungary. We continue to optimize costs in sectors that are not directly core business oriented and continue to open new lines of business (energy, nuclear power sector, building construction).

The number of employees in the INSTITUT IGH, d.d. head office was 468, with 9 more employees in foreign branches, resulting in a decrease by 57 employees compared to the status of 31 December 2021, when the Company had 534 employees. We consider this to be an optimal number considering the market trends.

Measures and actions have been taken in order to continue with resolving the issue of debts from the pre-bankruptcy settlement in order to close this chapter in 2023, and continue to achieve strategic goals that we have set for ourselves.

During 2022, we signed 208 new contracts and 259 Annexes, totalling to app. 138 million HRK. I would like to single out some contracts signed on the Croatian market.

The first one, signed with the University Hospital Centre Zagreb is the Earthquake Reconstruction Project - Main Hospital Building Zagreb at Kišpatićeva 12, valued EUR 980.821,55. We also signed a contract with the Croatian Parliament for the development of Design and Technical documentation for a comprehensive reconstruction of the Croatian Parliament building, valued EUR 522.829,43 A contract for advisory services of operational coordination_112(110), valued at EUR 219.346,34 was signed with the Fund for Reconstruction of the City of Zagreb, the Krapina-Zagorje County and Zagreb County.

Hrvatske autoceste d.o.o. and INSTITUT IGH, d.d. signed a contract for investigation works and pavement structure rehabilitation design on the basis of the basis of the main inspection, of the A1 Motorway (section Karlovac-Bosiljevo II), A6 (section Bosiljevo II-Orehovica) and A7 (section Orehovica-Rupa) value EUR 120.948,50.

After the adoption of the Company Development Strategy 2020-2030, and the establishment of a team to implement the Strategy, an annual plan with four focus areas was developed:

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

Given the large scope of contracted services in the field of earthquake reconstruction, we have initiated the process of strengthening the human resources of the Building Construction Division.

Also, INSTITUT IGH, d.d. has started execution of cadastral survey works, for the first time in a role as a contractor. The intention is to increase human resources and obtain new equipment in the following period, to be able to a wider scope of services with regards to the plans State Geodetic Administration.

Despite the reduced scope of public procurement in the field of transport infrastructure, we have managed to contract a satisfactory portfolio of works for the upcoming period, once again confirming our leading position in this market segment.

Furthermore, during year 2022, we closed most of the non-profitable contracts, primarily those related to the core activity of design engineering.

The non-financial report for the year 2022 was prepared with reference to the GRI standards.

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

Robert Petrosian, dipl.ing.građ.
President of the Management Board

3. ACTIVITIES

INSTITUT IGH, d.d. is the leading consulting company for design and engineering services in civil engineering in Croatia and the region. Together with its 15 subsidiaries and 5 affiliates it provides comprehensive support in infrastructure and investment projects, delivering optimal, complete and innovative solutions in the civil engineering sector in Croatia and international markets.

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

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

- Publishing activity
- Counselling and purchase of programming equipment (software)
- Research and development in technical & technological sciences
- Counselling on business & management
- Management of holding companies
- Architectural and engineering activity & technical consultancy
- Technical testing & analyses
- Scientific research, development-oriented research, publishing results of scientific and development research, scientific training and education, and maintenance and development of scientific and research structure
- Advancement of general, technical and autonomous regulations in the field of civil engineering and in other fields where civil engineering expertise is required. Analysis and coordination of the implementation of international regulations in civil engineering

- Improvement of development programs and construction technologies
- Preparation of environmental impact studies from the standpoint of protection, preservation and improvement of physical space
- Organization and implementation of activities aimed at further scientific and professional development
- Inspection of technical documents to check stability, safety, functionality, physical properties and cost-effectiveness
- Verification and evaluation of competence of companies performing activities of consequence to the safety, quality and functionality of man-made structures
- Expert evaluations in the field of civil engineering, technics, technology and cost-effectiveness of construction projects
- Establishment and maintenance of a structures & infrastructure register, and the monitoring of structural conditions, conditions of use, and maintenance conditions
- Technical activities in the field of environmental protection
- Technical activities in the field of physical planning, as related to the preparation of physical planning documents, and technical documents for the issuing of location permits

DESIGN VALIDATION:

- architectural design (architectural design of structures/buildings, interior design for

structures/buildings, and landscaping design);
- mechanical engineering design (mechanical design of power plants, design of storage and transport of gaseous and liquid substances).
- programming and realization of geotechnical investigations;
- development of geotechnical opinions, studies, reports and design documents
- civil engineering design of geotechnical structures/facilities;
- laboratory testing of rock and soil;
- in-situ testing of rock and soil materials in boreholes;
- monitoring behaviour of geotechnical structures/facilities;
- laboratory and in-situ testing of geotextiles;
- geological investigation of energy-providing, metallic and non-metallic raw-materials;
- hydrogeological investigations (geological, structural geological, and hydrogeological investigations, testing hydraulic parameters of ground water, design of ground water well areas including works relating to water supply, and preparation of design support data for civil engineering structures);
- organization, supervision during realization and design of engineering-geological and hydrogeological works;
- study of ground water and engineering geological properties of soil for the preparation of studies and design documents in the field of environmental protection;
- geophysical investigations for environmental protection purposes, and for preparation of support data for archaeological explorations;
- activities for the protection and preservation of cultural assets, i.e.: survey and documenting of load-bearing structures of cultural assets and preparation of conceptual, preliminary, detailed and working designs for the repair of load-bearing structures of fixed cultural assets or architectural documenting of cultural assets and preparation of conceptual, preliminary, detailed and working designs for the works on fixed cultural assets, and for the repair of materials on fixed cultural assets.
- development of interdisciplinary activities needed for the improvement and advancement of civil engineering
- development of prototypes and series of measuring devices used in civil engineering
- consultancy and quality assurance services for technical equipment in structures/facilities
- elaboration and implementation of quality assurance programs
- typing and reproduction of technical documents
- certification services
- elaboration of technical approvals
- implementation of investment works in the country and abroad
- investigation services and provision and use of information and knowledge relating to industry and science
- services relating to quality control and quality in the import and export of goods
- representation of foreign companies
- geophysical survey as needed for the engineering-geological, hydrogeological and geotechnical survey works and control tests and quality control on civil engineering structures
- technical activities relating to physical development planning
- activities relating to management of construction projects
- activities relating to preparation of design documents for water management facilities and water systems
- preparation of survey reports with permanent topographic points as required for basic topographic activities
- preparation of survey reports for the measuring, marking and maintaining of the national border
- preparation of reports for the development of the Croatian Basic Map

- preparation of reports for the development of digital orthophoto charts
- preparation of reports for the development of detailed topographic maps
- preparation of reports for the development of general topographic maps
- preparation of cadastral survey reports
- preparation of technical reambulation reports
- preparation of reports for the conversion of cadastral plans into digital format
- preparation of reports for the conversion of digital cadastral plans into a given format
- preparation of reports concerning the homogenization of cadastral plans
- preparation of plot plans and other survey reports relating to land cadastre
- preparation of plot plans and other survey reports relating to real estate cadastre
- preparation of plot plans and other geodetic survey reports for the individual conversion of land cadastre plots into real-estate cadastre plots
- preparation of cadastral reports relating to utilities and geodetic/surveying activities that are needed for the provision of surveying services
- technical management of the cadastre for utility services
- preparation of special geodetic/surveying support data for preparation of physical-development documents and acts
- preparation of special geodetic support data for design work
- preparation of geodetic reports defining the condition of a structure prior to reconstruction work
- preparation of surveying designs
- stakeout (setting out) of structures and preparation of stakeout reports
- preparation of general geodetic plans for built structures
- geodetic monitoring of structures during construction, and preparation of surveying-monitoring report
- monitoring displacement of structures in the course of maintenance activities, and preparation of surveying-monitoring reports
- geodetic activities that are undertaken in the scope of urban land redistribution
- preparation of agricultural land redistribution designs and surveying activities performed in the scope of redistribution of agricultural land
- preparation of special surveying/geodetic support data for protected areas and areas under protection
- technical supervision of works: development of work-cadastre reports and
- Expert topographic activities for provision of topographic services, technical management of cadastre for utility service lines, elaboration of special
- topographic support data for the preparation of physical development documents and acts, preparation of special surveying support data for design work, preparation of surveying reports defining condition of a structure prior to reconstruction work, preparation of geodetic designs, stakeout of structures and preparation of stakeout reports, geodetic monitoring of structures during construction, and preparation of geodetic-monitoring reports, monitoring displacement of structures in the course of maintenance activities, and preparation of geodetic-monitoring reports, and preparation of special surveying support data for protected areas and areas under protection
- professional activities relating to nature protection
- professional activities relating to noise protection
- account-keeping activities
- aerial photography
- translation and interpretation services
- activities relating to real estate management and real estate maintenance
- activities relating to real estate brokerage

- real estate activities

- rental of motor vehicles
- rental of aircrafts
- activities relating to rental of yachts or boats, with or without crew (charter)
- rental of vessels
- own-account transport
- transport of passengers in national road transport
- transport of passengers in international road transport
- transport of cargo in national and international road transport
- organizing seminars, courses, fairs, events, exhibitions and concerts
- market research and public opinion polls
- purchase and sale of goods
- provision of service in trade
- commercial brokerage on national and international markets
- design and construction of structures and technical supervision of construction works
- design and construction of mining facilities and plants

ACTIVITIES ON RECORD

- IT services
- web design
- development and maintenance of websites
- electronic communication networks and service activities
- universal services in the field of electronic communications
- special tariff services
- electronic publishing services
- teaching computer science
- IT and related activities
- development of designs for construction of mining and petroleum engineering facilities and plants
- Construction of mining and petroleum engineering facilities and plants, and technical supervision of construction works on the mining and petroleum engineering facilities and plants

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

- ISO 9001 Quality Management Systems
- ISO 14001 Environmental Management Systems
- ISO 50001 Energy Management Systems
- ISO 45001 Occupational Health and Safety Management System
- ISO 27001 Information Security Management System

4. HISTORY

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

2009
- Name change to INSTITUT IGH, joint stock company for research and development in civil engineering
- New organization
- New visual identity
- Granted Certificate ISO 14001 Environmental Management System
- Granted Certificate OHSAS 18001 Occupational Health and Safety Assessment Specification

2012
- New organization
- Appointment of multi-member management
- Increase of share capital by cash contribution, issue of new ordinary shares, individual nominal value of HRK 400,00
- Increase of share capital to HRK 105.668.000,00 by issuing 105.590 new shares, nominal value HRK 400,00 each for a price of HRK 760,00 per share
- Issuing Convertible bonds mark IGH-O-176A, ISIN: HRIGH0O176A8 in the amount of EURO 10.000.000,00
- Establishing IGH-ESOP d.o.o. as a new FORM OF Employee Share Ownership, with 173 member - founders, with the paid-up share capital of HRK 2.979.200,00
- Entry in the Register of Scientific Organizations in the technical sciences discipline, field of civil engineering

2013
- New organization
- Pre-bankruptcy settlement
- IGH – Notified Body for certification (assessment of properties of material) of products at the EU level for area of harmonized European standards
- IGH – Approved Body and Croatian Body for technical assessment according to authorization of the Minister responsible for the area of non-harmonized EU Standards
- IGH – Technical Assessment Body – TAB for technical assessment of construction products at the EU level

2014
- Increase of share capital through authorized share capital by investment of rights of conversion of part of claims of a part of creditors from the pre-bankruptcy settlement, from HRK 105.668.000,00 to HRK 123.483.600,00, issuing of new 44.539 non-materialized shares, issued in name, nominal value of HRK 400,00 each
- Decrease of share capital from HRK 123.483.600,00 to HRK 58.654.710,00 by decreasing the nominal value of shares by HRK 210, 00, from HRK 400,00 to HRK 190,00 to cover the loss realized in previous periods
- Increase of share capital from HRK 58.654.710,00 to HRK 116.604.710,00 by cash contribution, by issuing new 305.000 non-materialized shares, issued in name, nominal value HRK 190,00 each
- Change in the ownership structure, members of the Management, positions of the Management, power of representation of the Management members, Supervisory Board members, revocation and granting of general power of representation

2015
- New organization
- Conversion of 349.539 shares mark IGH-R-C ISIN HRIGH0RC00004 nominal value HRK 190,00 each into 349.539 shares mark IGH-R-A ISIN HRIGH0RC00006 nominal value HRK 190,00 each
- Listing of 349.539 shares individual nominal value HRK 190,00, mark IGH-R-A, ISIN: HRIGH0RA00006 of the official market of the Zagreb stock exchange

2016
- Operational restructuring
- Opening of new markets
- Opening of Branch office in Georgia

Operational indicators mark an increase owing to the change in business development trends

2017
- Successful completion of large scale infrastructure projects in Georgia
- Acquisition of IGH Mostar and establishment of business unit in Bjelina
- Rebranding and new visual identity

2018
- Successful re-accreditation of IGH Laboratory by the Croatian Accreditat Agency (HAA), meeting all requirements set by the standard HRN EN ISO/ 17025. IGH Laboratory obtained a new, valid Certificate on Accreditation, v until 2024.
- Accreditation for low strain impact integrity testing (PIT - ASTM D5882-16), H strain dynamic testing of deep foundations (PDA - ASTM D4945-17), Stand penetration testing (SPP/SPT - HRN EN ISO 22476-3:2008) and Energy tran measurement during standard penetration testing (SPP/Er - ASTM D4633- which expanded our area of accreditation of geotechnical testing to IGH f investigations as well
- Signed the Contract for technical supervision of construction works on Bridge Mainland – Island of Pelješac with access roads with HC d.o.o., on basis of public procurement procedure and our offer for HRK 49,4 million (exclusive)
- Obtaining of new certificate ISO 50001 Energy Management System
- Signed a Contract for supervision of works on the construction of TPP Banovići - Block 1-350 MW, for a net value of HRK 15.769.400,00.

2019

- Obtaining of new certificate ISO 50001 Energy Management System
- Signed a Contract for supervision of works on the construction of TPP Banovići - Block 1-350 MW, for a net value of HRK 15.769.400,00.
- Signed a Contract for supervision of works on the construction of the Bypass of Ston (DC414), sub-sections Sparagovići / Zaradeže - Prapratno and Prapratno – Doli for a net value of HRK 12.750.697,00 as well as supervision on the Project Improvement of the water supply and utility infrastructure on the Rijeka agglomeration area, for a net value of HRK 12.522.863,00
- Design of ID12 Vrbovec 2 Interchange, (D10) –Bjelovar–Virovitica–BC T. Polje, section Bjelovar – Virovitica– BC T. Polje (Hungarian State Borderline, app. 60 km long, for a net value of HRK 12.407.600,00.
- New Business Strategy adopted for the period 2020 – 2030

2020

- A contract signed with the Public Company Motorways of the Federation of Bosnia and Herzegovina worth app. HRK 30 million, with Institute IGH d.d. as the leading partner in the Consortium, for the design of the express road Mostar-Široki Brijeg-Croatian State border, section Polog-Croatian State border
- A contract signed with the Public Company Motorways of the Federation of Bosnia and Herzegovina worth HRK 15,7 million for technical supervision services of construction works on the Corridor Vc motorway, section Tarčin-Konjic, sub-section Tarčin-Ivan, entrance to the Tunnel Ivan

- The Ministry of Construction and Physical Planning gave its approval for the “2020-2022 vocational training program”, namely for conducting internal and external education courses, for which academic hours will be allocated, which makes the company the only private institution in the Republic of Croatia that will provide vocational training services to all persons who have passed a professional exam, and who, in accordance with the Regulation on vocational training of persons performing physical planning and construction work are required to have at least twenty school hours of training in a period of two years
- The company, in accordance with the certification requirements, made the transition from the standard OHSAS 18001 to ISO45001:2018 and thereby emphasized the importance of occupational safety and health of employees as part of the company's culture.
- Implementation of the new Business Strategy 2020 – 2030
- Re-establishment of the visual identity developed in 2008
- A contract signed with Hrvatske ceste d.o.o. for supervision of construction works on the express road Okučani – B&H Stater border, valued HRK 7,2 million
- A contract signed with the Vukovar Port Authority for the development of study and design documentation. valued HRK 5,9 million.
- Contracts signed with HEP proizvodnja d.o.o. regarding the main inspection of building structures and facilities in Croatia, valued app. HRK 8 million

2021

- A contract signed with Hrvatske autoceste d.o.o. for the reconstruction of the Zagreb City Bypass valued over HRK 10,5 million
- Preparation of conservation support dana and design for the reconstruction of the roof on the Poljud Stadium in Split
- Technical supervision on the construction of student dormitory complex of the University of Dubrovnik completed.
- One of the largest infrastructure projects in Croatia - the Pelješac Bridge, completed. INSTITUT IGH, d.d experts provided technical supervision, quality control and laboratory services on the project.
- The Company increased the number of accredited laboratory methods to 700
- Successfully implemented the ISO 27001 Information Security
- Signed a contract for the preparation of Preliminary design, EIA, FS and obtaining of the Location permit for construction of the A1 Motorway, Zagreb – Split – Dubrovnik
- Initiated the Company digitalization process
- Construction of the motorway section Tarčin – Tunnel Ivan, on the Corridor Vc completed, supervision provided by IGH and partners

2022

- One of the largest infrastructure projects in Croatia - the Pelješac Bridge, completed. INSTITUT IGH, d.d experts provided technical supervision, quality control and laboratory services on the project.
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2022

- Initiated the Company digitalization process
- Construction of the motorway section Tarčin – Tunnel Ivan, on the Corridor Vc completed, supervision provided by IGH and partners

5. GROUP COMPONENTS

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

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

IGH Group consists of **15 subsidiaries and 5 affiliate companies** (on 31 Dec 2022), providing core and similar activities, while the INSTITUT IGH, d.d. also operates through branch offices and representative offices abroad.

Subsidiaries are companies in which the company owns more than 50% of the voting rights and/or controls the adoption and implementation of the financial and business policies of the company in which investments were made in order to benefit from its activities.

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

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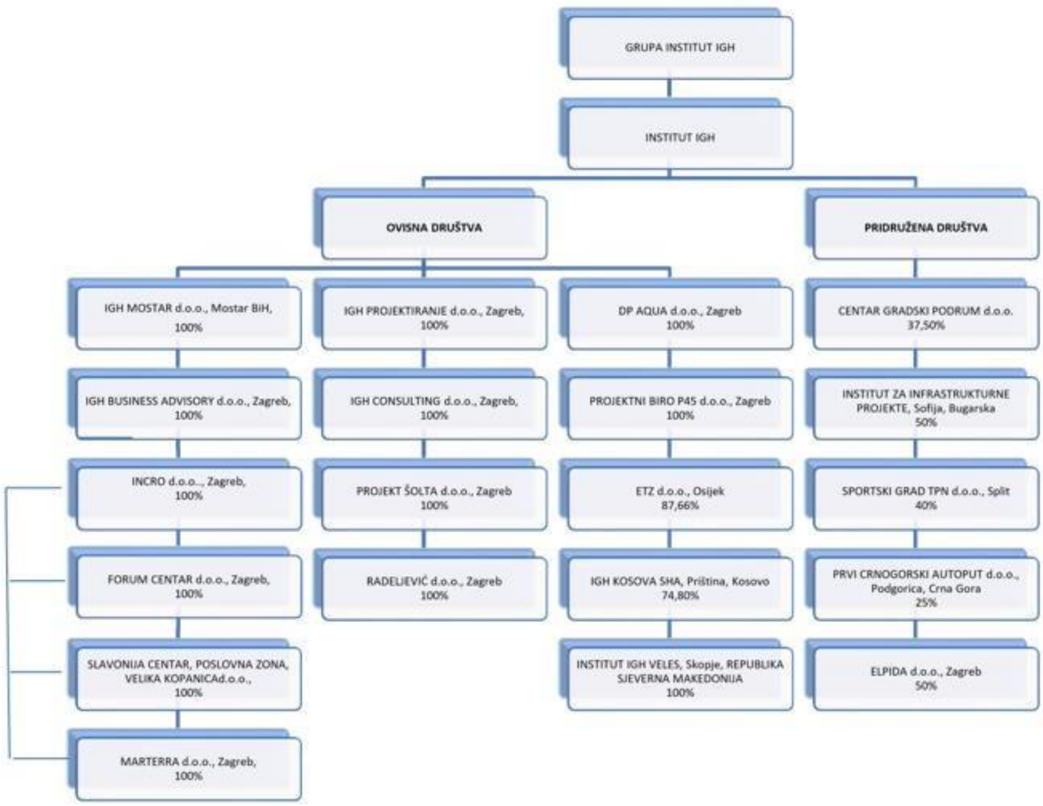

Figure 1.Group components on 31 Dec 2022

. Consolidation includes the following **subsidiaries**:

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

Tablica 1. Ovisna društva obuhvaćena konsolidacijom

Having in mind that the company Projekt Šolta is under bankruptcy, and the company Montenegro was deleted from the register, these two companies are not included in the consolidation for 2022. Also, at the beginning of 2021, loss of control was recognized over the companies IGH Kosova SHA and IGH d.o.o. Mostar due to the fact that the contract on acquisition of shares was not implemented in full.

Affiliates

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

Table 2.Affiliates included in the consolidation process

The Company undertakes its business activities through **branches** in Georgia, The Republic of Kosovo and Republic of North Macedonia and through its **representative office** in Bosnia and Herzegovina. In 2022 our branch office in the Russian Federation was closed.

6. SIGNIFICANT PROJECTS AFTER THE BALANCE SHEET DATE

In the period after 31 Dec 2022. Until the preparation of this Report, the Company contracted new projects valued at **20 million HRK**.

Below given are some of the most significant projects contracted in 2022:

Redni broj	Zemlja	Naručitelj	Naziv projekta	Opis usluge	Neto ugovorna vrijednost za IGH_EUR	Status
1	Hrvatska	Klinički bolnički centar Zagreb	Usluga stručnog nadzora – Projekti obnove od potresa: Usluga stručnog nadzora – Projekt obnove od potresa_Glavna zgrada KBC–a Zagreb na lokaciji Kišpatićeva 12	nadzor	980.821,55	ugovor potpisan
2	Hrvatska	Hrvatski sabor	Nabava usluga za izradu Projektno-tehničke Dokumentacije za cjelovitu obnovu zgrade Hrvatskoga sabora	projektiranje	522.829,43	ugovor potpisan
3	Hrvatska	Fond za obnovu Grada Zagreba, Krapinsko-zagorske županije i Zagrebačke županije	Nabava usluga operativne koordinacije_112(110)	savjetodavne usluge	219.346,34	ugovor potpisan
4	Hrvatska	Hrvatske autoceste d.o.o.	Istražni radovi i projekt sanacije kolnika temeljem glavnog pregleda, autocesta A1 (dionica Karlovac-Bosiljevo II), A6 (dionica Bosiljevo II-Orehovica) i A7 (dionica Orehovica-Rupa)	istražni radovi/projektiranje	120.948,50	ugovor potpisan
5	Hrvatska	Regionalni centar čistog okoliša d.o.o. Split	Usluge stručnog nadzora građenja 3 pretovarne stanice u Splitsko-dalmatinskoj županiji PS Sinj, PS Brač, PS Zagvozd	nadzor	85.606,21	ugovor potpisan
6	Hrvatska	Fond za obnovu Grada Zagreba, Krapinsko-zagorske županije i Zagrebačke županije	Usluga operativne koordinacije za gradnju zamjenskih obiteljskih kuća - Grad Zagreb – Sjeverozapad (Graberje, Mikulići, Šestine, G. Stenjevec, Podsused, Črnomerec, G. Vrapče, Rudeš, Vrapče)	savjetodavne usluge	62.791,16	ugovor potpisan
7	Hrvatska	Hrvatske vode	Akumulacija Preslatinci – Idejni projekt	projektiranje	51.761,90	ugovor potpisan
8	Hrvatska	Hrvatske autoceste d.o.o.	Istražni radovi za potrebe izrade projekta sanacije nove kolničke konstrukcije recikliranjem asfaltnog kolnika na autocesti A3 Bregana-Zagreb-Lipovac	istražni radovi	44.953,22	ugovor potpisan

Table 3. ***List of projects contracted at the beginning of 2023***

At the beginning of the year the Company signed two Protocols on cancellation of debt, namely with B2 Kapital d.o.o and Avenue Mehanizacijom d.o.o. and signed a PIK debt restructuring agreement with AVENUE ENGINEERING AND CONSTRUCTION LIMITED, with the aim of completing the pre-bankruptcy settlement as soon as possible.

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7. VISION AND MISSION

VISION: Be a leading engineering company in the region and beyond, whose employees are the best experts and satisfied co-owners, improving the every-day quality of life and of the environment through their innovative engineering solutions.

MISSION: Tackle engineering challenges to our client's satisfaction, with a timely, professional and responsible approach, knowledge and innovation

8. IGH STRATEGY 2020 - 2030

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

The Strategy proposes four key courses of action:

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

Employees – our greatest asset

The experience gained on large and demanding projects, and experts who are capable of managing increasingly complex activities, must be kept in IGH. An invaluable pool of expertise and experience of IGH's experts is thus created, forming the basis for long-term sustainability of our business operations. Expanding the capabilities of professional staff through development and training of presently employed and bringing new team leaders and key experts to work on projects, as well as attract junior engineers is still in our focus. In addition, thanks to the implementation of the Mentoring System which we started in 2022, we would like to establish a mentoring system whereby junior engineers and designers can work together with more experienced experts in all phases of designs, thus ensuring a faster transfer of knowledge and ultimately a higher level of quality of our work and services and an added value for our partners. A systematic program of vocational education and training will enable our employees to develop their expertise and managerial skills, foreign languages and soft skills as well as application of new technologies such as BIM, as a part of the comprehensive digital transformation of the Company.

Client orientation

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

Scientific and research activities

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

Focus on new sectors and modernization of services

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

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

We wish to be the leading company when it comes to improving services according to world standards, and be the leader in the trend towards modernization of services in civil engineering for all stakeholders. This primarily means promoting BIM processes and tools and establish them as the standard in the industry.

Financial stability

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

Increased involvement of all IGH assets on current and new foreign markets will ensure long-term and sustainable financial stability of the Company

New markets

Our strategic goal in the next period is to turn towards the West and the Near East and the Asian market.

Strategy adjustment

Considering the new market trends, last year we started to adjust our Strategy to reflect both market and geopolitical changes. In addition to maintaining our four principal directions, we will take a more strategic approach to design, technical supervision, laboratory and R&D activities, further digitalization. Promotion and provision of BIM services.

Figure 2. Symbolic representation of strategic areas of Institut IGH, d.d.

9. ORGANIZATIONAL STRUCTURE

On 31 Dec 2022, the Company organization was as follows:

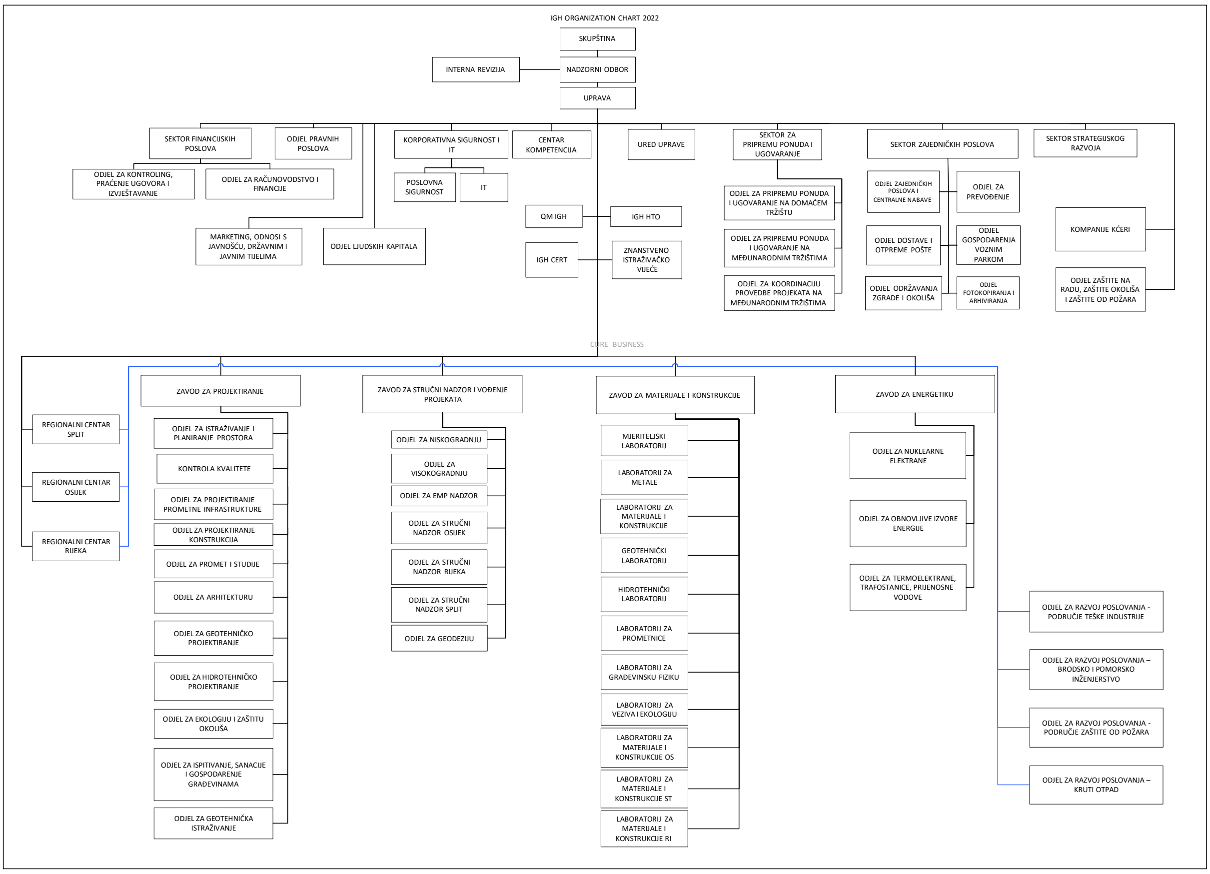

Figure 3. Organizational structure on 31 Dec 2022

10. Material issues of importance for the Company

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

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

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

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

Considering all of the above, the Company recognizes the following three material issues:

1. **Health and safety of our employees and our industrial partners on projects**
2. **Adaptation and impact on the environment**
3. **Focus on employees through mentoring and professional development**

11. NON-FINANCIAL REPORTING

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

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

The Company received confirmation of compliance with the requirements of all these standards from the Certification Body DNV in December 2022, upon completion of audit

Institut IGH was certified last year according to the standard ISO/IEC 27001:2013 of the Information Security Management System.

Laboratory activities are also undertaken for many years in accordance with the requirements of the standard HRN EN ISO/IEC 17025:2017 on several locations throughout Croatia (Zagreb, Split, Rijeka, Osijek, Pula, Varaždin, Dubrovnik). All organizational units carry out testing /calibration /sampling in accredited and non-accredited fields.

Accreditation in testing laboratories for 511 methods, i.e. 705 methods, if we take into account all the locations testing is conducted was completed in March 2022

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

Integrated management system at the INSTITUT IGH d.d is applied to all business processes and locations and, as a requirement of modern business operations, ensures continuous improvement of processes, corporate social responsibility and development of service quality.

INSTITUT IGH d.d. continues to promote corporate social responsibility through the development of its business processes by reorganization and digitization, by focusing on employees, encouraging and developing research work, as well as accountability to the environment.

Pursuing global goals to reduce carbon and water footprints, as well as responsible energy consumption, INSTITUT IGH d.d seeks to increase its efficiency through defined goals.

INSTITUT IGH d.d. will continue to improve its business model for the benefit of its clients, investors, employees and suppliers, as well as the entire social community.

Management Systems in INSTITUT IGH, d.d

Integration of all management systems in INSTITUT IGH, d.d. was a priority in 2021, in order to facilitate their operation, increase their efficiency, reduce costs, reduce the number of management system documents and allow for easier access and understanding for the employees.

Within the framework of the management system, app. ten training events were held for all newly hired employees to increase awareness of management systems, awareness of the contribution of each employee to system efficiency, the quality system policy, the environment, energy and employee health and safety system policies.

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

The audit of the certification company DNV was held in November and included the requirements of ISO9001 (recertification), ISO14001, ISO45001 and ISO50001 (supervision).With the exception of a few isolated and recorded inconsistencies, the integrated management system is considered efficient and harmonized i.e. aligned with the standards based on audited samples. Certificates for the environmental management system, occupational health and safety management system, as well as energy management system remain in force, and a new certificate has been issued for the Energy management system, valid until the end of 2025.

The certification audit for the new information security management system according to ISO 27001 was held through May 2022, and the certificate for the said system was issued on 10 June 10 2022

Quality Management System including laboratories

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

The laboratories meet the training requirements and make up the majority of all laboratories in Croatia. All laboratories are equipped with modern equipment for laboratory, in-situ testing, research services and calibration of measuring devices and are accredited in accordance with the standard HRN EN ISO/IEC 17025:2017. According to the attachment to the Accreditation Certificate a total of 705 testing methods was accredited in the testing laboratories, of which 194 methods overlap by location, so in all 511 different methods are accredited.

The Metrological laboratory was evaluated by the Croatian Accreditation Agency in March 2022. Methods of calibration of length meters, force meters, vibration tables with a measuring system, non-automatic scales and temperature chambers were accredited. Five methods are accredited in the laboratory and eleven methods in-situ.

Environmental management

Through the environmental management system, INSTITUT IGH d.d. in 2022 continued to reduce negative environmental impacts to a minimum, taking into account climate changes and prospects of the life cycle of every product. In accordance with the requirements of our clients, suppliers, employees, business partners and other interested parties, and related to the range of activities we are engaged in, we estimated that the ecological footprint is relatively small. We have thus dedicated ourselves to the operations which we can significantly influence.

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

Waste management

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

In 2022 the following types and quantities of waste were managed:

Type of waste	ZG (t)	ST (t)	OS (t)	RI (t)	Generated waste (t)	Recovered (t)	Waste disposal (t)
Concrete	35,14	12,18	0	28,42	75,74	35,14	40,6
Construction waste	35,26	0	22,705	9,72	67,685	35,26	32,425
Biodegradable waste	8,71	0	0	0	8,71	8,71	0
Plastic	3,53	0	0	0	3,53	3,53	0
Paper	5,86	0	0	0,41	6,27	5,86	0,41
Filters and absorbents	0,07	0	0	0	0,07	0,07	0
Hazardous packaging	0,3	0	0	0	0,3	0	0,3
Paint, varnishes, resin	0,005	0	0	0	0,005	0	0,005
Electric and electronic waste	1,94	0	0	0	1,94	1,94	0
Insulating material (hazardous)	0,07	0	0	0	0,07	0	0,07
Insulating materials	3,96	0	0	0	3,96	0	3,96
Rubber, tyre	0,005	0	0	0	0,005	0,005	0
Dangerous components	0,08	0	0	0	0,08	0	0,08
Tar	0,175	0	0	0	0	0	0,175
Total	**95,105**	**12,8**	**22,705**	**38,55**	**168,365**	**90,515**	**78,025**

Table 4. Data on the quantities of waste in 2022

Data inputs in Table 4 are reported data from the Register of Environmental Pollutants and records on the generation and flow of waste.

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

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

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

Environmental data

	2021	2022
Gross direct greenhouse gas emissions (GHG) in metric tonnes of equivalent (scope 1)	595798,2 t	525001,5 t
Greenhouse gas emission per company revenue	0,003334704	0,002900561
Reduction of greenhouse gas emission per company revenue in 2022 compared to 2021	13%	

Gasses included in the calculation: CO^2, $CH^{4.}$

Source of calculation and used emission factors and GWP potential rate: EIB Project Carbon Footprint

The year 2021 was taken as the base year since it is the only one relevant. This also applies for the monitoring of energy consumption.

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

Energy management

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

The energy review carried out within the framework of the energy management system in accordance with ISO 50001 includes Institute's locations of business: The head office in Zagreb, RC Split, RC Osijek, RC Rijeka, with some limitations. Regional centre Split was not included in the 2022 analysis because we do not have the data on energy consumption for that location. The RC Rijeka data on energy consumption are not realistic because they are calculated by the lessor as a percentage of the total bill
Other locations are energy-nonsignificant consumers and are not covered by the analysis.

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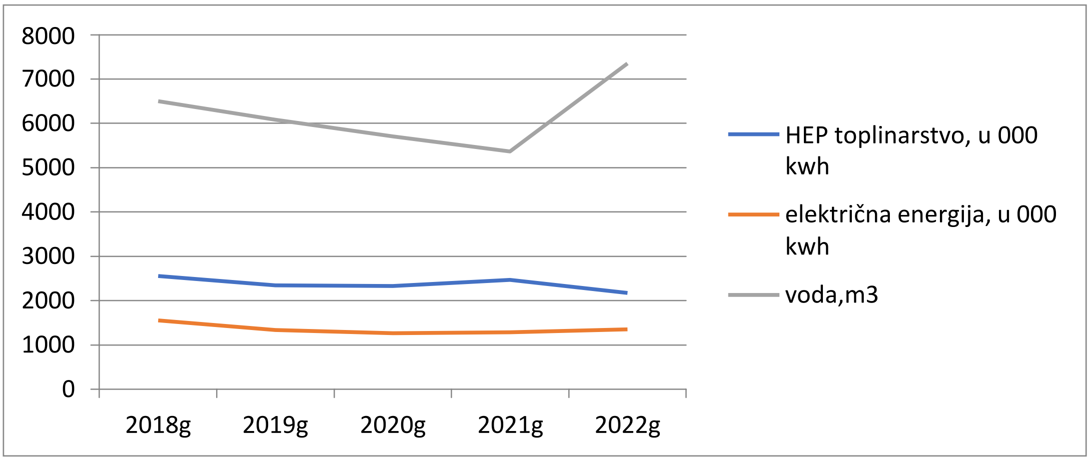
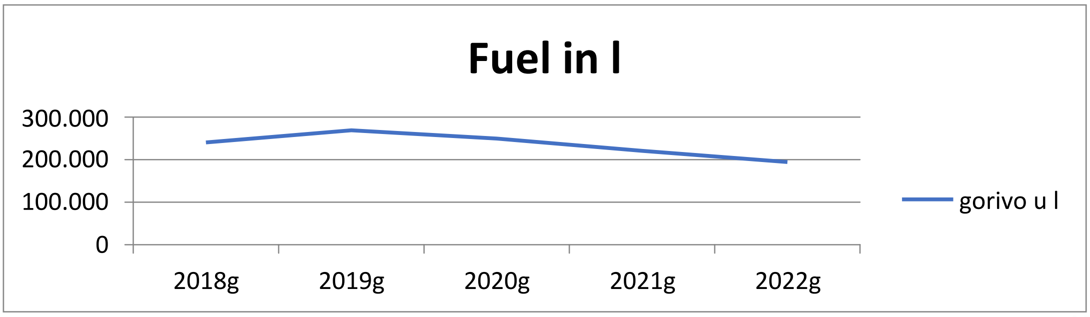
Total fuel consumption in the Company, from non-renewable sources is 8,38531*10^{12}J. As far as renewable sources are concerned, such vehicles are not currently not used.

In 2022, INSTITUT IGH, d.d. recorded consumption of the following energy sources in respective quantities (note: Split was not included in this data since there is no data for 2022 for comparison):

Energy Group	Energy source	Consumption per unit of measurement	Consumption in kWh	Consumption in J
Transport	Diesel fuel	194.445 l	2.080.562	7,38891*10^{12}
Heating	Thermal energy	2.160.868 kWh	2.160.868	4,9901*10^{12}
Electricity	Electricity	1.348.078 kWh	1.348.078	7,77912*10^{12}
Water	Water	7.352m^3	-	-
Total	All	-	5.589.508	2,01581*10^{13}

A comparison of the total energy consumption shows that thermal energy has the greatest consumption





Total fuel consumption in the Company comes from non-renewable sources As far as renewable sources are concerned, no such vehicles are currently being used.

In conclusion, energy consumption is monitored and analysed, and improvements in energy savings are evident. The biggest savings in eh energy sources were made in fuel consumption compared to the previous year. Regarding other energy sources which significantly impact energy efficiency, savings are also visible, although it is extremely difficult to compare 2022 and 2021 with the historical data (2018-2019-2020), because the energy management system was only introduced in 2019 and energy consumption started to be monitored. The year 2020 was the „Covid year" (work from home, self-isolation, isolation…). Therefore 2021 was taken as the base year.

Energy indicators

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

The relevant variable here is the Institut IGH revenue.

EnPi	2021	2022	2022-2021
Energy consumption total (J)	$2{,}278*10^{13}$	$2{,}01581*10^{13}$	$-2{,}62*10^{12}$
IGH revenue (HRK)	178.666.000	181.000.000	2.334.000
EnPi (J/HRK)	127503,57	111370,9326	-16.132,60

The total energy consumption includes total energy used for heating, cooling and transport.

Implementation of the Energy Management System according to ISO 50001 significantly influenced the reduction of energy consumption, primarily through employee education etc.

Water

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

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

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

Absolute water consumption in megaliters, in IGH is: 7,469 Ml.

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

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

Management of occupational health and safety at work

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

In 2022 the focus slowly shifted from the Corona virus pandemic (with no fatal outcomes among our employees) to risks directly related to work processes. Therefore, internal audits of occupational health and safety at work experts were intensified in those processes recognized as risky during risk assessment. Persons authorized by the employer for occupational health and safety at work were informed about the internal audit results and corrective actions were initiated, most of which were accepted and closed.

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

Analysis of work related injuries in the period 2013 - 2022 /

GODINA / *YEAR*	***BROJ SMRTNIH OZLJEDA*** */ No FATAL ACCIDENTS*	***BROJ OZLJEDA)*** */ No of injuries*	***IZGUBLJENI RADNI DANI*** */ LOST WORKING DAYS*	***UČESTALOST* /*** *FREQUENCY RATE**	***TEŽINA OZLJEDA***** */ SEVERITY RATE***	***Broj djelatnika / No. of*** *Employees*	***Fond sati po djelatniku /*** *Np.of working hours/employee*	***Ukupno sati /*** *Total hours IGH*	***Izgubljeni sati /*** *Lost hours*	***Izgubljeni dani /*** *Lost days*
2013	0	4	100	0,03	0,74	651	2088	1359288	800	100
2014	0	3	50	0,02	0,39	613	2088	1279944	400	50
2015	0	2	59	0,02	0,49	578	2088	1206864	472	59
2016	0	3	26	0,03	0,23	532	2088	1110816	208	26
2017	0	4	22	0,04	0,22	473	2088	987624	176	22
2018	0	1	62	0,01	0,71	421	2088	879048	496	62
2019	0	5	99	0,05	1,01	469	2088	979272	792	99
2020	0	1	18	0,01	0,17	517	2088	1079496	144	18
2021	0	2	15	0,02	0,14	521	2088	1087848	120	15
2022	0	2	8	0,02	0,08	492	2088	1027296	64	8

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

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

12. ATTITUDE TOWARDS EMPLOYEES

Employee rights in the Company, in 2022 were regulated by:

- The Labour Act
- Employment Regulation dated 23 March 2017 which entered into force on 1 April 2017, by which the previous Employment Regulation and its Amendments ceased to be valid
- Regulation on the use of company cars no. OD-2-11/2021 dated 1 July 2021, by which the previous Regulation on the use of company cars dated 8 July 2020 ceased to be valid
- Decision of the Management Board no.OD-15-1/2021 by which a consolidated text of the Regulation on Business Trips and Field Work was adopted, in force since 25 March.2021 and by which all previous Regulations/Decisions on this subject have ceased to be valid.
- Decision of the Management Board no. OD-74/2020 dated 20 July 2020 by which the Decision on Salary Classes came into force and by which the Decision on Salary Classes no 201/131-4 dated 23 March 2017 ceased to be valid.

Personnel structure

On 31 December 2022, INSTITUT IGH, d.d. had 468 employees, with an additional 9 employed in foreign branch offices. This is a decrease by 57 employees compared to 31 December 2021, when the Company had 534 employees.

AGE	LOW SKILLED	SKILLED	SECONDARY SCHOOL	HIGHER EDUCATION	UNIVERSITY DEGREE	MASTER'S DEGREE	DOCTORATE	Total	percentage
20-29			12	8	49			69	14%
30-39	1		9	5	77			92	19%
40-49			23	17	88	5	2	135	30%
50-59	1	1	37	13	50	10	4	116	25%
60-69			7	6	34	4	3	54	12%
70-75					1	1		2	0%
TOTAL	2	1	88	49	299	20	9	468	100%
Share	0%	0%	19%	10%	65%	4%	2%	100%	-

Table 13: Age and educational structure of INSTITUT IGH, d.d. employees in Croatia and in branch offices on 31 Dec.2022

A total of 7 training sessions were held in 2022 with the aim of professional development, lasting a total of 112 hours. A total of 87 female and 112 male employees participated in these trainings.

13. TRANSACTIONS WITH SHARES

IGH-R-A	AGRAM BANKA D.D. (0/1) / AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	AGRAM BANKA D.D.	239.500	39,02501
IGH-R-A	AGRAM BANKA D.D./ AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	AGRAM BANKA D.D.	75.500	12,30225
IGH-R-A	AKCIONAR D.O.O. (1/1)	AKCIONAR D.O.O.	12.500	2,036796
IGH-R-A	PRIVREDNA BANKA ZAGREB D.D./SKRBNIČKI ZBIRNI RAČUN KLIJENTA	PRIVREDNA BANKA ZAGREB D.D.	9.005	1,467308
IGH-R-A	MIHALJEVIĆ BRANKO (1/1)	MIHALJEVIĆ BRANKO	8.010	1,305179
IGH-R-A	CAPTURIS D.O.O. (1/1)	CAPTURIS D.O.O.	7.895	1,28644
IGH-R-A	INSTITUT IGH, D.D. (1/1)	INSTITUT IGH, D.D.	6.659	1,085042
IGH-R-A	ČOLINA ANTE (1/1)	ČOLINA ANTE	4.800	0,78213
IGH-R-A	JURČAK ANTUN (1/1)	JURČAK ANTUN	4.798	0,781804
IGH-R-A	IPRO - INŽENJERING D.O.O. (1/1)	IPRO - INŽENJERING D.O.O.	4.512	0,735202

In 2022, the Zagreb Stock Exchange traded with 47.173 shares mark IGH-R-A in the amount of HRK 4.085.231,90 with the daily concluded prices ranging between HRK 70,1811 to 115,00 HRK. (Source: ZSE, Trade information and statistics, Periodic Trade Reports, Review of Trade in 2022)

14. STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE

The largest shareholders are Avenue Engineering and Construction Limited, with 51,33% and Akcionar d.o.o. with 2,036%, while all other shareholders hold less than 1,5% share in the Company.

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

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

Company Management

The INSTITUT IGH, d.d. Management, in the period from 1 January 2022 to 31 December .2022 consisted of the following members:

1. from 06 Dec 2022 – four member Board: Robert Petrosian, President of the Management Board – Vedrana Tudor, Member of the Management Board – Miroslav Pauzar, Member of the Management Board – Igor Džajić, Member of the Management Board
2. from 06 Dec 2022 – three member Board: Robert Petrosian, President of the Management Board – Miroslav Pauzar, Member of the Management Board – Igor Džajić, Member of the Management Board

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

Supervisory Board

The INSTITUT IGH, d.d. Supervisory Board, during 2021 had five members:

1. Žarko Dešković – Chairman of the Supervisory Board
2. Mariyan Tkach – Supervisory Board member since 26 August 2019 – Deputy Chairman of the Supervisory Board since 26 August 2020
3. Sergej Gljadelkin (16 June 1989) – Supervisory Board member
4. Igor Tkach –Supervisory Board member
5. Marin Božić – Supervisory Board member

15. INTERNAL CONTROLS

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

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

Management of the Company and its subsidiaries are responsible for the implementation and execution of internal control of financial reporting. The internal control system is organized to ensure reasonable assurance to the Management regarding the preparation and fair presentation of separate and consolidated financial statements. Management of the Company and its subsidiaries have assessed the efficiency of internal control over financial reporting for 2021 and concluded that the internal control of financial reporting has fulfilled all set criteria.

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16. RISK MANAGEMENT

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

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

From the legally concluded pre-bankruptcy settlement until 31 Dec 2022, through cash payments, issue of shares for converting a part of creditor's claims into capital, through payment of priority claims and other claims of workers with respective taxes and contributions, and by writing-off in accordance with the provisions of the pre-bankruptcy settlement, the Company settled a total of HRK 369.372 thousand of liabilities incurred prior to the opening of the pre-bankruptcy settlement procedure.

The remaining debt, with the balance sheet date of 31 Dec 2022 amounts to HRK 90.403 thousand, and even after the balance sheet date the Company continues to settle its obligations towards creditors, partly from sale, partly by taking over of assets, in order to settle its obligations from the pre-bankruptcy settlement. In the first quarter of 2023, the Company will close the senior debt in the amount of HRK 39,933 thousand and continue with the activities of closing the complete obligations arising from the pre-bankruptcy procedure.

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

17. FINANCIAL OVERVIEW

u 000 HRK	INSTITUT IGH d.d.			GRUPA IGH		
	2022	2021	Promjena %	2022	2021	Promjena %
Operativni prihodi	181.978	178.666	1,85%	182.842	180.426	1,34%
Operativni troškovi	139.494	157.945	-11,68%	141.066	188.324	-25,09%
EBITDA	42.484	20.721	105,03%	41.775	-7.898	-628,94%
EBITDA marža	23,35%	11,60%	101,30%	22,85%	-4,38%	-621,95%
Kratkotrajna imovina izuzev zaliha	76.779	87.371	-12,12%	79.031	103.910	-23,94%
Kratkoročne obveze izuzev obaveza po kreditima I pozajmicama	71.934	76.560	-6,04%	77.492	80.761	-4,05%
	0,94	0,88		0,98	0,78	

Table: Key financial indicators

INSTITUT IGH, d.d. in 2022 achieved an **EBITDA** amounting to **HRK 42,5 million** compared HRK 20,7 million in 2021. The EBITDA trend reflects a decrease in expenditures by 12%.

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

A more detailed financial overview is provided in the annual financial statements given in **Attachment**.

18. GRI INDEX

Statement of use	INSTITU IGH, d.d. compiled this Report, presented through this Index, for the period 1 January 2022 to 31 December 2022. Taking into account the GRI standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	PAGE /OMMISSIONS
GRI 2: General Disclosures 2021	2-1 Organizational details	19
	2-2 Entities included in the organization's sustainability reporting	13,14
	2-3 Reporting period, frequency and contact point	1.1.2022-31.12.2022, Tatjana Bičanić
	2-4 Restatements of information	N/A
	2-5 External assurance	21,22
	2-6 Activities, value chain and other business relationships	3,4,13,14,15,20
	2-7 Employees	3,17,20,26,27,28
	2-8 Workers who are not employees	N/A
	2-9 Governance structure and composition	19,30
	2-10 Nomination and selection of the highest governance body	30
	2-11 Chair of the highest governance body	30
	2-15 Conflicts of interest	31,32
	2-16 Communication of critical concerns	31,42
	2-17 Collective knowledge of the highest governance body	31
	2-18 Evaluation of the performance of the highest governance body	42
	2-19 Remuneration policies	42
	2-20 Process to determine remuneration	42
	2-21 Annual total compensation ratio	42
	2-22 Statement on sustainable development strategy	N/A
	2-23 Policy commitments	42
	2-24 Embedding policy commitments	42
	2-25 Processes to remediate negative impacts	31, 42
	2-26 Mechanisms for seeking advice and raising concerns	42
	2-27 Compliance with laws and regulations	2,21,28,32,42

	2-28 Membership associations	N/A
	2-29 Approach to stakeholder engagement	
	2-30 Collective bargaining agreements	N/A
	3-1 Process to determine material topics	20
	3-2 List of material topics	20
	3-3 Management of material topics	20
GRI 3: Material Topics 2021	201-1 Direct economic value generated and distributed	N/A
	201-2 Financial implications and other risks and opportunities due to climate change	N/A
	201-3 Defined benefit plan obligations and other retirement plans	19
GRI 201: Economic Performance 2016	201-4 Financial assistance received from government	N/A
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	No available data
	202-2 Proportion of senior management hired from the local community	No available data
	203-1 Infrastructure investments and services supported	No available data
GRI 202: Market Presence 2016	203-2 Significant indirect economic impacts	No available data
	204-1 Proportion of spending on local suppliers	No available data
GRI 203: Indirect Economic Impacts 2016	205-1 Operations assessed for risks related to corruption	No available data
	205-2 Communication and training about anti-corruption policies and procedures	During trial period
GRI 204: Procurement Practices 2016	205-3 Confirmed incidents of corruption and actions taken	N/A
GRI 205: Anti-corruption 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	N/A

	207-1 Approach to tax	According to law
	207-2 Tax governance, control, and risk management	31,32
GRI 206: Anti-competitive Behaviour 2016	207-3 Stakeholder engagement and management of concerns related to tax	N/A
GRI 207: Tax 2019	207-4 Country-by-country reporting	13,14,44
	301-1 Materials used by weight or volume	N/A
	301-2 Recycled input materials used	N/A
	301-3 Reclaimed products and their packaging materials	N/A
GRI 301: Materials 2016	302-1 Energy consumption within the organization	24,25
	302-2 Energy consumption outside of the organization	24,25
	302-3 Energy intensity	N/A
GRI 302: Energy 2016	302-4 Reduction of energy consumption	24,25,26
	302-5 Reductions in energy requirements of products and services	24,25,26
	303-1 Interactions with water as a shared resource	N/A
	303-2 Management of water discharge-related impacts	N/A
	303-3 Water withdrawal	N/A
GRI 303: Water and Effluents 2018	303-4 Water discharge	26
	303-5 Water consumption	26
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	26
	304-2 Significant impacts of activities, products and services on biodiversity	26
	304-3 Habitats protected or restored	26
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
	305-1 Direct (Scope 1) GHG emissions	N/A
	305-2 Energy indirect (Scope 2) GHG emissions	N/A
	305-3 Other indirect (Scope 3) GHG emissions	N/A

GRI 305: Emissions 2016	305-4 GHG emissions intensity	24
	305-5 Reduction of GHG emissions	N/A
	305-6 Emissions of ozone-depleting substances (ODS)	N/A
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	N/A
	306-1 Waste generation and significant waste-related impacts	N/A
	306-2 Management of significant waste-related impacts	N/A
	306-3 Waste generated	23,24
GRI 306: Waste 2020	306-4 Waste diverted from disposal	23,24
	306-5 Waste directed to disposal	23,24
	308-1 New suppliers that were screened using environmental criteria	N/A
	308-2 Negative environmental impacts in the supply chain and actions taken	N/A
	401-1 New employee hires and employee turnover	Not covered by this report
GRI 308: Supplier Environmental Assessment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	N/A
	401-3 Parental leave	Not covered by this report
GRI 401: Employment 2016	402-1 Minimum notice periods regarding operational changes	in agreement with the employer
	403-1 Occupational health and safety management system	8,20,27
	403-2 Hazard identification, risk assessment, and incident investigation	26,27
GRI 402: Labour/Management Relations 2016	403-3 Occupational health services	26,27,28
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	26,27,28
	403-5 Worker training on occupational health and safety	All employees are obliged to grt training and be tested
	403-6 Promotion of worker health	Occasionally there are programs for employees
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	All employees working in this area are obliged to go through mandatory

		health and training tests
	403-8 Workers covered by an occupational health and safety management system	No data available
	403-9 Work-related injuries	26,27
	403-10 Work-related ill health	26,27
	404-1 Average hours of training per year per employee	No data available
	404-2 Programs for upgrading employee skills and transition assistance programs	No data available
	404-3 Percentage of employees receiving regular performance and career development reviews	No data available
GRI 404: Training and Education 2016	405-1 Diversity of governance bodies and employees	30
	405-2 Ratio of basic salary and remuneration of women to men	Equal
	406-1 Incidents of discrimination and corrective actions taken	N/A
GRI 405: Diversity and Equal Opportunity 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
	408-1 Operations and suppliers at significant risk for incidents of child labour	N/A
GRI 406: Non-discrimination 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	N/A
GRI 407: Freedom of Association and Collective Bargaining 2016	410-1 Security personnel trained in human rights policies or procedures	N/A
GRI 408: Child Labour 2016	411-1 Incidents of violations involving rights of indigenous peoples	N/A
GRI 409: Forced or Compulsory Labour 2016	413-1 Operations with local community engagement, impact assessments, and development programs	N/A
GRI 410: Security Practices 2016	413-2 Operations with significant actual and potential negative impacts on local communities	N/A
GRI 411: Rights of Indigenous Peoples 2016	414-1 New suppliers that were screened using social criteria	N/A
GRI 413: Local Communities 2016	414-2 Negative social impacts in the supply chain and actions taken	N/A
	415-1 Political contributions	N/A

GRI 414: Supplier Social Assessment 2016	416-1 Assessment of the health and safety impacts of product and service categories	N/A
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 415: Public Policy 2016	417-1 Requirements for product and service information and labelling	N/A
GRI 416: Customer Health and Safety 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	N/A
	417-3 Incidents of non-compliance concerning marketing communications	N/A
GRI 417: Marketing and Labelling 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A

19. SIGNATURE OF THE COMPANY'S MANAGEMENT

The Management of the Company signs this Report and makes the following statement:

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

____

Robert Petrosian, President of the Management Board

CEO

20. ATTACHMENTS

1. **SCIENTIFIC COUNCIL OF INSTITUT IGH d.d**
2. **CORPORATE GOVERNANCE CODE - ANNUAL QUESTIONNAIRE**

   1.1. **FINANCIAL STATEMENTS**

   1.2. Non-consolidated and consolidated financial statements of the Company INSTITUT IGH, d.d. for the year ended on 31 December 2022 together with the independent auditor's report

Attachment 1

SCIENTIFIC COUNCIL OF INSTITUT IGH, d.d.

During 2022 INSTITUT IGH, d.d. continued its scientific cooperation in the field of civil engineering and other areas, primarily in hydrogen production and environmental protection.

The initiator of the scientific and research work is the Scientific and Research Council, which was re-established in 2021.

The scientific and research activity is mostly connected with laboratory testing of new types of building materials with a special emphasis on the possibility of recycling different waste materials in the production of building materials. Activities related to testing the content of micro plastics in water and sediment continued. Cooperation was also established on projects related to hydrogen production.

A particularly important goal of the Scientific and Research Council is to strengthen the research potential by increasing the quality of research and taking care of the younger generation of scientists and researchers.

INSTITUT IGH, d.d.

Attachment 2

2. CORPORATE GOVERNANCE CODE - ANNUAL QUESTIONNAIRE

The Corporate Governance Code, an integral part of this Report, shall be submitted as a separate document.

Attachment 3

1. FINANCIAL STATEMENTS

2.1. Non-consolidated and consolidated financial statements of the Company INSTITUT IGH, d.d. for the year ended on 31 December 2022, together with the independent Auditor's Report

INSTITUT IGH d.d., Zagreb

The 2022 annual consolidated and separate financial statements

with an independent auditor's report

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

INSTITUT IGH d.d., Zagreb

The 2022 annual consolidated and separate financial statements

with an independent auditor's report

Responsibility for the Annual Financial Statements

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

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

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

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

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

On behalf of the Management Board:

Robert Petrosian Director	Željka Sikaček Procurator	Marija Đuroković Procurator
Senka Žaja Procurator	Tatjana Bičanić Procurator	

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

In Zagreb, 9 October 2023

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10000 Zagreb
Radnička cesta 180

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Institut IGH d.d.:

Report on the audit of annual separate and consolidated financial statements

Qualified opinion

We performed an audit of the annual separate and consolidated financial statements of Institut IGH d.d., Zagreb, Janka Rakuše 1 („the Company") and its subsidiaries („the Group"), for the year ended 31 December 2022, which include the separate and the consolidated Statement of financial position as at 31 December 2022, the separate and consolidated Statement of comprehensive income, the separate and the consolidated Statement of Cash Flows and the separate and consolidated Statement of Changes in Equity for the year then ended, as well as the accompanying Notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects described in section "Basis for Qualified Opinion", the accompanying annual separate and consolidated financial statements present truly and fairly the separate and consolidated financial position of the Company and the Group as at 31 December 2022, their separate and consolidated financial performance and separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards established by the European Commission ("IFRS").

Basis for Qualified Opinion

The business operations of Institut IGH's Moscow subsidiary

As stated in Note 36 „The closing of Institut IGH's Russian subsidiary in Moscow„ accompanying the separate and consolidated financial statements, pursuant to a decision of the Company's Management, the Russian subsidiary of Institut IGH, d.d. in Moscow, was closed in 2021. Following the events concerning the war in Ukraine and the inability to access the assets of INSTITUT IGH's Russian subsidiary in Moscow, we were unable to acquire sufficient and appropriate audit evidence on the 5,118 thousand kunas worth of assets (5,356 thousand in 2021), 3,497 thousand kunas worth of liabilities (6,385 thousand kunas in 2021) included in the separate and consolidated Statement of financial position on 31 December 2022 as well as on the 2,784 thousands of kunas worth of revenues and 2,662 thousands of kunas worth of costs included in the separate and consolidated Statement on comprehensive income for the year that ended on 31 December 2021.

Valuation of property, plants and equipment

As stated in notes 3.8., 3.9., 12., 14., and 24.1, the Group and the Company have adopted the accounting policy of subsequent valuation of real estate, plant and equipment using the fair value model. The Company and the Group have not acquired relevant and comprehensive valuations of property, plants and equipment for the reporting period in accordance with International Accounting Standard 16 Property, plants and equipment. As such, during our audit, we were unable to acquire sufficient and appropriate evidence to ascertain the stated value of property, plant, equipment, revaluation reserves and deferred tax liabilities, and we are unable to determine the effects of corrections, in case of any, on the 2022 annual separate and consolidated financial statements.

Investments in subsidiaries

As stated in note 15, the Company and the Group stated investments in subsidiaries. During previous reporting periods, some of the subsidiaries ceased to do business, and the Group showed the effects of these changes in the consolidated Statement of financial position on 31 December 2022 and the consolidated Statement of changes in equity for the year that ended on 31 December 2022. If the Group had made corrections when it comes to previous periods in accordance with International Accounting Standard 8 Accounting policies, changes in accounting assessments and errors, the shown amounts of receivables and accumulated losses in the consolidated Statement of financial positions on 31 December 2021 would have been 14.250.000 kuna smaller.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Basis for Qualified Opinion (continued)

We conducted our audit in accordance with International Auditing Standards (IAS). Our responsibilities under those standards are further described in our Independent Auditors' report under section *Auditor's Responsibilities for the audit of the annual separate and consolidated financial statements*. We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independency Standards issued by the International Ethics Standards Board for Accountants (IESBA) (The IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified Opinion.

Emphasis of Matter

We draw attention to Note 2.7. „Going concern" and Note 35. „The effects of the pre-bankruptcy settlement" accompanying these separate and consolidated financial statements.

As at 31 December 2022 the Company the Company has negative equity in the amount of 80,408 thousand kuna (2021: 96,873 thousand kuna) and the short term liabilities exceed short term assets by 169,188 thousand kuna (2021: 172,762 thousand kuna), while the Group has a negative equity of 97,934 thousand kuna, (2021: 97,621 thousand kuna) and the Group's current liabilities exceed their current assets by 135,625 thousand kuna (2021: 122,845 thousand kuna).

Subsequently, the Company and Group Management are making an effort to resolve the existing situation and the improvement of ongoing business operations and the financial position of the Company and the Group, all for the purpose of doing business under the assumption of going concern. Our opinion has not been modified on this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, are of most significance in our audit of annual separate and consolidated reports for the current period and include the recognized greatest risks of significant misrepresentation due to error or fraud with the greatest impact on our auditing strategy, the use of our available resources and the use of time of our hired auditing team.

These matters were addressed in the context of our audit of the annual separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (continued)

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

We concluded that the matters outlined below are key audit matters that should be published in our independent auditor's report.

Key audit matter	How audit addressed the key audit matter
Revenue recognition **Related disclosures in the corresponding annual separate and consolidated financial statements** See note 3.3. „Revenue recognition” and 4. „Information on segments” in the corresponding annual separate and consolidated financial statements. In accordance with IFRS 15 „Revenue from contracts with customers“ when the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the date of the statement of financial position relative to the total estimated costs. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately. The cost method emphasizes the importance of the accuracy of the estimated total contract costs, total estimated revenues, contracted risks, including technical, political and regulatory risks, and other judgments. Considering the significance of revenues presented in the Statement of comprehensive income and the risk of recognizing them in an inappropriate period in order to show a better result of the period, we concluded that the consistency, accuracy and completeness of revenues as well as their distribution in the proper reporting period is a key audit matter.	**Our audit procedures related to this area, among other things, included:** • Gaining an understanding of the revenue recognition process by conducting interviews with key sales people, • Gaining an understanding of key controls related to the recognition of sales revenue and testing them on the basis of a sample, • Identification of concluded construction contracts, • Assessment of compliance of sales revenue recognition policies with the International Financial Reporting Standard 15 – “Revenue from customers”, • Based on a random independent, impartial and representative sample of construction contracts, we have confirmed the amount of recognized revenues and costs per year per project based on selected construction situations. • Assessment of the adequacy of disclosures related to the recognition of sales revenues in accordance with IFRS 15 – “Revenue from contracts with customers”

INDEPENDENT AUDITOR'S REPORT (continued)

A report on the audit of annual separate and consolidated financial statements (continued)

Other information

The Management is responsible for other information. Other information includes the Management Report, the Non-financial Report and the Statement on the Application of the Code of the Corporate Management, but does not include annual separate and consolidated financial statements and our Independent Auditor's Report thereon. Our opinion on the annual separate and consolidated financial statements does not include other information.

In connection with our audit of annual separate and consolidated financial statements, it is our responsibility to read other information above and to consider whether other is materially inconsistent with the annual separate and consolidated financial statements or our findings or otherwise appear to be materially misstated.

Regarding the Management Report, Non-financial Report and the Statement on the Application of the Code of Corporate Governance, we also carried out the procedures required by the current Croatian Accounting Act (the "Accounting Act"). These procedures include considering whether the Management Report has been prepared in accordance with Article 21 and 24 of the Accounting Act, whether the Non-Financial Report has been prepared in accordance with Article 21a of the Accounting Act and whether the Statement on the Application of the Corporate Governance Code contains information from Article 22 of the Accounting Act.

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

Based on the procedures required as part of our audit of the annual separate and consolidated financial statements and the above procedures, in our opinion:

1. The information contained in the Management Report and the Statement on the Application of the Corporate Governance Code is consistent, in all material respects, with the attached financial statements;
2. The attached Management Report is compiled in accordance with Article 21 of the Accounting Act;
3. The attached Non-Financial Report is compiled in accordance with Article 21.a of the Accounting Act
4. The attached Statement on the Application of the Corporate Governance Code includes the information defined in Article 22 of the Accounting Act.

Based on the knowledge and understanding of the Company's and Group's operations and their environment in which they operate, which we acquired during our audit of annual separate and consolidated financial statements, we are required to report whether we have identified material misstatements in the attached Management Report, Non-Financial Report and Statement on the Application of the Corporate Governance Code. In that sense, we have nothing to report, except as stated in the „Basis for Qualified Opinion" section.

Responsibilities of the Management and those in charged with governance for the annual separate and consolidated financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

A report on the audit of annual separate and consolidated financial statements (continued)

Auditor’s Responsibility for the audit for the audit of annual separate and consolidated financial statements

Our goals are to obtain reasonable assurance about whether the annual separate and consolidated financial statements, as a whole, are free from material misstatement as a result of fraud or error, and to issue an Independent auditors’ report that includes our opinion. Reasonable assurance is a higher level of assurance, but this is no guarantee that an audit performed in accordance with ISA will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are considered as important, if it can reasonably be expected that, individually or in aggregate, they affect the economic decisions of users made based on these annual separate and consolidated financial statements.

As an integral part of the audit report in accordance with ISA, we make professional judgments and maintain professional scepticism throughout the audit process. In addition, we:

- identify and assess the risks of material misstatement of the annual separate and consolidated financial statements due to fraud or error, design and perform audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non-detecting a material misstatement of fraud is greater than the risk of error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or circumvention of internal controls
- acquire an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group’s internal controls.
- assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- conclude on the appropriateness of the accounting basis used based on the going concern principle used by the Management Board and based on the obtained audit evidence, we conclude on whether there is material uncertainty regarding events or circumstances that may create significant doubts about the Company’s and Group’s ability to continue operating for an indefinite period of time. If we conclude that there is material uncertainty, we are required to call our attention to related disclosures in the annual separate and consolidated financial statements in our Independent Auditor’s Report or, if these are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Independent Auditor’s report. However, future events or conditions may cause the Company and the Group to discontinue their operations as a going concern.
- evaluate the overall presentation, structure, and content of the annual separate and consolidated financial statements, including disclosures, as well as whether the annual separate and consolidated financial statements reflect the transactions and events which they are based on in a way that achieves a fair presentation.
- obtain sufficient appropriate audit evidence regarding financial information from individuals and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for directing, overseeing, and performing the audit. We are solely responsible for expressing our opinion.

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

A report on the audit of annual separate and consolidated financial statements (continued)

The responsibilities of the auditor for the audit of annual separate and consolidated financial statements(continued)

Among the matters communicated to those charged with governance, we identify those matters that are of the utmost importance in the audit of the annual separate and consolidated financial statements of the current period and are therefore key audit matters. We describe these matters in our Independent Auditor's Report unless the law or regulation prevents the matter from being made public or when we decide, in extremely rare circumstances, that the matter should not be disclosed in our Independent Auditor's Report because it can be reasonably expected that the negative consequences of such disclosure would surpass public interest.

Report on other legal requirements

On 28 July 2022 we were appointed by the General Assembly of the Company and of the Group to audit their the annual separate and consolidated financial statements for 2022.

We are engaged to perform a statutory audit of the annual separate and consolidated financial statements of the Company and of the Group since 2020, which is a three-year engagement.

In the audit of the Company's and the Group's 2022 annual separate and consolidated financial statements we determined the materiality of the separate and consolidated financial statements as a whole in the amount of 2,254 thousand kuna and 2,258 thousand kuna, respectively, representing approximately 1,5% of sales revenue for 2022.

We have chosen sales revenue as a measure of materiality because we believe that this is the most appropriate measure given the significant fluctuations of results in the current and previous periods.

Our audit opinion is consistent with the Company's and the Group's additional report for Company's audit committee prepared in accordance with the provisions of Article 11 of Regulation (EU) no. 537/2014.

During the period between the starting date of the audited annual separate and consolidated financial statements of the Company and the Group for 2022 and the date of this Report, we did not provide prohibited non-audit services to the Company and its subsidiaries and did not provide design and implementation of internal control or risk management procedures related to the preparation and/or control of financial information or design and implementation of technological systems for financial information, and we maintained our independence in relation to the Company and the Group.

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

Auditor's report on the compliance of annual separate and consolidated financial statements (hereinafter: the financial statements), prepared pursuant to Article 462, paragraph 5 of the Capital Market Act (Official Gazette 65/18, 17/20 and 83/21) by applying the requirements of Delegated Regulation (EU) 2018/815 determining a single electronic reporting format for issuers (hereinafter: the ESEF Regulation.

We have performed an engagement and we give reasonable assurance that the financial statements prepared for public disclosure pursuant to Article 462 (5) of the Capital Market Act, which are contained in the electronic file *Institut IGH-2022-12-31-eng* and *Institut IGH Grupa-2022-12-31-eng* are in all material respects, prepared in accordance with the requirements of the ESEF Regulation.

INDEPENDENT AUDITOR'S REPORT (continued)

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

A report pursuant to the requirements of the ESEF Regulation (continued)

Responsibilities of the Management and those in charged with governance

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

In addition, the Management Board is responsible for maintaining an internal control system that reasonably ensures the preparation of financial statements without significant non-compliance with the reporting requirements of the ESEF Regulation, whether due to fraud or error.

The Management Board of the Company is also responsible for:

- publishing to the public the financial reports contained in the annual report in the valid XHTML format;
- selection and use of XBRL codes in accordance with the requirements of the ESEF Regulation.

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

Auditor's responsibilities

It is our responsibility to express a conclusion, based on the audit evidence gathered, as to whether the financial statements are free from significant non-compliance with the requirements of the ESEF Regulation. We conducted this reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.

Procedures performed

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

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

- we have read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of significant non-compliance with the ESEF Regulation due to fraud or error; and
- based on that, devised and designed procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The aim of our procedures was to assess whether:

- financial statements, which are included in the seperate and consolidated annual report, are prepared in the valid XHTML format,
- the information contained in the annual unconsolidated and consolidated financial statements required by the ESEF Regulation is labelled and all labels meet the following requirements:
    - XBRL markup language was used,
    - the basic taxonomy elements listed in the ESEF Regulation with the closest accounting significance have been used; unless an additional taxonomy element has been created in accordance with Annex IV of ESEF Regulations,
    - the labels comply with the common labelling rules under the ESEF Regulation.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

A report pursuant to the requirements of the ESEF Regulation (continued)

Conclusion

In our opinion, based on the conducted procedures and obtained evidence, the financial statements presented in ESEF format, contained in the above electronic file and pursuant to Article 462 paragraph 5 of the Capital Market Act prepared for public disclosure, in all material respects are consistent with the requirements of Articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2022.

In addition to this conclusion, as well as the opinions contained in this Independent Auditor's Report for the accompanying annual unconsolidated and consolidated financial statements and the annual report for the year ended 31 December 2022, we do not express any opinion on the information contained in these presentations or other information contained in the previously specified file.

The partner engaged in the audit of the annual unconsolidated and consolidated financial statements of the Company and the Group for 2022, which results in this Independent Auditor's Report, is Marina Tonžetić, certified auditor.

In Zagreb, 10 October 2023

BDO Croatia d.o.o.
Radnička cesta 180
10 000 Zagreb

For signatures, please refer to the original Croatian auditor's report, which prevails.

Hrvoje Stipić, President of the Management Board

Marina Tonžetić, Certified Auditor

INSTITUT IGH d.d.

Separate statement of comprehensive income for the year ending on 31 December 2022

DESCRIPTION	Note	2022 Thous. HRK	2021 Thous. HRK
Revenue from sale	4	**150.305**	169.137
Other operating income	5	**31.673**	9.529
Total revenue		**181.978**	178.666
Cost of consumables, raw materials and services	6	**(7.048)**	(6.507)
Cost of services	6	**(31.455)**	(41.476)
Staff costs	7	**(94.481)**	(98.105)
Other operating expenses	9	**(6.509)**	(11.857)
Total operating expenses		**(139.493)**	(157.945)
Depreciation	13. i 14.	**(18.144)**	(18.927)
Impairments/value adjustment of fixed financial assets	8	**0**	(25.059)
Impairments/value adjustment of other fixed assets	8	**(15)**	(26.812)
Value adjustment of receivables	8	**(1.428)**	(4.266)
Total depreciation and impairment		**(19.587)**	(75.064)
Financial revenue	10	**4.387**	3.797
Financial expenditure	11	**(11.373)**	(10.426)
Pre-tax profit		**15.912**	(60.972)
Corporate tax	12	1.049	9.897
Current year profit		**16.961**	(51.075)
Other comprehensive income			
Not to be reclassified through profit and loss			
Revaluation of fixed assets net of tax		**0**	(17)
To be reclassified through profit and loss			
Foreign exchange differences		**0**	(91)
Other comprehensive profit for the year		**0**	(108)
Comprehensive profit for the year		**16.961**	(51.183)
Earnings per share (in HRK)		**28,09**	(84,99)

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

INSTITUT IGH d.d.

Separate statement of comprehensive income for the year ending on 31 December 2022

DESCRIPTION	Notes	2022 Thous. HRK	2021 Thous. HRK
ASSETS			
Intangible assess	13	**1.626**	1.733
Property, plants and equipment	14	**53.192**	38.335
Investment in property		**247**	247
Investments in related parties and other investments	15	**72.975**	74.106
Loans and deposits given	17	**3.350**	3.488
Trade receivables and other receivables	16	**1.483**	2.196
FIXED ASSETS TOTAL		**132.873**	120.105
Inventories		**568**	568
Trade receivables and other receivables	16	**35.791**	39.911
Loans given and deposits	17	**27.322**	25.644
Accrued income and prepaid expenses	20	**6.418**	11.226
Contract assets	21	**3.795**	4.402
Cash and cash equivalents	18	**3.454**	6.188
CURRENT ASSETS TOTAL		**77.348**	87.939
Fixed assets held for sale	19	**12.300**	12.300
TOTAL ASSETS		**222.521**	220.344
EQUITY AND LIABILITIES			
Share capital	22	**116.605**	116.605
Own shares	23	**(3.016)**	(3.016)
Reserves for own shares	23	**1.446**	1.446
Other reserves	23	**1.007**	1.503
Capital reserves	23	**(255)**	(255)
Revaluation reserves	24	**38.950**	41.719
Accumulated losses		**(235.145)**	(254.875)
EQUITY TOTAL		**(80.408)**	(96.873)
Loans and borrowings	25	**363**	12.764
Lease liabilities	26	**24.393**	10.808
Provisions	27	**10.967**	11.223
Deferred tax liabilities	12	**8.174**	9.223
Trade and other payables	28	**198**	198
NON-CURRENT LIABILITIES TOTAL		**44.095**	44.216
Loans and borrowings	25	**186.901**	196.442
Lease liabilities	26	**12.489**	9.896
Trade and other payables	28	**40.183**	46.005
Liabilities for advances received	29	**6.932**	6.941
Liabilities for deposits received	29	**276**	419
Provisions	27	**2.432**	2.784
Contract liabilities	21	**1.041**	2.093
Accrual and deferred income	30	**8.580**	8.421
CURRENT LIABILITIES TOTAL		**258.834**	273.001
TOTAL EQUITY AND LIABILITIES		**222.521**	220.344

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

INSTITUT IGH d.d.
Separate statement of changes in equity for the year ending on 31 December 2022

(in thousand HRK)	Share capital	Capital reserves	Own shares	Reserves for own shares	Other reserves	Revaluation reserves	Share capital	Capital reserves
Status on 31 Dec 2020	**116.605**	**(255)**	**(3.196)**	**1.446**	**1.503**	**86.915**	**(248.888)**	**(45.870)**
Sale of treasury shares	0	0	180	0	0	0	0	179
Transfer from revaluation reserves	0	0	0	0	0	(45.088)	45.088	0
Comprehensive income								
Current year income	0	0	0	0	0	0	(51.075)	(51.075)
Other comprehensive income	0	0	0	0	0	(108)	0	(108)
Total comprehensive income	0	0	0	0	0	(108)	(51.075)	(51.183)
Status on 31 December 2021	**116.605**	**(255)**	**(3.016)**	**1.446**	**1.503**	**41.719**	**(254.875)**	**(96.873)**
Status on 1 Jan 2022	**116.605**	**(255)**	**(3.016)**	**1.446**	**1.503**	**41.719**	**(254.875)**	**(96.873)**
Reserves for bonus and option shares	0	0	0	0	(496)	0	0	(496)
Transfer from revaluation reserves	0	0	0	0	0	(2.769)	2.769	0
Comprehensive income								
Current year income	0	0	0	0	0	0	16.961	16.961
Other comprehensive income	0	0	0	0	0	**0**	0	0
Total comprehensive income	0	0	0	0	0	**0**	16.961	**16.961**
Status on 31 December 2022	**116.605**	**(255)**	**(3.016)**	**1.446**	**1.007**	**38.950**	**(235.145)**	**(80.408)**

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

INSTITUT IGH d.d.
Consolidated statement on cash flows
for the year ending 31 December 2022

DESCRIPTION	Notes	2022 Thous. HRK	2021 Thous. HRK
Cash flow generated from operations			
Profit before taxation		**15.911**	(60.972)
Adjustments:			
Depreciation	**13,14**	**18.144**	18.927
Value adjustments	**9**	**(167)**	56.137
Income from interest	**11**	**(39)**	(188)
Expenditure from interest	**11**	**11.654**	5.844
Net decreases in provisions		**(1.104)**	3.565
Unrealised exchange differences (net)	**11**	**-**	(3)
Profit from sale of fixed tangible and intangible assets	**14**	**-**	(1.807)
Other adjustments for non-cash transactions and unrealized profit and losses		**-**	(4.516)
Profit from sale of subsidiary company	**5**	**(27.583)**	-
Result from business activities before changes in working capital		**16.816**	16.987
Decrease (increase) of current liabilities		**9.848**	(5.797)
Decrease of contract assets		**606**	10.735
Decrease (Increase) of short term receivables	**29**	**-(12.034)**	8.338
Decrease of contract liabilities		**(1.053)**	(1.782)
Net cash flow from operating activities before interests and tax		**(2.633)**	11.494
Net cash flow from operating activities		**14.183**	28.481
Cash flows from investment activities			
Outflow for purchase of non-current tangible and intangible assets		**(2.285)**	(5.672)
Cash outflows for loans and deposits	**27**	**(1.539)**	(110)
Net cash flow from investment activities		**(3.824)**	(5.782)
Cash flows from investment activities			
Cash receipts from principal loans, other loans and borrowing		**9.047**	1.540
Cash receipts from sale of treasury shares		**-**	180
Cash outflows for repayment of principal loans and bonds		**(7.567)**	(17.574)
Cash outflows for rent		**(14.573)**	(8.603)
Other cash outflows from financing activities		**(13.093)**	(24.457)
Net cash flow from financial activities			
		(2.735)	(1.758)
Cash flow decrease total		**6.188**	7.946
Cash and cash equivalents at beginning of the business year	**20**	**3.454**	6.188

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

INSTITUT IGH d.d.
Consolidated statement on comprehensive income
for the year ending 31 December 2022

DESCRIPTION	Notes	2022 Thous. HRK	2021 Thous. HRK
Revenue from sale	4	150.557	169.826
Other operating income	5	32.285	10.600
Total revenue		182.842	180.426
Cost of consumables, services and raw materials	6	(7.359)	(6.781)
Cost of services	6	(31.004)	(41.210)
Staff costs	7	(95.873)	(99.011)
Other operating expenses	9	(6.832)	(41.322)
Total operating expenses		(141.068)	(188.324)
Depreciation	13 i 14	(18.546)	(19.370)
Value adjustment/impairment of other fixed assets	8	(15)	(26.812)
Value adjustment/impairment of receivables	8	(1.428)	(4.266)
Total depreciation and impairment		(19.989)	(50.448)
Profit/Loss from loss of control over subsidiary company		0	(1.052)
Financial revenue	10	4.476	3.566
Financial expenditure	11	(12.227)	(11.351)
Share in profit/loss of associated company		0	2
Pre-tax profit		14.034	(67.181)
Corporate tax		1.046	10.405
Current year profit		15.080	(56.776)
of holders of capital of the parent company		15.134	(56.759)
of minority interest holders		(54)	(17)
Earnings per share (in HRK)		24,98	(94,05)
Other comprehensive income			
to be reclassified through profit and loss			
Foreign exchange differences		(90)	(81)
Other comprehensive profit for the year		(90)	(81)
Comprehensive profit for the year		14.990	(56.857)
of holders of capital of the parent company		15.044	(56.840)
of minority interest holders		(54)	(17)

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

INSTITUT IGH d.d.
Consolidated statement of financial position
as at 31 December 2022

DESCRIPTION	Notes	31 December 2022	31 December 2021
		Thous.HRK	Thous. HRK
ASSETS			
Intangible assess	13	**1.658**	1.765
Property, plants and equipment	14	**63.283**	48.813
Investment in property		**247**	247
Investments in related parties	15	**15.000**	15.689
Loans and deposits given	17	**306**	493
Trade receivables and other receivables	16	**1.501**	2.213
FIXED ASSETS TOTAL		**81.995**	69.220
Inventories		**692**	692
Trade receivables and other receivables	16	**37.720**	54.559
Loans given and deposits	17	**27.130**	27.266
Accrued income and prepaid expenses	20	**6.522**	11.140
Contract assets	21	**3.795**	4.402
Cash and cash equivalents	18	**3.863**	6.543
CURRENT ASSETS TOTAL		**79.722**	104.602
Fixed assets held for sale	19	**12.300**	12.300
TOTAL ASSETS		**174.017**	186.122
EQUITY AND LIABILITIES			
Share capital	22	**116.605**	116.605
Own shares	23	**(3.643)**	(3.643)
Reserves for own shares	23	**1.446**	1.446
Other reserves	23	**1.007**	1.503
Capital reserves	23	**(255)**	(255)
Revaluation reserves	24	**41.578**	44.601
Accumulated losses		**(255.135)**	(258.395)
Minority interests		**463**	517
EQUITY TOTAL		**(97.934)**	(97.621)
Loans and borrowings	25	**363**	12.764
Lease liabilities	26	**24.393**	10.808
Provisions	27	**10.967**	11.223
Deferred tax liabilities	12	**8.497**	9.013
Trade and other payables	28	**198**	188
NON-CURRENT LIABILITIES TOTAL		**44.418**	43.996
Loans and borrowings	25	**150.041**	158.986
Lease liabilities	26	**12.489**	9.896
Trade and other payables	28	**45.870**	50.270
Liabilities for advances received	29	**7.007**	6.942
Liabilities for deposits received	29	**276**	419
Provisions	27	**2.432**	2.784
Contract liabilities	21	**1.041**	2.093
Accrual and deferred income	30	**8.377**	8.357
CURRENT LIABILITIES TOTAL		**227.533**	239.747
TOTAL EQUITY AND LIABILITIES		**174.017**	186.122

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

INSTITUT IGH d.d.
Consolidated statement of changes in equity for the year ending 31 Dec 2022

(in thousands HRK)	Share capital	Capital reserves	Own shares	Reserves for own shares	Other reserves	Revaluation reserves	Accumulated loss	Capital attributed to shareholders	Non-controlling interest	Total
Status on 31 Dec 2020	**116.605**	**(255)**	**(3.809)**	**1.446**	**1.503**	**97.183**	**(254.137)**	**(41.464)**	**(398)**	**(41.862)**
Sale of treasury shares	0	0	180	0	0	0	0	180	0	180
Acquisition of shares	0	0	(14)	0	0	0	0	(14)	0	(14)
Reserves for bonus and option shares	0	0	0	0	0	(52.501)	52.501	0	0	0
Transfer from revaluation reserves	0	0	0	0	0	0	0	0	932	932
Impact of loss of control over IGH d.o.o. Mostar and IGH Kosovo	0	0	0	0	0	0	(56.759)	(56.759)	(17)	(56.776)
Current year income	0	0	0	0	0	(81)	0	(81)	0	(81)
Other comprehensive income	**0**	**0**	**0**	**0**	**0**	**(81)**	**(56.759)**	**(56.840)**	**(17)**	**(56.857)**
Total comprehensive income	**116.605**	**(255)**	**(3.643)**	**1.446**	**1.503**	**44.601**	**(258.395)**	**(98.138)**	**517**	**(97.621)**
Status on 31 Dec 2021										
	116.605	**(255)**	**(3.643)**	**1.446**	**1.503**	**44.601**	**(258.395)**	**(98.138)**	**517**	**(97.621)**
Status on 1 Jan 2022	0	0	0	0	(496)	0	0	(496)	0	(496)
Sale of treasury shares	0	0	0	0	0	(2.769)	2.769	0	0	0
Acquisition of shares	0	0	0	0	0	0	(14.250)	(14.250)	0	(14.250)
Reserves for bonus and option shares	0	0	0	0	0	(164)	(303)	(467)	0	(467)
Transfer from revaluation reserves	0	0	0	0	0	0	15.044	15.044	(54)	14.990
Current year income	0	0	0	0	0	(90)	0	(90)	0	(90)
Other comprehensive income	**0**	**0**	**0**	**0**	**0**	**(90)**	**15.044**	**14.954**	**(54)**	**14.900**
Total comprehensive income	**116.605**	**(255)**	**(3.643)**	**1.446**	**1.007**	**41.578**	**(255.135)**	**(98.397)**	**463**	**(97.934)**

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

INSTITUT IGH d.d.
Consolidated statement of cash flow for the year ending 31 Dec 2022

DESCRIPTION	Notes	2022 Thous. HRK	2021 Thous. HRK
Cash flow generated from operations			
Profit(loss) before taxation		**14.034**	(67.181)
Adjustments:			
Depreciation	**13,14**	**18.546**	19.370
Value adjustments from receivables (net)	**9**	**(157)**	31.078
Income from interest	**11**	**39**	(188)
Expenditure from interest	**11**	**5.446**	6.675
Net decreases in provisions		**(574)**	3.565
Unrealised exchange differences (net)	**11**	**-**	(3)
Profit from sale of fixed tangible and intangible assets	**6**	**-**	27.369
Profit from sale of subsidiary company	**11**	**-**	1.052
Unrealized profit/loss through the equity method		**-**	(2)
Unrealized loss from financial assets and other expenditure		**-**	4.391
Write-off	**5**	**(27.583)**	-
Other adjustments for non-financial transactions and unrealised profit and losses		**(647)**	-
Result from operating activities before changes in working capital		**9.104**	26.126
Decrease (Increase) of receivables		**8.047**	(16.589)
(Decrease) Increase of contract assets		**607**	10.759
(Decrease) Increase of current liabilities		**(4.306)**	7.192
Decrease of contract liabilities		**(1.052)**	1.236
Net cash flow from operating activities before interests and tax		**3.296**	2.598
Net cash flow from operating activities		**12.400**	28.724
Cash flows from investment activities			
Proceeds from given loans and deposits		**-**	294
Outflow for purchase of non-current tangible and intangible assets		**(2.310)**	(5.672)
Cash outflows for loans and deposits		**-**	(110)
Cash receipts for loans and deposits		**323**	-
Net cash flow from investment activities		**(1.987)**	(5.488)
Cash flows from financial activities			
Cash receipts from loan principal, loans and other borrowings		**9.047**	1.540
Cash receipts from sale of treasury shares		**-**	180
Cash outflows for repayment of principal loans and bonds		**(7.567)**	(18.406)
Cash outflows for rent		**(14.573)**	(8.603)
Other cash outflows from financing activities		**-**	(14)
Net cash flow from financial activities		**(13.093)**	(25.303)
Total cash flow decrease		**(2.680)**	(2.067)
Cash and cash equivalents at beginning of the period	**20**	**6.543**	8.610
Cash and cash equivalents at the end of the period	**20**	**3.863**	6.543

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

1. General information

Foundation and development

Institut IGH d.d., Zagreb, Janka Rakuše 1, (the Company), VAT/OIB 79766124714, entered in the Commercial Court Register in Zagreb under the registration number 080000959.

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

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

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

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

The Group has 11 core business subsidiaries, 10 national and one international. The parent company of the Group is Institut IGH d.d. (the Company). The headquarters of the Group is located at Janka Rakuše 1, Zagreb, Republic of Croatia. Except for operations from the headquarters, the Group carries out its operations in Georgia, Bosnia and Herzegovina, Kosovo and Macedonia.

Company Bodies:

General Assembly

Chairman - Žarko Dešković

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

Supervisory Board

In 2022, the Supervisory Board of Institut IGH d.d. consisted of 5 members, as follows:

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

The Management Board of the Company and the Group

On 31 Dec 2022, the Management Board consists of 3 members:

- Robert Petrosian – Director, represents the Company solely and independently
- Miroslav Pauzar – Management Board member, represents the Company together with another Management Board member, ceased being a Management Board member on 22 February 2023
- Igor Džajić - Management Board member, represents the Company together with another Management Board member, ceased being a Management Board member on 22 February 2023

Company and Group Procurators representing the Company with another Procurator include:

- Mislav Hraste, ceased being a procurator on 4 July 2023
- Željka Sikaček
- Marija Đuroković, from 4 July 2023
- Senka Žaja, from 4 July 2023
- Tatjana Bičanić, from 4 July 2023

1. General information (continued)

The Audit Committee of the Company and the Group consists of three members:

- Gerhard Sattler
- Nadica Šalov
- Sergej Sergejević Gljadelkin

2. Basis for preparation

2.1. Statement of compliance – the Company

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

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

These consolidated and separate financial statements were authorised for issue by the Management Board on 9th October, 2023.

2.2. Statement of compliance- IGH Group

The consolidated financial statements of the Company and its subsidiaries, which the Company also prepares in accordance with IFRS and Croatian law, were issued separately, at the same time as the non-consolidated financial statements.

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

The consolidated and separate financial statements for the year ended December 31, 2022 are available on the company website: https://www.igh.hr/.

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

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

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

- **Amendment to IFRS 1 „The first application of International Financial Reporting Standards“ -** The annual 2018-2020 IFRS update related to the first application of IFRS of subsidiaries (effective for annual periods starting on or after 1 January 2022)
- **Amendment to IFRS 3 „Business mergers“ -** Updating the conceptual framework of financial reporting, adopted in the European Union on 28 June 2021 (effective for annual periods starting on or after 1 January 2022)

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

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

- **Amendment to IFRS 9 „Financial instruments“ -** The annual 2018-2020 IFRS update related to the derecognition of financial liabilities through the 10% test (effective for annual periods starting on or after 1 January 2022)
- **Amendment to IFRS 16 „Leases“ -** The annual 2018-2020 improvement to IFRS Standards solely for illustrative purposes
- **Amendment to IAS 16 „Property, plants and equipment“ -** prohibiting an entity from deducting from the cost of an item of property, plant and equipment (‘PP&E’) any proceeds received from selling items produced while the entity is preparing the asset for its intended use, adopted in the European Union on 28 June 2021 (effective for annual periods starting on or after 1 January 2022)
- **Amendment to IAS 37 „Provisions, contingent liabilities and contingent assets (Onerous contracts)“ -** Interpreting the costs of fulfilment related to onerous contracts, adopted in the European Union on 28 June 2021 (effective for annual periods starting on or after 1 January 2022)
- **Amendment to IAS 41 „Agriculture“ -** The annual 2018-2020 improvement to IFRS Standards related to the taxation of the fair value of biological property or agricultural products

Adopting the abovementioned amendments to existing standards has not led to significant changes in the financial statements of the Company and the Group.

Standards and amendments to existing standards published by IASC and adopted in the European Union, but are still not in force

On the day these financial statements were approved, the following amendments to existing standards, published by the IASC and adopted in the European Union were published, but not in force:

- **Amendment to IFRS 17 „Insurance contracts“ -** The first application of IFRS 17 and IFRS 9 – Comparative data, adopted in the European Union on 8 September 2022 (effective for annual periods starting on or after 1 January 2023)
- **Amendment to IAS 1 „Presenting financial statements and the IFRS Managerial report 2-** Comparative data, adopted in the European Union on 8 September 2022 (effective for annual periods starting on or after 1 January 2023)
- **Amendment to IAS 8 „Accounting policies, changes in accounting assessments and errors“-** The definition of accounting assessments, adopted in the European Union on 2 March 2022 (effective for annual periods starting on or after 1 January 2023)
- **Amendment to IAS 12 „Corporate tax“-** Deferred Tax related to Assets and Liabilities arising from a Single Transaction, adopted in the European Union on 11 August 2022 (effective for annual periods starting on or after 1 January 2023)

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

New standards and amendments to existing standards published by IASC but still not adopted in the European Union

The IFRS currently adopted in the European Union do not differ significantly from the regulations adopted by the International Accounting Standards Committee (IASC), aside from the following new standards and amendments to existing standards on whose adoption the European Union still hasn't made a decision on the day of the year in question (the dates of effectiveness listed below refer to the IFRSs issued by the IASC):

- **Amendment to IFRS 16 „Leases“-** Lease Liability in a Sale and Leaseback, effective for annual periods starting on or after 1 January 2024.
- **Amendment to IAS „Presenting financial reports“-** Classification of liabilities to current and non-current liabilities, classification of deferred liabilities to current and non-current deferred liabilities and non-current liabilities with covenants, effective for annual periods starting on or after 1 January 2024.

The Company and the Group are currently estimating the impact of the new standards and amendments to existing standards on their financial statements. The Company and the Group expect that the adoption of the abovementioned new standards will not lead to significant changes in the financial statements of the Group and the Company in the period of the first application of the standard.

2.4. Basis for measurement

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

- Revaluations of the value of land and buildings as stated in Note 3.9 (i)
- Investments in real estate as stated in Note 3.11.
- Assets at fair value through other comprehensive income as stated in Note 3.18
- Non-current assets intended for sale as stated in Note 3.22
- The methods used to measure the fair value are presented in Note 3.24.

2.5. Functional currency and presentation currency

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

2.6. Use of estimates and judgments

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

These estimates and respective assumptions are subject to regular reviews.

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

Judgments made by the Management in the application of IFRS, which have a significant impact on the financial statements and judgments where the risk of materially significant adjustments in the next year is high, are listed in note 3.23.

2.7. Going concern

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

The pre-bankruptcy settlement procedure was successfully completed through a Decision of the Commercial Court in Zagreb no. 72. Stpn- 305/13 of 5 December 2013 which approved the conclusion of the Pre-bankruptcy settlement between the debtor, Institut IGH d.d. and the creditor of the Pre-bankruptcy settlement. The Pre-bankruptcy settlement became final on 28 December 2013. The effects and the fulfilment of the Pre-bankruptcy settlement are described in detail in note 35. The Company is undertaking all the necessary steps to fulfil all the remaining obligations to suppliers pursuant to the Pre-bankruptcy settlement. These debts will be paid off from current revenue as soon as possible.

In order to improve the profitability of operations and core business, over the past years the Company has implemented a number of operational restructuring measures and has had a more active market access. Unfortunately, the impact of the SARS-CoV-2 pandemic, which caused tectonic changes in the entire business world during 2020 and 2021 but also during 2022, affected the Company's. i.e.business activities of the Group. Inflation in the Republic of Croatia, which amounted to 10.8% in 2022, also had a significant impact on the Company's operations.

Consequently, in 2022, the Company's sales revenue dropped by 18 832 thousand kunas compared to 2021, but it also made a profit of 16.961 thousand kunas (in 2021: a loss of 51.075 thousand kuna), while the Group shows a 19.269 thousand kunas drop in sales revenue in 2022 compared to 2021. The Company's equity is still negative and amounts to 80.408 thousand kunas (in 2021 the negative equity amounted to 96.874 thousand kunas), while the Group's negative equity amounts to 97.934 thousand kunas (in 2021, the negative equity amounted to 97.621 thousand kunas). On 31 December 2022, the Company's current liabilities exceed the Company's current assets by 169.188 thousand kunas (2021.: the current liabilities exceed current assets by 172.762 thousand kunas), while the Group's current liabilities exceed their current assets by 135.625 thousand kunas (in 2021 the current liabilities exceed current assets by 122.845 thousand kunas).

Since the final pre-bankruptcy agreement to 31 December 2022, the Company paid off a total of 369.372 thousand kunas of liabilities incurred before the start of the Pre-bankruptcy agreement proceedings. During 2022, the Company paid off 22.212 thousand kunas of PIK debt 23.005 thousand kunas of senior debt and 2.977 thousand kunas of interest. As of the date of the balance sheet, the due PIK debt amounts to 10.650 thousand kunas, the total senior debt amounts to 71.006 thousand kunas, while the debt to various creditors amounts to 8.747 thousand kunas. The Company and Group Management is making efforts to pay off its debt to various creditors in a reasonable amount of time. By the end of 2022, a large part of the sum was paid off through the sale, that is, replacement, of a part of the company's assets that was pledged for these debts, and in accordance with a restructuring agreement signed with B2 Kapital d.o.o. a write-off in the amount of 39.835.645 HRK was done in the Company's business books.

These financial reports have been prepared under the assumption of a going concern. During 2022 the Company's Management made adjustments and changes to key business processes and activities, necessary for an efficient execution of the obligations under the pre-bankruptcy settlement. The Management believes that, based on the business plans and Restructuring Agreements concluded with the largest creditor, the Company is able to continue with its business operations. In addition, significant activities were undertaken by the Company in completing the process of transferring assets as settlement of the pre-bankruptcy settlement obligations, which closed its obligations regarding PIK debt, while further negotiations with the largest creditors sought to define further steps in order to close the Senior debt all with the aim of further stabilizing the Company's operations and focusing on strategic goals and future development of the Company and the Group. As part of the activities undertaken for the purposes of ensuring a going concern, the Company would like to point out the conclusion of the pre-bankruptcy agreement through recapitalization that will be done by the end of 2023. During 2022 and 2023, the remaining pre-bankruptcy agreement debt was transferred to subsidiaries and affiliates of INSTITUT IGH, d.d. which are currently the only creditors and which have sent a letter of intent to the Company and the Group about the transfer of the entirety of the remaining pre-bankruptcy debt in the amount of HRK 55.729.815 to share capital.

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

3. Principal accounting policies

The consolidated financial statements of the Group include the financial statements of Institut IGH d.d. (the Company) and companies over which Institut IGH d.d. has control (subsidiaries) as at and for the year ending 31 Dec 2022. Control is present if the Company has the power to manage financial and business policies of an individual company in order to achieve benefits from its operations.

3.1. Investments in subsidiaries

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

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

3.2. Investments in associated companies

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

Transactions eliminated in consolidation

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

Transactions with non-controlling interests

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

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

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

Loss of control

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

3.2. Investments in associated companies (continued)

Goodwill

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

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

3.3. Revenue

Policies for recognition of revenue and enforcement obligations

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

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

(i) Construction contracts

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

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

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

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

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

3.3. Revenue (continued)

(i) Construction contracts (continued)

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

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

Contractual assets and contractual liabilities

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

(ii) Income from state aid

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

(iii) Financial revenue and costs

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

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

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

(iv) Revenue from rent

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

3.4. Leases

a) Impact on the accounting on the Lessee

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

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

3.4. Leases (continued)

a) Impact on the accounting of the Lessee (continued)

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

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

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

3.5. Foreign currencies

Transactions and balances in foreign currencies

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

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

Official exchange rate HRK on 31 December 2022 was HRK 7,53450 for 1 EURO (31 December 2021: HRK 7,517174 for 1 EURO).

Official exchange rate of GEL on 31 December 2022 was HRK 2,6112 for 1 GEL (31 December 2021: HRK 2,119100 for 1 GEL).

IGH Group members

Items included in the financial statements of every individual company in the Group are expressed in the currency of its respective primary economic environment in which the Parent Company operates, and which is the reporting currency. Consolidated financial statements are presented in Croatian Kuna, also the functional currency of the parent Company.

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

Net investment into Group members

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

3.6. Borrowings

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

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

Borrowings from creditors classified as "Secured Creditors" (Note 2) are carried at fair value of the property under mortgage for the borrowings in question, since the collection of the relevant borrowings is possible solely from the mortgaged property.

3.7. Dividend

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

3.8. Taxation

Corporate tax

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

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

(i) Deferred tax assets and liabilities

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

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

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

(ii) Tax exposure

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

3.8. Taxation (continued)

Value Added Tax (VAT)

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

3.9. Property, plants and equipment

(i) Land and buildings

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

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

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

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

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

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

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

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

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

(ii) Plants and equipment

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

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

3.9. Property, plants and equipment (continued)

(iii) Assets with right of use

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

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

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

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

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

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

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

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

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

(iv) Subsequent costs

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

(v) Depreciation

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

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

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

3.9. Property, plants and equipment (continued)

(v) Depreciation (continued)

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

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

3.10. Intangible assets

Patents, licences and software

(i) Ownership of assets

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

(iv) Goodwill

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

3.11. Investment into property

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

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

3.12. Inventories

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

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

3.13. Trade receivables

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

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

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

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

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

3.14. Cash and cash equivalents

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

3.15. Share capital

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

3.16. Employee benefits

(i) Pension obligations and post-employment benefits

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

3.16. Employee benefits (continued)

(ii) Severance pay

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

(iii) Regular retirement benefits

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

(iv) Share-based payments

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

3.17. Provisions

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

3.18. Financial instruments

Non-derivative financial instruments

(i) Recognition and initial measurement

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

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

3.18. Financial instruments (continued)

(ii) Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

Financial liabilities

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

(iii) Derecognition

Financial assets

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

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

3.18. Financial instruments(continued)

(iii) Derecognition (continued)

Financial liabilities

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

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

(iv) Netting

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

Effective interest method

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

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

3.19. Financial guarantee for the contracted obligations and financial liabilities

Financial guarantee of contractual obligations

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

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

Financial liabilities, classification and measurement

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over a specified period. The effective interest rate accurately discounts estimated future cash payments over the expected life of the financial instrument or, where appropriate, for a shorter period to the gross carrying amount of the financial asset or the amortized cost of the financial liability, with the exception of financial assets less credit losses.

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

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

3.20. Operating segment reporting

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

3.21. Earnings per share

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

3.22. Non-current assets held for sale

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

3.23. Key accounting judgements and estimates

Key judgements in applying accounting policies

The preparation of financial statements in conformity with IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Revenue recognition

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

(ii) Useful life of property, plants and equipment

The Company and IGH Group review the estimated useful lives of property, plants and equipment at the end of each annual reporting period. During the year, there were no changes in estimated useful lives of non-current assets.

The Company regularly reviews the recoverability of each asset individually and if there is any indication of impairment, it shall be impaired to the estimated recoverable amount.

(iii) The pre-bankruptcy settlement and going concern

The Company and IGH Group consider all relevant information on all the key risk factors, assumptions and uncertainties that it is aware of and that are essential to the ability of the Company to continue as a going concern.

The Company and IGH Group continue to record growth in business operations, while on the other side it is actively working to restructure debts to financial institutions through the sale of non-operating real estate and refinancing the operating part of the debt. Considering the stable base contracts, the successful deleveraging to nonfinancial institutions and all the information on the ongoing restructuring of debts to financial institutions, the Company as well as IGH Group believe that they meet all business requirements to continue as a going concern.

3.23. Key accounting estimates and judgements(continued)

(iv) Valuation of liabilities from the pre-bankruptcy settlement

The Company has recorded the liabilities relating to loan commitments that will be settled from the Company's property, in accordance with the pre-bankruptcy settlement, at the fair value of the corresponding property. The Management Board has taken the estimated value of the property as the reference value of the liabilities.

3.24. Determination of fair value

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

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

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

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

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

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

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

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

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

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

3.25. The Company and IGH Group

The consolidation includes the Company and subsidiaries as follows:

	31 December 2022		31 December 2021	
Thous. HRK	**Share in ownership and voting right (%)**	**Cost of acquisition**	Share in ownership and voting rights (%)	Book value
IGH Mostar d.o.o., Mostar	**100**	**6.005**	100	6.005
IGH Business advisory d.o.o., Zagreb	**100**	**222**	100	222
Incro d.o.o., Zagreb	**100**	**20**	100	20
Forum centar d.o.o., Zagreb	**100**	**30.748**	100	30.748
IGH Projektiranje d.o.o., Zagreb	**100**	**6.103**	100	6.103
Radeljević d.o.o., Zagreb	**100**	**116.827**	100	116.827
IGH Consulting d.o.o., Zagreb	**100**	**100**	100	100
Marterra d.o.o., Zagreb	**100**	**20**	100	20
DP AQUA d.o.o., Zagreb	**100**	**452**	100	452
Slavonija centar, poslovna zona, Velika Kopanica	**100**	**20**	100	20
ETZ Ekonomsko tehnički zavod d.d., Osijek	**87,7**	**6.684**	87,7	6.684
IGH d.o.o. Mostar, Mostar (i)	**-**	**-**	80	1.131
Total		**167.201**		168.332

3.26. Reclassification of comparative values

Changes in comparative financial statements

In comparative 2021 consolidated and separate financial statements certain items have been reclassified to harmonize the financial information with the 2022 consolidated and separate financial statements. The reclassification did not impact the consolidated and separate statement of comprehensive income from the previous period.

Separate statement on financial position

On 31 December 2021

P O SITION	The 2021 statement	Reclassification	Fixed
	HRK	HRK	HRK
Trade payables and other payables	53.965	(7.960)	46.005
Accrued expenses and deferred income	462	7.960	8.422
	54.427	-	54.427

Consolidated statement of financial position

On 31 December 2021

P O SITION	The 2021 statement	Reclassification	Fixed
	HRK	HRK	HRK
Trade payables and other payables	58.166	(7.896)	50.270
Accrued expenses and deferred income	461	7.896	8.357
	58.627	-	58.627

4. Information on segments

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

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

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

4.1 Revenue per segment

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

	Group		Company	
	2022	2021	**2022**	2021
DESCRIPTION	**Thous. HRK**	Thous. HRK	**Thous. HRK**	Thous. HRK
Design department	**53.597**	57.908	**53.597**	57.908
Water Engineering, Geotechnical and Environmental Protection Department	**-**	85	**-**	-
Supervision and Project Management Department	**61.096**	77.817	**61.096**	77.817
Department for Materials and Structures	**28.628**	30.833	**28.628**	30.833
Branch offices	**4.932**	894	**4.932**	894
Management and Administration	**2.304**	2.289	**2.052**	1.685
Total per segment	**150.557**	169.826	**150.305**	169.137

4.2 Revenue-per geographical area

	Group		Company	
	2022	2021	**2022**	2021
	Thous. HRK	Thous. HRK	**Thous. HRK**	Thous. HRK
DESCRIPTION				
The Republic of Croatia	**124.969**	133.735	**124.735**	133.128
Rest of the World	**25.588**	36.091	**25.570**	36.009
Total	**150.557**	169.826	**150.305**	169.137

4.3 Revenue per category

	Group		Company	
	2022	2021	**2022**	2021
DESCRIPTION	**Thous. HRK**	Thous. HRK	**Thous. HRK**	Thous. HRK
Revenue recognised over time	**146.751**	147.269	**146.499**	147.269
Revenue recognised at a point in time	**3.806**	22.557	**3.806**	21.868
Total	**150.557**	169.826	**150.305**	169.137

4. Information on segments (continued)

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

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

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

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

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

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

5. Other operating revenue

5.1 Other operating revenue- IGH

	2022	2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Revenue from written-off liabilities /and/	**27.583**	8
Revenue from compensation, subsidies	**483**	38
Revenue from sale of assets	**19**	1.807
Revenue from rent	**718**	1.726
Revenue from cancellation of provisions	**543**	670
Revenue from subsequently collected receivables	**1.589**	4.272
Revenue from damages	**14**	578
Other revenue	**724**	430
Total	**31.673**	9.529

5.2 Other operating revenue IGH Group

	2022	2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Revenue from subsequently collected receivables	**1.589**	4.272
Revenue from rent	**1.185**	2.757
Revenue from sale of assets	**19**	1.807
Revenue from cancellation of provisions	**543**	669
Revenue from damages	**23**	530
Other revenue	**730**	519
Revenue from compensation, subsidies	**613**	38
Revenue from written-off liabilities /and/	**27.583**	8
Total	**32.285**	10.600

5. Other operating revenue (continued)

/and/ Revenue from liabilities write-off in the total amount of 26.853 thousand kunas was achieved based on the Restructuring contract on 25 March 2021 and it is part of process of the pre-bankruptcy settlement concluded on 05 December 2013 before the Commercial court in Zagreb, 72. Stpn-305/2013., which became valid on 28 December 2013. The written off debt was owed to B2 Kapital d.o.o. in the amount of 9.787 thousand kunas and Avenue Mehanizacija d.o.o. in the amount of 17.066 thousand kunas.

6. Costs of raw materials and consumables

6.1 Costs of raw materials and consumables IGH

DESCRIPTION	2022 Thous.HRK	2021 Thous. HRK
Cost of raw material and consumables		
Cost of raw material and consumables	**1.065**	1.150
Energy costs	**5.585**	4.789
Cost of small inventory and spare parts	**398**	568
Total	**7.048**	6.507
Cost of services		
Costs of transport, phone and postal services	**1.344**	1.158
Subcontractors	**20.245**	28.750
Cost of production services	**768**	1.833
Utilities	**1.101**	1.169
Maintenance costs	**2.437**	1.978
Rent	**1.175**	1.651
Other external costs	**4.385**	4.937
Total	**31.455**	41.476

6.2 Costs of raw materials and consumables- IGH Group

DESCRIPTION	2022 Thous. HRK	2021 Thous. HRK
Energy costs	**5.831**	4.789
Cost of raw material and consumables	**1.122**	1.425
Cost of small inventory and spare parts	**406**	567
Consumables and raw materials total	**7.359**	6.781
Subcontractors	**20.213**	28.750
Other external costs	**4.437**	4.670
Maintenance costs	**1.349**	1.979
Production costs	**1.334**	1.833
Rental expenses	**1.195**	1.651
Utilities	**1.112**	1.169
Transportation, telephone and mail costs	**1.364**	1.158
Services total	**31.004**	41.210

7. Staff costs

7.1 Staff costs- IGH

DESCRIPTION	2022 Thous. HRK	2021 Thous. HRK
Net salaries and wages	**54.758**	56.671
Taxes, contribution and other charges	**34.358**	34.822
Reimbursement of employee expenses (travel expenses, daily allowances, transportation)	**4.907**	6.192
Severance payments and other employee benefits	**458**	420
Total	**94.481**	98.105

On 31 December 2022, the Company had 468 employees (2021: 533 employees). In 2022, the Company paid 96 thousand HRK for non-taxable termination benefits (2021: 168 thousand HRK).

During 2022, the Company accounted for pension and other contributions HRK 15.043 thousand (2021: for a total amount of HRK 15.678 thousand).

7.2 Staff costs- IGH Group

DESCRIPTION	2022 Thous. HRK	2021 Thous. HRK
Net salaries and wages	**55.366**	57.303
Taxes, contribution and other charges	**35.033**	35.096
Reimbursement of employee expenses (travel expenses, daily allowances, transportation)	**5.011**	6.192
Severance payments and other employee benefits	**463**	420
Total	**95.873**	99.011

On 31 December 2022, the Group had 486 employees (2021: 534 employees). In 2022, the Group paid 96 thousand HRK for non-taxable termination benefits (2021: 168 thousand HRK).

During 2022, the Group accounted for pension and other contributions HRK 15.043 thousand (2021: for a total amount of HRK 15.678 thousand).

8. Value adjustments

8.1 Value adjustments IGH

DESCRIPTION	2022 Thous. HRK	2021 Thous. HRK
Value adjustment of non-current assets		
Value adjustment of investment into real property (i)	**15**	26.812
Value adjustment of share in affiliates(ii)	**-**	25.059
Total	**15**	51.871
Value adjustment of current assets		
Value adjustment of trade receivables (iii)	**1.422**	4.266
Value adjustment of other receivables	**6**	-
Total	**1.428**	4.266

8. Value adjustments (continued)

8.2 Value adjustments-IGH Group

DESCRIPTION	2022 Thous. HRK	2021 Thous. HRK
Value adjustment of non-current assets		
Value adjustment of investment into real property (i)	**15**	26.812
Total	**15**	26.812
Value adjustment of current assets		
Value adjustment of trade receivables (iii)	**1.422**	4.266
Value adjustment of other receivables	**6**	-
Total	**1.428**	4.266

(i) The value adjustment of non-current assets refers to the takeover of real estate by B2 Kapital pursuant to a Restructuring Agreement, which were initially a collateral to the bank loans that B2 Kapital bought as a claim.

(ii) The adjustment of shares in subsidiaries in 2021 refers to the value adjustment of the share in Radeljević d.o.o. in the amount of 25.000 thousand kunas and the value adjustment of the share in IGH Consulting d.o.o. in the amount of 59 thousand kunas. The decrease of the net book value of the capital was conducted because the property was to be sold to settle a part of the pre-bankruptcy agreement pursuant to a restructuring agreement, therefore, Radeljević d.o.o. has claims from the mother company as its only asset.

(iii) The value adjustment of current assets refers to the regular value adjustments of trade receivables, which has been considerably reduced compared to the previous year due to an active charging policy.

9. Other operating costs

9.1 Other operating costs- IGH

DESCRIPTION	2022 Thous. HRK	2021 Thous. HRK
Legal, consultancy and audit services	**1.366**	1.857
Bank fee and charges	**1.553**	1.073
Other expenses	**820**	672
Penalties	**62**	232
Insurance premiums	**1.047**	1.279
Contributions to public services	**519**	613
Representation costs	**298**	517
Education and training expenses	**749**	1.211
Taxes not dependent on result	**95**	193
Court disputes (i)	**-**	4.210
Total	**6.509**	11.857

9.2 Other operating costs- IGH Group

O P I S	2022 Thous. HRK	2021 Thous. HRK
Loss on sale of lomg-term assets (ii)	**-**	29.176
Court disputes(i)	**-**	4.210
Legal, consultancy and audit services	**1.469**	1.857
Insurance premiums	**1.051**	1.279
Education and training expenses	**752**	1.211
Bank fee and charges	**1.590**	1.026
Other expenses	**847**	960
Contributions to public services	**538**	661
Entertainment	**299**	517
Penalties	**190**	232
Taxes not dependent on result	**96**	193
Total	**6.832**	41.322

(i) During 2022 there was no court dispute- related reservations since there was no significant new court disputes. In 2021, the costs per reservation for court-disputes are significant and amount to 4.210 thous. kn. These costs are primarily the costs of executions over real estate that are the subject of the pre-bankruptcy agreement.

(ii) During 2022 there are no losses from the sales of non-current assets while in 2021, there is a loss in the amount of 29.176 thousand kunas. This loss is the loss of sales of a building in Zagreb, and the depreciated value that was entered on the loss side of the period.

10. Financial revenue

10.1 Financial revenue IGH

	2022	2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Revenue from foreign exchange	**3.079**	3.096
Revenue from interest	**39**	199
Other financial revenue	**1.269**	502
Total	**4.387**	3.797

10.2 Financial revenue- IGH Group

	2022	2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Revenue from foreign exchange	**3.168**	2.876
Revenue from interest	**39**	188
Other financial revenue	**1.269**	502
Total	**4.476**	3.566

11. Financial expenditures

11.1 Financial expenditures- IGH

	2022	2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Expenditure due to foreign exchange losses	**5.391**	3.680
Interest expenditures	**4.753**	5.843
Unrealised losses from financial assets	**31**	63
Other financial expenditure	**1.198**	840
Total	**11.373**	10.426

11.2 Financial expenditures IGH Group

	2022	2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Interest expenditures	**5.446**	6.675
Expenditure due to foreign exchange losses	**5.494**	3.632
Unrealised losses from financial assets	**90**	195
Other financial expenditure	**1.197**	849
Total	**12.227**	11.351

12. Corporate tax

12.1. Corporate tax-IGH

Tax revenue includes:

DESCRIPTION	**2022** **Thous. HRK**	2021 Thous. HRK
Deferred tax	**1.049**	9.897

Adjustment of effective tax rate

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

DESCRIPTION	**2022** **Thous. HRK**	2021 Thous. HRK
Profit/loss before taxation	**15.911**	-60.972
Tax rate 18% (2021: 18%)	**2.864**	-10.975
Effects of non-taxable income and other decreases in tax base	**-141**	-640
Effects of unrecognized expenses and other increases in tax base	**899**	11.118
Effects of tax losses not recognised as deferred tax assets	**-3.622**	497
Previously recognized deferred tax liabilities	**-1.049**	-9.897
Corporate tax from deferred tax liabilities	**-1.049**	-9.897
Effective tax rate	**16%**	16%

In 2022, the total amount for transfer of tax losses decreased by HRK 19.940 thousand and at the end of the year it amounted to HRK 7.759 thousand

In 2021, the total amount for transfer of tax losses decreased by HRK 21.782 thousand and at the end of the year it amounted to HRK 27.699 thousand.

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

Based on non-tax recognized items, the company increased the tax base by 4.995 thousand kunas, has a tax effect of 899 thousand kunas, while it reduced the tax base by 782 thousand kunas based on tax recognized items with an effect on the tax effect in the amount of -141 thousand kunas. Considering the tax recognized losses that can be used, the company has no obligation to pay taxes at the end of the tax period in 2022. In the next tax period, the Company can't use the remaining tax loss.

The deferred tax liability arises from the following:

2022 *(in thousand HRK)*	Opening balance	Through profit and loss (relief)	Closing balance
Temporary difference:			
Revaluation of non-current assets	9.223	-1.049	8.174
	9.223	**-1.049**	**8.174**
2021 *(in thousand HRK)*			
Temporary difference:			
Revaluation of non-current assets	19.120	-9.897	9.223
	19.120	**-9.897**	**9.223**

12. Corporate tax (continued)

12.2 Corporate tax IGH Group

Tax revenue includes:

DESCRIPTION	2022 Thous. HRK	2021 Thous. HRK
Deferred tax	**1.046**	12.371

Adjustment of effective tax rate

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

	2022 Thous. HRK	2021 Thous. HRK
Profit/loss before taxation	**14.034**	-67.181
Tax rate 18% (2021: 18%)	**2.526**	-12.095
Effects of non-taxable income and other decreases in tax base	**-141**	-600
Effects of unrecognized expenses and other increases in tax base	**899**	15.143
Effects of tax losses not recognised as deferred tax assets	**-3.284**	-482
Previously recognized deferred tax liabilities	**-1.046**	-12.371
Corporate tax	**-1.046**	-10.405
Effective tax rate	**16%**	15%

The deferred tax liability arises from the following:

2022 (in thousand HRK)	Opening balance	Through equity	Through profit and loss	Closing balance
Temporary difference:				
Revaluation of non-current assets	9.013	533	-1.049	8.497
	9.013	533	-1.049	8.497

2021 (in thousand HRK)	Opening balance	Through equity	Through profit and loss	Closing balance
Temporary difference:				
Revaluation of non-current assets	21.384	0	-12.371	9.013
	21.384	0	-12.371	9.013

13. Intangible assets

13.1. Intangible assets- IGH

In thous. HRK	Right of usage of property of third parties	Assets under preparation	Total
For the year ending 31 December 2021			
As at 1 January 2021	**1.056**	33	1.089
New acquisition	-	1.585	3.164
Transfer to use	1.579	-1.579	-
Impairment	-4	-	-4
Current year depreciation	-934	-	-934
Value adjustment	-	-3	-3
As at 31 December 2021	**1.697**	**36**	**1.733**
As at 31 December 2021			
Acquisition cost	19.535	44	19.579
Accumulated depreciation	-17.838	-	-17.838
Value adjustment	-	-8	-8
Net book value	**1.697**	**36**	**1.733**
For the year ending 31 December 2022			
As at 1 January 2022	**1.697**	**36**	**1.733**
New acquisition	-	1.423	1.423
Impairment	1.292	-1.292	-
Current year depreciation	-1.528	-	-1.528
Value adjustment	-	-2	-2
As at 31 December 2022	**1.461**	**165**	**1.626**
As at 31 December 2022			
Acquisition cost	20.827	175	21.002
Accumulated depreciation	-19.366	-	-19.366
Value adjustment	-	-10	-10
Net book value	**1.461**	**165**	**1.626**

13. Intangible assets (continued)

13.2. Intangible assets IGH Group

In thous. HRK	Right of usage of property of third parties	u pripremi	Goodwill	Total
For the year ending 31 December 2021				
As at 1 January	1.075	34	1.136	2.245
New acquisition	1.580	1.585	-	3.165
Current year depreciation	(934)	-	-	(934)
Impairment	(24)	(1.580)	(1.104)	(2.708)
Value adjustment		(3)	-	(3)
As at 31 December 2021	1.697	36	32	1.765
As at 31 December 2021				
Acquisition cost	19.535	44	10.979	30.558
Accumulated depreciation	(17.838)	(8)	(10.947)	(28.793)
Net book value	1.697	36	32	1.765
For the year ending 31 December 2022				
As at 1 January	1.697	36	32	1.765
New acquisition	1.292	194		1.486
Current year depreciation	-1.583			-1.583
Impairment				
Value adjustment		-10		-11
As at 31 December 2022	1.406	220	32	1.658
As at 31 December 2021				
Acquisition cost	20.900	230	10.979	32.109
Accumulated depreciation	-19.494	-10	-10.947	-30.451
Net book value	1.406	220	32	1.658

14. Property, plants and equipment

14.1. Property, plants and equipment- IGH

	Property with right of use	Land	Buildings	Plants and equipment	Assets under constructi on	Other	Advances for tangible assets	Total
As at 1 January 2021	19.465	51.362	39.260	11.520	21.652	305	143	143.707
Current year depreciation	-13.535	0	-1.055	-3.403	0	0	0	-17.993
Direct purchase	14.419	0	0	613	959	0	421	16.412
Transfer to use	0	0	0	922	-922	0	0	0
Impairment	-526	-47.000	-34.339	-201	-21.295	0	-430	-103.791
As at 31 December 2021	**19.823**	**4.362**	**3.866**	**9.451**	**394**	**305**	**134**	**38.335**
Acquisition cost	36.818	4.362	7.318	62.964	394	480	314	112.650
Accumulated depreciation and impairment	-16.995	0	-3.452	-53.513	0	-175	-180	-74.315
Net book value	**19.823**	**4.362**	**3.866**	**9.451**	**394**	**305**	**134**	**38.335**
As at 31 December 2022	19.823	4.362	3.866	9.451	394	305	134	38.335
Current year depreciation	-12.701	0	-300	-3.615	0	0	0	-16.616
Direct purchase	30.751	0	0	2.148	213	0	313	33.425
Transfer to use	0	0	7	235	-242	0	0	0
Impairment	-1.753	0	0	-57	0	0	-142	-1.952
As at 31 December 2022	36.120	4.362	3.573	8.162	365	305	305	53.192
Acquisition cost	67.569	51.362	39.267	15.438	21.660	305	877	193.544
Accumulated depreciation and impairment	-31.449	-47.000	-35.694	-7.276	-21.295	0	-572	-140.352
Net book value	36.120	4.362	3.573	8.162	365	305	305	53.192

Land and buildings of the Company (including assets under construction) with a net carrying amount of HRK 8.300 thousand (2021 HRK 112.273 thousand) have been pledged as security for borrowings from commercial banks (Note 33).

14. Property, plants and equipment – continued

14.2. Property, plants and equipment- IGH Group

(in thousand HRK)	Property with right of use	Land	Buildings	Plants and equipment	Assets under construction	Other	Advances for tangible assets	Total
For the year ending on 31 December 2022.								
As at 1 January	19.465	91.592	43.814	13.613	21.658	305	143	190.590
Current year depreciation	-13.535	-	-1.467	-3.434	-	-	-	-18.436
Direct purchase	14.419	-	-		959	1	421	15.800
Transfer to use	-	-	-	922	-922	-		-
Impairment	-526	-80.716	-34.688	-1.486	-21.295	-	-430	-139.141
As at 31 December 2022	**19.823**	**10.876**	**7.659**	**9.615**	**400**	**306**	**134**	**48.813**
As at 31 December 2022								
Acquisition cost	36.818	10.876	20.375	63.193	400	481	314	132.457
Accumulated depreciation and impairment	-16.995	-	-12.716	-53.578	-	-175	-180	-83.644
Net book value	**19.823**	**10.876**	**7.659**	**9.615**	**400**	**306**	**134**	**48.813**
For the year ending on 31 December 2021.								
As at 1 January	19.823	10.876	7.659	9.615	400	306	134	48.813
Current year depreciation	-12.701	0	-526	-3.736	0	0		-16.963
Direct purchase	30.751	0	0	2.051	213	0	313	33.328
Transfer to use	0	0	8	234	-242	0		0
Impairment	-1.753	0	0	0	0	0	-142	-1.895
As at 31 December 2021	**36.120**	**10.876**	**7.141**	**8.164**	**371**	**306**	**305**	**63.283**
As at 31 December 2021								
Acquisition cost	67.569	10.876	20.383	65.478	371	481	627	165.785
Accumulated depreciation and impairment	-31.449	-	-13.242	-57.314	0	-175	-322	-102.502
Net book value	36.120	10.876	7.141	8.164	371	306	305	63.283

Land and buildings of the Company (including assets under construction) with a net carrying amount of HRK 18.390 thousand (2021 HRK 18.935 thousand) have been pledged as security for borrowings from commercial banks (Note 33).

14. Property, plants and equipment - continued

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

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

	2022	2021.
DESCRIPTION	**Thous. HRK**	Thous. HRK
Cost of capitalised finance leases	**30.751**	13.805
Accumulated depreciation	**-13.513**	-13.535
Net book value	**17.238**	270

(i) Valuation techniques and valuable inputs

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

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

14. Property, plants and equipment - continued

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

15. Investments into affiliated companies and other investments

15.1. Investments into affiliated companies and other investments- IGH

	31 December 2022	31 December 2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Investment into subsidiaries /i/	**57.975**	59.106
Investment into related parties /ii/	**15.000**	15.000
Total	**72.975**	74.106

i. Investments into subsidiaries

	31 December 2022		31 December 2021	
Thous. HRK	**Share in ownership and voting rights (%)**	**Book value**	Share in ownership and voting rights (%)	Book value
IGH Mostar d.o.o., Mostar	**100**	**6.005**	100	6.005
IGH Business advisory d.o.o., Zagreb	**100**	**222**	100	222
Incro d.o.o., Zagreb	**100**	**20**	100	20
IGH Projektiranje d.o.o., Zagreb	**100**	**6.103**	100	6.103
Radeljević d.o.o., Zagreb	**100**	**116.827**	100	116.827
IGH Consulting d.o.o., Zagreb	**100**	**100**	100	100
DP AQUA d.o.o., Zagreb	**100**	**452**	100	452
ETZ Ekonomsko tehnički zavod d.d., Osijek	**87,7**	**6.684**	87,7	6.684
IGH d.o.o. Mostar, Mostar (i)	**-**	**-**	80	1.131
IGH Kosova Sha Priština	**74,8**	**39**	74,8	39
Value adjustment of investments in subsidiaries	**-**	**(78.477)**	-	(78.477)
Total		**57.975**		59.106

15. Investments into affiliated companies and other investments (continued)

15.1. Investments into affiliated companies and other investments IGH (continued)

Name	Cost of acquisition	IV Investment	31 Dec 2021	Impairment for 2022	31 Dec 2022
IGH-MOSTAR D.O.O.	6.005	6.005	-	-	**-**
IGH BUSINESS ADVISORY SERVICES D.O.O.	222	222	-	-	**-**
RADELJEVIĆ D.O.O.	116.827	66.827	50.000		**50.000**
INCRO D.O.O.	20	20	-	-	**-**
DP AQUA D.O.O.	452	452	-	-	**-**
IGH PROJEKTIRANJE D.O.O.	6.103	4.853	1.250	-	**1.250**
IGH CONSULTING D.O.O.	100	59	41	-	**41**
IGH D.O.O. MOSTAR *(i)*	1.131	-	1.131	(1.131)	**-**
ETZ, EKONOMSKO TEHNIČKI ZAVOD D.D.	6.684	-	6.684	-	**6.684**
IGH Kosova Sha Priština	39	39	-	-	**-**
Total	137.583	78.477	59.106	(1.131)	**57.975**

(i) On 22 May 2022, INSTITUT IGH d.d. signed a contract on the transfer of shares of IGH d.o.o. Mostar to Avenue Engeniring and Construction Limited. Through the transfer of the said shares, INSTITUT IGH d.d. has settled 1131 thousand kunas worth of debt it had towards Avenu Egeniring and Consturction Limited pursuant to the pre-bankruptcy agreement.

Valuation methods and significant inputs

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

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

15. Investments in affiliates and other investments (continued)

15.1. Investments in affiliates and other investments IGH (continued)

ii. Investments in affiliates

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

In thous. HRK	**31 December 2022** Share in ownership and voting rights (%)	Book value	31 December 2021 Share in ownership and voting rights (%)	Book value
Elpida d.o.o. Zagreb	**50**	**31.300**	50	31.300
Institut za infrastrukturne projekte, Sofija	**50**	**9**	50	9
Sportski grad TPN d.o.o. u stečaju, Split (i)	**40**	**8**	40	8
Centar Gradski podrum d.o.o., Zagreb (ii)	**37,5**	**21.533**	37,5	21.533
Value adjustments of investments in affiliates		**(37.850)**		(37.850)
Total		**15.000**		15.000

(i) Sportski grad TPN d.o.o. went bankrupt on 7 October 2014 pursuant a decision number 5. St-138/2014.

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

iii. Other investments

DESCRIPTION	**31 December 2022** Thous. HRK	31 December 2021 Thous. HRK
Investment into shares in investment funds	**2.297**	2.297
Minus: Value adjustment of share in investment funds	**(2.297)**	(2.297)
Total	**0**	0

iv. Participating interest

DESCRIPTION	**31 December 2022** Thous. HRK	31 December 2021 Thous. HRK
Geotehnika-inženjering d.o.o., Zagreb	**55.803**	55.803
Konstruktor-inženjering d.d.	**759**	759
Viktor Lenac d.d. Rijeka	**47**	47
GP Dubrovnik d.d. u stečaju, Dubrovnik	**2.694**	2.694
Međimurje beton d.d., Čakovec	**383**	383
Industrogradnja Grupa d.d.	**372**	372
Elektrometal d.d. Bjelovar	**17**	17
Value adjustment of participating interest	**(60.075)**	(60.075)
Total	**0**	0

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

15. Investment into affiliates and other investments (continued)

15.2. Investment into affiliates and other investments -IGH Group

Investment into affiliates

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

	31 Dec 2022 (thous.HRK)		31 Dec 2021 (thous. HRK)	
	Ownership	**Investment**	Ownership	Investment
Centar Bundek d.o.o., Zagreb (i)	**35%**	**0**	35%	31.960
Centar Gradski Podrum d.o.o. (ii)	**38%**	**21.533**	38%	21.533
Sportski grad TPN d.o.o. u stečaju (iii)	**40%**	**8**	40%	8
Elpida d.o.o.	**50%**	**31.300**	50%	31.300
Institut za infrastrukturne projekte d.o.o.	**50%**	**8**	50%	8
IGH d.o.o. Mostar	**80%**	**0**	80%	1.131
Value adjustment		**-37.849**		-70.251
Total		**15.000**		15.689

(i) Centar Bundek d.o.o., Zagreb was deleted from the court register on 21 April 2021.

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

(iii) Sportski grad TPN d.o.o. went bankrupt on 7 October 2014 pursuant a decision number 5. St-138/2014.

In the consolidated statement on changes in equity, the effects of the abovementioned companies leaving the Group have been shown.

Other investments

DESCRIPTION	**31 December 2022 Thous. HRK**	31 December 2021 Thous. HRK
Investment into investment funds shares	**2.297**	2.297
Minus: Value adjustment of share in investment funds	**-2.297**	-2.297
Total	**-**	-

16. Trade receivables and other receivables

16.1. Trade receivables and other receivables IGH

DESCRIPTION	**31 December 2022 Thous. HRK**	31 December 2021 Thous. HRK
Non-current receivables		
Receivables from sale of apartments with deferred payments and other receivables	**1.483**	2.196
Total	**1.483**	2196
Current receivables		
Trade receivables	**76.994**	81.741
Minus: value adjustment of trade receivables	**(45.370)**	(46.038)
Receivables from government institutions	**1.125**	1.304
Receivables from employees	**333**	516
Receivables from affiliated entrepreneurs (Note 32)	**2.025**	2.259
Minus: value adjustment of receivables from affiliated entrepreneurs (Note 32)	**(1.800)**	(1.834)
Receivables from issued advances	**2.198**	1.730
Other receivables	**286**	233
Total	**35.791**	39.911

16. Trade receivables and other receivables (continued)

16.1. Trade receivables and other receivables IGH (continued)

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

	2022.
As at 31 Dec 2022	*tis HRK*
As at 1 Jan 2022	47.873
Newly created expected credit loss	1.381
Cancellation of previous credit loss	-1.589
MSFI 9 cancellation revenue	-149
Other changes	-346
As at 31 Dec	**47.170**

	2021.
As at 31 Dec 2021	*tis HRK*
As at 1 Jan 2021	46.593
Newly created expected credit loss	4.636
Cancellation of previous credit loss	-3.575
Other changes	219
As at 31 Dec	**47.873**

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

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

(thous. HRK)	Gross amount	Value adjustment	Net amount
31 December 2021			
maturity	1.182	-	1.182
0-60 days	4.023	-	4.023
60-120 days	6.903	-	6.903
120-180 days	19.067	-	19.067
180-360 days	8.406	-69	8.338
over 360 days	48.203	-47.804	399
	87.784	**-47.873**	**39.911**
31 December 2022			
maturity	19.484	-	19.484
0-60 days	6.948	-24	6.924
60-120 days	2.917	-	2.917
120-180 days	238	-	238
180-360 days	4.050	-32	4.018
over 360 days	49.324	-47.114	2.210
	82.961	**-47.170**	**35.791**

16. Trade receivables and other receivables (continued)

16.2. Trade receivables and other receivables-IGH Group

DESCRIPTION	**31 Dec 2022** **Thous.HRK**	31 Dec 2021 Thous.HRK
Non-current receivables		
Receivables from sale of apartments with deferred payments and other receivables	**1.501**	2.213
Total	**1.501**	2.213
Current receivables		
Trade receivables	**77.950**	95.142
Minus: value adjustment of trade receivables	**(45.424)**	(45.142)
Receivables from affiliated entrepreneurs (Note 32)	**651**	734
Minus: value adjustment of receivables from affiliated entrepreneurs (Note 32)	**(646)**	(681)
Receivables from government institutions	**1.945**	2.115
Receivables from employees	**341**	519
Receivables for issued advances	**2.608**	1.725
Other receivables	**295**	147
Total	**37.720**	54.559

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

	2022
31 Dec 2022	Thous. HRK
As at 1 Jan 2022	45.823
Newly created expected credit loss	1.381
Cancellation of previous credit loss	-1.589
MSFI 9 cancellation revenue	-149
Other changes	604
As at 31 Dec	46.070

	2021
31 Dec 2021	Thous. HRK
As at 1 Jan 2021	44.613
Cancellation of previous credit loss	-3.575
Newly created expected credit loss	4.636
Other changes	149
As at 31 Dec	45.823

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

16. Trade receivables and other receivables (continued)

16.2. Trade receivables and other receivables IGH Group (continued)

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

Thous. HRK	Gross amount	Value adjustment	Net amount
31 December 2022			
maturity	19.923		19.923
0-60 days	7.498	-24	7.474
60-120 days	3.264		3.264
120-180 days	603		603
180-360 days	4.965	-32	4.933
over 360 days	47.537	-46.015	1.522
	83.790	**-46.071**	**37.719**

Thous. HRK	Gross amount	Value adjustment	Net amount
31 December 2021			
maturity	1.182	0	1.182
0-60 days	16.037	0	16.037
60-120 days	2.981	-1182	1.799
120-180 days	19.067	-2.206	16.861
180-360 days	8.406	-69	8.337
over 360 days	52.709	-42.366	10.343
	100.382	**-45.823**	**54.559**

17. Loans and deposits given

17.1. Loans and deposits given- IGH

DESCRIPTION	**31 December 2022** **Thous. HRK**	31 December 2021 Thous. HRK
Long-term loans		
Loans given to subsidiaries (*Note 32*)	**3.044**	3.033
Loans given to third parties	**306**	455
	3.350	3.488
Short-term loans given		
Loans given to subsidiaries (*Note 32*)	**250**	354
Loans given to third parties	**176**	154
Deposits and guarantees	**26.504**	24.664
Interests receivables	**389**	442
Securities and factoring	**145**	145
Expected credit loss	**(142)**	(115)
	27.322	25.644
Total	**30.672**	29.132

17. Loans and deposits given (continued)

17.1. Loans and deposits given IGH (continued)

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

17.2. Loans and deposits given- IGH Group

DESCRIPTION	**31 December 2022** **Thous. HRK**	31 December 2021 Thous. HRK
Long-term loans given		
Loans to third parties	**306**	453
Investment in securities	**0**	40
Long-term loans given total	**306**	493
Loans given to subsidiaries		
Loans given to third parties	**0**	4
Deposits and guarantees	**175**	0
Interests receivables	**26.519**	26.790
Securities and factoring	**433**	442
Expected credit loss	**145**	145
Loans given to subsidiaries	**(142)**	(115)
Short-term loans given total	**27.130**	**27.266**
Total	**27.436**	**27.759**

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

18. Cash and cash equivalents

18.1. Cash and cash equivalents-IGH

DESCRIPTION	**31 December 2022** **Thous. HRK**	31 December 2021 Thous. HRK
Giro accounts	**2.083**	4.294
Cash in hand	**7**	4
Foreign currency accounts	**1.365**	1.891
Expected credit loss	**-1**	-1
Total	**3.454**	6.188

Breakdown of cash and cash equivalents per currency

DESCRIPTION	**31 December 2022** **Thous. HRK**	31 December 2021 Thous. HRK
HRK	**2.082**	4.293
GEL	**168**	1080
BAM	**438**	410
EUR	**753**	403
Other currencies	**14**	2
Total	**3.455**	6.188

18. Cash and cash equivalents (continued)

18.2. Cash and cash equivalents- IGH Group

	31 December 2022	31 December 2021
DESCRIPTION	Thous. HRK	Thous. HRK
Giro accounts	2.481	4.538
Cash in hand	9	6
Foreign currency accounts	1.374	2.000
Expected credit loss	-1	-1
Total	3.863	6.543

Breakdown of cash and cash equivalents per currency

	31 December 2022	31 December 2021
DESCRIPTION	Thous. HRK	Thous. HRK
HRK	2.480	4.538
GEL	168	1080
BAM	450	410
EUR	753	513
Other currencies	12	2
Total	3.863	6.543

19. Non-current assets held for sale

19.1. Non-current assets held for sale IGH

	31 December 2022	31 December 2021
DESCRIPTION	Thous. HRK	Thous. HRK
Acquisition cost		
As at 1 January	12.300	57.600
Sale	0	-45.300
As at 31 December	12.300	12.300

19.2. Non-current assets held for sale

	31 December 2022	31 December 2021
DESCRIPTION	Thous. HRK	Thous. HRK
Acquisition cost		
As at 1 January	12.300	57.600
Sale	0	-45.300
As at 31 December	12.300	12.300

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

(i) Valuation techniques and significant inputs

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

19. Non-current assets held for sale (continued)

(i) Valuation techniques and significant inputs (continued)

Valuation methods and techniques	**Significant unobservable inputs**
The fair value was estimated using methods applicable to each individual company, The following methods were used: • Valuation of property carried out by authorised independent valuers (methods described in Note 3.9 (i)	Significant inputs are described in Note 3.9 (i) Amount of secured debt
• Review of rights of secured creditors	

20. Accrued income and prepaid expenses

20.1. Accrued income and prepaid expenses IGH

	2022	2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Prepaid expenses	**2.984**	7.885
VAT on advances	**3.066**	2.431
Advance payments received on account	**283**	614
Accrued uninvoiced revenue	**85**	296
Total	**6.418**	11.226

20.2. Accrued income and prepaid expenses IGH Group

	31 December 2022	31 December 2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Prepaid expenses	**3.043**	7.799
VAT on advances	**3.107**	2.431
Advance payments received on account	**283**	614
Accrued uninvoiced revenue	**89**	296
Total	**6.522**	11.140

21. Assets and liabilities from contracts with clients

21.1. Assets and liabilities from contracts with clients IGH

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

	31 December 2022	31 December 2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Contract assets	**3.806**	4.519
Expected credit loss	**-11**	-117
Total	**3.795**	4.402
Contract liabilities	**1.041**	2.093
Total	**1.041**	2.093

Contract assets primarily relate to the Company's rights to compensation for works performed but not collected at the reporting date. Contract assets are transferred to trade receivables when the rights become unconditional. This usually happens when the Company invoices the client. A description of the methodology for calculating expected credit losses on a contract asset is described in Note 31.

21. Assets and liabilities from contracts with clients (continued)

21.1. Assets and liabilities from contracts with clients –IGH (continued)

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

21.2. Assets and liabilities from contracts with clients IGH Group

	31 December 2022	31 December 2021
DESCRIPTION	Thous. HRK	Thous. HRK
Contract assets	**3.806**	4.519
Expected credit loss	**-11**	-117
Total	**3.795**	4.402
Contract liabilities	**1.041**	2.093
Total	**1.041**	2.093

22. Share capital

	Number of shares 2022	Ownership share 2022	Number of shares 2021	Ownership share 2021
AVENUE ENGINEERING AND CONSTRUCTION LIMITED	239.500	39,03%	239.500	39,03%
AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	75.500	12,30%	75.500	12,30%
AKCIONAR D.O.O.	12.500	2,04%	12.500	2,04%
CAPTURIS D.O.O.	7.895	1,29%	7.895	1,29%
ČOLINA ANTE	4.800	0,78%	4.550	0,74%
INSTITUT IGH, D.D. (1/1)	6.659	1,09%	12.159	1,98%
IPRO - INŽENJERING D.O.O.	4.512	0,74%	4.512	0,74%
MARUS ANNA	1.221	0,20%	4.150	0,68%
MIHALJEVIĆ BRANKO	8.010	1,31%	7.638	1,24%
Other shareholders	242.716	39,55%	234.300	38,18%
PRIVREDNA BANKA ZAGREB D.D	9.212	1,50%	11.005	1,79%
AGRAM INVEST D.D.	1.184	0,19%	1.160	0,00%
Total	613.709	100,00%	613.709	100,00%

The Company's share capital comprises 613,709 shares, ticker IGH-R-A, ISIN: HRIGH0RA0006, with a nominal amount of HRK 190.00 per share, which amounts to HRK 116,605 thousand. The shares were listed on the Official Market of the Zagreb Stock Exchange. Each share holds voting and dividend rights.

Based on the final pre-bankruptcy settlement agreement of 28 December 2013, creditors transferred into the PIK and Junior debt have the right, upon the maturity period of six years, to convert their remaining claims into share capital and thus become a part of the ownership structure of the Company, up to 20% of the share capital. The PIK debt represents 63.6% of debt towards banks in the pre-bankruptcy settlement and is to be paid in one instalment after six years at a fixed interest rate of 4.5% per annum, which will also be paid upon maturity. After 6 years, creditors have the right to exercise an option to convert debt into equity up to a maximum of 20% of the share capital at the time of conversion. The details of the pre-bankruptcy settlement agreement are described in Note 35.

Given the above, the Company (IGH Group) has an obligation to calculate the probability and amount of conversion of debt into equity. Due to the significant uncertainty of key variables in the calculation, the Company did not calculate and recognize the equity component on 31 December 2022.

23. Reserves

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

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

DESCRIPTION	**Number of own shares 31 Dec 2022**	Number of own shares 31 Dec 2021
As at 1 January	**12.159**	13.359
Decrease during the year	**-5.500**	-1.200
As at 31 December	**6.659**	12.159

The Management Board of the Company has the right to receive bonus shares and treasury shares. There was no award on this basis during the year 2021, while the remaining amount will be allocated in accordance with the Company's possibilities in the coming years. The Net Asset Value of treasury shares and bonus shares is presented in Other Reserves according to market value of the share on the reporting date.

24. Revaluation reserves

24.1. Revaluation reserves IGH

(In thousands HRK	**Revaluation reserves for non-current tangible assets**	**Foreign exchange differences from recalculation of foreign operations**	**Total**
As at 31 December 2020.	**87.122**	**-207**	**86.915**
Transfer to accumulated losses	-45.105	0	-45.105
Foreign exchange differences from recalculation of foreign operations	0	-91	-91
As at 31 December 2021	**42.017**	**-298**	**41.719**
Transfer to accumulated losses	-2.769	0	-2.769
As at 31 December 2022	**39.248**	**-298**	**38.950**

Revaluation reserves are not distributable to shareholders.

24.2. Revaluation reserves- IGH Group

(in thousand HRK)	**Revaluation reserves for non-current tangible assets**	**Foreign exchange differences from recalculation of foreign operations**	Total
As at 31 December 2020	**97.368**	**-185**	**97.183**
Transfer to accumulated losses	-52.480	-	-52.480
Foreign exchange differences from recalculation of foreign operations	-	-102	-102
Decrease due to write-offs	**44.888**	**-287**	**44.601**
As at 31 December 2021			
	-2.769	-254	-3.023
Transfer to accumulated losses	**42.119**	**-541**	**41.578**

25. Commitments for loans and borrowings

25.1. Commitments for loans and borrowings IGH

	31 December 2022	31 December 2021
	Thous. HRK	Thous. HRK
Long term borrowings		
Borrowings-senior debt /iii/	**0**	12.489
Other borrowings	**363**	275
Total	**363**	12.764
Short-term borrowings		
Borrowings-PIK debt /ii/	**10.650**	32.862
Borrowings (separate creditors) /v/	**8.747**	25.583
Borrowings -current portion of senior debt /iii/	**71.006**	64.687
Borrowings of associated companies *(Note 32)*	**73.447**	50.493
Other borrowings	**4.054**	845
Accrued interest payable	**18.996**	21.972
Total	**186.900**	196.442
Loans and borrowings total	**187.263**	209.206

25. Commitments for loans and borrowings (continued)

25.1. Commitments for loans and borrowings- IGH (continued)

(in thousand HRK)	Borrowings - PIK debt /ii/	Borrowings - Senior debt/iii/	Borrowings - secured creditors /iv/	Issued bonds /v/	Loans from associated companies /vi/	Other borrowings	Accrued interest payable	Total
Net book value								
As at 1 January 2021	131.045	80.037	25.622	46.964	1.281	1.899	54.754	341.602
Non-monetary repayment	-98.183	-2.861	-39	-46.964	-	-779	-32.782	-181.608
Loans received	-	-	-	-	49.212	-	-	49.212
As at 31 December 2021	**32.862**	**77.176**	**25.583**	**-**	**50.493**	**1.120**	**21.972**	**209.206**
Non-monetary repayment	-22.249	-66.120	-16.836	-	-	-7.517	-14.673	-127.395
Loans received	-	59.814	-	-	22.787	10.825	-	93.426
Transfer of commitments	-	-	-	-	-	-	11.654	11.654
Exchange rate difference	37	137	-	-	167	-11	42	372
As at 31 December 2022	**10.650**	**71.007**	**8.747**	**-**	**73.447**	**4.417**	**18.995**	**187.263**

25. Commitments for loans and borrowings (continued)

25.1. Commitments for loans and borrowings- IGH (continued)

/i/ Bank borrowings in the amount of HRK 10.650 *thousand* (*2021: HRK 32.862 thousand*) are secured with the Company's land and buildings, shares in the affiliates and pledged Company inventories.

In accordance with the pre-bankruptcy settlement agreement, creditors are classified into the following categories:

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

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

/iv/ Secured creditors have not waived their right for separate settlement in the pre-bankruptcy settlement proceedings, and have the right to initiate separate enforcement procedures to enforce property sales and settlement of their claims. If the sale of pledged assets does not generate sufficient funds to settle secured claims, secured creditors are not entitled to settlement of outstanding claims in full, but their claims are considered to be settled entirely through the sale of the pledged assets. Regarding these borrowings, the Company is not obligated to repay principal or interest from the ordinary course of business, but the settlement is made only from the sale of pledged property.

/v/ Issued bonds

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

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

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

The bond obligation was settled during 2021.

/vi/ The Company recorded a debt to Elpida d.o.o. in the amount of 22.840 thousand kunas and to Radeljević d.o.o. in the amount of 49.231 thousand kunas. The liability has been incurred pursuant to a restructuring agreement with B2 Kapital and the taking over of the real estate owned by Elpida d.o.o. and Radeljević d.o.o. as collateral. With the taking over of the real estate in question, INSTITUT IGH d.d. settled a part of the debt it has with B2 Kapital pursuant to the pre-bankruptcy agreement, creating a claim against INSTITUT IGH, d.d. in the business books of Elpida d.o.o. and Radeljević d.o.o.

25. Commitments for loans and borrowings (continued)

25.1. Commitments for loans and borrowings IGH (continued)

The analytical review of loans and borrowings is as follows:

	Currency	Interest rate	2022	Up to 1 year	1 - 2 years
Financial liabilities					
Commercial bank	EUR	4,50%	669	669	-
Unrelated third parties	EUR	4,50%	89.734	89.734	-
Liabilities for interest	HRK	-	18.996	18.996	-
Non-interest bearing other liabilities to secured creditors					
Unrelated third parties	EUR	-	3.581	3.218	363
Loans from other financial institutions	HRK	-	836	836	-
Other financial liabilities					
Loans from related parties	HRK	2,86%	73.447	73.447	-
Total			**187.263**	**186.900**	**363**

	Curre ncy	Interest rate	2021	Up to 1 year	1 - 2 years
Financial liabilities					
Commercial bank	EUR	4,50%	700	440	260
Third parties	EUR	4,50%	126.173	113.684	12.489
Liabilities for interest	EUR	4,50%	21.972	21.972	-
Non-interest bearing other liabilities to secured creditors					
Third parties	EUR	-	8.747	8.747	-
Loans from other financial institutions	HRK	-	836	836	-
Other financial liabilities					
Loans from related parties	HRK	3%	50.493	50.493	-
Loans from unrelated parties	HRK	4,50%	283	268	15
Other loans	RUB	4%	2	2	-
Total			**209.206**	**196.442**	**12.764**

25.2. Commitments for loans and borrowings- IGH Group

	31 Dec 2022	31 Dec 2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Long-term borrowings		
Borrowings-senior debt /iii/	**-**	12.489
Other borrowings	**363**	275
	363	12.764
Short-term borrowings		
Borrowings -PIK debt /i/	**10.650**	32.862
Borrowings (secured creditors) /v/	**8.747**	25.583
Borrowings – current maturity of senior debt /iii/	**71.006**	77.696
Other borrowings	**13.637**	873
Accrued interest payable	**23.161**	21.972
Loans from affiliated companies /vii/ *(Note 32)*	**22.840**	-
	150.041	158.986
Loans and borrowings total	**150.404**	171.750

25. Commitments for loans and borrowings (continued)

25.2. Commitments for loans and borrowings IGH Group (continued)

The analytical review of loans and borrowings is as follows:

(in thousand HRK)	Borrowings - PIK debt /ii/	Borrowings - Senior debt /iii/	Borrowings - secured creditors /v/	Borrowings - other	Issued bonds /vi/	Other borrowings	**Loans by affiliated companies**	Accrued interest payable	Total
Net book value									
As at 1 January 2021	131.045	108.832	25.622	3.074	47.800	1.514	-	54.754	372.641
Non-monetary repayment	-98.160	-18.639	-	-3.074	-47.800	-366	-	-32.782	-200.821
Exchange rate difference	-23	-8	-39	-	-	-	-	-	-70
As at 31 December 2021	**32.862**	**90.185**	**25.583**	**-**	**-**	**1.148**	**-**	**21.972**	**171.750**
Non-monetary repayment	-22.212	-19.179	-16.836	-	-	-	-	-	-58.227
Transfer of liabilities	-	-	-	-	-	12.852	22.840	-	35.692
Accrual of interest	-	-	-	-	-	-	-	1.189	1.189
As at 31 December 2022	**10.650**	**71.006**	**8.747**	**-**	**-**	**14.000**	**22.840**	**23.161**	**150.404**

25. Commitments for loans and borrowings (continued)

25.2. Commitments for loans and borrowings - (continued)

The analytical review of loans and borrowings is as follows (continued):

	Currency	Interest rate	2022	Up to 1 year	1 - 2 years
Financial liabilities					
Commercial bank	EUR	4,50%	669	669	
Third parties	EUR	4,50%	89.734	89.734	
Liabilities for interest	HRK	-	23.161	23.161	
Non-interest bearing other liabilities to secured creditors					
Third parties					
Liabilities for interest	EUR	-	13.164	12.801	363
Loans from affiliated companies			22.840	22.840	-
Loans from other financial institutions	HRK	-	836	836	-
Total			**150.404**	**150.041**	**363**

	Currency	Interest rate	2021	Up to 1 year	1 - 2 years
Financial liabilities					
Commercial bank	EUR	4,50%	716	441	275
Third parties	EUR	4,50%	119.725	107.236	12.489
Liabilities for interest	HRK	-	21.972	21.972	-
Non-interest bearing other liabilities to secured creditors					
Third parties					
Loans from other financial institutions	EUR	-	24.209	24.209	-
Other financial liabilities	HRK	-	836	836	-
Liabilities for interest					
Loans from unrelated parties	HRK	4,50%	4.290	4.290	
Other borrowings	RUB	4%	2	2	-
Total			**171.750**	**158.986**	**12.764**

26. Lease obligations

IGH d.d. and IGH Group

DESCRIPTION	**31 December 2022 Thous. HRK**	31 December 2021 Thous.HRK
Non-current liabilities		
Lease obligations	**24.393**	10.808
Total	**24.393**	10.808
Current liabilities		
Lease obligations	**12.489**	9.896
Total	**12.489**	9.896

The analytical review of lease obligations is as follows:

(in thousand HRK)	**Lease obligations**
Net book value	
As at 1 Jan 2021	19.638
Payments	-17.655
Increase	18.721
As at 31 December 2021	**20.704**
Payments	-14.478
Increase	30.656
As at 31 December 2022	**36.882**

	Currency	**Interest rate**	**2022**	**Up to 1 year**	**1 - 2 years**	**2 - 5 years**
Operative lease - MSFI 16	HRK	4,50%	36.882	12.489	18.734	5.659

	Currency	**Interest rate**	**2021**	**Up to 1 year**	**1 - 2 years**	**2 - 5 years**
Operative lease - MSFI 16	HRK	4,50%	20.704	9.896	5.416	5.392

27. Provisions

27.1. Provisions IGH

In thousand HRK	Unused vacation days	Retirement benefits	Legal disputes	Total
As at 31 December 2020	3.198	678	6.566	10.442
Provisions	-	23	4.211	4.234
Cancellation	-436	-	-233	-669
As at 31 December 2021	2.762	701	10.544	14.007
Cancellation	-352	-125	-66	-543
Decrease	-	-	-65	-65
As at 31 December 2022	2.410	576	10.413	13.399
Long-term	-	576	10.391	10.967
Short-term	2.410	-	22	2.432

27. Provisions (continued)

27.1. Provisions IGH (continued)

(i) Unused vacation days

In 2022, the provision for unused vacation days was accrued based on the expectations that unused vacation days from 2021 will be used in 2022.

(ii) Retirement benefits

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

(iii) Legal disputes

The amounts of provisions relate to a number of legal disputes initiated against the Company. Based on the expert opinion of a legal counsel, the Company's Management Board believes that the outcome of these legal disputes will not give rise to any significant loss beyond the amount provided for as at 31 December 2022.

27.2. Provisions IGH Group

As at 31 December 2020	Unused vacation days	Retirement benefits	Legal disputes	Total
Reservations	3.198	678	6.566	10.442
Cancellation	-	23	4.211	4.234
As at 31 December 2021	-436	-	-233	-669
Cancellation	2.762	701	10.544	14.007
Reduction of liabilities	-352	-125	-66	-543
As at 31 December 2022			-65	-65
As at 31 December 2020	2.410	576	10.413	13.399
Long-term	-	576	10.391	10.967
Short-term	2.410	-	22	2.432

28. Trade payables and other payables

28.1. Trade payables and other payables- IGH

	31 December 2022	31 December 2022
DESCRIPTION	**Thous. HRK**	Thous. HRK
Non-current liabilities		
Trade payables	**198**	198
	198	198
Current liabilities		
Domestic trade payables	**13.755**	17.403
Trade payables per pre-bankruptcy settlement	**2**	150
Foreign trade payables	**6.811**	6.463
Liabilities towards government institutions	**8.895**	8.747
Liabilities to employees	**6.376**	6.335
Municipal charges	**2.318**	2.065
Liabilities towards associated companies *(Note 32)*	**402**	1.142
Other liabilities	**1.624**	3.599
	40.181	46.005
Total	**40.379**	46.203

28. Trade payables and other payables (continued)

28.2. Trade payables and other payables IGH Group

As at 31 December 2022, the book value of current liabilities approximates their fair value, due to the short-term nature of these liabilities. Other liabilities relate to those other current liabilities. The Company's exposure to foreign exchange rate risk and solvency risk is presented in Note 31.

	31 December 2022	31 December 2021
DESCRIPTION	Thous. HRK	Thous. HRK
Non-current liabilities		
Trade payables	198	188
	198	188
Current liabilities		
Domestic trade payables	14.451	22.749
Trade payables per pre-bankruptcy settlement	2	133
Foreign trade payables	6.718	6.463
Liabilities towards government institutions	10.727	8.851
Liabilities to employees	6.590	6.335
Municipal charges	2.318	2.065
Other liabilities	4.864	3.674
	45.870	50.270
Total	46.068	50.458

29. Commitments for advances and deposits received

29.1. Commitments for advances and deposits received- IGH

	31 December 2022	31 December 2021
DESCRIPTION	Thous. HRK	Thous. HRK
Received advances		
Advances from domestic clients	4.440	3.239
Advances from foreign clients	2.162	2.984
Calculation of advances given	331	718
Total	6.933	6.941
Received deposits		
Deposits and guarantees received	275	419
Total	275	419

29. Commitments for advances and deposits received (continued)

29.2. Commitments for advances and deposits received- IGH Group

	31 December 2022	31 December 2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Received advances		
Advances from domestic clients	**4.514**	3.239
Advances from foreign clients	**2.162**	2.985
Calculation of advances given	**331**	718
Total	**7.007**	6.942
Received deposits		
Deposits and guarantees received	**276**	419
Total	**276**	419

30. Accrued expenses and deferred income

The Company's accrued expenses and deferred income stated in the Statement on financial position on 31 December 2022, in the amount of 8.581 thousand kunas (8422 thousand kunas on 31 December 2021) and the Group's accrued expenses and deferred income in the amount of 8.377 thousand kunas (8357 thousand kunas on 31 December 2021 8.357) refer to the accrued expenses for which no invoice was received.

31. Risk management

Financial risk factors

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

a) Market risk

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

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

b) Price risk

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

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

c) Foreign currency exchange risk

The Company's official currency is the Croatian Kuna (HRK). However, the Company and the Group have invested in financial instruments and entered into transactions denominated in currencies that do not represent its functional currency. Accordingly, the Company and the Group are exposed to foreign exchange risk of its currency in relation to other currencies in a way that may adversely affect the result and value of the Company and the Group.

31. Risk management (continued)

c) *Foreign currency risk (continued)*

Transactions denominated in foreign currencies are translated into Croatian Kuna by applying the exchange rates in effect at the balance sheet date. The resulting foreign exchange differences are credited or charged to the income statement. Changes in exchange rates may affect the profits mainly as a result of foreign exchange gains or losses arising on translation of receivables in foreign currency (EUR) and borrowings and liabilities contracted with a foreign currency clause (EUR). Due to part of its income being earned in foreign markets and liabilities denominated in other currencies, the Company is exposed to foreign exchange risk primarily through EUR and therefore the expected changes are not significant.

Due to part of its income being earned in foreign markets and liabilities denominated in other currencies, the Group is exposed to foreign exchange risk (primarily through EUR) and therefore the expected changes are not significant.

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

(in thousand HRK)	Liabilities		Assets	
	2022	2021	2022	2021
The European Union (EUR)	23.650	61.874	2.855	23.932
Bosnia and Herzegovina (BAM)	29	37	162	421
The USA (USD)	560	120	15	54
The Russian Federation (RUB)	31.666	2673	38.676	3.412
Georgia (GEL)	174	3.985	1.165	7.932
Macedonia (MDK)	900	0	3.161	0

Sensitivity analysis to foreign currency risk

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

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

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

Effect of USD currency		Effect of GEL currency		Effect of MDK currency	
2022	2021	2022	2021	2022	2021
(in thousands HRK)		*(in thousands HRK)*		*(in thousands HRK)*	
-6	-1	-5	39	-554	0

Effect of BAM currency		Effect of RUB currency	
2022	2021	2022	2021
(in thousands HRK)		*(in thousands HRK)*	
-1	4	-26.338	7

31. Risk management (continued)

The mean exchange rates of currencies to HRK, significant for the Company are as follows:

	31 December 2022	31 December 2021
EUR	7,534500	7,51717
BAM	3,852329	3,84347
USD	7,064035	6,64355
RUB	0,1178	0,0894
GEL	2,6963	2,1191
MKD	0,1244	

d) Interest rate risk

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

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

e) Credit risk

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

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

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

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

The expected loss rates are based on collection data for the 24-month period prior to 31 December 2021 and historical credit losses during that period.

Furthermore, the Company and the Group are exposed to credit risk through cash deposits in banks. As of 31 December 2021, the Company and the Group cooperated with eleven banks, while it kept its money and deposits in seven banks. Risk management is focused on doing business with the most respectable foreign and domestic banks in the country and abroad and on daily contacts with banks.

Deposits in banks consist of money on account and deposits with a maturity of up to 3 months, which are charged upon maturity and are therefore classified as held-to-maturity assets in accordance with IFRS 9 and are measured at amortized cost. Credit risk is measured using a general approach. The company uses the daily CDS value, which covers insurance for a period of 5 years. CDS with 5 years insurance has the highest market liquidity and is therefore chosen as the benchmark. CDS is sensitive to an increase in default risk - regardless of whether insurance with a 3-year or 5-year term is selected. Domestic banks do not have a rating or CDS indicator as a risk measure.

The Company took the CDS for the Republic of Croatia to measure the risk, which at 31 December 2021 amounted to 1,11%. Credit risk, calculated according to the formula: amount of deposits * number of days * CDS / 365. For deposits on demand, the Company uses 2 days in calculating the amount of credit risk.

31. Risk management (continued)

f) Solvency risk

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

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

Table showing an analysis of the solvency risk

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

Company

	Net book value	Contracted cash flows	Up to 1 year	From 1 to 2 years	From 2 to 5 years
2022 in thousand HRK					
Non-derivate financial liabilities					
Loans received and financial leasing	224.146	224.146	199.391	14.753	10.002
Trade and other payables	47.589	47.589	47.391	198	0
	271.735	**271.735**	**246.782**	**14.951**	**10.002**
2021 in thousand HRK					
Non-derivate financial liabilities					
Loans received and financial leasing	229.910	229.910	206.338	18.156	5.416
Trade and other payables	53.564	53.564	53.366	198	0
	283.474	**283.474**	**259.704**	**18.354**	**5.416**

Group

	Net book value	Contracted cash flows	Up to 1 year	From 1 to 2 years	From 2 to 5 years
2022 in thousand HRK					
Non-derivate financial liabilities					
Loans received and financial leasing	187.287	187.287	162.532	14.753	10.002
Trade and other payables	53.351	53.351	53.152	199	0
	240.638	**240.638**	**215.684**	**14.952**	**10.002**
2021 in thousand HRK					
Non-derivate financial liabilities					
Loans received and financial leasing	192.454	192.454	168.882	23.572	0
Trade and other payables	57.819	57.819	57.631	188	0
	250.273	**250.273**	**226.513**	**23.760**	**0**

31. Risk management (continued)

f) Solvency risk (continued)

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

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

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

Company

(in thousand HRK)	Net book value	Contracted cash flows	Up to 1 year	From 1 to 2 years
2022				
Non-derivative financial assets				
Loans given	30.672	30.672	27.322	3.350
Trade and other receivables	37.274	37.274	35.791	1.483
Total	**67.946**	**67.946**	**63.113**	**4.833**
2021				
Non-derivative financial assets				
Loans given	29.132	29.132	25.644	3.488
Trade and other receivables	42.107	42.107	39.911	2.196
Total	**71.239**	**71.239**	**65.555**	**5.684**

Group

(in thousand HRK)	Net book value	Contracted cash flows	Up to 1 year	From 1 to 2 years
2022				
Non-derivative financial assets				
Loans given	27.436	27.436	27.130	306
Trade and other receivables	39.221	39.221	37.720	1.501
Total	**66.657**	**66.657**	**64.850**	**1.807**
2021				
Non-derivative financial assets				
Loans given	27.759	27.759	27.266	493
Trade and other receivables	56.772	56.772	54.559	2213
Total	**84.531**	**84.531**	**81.825**	**2.706**

Fair value of financial instruments

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

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

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

31. Risk management(continued)

f) Solvency risk (continued)

As at 31 December 2021, the reported amounts of cash, short-term deposits, receivables, current liabilities, accrued expenses, short-term borrowings and other financial instruments approximate their market values due to the current nature of those assets and liabilities.

The Management Board believes that the book value of long-term deposits, receivables and borrowings as at 31 December 2021 approximates their fair value due to the application of variable interest rates on liabilities.

Equity risk management

Net debt-to-equity ratio

The Company monitors capital in line with laws and regulations valid in the Republic of Croatia which require a minimum deposit of HRK 200.000 for joint stock companies. Owners do not require any special measures with regard to management of capital. There are no capital goals internally monitored.

32. Transactions with related parties

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

32.1. Transactions with related parties- IGH

	2022	2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Revenue from sales		
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**51**	60
IGH BUSINESS ADVISORY SERVICES D.O.O.	**680**	563
IGH PROJEKTIRANJE D.O.O.	**-**	56
Total	**731**	679
Other business revenue		
MARTERRA D.O.O.	**-**	18
RADELJEVIĆ D.O.O.	**-**	3.325
Total	**-**	3.343
Financial revenue		
INCRO D.O.O.	**-**	1
Total	**-**	1
Costs of services		
MARTERRA D.O.O.	**1.171**	787
IGH-MOSTAR D.O.O.	**45**	45
IGH PROJEKTIRANJE D.O.O.	**102**	-
Total	**1.318**	832
Other operating costs		
MARTERRA D.O.O.	**17**	-
Total	**17**	-
Expenditure		
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**41**	
IGH-MOSTAR D.O.O.		12
RADELJEVIĆ D.O.O.		5
Total	**41**	17
Value adjustments of non-current financial assets		
RADELJEVIĆ D.O.O.	**-**	25.000
IGH CONSULTING D.O.O.	**-**	59
Total	**-**	25.059

32. Transactions with related parties (continued)

32.1. Transactions with related parties IGH (continued)

DESCRIPTION	31 December 2022 Thous. HRK	31 December 2021 Thous. HRK
Receivables from subsidiaries		
DP AQUA D.O.O.	**49**	49
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**51**	-
FORUM CENTAR d.o.o.	**1**	-
IGH BUSINESS ADVISORY SERVICES D.O.O.	**78**	281
IGH PROJEKTIRANJE D.O.O.	**70**	70
INCRO D.O.O.	**81**	81
MARTERRA D.O.O.	**1.043**	1.043
IGH D.O.O.MOSTAR	**-**	48
Total	**1.373**	**1.572**
Receivables from affiliated companies		
ELPIDA D.O.O.	**5**	41
GEOTEHNIKA-INŽENJERING D.O.O.	**158**	158
IGH LUX ENERGIJA D.O.O.	**13**	13
SPORTSKI GRAD TPN D.O.O.	**475**	475
Total	**651**	687
Total	**2.025**	2.259
Value adjustments of receivables from related entrepreneurs	**(1.800)**	(1.834)
Loans given to subsidiaries		
IGH-MOSTAR D.O.O.	**3.108**	2.989
D.P. AQUA D.O.O	**2**	-
FORUM CENTAR D.O.O.	**5**	1
SLAVONIJA CENTAR, PZ VELIKA KOPAONICA D.D.	**6**	-
RADELJEVIĆ D.O.O.	**135**	-
IGH PROJEKTIRANJE D.O.O.	**-**	33
IGH D.O.O.MOSTAR	**-**	366
Total	**3.256**	3.389

Information on co-debtorships and guarantees issued to affiliated companies are published in Note 33.

DESCRIPTION	31 December 2022 Thous. HRK	31 December 2021 Thous. HRK
Liabilities related to loans given to subsidiaries		
ELPIDA D.O.O.	**22.840**	-
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**936**	936
IGH PROJEKTIRANJE D.O.O.	**327**	327
RADELJEVIĆ D.O.O.	**49.344**	49.230
Total	**73.447**	50.493
Liabilities to subsidiaries		
IGH CONSULTING D.O.O.	**83**	83
IGH PROJEKTIRANJE D.O.O.	**51**	-
IGH-MOSTAR D.O.O.	**27**	25
MARTERRA D.O.O.	**241**	239
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**-**	1
IGH D.O.O.MOSTAR	**-**	794
Total	**402**	1.142
Liabilities to affiliated companies		
AVENUE MEHANIZACIJA d.o.o.	**39.933**	0
AVENUE ENGINEERING AND CONSTRUCTION LIMITED	**4.270**	5.342
Total	**44.203**	5.342

32. Transactions with related parties (continued)

32.2. Transactions with related parties IGH Group

DESCRIPTION	31 December 2022 Thous. HRK	31 December 2021 Thous. HRK
Receivables from affiliated companies		
ELPIDA D.O.O.	**5**	40
GEOTEHNIKA-INŽENJERING D.O.O.	**158**	158
IGH D.O.O.MOSTAR	**-**	48
IGH LUX ENERGIJA D.O.O.	**13**	13
SPORTSKI GRAD TPN D.O.O.	**475**	475
Total	**651**	734
Value adjustments of receivables from related entrepreneurs	**(646)**	(681)
Loans given to subsidiaries		
ELPIDA D.O.O.	**22.840**	-
Total	**22.840**	-
Liabilities to affiliated companies		
AVENUE MEHANIZACIJA d.o.o.	**39.933**	-
AVENUE ENGINEERING AND CONSTRUCTION LIMITED	**4.270**	5.342
Total	**44.203**	5.342

32.3. Management Board and Supervisory Board compensation

The total compensation of Management Board and the Supervisory Board members in 2022 amounted to HRK 2.867 thousand (in 2021, this amount was 2.534 thousand).

Supervisory Board compensation

Compensation to Supervisory Board members *(in thousand HRK)*	Salary - **fixed component**	Salary - **variable component**
Žarko Dešković	149	7
Sergej Gladeljkin	75	4
Igor Tkach	75	5
Mariyan Tkach	75	7
Marin Božić	75	7
Total	499	

Compensation to Management Board Members

Compensation to Management Board Members *(in thousand HRK)*	Salary - **fixed component**	Salary - **variable component**
Džajić Igor	587	0
Pauzar Miroslav	590	0
Petrosian Robert	699	0
Tudor Vedrana	542	1
Total	2.418	1

33. Potential liabilities

	2022	2021
	Thous. HRK	Thous. HRK
DESCRIPTION	**25.268**	33.043
Guarantees given - External	**15.680**	15.680
Total	**40.948**	48.723

Litigations

As at 31 December 2022, several legal disputes are in progress against the Group for which potential liabilities have not been recorded in the statement of financial position as at 31 December, due to the Management Board's estimates that, as at 31 December 2022, there is no probability that liabilities will arise for the Company.

The overview of co-debtor relationships in related party loans is as follows:

	2022	2021
DESCRIPTION	**Thous. HRK**	Thous. HRK
Incro d.o.o. Zagreb	**15.680**	15.680
Total	**15.680**	15.680

34. Earnings per share

Basic earnings per share are calculated as follows:

	Group		Company	
	2022	**2021**		**2022**
DESCRIPTION	*Thous. HRK*	*Thous. HRK*	DESCRIPTION	*Thous. HRK*
Profit for the year (in thousands of HRK)	**15.080**	**-56.776**	**16.961**	**-51.075**
Weighted average number of shares	**603.700**	**603.700**	**603.700**	**603.700**
Basic earnings per share (in 000 HRK)	**24,98**	**-94,05**	**28,09**	**-84,6**

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

35. Impact of the pre-bankruptcy settlement

35.1. Impact of the pre-bankruptcy settlement- IGH

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

a. Settlement with suppliers

An agreement was reached according to which 30% of claims are converted into the Company's share capital. 20% of claims will be repaid in cash after the share capital increase or the sale of the Company's assets. The remaining 50% of claims will be repaid in 10 equal semi-annual instalments over the period of 5 years. During 2018, the Company settled trade payables totalling HRK 10.041 thousand as prescribed in the provisions of the pre-bankruptcy settlement. During 2019 the Company also settled liabilities to related parties, natural persons for service contracts and royalties, non-financial institutions and the Ministry of Finance in the total amount of HRK 2.912 thousand. During 2020 all remaining obligations were settled amounting to HRK 196 thousand.

35. Impact of the pre-bankruptcy settlement (continued)

35.1. Impact of the pre-bankruptcy settlement- IGH (continued)

b. Settlement with banks- PIK debt

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

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

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

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

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

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

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

Senior debt

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

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

As a result of the abovementioned facts, the first instalment of the senior debt of creditors from category a) becomes due 42 months from the date the pre-bankruptcy settlement will have become legally valid. The payments fall due 30 June and 31 December of each year, and the first instalment becomes due on the first of the above dates 42 months after the settlement became legally valid, which is on 30 June 2017. Instalments are paid 2 times a year with a fixed interest rate of 4.5% per annum. Interest are accrued and paid over the entire repayment period. Liabilities for interests accrued on the senior debt for 2021 has been settled in the amount of HRK 0 thousand (2020: HRK 0 thousand). Company is late in paying the Senior debt but the creditors, until the date of this Report, have not made claims for payment in the sense of enforcement. In case the negotiations are not successful, creditors can initiate an enforcement procedure.

35. Impact of the pre-bankruptcy settlement (continued)

35.1. Impact of the pre-bankruptcy settlement- IGH (continued)

b. *Settlement with banks PIK debt (continued)*

Junior debt

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

Secured creditors

The principal of the debt towards creditors who have not waived their right to separate settlement in the process of the pre-bankruptcy settlement agreement (secured creditors) is classified as short-term and is presented in Note 27 in the principal amount of HRK 8.747 thousand.

Pledged assets are intended to cover the secured debt and are classified non-current assets held for sale as presented in Note 21 in the amount of HRK 12.300 thousand.

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

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

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

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

(in thousands HRK)	**Balance sheet as at 31 Dec 2022**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	132.873	-16.875	115.998
Non-current assets held for sale	12.300	-12.300	0
Current assets	77.348	0	77.119
TOTAL ASSETS	**222.521**	**-29.175**	**193.118**
Total equity	-80.409	0	-81.641
Non-current liabilities	44.095	0	45.143
Current liabilities	258.835	-8.747	250.044
TOTAL EQUITY AND LIABILITIES	**222.521**	**-8.747**	**213.546**

(in thousands HRK)	**Balance sheet as at 31 Dec 2022**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	120.105	-16.875	103.230
Non-current assets held for sale	12.300	-12.300	0
Current assets	87.939	0	87.939
TOTAL ASSETS	**220.344**	**-29.175**	**191.169**
Total equity	-96.874	0	-96.874

Non-current assets	44.216	0	44.216
Current assets	273.002	-25.622	247.380
TOTAL EQUITY AND LIABILITIES	**220.344**	**-25.622**	**194.722**

35. Impact of the pre-bankruptcy settlement (continued)

35.1. Impact of the pre-bankruptcy settlement IGH (continued)

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

DESCRIPTION	**2022 Thous. HRK**	2021 Thous. HRK
PIK debt (Note 25)	**10.650**	32.862
Senior debt (Note 25)	**71.006**	77.176
	81.656	110.038
Secured creditors - principal (note 25)	**8.747**	25.622
	8.747	25.622

Since the legally valid pre-bankruptcy settlement up to 31 December 2022, the Company settled an amount of HKR 369.372 thousand incurred before initiating the pre-bankruptcy settlement, by payments in cash, issuing registered shares, converting a part of receivables of a part of creditors into equity, payment of priority claims and other claims of employees with accompanying taxes and contributions, and write-off in accordance with the provisions of the pre-bankruptcy settlement.

On the Balance Sheet date, the PIK debt amounts to HRK 10.650 thousand, the and current Senior debt maturity amounts to HRK 71.006 thousand while the total Senior debt amounts to HRK 8.747 thousand.
After the balance sheet date, the Company shall continue to cover liabilities towards creditors in part from sale, in part from the acquisition of assets, in order to reduce and settle its obligations from the pre-bankruptcy settlement.
The following was settled in 2022:

- HRK 22.212 thousand PIK debt by transfer of assets of subsidiaries,
- HRK 23.005 of senior debt liabilities, and
- HRK 2.977 thousand of related interest

35. Impact of the pre-bankruptcy settlement (continued)

35.2. Impact of the pre-bankruptcy settlement- IGH Group

The impact on the report on the Company's financial position after payments to creditors with separate satisfaction rights (secured creditors) by transfer of assets meant for the satisfaction of the said rights is given in the following table:

(in thousand HRK)	**Balance sheet as at 31 Dec 2022**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	81.995	0	86.700
Non-current assets held for sale	12.300	-12.300	0
Current assets	79.722	0	79.582
TOTAL ASSETS	**174.017**	**-12.300**	**166.282**
Total equity	-97.934	0	-93.760
Non-current liabilities	44.418	0	45.254
Current liabilities	227.533	-8.747	218.342
TOTAL EQUITY AND LIABILITIES	**174.017**	**-8.747**	**169.835**

(in thousand HRK)	**Balance sheet as at 31 Dec 2021**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	69.220	-16.875	52.345
Non-current assets held for sale	12.300	-12.300	0
Current assets	104.602	0	104.602
TOTAL ASSETS	**186.122**	**-29.175**	**156.947**
Total equity	-97.621	0	-97.621
Non-current liabilities	43.996	0	43.996
Current liabilities	239.747	-25.622	214.125
TOTAL EQUITY AND LIABILITIES	**186.122**	**-25.622**	**160.500**

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

DESCRIPTION	**2022** **tis HRK**	2021 tis HRK
PIK debt (note 25)	**10.650**	32.862
Senior debt (note 25)	**71.006**	77.176
	81.656	110.038
Secured creditors - principal (note 25)	**8.747**	25.622
	8.747	25.622

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

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

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

On 31 December 2022, as part of the consolidated and separate financial statements of the Company and the Group the following assets, liabilities, equity and expenditure were shown for INSTITUT IGH'S Russian subsidiary:

	31 December 2022	31 December 2021
Position	**tis HRK**	**tis HRK**
Total assets	5.118	5.356
Total liabilities	3.497	6.385
Total income	-	2.784
Total expenditure	-	2.662

37. Events after the balance sheet date

Settlement of obligations from the pre-bankruptcy settlement

At the beginning of 2022, the Company continued negotiations and concluded an agreement with the creditor company B2 KAPITAL d.o.o. , regulating the method of settlement of the company's remaining PIK debt and remaining obligations per Senior debt, all in accordance with the pre-bankruptcy settlement from 2013. According to the subject agreement, the Company settles the entire remaining PIK debt of the Company in the amount of HRK 10.650 thousand and Senior debt of HRK 71.006 thousand. As part of the above stated, the Company is a co-debtor in the issue of annuity bonds of Rakušina d.d. On 08 February 2023, INSTITUT IGH, d.d., as Debtor, and AVENUE MEHANIZACIJA d.o.o., as Creditor entered into a Debt cancellation protocol, confirming that AVENUE MEHANIZACIJA d.o.o., as Creditor, cannot, and will not ask for the fulfilment of the PIK debton the basis of the pre-bankruptcy settlement of the Debtor, INSTITUT IGH, d.d., in the amount of EUR 2.265.239,22.

On 06 February 2023, INSTITUT IGH, d.d., as Debtor, and B2 Kapital d.o.o., as Creditor, signed a Partial Debt Cancellation protocol, confirming that B2 Kapital d.o.o. has cancelled part of the Senior debt on the basis of the pre-bankruptcy agreement of the Debtor, INSTITUT IGH, d.d., in the amount of EUR 5.299.565,98 (which amounts to 39.835.645,05 HRK according to the mean exchange rate of the CNB, on 14 June 2022.), pursuant to the decision of B2 Kapital's management of 14 June 2022, all pursuant to the provisions of the Restructuring Agreement signed between INSTITUT IGH, d.d. and B2 Kapital d.o.o. on 12 March 2021.

38. The approval of financial statements

The financial statements were adopted by the Management Board and their issuing was approved on 9th October, 2023.

Robert Petrosian
Director

Željka Sikaček
Procurator

Marija Đuroković
Procurator

Senka Žaja
Procurator

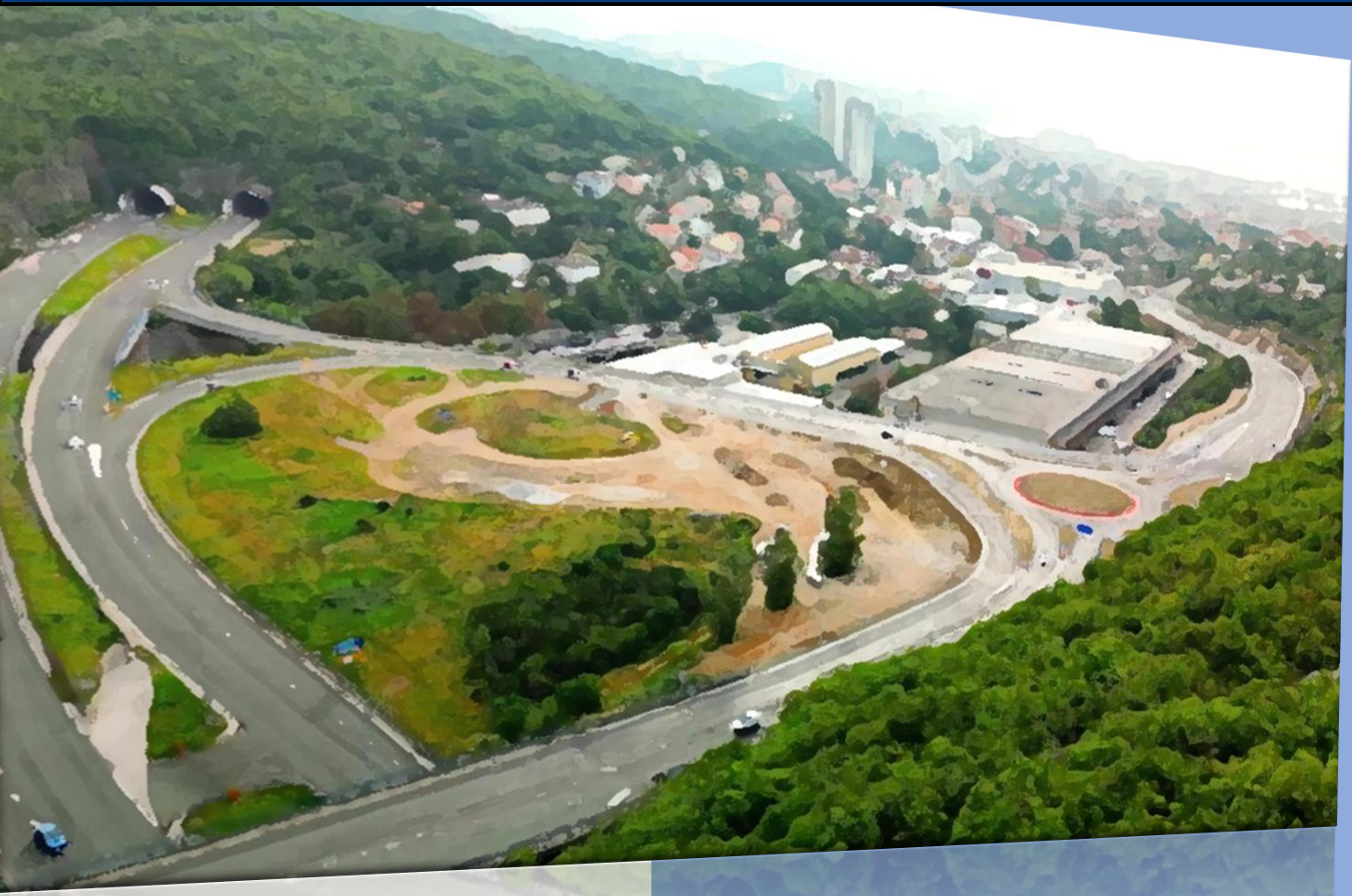
Tatjana Bičanić
Procurator

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

INSTITUT IGH, d.d.

2023

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



April 2024

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1. INTRODUCTION

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

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

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

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

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

2. A WORD FROM THE DIRECTOR

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

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

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

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

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

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

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

U ime Instituta IGH, d.d.

Robert Petrosian, dipl.ing.grad.
Direktor

3. BUSINESS ACTIVITIES

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

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

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

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

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

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

- **ACTIVITIES ON RECORD:**

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

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

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

4. COMPANY HISTORY

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

2009

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

2012

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

2013

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

2014

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

2015

- Reorganization
- 349,539 shares marked IGH-R-C ISIN HRIGH0RC00004 of an individual nominal value of HRK 190,00 were converted into 349,539 shares marked IGH-R-A ISIN HRIGH0RC00006 nominal value of HRK 190,00
- 349.539 shares of an individual pojedinačnog nominalnog iznosa od 190,00 kuna oznake IGH-R-A, ISIN: HRIGH0RA00006 were listed on the official market of the Zagreb Stock Exchange

2016

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

2017

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

2018

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

2019

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

2020

- A new 2020-2030 business strategy was adopted.
- A contract worth around HRK 30 million, in which IGH is the leading consortium partner was signed with JP Autoceste Federacije BiH d.o.o. for the design of the Mostar-Široki Brijeg-Croatian border high speed road, the Polog-Croatian border section.
- A contract worth around HRK 15,7 million was signed with JP Autoceste Federacije BiH d.o.o for supervision services during the construction of a motorway on the Vc corridor, the Tarčin-Konjic section, the Tarčin-Ivan subsection, entry into the Ivan tunnel
- The Ministry of Construction and Spatial Planning approved the „2020-2022 Professional Development Program" which enabled the company to hold internal and external professional development courses for which academic hours will be assigned, making IGH the only private institution in Croatia to provide professional development services to everyone who has passed the State Exam and who, in accordance with the Rulebook on the Professional Development of Persons Dealing in Spatial Development and Civil Engineering Activities, has to attend at least twenty school hours of professional development courses.
- The Company has, in accordance with the requirements of the certification, transitioned from OHSAS 18001 to ISO45001:2018, stressing the importance of occupational health and safety as a part of company culture.

2021

- The start of the implementation of the new 2020-2030 Business Strategy
- The visual identity designed in 2008 was reimplemented
- A supervision contract worth HRK 7,2 million was signed with Hrvatske ceste d.o.o. on the supervision of the Okučani – B&H border high speed road
- A supervision contract worth HRK 5,9 million was signed with the Port Authority of Vukovar for the preparation of study and design documents
- Contracts worth around HRK 8 million were signed with HEP proizvodnja d.o.o. for the final inspections of civil engineering structures in Croatia
- A reconstruction contract worth over HRK 10,5 million was signed with Hrvatske autoceste d.o.o. for the reconstruction of the Zagreb bypass.
- The preparation of conservation studies and a roofing rehabilitation of the Poljud Stadium in Split
- Supervision of the construction of the Dubrovnik University Dorm was completed.

2022

- One of the largest infrastructure projects in Croatia-the Pelješac bridge, was completed. INSTITUT IGH, d.d's professionals provided supervision, quality control and labortatory services.

2023

- One of the most expensive infrastructure projects in Croatia – State Road DC403 was completed
- Share capital was increased to EUR 14,814,630.00 EUR and the nominal value of shares was reduced to EUR 10.00
- RADELJEVIĆ d.o.o. and IGH CONSULTING d.o.o. were acquired by INSTITUT IGH, d.d.
- Branch offices in Hungary and Armenia were opened
- The company was recapitalized, creating the prerequisites to initiate the end of the pre-bankruptcy settlement procedure

5. GROUP COMPONENTS

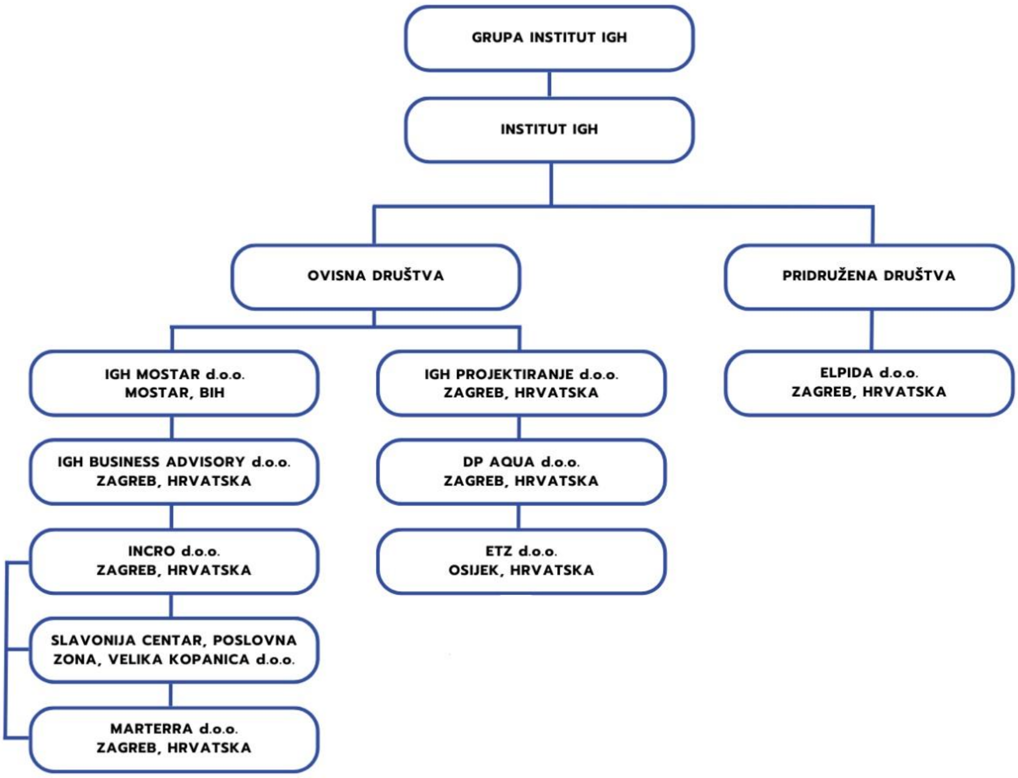
The parent company of the group to which the issuer belongs is the issuer itself. The Member Companies of the IGH Group are partly complementary to the parent company with the aim of a possibility of providing a complementary service.

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

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

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

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



Scheme 1. Group compontents on the 31.12.2023.

Consolidation included the following **subsidiaries**:

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

Table 1. Subsidiaries included in the consolidation

The associate companies include the following:

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

Table 2. Subsidiaries included in the consolidation process

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

6. SIGNIFICANT BUSINESS EVENTS AFTER THE BALANCE SHEET DATE

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

We highlight some of the contracts signed in 2023:

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

Table 3. A list of projects in year 2023.

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

7. MISSION AND VISION

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

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

8. THE COMPANY'S 2020-2030 STRATEGY

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

The strategy plans for four key directions:

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

Employees as our greatest value

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

Client orientation

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

Science and research

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

New sector orientation and service modernization

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

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

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

Financial stability

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

New markets

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

Strategy adaptation

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

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

9. ORGANIZATIONAL STRUCTURE

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

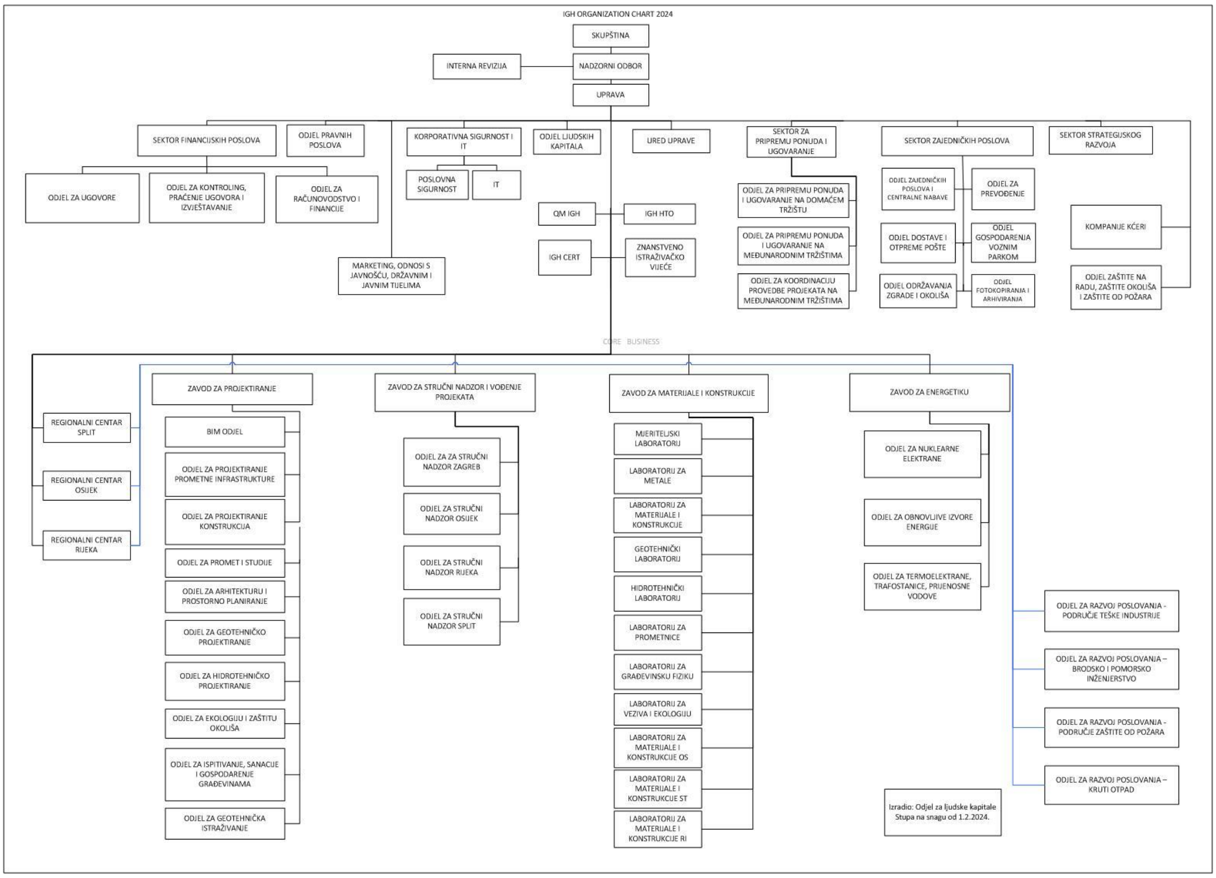


Figure 3. Organizational structure on 6 February 2024

10. MATERIAL TOPICS OF IMPORTANCE FOR THE COMPANY

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

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

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

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

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

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

11. THE NON-FINANCIAL REPORT

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

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

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

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

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

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

Management systems in INSTITUT IGH, d.d

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

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

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

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

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

The Quality Management System including Laboratories

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

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

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

Environmental management

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

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

Environmental management (DISCLOSURE 306)

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

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

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

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

Table 1. Data on the amount of waste in 2023

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

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

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

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

Environmental data (DISCLOSURE 305)

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

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

Gasses included in the calculation: CO2, CH4.

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

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

Energy management (DISCLOSURE 302-1)

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

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

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

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

Table 3: Energy consumption in 2023

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

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

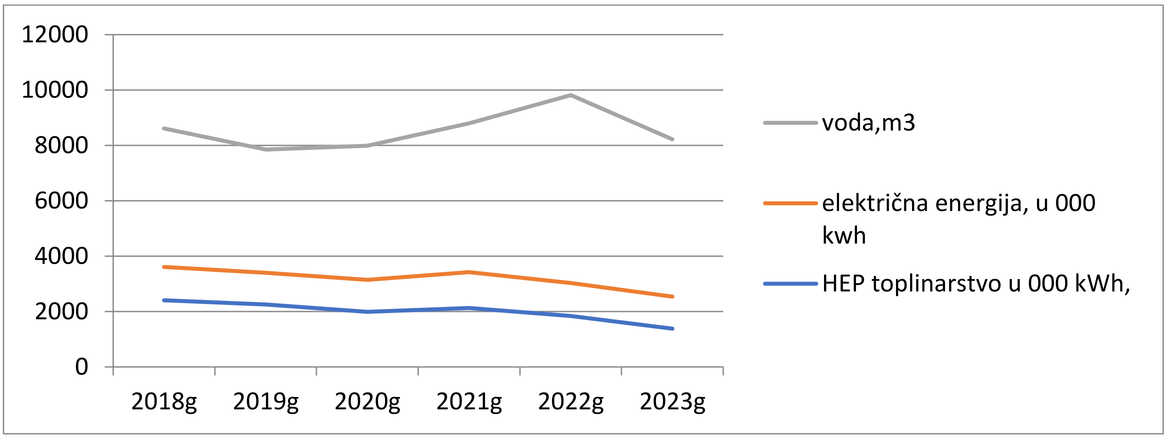


Figure 1.: The 2018-2023 water, HEP heating and electricity consumption.

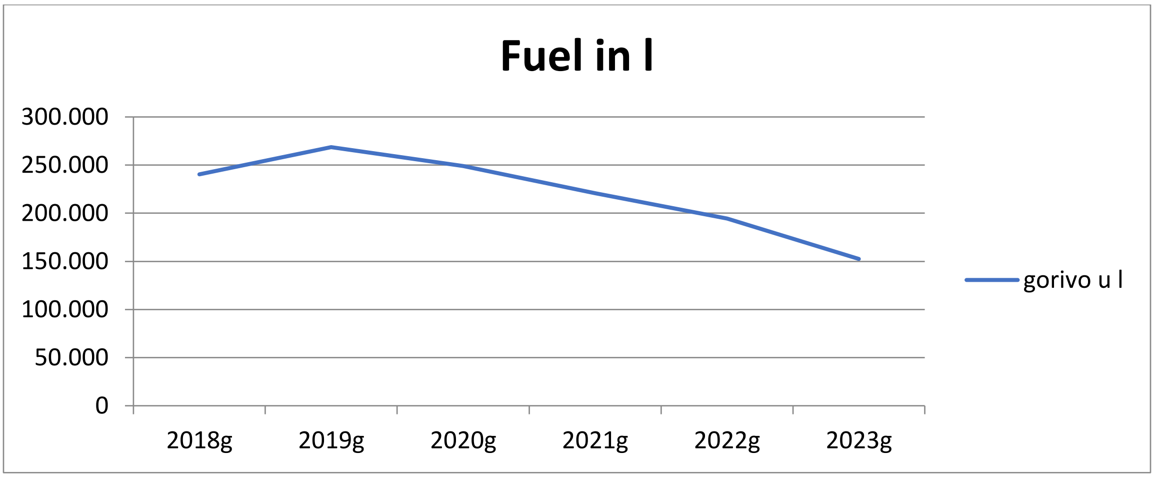


Figure 2.: The 2018-2023 fuel consumption.

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

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

Energy indicators (DISCLOSURE 302-3)

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

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

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

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

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

Water (DISCLOSURE 303)

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

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

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

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

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

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

Occupational Health and Safety Management (DISCLOSURE 403)

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

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

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

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

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

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

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

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

12. RELATIONS WITH EMPLOYEES

In 2023, Company employee rights were regulated by:

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

Staff structure

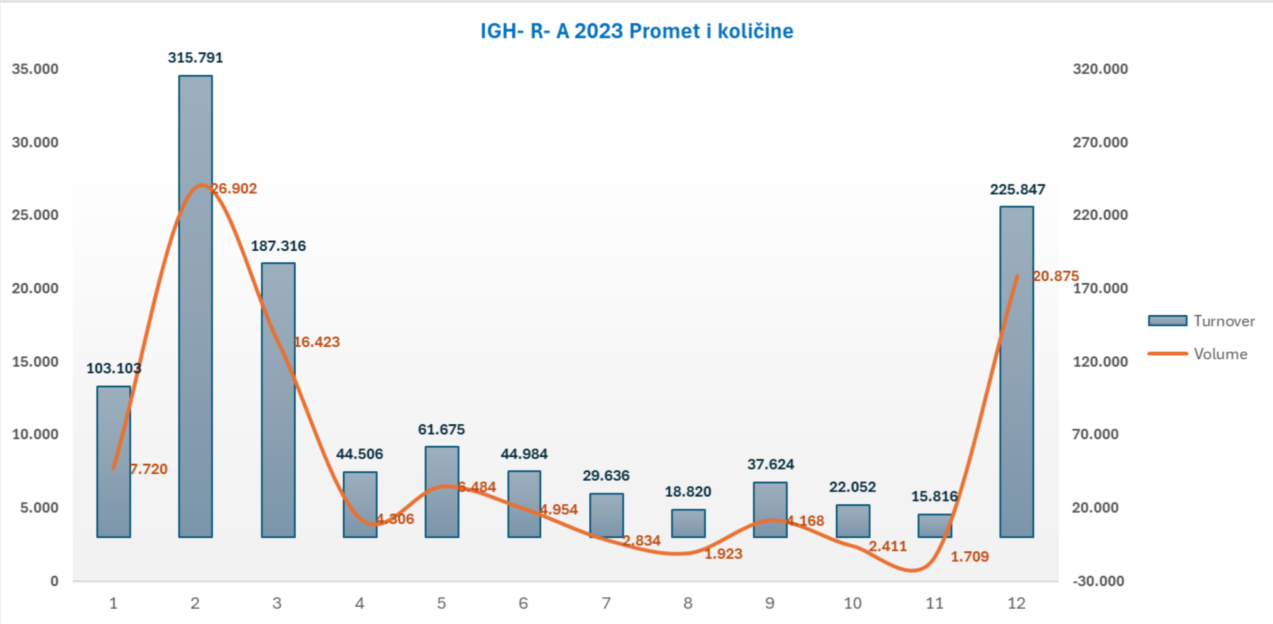
On 31 December 2023, INSTITUT IGH, d.d. had 372 employees, with 12 more employees working in branch offices, resuting in a reduction of 93 employees compared to 31 December 2022, when the total number of employees amounted to 477.

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

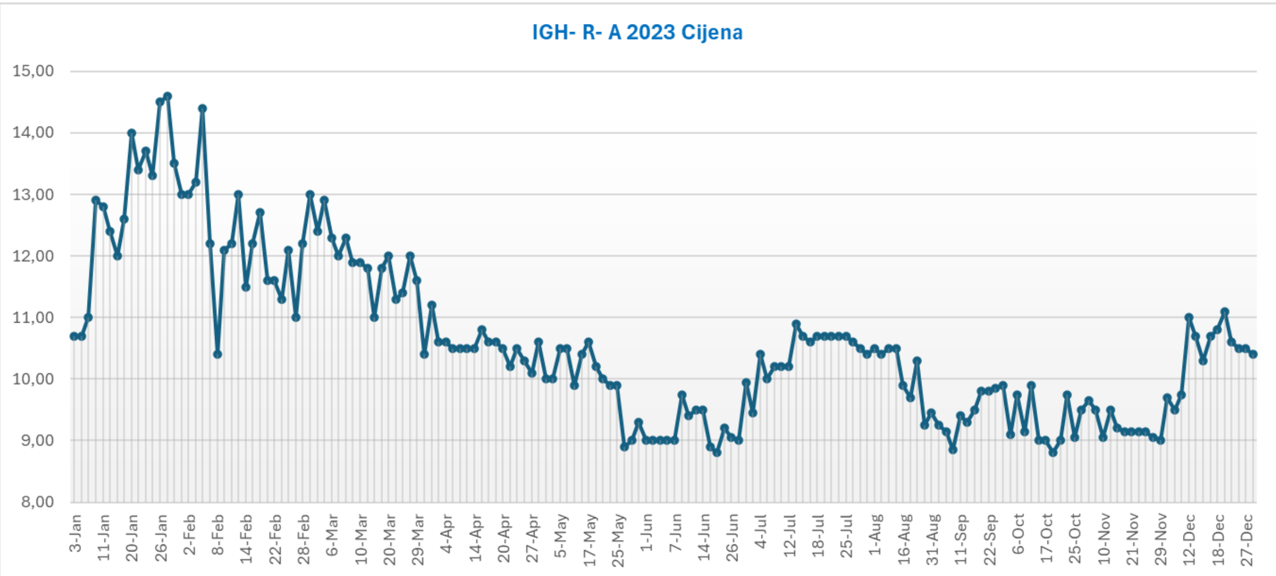
Tabe – The Age and educational structure of IGH employees in Croatia and foreign branch offices on 31 December 2023.

13. SHARE TRANSACTIONS

IGH-R-A Trade volume and quantities



IGH-R-A price



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

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

14. CORPORATE MANAGEMENT CODE STATEMENT

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

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

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

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

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

Management Board

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

Supervisory Board

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

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

15. INTERNAL CONTROLS

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

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

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

16. RISK MANAGEMENT

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

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

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

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

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

17. FINANCIAL OVERVIEW

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

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

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

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

18. THE GRI INDEX REPORT

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

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

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

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

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

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

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

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

19. SIGNATURE BY COMPANY MANAGEMENT

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

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

Institut IGH, dioničko društvo za istraživanje i razvoj u graditeljstvu, Zagreb

Robert Petrosian, direktor

20. ATTACHMENTS

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

Attachment 1.

SCIENTIFIC COUNCIL OF INSTITUT IGH, d.d.

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

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

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

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

Attachment 2.

CORPORATE MANAGEMENT CODE

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

Attachment 3.

FINANCIAL STATEMENTS

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

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

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

Responsibility for the Annual Financial Statements

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

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

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

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

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

Potpisano u ime Uprave:

Institut IGH, dioničko društvo za istraživanje i razvoj u graditeljstvu

Robert Petrosian Direktor	Željka Sikaček Prokurist	Marija Đuroković Prokurist
Senka Žaja Prokurist	Tatjana Bičanić Prokurist	

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

In Zagreb, 29 April 2024

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

Audit report on the annual financial statements

Qualified opinion

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

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

Basis for Qualified Opinion

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

Other matter

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

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

Drawing attention to matters

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

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

Our opinion has not been modified on this matter.

Key audit matters

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

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

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

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

Responsibilities of the Management and those in charge of management

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

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

The Company's Management is also responsible for:

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

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

The responsibilities of the Auditor

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

The conducted procedures

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

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

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

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

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

Conclusion

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

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

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

Paško Anić-Antić
Croatian authorized auditor

Paško Anić-Antić

Director

29 April 2024

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

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

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

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

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

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

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

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

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

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

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

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

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

1. General information

Foundation and development

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

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

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

The Company's registered office is in Janka Rakuše 1, Zagreb, Croatia. Except business operations run from the registered office, the Company conducts its business through subsidiaries in Georgia, Russia, Bosnia and Herzegovina, North Macedonia, Armenia, Hungary and Kosovo.

Company Bodies:

General Assembly

Chairman - Žarko Dešković

Members of the General Assembly are individual Company shareholders or their proxies.

Supervisory Board

In 2023, the Supervisory Board of Institut IGH d.d. consisted of 5 members, as follows:

- Žarko Dešković - Supervisory Board Chairman from 28 January 2021
- Mariyan Tkach – appointed Deputy-Chairman of the Supervisory Board on 26 August 2020
- Sergej Gljadelkin (OIB 50886241583) – Supervisory Board member
- Igor Aleksandrov Tkach – Supervisory Board member
- Marin Božić – Supervisory Board member

The Management Board of the Company and the Group

On 31 Dec 2023, the Management Board consists of 1 member:
- Robert Petrosian – Director, represents the Company solely and independently

Company and Group Procurators representing the Company with another Procurator include:
- Željka Sikaček
- Marija Đuroković, from 4 July 2023
- Senka Žaja, from 4 July 2023
- Tatjana Bičanić, from 4 July 2023

The Audit Committee of the Company and the Group consists of three members:
- Gerhard Sattler
- Nadica Šalov
- Sergej Sergejević Gljadelkin
-

2. Basis for preparation

2.1 Statement of compliance – the Company

The separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), valid throughout the EU.

The Company maintains its accounting records in the Croatian language, in Croatian Kuna, in accordance with Croatian laws and the accounting principles and practices observed by enterprises in Croatia.

These consolidated and separate financial statements were authorised for issue by the Management Board 29 April 2024.

The reports for the year ended 31 December 2023 are available at the company's web site https://www.igh.hr/.

2.2 The adoption of new standards, interpretations and changes to International Financial Reporting Standards („IFRS“)

The first application of the new amendments of existing standards in force to the ongoing reporting period

In the ongoing reporting period, the following amendments to existing standards published by the International Accounting Standards Committee (IASC) and adopted by the European Union and are effective.

Standard	Name
MSFI 17	New IFRS 17 “Insurance contracts” including amendments to IFRS 17 published in June 2020 and December 2021
Amend. IAS 1	Disclosure of accounting policies
Amend.IAS 8	Definition of accounting estimates
Amend. IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction
Amend. IAS 12	International tax reform – Pillar II Rule model

Standards and amendments to existing standards published by THE OMRS and adopted in the European Union but not yet in force

At the date of approval of these financial statements, the following amendments to the existing standards published by THE OMRS were published, but not in force, and were adopted in the European Union

Standard	Name	Date of entry into force
Amendments to IFRS 16	Lease obligation in sale-leaseback transactions	**1 Jan 2024**
Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with contractual terms	**1 Jan 2024**

New standards and amendments to existing standards published by THE OMRS but not yet adopted in the European Union

IFRS currently adopted in the European Union do not differ significantly from those adopted by the International Accounting standards Board (OIAS), with the exception of the following new standards and amendments to existing standards, the adoption of which has not yet been decided by the European Union on one year (the dates of entry into force mentioned below refer to IFRS issued by the OIAS):

Standard	Name	Status of adoption in the EU
Amendments to IAS 7 and IFRS 7	Financing agreements with suppliers (Effective date set by IASB: 1 January 2024)	Not yet adopted in the EU
Amendments to IAS 21	Inability to replace (Effective date set by the IASB: 1 January 2025)	Not yet adopted in the EU
IFRS 14	Regulatory deferral (Effective date set by the IASB: 1 January 2016)	The European Commission has decided to postpone the procedure for the adoption of this transitional Standard until the publication of its final version
Amendments to IFRS 10 and IAS 28	Sale or subscription of assets between the investor and its affiliated entity or joint venture and subsequent modifications (IASB postponed the date of entry into force for an indefinite period, with earlier application permitted)	Adoption procedure postponed until completion of the research project on the topic of application of the share method

The Company is currently assessing the impact of new standards and amendments to existing standards on its financial statements. The Company expects that the adoption of these new standards and amendments to the existing standards will not lead to significant changes in the financial statements during the first application of the standards

2.3. Basis for measurement

The financial statements are presented in accordance with the historical cost convention, except for the following:

- Revaluations of the value of land and buildings as stated in Note 3.10 (i)
- Investments in real estate as stated in Note 3.12.
- Assets at fair value through other comprehensive income as stated in Note 3.19
- Non-current assets intended for sale as stated in Note 3.23
- The methods used to measure the fair value are presented in Note 3.24.

2.4. Functional currency and presentation currency

These Financial Statements are presented in Croatian Kuna (HRK), which is the functional currency, of the parent Company rounded to the nearest thousand.

(a) Fundamental and Reporting currency

The items included in the financial statements of the Company are reported in the currency of the primary economic environment in which the Company operates (functional currency). Since the Republic of Croatia introduced the Euro as the official currency from 1 January 2023 in accordance with the Act on the introduction of the Euro as the official currency in the Republic of Croatia, the Company changed the presentation currency from HRK to EURO for the purpose of preparing financial statements for the year ended 31 December 2023. The financial statements for the year ended 31 December 2023 were first prepared in thousands EUR. The Euro is also the functional currency of the Company from 1 January 2023 (until 1 January 2023 the functional currency was the HRK).

Although the change in the presentation currency in the financial statements constitutes a change in accounting policy, requiring retroactive application, the Company did not disclose the third balance sheet in the financial statements for the year ended 31 December 2023 in accordance with International Accounting Standard 8 (IAS) Accounting Policy, changes in Accounting estimates and errors, as it found that the change in the presentation currency had no significant impact on the financial statements of the Company, due to the stable exchange rate of HRK/EUR in recent years.

The level of rounding shown in the financial statement is one thousand Euros.

2.5. Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires the Management to make judgments, estimates and assumptions that affect the application of policies and amounts published for assets and liabilities, income and expenses. Estimates and associated assumptions are based on historical experience and various other factors, which are believed to be reasonable under the circumstances, the result of which forms the starting point for creating estimates of the value of assets and liabilities, which cannot be obtained from other sources. Actual results may differ from such estimates.

These estimates and respective assumptions are subject to regular reviews.

The impact of an estimate correction is recognized in the period in which the estimate was corrected if the correction affects only the period in which it was made or in the period in which the correction was made and future periods if the correction affects current and future periods.

Judgments made by the Management in the application of IFRS, which have a significant impact on the financial statements and judgments where the risk of materially significant adjustments in the next year is high, are listed in note 3.1.

2.6. Going concern

During 2013, the Company initiated pre-bankruptcy settlement proceedings. On the basis of this, the Company concluded an agreement with creditors on the restructuring of liabilities, and limited the exposure arising from co-debtor relationships with certain related companies. Regardless of the financial restructuring, the Company increased the capital (recapitalized) at that time by issuing new shares and initiated the process of selling certain assets in order to ensure the necessary solvency.

The pre-bankruptcy settlement procedure was successfully completed through a Decision of the Commercial Court in Zagreb no. 72. Stpn- 305/13 of 5 December 2013 which approved the conclusion of the Pre-bankruptcy settlement between the debtor, Institut IGH d.d. and the creditor of the Pre-bankruptcy settlement. The Pre-bankruptcy settlement became final on 28 December 2013. The effects and the fulfilment of the Pre-bankruptcy settlement are described in detail in note 35. As of 15 February 2024, the Company settled all pre-bankruptcy settlement commitments which amounted 38 thous. Euro on 31Dec 2023.

In order to improve the profitability of operations and core business, over the past years the Company has implemented a number of operational restructuring measures and has had a more active market access.

The Company recorded a decrease in sales revenues in 2023 compared to 2022 of HRK 3,642 thousand, but recorded operating profit in the amount of EUR 3,052 thousand (2022 profit amounting to EUR 2,251 thousand). The company's capital is positive at EUR 5,282 thousand (in 2022 the capital was negative at EUR 10,672 thousand). On 31 December 2023, short-term liabilities of the Company exceed short-term assets by EUR 2,495 thousand (2022: short-term liabilities exceed short-term assets by EUR 24,088 thousand).

Since the final pre-bankruptcy agreement to 31 December 2023, the Company paid off a total of Euro 56.985 thousand of liabilities incurred before the start of the Pre-bankruptcy agreement proceedings. During 2023, the Company paid off Euro 1.414 thousand of PIK debt, Euro 9.316 thousand of senior debt and Euro 3.378 thousand of respective interest. With the balance sheet date, Senior debt due amounts to Euro 38 thousand which has been fully settled by 15 Feb 2024.

These financial reports have been prepared under the assumption of a going concern

In 2024, the Company's management continued to adjust and change key business processes and activities that are necessary for ensuring the quality and stability of further business, with a focus on strategic goals and future development of the Company. In addition to all of the above, the Board considers that on the basis of business plans and concluded contracts, the Company is capable of continuing its operations. The closure of the pre-bankruptcy settlement is formally the main task of the Management Board, which is in the process of implementation, and it is expected to be concluded by 30 June 2024.

Below given is an outline of significant accounting policies adopted for the preparation of these financial statements. These accounting policies have been consistently applied for all periods included in these statements.

3. Principal accounting policies

3.1. Principal accounting judgements and estimates

Key judgements in the application of accounting policies

Preparing financial statements in accordance with IFRS requires the Management to produce judgments, estimates and assumptions that affect the application of policies and amounts disclosed for assets, liabilities, income and expenses. Actual results may differ from such estimates. Estimates and related assumptions are continuously reviewed. The impact of an estimate correction shall be recognised in the period during which the estimate has been corrected and in future periods if the correction affects current and future periods.

(I) Recognition of revenue

The Company and the IGH Group recognise revenues and costs under contracts from the design activity based on an assessment of the degree of completion of the contracted operations at the balance sheet date, which requires a certain degree of judgement. If it is not possible to reliably assess the outcome of the contract, revenue under the contract shall be recognised to the extent that the costs incurred by the contract are likely to be recoverable. Contract costs shall be recognised as expenditure of the period in which they are incurred. If the total costs of the contract are likely to exceed the total revenues of the contract, the expected losses shall be recognised immediately as a cost.

(ii) Lifetime of real estate, plant and equipment

The Company and the IGH Group shall review the estimated lifetime of the property, plant and equipment at the end of each annual reporting period. There was no change in the lifetime estimates of fixed assets during the year.

The Company regularly checks the recoverability of the assets individually, and if there are indications of impairment, the same shall be done up to the estimated recoverable value.

(iii) Pre-bankruptcy settlement and going concern

The Company shall consider all material information relating to all key risk factors, assumptions and uncertainties that it is aware are relevant to the Company's ability to continue to operate under the assumption of a going concern.

The Company continuously invests maximum efforts with the aim of increasing operational business, and the year 2023 is significant for the settlement of almost the entire debt from the pre-bankruptcy settlement. The pre-bankruptcy debt as at 31 Dec2023 amounts to Euro 38 thousand and has been fully settled by 15 Feb 2024. The Company points out that it also actively settles liabilities towards other creditors through the sale of non-operating real estate and through refinancing of the operative part of debt. Looking at a stable contract base, a successful deleveraging towards non-financial institutions as well as all information on the progress of restructuring of debt towards financial institutions, the Company considers that it meets all operating requirements under the assumption of going concern.

(iv) Valuation of liabilities according to pre-bankruptcy settlement

The Company has reduced its obligations related to loan obligations that will be settled from the

Company's real estate, in accordance with the pre-bankruptcy settlement, to the fair value of the corresponding real estate. The Management took the estimated value of real estate as the reference value of liabilities.

3.2. Investments in subsidiaries

Subsidiaries are companies over which the Company has business control, directly or indirectly. Control is achieved when the Company has the right to manage the company's key activities, and as a consequence is exposed to variable returns as a result of such activities.

Investments in subsidiaries are initially recognized at cost, and subsequently at cost less impairment. Impairment testing of investments in subsidiaries is carried out on an annual basis.

3.3 Investments in associated companies

Associated companies are companies in which the Company has significant influence, but does not have control. Significant influence is the power to participate in decisions about the financial and business policies of the entity in which the investment was made, but it does not represent control or joint control of these policies. Investments in associated companies are initially recognized at cost, and subsequently at cost less impairment. Impairment testing of investments in subsidiaries is carried out on an annual basis.

Transactions eliminated in consolidation

The balance and transactions among Group members and all unrealised profit from transactions among Group members are eliminated at consolidation of the financial statements. Unrealized profit from transactions with companies with shareholdings and mutual companies where the Company shares control with other owners is eliminated up to the Company share level in such companies. Unrealized profit from transactions with companies with shareholdings is eliminated by a decrease of investment into that company. Unrealized losses are eliminated in the same way as unrealized profit but only up to the amount which does not represent permanent decrease of assets.

Transactions with non-controlling interests

Non-controlling interests in subsidiaries are included in the comprehensive capital of the Group.

Losses from non-controlling interests in subsidiaries are added to the non-controlling interests in situations when the non-controlling interest are shown with a negative value. Adjustment of non-controlling interest is based on the proportional amount of net assets of the subsidiary without goodwill adjustment and recognition of profit or loss in the profit and loss account.

Transactions with non-controlling interest which result in loss of control over the subsidiary are treated by the Group as transactions with majority owners of the Group When purchasing shares from non-controlling interest, the difference between the paid sum and the respective gained share of the book value of the subsidiary's net assets is shown as capital. Gains and losses from sale of non-controlling interest are also shown as capital.

Loss of control

After the loss of control over a subsidiary, the Group ceases to recognize its assets and liabilities, any minority interest or other components of capital and reserves. Any surplus or deficit resulting from loss of control is recognized in the profit and loss. If the Group retains a part in the subsidiary, such part is shown at fair value at the day the control ceases to exist. After that, it is shown as investment valued according to the equity method or as financial assets available for sale, depending on the level of retained influence.

Goodwill

Goodwill, created by business merger is recognized as cost at the date of acquisition, decreased by any loss owing to decreased value. For the purpose of testing for decrease, goodwill is distributed to every cash generating unit of the Group (or groups of such units) where benefits from synergy, i.e. merger are expected. Cash-generating units to which goodwill is distributed undergo annual check for decreased value, or more often if there are indications of its possible decrease in value. If the reimbursable amount of the cash-generating unit is lower than its book value, the loss created by the decrease is distributed so as to decrease the book value of goodwill distributed to the unit, and after, that proportionally to other property of the cash-generating unit on the basis of the book value of every item in that cash-generating unit. Loss due to decrease of goodwill value is directly recognized as profit or loss in the consolidated statements on comprehensive income. Once recognized loss from decrease of goodwill is not annulled in the next periods.

When disposing of the cash-generating unit, respective amount of goodwill becomes a part of the profit or loss from sale.

3.4 Revenue

Policies for recognition of revenue and enforcement obligations

Revenue is measured on the basis of fee specified in the contract with the customer. A company i.e. IGH Group recognizes revenue when it transfers control of a good or service to a customer. The transfer of control over goods or services may take place either continuously (revenue recognition over time) or on a specific date (recognition at a point in time, upon completion). Before revenue is recognized, the Company and IGH Group identify the contract as well as the various obligations of performance contained in the contract. The number of obligations regarding performance depends on the type of contract and activity. Most contracts of the Company and IGH Group involve only one obligation of performance.

Recognition of revenue in accordance with IFRS 15 is applicable to the following sources of revenue:

(i) Construction contracts

The main revenue generated by the Company and IGH Group from construction contracts comes from design, study, supervision, consulting services, laboratory services, survey works and scientific research work for the reconstruction and construction of roads and other civil engineering structures.

In accordance with the main IFRS 15 principles, the Company's accounting policies for recognizing revenue from contracts with customers reflect:

- the dynamics by which contractual obligations are fulfilled, corresponding to the transfer of goods or services to the customer;
- the amount the seller expects to be entitled to receive as compensation for their activities.

Contractual terms and the way in which the Group manages construction contracts are mainly derived from projects that contain a single performance obligation. The Company and IGH Group use a cost-based method to measure progress to the completion of construction work i.e. the Management has chosen to use the input method to calculate revenue (expenses incurred until a certain date) from the construction contract.

(i) Construction contracts (continued)

Changes to the contract (relating to the price and/or scope of the contract) are recognized when approved by the client. If the changes relate to new products or services that are considered different and when the contract price increases by an amount reflecting the "standalone selling price" of the additional products or services, the changes are recognized as a separate contract. When a third party (such as a subcontractor) is involved in the delivery of a good or service, the Company and IGH Group determine if it assumes control of that product or service before it is transferred to the client. If control is taken before the transfer to the client, the Company and IGH Group recognize as revenue the gross amount it expects to be entitled to receive on handover. In cases where control is not taken, the Company and IGH Group consider that it is not the originator in the transaction and recognizes as income only the amount corresponding to its remuneration as an intermediary.

The cost of obtaining a contract that would not have been incurred had the Group not obtained the contract is recognized as an asset if it is recoverable and is depreciated over the estimated contract life.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of the contract costs incurred that are likely to be recoverable. The expected contract loss is recognized immediately in the profit and loss account.

Contractual assets and contractual liabilities

Contractual liabilities are entered when the client has made payment for goods or services, and the

Company and IGH Group did not fulfil their obligation by delivering these goods or services. If the Company. i.e. IGH Group delivered the goods or services to the client and the client did not pay for these, and the right to compensation is not conditioned by anything except by passing of time until maturity, receivables are recognized. Contractual assets are recognized if the right to compensation is conditioned by something else (e.g. by executing some other obligation).

(ii) Income from state aid

State aid is recognized when there is a reasonable belief that the Company , i.e. IGH Group will fulfil the conditions under which the aid is given and a reasonable belief that the said aid will be given. Accordingly, the Company, i.e. IGH Group do not recognize State aid until there is sufficient assurance that the Company will meet the requirements set for the State aid and that the aid will be received. State aid is recognized as profit or loss on a systematic basis over the period in which the costs for which the aid is intended to be covered are recognized. Receivables for State aid to compensate for expenses or losses already occurred, or for the purpose of providing immediate financial support to the entity without future related costs, are recognized as profit or loss of the period in which the receivables were incurred.

(iii) Financial revenue and costs

Financial revenue and costs comprise interest payable on loans and borrowings using the effective interest method, interest receivable on funds invested, dividend income, gains and losses from foreign exchange differences and gain/ losses from sale of investment in subsidiaries. Income from the write-off of financial liabilities is also reported within Financial revenue.

Income from interest is recognised in the profit and loss account on an accrual basis using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date when the Company's right to pay the dividend is established.

Financial costs comprise accrued interest on loans, changes in fair value of financial assets at fair value through profit or loss account, impairment losses from financial assets and losses from exchange rate differences. Costs from borrowings are recognised in the Profit and Loss Account using the effective interest rate method.

(iv) Revenue from rent

Revenue from rent is recognized in the period when the rent was provided and refers to operative rent.

3.5 Leases

a) Impact on the accounting on the Lessee

At the initial recognition these assets are evaluated on the basis of cash flows of the lease agreement. After initial recognition, the right of use will be valued according to international standards for assets under IAS 16, IAS 38 or IAS 40 and therefore applying the cost model, decreased by accumulated depreciation and accumulated impairment losses, the revaluation model or the fair value model.

In order to calculate the rent and respective asset with the right of use, discounting of future lease payments according to an appropriate discount rate is done. Thus, future rent payments which are discounted are determined according to contractual provisions, without VAT, since the obligation to pay this tax occurs when the invoice is issued by the Lessor and not on the day of the start of Lease Contract.

In order to calculate the rent, discounting of future lease payments is done according to an implicit discount rate, or, if unavailable, at an incremental borrowing rate. The incremental borrowing rate is determined based on the financing cost of liabilities of a similar duration and security as those in a lease agreement. When defining the duration of the lease, a period of irrevocability must be considered defined in the Contract, where the Lessee has the right to use the subject asset also considering potential extension options, if the Lessee is reasonably certain of the extension. In fact, when looking at the contracts which allow the Lessor to tacitly extend the Lease Contract after the first period, the period of lease is determined on the basis of facts such as the length of the first lease period, possible plans for the sale of the leased asset and any other circumstance indicating a reasonable safety of extension.

An exception to this are low value lease contracts (up to 30 thousand HRK) and short duration contracts which are recognized as costs in the period to which they refer.

The Company, i.e. IGH Group leases certain plants and equipment. Finance leases are capitalised at the beginning of the lease at the lower of the fair value of the leased property or the present value of minimum lease payments. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of finance costs is charged to profit or loss over the lease period. The property, plants and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

3.6 Foreign currencies

Transactions and balances in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into the functional currency at the foreign exchange rate prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and items that are measured in terms of historical cost of a foreign currency are not converted per new exchange rate. Non-monetary assets and liabilities denominated in foreign currency that are stated at historical cost are converted into the functional currency at the foreign exchange rate prevailing at the date of the transaction.

Official exchange rate of GEL on 31 December 2023 was 2,9324 GEL for 1 EURO (31 Dec 2022: 2,6112 GEL for 1 EURO).

Official exchange rate of B&H currency on 31December 2023 was 1,95583 BAM for 1 EURO (31 Dec 2022: 1,95583 BAM for 1 EURO).

Official exchange rate of Georgian currency on 31 December 2023 was 61,634498 MKT for 1 EURO (31 Dec 2022: 61,6 MKT for 1 EURO).

Items included in the financial statements of subsidiaries are expressed in the currency of its respective primary economic environment in which the subsidiary operates, and which is the reporting currency. Separate financial statements are presented in Croatian Kuna, also the functional currency of the parent Company.

Revenue and expenditures and cash flows from foreign undertakings are recalculated into the functional currency of the Group using the exchange rate which most accurately represents the exchange rate on the day of the transaction, and their assets and obligations are recalculated according to exchange rate value at the end of the year.

Net investment into Group members

Exchange rate differences from recalculation of the net investment into foreign undertakings are recognized as part of the principal amount. When selling the foreign undertaking, exchange rate differences are recognized in the profit and loss account as part of profit or loss from sale. Exchange rate differences from recalculation of foreign currency, owing to its non-material amount, are included in the accumulated loss amount.

3.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the surrender value is recognised in the comprehensive income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings from creditors classified as "Secured Creditors" (Note 25) are carried at fair value of the property under mortgage for the borrowings in question, since the collection of the relevant borrowings is possible solely from the mortgaged property

3.8 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's General Assembly of Shareholders.

3.9 Taxation

Corporate tax

The income tax charge comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted at the reporting date, and any adjustments to tax payable in respect of previous periods.

(i) Deferred tax assets and liabilities

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business merger and that affects neither accounting nor taxable profit as well as differences relating to investments in subsidiaries and mutually controlled companies when it is likely that the situation will not change in the near future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(ii) Tax exposure

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period when a decision is made.

Value Added Tax (VAT)

The Tax Administration requires the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the financial position statement, on a net basis. Where receivables have been impaired, impairment loss is recorded in the gross amount of receivables, including VAT.

3.10 Property, plants and equipment

(i) Land and buildings

Following initial recognition at cost, land and buildings are recognized at revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any impairment.

Fair value is based on the market value, being the estimated amount for which an asset could be sold on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

When the carrying amount is increased as a result of revaluation, this increase should be recognised directly in other comprehensive income under revaluation reserves. The revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

When the carrying amount is decreased as a result of revaluation, this revaluation decrease should be recognised directly in revaluation reserves to the extent that the decrease does not exceed the amount held in the revaluation reserve for the same asset, while the remaining amount is charged to expenses for the period.

A valuation is performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Certain land and buildings are derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains or losses arising from derecognition of lands and buildings (calculated as the difference between the net disposal proceeds and the carrying amount of the item) are included in profit or loss when they are derecognised.

The relevant portion of the revaluation surplus, realised in the previous valuation, is released to profit or loss from the surplus of the valued assets upon the disposal of the revalued asset.

Also, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Based on the revaluation performed by independent valuers, the Company has revalued its properties and created revaluation reserves that are transferred to retained earnings/accumulated losses in accordance with the adopted depreciation policy.

Gains and losses from disposal of land and buildings are recognised within other income or expenses in the profit and loss account. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

(ii) Plants and equipment

Plants and equipment are initially included in the financial statement at cost less accumulated depreciation and accumulated impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Following initial recognition at cost, plants and equipment are carried at revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on plants and equipment and any impairment.

Fair value is based on the market value, being the estimated amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

(iii) Assets with right of use

Assets with the right of use are shown in the statement of financial position according to the calculated discounted method depending on the period of use.

Gains and losses from the termination of property rights are recognized within the profit or loss account, within other income or expenses.

When the carrying amount is increased as a result of revaluation, this increase should be recognised directly in other comprehensive income under revaluation reserves. The revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

When the carrying amount is decreased as a result of revaluation, this revaluation decrease should be recognised as expenditure. This revaluation decrease directly impacts the revaluation reserves to the extent that the decrease does not exceed the amount held in the revaluation reserve for the same asset.

A valuation is performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Certain land and buildings are derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains or losses arising from derecognition of lands and buildings (calculated as the difference between the net disposal proceeds and the carrying amount of the item) are included in profit or loss when they are derecognised.

The relevant portion of the revaluation surplus, realised in the previous valuation, is released to profit or loss from the surplus of the valued assets upon the disposal of the revalued asset and during its use.

Also, accumulated depreciation on the revaluation date is excluded from the gross book value of the asset, and the net amount is adjusted to the revalued amount of the asset.

Based on the revaluation performed by independent valuers, the Company has revalued the value of equipment classified in the depreciation groups - Laboratory equipment and Measuring and control devices, and created revaluation reserves that are transferred to retained earnings / accumulated losses, in accordance with the adopted depreciation policy.

Gains and losses from disposal of equipment are recognized within profit or loss within other income or expenses. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

(iv) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(v) Depreciation

Land and assets under construction are not depreciated. Depreciation of other property items, plants and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives or to their residual values as follows:

Buildings	20 years
Plants and equipment	1 to 8 years
Other	10 years

The remaining value of an asset is the estimated amount that the Company would currently obtain from the sale less the estimated costs of sale, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

If an asset's carrying amount is greater than its estimated recoverable amount, the difference is written-off to its revocable amount.

Gains and losses from sale are determined as the difference between the income from sale and the carrying amount of the sold asset, and are recognised in profit or loss within other income/expenses.

3.11 Intangible assets

Patents, licences and software

(i) Ownership of assets

Patents, licenses and computer software are capitalized on the basis of acquisition costs and costs arising from bringing assets into working condition.

(ii) Subsequent costs

Subsequent costs are capitalised only if they increase future economic benefits arising from the asset. All other costs are treated as costs in the profit and loss account, in the period as incurred.

(iii) Depreciation

Intangible assets under construction are not depreciated. Depreciation of other intangible assets is calculated using the straight-line method to allocate their cost over their estimated useful lives or to their residual values as follows:

Right to use property of third parties 1 to 2 years; Software, content and other assets 1 to 2 years

(iv) Goodwill

Goodwill represents the difference between the acquisition cost and the fair value of the Group's share in the net identifiable assets of the acquired subsidiary, the recognized amount of the non-controlling interest and the fair value of the previous share at the date of acquisition. Goodwill arising from the acquisition of a subsidiary is reported under intangible assets.

3.12 Investment into property

Investment into property is recognised as an asset when it is likely that future economic benefits will arise from the investment and when the cost of investment can be reliably measured. Investment into property includes property held either to earn rental income or for capital appreciation or both.

Investment into property is initially recognised at cost including transaction costs incurred. Subsequently, investment into property is measured at fair value reflecting market conditions at the balance sheet date. Profit or loss from changes in fair value of investment into property is recognised in the profit or loss account of the period in which they are incurred.

3.13 Inventories

The cost of work in progress and finished goods comprise raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Trade goods are carried at the lower than purchase cost and sales price (less applicable taxes and margins). Small inventory and tools are written-off when put into use.

3.14 Trade receivables

Trade receivables are amounts that relate to services sold in the ordinary course of business. If collection is expected within one year, the receivable is shown within current assets, and if not, then the receivable is shown within non-current assets. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any expected credit loss. Business model for management of receivables is an amortised cost model, a business model that is achieved by holding financial assets to collect contractual cash flows (principal and interest).

Impairment provisions for trade receivables and contractual assets are measured at an amount equal to the expected credit losses over the life of the loan, i.e. by applying a simplified approach to expected credit losses.

The Company uses historical observations (over a minimum of 2 years) to measure the expected credit losses of the Company on the days when the receivables are delayed, adjusted for estimated future expectations in the collection of receivables. Trade receivables are broken down by ageing structure.

Receivables are impaired and impairment losses for individual customers are incurred if there is objective evidence of impairment arising from one or more events after the initial recognition of the asset when that event affects the estimated future cash flows of the receivable that can be reliably determined. Objective evidence of impairment of financial assets for expected credit losses includes:

- Significant financial difficulties with the issuer or debtor and/or
- Breach of contract, such as late payment or non-payment of interest or principal and/or
- The likely initiation of bankruptcy or financial restructuring with the debtor

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to known amounts of money with original maturities of up to three months or less and which are subject to a slight risk of change in value. Cash and cash equivalents are measured at amortized cost because: (i) they are held for the purpose of collecting cash flows from contracts that represent an SPPI, and (ii) they are not reported as FVTPL.

3.16 Share capital

Share capital consists of ordinary shares. Gains directly attributable to the issue of new shares or options are shown in equity as a deduction, net of income tax, from the proceeds. Any excess of the fair value of the consideration received over the nominal value of the shares issued is presented in the notes as a share premium. Where the Company purchases its equity share capital (own shares), the consideration paid, including any directly attributable transaction costs (net of income taxes), is deducted from equity attributable to the Company's shareholders until the shares are cancelled or reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction costs and the related income tax effects, and is included in equity.

3.17 Employee benefits

(i) Pension obligations and post-employment benefits

In the normal course of business, through salary deductions, the Company makes payments to mandatory pension funds on behalf of its employees, as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Company is not obliged to provide any other post-employment benefits.

(ii) Severance pay

Severance pay are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises severance pay benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing severance pay as a result of an offer made to encourage voluntary redundancy.

(iii) Regular retirement benefits

Benefits falling due more than 12 months after the reporting date are discounted to their present value based on the calculation performed at each reporting date by an independent actuary, using assumptions regarding the number of staff likely to earn regular retirement benefits, estimated benefit cost and the discount rate equal to the rate of return on bonds issued by the Republic of Croatia. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in profit or loss.

(iv) Share-based payments

As part of the long-term reward plan, the Company employees receive share-based payments in exchange for the services they provide. The fair value on the date of approval is recognized as an employee expense, with the corresponding increase in capital and reserves during the period in which the employees exercise their unconditional right to the award. The recognized cost reflects the share of the total reward for the services rendered, and other non-market conditions that are expected to be met. The cumulative amount of the reward recognized on the date of reward reflects services rendered and non-market conditions satisfied.

3.18 Provisions

Provisions are recognised when the Company and IGH Group have a current obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of discounting is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as the discount rate. Where discounting is used, the discounting impact in each year is recognised as a financial expense and the carrying amount of the provision increases in each year to reflect the passage of time.

3.19 Financial instruments

Non-derivative financial instruments

(i) Recognition and initial measurement

Trade receivables and issued debt securities are initially recognized at the time they arise. All other financial assets and financial liabilities are initially recognized when the Company and IGH Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless the trade receivable has no significant financial component) or a financial liability is initially measured at fair value plus an item that is not carried at fair value through profit or loss, for transaction costs directly attributable to the acquisition or issue. Trade receivables without a significant financing component are initially measured at transaction cost.

(ii) Classification and subsequent measurement

Financial assets

Upon initial recognition, financial assets are carried at amortized cost, fair value through other comprehensive income - debt investment, fair value through other comprehensive income - investment in equity or fair value through profit or loss account.

Financial assets are not reclassified after initial recognition, unless the Company or IGH Group changes its financial asset management business model, in which case all financial assets are reclassified on the first day of the first reporting period after the business model has been changed.

Financial assets are measured at an amortized cost if they meet both of the following conditions and are not classified as assets at fair value through profit and loss account:

- It is within a business model aimed at holding assets to collect contractual cash flows; and
- Based on the contractual terms, on certain dates, it receives cash inflows that represent the sole payment of principal and interest on the outstanding principal amount.

All financial assets not classified as financial assets at amortized cost as described above are measured at fair value through profit and loss account.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses including all interest or dividend income are recognized in the profit and loss account.

Financial assets carried at amortized cost are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange differences and impairment losses are recognized in the profit and loss account. Any gain or loss from derecognition is recognized in the profit and loss account.

Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortized cost or at fair value through the profit and loss account. Financial liabilities are classified as financial liabilities at fair value through profit or loss when held for trading if it represents a derivative or if classified as such at initial recognition. Financial liabilities measured at fair value through the profit and loss account are measured at fair value, and net gain and loss, including all expenditure for interest, are recognized in the profit and loss account. Other financial liabilities are subsequently measured per amortized cost by applying the effective interest rate method. Expenditure for interest and gains and losses from exchange rate differences are recognized in the profit and loss account. Profit and loss at derecognition are also recognized in the profit and loss account.

(iii) Derecognition

Financial assets

The Company ceases to recognize financial assets when the contractual rights to cash flows from financial assets expire or if the Company transfers the rights to receive contractual cash flows in a transaction in which all key risks and rewards of ownership of the financial assets are transferred, or in which the Company neither transfers nor retains all risks and rewards of ownership and does not retain control over financial assets.

The Company enters into transactions in which it transfers assets recognized in the statement of financial position but retains all or almost all of the risks and rewards of the transferred assets. In such cases, the transferred property does not cease to be recognized.

Financial liabilities

The Company ceases to recognize a financial liability when its contractual obligations are fulfilled, cancelled or expired. The Company also ceases to recognize a financial liability when its terms have changed and when the cash flows of the changed liability are materially different, in which case the new financial liability is recognized at fair value under the changed conditions.

Upon derecognition of a financial liability, the difference between the carrying amount and the amount paid (including any transferred non-monetary assets or liabilities) is recognized in the profit and loss account.

(vi) Netting

Financial assets and financial liabilities are netted and the net amount is disclosed in the income statement when, and only when, the Company currently has a legally enforceable right to offset amounts and intends to settle them on a net basis or to realize the assets and at the same time settle the liability.

Effective interest method

The effective interest method is a method that calculates the amortized cost of a financial asset and distributes interest income over the relevant period. Effective interest rate is the rate at which estimated future cash inflows, including any fees paid or received that are an integral part of the effective interest rate, then transaction costs and other premiums and discounts, are discounted over the expected life of the financial asset or a shorter period, if applicable.

Income from debt instruments other than financial assets designated at fair value through profit or loss is recognized on an effective interest basis, recognized on an effective interest basis.

3.20 Financial guarantee for the contracted obligations and financial liabilities

Financial guarantee of contractual obligations

The financial guarantee for the contractual obligation is initially measured at fair value and subsequently measured at a higher value:

- The amount determined in accordance with the model of expected credit losses according to IFRS 9 and
- The amount initially recognized, minus, if necessary, the corresponding cumulative effect recognized in accordance with the revenue recognition policy.

Financial liabilities, classification and measurement

Financial liabilities, including loans, are initially measured at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over a specified period. The effective interest rate accurately discounts estimated future cash payments over the expected life of the financial instrument or, where appropriate, for a shorter period to the gross carrying amount of the financial asset or the amortized cost of the financial liability, with the exception of financial assets less credit losses.

Financial liabilities are classified as financial liabilities at fair value through profit or loss when held for trading or as defined by the Company.

They are measured at fair value, and any related gain or loss is recognized in the profit and loss account, except for changes in the fair value of the liabilities resulting from changes in the Company's own credit risk that are recognized through other comprehensive income. The net gain or loss recognized in the profit and loss account also includes interest paid on a financial liability.

3.21 Operating segment reporting

The Company identifies operating segments on the basis of internal reports about the Company components that are regularly reviewed by the chief operating decision maker (which is identified as being the Company's Management Board) in order to allocate resources to the segments and to assess their performance. Details on the operating segments are disclosed in Note 5 to the Financial Statements.

3.22 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic and diluted earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

3.23 Non-current assets held for sale

Non-current assets held for sale are intended to settle the secured debt to financial institutions that have not waived their right to a separate settlement in the process of the pre-bankruptcy settlement. The estimated market value was determined based on the independent valuers' report that was based on the cost method, the comparative method and/or the income method depending on the type of property. Additional information on valuation methods are set out in Note 19.

3.24 Determination of fair value

The Company has an established control system framework with respect to fair value measurement which assumes the overall responsibility of the Management Board and the Finance Department in relation to monitoring all significant fair value measurements, consultation with external experts and the responsibility to report, with respect to the above, to those charged with corporate governance.

Fair values are measured using information collected from third parties in which case the Management Board and the Finance Department assess whether the evidence collected from third parties support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy where such valuations should be classified.

All significant issues related to fair values estimates are reported to the Supervisory Board.

Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in valuation techniques as follows:

- *Level 1* - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2* - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- *Level 3* - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded on active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded on an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the fair value estimate is included in level 3.

In preparing these financial statements, the Company has made the following significant fair value estimates while preparing the financial statements as further explained in detail in the following notes:

- Note 14: Property, plants and equipment
- Note 15: Investments in related parties and other investments
- Note 19: Non-current assets held for sale.

4. Information on segments

The Company is organised into business units according to their locations and sectors of construction industry. Business units are engaged in designing, development of studies, supervision, consulting services, laboratory testing, survey work and scientific research.

Reportable segments are an integral part of the internal financial statements. The internal reports are regularly reviewed by the Company's Management Board that is also the chief operating decision maker, who assesses the success of business operations and makes business decisions.

Internal reporting of segment results is adjusted to business organisation and key indicators for each segment separately, and accordingly disclosure of this information is adjusted for the current year and previous period.

4.1 Revenue per segment

Set out below is an analysis of the Company's revenue and results by its reporting segments, presented in accordance with IFRS 8. The revenue presented below relates to third-party sales. Inter-segment revenues are eliminated when reporting. The Company's management reports net income in its internal reports, i.e. sales revenue less the cost of co-operation (shown in Note 6). Accordingly, segment revenues are presented at this level.

	2023	**2022**
DESCRIPTION	**Thous. EUR**	Thous. EUR
Design department	4.986	7.114
Supervision and Project Management Department	6.099	8.109
Department for Materials and Structures	4.635	3.800
Subsidiaries	487	655
Management and Administration	100	272
Total per segment	**16.307**	**19.949**

4.2 Revenue-per geographical area

	2023	2022
DESCRIPTION	**Thous. EUR**	Thous. EUR
The Republic of Croatia	**14.761**	16.555
Rest of the World	**1.546**	3.394
Total	**16.307**	**19.949**

4.3 Revenue per category

	2023	2022
DESCRIPTION	**Thous. EUR**	Thous. EUR
Revenue recognised over time	**15.733**	19.444
Revenue recognised at a point in time	**574**	505
Total	**16.307**	**19.949**

The Design Department's basic activity is the development of design and study documentation for transport infrastructure – roads, railways and airports, including all structures on the roads.

Water Engineering, Geotechnical and Environmental Protection Department is engaged in design and studies, demonstrating serviceability, investigations and measurement, modelling, planning, in all hydro technical fields as well as all other activities needed to solve engineering problems at the contact of soil (rocks) and structure.

Technical Supervision and Project Management Department carries out expert supervision of construction works in civil engineering, building construction and energy. In addition, the activity includes advisory services, conducting professional spatial planning, urban planning, design, feasibility studies, expert opinion and expert assessment, property valuation and construction costs.

The Department for Materials and Structures deals in tests and certification of building materials. With about 600 test methods accredited according to HRN EN ISO / IEC 17025, our laboratories meet the qualification requirements and make approximately 60% of all laboratories in Croatia accredited in the field of construction.

Regional centres Split, Rijeka and Osijek participate in almost all major and significant projects in their areas of service from study development, design (roads with all related facilities, water engineering structures, building construction etc.), conducting expert supervision and providing consultancy services, conducting survey works, laboratory testing and proof of serviceability, and scientific research work in the field of construction.

The accounting policies of the reportable segments are the same accounting policies as described in Note 3.20. Segment profit represents the profit earned by each segment without allocating central administration costs, depreciation, provisions, impairment, other revenue and other finance income and costs. The Company does not allocate assets and liabilities by segments.

5. Other operating revenue

	2	2
DESCRIPTION	**Thous. EUR**	Thous. EUR
Revenue from written-off liabilities /and/	**5.838**	3.661
Revenue from compensation, subsidies	**87**	64
Revenue from sale of assets	**448**	3
Revenue from rent	**115**	95
Revenue from cancellation of provisions	**753**	72
Revenue from subsequently collected receivables	**155**	211
Revenue from damages	**1**	2
Other revenue	**557**	96
Total	**7.954**	**4.204**

Revenue from liabilities write-off was achieved based on the Restructuring contracts of 25 March 2021 and it is part of process of the pre-bankruptcy settlement concluded on 05 December 2013 before the Commercial court in Zagreb, 72. Stpn-305/2013, which became valid on 28 December 2013. The written off debt was owed to B2 Kapital d.o.o. in the amount of 5.300 thousand Euro and Avenue Mehanizacija d.o.o. in the amount of 5.300 thousand Euro. Additionally, the net amount of real estate sales in Zadar, Pula and Velika Kopaonica is included under other revenues.

6. Costs of raw materials and consumables

	2023	2022
DESCRIPTION	**Thous. EUR**	Thous. EUR
Cost of raw material and consumables		
Cost of raw material and consumables	**91**	141
Energy costs	**616**	741
Cost of small inventory and spare parts	**12**	53
Total	**720**	**935**
Cost of services		
Costs of transport, phone and postal services	**162**	178
Subcontractors	**3.056**	2.687
Cost of production services	**68**	102
Utilities	**152**	146
Maintenance costs	**211**	323
Rent	**220**	156
Other external costs	**820**	582
Total	**4.689**	**4.175**

7. Staff costs

DESCRIPTION	**2023** Thous. EUR	2022 Thous. EUR
Net salaries and wages	**6.081**	7.417
Taxes, contribution and other charges	**3.824**	4.411
Reimbursement of employee expenses (travel expenses, daily allowances, transportation)	**469**	651
Severance payments and other employee benefits	**487**	61
Total	**10.862**	**12.540**

On 31 December 2023, the Company had 376 employees (2022: 468 employees). In 2023 the Company paid 487 thousand Euros for non-taxable termination benefits (2022: 61 thousand Euros).

In 2023 the Company accounted for pension and other contributions 3.824 thousand Euros (in 2022 u 4.411 thousand Euros).

8. Value adjustments

DESCRIPTION	**2023** Thous. EUR	2022 Thous. EUR
Value adjustment of non-current assets		
Value adjustment of investment into real property	**0**	2
Value adjustment of share in affiliates(ii)	**0**	0
Total	**0**	2
Value adjustment of current assets		
Value adjustment of trade receivables	**441**	189
Value adjustment of other receivables	**0**	1
Total	**441**	190

The value adjustment of non-current assets in the amount of 441 thousand Euros refers to the regular adjustment of trade receivables, which is significantly increased compared to the previous year and relates to two partners. Active collection of receivables is carried, and there are no significant amounts of value adjustment for all other partners.

9. Other operating costs

DESCRIPTION	2023 Thous. EUR	2022 Thous. EUR
Legal, consultancy and audit services	**107**	246
Bank fee and charges	**117**	142
Other expenses	**901**	89
Penalties	**18**	31
Insurance premiums	**58**	170
Contributions to public services	**59**	81
Representation costs	**18**	69
Education and training expenses	**145**	161
Taxes not dependent on result	**26**	26
Court disputes	**0**	559
Total	**1.449**	**1.574**

During 2023 there were no court dispute- related reservations since there were no significant new court disputes. In 2023 no costs are recorded for litigation due to reservations made in previous years that have now been cancelled.

During 2023 the costs of legal and consulting services were significantly reduced as there are no new litigations, while the existing litigations were booked through reservations.

10. Financial revenue

DESCRIPTION	2023 Thous. EUR	2022 Thous. EUR
Financial revenue		
Revenue from foreign exchange	**289**	409
Revenue from interest	**2**	5
Revenue from write-offs	**20**	168
Total	**311**	**582**

11. Financial expenditures

	2023	2022
DESCRIPTION	**Thous. EUR**	Thous. EUR
Financial expenditures		
Expenditure due to foreign exchange losses	**251**	715
Interest expenditures	**673**	631
Unrealised losses from financial assets	**1.053**	4
Other financial expenditure	**3**	159
Total	**1.980**	**1.509**

12. Corporate tax

Tax revenue includes:

	2023	**2022**
DESCRIPTION	**Thous. EURO**	Thous. EURO
Deferred tax	-1.015	-139

Adjustment of effective tax rate

The table below details the alignment of the tax expense shown in the statement of comprehensive income with the legal tax rate:

	2023	**2022**
DESCRIPTION	**Thous. EUR**	Thous. EUR
Profit/loss before taxation	2.038	2.112
Tax rate 18% (2020: 18%)	367	380
Effects of non-taxable income and other decreases in tax base	-1.625	-19
Effects of unrecognized expenses and other increases in tax base	1.779	119
Effects of tax losses not recognised as deferred tax assets	-521	-480
Previously recognized deferred tax liabilities	-1.015	-139
Corporate tax	-1.015	-139
Effective tax rate	50%	16%

In 2023, based on the merger of Radeljevic d.o.o. and IGH consulting d.o.o., the Company also carried forward tax losses totalling EURO 3,755 thousand.

In 2022, the total amount for the transfer of tax losses in the amount of HRK 19,940 thousand was used in full.

Unused tax losses are not recognised as deferred tax assets in the statement of financial position, as it is unlikely that there will be sufficient taxable profits realised for the utilisation of these deferred tax assets.

Based on non-tax recognized items, the Company increased the tax base by 9.884 thousand Euros, with a tax effect of 1.779 thousand Euros, while it reduced the tax base by 9.028 thousand Euros based on tax recognized items with an effect on the tax effect in the amount of -1.625 thousand Euros. Considering the tax recognized losses that can be used, the company has no obligation to pay taxes at the end of the tax period in 2023. In the next tax period, the Company can't use the remaining tax loss.

The deferred tax liability arises from the following:

2023 *(in thousand EUROS)*	Opening balance	Through capital	Through profit and loss	Closing balance
Temporary difference:				
Revaluation of non-current assets	**1.085**	**-755**		**330**
2022. *(in thousand EUROS)*				
Temporary difference:				
Revaluation of non-current assets	1.224	-139		1.085

13. Intangible assets

DESCRIPTION	Right of usage of property of third parties	Assets under preparation	Total intangible assets
			Thous. EUR
PURCHASE VALUE			
Status as at 31 Dec 2021	2.593	5	2.598
Increases	171	190	361
Write-off and disposals	0	-173	-173
Status as at 31 Dec 2022	2.764	22	2.786
Increases	19	15	33
Write-off and disposals	-39	-32	-71
Transfer	0		0
Status as at 31 Dec 2023	**2.764**	**22**	**2.786**
VALUE ADJUSTMENT			
Status as at 31 Dec 2021	-2.368	0	-2.368
Depreciation	-203	0	-203
Write-off and disposals	0	0	0
Status as at 31 Dec 2022	-2.570	0	-2.570
Depreciation	-165	0	-165
Write-off and disposals	0	0	0
Status as at 31 Dec 2023	**-2.735**	**0**	**-2.735**
PRESENT VALUE			
Status as at 31 Dec 2021	225	5	230
Status as at 31 Dec 2022	194	22	216
Status as at 31 Dec 2023	**9**	**5**	**13**

14. Property, plants and equipment

	Property with right of use	Land	Buildings	Plants and equipment	Assets under construction	Other	Advances for tangible assets	**Total**
				u tisućama EUR				
PURCHASE VALUE								
Status as at 31 Jan 2021	**4.887**	**579**	**971**	**8.357**	**52**	**64**	**42**	**14.952**
Increases	4.081	-	-	285	28	-	42	**4.436**
Write-off and disposals	(1.531)	-	-	(179)	-	-	-	**(1.710)**
Transfer	-	-	-	32	(32)	-	(19)	**(20)**
Status as at 31 Dec 2022	**7.437**	**579**	**971**	**8.495**	**48**	**64**	**65**	**17.658**
Increases	71	-	-	402	-	-	-	**474**
Revaluation	-	-	-	1.184	-	-	-	**1.184**
Write-off and disposals	(635)	(117)	(307)	(110)	-	-	-	**(1.169)**
Transfer	-	-	2	-	(10)	-	2	**(6)**
Status as at 31 Dec 2023	**6.873**	**462**	**666**	**9.971**	**38**	**64**	**67**	**18.141**
VALUE ADJUSTMENT								
Status as at 31 Jan 2021	**2.256**	**-**	**458**	**7.102**	**-**	**23**	**24**	**9.863**
Depreciation	1.793	-	40	480	-	-	-	**2.313**
Write-off and disposals	(1.406)	-	-	(171)	-	-	-	**(1.577)**
Status as at 31 Dec 2022	**2.643**	**-**	**498**	**7.411**	**-**	**23**	**24**	**10.599**
Depreciation	1.627	-	43	388	-	-	-	**2.058**
Write-off and disposals	(516)	-	(94)	(32)	-	-	-	**(642)**
Status as at 31 Dec 2023.	**3.754**	**-**	**447**	**7.767**	**-**	**23**	**24**	**12.015**
PRESENT VALUE								
Status at 31 Dec 2023.	**10.627**	**462**	**219**	**2.204**	**38**	**41**	**43**	**6.126**
Status at 31 Dec 2022.	**10.080**	**579**	**473**	**1.083**	**48**	**41**	**41**	**7.059**

The estimated market value for revaluation purposes was determined based on the independent valuers' report that was based on the cost method, the comparative method and/or the income method depending on the type of property.

The estimated market value of laboratory equipment and measuring instruments for revaluation purposes was determined by the Company based on the independent valuers' calculations who applied the cost method as the most appropriate method because it is based on the economic principle that the buyer of the property will not pay more than the price that the buyer would have paid for an asset of equal utility in case of a new purchase or construction.

(i) Valuation techniques and valuable inputs

The following table summarizes the valuation methods and techniques used in measuring the fair value and significant inputs used in the valuation:

Valuation methods and techniques	Significant unobservable inputs
Land and buildings Fair value measurement of land and buildings was performed by certified property valuers. Depending on the intended use of the assets the methods used were the market value method (by further developing the cost method), the income method and the residual method. The calculation of the market value by developing the cost method is performed by calculating the value of a newly built property and its impairment due to the passage of time, construction, furnishing, etc. The resulting price is adjusted to the market price through a number of factors specific to the observed building or land. The income method considers the present value of net cash flows that the assets could generate from rent taking into account the expected net rent based on comparable transactions. The residual method is based on an analysis of a specific investment and is focused on determining the value of land planned for development. The method is applied in the context of developing a project, if the investor wishes to determine the maximum price to pay for land in order to profitably realise a project.	Correction factors used in calculating the market price. Average yield: 7-9% Among other factors, the estimated discount rate considers the underlying quality of the property, its location and the currently realisable rent conditions for similar locations and the comparative type of property. Specific expenses used in determining the net cash flow in the income method. Specific costs of construction, periods of financing, interest rates, required profit margins and other expenses in calculating the residual method.

Valuation methods and techniques	**Significant unobservable inputs**
Equipment Fair value measurement of equipment was performed by certified property valuers. They used the cost method and the DCF method (capital contribution method) to measure fair value. The cost method for measuring the value of equipment involves determining the value of the physical, functional and economic obsolescence of the equipment. Cost value is determined on the basis of the carrying value of the fixed assets register. In the process of evaluating physical obsolescence, the current useful life of assets, their total useful life and remaining useful life is analysed for each assessed asset separately. Functional obsolescence takes into account the ability to function over the remaining useful life. When assessing economic obsolescence, the economic obsolescence model and the economic indicators model are used. The DCF method is a variation of the income method according to which the market value of the asset is based on estimated future cash flows that are expected to be generated by functioning machinery and equipment.	Correction factors used in calculating the market price. Among other factors, the estimated discount rate is the expected rate of return that the market requires in order to attract funds for a particular investment. Specific expenses used in determining the net cash flow in the DCF method.

15. Investments into affiliated companies and other investments

DESCRIPTION	**2023** **Thous.EURO**	**2022** **Thous. EURO**
Investment into subsidiaries	**1.053**	7.695
Investment into related parties	**1.991**	1.991
Total	**3.044**	74.106

i. ***Investments into subsidiaries***

Thous. EURO	**Share in ownership and voting rights (%)** **Share in ownership and voting rights (%)**	**Book value**	**Book value** Share in ownership and voting rights (%)	Book value
IGH Mostar d.o.o., Mostar	**100**	**797**	100	**797**
IGH Business advisory d.o.o., Zagreb	**100**	**29**	100	**29**
Incro d.o.o., Zagreb	**100**	**3**	100	**3**
IGH Projektiranje d.o.o., Zagreb	**100**	**810**	100	**810**
Radeljević d.o.o., Zagreb	**0**	**0**	100	**15.506**
IGH Consulting d.o.o., Zagreb	**0**	**0**	100	**13**
DP AQUA d.o.o., Zagreb	**100**	**60**	100	**60**
ETZ Ekonomsko tehnički zavod d.d., Osijek	**87,7**	**887**	87,7	**887**
IGH Kosova Sha Priština	**74,8**	**5**	74,8	**5**
Value adjustment of investments in subsidiaries		**-1.538**		**-10.415**
Total		**1.053**		7.695

Name	Cost of acquisition	IV Investment	SV 31 Dec 2022	Impairment for 2023	**SV 31 Dec 2023**
IGH-MOSTAR D.O.O.	797	797	0	0	0
IGH BUSINESS ADVISORY SERVICES D.O.O.	29	29	0	0	0
RADELJEVIĆ D.O.O.	15.506	8.869	6.636	6636	0
INCRO D.O.O.	3	3		0	0
DP AQUA D.O.O.	60	60		0	0
IGH PROJEKTIRANJE D.O.O.	810	644	166	0	166
IGH CONSULTING D.O.O.	13	8	5	5	0
ETZ, EKONOMSKO TEHNIČKI ZAVOD D.D.	887	0	887	0	887
Total	**18.105**	**10.411**	**7.695**	**6.641**	**1.053**

Valuation methods and significant inputs

The following table summarizes the valuation methods and techniques used in measuring the fair value and significant inputs used in the valuation:

Valuation methods and techniques	**Significant unobservable inputs**
The fair value of investments in affiliated parties was estimated using methods applicable to each individual company, The following methods were used: • The valuation of property was carried out by authorised independent valuers (methods described in Note 14 *(i)* • The estimation of the recoverable amount of assets, liabilities and equity	• Significant unobservable inputs are described in Note 14 (i). • Future cash flow projections with a growth rate of 5%

ii. ***Investments in affiliates***

Investments in affiliates refers to companies in which Institut IGH d.d. has no independent management control, independent of the ownership share.

		31 December 2023		31 December 2021	
Description	*Thous. EUR*	**Share in ownership and voting rights (%)**	**Book value**	Share in ownership and voting rights (%)	Book value
Elpida d.o.o. Zagreb		**50**	**4.154**	50	4.154
Institut za infrastrukturne projekte, Sofia		**50**	**1**	50	1
Centar Gradski podrum d.o.o., Zagreb		**37,5**	**2.858**	37,5	2.858
Value adjustment for investments in associates			**-5.022**		-5.022
Total			**1.991**		1.991

(i) The company Sportski grad TPN d.o.o. was bankrupt on 7 October 2014 by the Decision No. 5, St-138/2014.

(ii) The Company Gradski Podrum d.o.o. was deleted from the court register on 1 June 2022.

iii. ***Other investments***

	2023	2022
DESCRIPTION	**Thous. EURO**	**Thous.EURO**
Investment into shares in investment funds	**305**	305
Minus: Value adjustment of share in investment funds	**-305**	-305
Total	**0**	0

iv. ***Participating interests***

	2023	2022
DESCRIPTION	**Thous. EURO**	**Thous.EURO**
Konstruktor-inženjering d.d.	**101**	101
Viktor Lenac d.d. Rijeka	**6**	6
GP Dubrovnik d.d. u stečaju, Dubrovnik	**358**	358
Value adjustment of participating interests	**-465**	-465
Total	**0**	0

The Company has participating interests in several companies whose value has been adjusted, and their carrying amount has been reduced to zero.
The companies Geotehnika-inženjering d.o.o., Međimurje beton d.d., Industrogradnja Grupa d.d., Elektrometal d.d. Bjelovar have been deleted from the court register, while GP Dubrovnik d.d. is under bankruptcy.

16. Trade receivables and other receivables

DESCRIPTION	2023 Thous. EURO	2022 Thous.EURO
Non-current receivables		
Receivables from sale of apartments with deferred payments and other receivables	**161**	**197**
Total	**161**	**197**
Current receivables		
Trade receivables	**5.324**	**10.233**
Minus: value adjustment of trade receivables	**-2.940**	**-6.022**
Receivables from government institutions	**76**	**149**
Receivables from employees	**179**	**44**
Receivables from affiliated entrepreneurs	**262**	**269**
Minus: value adjustment of receivables from affiliated entrepreneurs	**-312**	**-239**
Receivables from issued advances	**372**	**292**
Other receivables	**21**	**24**
Total	**2.981**	**4.750**

The following tables explain the changes in the corrections for trade receivables by using simplified ECL model between the beginning and end of the annual period:

31 December 2023	**2023** **Thous. EURO**
Status as at 1 January 2023	6.260
Newly created expected credit loss	-2.499
Cancellation of previous credit loss	-509
Status as at 31 December	**3.252**

31 December 2022	**2022** **Thous. EURO**
Status as at 1 January 2022	6.354
Newly created expected credit loss	509
Cancellation of previous credit loss	-603
Status as at 31 December	**6.260**

For calculation of impairment on trade receivables, the Company applies a model based on expected credit losses (Simplified Approach) in accordance with IFRS 9, and the amount of the impairment does not have a material effect on the financial statements. The Company continues to apply value adjustments based on proven losses under certain conditions.

The ageing structure of trade receivables and other receivables was as follows:

31 December 2023		
Matured claims	1.516	-208
0-60 days	229	
60-120 days	95	
120-180 days	38	-5
180-360 days	779	
over 360 days	3.737	-3.039
	6.394	**-3.252**

31 December 2022 (thous.EURO)	Gross amount	Value adjustment
Matured claims	2.586	
0-60 days	922	-3
60-120 days	387	
120-180 days	32	
180-360 days	538	-4
over 360 days	6.546	-6.253
	11.011	**-6.261**

17. Loans and deposits given

	2023	**2022**
Description	**Thous. EURO**	**Thous. EURO**
Long-term loans		
Loans given to subsidiaries	4	404
Loans given to third parties	17	41
	22	**445**
Short-term loans given		
Loans given to subsidiaries (*Note 32*)	19	33
Loans given to third parties	23	23
Deposits and guarantees	3.868	3.518
Interests receivables	48	52
Securities and factoring	19	19
Expected credit loss	-15	-19
	3.963	**3.626**
Total	**3.984**	**4.071**

Loans to affiliates were granted with no interest or with a certain interest rate, whereby for determining the profit tax base, the interest rates stated in Art. 14, par. 3 of the Corporate Income Tax Act are taken into account.

18. Cash and cash equivalents

DESCRIPTION	2023 Thous.EURO	2022 Thous. EURO
Giro accounts	**374**	**276**
Cash in hand	**0**	**1**
Foreign currency accounts	**36**	**181**
Total	**410**	**458**

Breakdown of cash and cash equivalents per currency

DESCRIPTION	2023 Thous.EURO	2022 Thous. EURO
HRK	**0**	**276**
EUR	378	100
BAM	14	58
GEL	11	22
Other currencies	7	2
Total	**410**	**458**

19. Non-current assets held for sale

Description	2023 Thous.EURO	2022 Thous. EURO
Acquisition cost		
As at 1 January	1.632	1.632
Sale		
As at 31 December	**1.632**	**1.632**

Non-current assets held for sale are intended to settle the secured debt to financial institutions that have not waived their right to a separate settlement in the process of the pre-bankruptcy settlement. These assets refer to buildings and land.

(i) Valuation techniques and significant inputs

The following table summarizes the valuation methods and techniques used in measuring the fair value and significant inputs used in the valuation:

Valuation methods and techniques	**Significant unobservable inputs**
The fair value was estimated using methods applicable to each individual company. The following methods were used: • Valuation of property carried out by authorised independent valuers (methods described in Note 3.10 (i)	Significant inputs are described in Note 3.10 (i) Amount of secured debt
• Review of rights of secured creditors	

20. Accrued income and prepaid expenses

Description	2023 Thous.EURO	2022 Thous. EURO
Prepaid expenses	**104**	**396**
VAT on advances	**393**	**407**
Advance payments received on account	**49**	**38**
Accrued un-invoiced revenue	**12**	**11**
Total	**557**	**852**

21. Contract assets and liabilities with customers

The following table shows information on assets and liabilities with clients based on construction contracts, for which on the reporting date the Company reported receivables from customers pursuant to a contractual obligation or obligations to clients pursuant to a contractual obligation:

Description	2023 Thous.EURO	2022 Thous. EURO
Contract assets	**574**	**505**
Expected credit loss	**-7**	**-1**
	567	**504**
Contract liabilities	**137**	**138**
Total	**430**	**366**

Contract assets primarily relate to the Company's rights to compensation for works performed but not collected at the reporting date. Contract assets are transferred to trade receivables when the rights become unconditional. This usually happens when the Company invoices the client. A description of the methodology for calculating expected credit losses on a contract asset is described in Note 21.

Contract liabilities primarily relate to deferred income for construction works, for which income is recognised over time.

22. Share capital

	2023		2022	
	Number of shares	Ownership share	Number of shares	Ownership share
AVENUE MEHANIZACIJA D.O.O.	566581	38,24%	0	0,00%
FROTIP DEVELOPMENT D.O.O.	301173	20,33%	0	0,00%
AGRAM BANKA D.D. (0/1) / AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	239.500	16,17%	239.500	39,03%
AGRAM BANKA D.D./ AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	62.950	4,25%	75.500	12,30%
DRNASIN ANTE	14196	0,96%	3.242	0,53%
AGRAM BROKERI D.D.	13744	0,93%	0	0,00%
LEJO IVAN	12500	0,84%	0	0,00%
MIHALJEVIĆ BRANKO	8100	0,55%	8.010	1,31%
CAPTURIS D.O.O.	7895	0,53%	7.895	1,29%
INSTITUT IGH, D.D. (1/1)	6.659	0,45%	6.659	1,09%
Other shareholders	248.165	16,75%	272.903	44,47%
Total	1.481.463	100,00%	613.709	100,00%

By the Decision no. TT-23/52200-2, on 29 December 2023, the Company underwent recapitalisation to cover accumulated losses and improve its financial position. Prior to the capital injection, the Company's share capital consisted of 613.709 shares mark IGH-R-A, ISIN: HRIGH0RA0006, individual nominal amount of EUR 25,22, totalling EUR 15,476 thousand. Shares are listed on the official market of the Zagreb Stock Exchange d.d. Each share has the right of vote in the Assembly and the right to a dividend.

The Company's share capital was converted through recapitalisation from HRK 116,604,710.00 to EUR 15,476,104.59. The individual nominal amount of the regular share, mark IGH-R-A, was converted from HRK 190.00 to EUR 25.22. Thus, the Company's share capital was reduced from EUR 15,476,104,59 ,by EUR 9,339,014,59 , to EUR 6,137,090,00 by reducing the individual nominal amount of ordinary shares, mark IGH-R-A, from EUR 25,22 by EUR 15,22 to EUR 10,00.

The company's share capital was increased from EUR 6,137,090,00 ,by EUR 8,677,540,00 to EUR 14,814,630,00, through the issue of 867,754 ordinary shares mark IGH-R-A with an individual nominal amount of EUR 10,00. After completion, the Company's share capital , entered into the SKDD information system, amounts to EUR 14,814,630.00 and is divided into 1,481,46,3 ordinary shares mark IGH-R-A , nominal amount of EUR 10,00.

23. Reserves

Under Croatian regulations, companies must place into reserves a twentieth part (5%) of the current year profit until total reserves together with the share premium reach 5% of the Company's share capital. Both legal reserves and reserves for own shares are non-distributable.

The Company owns 6.659 of own shares. Own shares are recorded at acquisition cost, and are released using the weighted average price method.

DESCRIPTION	**Number of own shares 31 Dec 2023**	Number of own shares 31 Dec 2022
Status as at 1January	**6.659**	**12.159**
Increase during the year	**0**	**0**
Decrease during the year	**0**	**-5.500**
Status as at 31 December	**6.659**	**6.659**

The Management Board of the Company has the right to receive bonus shares and treasury shares. There was no award on this basis during the year 2023, while the remaining amount will be allocated in accordance with the Company's possibilities in the coming years. The Net Asset Value of treasury shares and bonus shares is presented in Other Reserves according to market value of the share on the reporting date.

24. Revaluation reserves

Thous.EURO	**Revaluation reserves for non-current tangible assets**	**Foreign exchange differences from recalculation of foreign operations**	**Total**
Status as at 31 Dec 2021	**5.577**	**-40**	**5.537**
Transfer to accumulated losses	-368	0	-368
Foreign exchange differences from recalculation of foreign operations	0	0	0
Decrease in revaluation due to one-time write-off effects	0	0	0
Status as at 31 Dec 2022	**5.209**	**-40**	**5.170**
Transfer to accumulated losses	-3.503	0	-3.503
Foreign exchange differences from recalculation of foreign operations	0	0	0
Status as at 31 Dec 2023	**1.706**	**-40**	**1.667**

Revaluation reserves are not distributable to shareholders.

25. Commitments for loans and borrowings

	2023	2022
	Thous.EURO	**Thous. EURO**
Long-term borrowings		
Other borrowings	**31**	**48**
Total	**31**	**48**
Short-term borrowings		
Bank loans-PIK debt /ii/	**0**	**1.414**
Bank loans (separate creditors) /v/	**1.161**	**1.161**
Bank loans -current portion of senior debt /iii/	**38**	**9.424**
Borrowings of associated companies *(Note 32)*	**171**	**9.748**
Other borrowings	**1.020**	**538**
Accrued interest payable	**150**	**2.521**
Total	**2.540**	**24.806**
Loans and borrowings total	**2.571**	**24.854**

Thous.Euro	**Bank loans - PIK debt /ii/**	**Bank loans - Senior debt/iii/**	**Bank loans – secured creditors /iv/**	**Loans from associated companies /vi/**	**Other borrowings**	**Accrued interest payable**	**Total**
Status as at 1 January 2022	**4.362**	**10.243**	**3.395**	**6.702**	**149**	**2.916**	**27.766**
Payments	0	0	0	0	0	0	0
Non-monetary repayment	-2.953	-8.776	-2.235	0	-998	-1.947	-16.908
Loans received	0	0	0	3.024	0	0	3.024
Transfer of commitments	0	7.939	0	0	1.437	1.547	10.922
Exchange rate difference	5	18	0	22	-1	6	49
Status as at 31 December 2022	**1.413**	**9.424**	**1.161**	**9.748**	**586**	**2.521**	**24.854**
Status as at 1 January 2023	**1.413**	**9.424**	**1.161**	**9.748**	**586**	**2.521**	**24.854**
Payments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-monetary repayment	**-1.413**	**-9.386**	**0**	**-9.577**	**465**	**-2.371**	**-22.283**
Loans received	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfer of commitments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Exchange rate difference	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Status as at 31 December 2023	**0**	**38**	**1.161**	**171**	**1.051**	**150**	**2.571**

In 2023, pre-bankruptcy liabilities were settled as follows:

/ii/ The 'PIK debt' represents claims that will be settled by selling pledged assets of the Company or its related parties. The final maturity of the PIK claims is 6 years from the day the pre-bankruptcy settlement became final at an interest rate of 4.5% per annum, which is also paid on final maturity.

/iii/ The 'Senior debt' comprises a portion of creditor claims which will be settled by payment in instalments in accordance with the provisions of the settlement and additional agreements with creditors of category a), which fall due on 30 June and 31 December with an interest rate set at 4.5% per annum.

/iv/ Secured creditors have not waived their right for separate settlement in the pre-bankruptcy settlement proceedings, and have the right to initiate separate enforcement procedures to enforce property sales and settlement of their claims. If the sale of pledged assets does not generate sufficient funds to settle secured claims, secured creditors are not entitled to settlement of outstanding claims in full, but their claims are considered to be settled entirely through the sale of the pledged assets. Regarding these borrowings, the Company is not obligated to repay principal or interest from the ordinary course of business, but the settlement is made only from the sale of pledged property. A debt of EUR 1,161 thousand was still recorded in the Company's accounts, however it was settled by immovable property which is also in the Company's books. By derecognition at the end of the process, there is no, and will not be any effect on the financial statements.

/v/ Issued bonds

On 6 June 2012 the Company (IGH Group) issued convertible bonds in the amount of EUR 10 million for a partial rescheduling of liabilities arising from previously issued financial instruments and financing of the working capital.

On 10 June 2013, the Settlement Council of the Financial Agency adopted the Decision on initiating pre-bankruptcy settlement proceedings over INSTITUT IGH, d.d. Owners of convertible bonds as secured creditors have not waived their right for separate settlement in the pre-bankruptcy settlement proceedings, and have the right to initiate separate enforcement procedures to enforce property sales and settlement of their claims. In the event that the funds obtained from the realisation of the pledge will not be sufficient to cover the claims secured, the bondholders are not entitled to settle up to the full amount of the secured claim but their claim is deemed to be fulfilled by the realisation of the pledge. Regarding these bonds, the Company is not obligated to repay principal or interest from the ordinary course of business, but the settlement is made only from the sale of pledged property.

The value of pledged land and buildings amounts to HRK 46.964 thousand and the value of bond payables was corrected to the stated amount.

The bond obligation was settled during 2021.

/vi/ The Company recorded a debt to Elpida d.o.o. in the amount Euro 3.031 thousand, however, in 2023 a correction of accounting entry was made in respect of the subsequent finding that Elpida d.o.o. had no legal basis to claim this amount, and the transaction was carried out through the reduction of accumulated losses. Radeljevic d.o.o. company was merged with the INSTITUT IGH d.d. on 29 Dec 2023 and mutual transactions of receivables and liabilities were cancelled.

The analytical review of loans and borrowings is as follows:

	Currency	Interest rate	Up to yr.	1 – 2 yrs.
Financial liabilities				
Commercial bank	EUR	4,50%	18	0
Unrelated third parties	EUR	4,50%	20	0
Liabilities for interest	EUR	-	150	0
Non-interest bearing other liabilities to secured creditors				
Unrelated third parties	EUR	-	1.161	0
Loans from other financial institutions	EUR	-	91	0
Other financial liabilities				
Loans from related parties	EUR	2,86%	171	0
Loans from unrelated parties	EUR	4,50%	929	31
Total			**2.540**	**31**

	Currency	Interest rate	2022	Up to yr.	1 – 2 yrs.
Financial liabilities					
Commercial bank	EUR	4,50%	89	89	-
Unrelated third parties	EUR	4,50%	11.910	11.910	-
Liabilities for interest	EUR	-	2.521	2.521	-
Non-interest bearing other liabilities to secured creditors					
Unrelated third parties	EUR	-	475	427	48
Loans from other financial institutions	EUR	-	111	111	-
Other financial liabilities					
Loans from related parties	EUR	2,86%	9.748	9.748	-
Total				**24.806**	**48**

26. Contingent liabilities

	2023	2022
DESCRIPTION	Thous. EUR	Thous. EUR
Guarantees given - externally	**1.536**	**3.354**
Partnerships in loans of affiliated companies	**0**	**2.081**
Total	**1.536**	**5.435**

Contingent liabilities relate to performance guarantees and money deposits with legal entities for the same purpose. As at 31 December 2023, several disputes are pending against the company for which liabilities are not reported in the statement of financial position as at 31 December, as according to the assessment of the Management Board of the Company as at 31 December 2023 there is no likelihood of these liabilities arising for the Company**.**

27. Lease obligations

	2023	2022
	Thous. EUR	Thous. EUR
Non-current liabilities		
Lease obligations	**1.881**	**3.237**
Total	**1.881**	**3.237**
Current liabilities		
Lease obligations	**1.356**	**1.658**
Total	**1.356**	**1.658**

The analytical review of lease obligations is as follows

Thous. EUR	**Lease obligations**
Net book value	
As at 1 Jan 2022	2.748
Payments	-4.137
Additions to right-of-use assets	6.284
Status as at 31 Dec 2022	**4.895**
Status as at 1 Jan 2023	4.895
Payments	-3.187
Loans received	1.528
Exchange rate difference	0
Status as at 31 Dec 2023	**3.236**

	Currency	Interest rate	2023	Up to 1 year	1 – 2 years	2 – 5 years
Other financial liabilities						
Operating lease - IFRS 16	HRK	4,50%	3.236	1.356	1.356	524

	Currency	Interest rate	2022	Up to 1 year	1 – 2 years	2 – 5 years
Other financial liabilities						
Operating lease - IFRS 16	HRK	4,50%	4.895	1.658	2.486	751

28. Provisions

Thous. EUR	Unused vacation days	Retirement benefits	Legal disputes	Total
As at 31 Dec 2022				
Long-term part	0	76	1.379	1.456
Short-term part	320	0	3	323
	320	**76**	**1.382**	**1.778**
Increase in provisions	15	9	0	24
Cancelled during the year	320	76	-478	-81
Status at 31 Dec 2023	335	85	904	1.325
Long-term part	0	85	901	986
Short-term part	335	0	3	338
	335	**85**	**904**	**1.324**

(i) ***Unused vacation days***

In 2022, the provision for unused vacation days was accrued based on the expectations that unused vacation days from 2022 will be used in 2022.

(ii) ***Retirement benefits***

In 2022 the Company decreased provisions for retirement benefits in the amount of HRK 125 thousand.

(iii) ***Legal disputes***

The amounts of provisions relate to a number of legal disputes initiated against the Company. Based on the expert opinion of a legal counsel, the Company's Management Board believes that the outcome of these legal disputes will not give rise to any significant loss beyond the amount provided for as at 31 December 2023.

29. Trade payables and other payables

DESCRIPTION	**2023** Thous. EUR	**2022** Thous. EUR
Non-current liabilities		
Trade payables	26	26
	26	**26**
Current liabilities		
Domestic trade payables	2.808	1.826
Trade payables per pre-bankruptcy settlement	0	0
Foreign trade payables	178	904
Liabilities towards government institutions	1.255	1.181
Liabilities to employees	817	846
Municipal charges	323	308
Liabilities towards associated companies	51	53
Other liabilities	367	216
Total	**5.798**	**5.333**

30. Commitments for advances and deposits received

DESCRIPTION	2023 Thous. EUR	2022 Thous. EUR
Received advances		
Advances from domestic clients	**526**	**589**
Advances from foreign clients	**200**	**287**
Calculation of advances given	**57**	**44**
Total	**783**	**920**
Received deposits		
Deposits and guarantees received	**41**	**37**
Total	**41**	**37**

31. Accrued expenses and deferred income

The Company's accrued expenses and deferred income stated in the Statement on financial position on 31 December 2023 in the amount of Euros 123 thousand (31 Dec 2022 amounting to Euros 1.139 thousand) refer to the accrued expenses for which no invoice was received.

DESCRIPTION	2023 Thous. EUR	2022 Thous. EUR
Current liabilities		
Accruals and deferred income	123	1.139
Total	**123**	**1.139**

32. Financial instruments and Risk management

Financial risk factors

The Company, that is, the Group is exposed to various financial risks related to foreign exchange, interest rate, credit and solvency risk. The Company monitors these risks and seeks to minimise their potential impact on the Company's financial exposure. The Company does not use derivative financial instruments to actively hedge its financial risk exposure.

a) Market risk

Market risk relates to financial instruments. IFRS defines market risk as the risk of fluctuation of fair value or future cash flows of financial instruments due to changes in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk and other price risks.

The Company operates on the Croatian and international markets. The Management Board determines the cost of its services based on the market price of the relevant market.

b) Price risk

The Company is engaged in the professional and scientific research in the field of civil engineering, the area where the financial crisis has had a significant impact causing relative market inactivity.

However, positive macroeconomic indicators in the last period have stimulated market recovery and corresponding prices.

c) Foreign currency exchange risk

The Company's official currency since 01 Jan 2023 is the Euro (EUR). The company has invested and invests in financial instruments and enters into transactions denominated in currencies representing the functional currency of an issuer established in different countries. Accordingly, the Company is exposed to the risk of changing the currency exchange rate against other currencies in a way that may negatively affect the Company's profit and value.

Transactions denominated in foreign currencies are translated into Euros by applying the exchange rates in effect at the balance sheet date. The resulting foreign exchange differences are credited or charged to the income statement. Changes in exchange rates may affect the profits mainly as a result of foreign exchange gains or losses arising on translation of receivables into Euros and borrowings and liabilities contracted with a foreign currency clause (EUR). Due to the part of foreign market revenues and liabilities denominated in other currencies, the Company is exposed to changes in the value of the exchange rate.

The total exposure of the Company to changes in foreign exchange rates at the reporting date was as follows:

Thous. EUR	**Liabilities**		**Assets**	
	2023	**2022**	**2023**	**2022**
Bosnia and Herzegovina (BAM)	5	4	137	22
The USA (USD)	413	74	0	2
The Russian Federation (RUB)	0	4.203	0	5.133
Georgia (GEL)	0	23	428	155
Macedonia (MDK)	1	119	8	420

Sensitivity analysis to foreign currency risk

The Company is mainly exposed to fluctuations in the exchange rate of Euro, in terms of received loans, suppliers and trade receivables. The Company is additionally exposed to changes in the Croatian Kuna exchange rate relative to the GEL due to the operations of the Georgia subsidiary.

The sensitivity analysis includes only open cash items in foreign currency and their recalculation at the end of the period based on the percentage change in exchange rates. The sensitivity analysis includes monetary assets and monetary liabilities in the currency. A negative number indicates a decrease in profit where the Croatian Kuna changes against the relevant currency by the percentage specified above. In case of a reverse proportional change of the Croatian Kuna against the relevant currency, there would be an equal and opposite impact on the profit.

The depreciation of Euro against the exchange rate of the currencies shown by 1% would have the following effects on profit:

Effect of USD currency		**Effect of GEL currency**		**Effect of MCK currency**	
2023	**2022**	**2023**	**2022**	**2023**	**2022**
Thous.EUR					
4	-6	-3	-5	0	-554

Effect of BAM currency		**Effect of RUB currency**	
2023.	**2022.**	**2023.**	**2022.**
Thous.EUR			
-1,5	-1	0	-26.338

The mean exchange rates of currencies to Euro significant for the Company:

	31 December 2023	31 December 2022
BAM	1,95583	1,95583
USD	1,105	1,067
GEL	2,9324	2,6295
MCK	61,6345	61,6

c) Interest rate risk

Interest rate risk is the risk of a change in the value of a financial instrument due to changes in market rates in relation to the interest rates applied to the financial instrument.

The Company, i.e. the group use loans with predominantly fixed interest rates and is not exposed to the risk of changing interest rates. The Company does not use active hedging instruments against exposure to interest rate risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause the other party financial losses due to default, in whole or in part, at the time of maturity. Failure to do so would endanger the liquidity of the Company and reduce the value of its assets. On 31 December 2023 financial assets that could potentially expose the Group to credit risk consist mainly of loans given, trade receivables and other receivables.

The value of financial assets at the reporting date shows the maximum exposure to credit risk. The Group regularly monitors the risk that the other party will not fulfil its obligations.

Trade receivables, other receivables, and receivables from given loans are adjusted for the amount of provisions for doubtful and disputed receivables.

The Company applies a simplified IFRS 9 approach for measuring expected credit losses, using the expected value adjustment for all trade receivables and contract assets. In order to measure expected credit losses, trade receivables and contract assets are grouped based on common credit risk characteristics and maturity dates. In the same types of contracts, contract assets are tied to the same risk characteristics as trade receivables. Therefore, the Company concluded that expected loss rates for trade receivables can also be used to calculate losses for contractual assets.

The expected loss rates are based on collection data for the 24-month period prior to 31 December 2023 and historical credit losses during that period.

Furthermore, the Company is exposed to credit risk through cash deposits in banks. As of 31 December 2023, the Company cooperated with five banks where it keeps its money and deposits. Risk management is focused on doing business with the most respectable foreign and domestic banks in the country and abroad.

Deposits in banks constitute current account money and deposits held with banks as bank guarantees that are collected at maturity, and therefore classified as held-to-maturity assets in accordance with IFRS 9 and measured at amortised cost. Credit risk shall be measured using a general approach. The Company shall use the daily value of the CDSs covering the insurance for a period of 5 years. The CDS with 5-year insurance has the highest market liquidity and has therefore been chosen as a benchmark. The CDS is sensitive to an increase in the risk of default — whether or not insurance with a period of 3 or 5 years has been selected. Domestic banks do not have a rating or CDS indicator as a risk measure.

The Company took the CDS for the Republic of Croatia to measure the risk, which at 31 December 2023 amounted to 1,02%. Credit risk, calculated according to the formula: amount of deposits * number of days * CDS / 365. For deposits on demand, the Company uses 2 days in calculating the amount of credit risk.

e) Solvency risk

Solvency risk is the risk of the Company facing difficulties in settling its liabilities. Solvency risk arises in the general funding activities of the Company and the management of assets. It includes the risk of being unable to fund assets under appropriate maturities and prices and the risk of being unable to sell its assets at a reasonable price and in an appropriate time frame. Financial instruments include investments that may be insolvent and that the Company is unable to turn into cash to meet its solvency requirements.

In order to ensure the necessary solvency, the Management actively monitors and manages the collection of receivables and planned outflows.

Table showing an analysis of the solvency risk

The tables were prepared on the basis of non-discounted cash outflows of financial liabilities at their due date. The tables include both principal and interest cash flows.

Thous. EUR	**Net book value**	**Contracted cash flows**	**Up to 1 year**	**From 1 to 2 years**	**From 2 to 5 years**
Year 2023					
Non-derivate financial liabilities					
Loans received and financial leasing	5.297	5.297	3.386	1.356	556
Trade and other payables	6.649	6.649	6.623	26	0
Total	**11.947**	**11.947**	**10.009**	**1.382**	**556**
Year 2022					
Non-derivate financial liabilities					
Loans received and financial leasing	29.749	29.749	26.464	1.958	1.327
Trade and other payables	6.316	6.316	6.290	26	0
Total	**36.065**	**36.065**	**32.753**	**1.984**	**1.327**

Non-interest bearing liabilities payable up to one month mainly consist of trade payables and other current liabilities.

Interest bearing liabilities include short-term and long-term loans, borrowings and bonds.

The tables were prepared on the basis of non-discounted cash inflows of financial assets at their due date. The tables include both principal and interest cash flows.

Thous. EUR	Net book value	Contracted cash flows	Up to 1 year	From 1 to 2 years
Year 2023				
Non-derivative financial assets				
Loans given	3.984	3.984	3.963	22
Trade and other receivables	3.142	3.142	2.981	161
Total	**7.126**	**7.126**	**6.944**	**183**
Year 2022				
Non-derivative financial assets				
Loans given	4.071	4.071	3.626	445
Trade and other receivables	4.947	4.947	4.750	197
Total	**9.018**	**9.018**	**8.377**	**641**

Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions used for trading on active liquid markets are determined on the basis of quoted market prices,
- The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models, based on discounted cash flow analysis using prices from observable current market transactions and quotes offered for similar instruments.

Financial instruments held to maturity in the ordinary course of business are recorded at the purchase cost or net amount less the portion repaid. Fair value is determined as amount for which a financial instrument could be traded between knowledgeable, willing parties in an arm's length transaction, except in the event of a forced sale or for liquidation purposes. The fair value of a financial instrument is its quoted securities market price, or the amount obtained using the discounted cash flow method.

As at 31 December 2023, the reported amounts of cash, short-term deposits, receivables, current liabilities, accrued expenses, short-term borrowings and other financial instruments approximate their market values due to the current nature of those assets and liabilities.

The Management Board believes that the book value of long-term deposits, receivables and borrowings as at 31 December 2023 approximates their fair value due to the application of variable interest rates on liabilities.

Equity risk management

Net debt-to-equity ratio

The Company monitors capital in line with laws and regulations valid in the Republic of Croatia which require a minimum deposit of EUR 25.000 for joint stock companies. Owners do not require any special measures with regard to management of capital. There are no capital goals internally monitored.

33. Transactions with related parties

The Company considers that their key shareholders and entities under their control or influence (subsidiaries and affiliates), key management (see below), close family members of key management and legal entities that are controlled or significantly influenced by key management personnel and their close family members are directly related parties, in accordance with the provisions set out in International Accounting Standard 24 "*Related Party Disclosures*".

Revenues and costs for related companies are shown in the table as follows:

DESCRIPTION	2023 Thous.EUR	2022 Thous. EUR
Revenue from sales		
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**1**	7
IGH BUSINESS ADVISORY SERVICES D.O.O.	**1**	90
Total	2	97
Other operating income		
IGH BUSINESS ADVISORY SERVICES D.O.O.	**1**	0
IGH PROJEKTIRANJE D.O.O.	**7**	0
IGH-MOSTAR D.O.O.	**240**	0
Total	248	0
Total	250	97

Costs of services		
MARTERRA D.O.O.	**71**	155
IGH-MOSTAR D.O.O.	**6**	6
IGH BUSINESS ADVISORY SERVICES D.O.O.	**42**	0
IGH PROJEKTIRANJE D.O.O.	**89**	14
Total	**208**	175
Other operating costs		
MARTERRA D.O.O.	**0**	2
IGH-MOSTAR D.O.O.	**74**	0
Total	**74**	2
Financial expenses		
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**0**	5
IGH-MOSTAR D.O.O.	**1**	0
Total	**1**	5

Receivables and value adjustments for affiliated companies are shown in the table as follows:

	2023	2022
DESCRIPTION	**Thous.EUR**	**Thous. EUR**
Receivables from affiliated companies		
DP AQUA D.O.O.	**0**	7
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**1**	7
IGH BUSINESS ADVISORY SERVICES D.O.O.	**7**	10
IGH PROJEKTIRANJE D.O.O.	**18**	9
INCRO D.O.O.	**0**	11
MARTERRA D.O.O.	**4**	138
IGH-MOSTAR D.O.O.	**5**	0
Total	**35**	**182**
Receivables from affiliated companies		
ELPIDA D.O.O.	**1**	1
GEOTEHNIKA-INŽENJERING D.O.O.	**21**	21
IGH LUX ENERGIJA D.O.O.	**2**	2
SPORTSKI GRAD TPN D.O.O.	**63**	63
Total	87	87
Total	122	269
Value adjustment of receivables from affiliated companies	**-239**	-239
Loans given to subsidiaries		
IGH-MOSTAR D.O.O.	**3**	413
D.P. AQUA D.O.O	**0**	1
MARTERRA D.O.O.	**13**	0
SLAVONIJA CENTAR, PZ VELIKA KOPAONICA D.D.	**1**	1
INCRO D.O.O.	**1**	0
RADELJEVIĆ D.O.O.	**0**	18
IGH PROJEKTIRANJE D.O.O.	**5**	0
Total	23	433

Liabilities to affiliated and equity companies are shown in the table as follows

	2023	2022
DESCRIPTION	**Thous.EUR**	**Thous. EUR**
Liabilities for loans of affiliated companies		
ELPIDA D.O.O.	**0**	3031
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**140**	124
IGH PROJEKTIRANJE D.O.O.	**31**	43
RADELJEVIĆ D.O.O.	**0**	6.549
Total	**171**	9.747
Liabilities to affiliated companies		
IGH CONSULTING D.O.O.	**0**	11
IGH PROJEKTIRANJE D.O.O.	**36**	7
IGH BUSINESS ADVISORY SERVICES D.O.O.	**8**	0
IGH-MOSTAR D.O.O.	**2**	4
MARTERRA D.O.O.	**4**	32
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**1**	0
Total	**51**	54
Liabilities to equity companies		
AVENUE MEHANIZACIJA d.o.o.	**510**	5.300
AVENUE ENGINEERING AND CONSTRUCTION LIMITED	**208**	567
Total	**718**	5.867

Management Board and Supervisory Board compensation

The total compensation for the Management Board and calculated fees for the Supervisory Board members in 2023 amounted to 153 thousand Euros.

Compensation to Supervisory Board members

Compensation to Supervisory Board members *Thous.Euros*	**Compens.**	**Participation at sessions**
Žarko Dešković	20	7/9
Sergej Gladeljkin	10	5/9
Igor Tkach	10	9/9
Mariyan Tkach	10	9/9
Marin Božić	10	9/9
Total	**60**	

Compensation for Management Board members

Thous. EUR	Salary **– fixed component**	Salary **– variable component**	**Total**
Petrosian Robert	93	0	93

34. Earnings per share

Basic earnings per share are calculated as follows:

	2023	**2022**
DESCRIPTION	**tis EUR**	**tis EUR**
Profit for the year (in thousands of EUR)	**6.084**	**2.251**
Weighted average number of shares	**686.022**	603.700
Basic earnings per share (in EUR)	**8,87**	3,73

As stated in Note 35, a part of the Company's debt can be converted into equity as part of the pre-bankruptcy settlement, i.e. 6 years after the settlement will have become legally valid, up to 20% maximum of the share capital at the time of conversion. Due to the uncertainty of significant variables in the calculation, the Company did not calculate diluted earnings per share in the event of conversion of the stated portion of debt into equity.

35. Impact of the pre-bankruptcy settlement

On 17 May 2013 the INSTITUT IGH d.d. submitted a Proposal to initiate pre-bankruptcy settlement proceedings. On 5 December 2013 the Commercial Court in Zagreb accepted the Proposal and approved the settlement. In April 2014, the Court ruled that the pre-bankruptcy settlement became legally valid as of 28 December 2013

a. *Settlement with suppliers*

An agreement was reached according to which 30% of claims are converted into the Company's share capital. 20% of claims will be repaid in cash after the share capital increase or the sale of the Company's assets. The remaining 50% of claims will be repaid in 10 equal semi-annual instalments over the period of 5 years. During 2018, the Company settled trade payables totalling HRK 10.041

thousand as prescribed in the provisions of the pre-bankruptcy settlement. During 2019 the Company also settled liabilities to related parties, natural persons for service contracts and royalties, non-financial institutions and the Ministry of Finance in the total amount of HRK 2.912 thousand. During 2020 all remaining obligations were settled amounting to HRK 196 thousand.

b. *Settlement with banks- PIK debt*

Out of the total debt, 63.6% was converted into the PIK debt during the initiation of pre-bankruptcy settlement procedure. The PIK debt is to be repaid in one instalment 6 years after the pre-bankruptcy settlement became legally valid. Up to the maturity date, a fixed interest rate of 4.5% per annum is included in the calculation, which is also payable in one instalment 6 years after the pre-bankruptcy settlement became legally valid. The PIK debt will be settled through the sale of assets which are pledged as collateral.

Six years after the settlement will have become legally valid, the Company is obliged to proportionally convert the PIK debt to the senior debt until the senior debt reaches the net indebtedness limit which is equal to 3.5 times of the prior year consolidated EBITDA. If the current Senior debt amount exceeds the default ratio, the PIK debt is not converted into the Senior debt. The Company did not make the conversion because the pre-requirement stated in pre-bankruptcy settlement was not fulfilled.

Under the valid pre-bankruptcy settlement, EBITDA is defined as earnings before interest, taxes, depreciation of tangible and in tangible assets and one-off items of income and expenses.

Interest is considered to be the interest expense on the debtor's debts.

One-off income and expenses are those that do not relate to the operating business of the company and are not repetitive. One-off income and expenses relate specifically to, but are not limited to, income and expenses from the sale of fixed assets.

Six years after the settlement has become legally valid and through the process of converting the PIK debt to the senior debt, the creditors had the right to convert their remaining claims into equity at a price of HRK 400 per share, but max. up to 20% of the share capital. If the General Assembly did not invite a creditor to subscribe for the shares, then the outstanding PIK debt is due upon the creditors' call. Creditors did not request the fulfilment of their rights, the deadline was 31 December 2019. Since the PIK debt was not transferred into shares or into Senior debt, the total amount of HRK 211.081 thousand will be returned or settled by income from sale of assets, or acquisition of the mortgaged assets.

If the sale of pledged assets is realised, the PIK debt (including interest) is settled first and the remainder of receipts is used to settle parts of the senior debt which had liens on that particular asset. If the sales result in a surplus of cash over the creditors' claims, then the surplus belongs to the debtor i.e. the Company.

Senior debt

The first instalment of the Senior debt becomes due 24 months from the date the pre-bankruptcy settlement will have become legally valid. The payments fall due 30 June and 31 December of each year. Instalments are paid 2 times a year with a fixed interest rate of 4.5% per annum. Interest are accrued and paid over the entire repayment period.

During 2016, the Company signed an agreement with banks from the creditor category a), whereby the grace period is extended by an additional 18 months, so that the total grace period is 42 months after the pre-bankruptcy settlement becomes legally valid, consequently reducing the repayment period to 6.5 years after the first instalment becomes due.

As a result of the abovementioned facts, the first instalment of the senior debt of creditors from category a) becomes due 42 months from the date the pre-bankruptcy settlement will have become legally valid. The payments fall due 30 June and 31 December of each year, and the first instalment becomes due on the first of the above dates 42 months after the settlement became legally valid, which is on 30 June 2017. Instalments are paid 2 times a year with a fixed interest rate of 4.5% per annum. Interest are accrued and paid over the entire repayment period. Liabilities for interests accrued on the senior debt for 2022 has been settled in the amount of HRK 0 thousand (2021: HRK 0 thousand). Company is late in paying the Senior debt but the creditors, until the date of this Report, have not made claims for payment in the sense of enforcement. In case the negotiations are not successful, creditors can initiate an enforcement procedure.

Junior debt

The Junior debt has the same repayment schedule as the PIK debt the only difference being that junior debt holders have no liens on the Company's assets. Junior debt was due on 31 December 2019. A fixed interest rate of 4,5% p.a. is calculated on the principle amount. The creditors have not activated the rights they have come into on 28 December 2019 and the obligation was written-off in 2020.

Secured creditors

The principal of the debt towards creditors who have not waived their right to separate settlement in the process of the pre-bankruptcy settlement agreement (secured creditors) is classified as short-term and is presented in Note 25 in the principal amount of EUR 1.161 thousand.

Pledged assets are intended to cover the secured debt and are classified non-current assets held for sale as presented in Note 21 in the amount of EUR 1.632 thousand.

A lien was entered over a part of assets of a subsidiary in which the Company owns shares, proportionally to the amount of the claim of the secured creditor in the amount of EUR 16.875 thousand.

The value of non-current tangible assets held for sale for the purpose of settlement of liabilities to creditors who are not dependent on the pre-bankruptcy settlement (secured creditors) is reduced to the amount of liabilities to secured creditors. Since the ownership over these properties has not changed, their value as well as the related liabilities is recorded in the balance sheet.

It should be noted that the Company is not obliged to pay principal or interest from the ordinary course of business, and the settlement is realised solely through the takeover or sale of pledged property.

The effect on the IGH Group's statement of financial position after the settlement of liabilities to secured creditors by transferring assets held for the settlement of these liabilities, is presented in the following table:

Thous. EUR	**Balance sheet as at 31 Dec 2023**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	**9.399**	**0**	**9.399**
Non-current assets held for sale	1.632	0	1.632
Current assets	8.619	-1.199	7.420
TOTAL ASSETS	**19.650**	**-1.199**	**18.451**
Total equity	5.282	0	5.282
Non-current liabilities	3.255	0	3.255
Current liabilities	11.114	-1.199	9.915
TOTAL EQUITY AND LIABILITIES	**19.650**	**-1.199**	**18.451**

Thous.EUR	**Balance sheet as at 31 Dec 2022**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	17.635	-2.240	15.396
Non-current assets held for sale	1.632	-1.632	0
Current assets	10.266	0	10.266
TOTAL ASSETS	**29.534**	**-3.872**	**25.661**
Total equity	-10.672	-2711	-13.383
Non-current assets	5.852	0	5.852
Current assets	34.353	-1.161	33.192
TOTAL EQUITY AND LIABILITIES	**29.534**	**-3.872**	**25.662**

Set out below is a short overview of the effects of the pre-bankruptcy settlement agreement on the financial statements:

	2023	2022
DESCRIPTION	**Thous. EUR**	**Thous. EUR**
PIK debt (Note 25)	**0**	1.413
Senior debt (Note 25)	**38**	9.424
	38	10.838
Secured creditors - principal (note 36)	**1.161**	1.161
	1.161	1.161

Since the legally valid pre-bankruptcy settlement up to 31 December 2023, The company settled a total of EUR 56,985 thousand of liabilities incurred before the opening of the pre-bankruptcy settlement procedure until 31/12/2003 by means of cash payments, the issuance of shares in the name of conversion of part of the creditors' claims into equity, payment of priority claims and other claims of employees with their respective taxes and contributions, and the write-offs, all in accordance with the provisions of the pre-bankruptcy settlement.

In 2023, the Company settled all PIK debt obligations. Senior debt amounting to EUR 38 thousand was settled in full until by 15 Feb 2024. The amount of debt relating to different creditors amounting tof EUR 1,161 thousand was settled through real estate. Negotiations are still under way regarding legal expenses, and after the completion of the process, a debit will be made in the company's books. Transaction will not affect the business results.

The following was settled in 2023:

- 1.414 thousand Euros of PIK debt by transfer of assets of subsidiaries
- 9.316 thousand Euros of Senior debt liabilities, and
- 3.378 thousand Euros of related interest

36. The closing of INSTITUT IGH d.d's. Russian subsidiary in Moscow

Impact of the war in Ukraine on the Company's business operations

As a result of the war in Ukraine and the sanctions imposed to Russia, the Company's Russian subsidiary found itself with limited business options. In addition, the subsidiary's access to resources is limited, with uncertain market and other developments. The possibility to implement and set up new projects is also limited. Consequently, during the Management Board session on 2 March 2022, IGH's Management Board decided to close the Company's subsidiary in Russia, Moscow.

As at 31 December 2023, within the Company's separate financial statements, receivables and liabilities related to the IGH d.d. branch, Moscow, Russia, were value adjusted and reported through income and expense positions.

37. Events after the balance sheet date

Settlement of obligations from the pre-bankruptcy settlement

After the balance sheet date until 15 Feb2024, the Company settled all outstanding debt from the pre-banked settlement , amounting to EUR 38 thousand. For the purpose of better cash flows, in February 2024, the Company sold its real estate in Dubrovnik for the amount of EUR 1.56 million, and in April 2024, real estate in Karlovac for the amount of EUR 250 thousand.

38. The approval of financial statements

The financial statements were adopted by the Management Board and their issuing was approved on 29 April 2024.

Robert Petrosian
Direktor

Željka Sikaček
Prokurist

Marija Đuroković
Prokurist

Senka Žaja
Prokurist

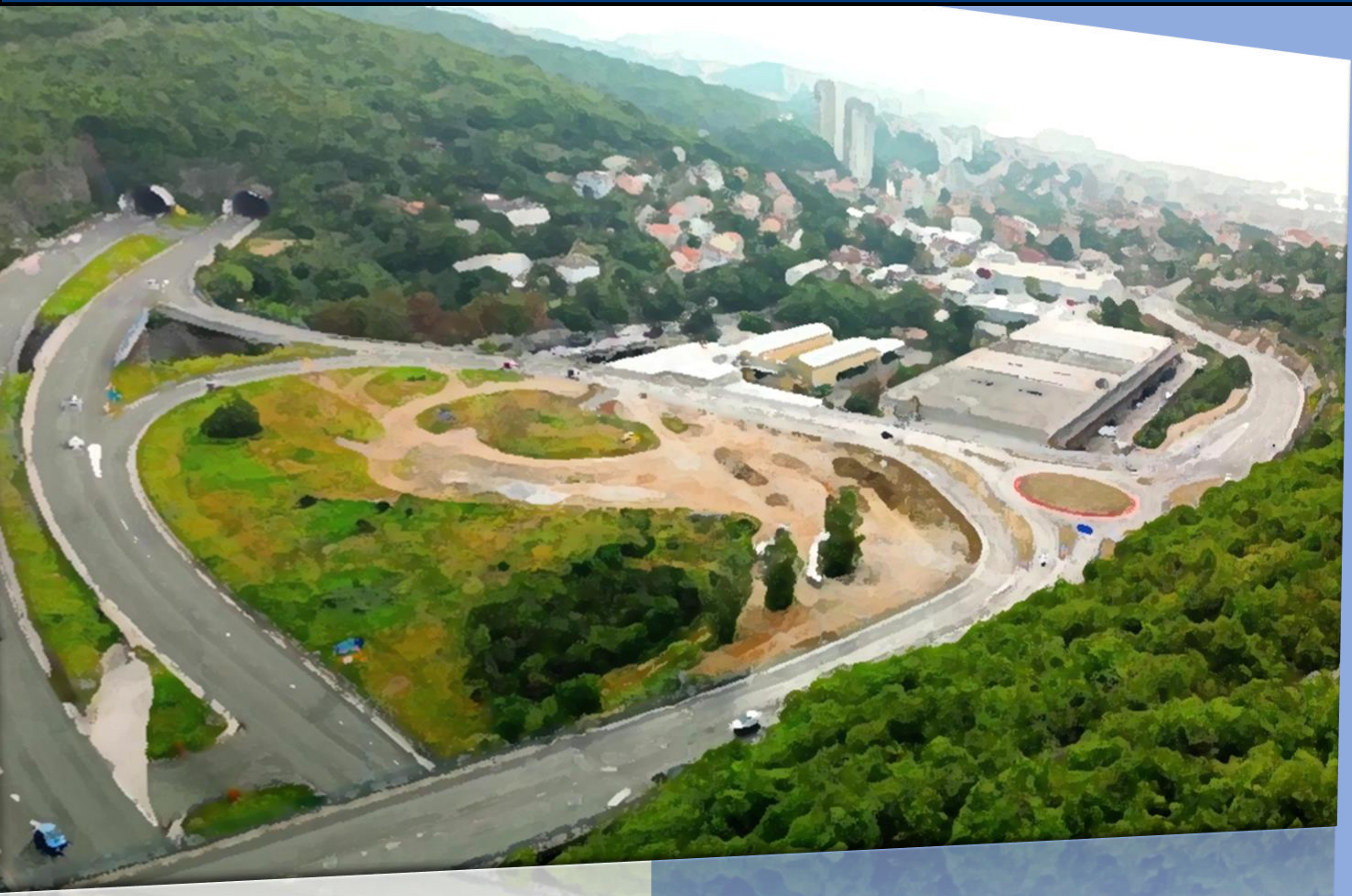
Tatjana Bičanić
Prokurist

Institut IGH, d.d.
Janka Rakuše 1
10 000 Zagreb
The Republic of Croatia

INSTITUT IGH, d.d.

2023

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE INDEPENDENT AUDITOR`S REPORT



April 2024

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1. INTRODUCTION

Pursuant to Articles 250a and 250b of the Companies Act and Article 21.a of the Accounting Act Companies have to submit an Annual Report on the Status of the Company and a Consolidated Annual Report.

The Annual Report on the Status of INSTITUT IGH, d.d. (hereinafter: the Company) includes all the legally required information and data.

Given that it is a shareholder in subsidiaries and associates, the Company consolidates its Annual Financial Report.

In this report, the term „IGH Group" will be used to denote the Company and its subsidiaries and associated companies with the aim of presenting complete, truthful and factual information to the shareholders and the investment public.

The Annual Report includes basic financial statements put together in accordance with the Accounting Act and the International Financial Reporting Standards. Pursuant to the Accounting Act, basic financial statements include the Statement of Financial Position (Balance Sheet), Income Statement, a Statement of Other Comprehensive Income, a Statement of Changes in Shareholder Equity, a Cash Flow Statement and Notes to Financial Statements. In addition, the Annual Report also includes a Non-Financial Report pursuant to provisions of Article 21.a of the Accounting Act.

2. A WORD FROM THE DIRECTOR

2023 Is marked by the completion of one of the most expensive infrastructure projects in Croatia – the State Road DC403. The professional team from INSTITUT IGH, d.d. provided construction and financial supervision services on the project. It was concerning that infrastructure investments made by our main partners, Hrvatske Ceste, Hrvatske Autoceste and Hrvatske vode, dropped in 2023. Despite those developments, we have a very good contract portfolio for at least two more years. We started working on large infrastructure projects as part of rehabilitation works in the aftermath of the 2020 earthquake Croatia has suffered, and began spreading our business activity to Italian, Hungarian, Armenian and Bosnian markets, consequently expanding our presence and contribution. In addition, we have been optimizing costs in non-core activities as well as exploring new business directions (energy, the nuclear sector, high-rise buildings).

The number of employees working at INSTITUT IGH, d.d. amounted to 372 employees, with 12 more employees working in our foreign branch offices. This represents a reduction of 93 employees compared to 31 December 2022, when the Company had 477 employees. We believe this to be an optimal number given current market trends. During 2023, actions were taken to continue dealing with the pre-bankruptcy settlement debt, so we can close that chapter in our business and continue to achieve the strategic goals we've set without the burdens of the past. On 29 December 2023, the company had recapitalized, creating all necessary prerequisites to start the pre-bankruptcy settlement finalization procedure.

During 2023, we signed 120 new contracts worth around 15,39 million EUR in total. Currently active contracts are expected to bring slightly over 25 million EUR in revenue. In addition, in 2023 we raised the average gross salary to EUR 1.761. For 2024, we expect a total revenue of 24,87 million EUR of which 5,8 million EUR is international revenue with an expected profit margin of 15,12%.

After adopting the **2020-2030 Company Development Strategy** and forming a strategy implementation team, we developed an annual plan with four key areas:

1. **Employee orientation and mentorship;**
2. **New markets and business segments;**
3. **Scientific and research activity;**
4. **Profitability.**

The Company monitored the implementation of the plan on a monthly basis and, at the end of the year, the results were presented to the Company's Supervisory Board. In addition, taking into account recent activities on global and domestic markets, it was clear that the base strategy needed some adjustments to include new areas of activity. You can read more on that in a separate chapter, entitled „Strategy“.

The non-financial part of the 2023 report was prepared taking into account the GRI.

U ime Instituta IGH, d.d.

Robert Petrosian, dipl.ing.grad.
Direktor

3. BUSINESS ACTIVITIES

INSTITUT IGH, d.d. is the leading civil engineering consulting company in Croatia and the region, enabling comprehensive support to infrastructure and investment projects and delivering optimal wholesome and innovative solutions in the field of civil engineering in Croatia and on international markets with its 8 subsidiaries and 1 associate company.

The Company is registered with the Commercial Court in Zagreb under the number MBS: 080000959 and has a registered headquarters in Zagreb, Janka Rakuše 1.The Company's share capital amounts to 14,814,630.00 EUR and is divided into 1,481,463.00 regular shares. The nominal value of the share is 10,00 EUR of which 613.709 are marked IGH-R-A, and quoting on the offical market of the Zagreb Stock Exchange, along with 867.754 regular shares marked IGH-R-D.

INSTITUT IGH, d.d. provides the following services:

- Publishing;
- Consulting and obtaining software;
- Research and development in technical and technological sciences;
- Business and management consulting;
- Holding management;
- Architecture and engineering activities and technical consulting;
- Technical tests and analyses;
- Scientific and developmental research, the publishing of the results of the said research, scientific training and maintenance and development of research and scientific infrastructure;
- Improving general, technical and autonomous civil engineering regulations as well as regulations in other fields where knowledge of civil engineering is needed , analysing and coordinating the implementation of international regulations in civil engineering;
- Improving developmental programs and construction technologies;
- Developing environmental impact studies from a territory preservation, protection and improvement standpoint;
- Organizing and implementing professional development related activities;
- Controlling the stability, safety, functionality, physical properties and feasibility of technical documents;
- Controlling and evaluating the fitness of the organizations implementing activities affecting the security, quality and functionality of structures;
- Appraisals in the field of civil engineering, techniques, technologies and evaluations of civil engineering economics;
- Creating and updating a registry of facilities and infrastructure and monitoring the condition of the structures, exploitation and maintenance;
- Professional environmental protection-related works;
- Professonal spatial planning-related works , namely, the preparation of spatial planning documents and technical input for the issuing of location permits;
- Project nostrification for:
  - Architectural design (for the architectural designs of buildings, the interior designs of buildings and landscape designs);
  - Mechanical engineering design (for energy efficient building designs, as well as for gaseous and liquid substance storing projects);
- Programming and implementation of geotechnical survey works;
- The preparation of geotechnical opinions and reports;
- Developing civil engineering designs of geotechnical structures;
- Laboratory testing of soil and rocks;

- Field testing of soil and rocks in boreholes;
- Observations of geotechnical structures;
- Laboratory and field testing of geotextiles;
- Geological investigation of energy providing metal and non-metal raw materials;
- Hydrogeological investigation (geological, strucural geological and hydrogeological survey works, ground water hydraulic parameter testing, designing ground water interventions including works implemnted for the purposes of water supply implementation and for the provision of supporting data);
- Engineering and geological investigation (geological, structural geological and engineering geological investigation works for the provision of supporting data to be used in the design of civil engineering structures);
- Organization, design and supervision of geological amd hydrogeological engineering works;
- Ground water investigations and the investigations of the geological engineering terrain features for the purposes of study preparation and environmental protection;
- Geophysical investigations for environmental protection purposes and for the purposes of providing support data for archeological exploration;
- Cultural heritage protection and preservation works, namely: investigating and documenting the load bearing structure of the cultural asset in question , developing the conceptual design, and the preliminary, detailed and implementation designs for the rehabilitation of the load bearing structure of the immovable cultural asset in question, that is, preparing architectural documents on the cultural asset and developing a conceptual design, and a preliminary, detailed and implementation design for works on the immovable cultural asset, as well as repairing materials on the said asset;
- Developing interdisciplinary activities necessary for the development and improvement of civil engineering;
- Developing series and prototypes of civil engineering measuring devices;
- Consulting and ensuring the quality of the facility's technical equipment;
- Developing and introducing quality assurance programs;
- Copying and photocopying technical documents;
- Certification services;
- Preparing technical approvals;
- Investing in the country and abroad;
- Research, as well as providing and using knowledge and information in science and economy;
- Quality and quantity control services in the import and export of goods, representing foreign companies;
- Geophysical surveying for the purposes of engineering-geological, hydrogeological and geotechnical surveying, and control testing and quality assurance on civil engineering structures;
- Dealing in spatial planning activities;
- Dealing in construction project management activities;
- Preparing design documents for water management facilities and water supply systems;
- Preparing survey reports with permanent topographic points for the purposes of basic topographic activities;
- Preparing survey reports for the measuring, marking and maintaining of the national border;
- Preparing reports for the development of the Croatian Basic Map;
- Preparing reports for the development of digital orthophoto charts;
- Preparing reports for the development of detailed topographic maps;
- Preparing reports for the development of general topographic maps;
- Preparing cadastral survey reports;
- Preparing technical reambulation reports;
- Preparing cadastral plan digitalization reports;
- Preparing reports for the conversion of digital cadastral plans into a given format;
- Preparing cadastral plan homogenization reports ;
- Preparing plot plans and other land cadastre-related survey reports;
- Preparing plot plans and other real estate cadastre-related survey reports;
- Preparing plot plans and other geodetic survey reports for the individual conversion of land

cadastre plots into real-estate cadastre plots;
- Preparing cadastral reports relating to utilities and geodetic/surveying activities that are needed for the provision of surveying services;
- The technical management of the utility services cadastre;
- The preparation of special geodetic/surveying support data for preparation of physical-development documents and acts;
- Preparing special geodetic support data for design work;
- Preparing geodetic reports defining the condition of a structure prior to reconstruction work;
- Surveying design preparation;
- Structure stakeout (setting out) and the preparation of stakeout reports;
- Preparing general geodetic plans for built structures;
- The geodetic monitoring of structures under construction, and preparation of surveying-monitoring reports;
- The monitoring of the displacement of structures in the course of maintenance activities, and preparation of surveying-monitoring reports;
- Geodetic activities undertaken in the scope of urban land redistribution;
- Preparing agricultural land redistribution designs and surveying activities performed in the scope of redistribution of agricultural land;
- Preparing special surveying/geodetic support data for protected areas and areas under protection;
- technical supervision of works: development of work-cadastre reports and topographic activities for provision of topographic services, technical management of cadastre for utility service lines, elaboration of special topographic support data for the preparation of physical development documents and acts, preparation of special surveying support data for design work, preparation of surveying reports defining condition of a structure prior to reconstruction work, preparation of geodetic designs, stakeout of structures and preparation of stakeout reports, geodetic monitoring of structures during construction, and preparation of geodetic-monitoring reports, monitoring displacement of structures in the course of maintenance activities, and preparation of geodetic-monitoring reports, and preparation of special surveying support data for protected areas and areas under protection;
- Nature protection-related activities;
- Noise protection-related activities;
- Accounting;
- Aerial photography;
- Translation;
- Real estate management and maintenance;
- Real estate brokerage;
- Real estate dealings;
- Vehicle renting;
- Aircraft renting;
- Yacht or boat renting, with or without a crew (charter) ;
- Vessel rental;
- Own-account transport;
- The transport of passengers in national road transport;
- The transport of passengers in international road transport;
- The transport of cargo in national and international road transport;
- Organizing seminars, courses, fairs, events, exhibitions and concerts;
- Polling and market research;
- The purchase and sale of goods;
- Trade;
- Commercial brokerage on national and international markets;
- Design and construction of structures and technical supervision of construction works;
- Design and construction of mining facilities and plants.

- **ACTIVITIES ON RECORD:**

- IT company services;
- Web design;
- Webste development and maintenance;
- Activities related to electronic communication networks and services ;
- Universal electronic communication services;
- Special tarrif services;
- Electronic publishing services;
- Teaching comupter science;
- IT and related activities;
- Civil engineering design of oil and mining plants and facilities;
- Construction and construction supervision of oil and mining plants and facilities;

- **In accordance with the norms relating to sustainable development systems, IGH has the following certificates:**

- ISO 9001 Quality Management Systems;
- ISO 14001 Environmental Management Systems;
- ISO 50001 Energy Management Systems;
- ISO 45001 Occupational Health and Safety Management Systems;
- ISO 27001 IT Safety Management Systems;
- HRN EN ISO/IEC 17025:2017 for the Testing Laboratory;
- HRN EN ISO/IEC 17025:2017 for the Metrology Laboratory;
- HRN EN ISO 17065:2013 for Production Certification.

4. COMPANY HISTORY

1949	• INSTITUT IGH, d.d. was founded as the Zagreb Civil Engineering Laboratory
1956	• The company name was changed to Croatian Civil Engineering Institute
1961-1962	• Branch offices in Split, Zagreb and Oslijek founded • The company gained the status of a scientific facility
1967-1973	• Field laboratories in Sisak, Karlovac, Dubrovnik, Pula, Zadar and Varaždin opened
1977	• The Institute joined forces with the Faculty of Civil Engineering to form a Civil Engineering Institute
1991	• The Civil Engineering Institute was divided into The Faculty of Civil Engineering and the Civil Engineering Institute
1994	• The Company was restructured and privatized
1995	• IGH – a joint stock company
1997	• The business premises in Rijeka and the laboratory building in Sisak completed
1999	• The Company was accredited in accordance with the HRN EN 45001 norm, which was later substituted with HRN EN ISO/IEC 17025 General requirements for the competence of testing and calibration
1999	• IGH Cert – an independent body within IGH in charge of controlling and evaluating the constancy of perfromance of construction products, as authorized by the Ministry in charge, was founded
2000	• The Design and Studies Department was founded • New business premises in Split were completed and furnished
2003	• IGH TD - an independent body within IGH in charge of evaluating construction product performance as authorized by the Ministry in charge, was founded IGH shares were listed on the Zagreb Stock Exchange
2004	• The Company was accredited in accordance with the HRN EN 45011 norm General requirements for bodies operating product certification systems • Over 400 testing norms for different construction products • IGH Laboratories moved to a new facility in Zagreb headquarters
2005	• The Company was authorized to confirm compliance when certifying products, during factory production control, and when providing factory production control supervision and testing
2006	• The ISO 9001:2002 Certificate: Quality Management Systems
2008	• Company restructuring and the design of a new visual identity

2009
- The Company is renamed as INSTITUT IGH, Joint Stock Company for Research and Development in Civil Engineering
- Reorganization
- The ISO 14001 Certificate: Environmental Management Systems
- The OHSAS 18001 certificate Health and Occupational Safety Management Systems

2012
- Reorganization
- A multi-member Management Board was appointed
- The Company's share capital was increased through payments in cash by issuing new registered ordinary shares of an individual value of HRK 400,00
- The Company's share capital was increased to HRK 105.668.000,00 by issuing 105.590 new shares, each of a nominal value of HRK 400,00 at a price of HRK 760,00 per share
- EUR 10,000.00 worth of convertible bonds marked IGH-O-176A, ISIN: HRIGH0O176A8 were issued
- IGH-ESOP d.o.o. was founded as a form of an employee stock ownership plan featuring 173 founding members with a share capital of HRK 2,979,200.00
- The Company was listed in the Scientific Organization Registry under technical sciences, civil engineering

2013
- Reorganization
- Prebankruptcy settlement
- IGH – Notified Body, a body in charge of certifying (evaluating the performance) of products at EU level in the field of harmonized European norms
- IGH – Notified body and Croatian Techncial Assessment Body for technical assessment as authorized by the Ministry in charge in the field of non-harmonized norms
- IGH – Technical Assessment Body – TAB for the preparation of technical assessments of construction products at EU level

2014
- The Company's share capital was increased through approved share capital by investing rights through the conversion of a part of claims of a part of the creditors in the pre-bankruptcy settlement from HRK 105,668,000.00 to HRK 123,483,600.00, by issuing 44,539 dematerialized, regular, ordinary shares, each of a nominal value of HRK 400.00
- The Company's share capital was reduced from HRK 123,483,600.00 kuna to HRK 58,654,710.00 by reducing the nominal value of the Company's shares from HRK 400.00 by HRK 210.00 to HRK 90.00 to cover the losses accumulated in previous periods
- The Company's share capital was increased through cash payments from HRK 58.654.710,00 to HRK 116.604.710,00 by 305,000 dematerialized ordinary regular shares each of a nominal value of HRK 190,00
- Changes in ownership structure, changes in members of the Management Board, the Members' functions, authorizations to represent, changes in members of the Supervisory Board, member revocation and granting members the power of attorney.

2015

- Reorganization
- 349,539 shares marked IGH-R-C ISIN HRIGH0RC00004 of an individual nominal value of HRK 190,00 were converted into 349,539 shares marked IGH-R-A ISIN HRIGH0RC00006 nominal value of HRK 190,00
- 349.539 shares of an individual pojedinačnog nominalnog iznosa od 190,00 kuna oznake IGH-R-A, ISIN: HRIGH0RA00006 were listed on the official market of the Zagreb Stock Exchange

2016

- Operational restructuring
- Expansion to new markets
- The opening of a Georgian subsidiary
- Operational indicators show a growth due to changes in business trends

2017

- Large infrastructure projects in Georgia were successfully implemented
- IGH Mostar was acquired and a new business unit in Bjelina was opened
- Rebranding and a new visual identity

2018

- IGH Laboratories were successfully reacredited by the Croatian Accreditation Agency (CAA), consequently meeting all the requirements of the HRN EN ISO/IEC 17025 norm, and awarding the Laboratories a new valid Accreditation Certificate valid until 2024.
- An accreditation for Low Strain Impact Integrity Testing of Deep Foundations (PIT - ASTM D5882-16), High-Strain Dynamic Testing of Deep Foundations (PDA - ASTM D4945-17), Standard penetration testing (SPP/SPT - HRN EN ISO 22476-3:2008) and Energy Measurement for Dynamic Penetrometers (SPP/Er - ASTM D4633-16), expanding the field of geotechnical testing accreditation to IGH's field investigations
- After public tendering and a submitted tender worth HRK 49,4 million(VAT excluded), a Supervision Contract was signed with Hrvatske ceste for the construction of the Pelješac Bridge and its access routes
- A new ISO 50001 certificate- Energy Management Systems, was obtained
- A supervision contract of a net worth of HRK 15,769,400.00 was signed for the supervision of the construction of the Banovići Thermal Power Plant-Block 1-350 MW.

2019

- A new ISO 50001 certificate- Energy Management Systems, was obtained
- A supervision contract of a net worth of HRK 15,769,400.00 was signed for the supervision of the construction of the Banovići Thermal Power Plant-Block 1-350 MW
- A supervision contract of a net worth of HRK 12,750,967.00 was signed for the supervision of works on the Ston bypass (DC414), the Sparagovići/Zaradeže-Prapratno and Prapratno-Doli subsections along with the supervision of improving the water-utility infrastructure in the Rijeka agglomerations of a net worth of HRK 12,522,863.00
- A design contract of a net worth of HRK 12,407,000.00 was signed for ID12 Vrbovec 2 interchange (D10)–Bjelovar–Virovitica–. T. Polje B.C., Bjelovar–Virovitica section– T. Polje B.C. (Hungarian border), around 60 km long

2020

- A new 2020-2030 business strategy was adopted.
- A contract worth around HRK 30 million, in which IGH is the leading consortium partner was signed with JP Autoceste Federacije BiH d.o.o. for the design of the Mostar-Široki Brijeg-Croatian border high speed road, the Polog-Croatian border section.
- A contract worth around HRK 15,7 million was signed with JP Autoceste Federacije BiH d.o.o for supervision services during the construction of a motorway on the Vc corridor, the Tarčin-Konjic section, the Tarčin-Ivan subsection, entry into the Ivan tunnel
- The Ministry of Construction and Spatial Planning approved the „2020-2022 Professional Development Program" which enabled the company to hold internal and external professional development courses for which academic hours will be assigned, making IGH the only private institution in Croatia to provide professional development services to everyone who has passed the State Exam and who, in accordance with the Rulebook on the Professional Development of Persons Dealing in Spatial Development and Civil Engineering Activities, has to attend at least twenty school hours of professional development courses.
- The Company has, in accordance with the requirements of the certification, transitioned from OHSAS 18001 to ISO45001:2018, stressing the importance of occupational health and safety as a part of company culture.

2021

- The start of the implementation of the new 2020-2030 Business Strategy
- The visual identity designed in 2008 was reimplemented
- A supervision contract worth HRK 7,2 million was signed with Hrvatske ceste d.o.o. on the supervision of the Okučani – B&H border high speed road
- A supervision contract worth HRK 5,9 million was signed with the Port Authority of Vukovar for the preparation of study and design documents
- Contracts worth around HRK 8 million were signed with HEP proizvodnja d.o.o. for the final inspections of civil engineering structures in Croatia
- A reconstruction contract worth over HRK 10,5 million was signed with Hrvatske autoceste d.o.o. for the reconstruction of the Zagreb bypass.
- The preparation of conservation studies and a roofing rehabilitation of the Poljud Stadium in Split
- Supervision of the construction of the Dubrovnik University Dorm was completed.

2022

- One of the largest infrastructure projects in Croatia-the Pelješac bridge, was completed. INSTITUT IGH, d.d's professionals provided supervision, quality control and labortatory services.

2023

- One of the most expensive infrastructure projects in Croatia – State Road DC403 was completed
- Share capital was increased to EUR 14,814,630.00 EUR and the nominal value of shares was reduced to EUR 10.00
- RADELJEVIĆ d.o.o. and IGH CONSULTING d.o.o. were acquired by INSTITUT IGH, d.d.
- Branch offices in Hungary and Armenia were opened
- The company was recapitalized, creating the prerequisites to initiate the end of the pre-bankruptcy settlement procedure

5. GROUP COMPONENTS

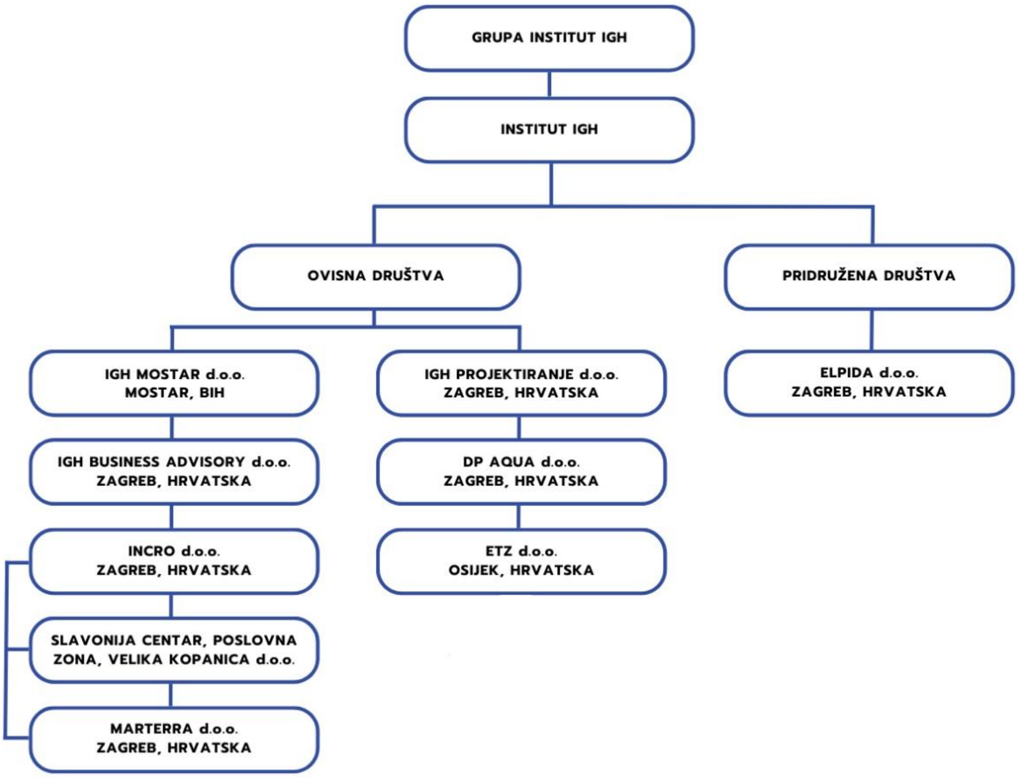
The parent company of the group to which the issuer belongs is the issuer itself. The Member Companies of the IGH Group are partly complementary to the parent company with the aim of a possibility of providing a complementary service.

The first part of the services includes testing, design and design nostrification, supervision and mentoring in architecture and civil engineering as well as scientific research. The second parts of the services are provided by dedicated companies for the implementation of real-estate projects.

The IGH Group consists of **8 subsidiaries and 1 associate** company (as at 31 December 2023) which deal in the core and related businesses, and INSTITUT IGH, d.d. also does business through branch offices.

Subsidiaries include companies in which the Company owns more than 50% of voting rigts and/or has control over the adoption and implementation of the financial and business policies of the company which was invested in with the aim of benefiting from that company's activities.

Associated companies include companies in which the Company owns between 20 and 50% of voting rights and in which it has significant influence, but not control, through participation in the decision-making on the financial and business policies of the associate company.



Scheme 1. Group compontents on the 31.12.2023.

Consolidation included the following **subsidiaries**:

Subsidiary	ADDRESS
EKONOMSKO TEHNIČKI ZAVOD d.d. (ETZ d.d.)	Drinska 18, Osijek, Croatia
DP AQUA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH PROJEKTIRANJE d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH BUSINESS ADVISORY SERVICES d.o.o.	Janka Rakuše 1, Zagreb, Croatia
INCRO d.o.o.	Janka Rakuše 1, Zagreb, Croatia
MARTERRA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
SLAVONIJA CENTAR, POSLOVNA ZONA VELIKA KOPANICA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH MOSTAR d.o.o.	Bišće Polje bb, Mostar, Bosnia and Herzegovina

Table 1. Subsidiaries included in the consolidation

The associate companies include the following:

ASSOCIATE COMPANY	ADDRESS
ELPIDA d.o.o.	Ventilatorska 24, Lučko, Croatia

Table 2. Subsidiaries included in the consolidation process

The Company conducts its business activities through **branch offices** in Georgia, the Republic of Kosovo and North Macedonia, and a **branch office** in Bosnia and Herzegovina. At the end of 2023, branch offices in Armenia and Hungary were opened.

6. SIGNIFICANT BUSINESS EVENTS AFTER THE BALANCE SHEET DATE

In between 31.12.2023 and the time this report was prepared, the company signed **4,3 million EUR** worth of new contracts.

We highlight some of the contracts signed in 2023:

Redni broj	Zemlja	Naručitelj	Naziv projekta	Opis usluge	Neto ugovorna vrijednost za IGH_EUR
1	Armenija	Ministry of Territorial Administration and	Supervision of about 32 km road from Agarak to tunnel exit, under North-South Road Corridor Investment Program - Tranche 4_EDB	nadzor	2.616.575,00
2	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije i provedba upravnog postupka proširenja kapaciteta autoceste Zagreb - Karlovac - Bosiljevo	projektiranje	1.215.965,17
3	Hrvatska	Klinički bolnički centar Zagreb	Usluga stručnog nadzora – Projekti obnove od potresa: Usluga stručnog nadzora – Projekt obnove od potresa_Glavna zgrada KBC–a Zagreb na lokaciji Kišpatićeva 12	nadzor	980.821,55
4	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije i provedba upravnog postupka za autocestu A7, dionica Novi Vinodolski- Senj	projektiranje	569.630,07
5	Hrvatska	Hrvatski sabor	Nabava usluga za izradu Projektno-tehničke Dokumentacije za cjelovitu obnovu zgrade Hrvatskoga sabora	projektiranje	522.829,43
6	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije za rekonstrukciju autoceste u zoni cestarinskih prolaza_GRUPA IV	projektiranje	395.220,00
7	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije za rekonstrukciju autoceste u zoni cestarinskih prolaza_GRUPA III	projektiranje	383.900,00
8	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije za rekonstrukciju autoceste u zoni cestarinskih prolaza_GRUPA II	projektiranje	312.730,00
9	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije za rekonstrukciju autoceste u zoni cestarinskih prolaza_GRUPA I	projektiranje	272.190,00
10	Hrvatska	Fond za obnovu Grada Zagreba, Krapinsko-zagorske županije i Zagrebačke županije	Nabava usluga operativne koordinacije_112(110)	savjetodavne usluge	219.346,34
11	Mađarska	ASE JSC Hungarian Branch Office	Testing services to determine physical and chemical properties of building materials, products and structures during the Paks II NPP Units 5 and 6 construction	laboratorijska ispitivanja	216.968,21

Table 3. A list of projects in year 2023.

During the year, the Company increased its share capital to 14,814,630.00 EUR and reduced the nominal value of its shares to 10,00 EUR per share. In addition, RADELJEVIĆ d.o.o. and IGH CONSULTING d.o.o. were acquired by INSTITUT IGH, d.d., all with the aim of recapitalizing the Company, consequently creating all the necessary prerequiites to initiate the end the pre-bankruptcy procedure.

7. MISSION AND VISION

VISION: To be one of the leading engineering companies in the region and beyond, whose employees are the leading professionals and satisfied shareholders, improving people's quality of life and the quality of the environment on a daily basis through innovative solutions.

MISSION: Resolve engineering challenges in a timely manner and to the satisfaction of our clients using knowledge, innovation and a professional and responsible approach.

8. THE COMPANY'S 2020-2030 STRATEGY

A new breakthrough for INSTITUT IGH, d.d., based on our key values. Our direction in the next decade is to maintain a leading position on traditional Croatian and East European markets by providing design, supervision, project management and laboratory services namely in sectors where we have demonstrated our expertise such as road and railway infrastructure. The Company bases its comparative edge on the comprehensiveness of its civil engineering services, which means a faster and efficient project implementation for the client, while maintaining a high level of quality.

The strategy plans for four key directions:

1. **Employee orientation and mentorship;**
2. **New markets and business segments;**
3. **Scientific and research activity;**
4. **Profitability.**

Employees as our greatest value

Experience gained on large and demanding projects, generating professionals ready to manage ever more complex projects has to stay in the company. This creates a valuable base of experience and expertise which makes the foundation of long-term business sustainability. Strengthening qualified personnel through the development and education of existing personnel and employing new team leads and core staff as well as junior, entry-level engineers will continue to be our focus. In addition, through the implementation of a Mentorship System, we want to create a mentorship program through which junior engineers and designers will cooperate with seniors through all the design phases, enabling a faster transfer of knowledge, and, ultimately, a higher quality of our work and added value for our partners. Using a continuous professional development program, we want to enable our employees to develop their technical know-how, but also management and IT skills, such as BIM proficiency, as part of the Company's comprehensive digital transformation.

Client orientation

It is the opinion of INSTITUT IGH, d.d. that, instead of a contractor, it should be a partner to its client, and we achieve this through a proactive approach and focus on a timely fulfillment of their requests.

Science and research

INSTITUT IGH, d.d. used to be recognized precisely for its contribution to the field through research and development. In the near future, we want to go back to our roots and become a center of excellence when it comes to science and research again. The following are key areas of our activity in this field: The use of plastic waste in construction materials, the development of new construction material and structure test methods, including non-destructive testing methods, building water anaylses facilities, hydrogen fuel cell research and development.

New sector orientation and service modernization

We see energy, traditional, and especially energy from renewable sources such as wind, water and biomass as a huge opportunity to expand the experience gathered so far to this sector and additionally diversify our services portfolio and the sectors in which we work.

Business and residential buildings as well as data centers will be projects that will require state of the art design, supervision and strategic consulting now and in the future, this is where INSTITUT IGH, d.d. wants to continue to be recognized as a leading company.

We aim for a leading position when it comes to service improvement, in line with global standards, and want to be at the forefront of a modernization trend in civil engineering services towards all stakeholders. By modernizatopn trends, we primarily mean promoting BIM processes and tools and making them an industry standard.

Financial stability

Ensuring cash flow stability and further company development-related financial activities, along with a complete fulfillment of pre-bankruptcy settlement obligations and leaving the pre-bankruptcy settlement procedure itself, are all prerequisites for facilitating operational business.
Through increased engagement on all current and new external markets, we aim to achieve long-term financial stability in the Company.

New markets

In the near future, we will strategically turn to the West, the Middle East, Central Africa (MENA), the Commonwealth of Independent States (CIS) and the central Asian market. Offers are being prepared in ex-CIS countries, in Central Asian countries we are examining markets in cooperation with Korean partners, and in MENA countries we are establishing contacts with local partners.

Strategy adaptation

With new market trends in mind, last year we began adapting our strategy to reflect both market and geopolitical changes. Aside from maintaining four key directions, the Company plans to dedicate itself more to design, supervision, laboratory and R&D activities as well as to further digitalization, promotion and provision of BIM services.

Figure 2. A simbolic overview of Institut IGH's strategic areas.

9. ORGANIZATIONAL STRUCTURE

On 6 February 2024, the Company was organized as follows:

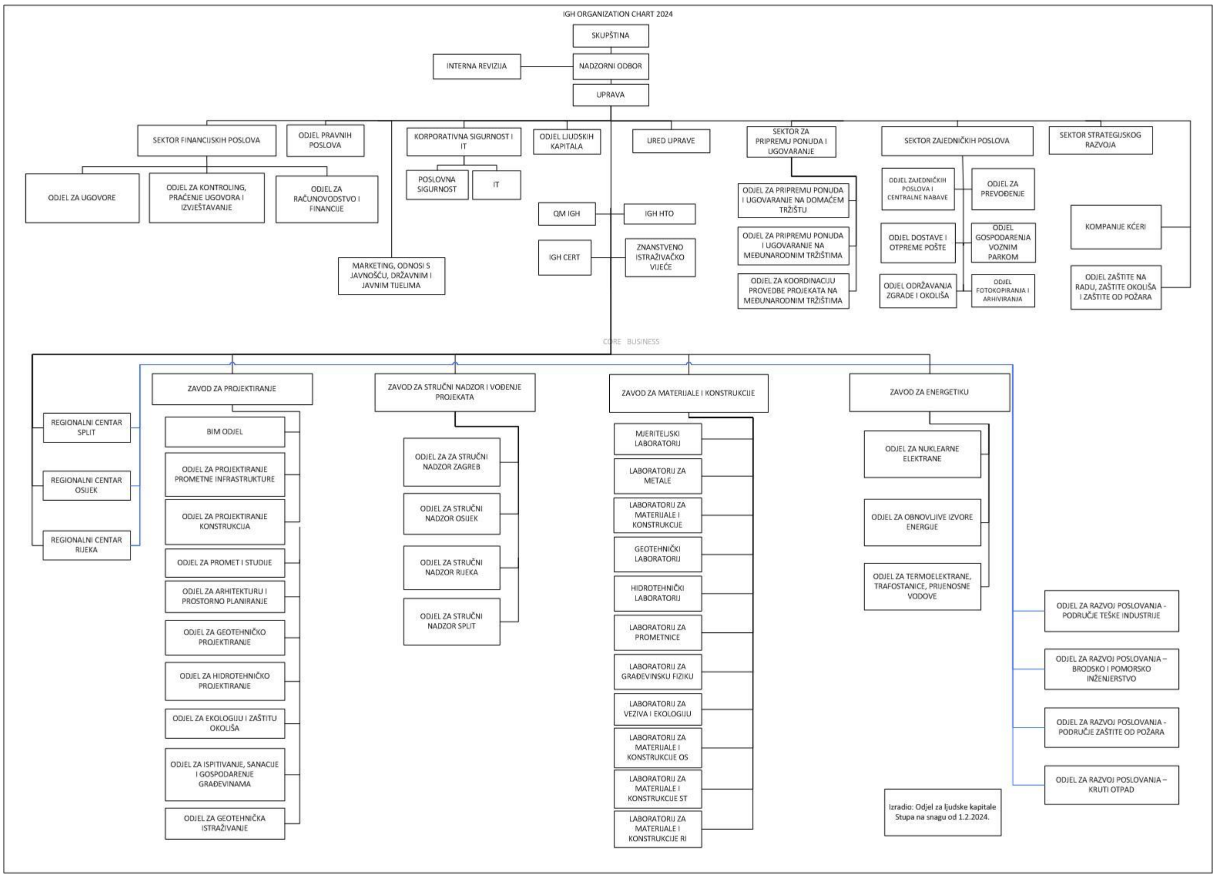


Figure 3. Organizational structure on 6 February 2024

10. MATERIAL TOPICS OF IMPORTANCE FOR THE COMPANY

Considering the context in which it operates, the Company's Management analysed a number of material topics of relevance. Considering the scope of services provided on the engineering consultancy market, three principal topics were recognized which have an impact on the economy and the society in general.

The Company primarily provides services on large infrastructural projects that have an exceptional impact on the economy, society and people in general. When providing this type of service, it is extremely important to take into account all possible consequences. For example, professional supervision of motorway or bridge construction has a great socio-economic significance, but it is also significant for all the people who work on such projects. Therefore, it is legally recognized that every company must have an adequate and professional workforce that will be able to give clear and unambiguous instructions regarding the health and safety of both its own employees and those of partners and subcontractors. Incidents on construction sites can have negative consequences in terms of personal injury or extension of construction deadlines, which also brings economic consequences. On the other hand, establishing valid procedures and processes in place can mean that the project will be carried out within the given time frame and without consequences. The Company is guided by the Control Management System principles, such as: Occupational Health and Safety Management: ISO 45001:2018.

The Company's operations are geographically divided among the head office in Zagreb and three Regional Centres (Osijek, Rijeka, Split) with the largest civil engineering laboratory in this part of Europe as their integral part, undertaking testing and calibration procedures. This raises the awareness that we must consider our own impact on the environment. Therefore, Management Systems such as: Environmental Management System Standard: ISO 14001:2015 and Energy Management System Standard: ISO 50001:2018 and as an umbrella system the Quality Management System: ISO 9001:2015 have been set up within the Company.

Analysing the Company’s age structure, it is evident that the older work force dominates demographically. Therefore, professional training and mentoring have been recognized through Strategic Positioning as one of the primary goals in order for the Company to remain a leader in providing consulting and engineering services in the Republic of Croatia and beyond. It was precisely the need for professional training that was dominantly recognized as a need during the employee satisfaction survey.

Considering all of the above, the Company recognizes the following three key areas:

1. **The occupational health and safety of our employees and our industrial partners on projects;**
2. **Adjustment and environmental impact;**
3. **Employee focus through mentoring and professional development.**

11. THE NON-FINANCIAL REPORT

Pursuant to provisions of Article 21a of the Accounting Act (OG 78/15, 120/16), EU Directive 2013/34/EU and the 2017/C 215/01 EU Commission Guidelines on non-financial reporting (methodology for reporting non-financial information), the Company included all relevant information on business activities which are expected to be included in the non-financial report in its Annual Report.

INSTITUT IGH, d.d. is particularly proud of the long-standing tradition of implementing and certification of the Quality Management System in accordance with the standard HRN EN ISO 9001:2015; the Environmental Management System in accordance with the standard HRN EN ISO 14001:2015; Energy Management System in accordance with the standard HRN EN ISO 50001:2018 and the Occupational Health and Safety Management System in accordance with the standard HRN ISO 45001:2015.

The Company received confirmation of compliance with the requirements of all these standards from the Certification Body DNV in December 2022, upon completion of audit. The new audit for the mentioned standards was announced for February 2024. Also, Institut IGH had its first audit for accreditation according to the ISO/IEC 27001:2013 standard for the information security management system last year in July.

Laboratory activities are also undertaken for many years in accordance with the requirements of the standard HRN EN ISO/IEC 17025:2017 on several locations throughout Croatia (Zagreb, Split, Rijeka, Osijek, Pula, Varaždin, Dubrovnik). All organizational units carry out testing /calibration /sampling in accredited and non-accredited fields. Accreditation agency HAA began in October and ended in December 2023. The laboratory applied for accreditation of 30 new methods, of which 25 new methods were from the Laboratory for building physics, three methods from the Laboratory for road construction and two methods from the Laboratory for binders and ecology. A part of the methods are accredited for testing purposes in Paks, Hungary. After the audit, the laboratory resolved the resulting non-conformities and harmonized the Annex to the accreditation certificate. All new methods have been accepted to expand the area of accreditation. We received a new certificate of accreditation in January 2024. Accreditation in testing laboratories for 492 methods, i.e. 687 methods, if we take into account all the locations testing is conducted. All testing laboratories have a flexible area of accreditation and can apply new editions of standards before HAA audit, which enables more flexibility in laboratory work. In addition, the Laboratory for binders and ecology received from HAA a flexible area of accreditation for the addition of analytes and matrices, which further increases the laboratory's capacity to expand its field of activity.

The quality of the metrology laboratory was confirmed through accreditation by the Croatian Accreditation Agency (HAA) in March 2022 issuing a Certificate 2070 for 16 methods for calibration of measuring devices for: strength, length, frequency, mass, temperature.

INSTITUT IGH, d.d. continues to promote socially responsible business through the development of its business processes through reorganization and digitalization, through employee orientation, encouragement and development of scientific research work, and responsibility towards the environment. Following the global goals for reducing the carbon and water footprint and responsible energy consumption, the IGH undertakes to improve its own efficiency through defined goals. INSTITUT IGH, d.d. will continue to permanently improve its business model in the interest of customers, investors, employees and suppliers, as well as the entire social community.

Management systems in INSTITUT IGH, d.d

The integration of all management systems in INSTITUT IGH, d.d. continued in 2023, by upgrading the integrated management system with the information security system. This facilitated the overall operation of the management system, increased its efficiency, reduced costs, reduced the number of management system documents, thus bringing the management systems closer to the staff and facilitating access and understanding.

As part of the management system, eight training events were held for all newly-hired employees to increase awareness of management systems, awareness of the contribution of each employee to system efficiency, the quality system policy, the environment, energy and occupational health and safety system policies.

More than 10, mostly integrated internal audits have been carried out in all locations, including construction sites as separate units, where the INSTITUT IGH d.d. is present, mostly through technical supervision activities.

The audit of the certification company DN for ISO14001, ISO45001 (recertification), ISO9001 and ISO50001(certification audit) was not held in November due to the Laboratory`s ISO17025 reacreditation. The new set date to be held is April 2024. In spite the delay, all certificates are valid and there will be enough time to create new documentation for certification.

The certification audit for the new information security management system according to ISO 27001 was held through May 2022, and the certificate for the said system was issued.

The Quality Management System including Laboratories

INSTITUT IGH, d.d. bases its activities on business standards, social responsibility and certified Quality Management System in accordance with the requirements of the standard ISO 9001:2015 within the framework of an integrated management system.

The laboratories meet the training requirements and make up the majority of all laboratories in Croatia. All laboratories are equipped with modern equipment for laboratory, in-situ testing, research services and calibration of measuring devices and are accredited in accordance with the standard HRN EN ISO/IEC 17025:2017. According to the attachment to the Accreditation Certificate, a total of 687 testing methods was accredited in the testing laboratories, of which 194 methods overlap by location, so in all 493 different methods are accredited.In the application of the Croatian Accreditation Agency for the year 2023, 30 new methods were applied. The laboratory removed several accredited methods due to the lack of interest and no customer requests. The accreditation began in October 2023 with the visit of HAA assessors, and ended with the obtaining of the accreditation at the end of January 2024.

The Metrology laboratory was evaluated by the Croatian Accreditation Agency (HAA) in the June of 2023. Methods of calibrating length meters, force meters, vibration tables with a measuring system, non-automatic scales and temperature chambers were accredited. The evaluators suggested that all the accreditations continue being valid after the elimination of nonconformities which was completed in September 2023.

Environmental management

Through the environmental management system, INSTITUT IGH d.d. in 2023 continued to reduce negative environmental impacts to a minimum, taking into account climate changes and prospects of the life cycle of every product. In accordance with the requirements of our clients, suppliers, employees, business partners and other interested parties, and related to the range of activities we are engaged in, we estimated that the ecological footprint is relatively small. We have thus dedicated ourselves to the operations which we can significantly influence.

Our environmental management system, according to ISO 14001, but also energy according to ISO 50001 forces us to look for improvement opportunities through environmental aspects, but also through risk assessment and resolving nonconformities.

Environmental management (DISCLOSURE 306)

Principal waste management goals in Institut IGH were connected to raising awareness about waste management through the study of options and possibilities or waste recycling and recovery.

In 2023, the following types and quantities of waste were managed:

Table 1.: Types of waste created in 2023, per type and regional center.

Type of waste	ZG (t)	ST (t)	OS (t)	RI (t)	Generated waste (t)	Recovered (t)	Waste disposal (t)
Mixed construction waste (Concrete, aggregate, brick, tiles/roofing and ceramics)	122,72	5,92	8,845	34,84	172,325	122,72	49,605
Plastic and metal packaging (household waste)	0,57	0	0	0	0,57	0,57	0
Insulation material	0,1	0	0	0	0,1	0,1	0
Paper and cardboard	7,01	0	0	1,03	8,04	7,01	1,03
Biodegradable waste	11,97	0	0	0	11,87	11,87	0
Total	**142,27**	**5,92**	**8,845**	**34,84**	**192,905**	**142,27**	**50,635**

Table 1. Data on the amount of waste in 2023

Data inputs in Table 1. are reported data from the Register of Environmental Pollutants and records on the generation and flow of waste. Zagreb beton, a waste management company, doesn't classify construction waste based on other key numbers, but classifies everything as mixed construction waste because the waste is managed in this category.

Rockwool, concrete, brick, tile and aggregates, styrofoam and similar materials brought to INSTITUT IGH, d.d. as test samples are returned to the production cycle for reuse in order to create an additional – longer value of the product. Extending the service life of construction products actually reduces the amount of waste and direct impact on the environment and supports the circular economy model.

Unfortunately the infrastructure of utility companies and disorder on the waste market/system prevents recovery of larger percentage of waste at all locations. This is mostly relevant to construction / mixed construction waste in Rijeka, Osijek, Split, so unfortunately instead of being recycled or reused, it is disposed of at a landfill.

All waste is handed over to authorized waste collection companies; therefore it is disposed of outside IGH premises. However, we have no information on what is done with the waste after it is collected and how it is recycled or disposed.

Environmental data (DISCLOSURE 305)

Direct greenhouse gross emitions are displayed in Table 2.
Table 2.: Direct greenhouse gross emitions for 2021 – 2023.

	2021	2022	2023
Direct greenhouse gross emitions in equivalent of metric tons (scope 1)	595798,2 t	525001,5 t	411739,2
Greenhouse gross emitions by company revenue	0,003334704	0,002900561	0,002307
Reduction of greenhouse gas emissions per company revenue compared to 2021		13%	30,9%

Gasses included in the calculation: CO2, CH4.

Source of calculation and used emission factors and GWP potential rate: EIB Project Carbon Footprint. The year 2021 was taken as the base year since it is the only one relevant. This also applies for the monitoring of energy consumption. A significant reduction of greenhouse gas emission which is a consequence of changes in employee behaviour and business processes, and particulary of a more rational use of vehicles, can be seen.

Regarding the indirect gross market energy GHG emissions (scope 2) and gross other indirect GHG emissions (scope 3), data are not available or not applicable.

Energy management (DISCLOSURE 302-1)

The energy management system requires an energy audit per location, monitoring of energy consumption and compliance with legal requirements, in accordance with the ISO 50001 standard.

The energy review carried out as part of the energy management system in accordance with ISO 50001 includes the following IGH locations of business: The headquarters in Zagreb, RC Split, RC Osijek, RC Rijeka, with some limitations. Regional center Split was not included in the 2023 analysis because we do not have the data on energy consumption for that location.

Other locations are energy-nonsignificant consumers and are not covered by the analysis. As far as renewable sources are concerned, they are currently not being used, although this is one of the goals set for 2024.

Energy consumption in 2023 in INSTITUT IGH, D.D. is shown in table 3. N.B.: These data do not include the consumption in Split becasue we do not have comparable data in 2023.

Table 3: Energy consumption in 2023

Groups of energy sources	Energy source	Consumption per unit of measurement	Consumption in kWh	Consumption in J
Transport	Diesel	152.496 l	1.631.712	$5{,}795 \cdot 10^{12}$
Heating	Heat	1.663.798 kWh	1.663.798	$5{,}990 \cdot 10^{12}$
Electricity	Electricity	1.285.648 kWh	1.285.648	$5{,}021 \cdot 10^{12}$
Water	Water	6170 m^3	-	-
Total	Total	-	4.581.158	$1{,}681 \cdot 10^{13}$

A comparison of the total energy consumption shows that heating consumes the most energy. A graph showing the consumption of water, electricity and heating (Figure 1) as well as the consumption of fuel (Figure 2) shows that all forms of energy consumptions have a decreasing tendency in the last three years, except for water, whose consumption increased in 2022.

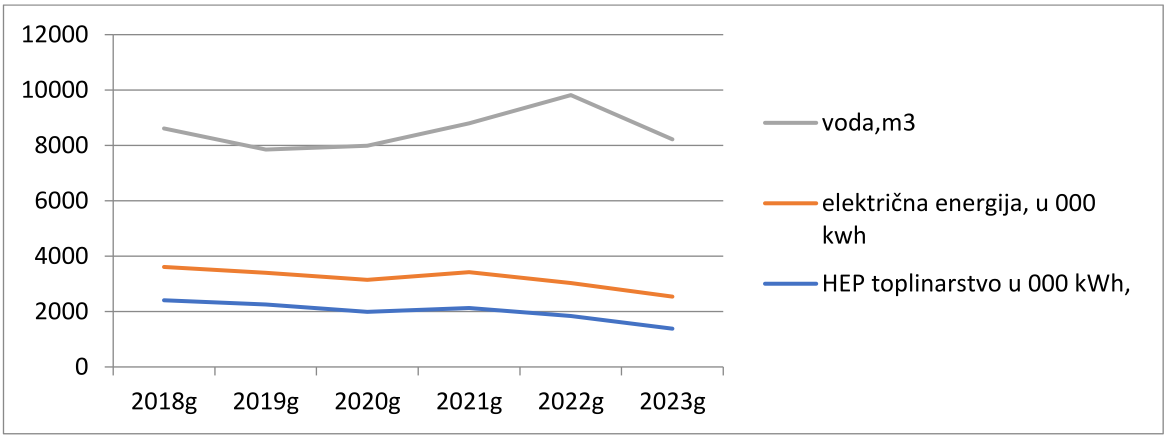


Figure 1.: The 2018-2023 water, HEP heating and electricity consumption.

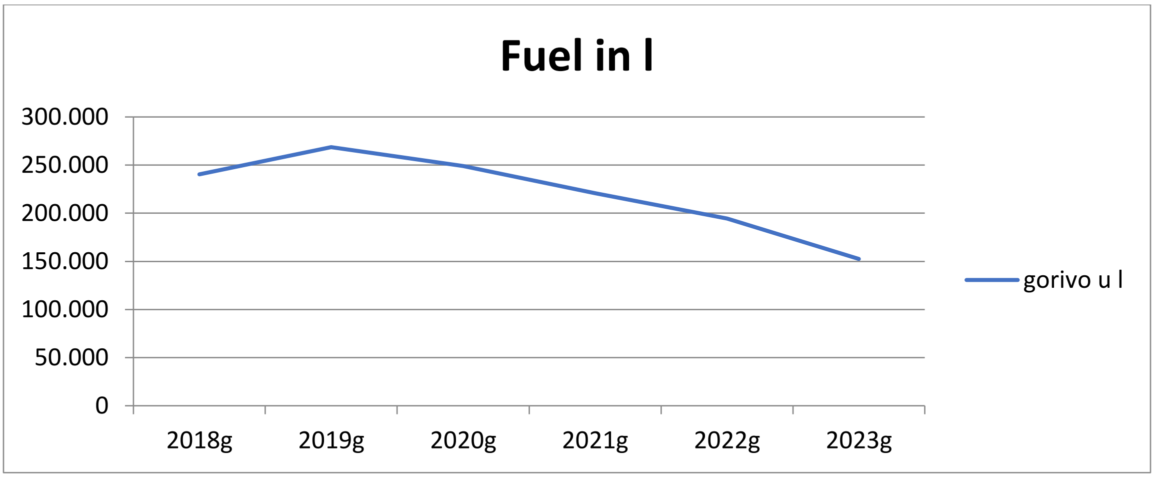


Figure 2.: The 2018-2023 fuel consumption.

All the energy consumed in the Company comes from non-renewable sources, while the consumption of energy from renewable sources is planned in year 2024.

In conclusion, energy consumption is monitored and analysed, and improvements in energy savings are evident. The biggest savings in energy sources were visible in fuel consumption compared to the previous year. Regarding other energy sources which significantly impact energy efficiency, savings are also visible, although 2021 and 2023 can hardly compare with historical data (2018-2019-2020) because the energy management system was only introduced in 2019 and energy consumption started to be monitored. The year 2020 was the „COVID-19 year“(work from home, self-isolation, isolation…). Therefore, 2021 was taken as the base year. In adition, the owner of the building in which the Split RC is located, doesn't keep track of the energy consumption of all the users, but includes the price of bills in the rent and energy consumption can't be precisely determined.

Energy indicators (DISCLOSURE 302-3)

Energy indicators are defined as the relationship between energy consumption and the relevant variables affecting consumption.

The relevant variable here is Institut IGH revenue. The 2021-2023 data are displayed in table 4.

Table 4.: Overview of energy parameters compared to the Company's revenue between 2021-2023.

EnPi	2021	2022	2023	2022-2021	2023-2021
Total energy consumption (J)	$2,278*10^{13}$	$2,01581*10^{13}$	$1,6806*10^{13}$	$-2,62*10^{12}$	$-5,97*10^{12}$
IGH revenue (HRK)	178.666.000	181.000.000	178.489.527	2.334.000	176.473
EnPi (J/kn)	127503,57	111370,93	94156,27	-16.132,60	-33.347,73

The total energy consumption includes total energy used for heating, cooling and transport. The implementation of the Energy Management System according to ISO 50001 significantly influenced the reduction of energy consumption, primarily through employee education etc. A decreasing tendency in energy consumption is obvious and it is growing every year.

Water (DISCLOSURE 303)

In order to achieve concrete steps towards sustainable business operations and keeping in mind the importance of water as a resource, we understand the importance of water management. However, by assessing the risk of impact on waters (environmental aspects according to ISO 14001, risk assessment according to ISO 50001) and exploitation of this resource, we have come to the conclusion that Institut IGH has a minimal water footprint. Water use is limited to sanitary needs and cooling of samples during a testing procedure at one of our locations.

The Company purchases and intakes water from a utility company and returns the used water into the drainage system. It is a closed drainage system and should have no losses.

Water consumption is monitored in absolute amounts and through energy indicators (taking into account relevant variables)

Absolute water consumption in megaliters, in IGH amounts to: 6,277 ML.

This information should not be taken as exact since data on water consumption in RC Split is unavailable, and data for RC Rijeka reflect only a part in the total water consumption of the building in which IGH has its offices. Data is collected from the bills received from the utility company supplying water.

IGH has one sprinkler tank in Zagreb which contains 0,1115 Ml of water. The water quantity in the sprinkler tank did not change during the period in question.

Occupational Health and Safety Management (DISCLOSURE 403)

The established system of management of occupational health and safety at work provided a framework for managing risks and opportunities, ensured healthy workplaces for employees and reduced the number of injuries and work-related diseases.

In 2023, the focus slowly shifted from the COVID-19 pandemic (with no fatal outcomes among our employees) to risks directly related to work processes. Therefore, internal audits of occupational health and safety at work experts were intensified in those processes recognized as risky during risk assessment. Persons authorized by the employer for occupational health and safety at work were informed about the internal audit results and corrective actions were initiated, most of which were accepted and closed.

Occupational health and safety at work system performance is monitored through key system indicators, including injuries or deaths at work and lost working days and hours in relation to the total number of working hours spent at work. Data including 2023 are given in Table 5.

In 2023 we had two injuries acknowledged as work-related injuries, but not directly work-related. One happened during a commute to work and the other while leaving work, in an area not controlled by the employer.

Table 5.: An analysis of the 2021-2023 work-related injuries

YEAR	No. Of FATAL ACCIDENTS	No. Of ACCIDENTS	LOST WORKING DAYS	FREQUENCY RATE*	SEVERITY RATE**	Number of injured employees	Number of working hoursper employee	Total hours IGH	Lost hours	Lost days
2013	0	4	100	0,03	0,74	651	2088	1359288	800	100
2014	0	3	50	0,02	0,39	613	2088	1279944	400	50
2015	0	2	59	0,02	0,49	578	2088	1206864	472	59
2016	0	3	26	0,03	0,23	532	2088	1110816	208	26
2017	0	4	22	0,04	0,22	473	2088	987624	176	22
2018	0	1	62	0,01	0,71	421	2088	879048	496	62
2019	0	5	99	0,05	1,01	469	2088	979272	792	99
2020	0	1	18	0,01	0,17	517	2088	1079496	144	18
2021	0	2	15	0,02	0,14	521	2088	1087848	120	15
2022	0	2	8	0,02	0,08	492	2088	1027296	64	8
2023	0	0	8	0,00	0,10	372	2088	776736	0	0

*Calculation frequency: n. Injuries/ n. Hours worked x 10.000

**Index calculation of gravity: total working days lost / total hours worked x 10.000

12. RELATIONS WITH EMPLOYEES

In 2023, Company employee rights were regulated by:

- The Labour Act
- A Labour bylaw of 21 August 2023, which entered into force on 1 September 2023, revoking the previous bylaw and its amendments.
- The Decision on Company Vehicle Use no. OD-2-11/2021 of 1 July 2021, revoking The Bylaw on Company Vehicle Use of 8 July 2020.
- Management Decision no. OD-15-1/2021 adopted the consolidated text of the Business Trip and Field Work Bylaw applied from 25 March 2021, and which revokes all other bylaws/decisions on the matter.
- Management Decision no.OD-74/2020 of 20 July 2020, which put into force the Decision on Pay Grades, and revoked the Decision on Pay Grades no. 201/131-4 od 23.03.2017.

Staff structure

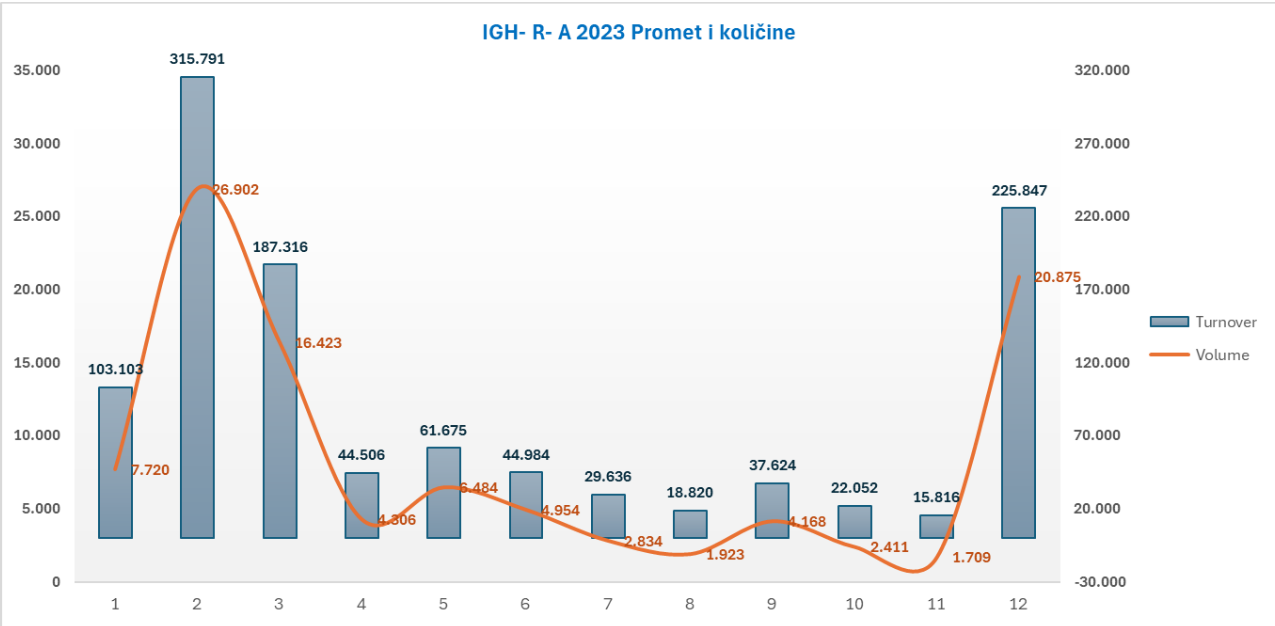
On 31 December 2023, INSTITUT IGH, d.d. had 372 employees, with 12 more employees working in branch offices, resuting in a reduction of 93 employees compared to 31 December 2022, when the total number of employees amounted to 477.

AGE	Low-skilled	Skilled	High School Degree	3-year College Degree	5-year College Degree	MSc.	Ph.D.	TOTAL	Share
20-29			13	3	22			38	9,95%
30-39	1		9	8	69			87	22,04%
40-49	1		24	12	59	3		99	25,81%
50-59	3	1	38	12	45	8	4	111	29,30%
60-69			5	6	32	3	2	48	12,63%
70-75						1		1	0,27%
TOTAL	5	1	89	41	223	15	6	384	100%
Share	1,4%	0,2%	23,4%	11%	58,4%	4%	1,6%	100%	-

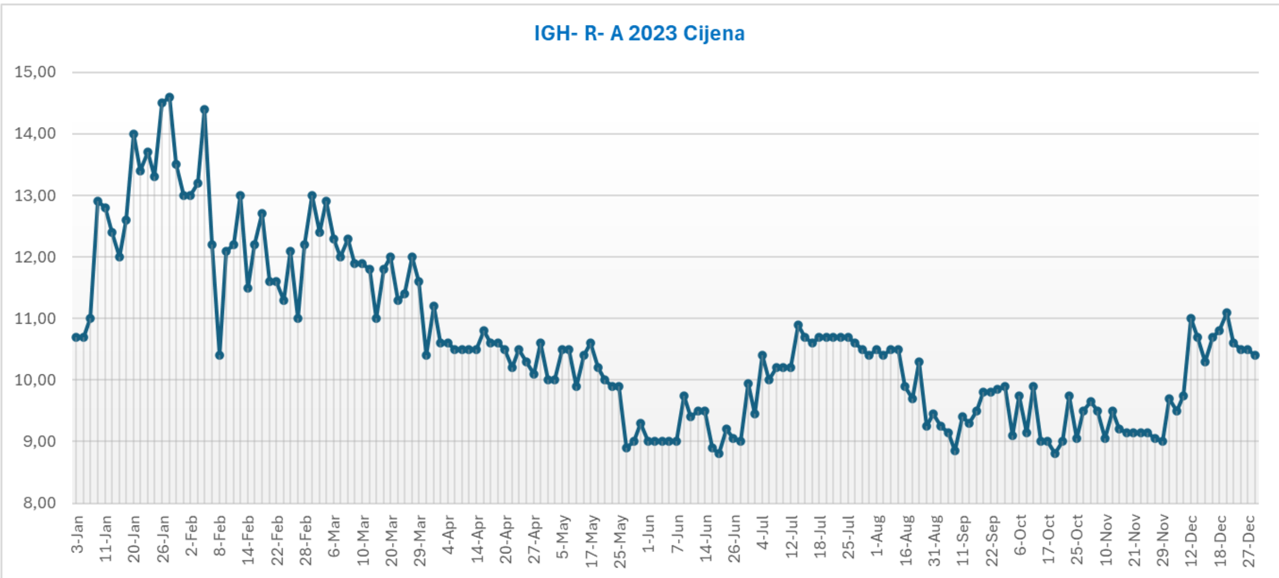
Tabe – The Age and educational structure of IGH employees in Croatia and foreign branch offices on 31 December 2023.

13. SHARE TRANSACTIONS

IGH-R-A Trade volume and quantities



IGH-R-A price



Source ZSE, https://zse.hr, 2024.

In 2023, the Zagreb Stock Exchange traded with 87.009 shares marked IGH-R-A in the amount of 955.098,15 EUR with the daily concluded prices ranging between 8,80 and 14,90 EUR. (Source: ZSE, Trade information and statistics, Periodic Trade Reports, Review of Trade in 2023). In addition, 13.700 shares were traded on OTC with the average price of 11,10 EUR.

14. CORPORATE MANAGEMENT CODE STATEMENT

The largest shareholders are AVENUE MEHANIZACIJA D.O.O. with 38,24%, AVENUE ENGINEERING AND CONSTRUCTION LIMITED with 20,42% and FROTIP DEVELOPMENT D.O.O. with 20,33%, while all other shareholders hold 21,01% shares in the Company.

Shareholders overview		*2023 No of shares*	*%*	*2022 No of shares*	*%*
PREGLED DIONIČARA		**2023 Broj Dionica**	**Udio**	**2022 Broj Dionica**	**Udio**
IGH-R-A	AVENUE MEHANIZACIJA D.O.O.	566,581	38,24%	0,000	0,00%
IGH- R-A	FROTIP DEVELOPMENT D.O.O.	301,173	20,33%	0,000	0,00%
IGH- R-A	AGRAM BANKA D.D. (0/1) / AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	239,500	16,17%	239,500	39,03%
IGH- R-A	AGRAM BANKA D.D./ AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	62,950	4,25%	75,500	12,30%
IGH- R-A	DRNASIN ANTE	14,196	0,96%	3,242	0,53%
IGH- R-A	AGRAM BROKERI D.D.	13,744	0,93%	0,000	0,00%
IGH- R-A	LEJO IVAN	12,500	0,84%	0,000	0,00%
IGH- R-A	MIHALJEVIĆ BRANKO	8,100	0,55%	8,010	1,31%
IGH- R-A	CAPTURIS D.O.O.	7,895	0,53%	7,895	1,29%
IGH- R-A	INSTITUT IGH, D.D. (1/1)	6,659	0,45%	6,659	1,09%
IGH- R-A	OSTALI DIONIČARI	248,165	16,75%	272,903	44,47%
UKUPNO		**1.481,463**	**100,0%**	**613,709**	**100,0%**

Source ZSE, https://zse.hr, 2024.

There are no holders of securities (shares) in the Company with specific control rights. There are no restrictions regarding voting rights in the Company. Each share carries one vote. There are no time limits for execution of voting rights in the Company, and there are no instances where, in cooperation with the Company, the financial rights pertaining from securities are separated from holding of these securities.

Rules on appointment and revocation of appointment of Management Board members are laid down in Articles 31-34 of the Articles of Association of the Company. Rules on the powers of the Board members are laid down in Article 33 of the Articles of Association. The Articles do not contain special rules on the powers of the Board members to issue Company shares or acquire own shares. Rules on appointment and revocation of appointment of Supervisory Board members and the powers of the Company Supervisory Board are given in Articles 23-30 of the Company's Articles of Association.

Management Board

On 31 December 2023, the management board was consisted of one member, Robert Petrosian.

Supervisory Board

During 2023, INSTITUT IGH, d.d Supervisory Board consisted of five members**:**

1. Žarko Dešković – Chairman of the Supervisory Board
2. Mariyan Tkach – Deputy Chairman
3. Sergej Gljadelkin – Board member
4. Igor Tkach – Board member
5. Marin Božić – Board member

15. INTERNAL CONTROLS

In line with the Corporate Governance principles, the Management of the Company and its subsidiaries established respective internal control systems and risk management systems. An effective internal control system contributes to the preservation of the company's assets.

The Company Management is responsible for the implementation and execution of the internal control and internal audit systems, as an independent and autonomous task which contributes to the definition of risks and assesses the efficiency of controls.

Management of the Company and its subsidiaries are responsible for the implementation and execution of internal control of financial reporting. The internal control system is organized to ensure reasonable assurance of the Management regarding the preparation and fair presentation of separate and consolidated financial statements. Company Management and its subsidiaries have assessed the efficiency of internal control regarding the 2023 financial reports and concluded that the internal control of financial reporting has fulfilled all set criteria.

16. RISK MANAGEMENT

Along with the risks already mentioned in the notes to the principal financial statements, the Company Management also reports on the following risks:

The Company concluded a pre-bankruptcy settlement on 5 Dec 2013 before the Commercial Court in Zagreb, Ref.no. 72. Stpn-305/2013. The subject settlement became valid and final on 28 Dec 2013. The Company received the Force of res judicta on 15 April 2014. Based on the fact that the pre-bankruptcy settlement is valid and final, the Company sees the pre-bankruptcy settlement risk as a potentially long-term risk, since settlement of commitments towards category a) financial institutions, is due within a period of 6,5 years with a grace period of 3,5 years. In terms of the long-term risk, the Company states that this is a risk over a longer time period in which adequate EBITDA might not be achieved to settle all commitments undertaken by the pre-bankruptcy settlement.

From the legally concluded pre-bankruptcy settlement until 31 December 2023, through cash payments, issue of shares for converting a part of creditor's claims into capital, through payment of priority claims and other claims of workers with respective taxes and contributions, and by writing-off in accordance with the provisions of the pre-bankruptcy settlement, the Company settled a total of 56.985 thousand EUR of liabilities incurred prior to the opening of the pre-bankruptcy settlement procedure.

With the balance sheet date of 31 December 2023, the remaining debt amounts to 38 thousand EUR and even after the balance sheet date, the company continues to settle its obligations, in order to settle the obligations from the pre-bankruptcy settlement. In the first quarter of 2024, the company payed out the remaining amount of 38 thousand EUR and continues with the implementation of the legal procedure for the pre-bankruptcy settlement.

The Company is aware of potential long-term risks, and thus actively undertakes actions to streamline and rationalize business operations and strengthen its market position. In accordance with the achieved improvements in business operations, the Company Management considers that the above stated risks shall not have a significant impact on the long-term viability of business operations.

17. FINANCIAL OVERVIEW

in 000 EUR	INSTITUT IGH d.d.			IGH Group		
	2023	2022	Change %	2023	2022	Change %
Operational revenues	27.643	24.153	14,45%	29.403	24.267	21,16%
Operational costs	18.269	18.514	-1,32%	18.447	18.723	-1,47%
EBITDA	9.374	5.639	66,25%	10.956	5.544	97,60%
EBITDA margin	33,91%	23,35%	45,26%	37,26%	22,85%	63,09%
Short-term assets (except for inventory)	8.544	10.190	-16,16%	8.744	10.489	-16,64%
Short-term liabilities, except liabilities for credits and loans	8.574	9.547	-10,19%	8.860	10.285	-13,85%

INSTITUT IGH, d.d. comapany achieved EBITDA in the amount of 9.4 million EUR in 2023, compared to the 5.6 million EUR in 2022.

The results of the IGH Group were primarily determined by the operations of the parent company, which had a positive effect on the results of the entire Group.

A more detailed financial overview is provided as part of the annual financial statements, which can be found in the Attachments.

18. THE GRI INDEX REPORT

Statement of use	INSTITU IGH, d.d. compiled this Report, presented through this Index, for the period between 1 January 2023 and 31 December 2023 Taking into account the GRI standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	PAGE /OMMISSIONS
GRI 2: General Disclosures 2021	2-1 Organizational details	18
	2-2 Entities included in the organization's sustainability reporting	13, 14
	2-3 Reporting period, frequency and contact point	1 January 2023 - 31 December 2023, Tatjana Bičanić
	2-4 Restatements of information	N/A
	2-5 External assurance	20, 21
	2-6 Activities, value chain and other business relationships	3-7, 12-14, 18
	2-7 Employees	3, 16-17,18-19, 28
	2-8 Workers who are not employees	N/A
	2-9 Governance structure and composition	18, 30
	2-10 Nomination and selection of the highest governance body	30
	2-11 Chair of the highest governance body	30
	2-15 Conflicts of interest	30
	2-16 Communication of critical concerns	30, 41
	2-17 Collective knowledge of the highest governance body	30
	2-18 Evaluation of the performance of the highest governance body	41
	2-19 Remuneration policies	41
	2-20 Process to determine remuneration	41
	2-21 Annual total compensation ratio	41
	2-22 Statement on sustainable development strategy	N/A
	2-23 Policy commitments	12
	2-24 Embedding policy commitments	12
	2-25 Processes to remediate negative impacts	41
	2-26 Mechanisms for seeking advice and raising concerns	41
	2-27 Compliance with laws and regulations	2, 19-20, 41
	2-28 Membership associations	N/A

	2-29 Approach to stakeholder engagement	12-13
	2-30 Collective bargaining agreements	N/A
	3-1 Process to determine material topics	19
	3-2 List of material topics	19
	3-3 Management of material topics	19
GRI 3: Material Topics 2021	201-1 Direct economic value generated and distributed	N/A
	201-2 Financial implications and other risks and opportunities due to climate change	N/A
	201-3 Defined benefit plan obligations and other retirement plans	19
GRI 201: Economic Performance 2016	201-4 Financial assistance received from government	N/A
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	No applicable data
	202-2 Proportion of senior management hired from the local community	No applicable data
	203-1 Infrastructure investments and services supported	No applicable data
GRI 202: Market Presence 2016	203-2 Significant indirect economic impacts	No applicable data
	204-1 Proportion of spending on local suppliers	No applicable data
GRI 203: Indirect Economic Impacts 2016	205-1 Operations assessed for risks related to corruption	No applicable data
	205-2 Communication and training about anti-corruption policies and procedures	During probation period
GRI 204: Procurement Practices 2016	205-3 Confirmed incidents of corruption and actions taken	N/A
GRI 205: Anti-corruption 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	N/A
	207-1 Approach to tax	In accordance with the law
	207-2 Tax governance, control, and risk management	32-33
GRI 206: Anti-competitive Behaviour 2016	207-3 Stakeholder engagement and management of concerns related to tax	N/A
GRI 207: Tax 2019	207-4 Country-by-country reporting	12-13,16-18,41
	301-1 Materials used by weight or volume	22-27

	301-2 Recycled input materials used	N/A
	301-3 Reclaimed products and their packaging materials	N/A
GRI 301: Materials 2016	302-1 Energy consumption within the organization	23-26
	302-2 Energy consumption outside of the organization	23-26
	302-3 Energy intensity	25-26
GRI 302: Energy 2016	302-4 Reduction of energy consumption	23-26
	302-5 Reductions in energy requirements of products and services	23-26
	303-1 Interactions with water as a shared resource	26
	303-2 Management of water discharge-related impacts	26
	303-3 Water withdrawal	26
GRI 303: Water and wastewater 2018	303-4 Water discharge	26
	303-5 Water consumption	26
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	26
	304-2 Significant impacts of activities, products and services on biodiversity	N/A
	304-3 Habitats protected or restored	N/A
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
	305-1 Direct (Scope 1) GHG emissions	N/A
	305-2 Energy indirect (Scope 2) GHG emissions	N/A
	305-3 Other indirect (Scope 3) GHG emissions	N/A
GRI 305: Emissions 2016	305-4 GHG emissions intensity	23-25
	305-5 Reduction of GHG emissions	23-25
	305-6 Emissions of ozone-depleting substances (ODS)	23-25
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	N/A
	306-1 Waste generation and significant waste-related impacts	22-23

	306-2 Management of significant waste-related impacts	22-23
	306-3 Waste generated	22-23
GRI 306: Waste 2020	306-4 Waste diverted from disposal	22-23
	306-5 Waste directed to disposal	22-23
	308-1 New suppliers that were screened using environmental criteria	N/A
	308-2 Negative environmental impacts in the supply chain and actions taken	N/A
	401-1 New employee hires and employee turnover	3, 28
GRI 308: Supplier Environmental Assessment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	N/A
	401-3 Parental leave	Not included in this report
GRI 401: Employment 2016	402-1 Minimum notice periods regarding operational changes	In agreement with employer
	403-1 Occupational health and safety management system	20, 26-27
	403-2 Hazard identification, risk assessment, and incident investigation	26-27, 32
GRI 402: Labour/Management Relations 2016	403-3 Occupational health services	26-27
GRI 403: Occupational Health and Safety 2018	403-4 Employee participation, consultation, and communication on occupational health and safety	26-27
	403-5 Employe training on occupational health and safety	All employees have to undergo training and get tested
	403-6 Promotion of employee health	There are occasiopnally employee programs. All employees working in the field have to go through mandatory health chekups and skill tests.

	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	There are occasiopnally employee programs. All employees working in the field have to go through mandatory health chekups and skill tests.
	403-8 Workers covered by an occupational health and safety management system	No applicable data
	403-9 Work-related injuries	26-27
	403-10 Work-related ill health	26-27
	404-1 Average hours of training per year per employee	No applicable data
	404-2 Programs for upgrading employee skills and transition assistance programs	No applicable data
	404-3 Percentage of employees receiving regular performance and career development reviews	No applicable data
GRI 404: Training and Education 2016	405-1 Diversity of governance bodies and employees	29, 30
	405-2 Ratio of basic salary and remuneration of women to men	Equal
	406-1 Incidents of discrimination and corrective actions taken	N/A
GRI 405: Diversity and Equal Opportunity 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
	408-1 Operations and suppliers at significant risk for incidents of child labour	N/A
GRI 406: Non-discrimination 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	N/A
GRI 407: Freedom of Association and Collective Bargaining 2016	410-1 Security personnel trained in human rights policies or procedures	N/A
GRI 408: Child Labour 2016	411-1 Incidents of violations involving rights of indigenous peoples	N/A
GRI 409: Forced or Compulsory Labour 2016		N/A
GRI 410: Security Practices 2016	413-2 Operations with significant actual and potential negative impacts on local communities	N/A

GRI 411: Rights of Indigenous Peoples 2016	414-1 New suppliers that were screened using social criteria	N/A
GRI 413: Local Communities 2016	414-2 Negative social impacts in the supply chain and actions taken	N/A
	415-1 Political contributions	N/A
GRI 414: Supplier Social Assessment 2016	416-1 Assessment of the health and safety impacts of product and service categories	N/A
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 415: Public Policy 2016	417-1 Requirements for product and service information and labelling	N/A
GRI 416: Customer Health and Safety 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	N/A
	417-3 Incidents of non-compliance concerning marketing communications	N/A
GRI 417: Marketing and Labelling 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A

19. SIGNATURE BY COMPANY MANAGEMENT

By signing this report, the Company Management hereby makes the following statement:

„In accordance with our beliefs, knowledge and information at our disposal, we hereby state that all information set forth in this Report constitute a complete and accurate representation, and facts that could affect the completeness and accuracy of this Report have not been omitted.“

Robert Petrosian, direktor

20. ATTACHMENTS

1. **SCIENTIFIC COUNCIL OF INSTITUT IGH, d.d**
2. **CORPORATE MANAGEMENT CODE**
3. **FINANCIAL STATEMENTS**

Attachment 1.

SCIENTIFIC COUNCIL OF INSTITUT IGH, d.d.

During year 2023, the Institut IGH, d.d. continued with the implementation of the already started and opened new activities in the field of scientific research work and innovation. In pending with the appropriate legal frameworks and standardized methods, work progerss continued on determining the content of microplastics, as well as activities in the field of hydrogen production (feasibility study of integrated hydrogen and methane production). Cooperation with companies from other sectors (automotive and other industries) in the segment of development of specific methods tailored to the customer has also continued.

Tests were successfully done in the area of construction products with a lower CO2 footprint, as well as tests on the use of waste materials in the production of asphalt.

The preparation of projects related to energy storage in building materials as well as the use of waste water in the production of building materials has begun.

In terms of innovation, the verification and validation of 31 new methods from the field of laboratory testing were carried out, and they were included in the new scope of accreditation of the IGH Laboratories.

Attachment 2.

CORPORATE MANAGEMENT CODE

The corporate management code that is a key part of this report will be submitted as a separate document.

Attachment 3.

FINANCIAL STATEMENTS

Unconsolidated and consolidated financial statements of the company INSTITUT IGH, d.d. for the year which ended on December 31, 2023 together with the Independent Auditor's Report.

IGH Group
2023 Annual Consolidated Financial Statement
and an Independent Auditor's Report

IGH Group
2023 Annual Consolidated Financial Statement
and an Independent Auditor's Report

Responsibility for the Annual Consolidated Financial Statements

The Management of INSTITUT IGH d.d., Zagreb, Janka Rakuše 1 and its subsidiaries (hereinafter IGH Group) shall ensure that the Company's 2023 annual consolidated and separate financial statements are prepared in accordance with the current Croatian Accounting Act and International Financial Reporting Standards, which are defined by the European Commission and published in the Official Journal of the European Union. They shall provide a true and fair view of the financial position, operating results, changes in capital and cash flows of the IGH Group for the subject period.

After making enquiries, the Management Board has a reasonable expectation that the IGH Group has adequate resources to continue as a going concern for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements for the IGH Group.

In preparing the annual financial statements, the responsibilities of the Management Board include:

- the selection and then consistent application of appropriate accounting policies in accordance with current financial reporting standards
- providing reasonable and prudent judgments and assessments
- the preparation of annual financial statements on a going concern basis, unless this assumption is inappropriate.

The Management is responsible for keeping proper accounting records, which will at any time and with reasonable accuracy reflect the financial position, operating results, changes in capital and cash flows of the IGH Group and must also ensure that the financial statements comply with the Croatian Accounting Act in force. The Management Board is also responsible for safeguarding the assets of the IGH Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Potpisano u ime Uprave:

Robert Petrosian
Direktor

Željka Sikaček
Prokurist

Marija Đuroković
Prokurist

Senka Žaja
Prokurist

Tatjana Bičanić
Prokurist

Institut IGH, d.d.
Janka Rakuše 1
10 000 Zagreb
Republic of Croatia

In Zagreb, 29 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE OWNER INSTUTUT IGH D.D.

Audit report on the annual financial statements

Qualified opinion

We have audited the consolidated financial statements of INSTITUT IGH d.d., Zagreb ("the Company"), which include the consolidated statement of financial position as at 31 December 2023, the consolidated statement of other comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in capital for the year then ended, as well as the notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the consolidated financial statements fairly and truthfully present the financial position of the Company as at 31 December 2023, its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards adopted by the European Union (IFRS).

Basis for Qualified Opinion

We have conducted our audit in accordance with International Auditing Standards (IAS). Our responsibilities pursuant to these standards are described in more detail in the *Auditor's Responsibilities in the Audit of Annual Consolidated and Separate Financial statements* section of our Auditor's report. We are independent of the Company, in accordance with the International Code of Ethics for Professional Accountants, including International Independency Standards issued by the International Ethics Standards Board for Accountants (IESBA) (The IESBA Code), as well as in accordance with the ethical requirements relevant for our audit of financial statements in the Republic of Croatia. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our opinion.

Other matter

The annual consolidated financial statements of IGH Group for the year ended 31 December 2022 were audited by another auditor who issued a modified opinion on those financial statements on 10 October 2023.

Drawing attention to matters

We would like to draw attention to Note 2.6 „Going concern" and Note 35 „The effects of the pre-bankruptcy settlement" accompanying these financial statements.

As at 31 December 2023, the IGH Group's short-term liabilities exceed the short-term assets by EUR 2.992 thousand (EUR 17,987 thousand in 2022). The Management Board of the IGH Group is making efforts to resolve the current situation and improve the Company's business and financial position, all for the purpose of doing business under the assumption of going concern. Our opinion has not been modified on this matter.

Key audit matters

Key audit matters are those matters that were, in our professional judgement, of greatest importance in our audit of consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	**Our audit procedures**
Recognition of revenue	
Revenue from sales for the year ended 31 December 2023 amounted to EUR 16.357 thousand (EUR 19.982 thousand IN 2022). As at 31 December 2023, trade receivables amounted to EUR 3,197 thousand (EUR 5.006 thousand in 2022). *See Note 3.3. Recognition of Revenue and Note 4. Information on segments in related annual financial statements*	
The Company's income comes from the sale of services in civil engineering. Revenue is a key measure used to assess the performance of a Company's operations and the amount of transactions has a significant impact on the financial statements. A risk exists that revenues are presented in amounts higher than actually realized, as well as the risk that income is recognized for an inadequate period in order to better the results of the period. In view of the above, we considered that the existence, accuracy and completeness of income as well as its distribution in the proper period required our increased attention and as such we considered it a key audit issue .	The auditors' attention focused on: • Consideration of compliance of the Company's accounting policy with the requirements of applicable financial reporting standards, • Acquiring an understanding of the processes and internal controls related to revenue recognition, taking into account the business environment and applicable accounting standards • Understanding and evaluation of the process of recognising the Company's income, including implementation of relevant key controls and testing of these on the basis of a sample, • Identification of concluded construction contracts, • Based on a random independent, impartial and representative sample of construction contracts, we confirmed the amount of recognised revenues and costs during the year per project, based on selected payment certificates, • Assessment of the adequacy of relevant disclosures in the financial statements as well as their compliance with IFRS adopted by the EU.

Other information

Management is responsible for other information. Other information includes the Management Report and the Statement on the Application of the Corporate Governance Code, included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the financial statements does not include other information.

In relation to our audit of the consolidated financial statements, it is our responsibility to read other information and, in doing so, to consider whether other information is significantly contradictory to the consolidated financial statements or to our findings gained in the audit, or if they otherwise seem significantly misrepresented.

As regards the Management Report and the statement on the implementation of the Corporate Governance Code, we also carried out the procedures prescribed by the Accounting Act. Those procedures include verification that the Management Report has been drawn up in accordance with

Article 21 of the Accounting Act and whether the statement on the implementation of the Corporate Governance Code contains the data referred to in Article 22 of the Accounting Act..

Based on the conducted procedures, to the extent to which we are able to estimate, we report that:

1. the information in the attached Management Report and the Statement on the Application of the Corporate Governance Code have been harmonized, in all significant aspects, with the accompanying financial statements

2. the attached Management Report has been drawn up in accordance with Article 21 of the Accounting Act, and

3. the attached Statement on the Application of the Corporate Governance Code includes information defined in Article 22 of the Accounting Act.

Based on the knowledge and understanding of the Company's business and its environment, gained while auditing the annual consolidated financial statements, we are obliged to report if we find that there are serious misrepresentations in the attached Management Report, and the Statement on the Application of the Corporate Governance Code. In that sense, we have nothing to report.

Responsibility of the Management and those in charge of management for the annual consolidated financial statements

The management shall be responsible for drawing up the annual consolidated financial statements that present true and fair facts in accordance with IFRS and for those internal controls that the Management determines are necessary to enable the preparation of consolidated financial statements that are free from material misrepresentation as a result of fraud or error

When drawing up the annual consolidated financial statements, the Management is responsible for the estimate of the Company's ability to continue as a going concern, for the publishing, if applicable, of the matters related to going concern and the use of going concern basis of accounting, unless the Management plans to liquidate the Company or has no real alternative but to do so.

Those in charge of management are responsible for overseeing of the financial reporting process established by the IGH Group.

Auditor's responsibilities for the audit of the annual consolidated financial statements

Our objectives are to obtain a reasonable assurance about whether there are serious misrepresentations due to fraud or error in the annual consolidated financial statements as a whole and to issue an Independent Auditor's Report including our Qualified Opinion. A reasonable assurance is a high level of assurance but it is no guarantee that an audit done in accordance with IASs will always reveal a serious misrepresentation when there is one. Misrepresentations can occur due to fraud or error and are considered significant if it can reasonably be expected that, individually, or cumulatively, these misrepresentations influence the economic decisions of the users made on the basis of those annual consolidated financial statements.

As an integral part of an audit in accordance with IAS, we make professional judgements and maintain professional scepticism during an audit. We also:

- Recognize and estimate risks of serious misrepresentation in the consolidated financial statements, due to fraud or error, form and undertake audit procedures as a reaction to those risks and obtain audit evidence that are sufficient and appropriate to form the basis of our opinion. The risk of nondisclosure of a significant misrepresentation due to fraud or error outweighs the risk of error, because fraud can include secret agreements, forgery, deliberate omission misrepresentation or avoidance of internal controls

- Gain an understanding of internal controls relevant for audit to form audit procedures that are appropriate for the given circumstances, but not for the purpose of expressing an opinion about the efficiency of the Company's internal controls
- Assess the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the Management
- Make conclusions on the appropriateness of the going concern basis of accounting used by the Management, and, based on the audit evidence obtained, we conclude whether there is significant uncertainty regarding the events or circumstances that can create serious doubt in the ability of IGH Group to continue as a going concern. If we conclude there is serious uncertainty, we are required to draw attention in our Independent Auditor's Report to the related notices in the annual consolidated financial statements, or, if such notices are not appropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained until the date of our Independent Auditor's Report. However, future events or conditions can cause the Company to stop operating as a going concern
- We evaluate the overall presentation, structure and content of the annual consolidated financial statements, including notices, as well as whether the annual consolidated financial statements reflect the transactions and events they are based on in a way that reflects a fair presentation.

We communicate with those in charge of Management regarding, among other, the planned scope and time schedule of the audit, and the important audit findings, including significant flaws in internal controls discovered during our audit.

We also make a statement to those in charge of Management that we have complied with the relevant ethical requirements regarding independence and will communicate with them on all relationships and other issues that can reasonably be considered to affect our independence, as well as, where applicable, on actions taken to address the threats to independence, and related safeguards.

Among the matters communicated to those in charge of Management, we determine those matters of utmost importance in the audit of annual consolidated financial statements in of the current period making these matters key audit matters. We describe those matters in our Independent Auditor's Report, unless an Act or a Regulation prevents the public disclosure of a matter or, when we decide, under extremely rare circumstances, that a matter should not be disclosed in our Auditor’s Report, because it can reasonably be expected that the negative consequences of disclosure would outweigh the benefits of public interest in such a disclosure.

Report on other legal and regulatory requirements

1. Based on the proposal of the Supervisory Board , we were appointed by the General Assembly of the Company on 27 Dec 2022 to perform a statutory audit of the annual consolidated financial statements for 2023
2. At the date of this Report, we are continuously engaged in carrying out the company's statutory audit for 2023, which amounts to 1 year in total
3. In the audit of the IGH Group annual consolidated financial statements for the year 2023, we determined the materiality of financial statements as a whole in the amount of EUR 278 thousand, which is approximately 5,5% of the EBITDA, as we consider that due to the high

depreciation and financing costs, this is the most appropriate benchmark for measuring the Group's performance

4. Our audit opinion is consistent with the additional Report for the IGH Group's Audit Committee drawn up in accordance with the provisions of Article 11 of Regulation (EU) No. 537/2014
5. During the period between the initial date of the audited 2023 consolidated financial statements of the IGH Group, and the date of this Report, we did not provide forbidden non-audit services to the Company and we did not, in the business year prior to the abovementioned period, provide services for the design and implementation of internal control procedures or risk management procedures related to the preparation and/or control of financial information or the design and implementation of technological systems for financial information, and we maintained our independence in relation to the Company during our audit.

A Report based the requirement of Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format.

A Report on the Auditor's assurance on the harmonization of the consolidated financial statements, prepared pursuant to the provisions of Article 462. paragraph 5 of the Capital Markets Act (Official Gazette, no. 65/18, 17/20, 83/21 and 151/22) by applying the requirement of the Delegated Regulation (EU) 2018/815 specifying a single electronic reporting format for the issuer (hereinafter: the ESEF Regulation).

We conducted our engagement with the expression of a reasonable belief as to whether the consolidated financial statements were prepared for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, which are contained in the attached electronic file *Grupa IGH-2023-12-31-en* in all material respects prepared in accordance with the requirements of the ESEF Regulation.

Responsibilities of the Management and those in charge of management

The IGH Group Management is responsible for the preparation and content of the consolidated financial statements in accordance with the Regulation on ESEF.

In addition, the IGH Group's Management is responsible for the maintenance of internal control systems that reasonably ensure the preparation of the consolidated financial statements without significant discrepancies between them and the requirements contained in the ESEF regulation, whether due to fraud, or error

The IGH Group's Management is also responsible for:

- Disclosure to the public of the consolidated financial statements contained in the Annual Report in the current XHTML format, and
- Selection and use of XBRL codes in accordance with the requirements of the Regulation on ESEF.

Those in charge of management are responsible for supervising the preparation of the consolidated financial statements in ESEF format as part of the financial reporting process.

The responsibilities of the Auditor

Our responsibility is to express a conclusion, based on the audit evidence collected, whether the consolidated financial statements are free from material non-compliance with the requirements of the ESEF Regulation. We conducted this engagement with the expression of a reasonable conviction, in accordance with the International Standard on Assurance Engagement (ISAE) 3000 (amended) - engagements with the expression of convictions other than audits or insights into historical financial information.

The conducted procedures

The nature, timeframe and scope of the chosen procedures depend on the auditor's judgement. A reasonable assurance represents a high level of assurance, but does not ensure that the scope of testing will reveal every material discrepancy with the ESEF Regulation

We carried out the following activities as part of the selected procedures:

- We read the requirements of the ESEF Regulation
- We have gained an understanding of the internal controls of the company relevant for the application of the requirements of the ESEF Regulation
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or error; and
- On this basis, we developed and implemented procedures to respond to the risks assessed and to obtain a reasonable assurance to express our conclusion.

The aim of our procedures was to assess whether:
- The consolidated financial statements included in the Annual Report were prepared using the valid XHTML format
- The data contained in the consolidated financial statements and required by the EESEF Regulation, are marked and whether all markings meet the following requirements:
    - use of the XBRL mark-up language
    - Basic taxonomy listed in the ESEF regulation with the closest accounting meaning was used unless an additional taxonomy element in accordance with Annex IV of the ESEF regulation was created,
    - The mark-up is in accordance with the common mark-up rules pursuant to the ESEF Regulation

We believe that the audit evidence we have gathered is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on conducted procedures and obtained evidence, the consolidated financial statements presented in the ESEF format, contained in the above-mentioned attached electronic file and pursuant to the provision of Article 462 (5) of the Capital Markets Act, prepared for public disclosure, in all significant respects are in accordance with the requirements of Articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2023.

In addition to this conclusion, as well as the opinion contained in this Independent Auditor's Report for the accompanying consolidated financial statements and Annual Report for the year ended 31

December 2023, we do not express any opinion on the information contained in these statements or on other information contained in the above-mentioned file.

The partner engaged in the audit, which resulted in this Independent Auditor's Report is Paško Anić-Antić.

Paško Anić-Antić
Croatian authorized auditor

Paško Anić-Antić

Director

29 April 2024

Russell Bedford Croatia – Revizija d.o.o.
Selska cesta 90B
10000 Zagreb
Republic of Croatia

IGH Group
Consolidated statement on financial position as at 31 December 2023

DESCRIPTION	Notes	2023 Thous. EUR	2022 Thous. EUR
Sales Revenue	4	**16.375**	**19.982**
Other operating income	5	**13.029**	**4.285**
Total revenue		**29.404**	**24.267**
Cost of consumables, raw materials and services	6	**(744)**	**(977)**
Cost of services	6	**(4.718)**	**(4.115)**
Staff costs	7	**(11.347)**	**(12.724)**
Other operating expenses	9	**(1.638)**	**(907)**
Total operating expenses		**(18.447)**	**(18.723)**
Depreciation	13 i 14	**(2.230)**	**(2.461)**
Impairments/value adjustment of other fixed assets	8	**(171)**	**(2)**
Value adjustment of receivables	8	**(370)**	**(189)**
Total depreciation and impairment		**(2.771)**	**(2.652)**
Financial revenue	10	**311**	**594**
Financial expenditure	11	**(4.647)**	**(1.623)**
Pre-tax profit		**3.850**	**1.863**
Corporate tax	15	**1.135**	**139**
Current year profit		**4.985**	**2.002**
equity holders		**4.983**	**2.009**
holders of a minority interest		**2**	**(7)**
Earnings per share (Euro)		3,37	3,32
Other comprehensive income			
not to be reclassified through profit and loss			
Exchange rate differences from foreign operations		**39**	**(12)**
Other comprehensive profit		**39**	**(12)**
Total comprehensive profit for the year		5.024	**1.990**
equity holders		5.022	**1.997**
holders of a minority interest		2	**(7)**

Notes given in attachment comprise an integral part of these consolidated annual financial statements

IGH Group
Consolidated statement on financial position as at 31 December 2023

DESCRIPTION	Notes	2023 Thous. EUR	2022 Thous. EUR
IMOVINA			
Non-current assess	*13*	**20**	220
Property, plants and equipment	*14*	**8.017**	8.399
Investment in property		**33**	33
Investments in related parties and other investments	*15*	**1.986**	1.991
Loans and deposits given	*17*	**17**	41
Trade receivables and other receivables	*16*	**163**	199
NON-CURRENT ASSETS TOTAL		**10.236**	10.883
Inventories		**75**	92
Trade receivables and other receivables	*16*	**3.196**	5.005
Loans given and deposits	*17*	**3.975**	3.601
Accrued income and prepaid expenses	*20*	**572**	866
Contract assets	*21*	**567**	504
Cash in bank	*18*	**434**	513
CURRENT ASSETS TOTAL		**8.819**	10.581
Non-current assets held for sale	*19*	**1.632**	1.632
TOTAL ASSETS		**20.687**	**23.096**
EQUITY AND LIABILITIES			
Share capital	*22*	**14.815**	15.476
Own shares	*23*	**(484)**	(484)
Reserves for own shares	*23*	**192**	192
Other reserves	*23*	**134**	134
Capital reserves	*23*	**(34)**	(34)
Revaluation reserves	*24*	**2.507**	5.518
Accumulated losses		**(13.315)**	(33.861)
Noncontroling interest		**63**	**61**
EQUITY TOTAL		3.878	(12.998)
Loans and borrowings	*25*	**31**	48
Lease liabilities	*26*	**1.882**	3.237
Provisions	*27*	**987**	1.456
Deferred tax liabilities	*12*	**440**	1.128
Trade and other payables	*28*	**26**	**26**
LONG-TERM LIABILITIES TOTAL		**3.366**	**5.895**
Loans and borrowings	*25*	**4.583**	19.914
Lease liabilities	*26*	**1.356**	1.658
Trade and other payables	*28*	**6.077**	6.088
Liabilities for advances received	*29*	**788**	930
Liabilities for deposits received	*29*	**41**	37
Provisions	*27*	**338**	323
Contract liabilities	*21*	**137**	138
Accrual and deferred income	*30*	**123**	1.111
CURRENT LIABILITIES TOTAL		**13.443**	**30.199**
EQUITY AND LIABILITIES TOTAL		**20.687**	**23.096**

INSTITUT IGH d.d.
Separate statement of changes in equity for the year ending on 31 December 2023

Thous. EUR	Share capital	Capital reserves	Own shares	Reserves for own shares	Other reserves	Revaluation reserves	Accumulated loss	Capital attributed to the shareholders of the company	Non-controlling minority interest	TOTAL
Status on 31 December 2021	**15.476**	**(34)**	**(484)**	**192**	**199**	**5.920**	**(34.295)**	**(13.025)**	**69**	**(12.957)**
Reserves for bonus and option shares	0	0	0	0	(66)	0	0	(66)	0	(66)
Transfer from revaluation reserves	0	0	0	0	0	(368)	368	0	0	0
Effect of alterations of accumulated loss from earlier periods	0	0	0	0	0	0	(1.891)	1.891	0	(1.891)
Other changes	0	0	0	0	0	(34)	(45)	0	(1)	(62)
Current year profit	0	0	0	0	0	0	2.002	2.009	(7)	2.002
Other comprehensive income	0	0	0	0	0	(12)	0	(12)	0	(12)
Total comprehensive income	0	0	0	0	0	(12)	2.002	1.997	(7)	1.990
Status on 31 December 2022	**15.476**	**(34)**	**(484)**	**192**	**134**	**5.518**	**(33.861)**	**(9.203)**	**61**	**(12.998)**
Status on 1 January 2023	**15.476**	**(34)**	**(484)**	**192**	**134**	**5.518**	**(33.861)**	**(9.203)**	**61**	**(12.998)**
Transfer from revaluation reserves	0	0	0	0	0	(3.036)	5.327	0	0	**2.291**
Other changes	(661)	0	0	0	0	25	10.234	0	0	**9.598**
Current year profit	0	0	0	0	0	0	4.985	4.983	2	**4.985**
Other comprehensive income	0	0	0	0	0	0	39	0	0	**39**
Total comprehensive income	0	0	0	0	0	0	5.024	5.022	2	**5.024**
Status on 31 December 2023	**14.815**	**(34)**	**(484)**	**192**	**134**	**2.507**	**(13.315)**	**(4.181)**	**63**	**3.878**

Notes given in attachment comprise an integral part of these consolidated annual financial statements

INSTITUT IGH d.d.
Separate statement of cash flow for the year ending 31 Dec 2023.

	2023	2022
Cash flow generated from operations		
Profit(loss) before taxation	3.850	1.863
Adjustments:		
Depreciation	2.240	2.461
Value adjustments from receivables	155	(21)
Income from interest	(2)	5
Interest expenses	(674)	723
Net decreases in provisions	(454)	(76)
Gains from the sale of long-term tangible and intangible assets	780	0
Write-off of liabilities	0	(3.661)
Other adjustments for non-financial transactions and unrealised profit and losses	9.922	(85)
Result from operating activities before changes in working capital	15.817	1.209
Decrease (Increase) of receivables	1.843	1.068
Decrease of contract assets	(64)	81
(Decrease) Increase of current liabilities	(16.466)	(572)
(Decrease) of contract liabilities	(1)	(140)
Net cash flow from operating activities before interests and tax	(14.688)	437
Net cash flow from operating activities	**1.129**	**1.646**
Cash flows from investment activities		
Outflow for purchase of non-current tangible and intangible assets	0	(307)
Cash outflows for loans and deposits	(389)	**0**
Cash receipts from loans provided	0	**43**
Net cash flow from investment activities	**(389)**	**(264)**
Cash flows from financial activities		
Cash receipts from loan principal, loans and other borrowings	538	1.201
Cash outflows for repayment of principal loans and bonds	0	(1.004)
Cash outflows for rent	(1.357)	(1.935)
Net cash flow from financial activities	**(819)**	**(1.738)**
Net increase or decrease in cash flows	(79)	(356)
Cash and cash equivalents at beginning of the period	513	869
Cash and cash equivalents at the end of the period	**434**	**513**

Notes given in attachment comprise an integral part of these separate annual financial statements

1. General information

Foundation and development

Institut IGH d.d., Zagreb, Janka Rakuše 1, Croatia (the Company), VAT/OIB 79766124714, entered in the Commercial Court Register in Zagreb under the registration number 080000959.

Company shares, mark IGH-R-A, ISIN: HRIGH0RA0006 are listed on the Zagreb Stock Exchange.

The consolidated financial statements shall comprise members of the IGH Group of eight related companies as follows:

- IGH Mostar d.o.o., Mostar
- IGH Business Advisory d.o.o., Zagreb
- Incro d.o.o., Zagreb
- IGH Projektiranje d.o.o., Zagreb
- DP AQUA d.o.o., Zagreb
- ETZ Ekonomsko tehnički zavod d.d., Osijek
- Marterra d.o.o., Zagreb
- Slavonija Centar, business zone, Velika Kopaonica d.o.o.

IGH Group is engaged in professional and scientific research in the field of civil engineering which includes: design, elaboration of studies, technical supervision, consulting, investigation works, and proof of serviceability, laboratory testing and calibration. The Company is certified for these activities in accordance with the Sustainable Development Standards: EN ISO 9001, EN ISO 14001, EN ISO 45001.

The headquarters of the IGH Group is located at Janka Rakuše 1, Zagreb, Republic of Croatia. Except business operations run from the registered office, IGH Group conducts its business through subsidiaries in Georgia, Russia, Bosnia and Herzegovina, North Macedonia, Armenia, Hungary and Kosovo.

Company Bodies:

General Assembly

Chairman - Žarko Dešković

Members of the General Assembly are individual Company shareholders or their proxies.

Supervisory Board
In 2023, the Supervisory Board of Institut IGH d.d. consisted of 5 members, as follows:
- Žarko Dešković - Supervisory Board Chairman from 28 January 2021
- Mariyan Tkach – appointed Deputy-Chairman of the Supervisory Board on 26 August 2020
- Sergej Gljadelkin (OIB 50886241583) – Supervisory Board member
- Igor Aleksandrov Tkach – Supervisory Board member
- Marin Božić – Supervisory Board member

The Management Board of the Company and the Group
On 31 Dec 2023, the Management Board consists of 1 member:
- Robert Petrosian – Director, represents the Company solely and independently

Company and Group Procurators representing the Company with another Procurator include:
- Željka Sikaček
- Marija Đuroković, from 4 July 2023
- Senka Žaja, from 4 July 2023

•Tatjana Bičanić, from 4 July 2023

The Audit Committee of the Company and the Group consists of three members:
•Gerhard Sattler
•Nadica Šalov
•Sergej Sergejević Gljadelkin

2. Basis for preparation

2.1 Statement of compliance – the Company

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), valid throughout the EU.

IGH Group conducts its accounting records in the Croatian language, in Croatian Kuna, in accordance with Croatian laws and the accounting principles and practices observed by enterprises in Croatia.

These consolidated financial statements were authorised for issue by the Management Board 29 April 2024.

The consolidated financial statements for the year ended 31 December 2023 are available at the company's web site https://www.igh.hr/.

2.2 The adoption of new standards, interpretations and changes to International Financial Reporting Standards („IFRS")

The first application of the new amendments of existing standards in force to the ongoing reporting period

In the ongoing reporting period, the following amendments to existing standards published by the International Accounting Standards Committee (IASC) and adopted by the European Union and are effective.

Standard	Name
MSFI 17	New IFRS 17 "Insurance contracts" including amendments to IFRS 17 published in June 2020 and December 2021
Amend. IAS 1	Disclosure of accounting policies
Amend.IAS 8	Definition of accounting estimates
Amend. IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction
Amend. IAS 12	International tax reform – Pillar II Rule model

The adoption of new standards did not lead to material changes in the disclosures or amounts presented in these financial statements.

Standards and amendments to existing standards published by the OMRS and adopted in the European Union but not yet in force

At the date of approval of these financial statements, the following amendments to the existing standards published by the OMRS were published, but not in force, and were adopted in the European Union

Standard	Name	Date of entry into force
Amendments to IFRS 16	Lease obligation in sale-leaseback transactions	1 Jan 2024
Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with	1 Jan 2024

	contractual terms	

New standards and amendments to existing standards published by THE OMRS but not yet adopted in the European Union

IFRS currently adopted in the European Union do not differ significantly from those adopted by the International Accounting standards Board (OIAS), with the exception of the following new standards and amendments to existing standards, the adoption of which has not yet been decided by the European Union on one year (the dates of entry into force mentioned below refer to IFRS issued by the OIAS):

Standard	**Name**	**Status of adoption in the EU**
Amendments to IAS 7 and IFRS 7	Financing agreements with suppliers (Effective date set by IASB: 1 January 2024)	Not yet adopted in the EU
Amendments to IAS 21	Inability to replace (Effective date set by the IASB: 1 January 2025)	Not yet adopted in the EU
IFRS 14	Regulatory deferral (Effective date set by the IASB: 1 January 2016)	The European Commission has decided to postpone the procedure for the adoption of this transitional Standard until the publication of its final version
Amendments to IFRS 10 and IAS 28	Sale or subscription of assets between the investor and its affiliated entity or joint venture and subsequent modifications (IASB postponed the date of entry into force for an indefinite period, with earlier application permitted)	Adoption procedure postponed until completion of the research project on the topic of application of the share method

IGH Group is currently assessing the impact of new standards and amendments to existing standards on its financial statements. IGH Group expects that the adoption of these new standards and amendments to the existing standards will not lead to significant changes in the financial statements during the first application of the standards

2.3 Basis for measurement

The financial statements are presented in accordance with the historical cost convention, except for the following:

- Revaluations of the value of land and buildings as stated in Note 3.10 (i)
- Investments in real estate as stated in Note 3.12.
- Assets at fair value through other comprehensive income as stated in Note 3.19
- Non-current assets intended for sale as stated in Note 3.23
- The methods used to measure the fair value are presented in Note 3.24.

2.4 Functional currency and presentation currency

(a) Fundamental and Reporting currency

The items included in the financial statements of the Company are reported in the currency of the primary economic environment in which the Company operates (functional currency). Since the Republic of Croatia introduced the Euro as the official currency from 1 January 2023 in accordance with the Act on the introduction of the Euro as the official currency in the Republic of Croatia, the Company changed the presentation currency from HRK to EURO for the purpose of preparing financial statements for the year ended 31 December 2023. The financial statements for the year ended 31 December 2023 were first prepared in thousands EUR. The Euro is also the functional currency of the Company from 1 January 2023 (until 1 January 2023 the functional currency was the HRK).

Although the change in the presentation currency in the financial statements constitutes a change in accounting policy, requiring retroactive application, the Company did not disclose the third balance sheet in the financial statements for the year ended 31 December 2023 in accordance with International Accounting Standard 8 (IAS) Accounting Policy, changes in Accounting estimates and errors, as it found that the change in the presentation currency had no significant impact on the financial statements of the Company, due to the stable exchange rate of HRK/EUR in recent years.

The level of rounding shown in the accounts is in thousands of Euros.

2.5 Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires the Management to make judgments, estimates and assumptions that affect the application of policies and amounts published for assets and liabilities, income and expenses. Estimates and associated assumptions are based on historical experience and various other factors, which are believed to be reasonable under the circumstances, the result of which forms the starting point for creating estimates of the value of assets and liabilities, which cannot be obtained from other sources. Actual results may differ from such estimates.

These estimates and respective assumptions are subject to regular reviews.

The impact of an estimate correction is recognized in the period in which the estimate was corrected if the correction affects only the period in which it was made or in the period in which the correction was made and future periods if the correction affects current and future periods.

Judgments made by the Management in the application of IFRS, which have a significant impact on the financial statements and judgments where the risk of materially significant adjustments in the next year is high, are listed in note 3.1.

2.6 Going concern

During 2013, INSTITUT IGH d.d. initiated pre-bankruptcy settlement proceedings. On the basis of this, the Company concluded an agreement with creditors on the restructuring of liabilities, and limited the exposure arising from co-debtor relationships with certain related companies. Regardless of the financial restructuring, the Company increased the capital (recapitalized) at that time by issuing new shares and initiated the process of selling certain assets in order to ensure the necessary solvency.

The pre-bankruptcy settlement procedure was successfully completed through a Decision of the Commercial Court in Zagreb no. 72. Stpn- 305/13 of 5 December 2013 which approved the conclusion of the Pre-bankruptcy settlement between the debtor, Institut IGH d.d. and the creditor of the Pre-bankruptcy settlement. The Pre-bankruptcy settlement became final on 28 December 2013. The effects and the fulfilment of the Pre-bankruptcy settlement are described in detail in note 35. As of 15 February 2024, the Company settled all pre-bankruptcy settlement commitments which amounted 38 thous. Euro on 31Dec 2023.

In order to improve the profitability of operations and core business, over the past years the Company has implemented a number of operational restructuring measures and has had a more active market access.

IGH Group recorded a decrease in sales revenues in 2023 compared to 2022 of HRK 3,607 thousand, but recorded operating profit in the amount of EUR 1,954 thousand (2022 profit amounting to EUR 2,002 thousand). The IGH Group's capital is positive at EUR 3.878 thousand (in 2022 the capital was negative at EUR 12.999 thousand). On 31 December 2023, short-term liabilities of the IGH Group exceed short-term assets by EUR 2.992 thousand (2022: short-term liabilities exceed short-term assets by EUR 17.987 thousand).

Since the final pre-bankruptcy agreement to 31 December 2023, the Company paid off a total of Euro 56.985 thousand of liabilities incurred before the start of the Pre-bankruptcy agreement proceedings. During 2023, the Company paid off Euro 1.414 thousand of PIK debt, Euro 9.316 thousand of senior debt and Euro 3.378 thousand of respective interest. With the balance sheet date, Senior debt due amounts to Euro 38 thousand which has been fully settled by 15 Feb 2024.

These financial reports have been prepared under the assumption of a going concern

In 2024, the IGH Group's management continued to adjust and change key business processes and activities that are necessary for ensuring the quality and stability of further business, with a focus on strategic goals and future development of the Company. In addition to all of the above, the Board considers that on the basis of business plans and concluded contracts, the Company is capable of continuing its operations. The closure of the pre-bankruptcy settlement is formally the main task of the Management Board, which is in the process of implementation, and it is expected to be concluded by 30 June 2024.

Below given is an outline of significant accounting policies adopted for the preparation of these financial statements. These accounting policies have been consistently applied for all periods included in these statements.

3. Principal accounting policies

3.1. Principal accounting judgements and estimates

Key judgements in the application of accounting policies

Preparing financial statements in accordance with IFRS requires the Management to produce judgments, estimates and assumptions that affect the application of policies and amounts disclosed for assets, liabilities, income and expenses. Actual results may differ from such estimates. Estimates and related assumptions are continuously reviewed. The impact of an estimate correction shall be recognised in the period during which the estimate has been corrected and in future periods if the correction affects current and future periods.

(I) Recognition of revenue

The IGH Group recognises revenues and costs under contracts from the design activity based on an assessment of the degree of completion of the contracted operations at the balance sheet date, which requires a certain degree of judgement. If it is not possible to reliably assess the outcome of the contract, revenue under the contract shall be recognised to the extent that the costs incurred by the contract are likely to be recoverable. Contract costs shall be recognised as expenditure of the period in which they are incurred. If the total costs of the contract are likely to exceed the total revenues of the contract, the expected losses shall be recognised immediately as a cost.

(ii) Lifetime of real estate, plant and equipment

The IGH Group shall review the estimated lifetime of the property, plant and equipment at the end of each annual reporting period. There was no change in the lifetime estimates of fixed assets during the year.

The IGH Group regularly checks the recoverability of the assets individually, and if there are indications of impairment, the same shall be done up to the estimated recoverable value.

(iii) Pre-bankruptcy settlement and going concern

The Company shall consider all material information relating to all key risk factors, assumptions and uncertainties that it is aware are relevant to the IGH Group's ability to continue to operate under the assumption of a going concern.

The IGH Group continuously invests maximum efforts with the aim of increasing operational business, and the year 2023 is significant for the settlement of almost the entire debt from the pre-bankruptcy settlement.

The pre-bankruptcy debt as at 31 Dec2023 amounts to Euro 38 thousand and has been fully settled by 15 Feb 2024. The IGH Group points out that it also actively settles liabilities towards other creditors through the sale of non-operating real estate and through refinancing of the operative part of debt. Looking at a stable contract base, a successful deleveraging towards non-financial institutions as well as all information on the progress of restructuring of debt towards financial institutions, the IGH Group considers that it meets all operating requirements under the assumption of going concern.

(iv) Valuation of liabilities according to pre-bankruptcy settlement

The IGH Group has reduced its obligations related to loan obligations that will be settled from the IGH Group's real estate, in accordance with the pre-bankruptcy settlement, to the fair value of the corresponding real estate. The Management took the estimated value of real estate as the reference value of liabilities.

3.2. Investments in subsidiaries

Subsidiaries are companies over which the INSTITUT IGH d.d. has business control, directly or indirectly. Control is achieved when the Company has the right to manage the company's key activities, and as a consequence is exposed to variable returns as a result of such activities.

Investments in subsidiaries are initially recognized at cost, and subsequently at cost less impairment. Impairment testing of investments in subsidiaries is carried out on an annual basis.

3.3. Investments in associated companies

Associated companies are companies in which the Company has significant influence, but does not have control. Significant influence is the power to participate in decisions about the financial and business policies of the entity in which the investment was made, but it does not represent control or joint control of these policies. Investments in associated companies are initially recognized at cost, and subsequently at cost less impairment. Impairment testing of investments in subsidiaries is carried out on an annual basis.

Transactions eliminated in consolidation

The balance and transactions among Group members and all unrealised profit from transactions among Group members are eliminated at consolidation of the financial statements. Unrealized profit from transactions with companies with shareholdings and mutual companies where the Company shares control with other owners is eliminated up to the Company share level in such companies. Unrealized profit from transactions with companies with shareholdings is eliminated by a decrease of investment into that company. Unrealized losses are eliminated in the same way as unrealized profit but only up to the amount which does not represent permanent decrease of assets.

Transactions with non-controlling interests

Non-controlling interests in subsidiaries are included in the comprehensive capital of the Group.

Losses from non-controlling interests in subsidiaries are added to the non-controlling interests in situations when the non-controlling interest are shown with a negative value. Adjustment of non-controlling interest is based on the proportional amount of net assets of the subsidiary without goodwill adjustment and recognition of profit or loss in the profit and loss account.

Transactions with non-controlling interest which result in loss of control over the subsidiary are treated by the Group as transactions with majority owners of the Group When purchasing shares from non-controlling interest, the difference between the paid sum and the respective gained share of the book value of the subsidiary's net assets is shown as capital. Gains and losses from sale of non-controlling interest are also shown as capital.

Loss of control

After the loss of control over a subsidiary, the Group ceases to recognize its assets and liabilities, any minority interest or other components of capital and reserves. Any surplus or deficit resulting from loss of control is recognized in the profit and loss. If the Group retains a part in the subsidiary, such part is shown at fair value at the day the control ceases to exist. After that, it is shown as investment valued according to the equity method or as financial assets available for sale, depending on the level of retained influence.

Goodwill

Goodwill, created by business merger is recognized as cost at the date of acquisition, decreased by any loss owing to decreased value. For the purpose of testing for decrease, goodwill is distributed to every cash generating unit of the Group (or groups of such units) where benefits from synergy, i.e. merger are expected. Cash-generating units to which goodwill is distributed undergo annual check for decreased value, or more often if there are indications of its possible decrease in value. If the reimbursable amount of the cash-generating unit is lower than its book value, the loss created by the decrease is distributed so as to decrease the book value of goodwill distributed to the unit, and after, that proportionally to other property of the cash-generating unit on the basis of the book value of every item in that cash-generating unit. Loss due to decrease of goodwill value is directly recognized as profit or loss in the consolidated statements on comprehensive income. Once recognized loss from decrease of goodwill is not annulled in the next periods.

When disposing of the cash-generating unit, respective amount of goodwill becomes a part of the profit or loss from sale.

3.4. Revenue

Policies for recognition of revenue and enforcement obligations

Revenue is measured on the basis of fee specified in the contract with the customer. IGH Group recognizes revenue when it transfers control of a good or service to a customer. The transfer of control over goods or services may take place either continuously (revenue recognition over time) or on a specific date (recognition at a point in time, upon completion). Before revenue is recognized, the IGH Group identify the contract as well as the various obligations of performance contained in the contract. The number of obligations regarding performance depends on the type of contract and activity. Most contracts of the IGH Group involve only one obligation of performance.

Recognition of revenue in accordance with IFRS 15 is applicable to the following sources of revenue:

(i) Construction contracts

The main revenue generated by the IGH Group from construction contracts comes from design, study, supervision, consulting services, laboratory services, survey works and scientific research work for the reconstruction and construction of roads and other civil engineering structures.

In accordance with the main IFRS 15 principles, the IGH Group’s accounting policies for recognizing revenue from contracts with customers reflect:

- the dynamics by which contractual obligations are fulfilled, corresponding to the transfer of goods or services to the customer;
- the amount the seller expects to be entitled to receive as compensation for their activities.

Contractual terms and the way in which the IGH Group manages construction contracts are mainly derived from projects that contain a single performance obligation. IGH Group use a cost-based method to measure progress to the completion of construction work i.e. the Management has chosen to use the input method to calculate revenue (expenses incurred until a certain date) from the construction contract

Changes to the contract (relating to the price and/or scope of the contract) are recognized when approved by the client. If the changes relate to new products or services that are considered different and when the contract price increases by an amount reflecting the "standalone selling price" of the additional products or services, the changes are recognized as a separate contract. When a third party (such as a subcontractor) is involved in the delivery of a good or service, IGH Group determine if it assumes control of that product or service before it is transferred to the client. If control is taken before the transfer to the client, the IGH Group recognize as revenue the gross amount it expects to be entitled to receive on handover. In cases where control is not taken, IGH Group consider that it is not the originator in the transaction and recognizes as income only the amount corresponding to its remuneration as an intermediary.

The cost of obtaining a contract that would not have been incurred had the IGH Group not obtained the contract is recognized as an asset if it is recoverable and is depreciated over the estimated contract life.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of the contract costs incurred that are likely to be recoverable. The expected contract loss is recognized immediately in the profit and loss account.

Contractual assets and contractual liabilities

Contractual liabilities are entered when the client has made payment for goods or services, and the IGH Group did not fulfil their obligation by delivering these goods or services. If the IGH Group delivered the goods or services to the client and the client did not pay for these, and the right to compensation is not conditioned by anything except by passing of time until maturity, receivables are recognized. Contractual assets are recognized if the right to compensation is conditioned by something else (e.g. by executing some other obligation).

(ii) Income from state aid

State aid is recognized when there is a reasonable belief that the IGH Group will fulfil the conditions under which the aid is given and a reasonable belief that the said aid will be given. Accordingly, the Company, i.e. IGH Group do not recognize State aid until there is sufficient assurance that the IGH Group will meet the requirements set for the State aid and that the aid will be received. State aid is recognized as profit or loss on a systematic basis over the period in which the costs for which the aid is intended to be covered are recognized. Receivables for State aid to compensate for expenses or losses already occurred, or for the purpose of providing immediate financial support to the entity without future related costs, are recognized as profit or loss of the period in which the receivables were incurred.

(iii) Financial revenue and costs

Financial revenue and costs comprise interest payable on loans and borrowings using the effective interest method, interest receivable on funds invested, dividend income, gains and losses from foreign exchange differences and gain/ losses from sale of investment in subsidiaries. Income from the write-off of financial liabilities is also reported within Financial revenue.

Income from interest is recognised in the profit and loss account on an accrual basis using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date when the Company's right to pay the dividend is established.

Financial costs comprise accrued interest on loans, changes in fair value of financial assets at fair value through profit or loss account, impairment losses from financial assets and losses from exchange rate differences. Costs from borrowings are recognised in the Profit and Loss Account using the effective interest rate method.

(iv) Revenue from rent

Revenue from rent is recognized in the period when the rent was provided and refers to operative rent.

3.5. Leases

a) Impact on the accounting of the Lessee

At the initial recognition these assets are evaluated on the basis of cash flows of the lease agreement. After initial recognition, the right of use will be valued according to international standards for assets under IAS 16, IAS 38 or IAS 40 and therefore applying the cost model, decreased by accumulated depreciation and accumulated impairment losses, the revaluation model or the fair value model.

In order to calculate the rent and respective asset with the right of use, discounting of future lease payments according to an appropriate discount rate is done. Thus, future rent payments which are discounted are determined according to contractual provisions, without VAT, since the obligation to pay this tax occurs when the invoice is issued by the Lessor and not on the day of the start of Lease Contract.

In order to calculate the rent, discounting of future lease payments is done according to an implicit discount rate, or, if unavailable, at an incremental borrowing rate. The incremental borrowing rate is determined based on the financing cost of liabilities of a similar duration and security as those in a lease agreement. When defining the duration of the lease, a period of irrevocability must be considered defined in the Contract, where the Lessee has the right to use the subject asset also considering potential extension options, if the Lessee is reasonably certain of the extension. In fact, when looking at the contracts which allow the Lessor to tacitly extend the Lease Contract after the first period, the period of lease is determined on the basis of facts such as the length of the first lease period, possible plans for the sale of the leased asset and any other circumstance indicating a reasonable safety of extension.

An exception to this are low value lease contracts (up to 30 thousand HRK) and short duration contracts which are recognized as costs in the period to which they refer.

The IGH Group leases certain plants and equipment. Finance leases are capitalised at the beginning of the lease at the lower of the fair value of the leased property or the present value of minimum lease payments. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of finance costs is charged to profit or loss over the lease period. The property, plants and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

3.6. Foreign currencies

Transactions and balances in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into the functional currency at the foreign exchange rate prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and items that are measured in terms of historical cost of a foreign currency are not converted per new exchange rate. Non-monetary assets and liabilities denominated in foreign currency that are stated at historical cost are converted into the functional currency at the foreign exchange rate prevailing at the date of the transaction.

Official exchange rate of GEL on 31 December 2023 was 2,9324 GEL for 1 EURO (31 Dec 2022: 2,6112 GEL for 1 EURO).

Official exchange rate of B&H currency on 31December 2023 was 1,95583 BAM for 1 EURO (31 Dec 2022: 1,95583 BAM for 1 EURO).

Official exchange rate of Georgian currency on 31 December 2023 was 61,634498 MKT for 1 EURO (31 Dec 2022: 61,6 MKT for 1 EURO).

Items included in the financial statements of subsidiaries are expressed in the currency of its respective primary economic environment in which the subsidiary operates, and which is the reporting currency. Separate financial statements are presented in Croatian Kuna, also the functional currency of the parent Company.

Revenue and expenditures and cash flows from foreign undertakings are recalculated into the functional currency of the Group using the exchange rate which most accurately represents the exchange rate on the day of the transaction, and their assets and obligations are recalculated according to exchange rate value at the end of the year.

Net investment into Group members

Exchange rate differences from recalculation of the net investment into foreign undertakings are recognized as part of the principal amount. When selling the foreign undertaking, exchange rate differences are recognized in the profit and loss account as part of profit or loss from sale. Exchange rate differences from recalculation of foreign currency, owing to its non-material amount, are included in the accumulated loss amount.

3.7. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the surrender value is recognised in the comprehensive income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings from creditors classified as "Secured Creditors" (Note 25) are carried at fair value of the property under mortgage for the borrowings in question, since the collection of the relevant borrowings is possible solely from the mortgaged property

3.8. Dividend

Dividend distribution to the Company’s shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company’s General Assembly of Shareholders.

3.9. Taxation

Corporate tax

The income tax charge comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted at the reporting date, and any adjustments to tax payable in respect of previous periods.

(i) Deferred tax assets and liabilities

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business merger and that affects neither accounting nor taxable profit as well as differences relating to investments in subsidiaries and mutually controlled companies when it is likely that the situation will not change in the near future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(ii) Tax exposure

In determining the amount of current and deferred tax, the IGH Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period when a decision is made.

Value Added Tax (VAT)

The Tax Administration requires the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the financial position statement, on a net basis. Where receivables have been impaired, impairment loss is recorded in the gross amount of receivables, including VAT.

3.10. Property, plants and equipment

(i) Land and buildings

Following initial recognition at cost, land and buildings are recognized at revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any impairment.

Fair value is based on the market value, being the estimated amount for which an asset could be sold on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

When the carrying amount is increased as a result of revaluation, this increase should be recognised directly in other comprehensive income under revaluation reserves. The revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

When the carrying amount is decreased as a result of revaluation, this revaluation decrease should be recognised directly in revaluation reserves to the extent that the decrease does not exceed the amount held in the revaluation reserve for the same asset, while the remaining amount is charged to expenses for the period.

A valuation is performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Certain land and buildings are derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains or losses arising from derecognition of lands and buildings (calculated as the difference between the net disposal proceeds and the carrying amount of the item) are included in profit or loss when they are derecognised.

The relevant portion of the revaluation surplus, realised in the previous valuation, is released to profit or loss from the surplus of the valued assets upon the disposal of the revalued asset.

Also, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Based on the revaluation performed by independent valuers, the Company has revalued its properties and created revaluation reserves that are transferred to retained earnings/accumulated losses in accordance with the adopted depreciation policy.

Gains and losses from disposal of land and buildings are recognised within other income or expenses in the profit and loss account. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

(ii) Plants and equipment

Plants and equipment are initially included in the financial statement at cost less accumulated depreciation and accumulated impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Following initial recognition at cost, plants and equipment are carried at revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on plants and equipment and any impairment.

Fair value is based on the market value, being the estimated amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

(iii) Assets with right of use

Assets with the right of use are shown in the statement of financial position according to the calculated discounted method depending on the period of use.

Gains and losses from the termination of property rights are recognized within the profit or loss account, within other income or expenses.

When the carrying amount is increased as a result of revaluation, this increase should be recognised directly in other comprehensive income under revaluation reserves. The revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

When the carrying amount is decreased as a result of revaluation, this revaluation decrease should be recognised as expenditure. This revaluation decrease directly impacts the revaluation reserves to the extent that the decrease does not exceed the amount held in the revaluation reserve for the same asset.

A valuation is performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Certain land and buildings are derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains or losses arising from derecognition of lands and buildings (calculated as the difference between the net disposal proceeds and the carrying amount of the item) are included in profit or loss when they are derecognised.

The relevant portion of the revaluation surplus, realised in the previous valuation, is released to profit or loss from the surplus of the valued assets upon the disposal of the revalued asset and during its use.

Also, accumulated depreciation on the revaluation date is excluded from the gross book value of the asset, and the net amount is adjusted to the revalued amount of the asset.

Based on the revaluation performed by independent valuers, the Company has revalued the value of equipment classified in the depreciation groups - Laboratory equipment and Measuring and control devices, and created revaluation reserves that are transferred to retained earnings / accumulated losses, in accordance with the adopted depreciation policy.

Gains and losses from disposal of equipment are recognized within profit or loss within other income or expenses. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

(iv) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(v) Depreciation

Land and assets under construction are not depreciated. Depreciation of other property items, plants and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives or to their residual values as follows:

Buildings	20 years
Plants and equipment	1 to 8 years
Other	10 years

The remaining value of an asset is the estimated amount that the Company would currently obtain from the sale less the estimated costs of sale, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

If an asset's carrying amount is greater than its estimated recoverable amount, the difference is written-off to its revocable amount.

Gains and losses from sale are determined as the difference between the income from sale and the carrying amount of the sold asset, and are recognised in profit or loss within other income/expenses.

3.11. Intangible assets

Patents, licences and software

(i) Ownership of assets

Patents, licenses and computer software are capitalized on the basis of acquisition costs and costs arising from bringing assets into working condition.

(ii) Subsequent costs

Subsequent costs are capitalised only if they increase future economic benefits arising from the asset. All other costs are treated as costs in the profit and loss account, in the period as incurred.

(iii) Depreciation

Intangible assets under construction are not depreciated. Depreciation of other intangible assets is calculated using the straight-line method to allocate their cost over their estimated useful lives or to their residual values as follows:

Right to use property of third parties 1 to 2 years; Software, content and other assets 1 to 2 years

(iv) Goodwill

Goodwill represents the difference between the acquisition cost and the fair value of the Group's share in the net identifiable assets of the acquired subsidiary, the recognized amount of the non-controlling interest and the fair value of the previous share at the date of acquisition. Goodwill arising from the acquisition of a subsidiary is reported under intangible assets.

3.12. Investment into property

Investment into property is recognised as an asset when it is likely that future economic benefits from investment into property will inflow into the IGH Group and when the cost of investment can be reliably measured. Investment into property includes property held either to earn rental income or for capital appreciation or both.

Investment into property is initially recognised at cost including transaction costs incurred. Subsequently, investment into property is measured at fair value reflecting market conditions at the balance sheet date. Profit or loss from changes in fair value of investment into property is recognised in the profit or loss account of the period in which they are incurred.

3.13. Inventories

The cost of work in progress and finished goods comprise raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Trade goods are carried at the lower than purchase cost and sales price (less applicable taxes and margins). Small inventory and tools are written-off when put into use.

3.14. Trade receivables

Trade receivables are amounts that relate to services sold in the ordinary course of business. If collection is expected within one year, the receivable is shown within current assets, and if not, then the receivable is shown within non-current assets. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any expected credit loss. Business model for management of receivables is an amortised cost model, a business model that is achieved by holding financial assets to collect contractual cash flows (principal and interest).

Impairment provisions for trade receivables and contractual assets are measured at an amount equal to the expected credit losses over the life of the loan, i.e. by applying a simplified approach to expected credit losses.

The IGH Group uses historical observations (over a minimum of 2 years) to measure the expected credit losses of the Company on the days when the receivables are delayed, adjusted for estimated future expectations in the collection of receivables. Trade receivables are broken down by ageing structure.

Receivables are impaired and impairment losses for individual customers are incurred if there is objective evidence of impairment arising from one or more events after the initial recognition of the asset when that event affects the estimated future cash flows of the receivable that can be reliably determined. Objective evidence of impairment of financial assets for expected credit losses includes:

- Significant financial difficulties with the issuer or debtor and/or
- Breach of contract, such as late payment or non-payment of interest or principal and/or
- The likely initiation of bankruptcy or financial restructuring with the debtor

3.15. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to known amounts of money with original maturities of up to three months or less and which are subject to a slight risk of change in value. Cash and cash equivalents are measured at amortized cost because: (i) they are held for the purpose of collecting cash flows from contracts that represent an SPPI, and (ii) they are not reported as FVTPL.

3.16. Share capital

Share capital consists of ordinary shares. Gains directly attributable to the issue of new shares or options are shown in equity as a deduction, net of income tax, from the proceeds. Any excess of the fair value of the consideration received over the nominal value of the shares issued is presented in the notes as a share premium.

Where the IGH Group purchases its equity share capital (own shares), the consideration paid, including any directly attributable transaction costs (net of income taxes), is deducted from equity attributable to the IGH Group's shareholders until the shares are cancelled or reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction costs and the related income tax effects, and is included in equity.

3.17. Employee benefits

(i) Pension obligations and post-employment benefits

In the normal course of business, through salary deductions, the IGH Group makes payments to mandatory pension funds on behalf of its employees, as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The IGH Group is not obliged to provide any other post-employment benefits.

(ii) Severance pay

Severance pay are payable when employment is terminated by the IGH Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The IGH Group recognises severance pay benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing severance pay as a result of an offer made to encourage voluntary redundancy.

(iii) Regular retirement benefits

Benefits falling due more than 12 months after the reporting date are discounted to their present value based on the calculation performed at each reporting date by an independent actuary, using assumptions regarding the number of staff likely to earn regular retirement benefits, estimated benefit cost and the discount rate equal to the rate of return on bonds issued by the Republic of Croatia. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in profit or loss.

(iv) Share-based payments

As part of the long-term reward plan, the IGH Group employees receive share-based payments in exchange for the services they provide. The fair value on the date of approval is recognized as an employee expense, with the corresponding increase in capital and reserves during the period in which the employees exercise their unconditional right to the award. The recognized cost reflects the share of the total reward for the services rendered, and other non-market conditions that are expected to be met. The cumulative amount of the reward recognized on the date of reward reflects services rendered and non-market conditions satisfied.

3.18. Provisions

Provisions are recognised when the IGH Group have a current obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of discounting is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as the discount rate. Where discounting is used, the discounting impact in each year is recognised as a financial expense and the carrying amount of the provision increases in each year to reflect the passage of time.

3.19. Financial instruments

Non-derivative financial instruments

(i) Recognition and initial measurement

Trade receivables and issued debt securities are initially recognized at the time they arise. All other financial assets and financial liabilities are initially recognized when the IGH Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless the trade receivable has no significant financial component) or a financial liability is initially measured at fair value plus an item that is not carried at fair value through profit or loss, for transaction costs directly attributable to the acquisition or issue. Trade receivables without a significant financing component are initially measured at transaction cost.

(ii) Classification and subsequent measurement

Financial assets

Upon initial recognition, financial assets are carried at amortized cost, fair value through other comprehensive income - debt investment, fair value through other comprehensive income - investment in equity or fair value through profit or loss account.

Financial assets are not reclassified after initial recognition, unless the Company or IGH Group changes its financial asset management business model, in which case all financial assets are reclassified on the first day of the first reporting period after the business model has been changed.

Financial assets are measured at an amortized cost if they meet both of the following conditions and are not classified as assets at fair value through profit and loss account:

- It is within a business model aimed at holding assets to collect contractual cash flows; and
- Based on the contractual terms, on certain dates, it receives cash inflows that represent the sole payment of principal and interest on the outstanding principal amount.

All financial assets not classified as financial assets at amortized cost as described above are measured at fair value through profit and loss account.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses including all interest or dividend income are recognized in the profit and loss account.

Financial assets carried at amortized cost are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange differences and impairment losses are recognized in the profit and loss account. Any gain or loss from derecognition is recognized in the profit and loss account.

Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortized cost or at fair value through the profit and loss account. Financial liabilities are classified as financial liabilities at fair value through profit or loss when held for trading if it represents a derivative or if classified as such at initial recognition. Financial liabilities measured at fair value through the profit and loss account are measured at fair value, and net gain and loss, including all expenditure for interest, are recognized in the profit and loss account. Other financial liabilities are subsequently measured per amortized cost by applying the effective interest rate method. Expenditure for interest and gains and losses from exchange rate differences are recognized in the profit and loss account. Profit and loss at derecognition are also recognized in the profit and loss account.

(iii) Derecognition

Financial assets

The Company ceases to recognize financial assets when the contractual rights to cash flows from financial assets expire or if the Company transfers the rights to receive contractual cash flows in a transaction in which all key risks and rewards of ownership of the financial assets are transferred, or in which the IGH Group neither transfers nor retains all risks and rewards of ownership and does not retain control over financial assets.

The IGH Group enters into transactions in which it transfers assets recognized in the statement of financial position but retains all or almost all of the risks and rewards of the transferred assets.

In such cases, the transferred property does not cease to be recognized.

Financial liabilities

The IGH Group ceases to recognize a financial liability when its contractual obligations are fulfilled, cancelled or expired. The IGH Group also ceases to recognize a financial liability when its terms have changed and when the cash flows of the changed liability are materially different, in which case the new financial liability is recognized at fair value under the changed conditions.

Upon derecognition of a financial liability, the difference between the carrying amount and the amount paid (including any transferred non-monetary assets or liabilities) is recognized in the profit and loss account.

(vi) Netting

Financial assets and financial liabilities are netted and the net amount is disclosed in the income statement when, and only when, the Company currently has a legally enforceable right to offset amounts and intends to settle them on a net basis or to realize the assets and at the same time settle the liability.

Effective interest method

The effective interest method is a method that calculates the amortized cost of a financial asset and distributes interest income over the relevant period. Effective interest rate is the rate at which estimated future cash inflows, including any fees paid or received that are an integral part of the effective interest rate, then transaction costs and other premiums and discounts, are discounted over the expected life of the financial asset or a shorter period, if applicable.

Income from debt instruments other than financial assets designated at fair value through profit or loss is recognized on an effective interest basis, recognized on an effective interest basis.

3.20. Financial guarantee for the contracted obligations and financial liabilities

Financial guarantee of contractual obligations

The financial guarantee for the contractual obligation is initially measured at fair value and subsequently measured at a higher value:

- The amount determined in accordance with the model of expected credit losses according to IFRS 9 and
- The amount initially recognized, minus, if necessary, the corresponding cumulative effect recognized in accordance with the revenue recognition policy.

Financial liabilities, classification and measurement

Financial liabilities, including loans, are initially measured at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over a specified period. The effective interest rate accurately discounts estimated future cash payments over the expected life of the financial instrument or, where appropriate, for a shorter period to the gross carrying amount of the financial asset or the amortized cost of the financial liability, with the exception of financial assets less credit losses.

Financial liabilities are classified as financial liabilities at fair value through profit or loss when held for trading or as defined by the Company.

They are measured at fair value, and any related gain or loss is recognized in the profit and loss account, except for changes in the fair value of the liabilities resulting from changes in the Company's own credit risk that are recognized through other comprehensive income. The net gain or loss recognized in the profit and loss account also includes interest paid on a financial liability.

3.21. Operating segment reporting

The IGH Group identifies operating segments on the basis of internal reports about the Company components that are regularly reviewed by the chief operating decision maker (which is identified as being the Company's Management Board) in order to allocate resources to the segments and to assess their performance. Details on the operating segments are disclosed in Note 5 to the Financial Statements.

3.22. Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic and diluted earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

3.23. Non-current assets held for sale

Non-current assets held for sale are intended to settle the secured debt to financial institutions that have not waived their right to a separate settlement in the process of the pre-bankruptcy settlement. The estimated market value was determined based on the independent valuers’ report that was based on the cost method, the comparative method and/or the income method depending on the type of property. Additional information on valuation methods are set out in Note 19.

3.24. Determination of fair value

The IGH Group has an established control system framework with respect to fair value measurement which assumes the overall responsibility of the Management Board and the Finance Department in relation to monitoring all significant fair value measurements, consultation with external experts and the responsibility to report, with respect to the above, to those charged with corporate governance.

Fair values are measured using information collected from third parties in which case the Management Board and the Finance Department assess whether the evidence collected from third parties support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy where such valuations should be classified.

All significant issues related to fair values estimates are reported to the Supervisory Board.

Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in valuation techniques as follows:

- *Level 1* - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2* - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- *Level 3* - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded on active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded on an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the fair value estimate is included in level 3.

In preparing these financial statements, the IGH Group has made the following significant fair value estimates while preparing the financial statements as further explained in detail in the following notes:

- Note 14: Property, plants and equipment
- Note 15: Investments in related parties and other investments
- Note 19: Non-current assets held for sale.

4. Information on segments

IGH Group is organised into business units according to their locations and sectors of construction industry. Business units are engaged in designing, development of studies, supervision, consulting services, laboratory testing, survey work and scientific research.

Reportable segments are an integral part of the internal financial statements. The internal reports are regularly reviewed by the IGH Group Management Board that is also the chief operating decision maker, who assesses the success of business operations and makes business decisions.

Internal reporting of segment results is adjusted to business organisation and key indicators for each segment separately, and accordingly disclosure of this information is adjusted for the current year and previous period.

4.1 Revenue per segment

Set out below is an analysis of the IGH Group revenue and results by its reporting segments, presented in accordance with IFRS 8. The revenue presented below relates to third-party sales. Inter-segment revenues are eliminated when reporting. The Company's management reports net income in its internal reports, i.e. sales revenue less the cost of co-operation (shown in Note 6). Accordingly, segment revenues are presented at this level.

	2023	**2022**
DESCRIPTION	**Thous. EUR**	Thous. EUR
Design department	4.986	7.114
Supervision and Project Management Department	6.099	8.109
Department for Materials and Structures	4.635	3.800
Subsidiaries	487	654
Management and Administration	168	305
Total per segment	**16.375**	**19.982**

4.2 Revenue-per geographical area

	2023	2022
DESCRIPTION	**Thous. EUR**	Thous. EUR
The Republic of Croatia	**14.829**	16.586
Rest of the World	**1.546**	3.396
Total	**16.375**	**19.982**

4.3 Revenue per category

	2023	2022
DESCRIPTION	**Thous. EUR**	Thous. EUR
Revenue recognised over time	**15.801**	19.477
Revenue recognised at a point in time	**574**	505
Total	**16.375**	**19.982**

The Design Department's basic activity is the development of design and study documentation for transport infrastructure – roads, railways and airports, including all structures on the roads.

Water Engineering, Geotechnical and Environmental Protection Department is engaged in design and studies, demonstrating serviceability, investigations and measurement, modelling, planning, in all hydro technical fields as well as all other activities needed to solve engineering problems at the contact of soil (rocks) and structure.

Technical Supervision and Project Management Department carries out expert supervision of construction works in civil engineering, building construction and energy. In addition, the activity includes advisory services, conducting professional spatial planning, urban planning, design, feasibility studies, expert opinion and expert assessment, property valuation and construction costs.

The Department for Materials and Structures deals in tests and certification of building materials. With about 600 test methods accredited according to HRN EN ISO / IEC 17025, our laboratories meet the qualification requirements and make approximately 60% of all laboratories in Croatia accredited in the field of construction.

Regional centres Split, Rijeka and Osijek participate in almost all major and significant projects in their areas of service from study development, design (roads with all related facilities, water engineering structures, building construction etc.), conducting expert supervision and providing consultancy services, conducting survey works, laboratory testing and proof of serviceability, and scientific research work in the field of construction.

The accounting policies of the reportable segments are the same accounting policies as described in Note 3.20. Segment profit represents the profit earned by each segment without allocating central administration costs, depreciation, provisions, impairment, other revenue and other finance income and costs. The Company does not allocate assets and liabilities by segments.

5. Other operating revenue

	2	2
DESCRIPTION	**Thous. EUR**	Thous. EUR
Revenue from written-off liabilities /and/	8.892	3.661
Revenue from compensation, subsidies	105	81
Revenue from sale of assets	448	3
Revenue from rent	169	157
Revenue from cancellation of provisions	753	72
Revenue from subsequently collected receivables	155	211
Revenue from damages	8	3
Other revenue	2.499	97
Total	**13.029**	**4.285**

Revenue from liabilities write-off was achieved based on the Restructuring contracts of 25 March 2021 and it is part of process of the pre-bankruptcy settlement concluded on 05 December 2013 before the Commercial court in Zagreb, 72. Stpn-305/2013, which became valid on 28 December 2013. The written off debt was owed to B2 Kapital d.o.o. in the amount of 5.300 thousand Euro and Avenue Mehanizacija d.o.o. in the amount of 5.300 thousand Euro. Additionally, the net amount of real estate sales in Zadar, Pula and Velika Kopaonica is included under other revenues.

6. Costs of raw materials and consumables

	2023	2022
DESCRIPTION	**Thous. EUR**	Thous. EUR
Cost of raw material and consumables	91	160
Energy costs	641	763
Cost of small inventory and spare parts	12	54
Total	**744**	**977**
Cost of services		
Costs of transport, phone and postal services	**165**	181
Subcontractors	**3.060**	2.683
Cost of production services	83	177
Utilities	154	148
Maintenance costs	293	179
Rent	227	159
Other external costs	736	588
Total	**4.718**	**4.115**

7. Staff costs

	2023	2022
DESCRIPTION	**Thous. EUR**	Thous. EUR
Net salaries and wages	6.514	7.587
Taxes, contribution and other charges	3.824	4.411
Reimbursement of employee expenses (travel expenses, daily allowances, transportation)	521	665
Severance payments, assistance and other material rights of workers	403	61
Severance payments and other employee benefits	85	-
Total	**11.347**	**12.724**

On 31 December 2023, the IGH Group had 394 employees (2022: 468 employees). In 2023 , 487 thousand Euros were paid for non-taxable severance benefits and other material rights (2022: 61 thousand Euros).

In 2023 the IGH Group accounted for pension and other contributions 3.931 thousand Euros (in 2022 u 4.472 thousand Euros).

8. Value adjustments

DESCRIPTION	**2023**	2022
	Thous. EUR	
Value adjustment of non-current assets		
Value adjustment of investment into real property	171	2
Total	**171**	**2**
		Thous. EUR
Value adjustment of current assets		
Value adjustment of trade receivables	368	189
Value adjustment of other receivables	-	1
Total	**368**	**190**

The value adjustment of non-current assets in the amount of 386 thousand Euros refers to the regular adjustment of trade receivables(2022:189 thousand Euros), which is significantly increased compared to the previous year and relates to two partners. Active collection of receivables is carried within the Group, and there are no significant amounts of value adjustment for all other partners.

9. Other operating costs

DESCRIPTION	**2023** **Thous. EUR**	2022 Thous. EUR
Legal, consultancy and audit services	116	195
Bank fee and charges	120	211
Other expenses	1.048	112
Penalties	18	25
Insurance premiums	59	140
Contributions to public services	66	71
Representation costs	18	40
Education and training expenses	165	100
Taxes not dependent on result	28	13
Total	**1.638**	**907**

During 2023 there were no court dispute- related reservations since there were no significant new court disputes. In 2023 no costs are recorded for litigation due to reservations made in previous years that have now been cancelled.

During 2023 the costs of legal and consulting services were significantly reduced as there are no new litigations, while the existing litigations were booked through reservations.

10. Financial revenue

DESCRIPTION	2023 Thous. EUR	2022 Thous. EUR
Revenue from foreign exchange	289	420
Revenue from interest	1	6
Revenue from write-offs	20	169
Total	**310**	**595**

11. Financial expenditures

DESCRIPTION	2023 Thous. EUR	2022 Thous. EUR
Expenditure due to foreign exchange losses	251	729
Interest expenditures	674	723
Unrealised losses from financial assets	3.719	12
Other financial expenditure	3	159
Total	**4.647**	**1.623**

12. Corporate tax

Tax revenue includes:

DESCRIPTION	2023 Thous. EURO	2022 Thous. EURO
Deferred tax	-1.135	-139

Adjustment of effective tax rate

The table below details the alignment of the tax expense shown in the statement of comprehensive income with the legal tax rate:

DESCRIPTION	2023 Thous. EUR	2022 Thous. EUR
Profit/loss before taxation	3.851	1.863
Tax rate 18% (2020: 18%)	693	335
Effects of non-taxable income and other decreases in tax base	-1.625	-19
Effects of unrecognized expenses and other increases in tax base	1.779	119
Effects of tax losses not recognised as deferred tax assets	-847	-435
Previously recognized deferred tax liabilities	-1.135	-139
Corporate tax	-1.135	-139

In 2023, based on the merger of Radeljevic d.o.o. and IGH consulting d.o.o., the Company also carried forward tax losses totalling EURO 3,755 thousand.

In 2022, the total amount for the transfer of tax losses in the amount of 2.646 thousand Euros was used in full.

Unused tax losses are not recognised as deferred tax assets in the statement of financial position, as it is unlikely that there will be sufficient taxable profits realised for the utilisation of these deferred tax assets.

Based on non-tax recognized items, the Company increased the tax base by 9.884 thousand Euros, with a tax effect of 1.779 thousand Euros, while it reduced the tax base by 9.028 thousand Euros based on tax recognized items with an effect on the tax effect in the amount of -1.625 thousand Euros. Considering the tax recognized losses that can be used, the company has no obligation to pay taxes at the end of the tax period in 2023. In the next tax period, the Company can't use the remaining tax loss.

The deferred tax liability arises from the following:

2023 *(in thousand EUROS)*	Opening balance	Through capital	Through profit or loss	Closing balance
Temporary difference:				
Revaluation of non-current assets	**1.085**	**360**	**-**	**1.445**
2022. *(in thousand EUROS)*				
Temporary difference:				
Revaluation of non-current assets	1.224	-139	-	1.085

13. Intangible assets

	Right of usage of property of third parties	**Assets under preparation**	Goodwill	**Total**
	Thous. EUR			
PURCHASE VALUE				
Status as at 31 Dec 2021	**2.603**	**5**	**4**	**2.612**
Increases	170	25	0	195
Write-off and disposals	0	0	0	0
Status as at 31 Dec 2022	**2.773**	**30**	**4**	**2.807**
Increases	0	0	0	0
Write-off and disposals	(18)	(25)	0	(43)
Status as at 31 Dec 2023	**2.755**	**5**	**4**	**2.764**
VALUE ADJUSTMENT				
Status as at 31 Dec 2021	**2.377**	**0**	**0**	**2.377**
Depreciation	210	0	0	210
Write-off and disposals	0	0	0	0
Status as at 31 Dec 2022	**2.587**	**0**	**0**	**2.587**
Depreciation during 2023	157	0	0	157
Write-off and disposals	0	0	0	0
Status as at 31 Dec 2023	**2.744**	**0**	**0**	**2.744**
PRESENT VALUE				
Status as at 31 Dec 2023	**11**	**5**	**4**	**20**
Status as at 31 Dec 2022	**186**	**30**	**4**	**220**

14. Property, plants and equipment

	Property with right of use	Land	Buildings	Plants and equipment	Assets under construction	Other	Advances for tangible assets	Total
	Thous. EUR							
PURCHASE VALUE								
Status as at 31 Jan 2021	**5.012**	**1.443**	**2.704**	**8.387**	**53**	**64**	**61**	**17.724**
Increases	4.082	0	1	303	28	0	42	**4.456**
Write-off and disposals	(125)	0	0	0	0	0	(19)	**(144)**
Transfer to use	0	0	0	0	(32)	0	0	**(32)**
Status as at 31 Dec 2022	**8.969**	**1.443**	**2.705**	**8.690**	**49**	**64**	**84**	**22.004**
Increases	72	0	369	402	0	0	0	**843**
Revaluation	0	0	0	1.184	0	0	0	**1.184**
Write-off and disposals	(635)	(189)	(307)	(110)	0	0	0	**(1.241)**
Transfer to use	0	0	281	0	(10)	0	2	**273**
Status as at 31 Dec 2023	**8.406**	**1.254**	**3.048**	**10.166**	**39**	**64**	**86**	**23.063**
VALUE ADJUSTMENT								
Status as at 31 Dec 2021	**2.381**	**0**	**1.688**	**7.111**	**0**	**23**	**43**	**11.246**
Depreciation	1.793	0	70	496	0	0	0	**2.359**
Write-off and disposals	0	0	0	0	0	0	0	**0**
Status as at 31 Dec 2022	**4.174**	**0**	**1.758**	**7.607**	**0**	**23**	**43**	**13.605**
Depreciation in 2023	1.627	0	68	388	0	0	0	**2.083**
Write-off and disposals	(516)	0	(94)	(32)	0	0	0	**(642)**
Status as at 31 Dec 2023	**5.285**	**0**	**1.732**	**7.963**	**0**	**23**	**43**	**15.046**
PRESENT VALUE								
Status as at 31 Dec 2023	**13.691**	**1.254**	**1.316**	**2.203**	**39**	**41**	**43**	**8.017**
Status as at 31 Dec 2022	**13.143**	**1.443**	**947**	**1.083**	**49**	**41**	**41**	**8.399**

The estimated market value for revaluation purposes was determined by IGH Group based on the independent valuers' report that was based on the cost method, the comparative method and/or the income method depending on the type of property.

The estimated market value of laboratory equipment and measuring instruments for revaluation purposes was determined by the IGH Group based on the independent valuers' calculations who applied the cost method as the most appropriate method because it is based on the economic principle that the buyer of the property will not pay more than the price that the buyer would have paid for an asset of equal utility in case of a new purchase or construction.

(i) Valuation techniques and valuable inputs

The following table summarizes the valuation methods and techniques used in measuring the fair value and significant inputs used in the valuation:

Valuation methods and techniques	**Significant unobservable inputs**
Land and buildings Fair value measurement of land and buildings was performed by certified property valuers. Depending on the intended use of the assets the methods used were the market value method (by further developing the cost method), the income method and the residual method. The calculation of the market value by developing the cost method is performed by calculating the value of a newly built property and its impairment due to the passage of time, construction, furnishing, etc. The resulting price is adjusted to the market price through a number of factors specific to the observed building or land. The income method considers the present value of net cash flows that the assets could generate from rent taking into account the expected net rent based on comparable transactions. The residual method is based on an analysis of a specific investment and is focused on determining the value of land planned for development. The method is applied in the context of developing a project, if the investor wishes to determine the maximum price to pay for land in order to profitably realise a project.	Correction factors used in calculating the market price. Average yield: 7-9% Among other factors, the estimated discount rate considers the underlying quality of the property, its location and the currently realisable rent conditions for similar locations and the comparative type of property. Specific expenses used in determining the net cash flow in the income method. Specific costs of construction, periods of financing, interest rates, required profit margins and other expenses in calculating the residual method.

Valuation methods and techniques	Significant unobservable inputs
Equipment Fair value measurement of equipment was performed by certified property valuers. They used the cost method and the DCF method (capital contribution method) to measure fair value.	Correction factors used in calculating the market price.
The cost method for measuring the value of equipment involves determining the value of the physical, functional and economic obsolescence of the equipment. Cost value is determined on the basis of the carrying value of the fixed assets register. In the process of evaluating physical obsolescence, the current useful life of assets, their total useful life and remaining useful life is analysed for each assessed asset separately. Functional obsolescence takes into account the ability to function over the remaining useful life. When assessing economic obsolescence, the economic obsolescence model and the economic indicators model are used.	Among other factors, the estimated discount rate is the expected rate of return that the market requires in order to attract funds for a particular investment.
The DCF method is a variation of the income method according to which the market value of the asset is based on estimated future cash flows that are expected to be generated by functioning machinery and equipment.	Specific expenses used in determining the net cash flow in the DCF method.

15. Investments into affiliated companies and other investments

Investments in affiliated companies

Investments in affiliated companies refer to companies in which INSTITUT IGH d.d. does not have independent control over the management, regardless of the ownership.

	31 Dec.2023.		31 Dec 2022	
In thous. EUR	Share in ownership and voting rights (%)	Book value	Share in ownership and voting rights (%)	Book value
Centar Bundek d.o.o., Zagreb /i/	35,00	0	35,00	0
Centar Gradski podrum d.o.o., Zagreb /ii/	37,50	2.858	37,50	2.858
Sportski grad TPN d.o.o. U stečaju, Split /iii/	40,00	1	40,00	1
Elpida d.o.o.	50,00	4.154	50,00	4.154
Institut za infrastrukturne projekte d.o.o.	50,00	1	50,00	1
IGH d.o.o. Mostar	80,00	0	80,00	0
Value adjustment		(5.028)	-	(5.023)
TOTAL		**1.986**		**1.991**

/I/ Centar Bundek d.o.o., Zagreb was removed from the court register as of 21 April 2021.

/II/ Tthe company Gradski podrum d.o.o. was removed from the court register as of 1 June 2022.

/III /Sportski grad TPN d.o.o., bankruptcy was opened on 7 October 2014 by the Decision No 5. St-138/2014.

Forum Centar d.o.o. is under bankruptcy, established by Incro d.o.o. It. and was included in the consolidation for the reporting period 2022. The bankruptcy Decision no. TT-23/28822-2 was issued on 21 August 2023.

The consolidated statement of changes in equity shows the exit effects of these companies from the Group.

Other investments

	31 Dec 2022	31 Dec 2023.
	Thous. EUR	
Investment into investment funds	305	305
Value adjustment of shares in investment funds	(305)	(305)
TOTAL	**-**	**-**

16. Trade receivables and other receivables

	31 Dec 2023	31 Dec.2022.
	Thous. EUR	
Non-current receivables		
Receivables from sale of apartments with deferred payments and other receivables	163	199
TOTAL	**163**	**199**
Current receivables		
Trade receivables	5.307	10.346
Value adjustment of trade receivables	(2.941)	(6.029)
Receivables from government institutions	128	258
Receivables from employees	178	45
Receivables from affiliated entrepreneurs	87	86
Value adjustment of receivables from affiliated entrepreneurs	(86)	(86)
Receivables from issued advances	475	346
Other receivables	49	40
TOTAL	**3.197**	**5.006**

The following tables explain the changes in value adjustments of trade receivables by using simplified ECL model between the beginning and end of the annual period:

	31 Dec 2023
31 December 2023	*Thous. EUR*
Status as at 1 January 2023	6.115
Newly created expected credit loss	-2.449
Cancellation of previous credit loss	-639
Status as at 31 December	**3.027**

	31 Dec 2022
31 December 2022	*Thous. EUR*
Status as at 1 January 2022	6.082
Newly created expected credit loss	639
Cancellation of previous credit loss	-606
Status as at 31 December	**6.115**

For calculation of impairment on trade receivables, IGH Group applies a model based on expected credit losses (Simplified Approach) in accordance with IFRS 9, and the amount of the impairment does not have a material effect on the financial statements. IGH Group continues to apply value adjustments based on proven losses under certain conditions.

The ageing structure of trade receivables and other receivables was as follows:

31 December 2023 in thous. Eur	Gross	Value adjustment	Net
Matured claims	1.516	-208	1.308
0-60 days	229	0	229
60-120 days	95	0	95
120-180 days	38	-4	34
180-360 days	608	0	608
over 360 days	3.737	-2.814	923
	6.223	**-3.026**	**3.197**

31 December 2022 in thous. Eur)	Gross	Value adjustment	Net
Matured claims	2.586	0	2.586
0-60 days	922	-3	919
60-120 days	387	0	387
120-180 days	32	0	32
180-360 days	648	-4	644
over 360 days	6.546	-6.108	438
	11.121	**-6.115**	**5.006**

17. Loans and deposits given

	31 Dec 2023	31 Dec 2022
	In Thous.EUR	
Long-term loans		
Loans given to third parties	17	41
TOTAL	**17**	**41**
Short-term loans given		
Loans given to third parties	25	23
Deposits and guarantees	3.878	3.520
Interests receivables	68	58
Securities and factoring	19	19
Expected credit loss	-15	-19
TOTAL	**3.975**	**3.601**

Loans to affiliates and third parties were granted with no interest or with a certain interest rate, whereby for determining the profit tax base, the interest rates stated in Art. 14, par. 3 of the Corporate Income Tax Act are taken into account.

18. Cash and cash equivalents

	31 Dec 2023	31 Dec.2022
	Thous. EURO	
Giro accounts	398	329
Cash in hand	-	1
Foreign currency accounts	36	183
TOTAL	**434**	**513**

Breakdown of cash and cash equivalents per currency

	31 Dec 2022	31 Dec.2023
	Thous. EURO	
HRK	-	331
EUR	402	100
GEL	11	22
BAM	14	58
Other currencies	7	2
TOTAL	**434**	**513**

19. Non-current assets held for sale

	31 Dec 2023	31 Dec.2022
	Thous. EURO	
Acquisition cost		
As at 1 January	1.632	1.632
Sale	-	-
TOTAL	**1.632**	**1.632**

Non-current assets held for sale are intended to settle the secured debt to financial institutions that have not waived their right to a separate settlement in the process of the pre-bankruptcy settlement. These assets refer to buildings and land.

(i) Valuation techniques and significant inputs

The following table summarizes the valuation methods and techniques used in measuring the fair value and significant inputs used in the valuation:

Valuation methods and techniques	**Significant unobservable inputs**
The fair value was estimated using methods applicable to each individual company. The following methods were used: • Valuation of property carried out by authorised independent valuers (methods described in Note 3.10 (i)	Significant inputs are described in Note 3.10 (i) Amount of secured debt
• Review of rights of secured creditors	

20. Accrued income and prepaid expenses

	31 Dec 2023	31 Dec.2022
	Thous. EURO	
Prepaid expenses	112	404
VAT on advances	398	412
Advance payments received on account	49	38
Accrued un-invoiced revenue	13	12
TOTAL	**572**	**866**

21. Contract assets and liabilities with customers

The following table shows information on assets and liabilities with clients based on construction contracts, for which on the reporting date the IGH Group reported receivables from customers pursuant to a contractual obligation or obligations to clients pursuant to a contractual obligation:

	31 Dec 2023	31 Dec.2022
	Thous. EURO	
Contract assets	574	505
Expected credit loss	-7	-1
TOTAL	**567**	**504**
Contract liabilities	137	138
TOTAL	**137**	**138**

Contract assets primarily relate to the Company's rights to compensation for works performed but not collected at the reporting date. Contract assets are transferred to trade receivables when the rights become unconditional. This usually happens when the IGH Group invoices the client. A description of the methodology for calculating expected credit losses on a contract asset is described in Note 21.

Contract liabilities primarily relate to deferred income for construction works, for which income is recognised over time.

22. Share capital

	31 Dec 2023		31 Dec.2022	
	Number of shares	Ownership share	Number of shares	Ownership share
AVENUE MEHANIZACIJA D.O.O.	566.581	0,00%	0	0%
FROTIP DEVELOPMENT D.O.O.	301.173	0,00%	0	0%
AGRAM BANKA D.D. (0/1) / AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	239.500	39,03%	239.500	39,03%
AGRAM BANKA D.D./ AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	62.950	12,30%	75.500	12,30%
DRNASIN ANTE	14.196	0,53%	3.242	0,53%
AGRAM BROKERI D.D.	13.744	0,00%	0	0,00%
LEJO IVAN	12.500	0,00%	0	0,00%
MIHALJEVIĆ BRANKO	8.100	1,31%	8.010	1,31%
CAPTURIS D.O.O.	7.895	1,29%	7.895	1,29%
INSTITUT IGH, D.D. (1/1)	6.659	1,09%	6.659	1,09%
Other shareholders	248.165	44,47%	272.903	44,47%
TOTAL	**1.481.463**	**100%**	**613.709**	**100%**

By the Decision no. TT-23/52200-2, on 29 December 2023, INSTITUT IGH d.d. underwent recapitalisation to cover accumulated losses and improve its financial position. Prior to the capital injection, the Company's share capital consisted of 613.709 shares mark IGH-R-A, ISIN: HRIGH0RA0006, individual nominal amount of EUR 25,22, totalling EUR 15,476 thousand. Shares are listed on the official market of the Zagreb Stock Exchange d.d. Each share has the right of vote in the Assembly and the right to a dividend.

The Company's share capital was converted through recapitalisation from HRK 116,604,710.00 to EUR 15,476,104.59. The individual nominal amount of the regular share, mark IGH-R-A, was converted from HRK 190.00 to EUR 25.22. Thus, the Company's share capital was reduced from EUR 15,476,104,59 ,by EUR 9,339,014,59 , to EUR 6,137,090,00 by reducing the individual nominal amount of ordinary shares, mark IGH-R-A, from EUR 25,22 by EUR 15,22 to EUR 10,00.

The Company's share capital was increased from EUR 6,137,090,00 ,by EUR 8,677,540,00 to EUR 14,814,630,00, through the issue of 867,754 ordinary shares mark IGH-R-A with an individual nominal amount of EUR 10,00. After completion, the Company's share capital , entered into the SKDD information system, amounts to EUR 14,814,630.00 and is divided into 1,481,46,3 ordinary shares mark IGH-R-A , nominal amount of EUR 10,00.

23. Reserves

Under Croatian regulations, companies must place into reserves a twentieth part (5%) of the current year profit until total reserves together with the share premium reach 5% of the IGH Group's share capital. Both legal reserves and reserves for own shares are non-distributable.

IGH Group owns 7.529 of own shares. Own shares are recorded at acquisition cost, and are released using the weighted average price method.

	Number of own shares 31 Dec 2023	Number of own shares 31 Dec 2022
Status as at 1January	7.529	13.029
Increase during the year	0	0
Decrease during the year	0	-5.500
Status as at 31 December	**7.529**	**7.529**

The Management Board of the IGH Group has the right to receive bonus shares and treasury shares. There was no award on this basis during the year 2023, while the remaining amount will be allocated in accordance with the Company's possibilities in the coming years. The Net Asset Value of treasury shares and bonus shares is presented in Other Reserves according to market value of the share on the reporting date.

24. Revaluation reserves

Thous.EURO	Revaluation reserves for non-current tangible assets	Foreign exchange differences from recalculation of foreign operations	Total
Status as at 31 Dec 2021	**5.958**	**(38)**	**5.920**
Transfer to accumulated losses	(343)	(34)	**(377)**
Status as at 31 Dec 2022	**5.590**	**(72)**	**5.543**
Transfer to accumulated losses	(4.259)	-	**(4.259)**
Increase on reserves	1.223	-	**1.223**
Status as at 31 Dec 2023	**2.579**	**(72)**	**2.507**

Revaluation reserves are not distributable to shareholders.

25. Commitments for loans and borrowings

	31 Dec 2023	31 Dec.2022
	Thous.EURO	
Long-term borrowings		
Other borrowings	31	48
TOTAL	**31**	**48**
Short-term borrowings		
Bank loans-PIK debt /ii/	-	1.414
Borrowings (separate creditors) /ii/	1.161	1.161
Borrowings – senior debt /iii/	38	9.424
Other borrowings	3.233	4.841
Accrued interest payable	151	3.074
Total	**4.583**	**19.914**

Thous.Euro	Bank loans - PIK debt /ii/	Bank loans - Senior debt/iii/	Bank loans – secured creditors /iv/	Other borrowings	Accrued interest payable	Total
Status as at 1 January 2021	**4.362**	**10.243**	**3.395**	**149**	**2.916**	**21.065**
Payments	0	0	0	0	0	**0**
Non-monetary repayment	(2.953)	(8.776)	(2.234)	(998)	(1.947)	**(16.908)**
Loans received	0	0	0	0	0	**0**
Transfer of commitments	0	7.939	0	5.739	2.099	**15.777**
Exchange rate difference	5	18	0	(1)	6	**28**
Status as at 31 December 2022	**1.414**	**9.424**	**1.161**	**4.889**	**3.074**	**19.962**
Payments	0	0	0	0	0	**0**
Non-monetary repayment	(1.414)	(9.386)	0	(1.625)	(2.923)	**(15.348)**
Loans received	0	0	0	0	0	**0**
Transfer of commitments	0	0	0	0	0	**0**
Exchange rate difference	0	0	0	0	0	**0**
Status as at 31 December 2023	**0**	**38**	**1.161**	**3.264**	**151**	**4.614**

In 2023, pre-bankruptcy liabilities were settled as follows:

/i/ The ‘PIK debt’ represents claims that will be settled by selling pledged assets of the Company or its related parties. The final maturity of the PIK claims is 6 years from the day the pre-bankruptcy settlement became final at an interest rate of 4.5% per annum, which is also paid on final maturity.

/ii/ The ‘Senior debt’ comprises a portion of creditor claims which will be settled by payment in instalments in accordance with the provisions of the settlement and additional agreements with creditors of category a), which fall due on 30 June and 31 December with an interest rate set at 4.5% per annum.

/iii/ Secured creditors have not waived their right for separate settlement in the pre-bankruptcy settlement proceedings, and have the right to initiate separate enforcement procedures to enforce property sales and settlement of their claims. If the sale of pledged assets does not generate sufficient funds to settle secured claims, secured creditors are not entitled to settlement of outstanding claims in full, but their claims are considered to be settled entirely through the sale of the pledged assets. Regarding these borrowings, the Company is not obligated to repay principal or interest from the ordinary course of business, but the settlement is made only from the sale of pledged property. A debt of EUR 1,161 thousand was still recorded in the Company's accounts, however it was settled by immovable property which is also in the Company's books. By derecognition at the end of the process, there is no, and will not be any effect on the financial statements.

/iv/ Issued bonds

On 6 June 2012 the Company (IGH Group) issued convertible bonds in the amount of EUR 10 million for a partial rescheduling of liabilities arising from previously issued financial instruments and financing of the working capital.

On 10 June 2013, the Settlement Council of the Financial Agency adopted the Decision on initiating pre-bankruptcy settlement proceedings over INSTITUT IGH, d.d. Owners of convertible bonds as secured creditors have not waived their right for separate settlement in the pre-bankruptcy settlement proceedings, and have the right to initiate separate enforcement procedures to enforce property sales and settlement of their claims. In the event that the funds obtained from the realisation of the pledge will not be sufficient to cover the claims secured, the bondholders are not entitled to settle up to the full amount of the secured claim but their claim is deemed to be fulfilled by the realisation of the pledge. Regarding these bonds, the Company is not obligated to repay principal or interest from the ordinary course of business, but the settlement is made only from the sale of pledged property.

The bond obligation was settled during 2021.

/vi/. Radeljevic d.o.o. company was merged with the INSTITUT IGH d.d. on 29 Dec 2023 and mutual transactions of receivables and liabilities were cancelled.

The analytical review of loans and borrowings is as follows:

	Currency	Interest rate	2023	Up to 1 yr.	1 – 2 yrs.
Financial liabilities					
Commercial bank	EUR	4,50%	18	18	0
Unrelated third parties	EUR	4,50%	20	20	0
Liabilities for interest	EUR	-	150	151	0
Non-interest bearing other liabilities to secured creditors					
Unrelated third parties	EUR	-	1.161	1.161	0
Loans from other financial institutions	EUR	-	91	91	0
Other financial liabilities					
Loans from related parties	EUR	2,86%	171	0	0
Loans from unrelated parties	EUR	4,50%	3.173	3.142	31
Total				**4.583**	**31**

	Currency	Interest rate	2022	Up to yr.	1 – 2 yrs.
Financial liabilities					
Commercial bank	EUR	4,50%	89	89	0
Unrelated third parties	EUR	4,50%	11.910	11.910	0
Liabilities for interest	EUR	-	2.521	3.074	0
Non-interest bearing other liabilities to secured creditors					
Unrelated third parties	EUR	-	1.747	1.699	48
Loans from other financial institutions	EUR	-	111	111	0
Other financial liabilities					
Loans from related parties	EUR	2,86%	9.748	3.031	0
Total				**19.914**	**48**

26. Contingent liabilities

	31. Dec 2023	31 Dec 2022.
	Thous EUR	
Guarantees given - externally	4.551	3.354
Partnerships in loans of affiliated companies	-	2.081
TOTAL	**4.551**	**5.435**

Contingent liabilities relate to performance guarantees and money deposits with legal entities for the same purpose. As at 31 December 2023, several disputes are pending against IGH Group for which liabilities are not reported in the statement of financial position as at 31 December, as according to the assessment of the Management Board of the Company as at 31 December 2023 there is no likelihood of these liabilities arising for IGH Group**.**

27. Lease obligations

	31 Dec.2023	31 Dec.2022
	Thous.EUR	
Non-current liabilities		
Lease obligations	1.881	3.237
TOTAL	**1.881**	**3.237**
Short-term liabilities		
Liabilities for accrued interest	1.357	1.658
TOTAL	**1.357**	**1.658**

The analytical review of lease obligations is as follows

Thous. EUR	**Lease obligations**
Net book value	
As at 1 Jan 2022	2.748
Payments	-4.137
Additions to right-of-use assets	6.284
Status as at 31 Dec 2022	**4.895**
Status as at 1 Jan 2023	4.895
Payments	-3.187
Loans received	1.530
Exchange rate difference	0
Status as at 31 Dec 2023	**3.238**

	Currency	**Interest rate**	**2023**	**Up to 1 year**	**1 – 2 years**	**2 – 5 years**
Other financial liabilities						
Operating lease - IFRS 16	HRK	4,50%	3.236	1.357	1.357	524

	Currency	**Interest rate**	**2022**	**Up to 1 year**	**1 – 2 years**	**2 – 5 years**
Other financial liabilities						
Operating lease - IFRS 16	HRK	4,50%	4.895	1.658	2.486	751

28. Provisions

Thous. EUR	Unused vacation days	Retirement benefits	Legal disputes	Total
As at 31 Dec 2022				
Long-term part	0	76	1.379	1.456
Short-term part	320	0	4	324
	320	**76**	**1.383**	**1.779**
Increase in provisions	335	9	0	344
Cancelled during the year	-320	0	-478	-798
Status at 31 Dec 2023	335	85	905	1.325
Long-term part	0	85	901	986
Short-term part	335	0	3	339
	335	**85**	**905**	**1.325**

(i) ***Unused vacation days***

In 2023, the provision for unused vacation days was accrued based on the expectations that unused vacation days from 2024 will be used in 2023.

(ii) ***Retirement benefits***

In 2023, IGH Group increased provisions for retirement benefits in the amount of EUR 9 thousand.

(iii) ***Legal disputes***

The amounts of provisions relate to a number of legal disputes initiated against the IGH Group. Based on the expert opinion of a legal counsel, the Company's Management Board believes that the outcome of these legal disputes will not give rise to any significant loss beyond the amount provided for as at 31 December 2023.

29. Trade payables and other payables

	31 Dec 2023	31 Dec 2022
DESCRIPTION	Thous. EUR	
Non-current liabilities		
Trade payables	26	26
TOTAL	**26**	**26**
Current liabilities		
Domestic trade payables	2.861	1.918
Foreign trade payables	178	918
Liabilities towards government institutions	1.272	1.424
Liabilities to employees	846	875
Municipal charges	323	308
Other liabilities	597	645
Total	**6.077**	**6.088**

The carrying amount of other current liabilities at 31 December 2023 approximates fair value, due to the characteristic nature of those liabilities. Other liabilities relate to other short-term liabilities. The exposure of the IGH Group to foreign exchange and liquidity risk is presented in Note 32.

30. Commitments for advances and deposits received

	31 Dec.2023	31 Dec2022
	Thous. EUR	
Received advances		
Advances from domestic clients	531	599
Advances from foreign clients	200	287
Calculation of advances given	57	44
TOTAL	**788**	**930**
Received deposits		
Deposits and guarantees received	41	37
TOTAL	**41**	**37**

31. Accrued expenses and deferred income

The accrued expenses and deferred income stated in the Statement on financial position on 31 December 2023 in the amount of Euros 123 thousand (31 Dec 2022 amounting to Euros 1.112 thousand) refer to the accrued expenses for which no invoice was received.

32. Financial instruments and Risk management

Financial risk factors

The IGH Group, is exposed to various financial risks related to foreign exchange, interest rate, credit and solvency risk. The Company monitors these risks and seeks to minimise their potential impact on the IGH Group's financial exposure. The IGH Group does not use derivative financial instruments to actively hedge its financial risk exposure.

a) Market risk

Market risk relates to financial instruments. IFRS defines market risk as the risk of fluctuation of fair value or future cash flows of financial instruments due to changes in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk and other price risks.

The IGH Group operates on the Croatian and international markets. The Management Board determines the cost of its services based on the market price of the relevant market.

b) Price risk

The IGH Group is engaged in the professional and scientific research in the field of civil engineering, the area where the financial crisis has had a significant impact causing relative market inactivity.

However, positive macroeconomic indicators in the last period have stimulated market recovery and corresponding prices.

c) Foreign currency exchange risk

The IGH Group's official currency since 01 Jan 2023 is the Euro (EUR). The IGH Group has invested and invests in financial instruments and enters into transactions denominated in currencies representing the functional currency of an issuer established in different countries. Accordingly, the IGH Group is exposed to the risk of changing the currency exchange rate against other currencies in a way that may negatively affect IGH Group 's profit and value.

Transactions denominated in foreign currencies are translated into Euros by applying the exchange rates in effect at the balance sheet date. The resulting foreign exchange differences are credited or charged to the income statement. Changes in exchange rates may affect the profits mainly as a result of foreign exchange gains or losses arising on translation of receivables into Euros and borrowings and liabilities contracted with a foreign currency clause (EUR). Due to the part of foreign market revenues and liabilities denominated in other currencies, the IGH Group is exposed to changes in the value of the exchange rate.

The total exposure of IGH Group to changes in foreign exchange rates at the reporting date was as follows:

Thous. EUR	**Liabilities**		**Assets**	
	2023	**2022**	**2023**	**2022**
Bosnia and Herzegovina (BAM)	5	4	137	22
The USA (USD)	413	74	0	2
The Russian Federation (RUB)	0	4.203	0	5.133
Georgia (GEL)	0	23	428	155
Macedonia (MDK)	1	119	8	420

Sensitivity analysis to foreign currency risk

The IGH Group is mainly exposed to fluctuations in the exchange rate of Euro, in terms of received loans, suppliers and trade receivables. The IGH Group is additionally exposed to changes in the Croatian Kuna exchange rate relative to the GEL due to the operations of the Georgia subsidiary.

The sensitivity analysis includes only open cash items in foreign currency and their recalculation at the end of the period based on the percentage change in exchange rates. The sensitivity analysis includes monetary assets and monetary liabilities in the currency. A negative number indicates a decrease in profit where the Euro changes against the relevant currency by the percentage specified above. In case of a reverse proportional change of the Euro against the relevant currency, there would be an equal and opposite impact on the profit.

The depreciation of Euro against the exchange rate of the currencies shown by 1% would have the following effects on profit:

Effect of USD currency		**Effect of GEL currency**		**Effect of MCK currency**	
2023	**2022**	**2023**	**2022**	**2023**	**2022**
Thous.EUR		*Thous.EUR*		*Thous.EUR*	
4	-6	-3	-5	0	-554

Effect of BAM currency		**Effect of RUB currency**	
2023.	**2022.**	**2023.**	**2022.**
Thous.EUR		*Thous.EUR*	
-1,5	-1	0	-26.338

The mean exchange rates of currencies to Euro significant for the IGH Group:

	31 December 2023	31 December 2022
BAM	1,95583	1,95583
USD	1,105	1,067
GEL	2,9324	2,6295
MCK	61,6345	61,6

c) Interest rate risk

Interest rate risk is the risk of a change in the value of a financial instrument due to changes in market rates in relation to the interest rates applied to the financial instrument.

The IGH Group, uses loans with predominantly fixed interest rates and is not exposed to the risk of changing interest rates. The IGH Group does not use active hedging instruments against exposure to interest rate risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause the other party financial losses due to default, in whole or in part, at the time of maturity. Failure to do so would endanger the liquidity of IGH Group and reduce the value of its assets. On 31 December 2023 financial assets that could

potentially expose the Group to credit risk consist mainly of loans given, trade receivables and other receivables.

The value of financial assets at the reporting date shows the maximum exposure to credit risk. The Group regularly monitors the risk that the other party will not fulfil its obligations.

Trade receivables, other receivables, and receivables from given loans are adjusted for the amount of provisions for doubtful and disputed receivables.

The IGH Group applies a simplified IFRS 9 approach for measuring expected credit losses, using the expected value adjustment for all trade receivables and contract assets. In order to measure expected credit losses, trade receivables and contract assets are grouped based on common credit risk characteristics and maturity dates. In the same types of contracts, contract assets are tied to the same risk characteristics as trade receivables. Therefore, the Company concluded that expected loss rates for trade receivables can also be used to calculate losses for contractual assets.

The expected loss rates are based on collection data for the 24-month period prior to 31 December 2023 and historical credit losses during that period.

Furthermore, the IGH Group is exposed to credit risk through cash deposits in banks. As of 31 December 2023, the IGH Group cooperated with five banks where it keeps its money and deposits. Risk management is focused on doing business with the most respectable foreign and domestic banks in the country and abroad.

Deposits in banks constitute current account money and deposits held with banks as bank guarantees that are collected at maturity, and therefore classified as held-to-maturity assets in accordance with IFRS 9 and measured at amortised cost. Credit risk shall be measured using a general approach. The IGH Group shall use the daily value of the CDSs covering the insurance for a period of 5 years. The CDS with 5-year insurance has the highest market liquidity and has therefore been chosen as a benchmark. The CDS is sensitive to an increase in the risk of default — whether or not insurance with a period of 3 or 5 years has been selected. Domestic banks do not have a rating or CDS indicator as a risk measure.

The IGH Group took the CDS for the Republic of Croatia to measure the risk, which at 31 December 2023 amounted to 1,02%. Credit risk, calculated according to the formula: amount of deposits * number of days * CDS / 365. For deposits on demand, the Company uses 2 days in calculating the amount of credit risk.

e) Solvency risk

Solvency risk is the risk of the IGH Group facing difficulties in settling its liabilities. Solvency risk arises in the general funding activities of the IGH Group and the management of assets. It includes the risk of being unable to fund assets under appropriate maturities and prices and the risk of being unable to sell its assets at a reasonable price and in an appropriate time frame. Financial instruments include investments that may be insolvent and that the Company is unable to turn into cash to meet its solvency requirements.

In order to ensure the necessary solvency, the Management actively monitors and manages the collection of receivables and planned outflows.

Table showing an analysis of the solvency risk

The tables were prepared on the basis of non-discounted cash outflows of financial liabilities at their due date. The tables include both principal and interest cash flows.

Thous. EUR	**Net book value**	**Contracted cash flows**	**Up to 1 year**	**From 1 to 2 years**	**From 2 to 5 years**
Year 2023					
Non-derivate financial liabilities					
Loans received and financial leasing	7.850	7.850	5.939	1.356	556
Trade and other payables	6.891	6.891	6.865	26	0
Total	**14.742**	**14.742**	**12.804**	**1.382**	**556**
Year 2022					
Non-derivate financial liabilities					
Loans received and financial leasing	29.749	29.749	26.464	1.958	1.327
Trade and other payables	6.316	6.316	6.290	26	0
Total	**36.065**	**36.065**	**32.753**	**1.984**	**1.327**

Non-interest bearing liabilities payable up to one month mainly consist of trade payables and other current liabilities.

Interest bearing liabilities include short-term and long-term loans, borrowings and bonds.

The tables were prepared on the basis of non-discounted cash inflows of financial assets at their due date. The tables include both principal and interest cash flows.

Thous. EUR	Net book value	Contracted cash flows	Up to 1 year	From 1 to 2 years
Year 2023				
Non-derivative financial assets				
Loans given	3.992	3.992	3.975	17
Trade and other receivables	3.360	3.360	3.197	163
Total	**7.352**	**7.352**	**7.171**	**180**
Year 2022				
Non-derivative financial assets				
Loans given	4.071	4.071	3.626	445
Trade and other receivables	4.947	4.947	4.750	197
Total	**9.018**	**9.018**	**8.377**	**641**

The fair value of financial assets and financial liabilities is determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions used for trading on active liquid markets are determined on the basis of quoted market prices,
- The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models, based on discounted cash flow analysis using prices from observable current market transactions and quotes offered for similar instruments.

Financial instruments held to maturity in the ordinary course of business are recorded at the purchase cost or net amount less the portion repaid. Fair value is determined as amount for which a financial instrument could be traded between knowledgeable, willing parties in an arm’s length transaction, except in the event of a forced sale or for liquidation purposes. The fair value of a financial instrument is its quoted securities market price, or the amount obtained using the discounted cash flow method.

As at 31 December 2023, the reported amounts of cash, short-term deposits, receivables, current liabilities, accrued expenses, short-term borrowings and other financial instruments approximate their market values due to the current nature of those assets and liabilities. The Management Board believes that the book value of long-term deposits, receivables and borrowings as at 31 December 2023 approximates their fair value due to the application of variable interest rates on liabilities.

Equity risk management

Net debt-to-equity ratio

The IGH Group monitors capital in line with laws and regulations valid in the Republic of Croatia which require a minimum deposit of EUR 25 000 for joint stock companies. Owners do not require any special measures with regard to management of capital. There are no capital goals internally monitored.

33. Transactions with related parties

The IGH Group considers that their key shareholders and entities under their control or influence (subsidiaries and affiliates), key management (see below), close family members of key management and legal entities that are controlled or significantly influenced by key management personnel and their close family members are directly related parties, in accordance with the provisions set out in International Accounting Standard 24 “*Related Party Disclosures*”.

DESCRIPTION	2023	2022
	Thous.EUR	
Liabilities for loans from related parties		
ELPIDA D.O.O.	-	3.031
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	140	124
IGH PROJEKTIRANJE D.O.O.	31	43
RADELJEVIĆ D.O.O.	-	6.549
Liabilities to related undertakings		
IGH CONSULTING D.O.O.	-	11
IGH PROJEKTIRANJE D.O.O.	36	7
IGH BUSINESS ADVISORY SERVICES D.O.O.	8	-
IGH-MOSTAR D.O.O.	2	4
MARTERRA D.O.O.	4	32
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	1	-
Liabilities to equity companies		
AVENUE MEHANIZACIJA d.o.o.	510	5.300
AVENUE ENGINEERING AND CONSTRUCTION LIMITED	208	567
Total liabilities	**940**	**15.668**

Management Board and Supervisory Board compensation

The total compensation for the Management Board and the calculated fees for Supervisory Board members in 2023 amounted to 153 thousand Euros (2022: EUR 380 thousand).

Compensation to Supervisory Board members

Compensation to Supervisory Board members *Thous.Euros*	**Compens.**	**Participation at sessions**
Žarko Dešković	20	7/9
Sergej Gladeljkin	10	5/9
Igor Tkach	10	9/9
Mariyan Tkach	10	9/9
Marin Božić	10	9/9
Total	**60**	

Compensation for Management Board members

Thous. EUR	Salary **– fixed component**	Salary **– variable component**	**Total**
Petrosian Robert	93	0	93

34. Earnings per share

Basic earnings per share are calculated as follows:

DESCRIPTION	31 Dec 2023 tis EUR	31 Dec 2022 tis EUR
Profit for the year	4.986	2.002
Weighted average number of shares	686.022	630.700
Basic earnings per share (in HRK)	**7,27**	**3,17**

35. Impact of the pre-bankruptcy settlement

On 17 May 2013 the INSTITUT IGH d.d. submitted a Proposal to initiate pre-bankruptcy settlement proceedings. On 5 December 2013 the Commercial Court in Zagreb accepted the Proposal and approved the settlement. In April 2014, the Court ruled that the pre-bankruptcy settlement became legally valid as of 28 December 2013

a. *Settlement with suppliers*

An agreement was reached according to which 30% of claims are converted into the Company's share capital. 20% of claims will be repaid in cash after the share capital increase or the sale of the Company's assets. The remaining 50% of claims will be repaid in 10 equal semi-annual instalments over the period of 5 years. During 2018, the Company settled trade payables totalling HRK 10.041

thousand as prescribed in the provisions of the pre-bankruptcy settlement. During 2019 the Company also settled liabilities to related parties, natural persons for service contracts and royalties, non-financial institutions and the Ministry of Finance in the total amount of HRK 2.912 thousand. During 2020 all remaining obligations were settled amounting to HRK 196 thousand.

b. *Settlement with banks- PIK debt*

Out of the total debt, 63.6% was converted into the PIK debt during the initiation of pre-bankruptcy settlement procedure. The PIK debt is to be repaid in one instalment 6 years after the pre-bankruptcy settlement became legally valid. Up to the maturity date, a fixed interest rate of 4.5% per annum is included in the calculation, which is also payable in one instalment 6 years after the pre-bankruptcy settlement became legally valid. The PIK debt will be settled through the sale of assets which are pledged as collateral.

Six years after the settlement will have become legally valid, the Company is obliged to proportionally convert the PIK debt to the senior debt until the senior debt reaches the net indebtedness limit which is equal to 3.5 times of the prior year consolidated EBITDA. If the current Senior debt amount exceeds the default ratio, the PIK debt is not converted into the Senior debt. The Company did not make the conversion because the pre-requirement stated in pre-bankruptcy settlement was not fulfilled.

Under the valid pre-bankruptcy settlement, EBITDA is defined as earnings before interest, taxes, depreciation of tangible and in tangible assets and one-off items of income and expenses.

Interest is considered to be the interest expense on the debtor's debts.

One-off income and expenses are those that do not relate to the operating business of the company and are not repetitive. One-off income and expenses relate specifically to, but are not limited to, income and expenses from the sale of fixed assets.

Six years after the settlement has become legally valid and through the process of converting the PIK debt to the senior debt, the creditors had the right to convert their remaining claims into equity at a price of HRK 400 per share, but max. up to 20% of the share capital. If the General Assembly did not invite a creditor to subscribe for the shares, then the outstanding PIK debt is due upon the creditors' call. Creditors did not request the fulfilment of their rights, the deadline was 31 December 2019. Since the PIK debt was not transferred into shares or into Senior debt, the total amount of HRK 211.081 thousand will be returned or settled by income from sale of assets, or acquisition of the mortgaged assets.

If the sale of pledged assets is realised, the PIK debt (including interest) is settled first and the remainder of receipts is used to settle parts of the senior debt which had liens on that particular asset. If the sales result in a surplus of cash over the creditors' claims, then the surplus belongs to the debtor i.e. the Company.

Senior debt

The first instalment of the Senior debt becomes due 24 months from the date the pre-bankruptcy settlement will have become legally valid. The payments fall due 30 June and 31 December of each year. Instalments are paid 2 times a year with a fixed interest rate of 4.5% per annum. Interest are accrued and paid over the entire repayment period.

During 2016, the Company signed an agreement with banks from the creditor category a), whereby the grace period is extended by an additional 18 months, so that the total grace period is 42 months after the pre-bankruptcy settlement becomes legally valid, consequently reducing the repayment period to 6.5 years after the first instalment becomes due.

As a result of the abovementioned facts, the first instalment of the senior debt of creditors from category a) becomes due 42 months from the date the pre-bankruptcy settlement will have become legally valid. The payments fall due 30 June and 31 December of each year, and the first instalment becomes due on the first of the above dates 42 months after the settlement became legally valid, which is on 30 June 2017. Instalments are paid 2 times a year with a fixed interest rate of 4.5% per annum. Interest are accrued and paid over the entire repayment period. Liabilities for interests accrued on the senior debt for 2022 has been settled in the amount of HRK 0 thousand (2021: HRK 0 thousand). Company is late in paying the Senior debt but the creditors, until the date of this Report, have not made claims for payment in the sense of enforcement. In case the negotiations are not successful, creditors can initiate an enforcement procedure.

Junior debt

The Junior debt has the same repayment schedule as the PIK debt the only difference being that junior debt holders have no liens on the Company’s assets. Junior debt was due on 31 December 2019. A fixed interest rate of 4,5% p.a. is calculated on the principle amount. The creditors have not activated the rights they have come into on 28 December 2019 and the obligation was written-off in 2020.

Secured creditors

The principal of the debt towards creditors who have not waived their right to separate settlement in the process of the pre-bankruptcy settlement agreement (secured creditors) is classified as short-term and is presented in Note 25 in the principal amount of EUR 1.161 thousand.

Pledged assets are intended to cover the secured debt and are classified non-current assets held for sale as presented in Note 21 in the amount of EUR 1.632 thousand.

A lien was entered over a part of assets of a subsidiary in which the Company owns shares, proportionally to the amount of the claim of the secured creditor in the amount of EUR 16.875 thousand.

The value of non-current tangible assets held for sale for the purpose of settlement of liabilities to creditors who are not dependent on the pre-bankruptcy settlement (secured creditors) is reduced to the amount of liabilities to secured creditors. Since the ownership over these properties has not changed, their value as well as the related liabilities is recorded in the balance sheet.

It should be noted that the Company is not obliged to pay principal or interest from the ordinary course of business, and the settlement is realised solely through the takeover or sale of pledged property.

The effect on the IGH Group’s statement of financial position after the settlement of liabilities to secured creditors by transferring assets held for the settlement of these liabilities, is presented in the following table:

Thous. EUR	**Balance sheet as at 31 Dec 2023**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	**9.399**	**0**	**9.399**
Non-current assets held for sale	1.632	0	1.632
Current assets	8.619	-1.199	7.420
TOTAL ASSETS	**19.650**	**-1.199**	**18.451**
Total equity	5.282	0	5.282
Non-current liabilities	3.255	0	3.255
Current liabilities	11.114	-1.199	9.915
TOTAL EQUITY AND LIABILITIES	**19.650**	**(1.199)**	**18.451**

Thous.EUR	**Balance sheet as at 31 Dec 2022**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	10.883	-	10.883
Non-current assets held for sale	1.632	(1.632)	-
Current assets	10.581	-	10.581
TOTAL ASSETS	**23.096**	**(1.632)**	**21.464**
Total equity	(12.998)	-	(12.998)
Non-current assets	5.895	-	5.895
Current assets	30.199	(1.161)	29.038
TOTAL EQUITY AND LIABILITIES	**23.096**	**(1.161)**	**21.935**

Set out below is a short overview of the effects of the pre-bankruptcy settlement agreement on the financial statements:

DESCRIPTION	**31 Dec 2023** **Thous. EUR**	**31 Dec 2022** **Thous. EUR**
PIK debt (Note 25)	-	1.413
Senior debt (Note 25)	38	9.424
	38	**10.837**
Secured creditors - principal	1.161	1.161
	1.161	**1.161**

Since the legally valid pre-bankruptcy settlement up to 31 December 2023, The company settled a total of EUR 56,985 thousand of liabilities incurred before the opening of the pre-bankruptcy settlement procedure until 31/12/2003 by means of cash payments, the issuance of shares in the name of conversion of part of the creditors' claims into equity, payment of priority claims and other claims of employees with their respective taxes and contributions, and the write-offs, all in accordance with the provisions of the pre-bankruptcy settlement.

In 2023, the IGH Group settled all PIK debt obligations. Senior debt amounting to EUR 38 thousand was settled in full until by 15 Feb 2024. The amount of debt relating to different creditors amounting to EUR 1,161 thousand was settled through real estate. Negotiations are still under way regarding legal expenses, and after the completion of the process, a debit will be made in the company's books. Transaction will not affect the business results.

The following was settled in 2023:

- 1.414 thousand Euros of PIK debt by transfer of assets of subsidiaries
- 9.316 thousand Euros of Senior debt liabilities, and
- 3.378 thousand Euros of related interest

36. The closing of INSTITUT IGH d.d's. Russian subsidiary in Moscow

Impact of the war in Ukraine on the Company's business operations

As a result of the war in Ukraine and the sanctions imposed to Russia, the Company's Russian subsidiary found itself with limited business options. In addition, the subsidiary's access to resources is limited, with uncertain market and other developments. The possibility to implement and set up new projects is also limited. Consequently, during the Management Board session on 2 March 2022, IGH's Management Board decided to close the Company's subsidiary in Russia, Moscow.

As at 31 December 2023, within the Company's consolidated financial statements, receivables and liabilities related to the IGH d.d. branch, Moscow, Russia, were value adjusted and reported through income and expense positions.

37. Events after the balance sheet date

Settlement of obligations from the pre-bankruptcy settlement

After the balance sheet date until 15 Feb 2024, the IGH Group settled all outstanding debt from the pre-banked settlement , amounting to EUR 38 thousand. For the purpose of better cash flows, in February 2024, the Group sold its real estate in Dubrovnik for the amount of EUR 1.156 million, and in April 2024, real estate in Karlovac for the amount of EUR 250 thousand.

There were no other significant events that would significantly affect the annual accounts of the IGH Group for 2023, which should consequently be published.

38. The approval of financial statements

The financial statements were adopted by the Management Board and their issuing was approved on 29 April 2024.

Robert Petrosian
Direktor

Željka Sikaček
Prokurist

Marija Đuroković
Prokurist

Senka Žaja
Prokurist

Tatjana Bičanić
Prokurist

Institut IGH, d.d.
Janka Rakuše 1
10 000 Zagreb
The Republic of Croatia

INSTITUT IGH, ISC

Ordinary share IGH-R-A, ISIN HRIGH0RA0006
Listed on the official market of the Zagreb Stock Exchange
Share IGH-R-D, ISIN HRIGH0RD0003
Not listed on the official market of the Zagreb Stock Exchange
Home Member State: Croatia
LEI mark: 74780000W0UQ8MF2FU71

ZAGREB STOCK EXCHANGE **Ivana Lučića 2a** **10000 Zagreb**	**HANFA** **Miramarska 24b** **10000 Zagreb**	**HINA** **ots@hina.hr**

Zagreb, October 30, 2024

Subject: Statement of the Management Board on the responsibility for preparing financial reports for the Group Institut IGH, JSC

The Company's Management Board has to ensure that the Group's unaudited consolidated financial reports for the accounting period from January to September 2024 are prepared in accordance with the Accountancy Law (Official Gazette 78/15, 133/15, 120/16) and International Financial Reporting Standards as adopted by the European Union, so that these documents provide a true and unbiased picture of the Group's financial standing, business results, change in capital, and cash flow for the period under consideration.

After making due enquiries, the Management Board has a reasonable expectation that the Group has adequate resources to continue operation in the foreseeable future. Accordingly, the Group has prepared its financial reports under assumption that the Group will continue operating for an unlimited period of time.

During preparation of financial reports, the Management Board is responsible:

- for the selection and, thereafter, for consistent use of appropriate accounting policies;
- for giving reasonable and sensible assessments and estimates;
- for applying valid financial reporting standards and for making public and explaining every materially significant discrepancy discovered in financial reports;
- for preparing financial reports under assumption of an unlimited period of operation, except in cases when such assumption is inappropriate.

The Management Board is responsible for keeping proper accountancy records that will depict, to an acceptable level of accuracy, the financial standing and business results of the Group, in full compliance with the Accountancy Law and International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). The Management Board is also responsible for protecting and safeguarding the Group's assets, and hence for undertaking every measure it deems necessary to prevent and discover cases of fraud and other illegal activity.

Signed on the behalf of the Management Board
Robert Petrosian,
President of the Management

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Competent court:
Commercial Court in Zagreb
Register entry with company registration No 080000959

Share capital:
EUR 14,814,630.00
Paid in full

No of issued shares: : IGH 1,481,463
Nominal share value EUR 10

Reg.No.: 3750272
PIN: 79766124714

Business bank:
Hrvatska poštanska banka d.d.
IBAN:
HR3423900011198006586
SWIFT code: HPBZHR2X

INSTITUT IGH, ISC

Zagreb, October 30, 2024

Subject: Management Report on business results of the Company Institut IGH d.d. and its subsidiaries in the period from January 1 to September 30 2024.

Institut IGH d.d.

In the period from January to September 2024, Institut IGH d.d operated with revenue amounting to EUR 15,090 million. Operating expenses are (excluding amortization) amount to EUR 12,806 million.

After the amortization cost in the amount of EUR 1,616 milion, negative effect of interest and exchange rate differences in the amount of EUR 158 thousands, Institut IGH d.d operated at a profit amounting EUR 511 thousands.

The Company actively implements the policy of increasing liquidity and shortening the period of settlement of liabilities to suppliers and subcontractors of the Company, and the collection of overdue receivables within the agreed deadlines.
The company's activities are aimed at opening representative offices in new markets (Egypt, Armenia, Hungary, Italy) where new infrastructure projects of importance are expected in these markets.

The Company continues to fulfill the set short-term activity plan, improve and further digitize business processes, and invest in new areas of activities such as research and development, waste management, and expansion of already started ones such as BIM.
Between January 1 and September 30, 2024 the new contracts were contracted in total of EUR 9 million.

IGH Group

In the period from January to September 2024, IGH Group operated at a revenue amounting to EUR 15,160 million. Operating expenses (excluding amortization) amount to EUR 12,875 million.

After the amortization cost in the amount of EUR 1,616 milion, negative effect of interest and exchange rate differences in the amount of EUR 158 thausands, IGH Group operated at a gross profit amounting EUR 511 thousands.

The IGH Institute continues with further enhanced activities defined by the Strategic Development Plan until 2025, which plans additional investments and investments in projects of significant interest for the development of the Institute and the Group. In addition, the IGH Institute is focused on increasing labour productivity and efficient and efficient realization of projects.
With all the above and the company's human resources, activities in international markets aimed at

sustainable growth and development of the Company and Group are intensifying.

On behalf of the INSTITUT IGH, d.d.

Robert Petrosian
President of the Management Board

Annex 1

ISSUER'S GENERAL DATA

Reporting period:	1.1.2024	to	30.9.2024
Year:	2024		
Quarter:	3.		

Quarterly financial statements

Registration number (MB):	03750272	Issuer's home Member State code:	HR
Entity's registration number (MBS):	080000959		
Personal identification number (OIB):	79766124714	LEI:	74780000W0UQ8MF2FU71
Institution code:	1461		
Name of the issuer:	INSTITUT IGH d.d.		
Postcode and town:	10000		Zagreb
Street and house number:	Janka Rakuše 1		
E-mail address:	igh@igh.hr		
Web address:	http:/www.igh.hr		
Number of employees (end of the reporting	354		
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)	
Audited:	RN	(RN-not audited/RD-audited)	

Names of subsidiaries (according to IFRS):	Registered office:	MB:

Bookkeeping firm: (Yes/No) (name of the bookkeeping firm)

Contact person: (only name and surname of the contact person)

Telephone:

E-mail address:

Audit firm: (name of the audit firm)

Certified auditor: (name and surname)

BALANCE SHEET
balance as at 30.09.2024.

in EUR

Submitter: INSTITUT IGH D.D.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	**001**	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	**002**	10.236.218	9.812.502
I INTANGIBLE ASSETS (ADP 004 to 009)	**003**	20.291	13.850
1 Research and development	**004**	0	0
2 Concessions, patents, licences, trademarks, software and other rights	**005**	11.512	0
3 Goodwill	**006**	4.280	4.280
4 Advances for the purchase of intangible assets	**007**	0	0
5 Intangible assets in preparation	**008**	4.499	9.570
6 Other intangible assets	**009**	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	**010**	8.049.923	7.521.655
1 Land	**011**	1.255.361	793.256
2 Buildings	**012**	1.316.696	1.102.169
3 Plant and equipment	**013**	4.547.207	4.489.818
4 Tools, working inventory and transportation assets	**014**	775.333	924.208
5 Biological assets	**015**	0	0
6 Advances for the purchase of tangible assets	**016**	42.424	42.424
7 Tangible assets in preparation	**017**	39.631	96.508
8 Other tangible assets	**018**	40.424	40.424
9 Investment property	**019**	32.848	32.848
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	**020**	2.002.789	2.117.351
1 Investments in holdings (shares) of undertakings within the group	**021**	0	0
2 Investments in other securities of undertakings within the group	**022**	0	0
3 Loans, deposits, etc. to undertakings within the group	**023**	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	**024**	1.985.533	1.985.533
5 Investment 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**	17.256	131.818
9 Other investments accounted for using the equity method	**029**	0	0
10 Other fixed financial assets	**030**	0	0
IV RECEIVABLES (ADP 032 to 035)	**031**	163.215	159.646
1 Receivables from undertakings within the group	**032**	0	0
2 Receivables from companies linked by virtue of participating interests	**033**	0	0
3 Customer receivables	**034**	0	0
4 Other receivables	**035**	163.215	159.646
V DEFERRED TAX ASSETS	**036**	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	**037**	9.312.575	9.279.896
I INVENTORIES (ADP 039 to 045)	**038**	1.707.903	1.707.903
1 Raw materials and consumables	**039**	0	0
2 Work in progress	**040**	75.408	75.408
3 Finished goods	**041**	0	0
4 Merchandise	**042**	0	0
5 Advances for inventories	**043**	0	0
6 Fixed assets held for sale	**044**	1.632.495	1.632.495
7 Biological assets	**045**	0	0
II RECEIVABLES (ADP 047 to 052)	**046**	3.266.296	3.916.666

1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	6.145	6.145
3 Customer receivables	049	2.070.479	2.648.556
4 Receivables from employees and members of the undertaking	050	178.420	156.802
5 Receivables from government and other institutions	051	127.746	133.052
6 Other receivables	052	883.506	972.111
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	3.904.858	3.570.693
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating 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	3.539	3.539
8 Loans, deposits, etc. given	061	3.879.972	3.545.806
9 Other financial assets	062	21.348	21.348
IV CASH AT BANK AND IN HAND	063	433.517	84.634
D) PREPAID EXPENSES AND ACCRUED INCOME	064	1.138.068	1.873.303
E) TOTAL ASSETS (ADP 001+002+037+064)	065	20.686.860	20.965.701
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	3.877.641	4.283.441
I INITIAL (SUBSCRIBED) CAPITAL	068	14.814.630	14.814.630
II CAPITAL RESERVES	069	-33.895	-33.895
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	-291.606	-291.606
1 Legal reserves	071	0	0
2 Reserves for treasury shares	072	191.958	191.958
3 Treasury shares and holdings (deductible item)	073	-483.564	-483.564
4 Statutory reserves	074	0	0
5 Other reserves	075	0	0
IV REVALUATION RESERVES	076	2.507.022	1.971.429
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	98.541	98.541
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	133.711	133.711
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 differences arising from the translation of foreign operations (consolidation)	082	-35.170	-35.170
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	-18.265.428	-12.989.487
1 Retained profit	084	0	0
2 Loss brought forward	085	18.265.428	12.989.487
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	4.985.294	650.747
1 Profit for the business year	087	4.985.294	650.747
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	63.082	63.082
B) PROVISIONS (ADP 091 to 096)	090	1.324.489	668.514
1 Provisions for pensions, termination benefits and similar obligations	091	85.244	85.244
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	904.253	248.277
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0

6 Other provisions	096	334.993	334.993
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	2.377.555	2.322.687
1 Liabilities to undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	0
3 Liabilities to companies linked by virtue of participating interests	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0
5 Liabilities for loans, deposits etc.	102	1.911.320	1.955.932
6 Liabilities to banks and other financial institutions	103	200	200
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	26.269	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	439.766	366.555
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	12.688.956	13.520.879
1 Liabilities to undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0
3 Liabilities to companies linked by virtue of participating interests	112	412.055	412.055
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0
5 Liabilities for loans, deposits etc.	114	5.475.671	5.283.318
6 Liabilities to banks and other financial institutions	115	9.242	16.615
7 Liabilities for advance payments	116	787.666	627.463
8 Liabilities to suppliers	117	2.902.913	3.991.757
9 Liabilities for securities	118	91.004	0
10 Liabilities to employees	119	845.976	830.165
11 Taxes, contributions and similar liabilities	120	1.518.806	1.657.322
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	645.623	702.184
E) ACCRUALS AND DEFERRED INCOME	124	418.219	170.180
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	20.686.860	20.965.701
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS

for the period 01.01.2024 to 30.09.2024

in EUR

Submitter: INSTITUT IGH D.D.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	20.779.397	5.970.452	15.159.628	4.870.231
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	11.826.958	3.803.180	13.099.916	4.035.662
3 Income from the use of own products, goods and services	004	0	0	0	0
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	8.952.439	2.167.272	2.059.712	834.569
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	15.093.333	4.590.887	14.491.085	4.807.881
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	3.501.907	773.667	3.760.702	1.306.916
a) Costs of raw materials and consumables	010	537.469	144.232	466.412	131.953
b) Costs of goods sold	011	0	0	0	0
c) Other external costs	012	2.964.438	629.435	3.294.290	1.174.963
3 Staff costs (ADP 014 to 016)	013	8.140.182	2.775.051	8.121.307	2.670.247
a) Net salaries and wages	014	5.170.231	1.839.086	5.135.111	1.682.977
b) Tax and contributions from salary costs	015	1.981.957	627.704	1.985.013	657.972
c) Contributions on salaries	016	987.994	308.261	1.001.183	329.298
4 Depreciation	017	1.678.553	585.094	1.616.384	478.968
5 Other costs	018	379.665	379.665	495.078	229.228
6 Value adjustments (ADP 020+021)	019	997.305	34.920	193.857	18.186
a) fixed assets other than financial assets	020	832.582	0	0	0
b) current assets other than financial assets	021	164.723	34.920	193.857	18.186
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	023	0	0	0	0
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	0	0	0	0
d) Provisions for renewal of natural resources	026	0	0	0	0
e) Provisions for warranty obligations	027	0	0	0	0
f) Other provisions	028	0	0	0	0
8 Other operating expenses	029	395.721	42.490	303.757	104.336
III FINANCIAL INCOME (ADP 031 to 040)	030	18.701	1.879	22.331	7.382
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0	0	0
4 Other interest income from operations with undertakings within the group	034	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0	0	0
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	502	130	413	114
8 Exchange rate differences and other financial income	038	4.492	720	1.493	479
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	13.707	1.029	20.425	6.789
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	354.009	47.302	180.285	62.454
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	0	0
3 Interest expenses and similar expenses	044	323.773	41.680	136.032	42.743
4 Exchange rate differences and other expenses	045	27.789	4.232	26.802	9.643
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	2.447	1.390	17.451	10.068
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VRITUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	053	20.798.098	5.972.331	15.181.959	4.877.613
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	15.447.342	4.638.189	14.671.370	4.870.335
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	5.350.756	1.334.142	510.589	7.278
1 Pre-tax profit (ADP 053-054)	056	5.350.756	1.334.142	510.589	7.278

2 Pre-tax loss (ADP 054-053)	057	0	0	0	0
XII INCOME TAX	058	-945.125	-945.125	-140.158	-75.494
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	6.295.881	2.279.267	650.747	82.772
1 Profit for the period (ADP 055-059)	060	6.295.881	2.279.267	650.747	82.772
2 Loss for the period (ADP 059-055)	061	0	0	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	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
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	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
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	0	0	0	0
1 Attributable to owners of the parent	076	0	0	0	0
2 Attributable to minority (non-controlling) interest	077	0	0	0	0
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	0	0	0	0
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	0	0	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0	0	0
5 Other items that will not be reclassified	085	0	0	0	0
6 Income tax relating to items that will not be reclassified	086	0	0	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	0	0	0	0
1 Exchange rate differences from translation of foreign operations	088	0	0	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0	0	0
6 Changes in fair value of the time value of option	093	0	0	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0	0	0
8 Other items that may be reclassified to profit or loss	095	0	0	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086 - 096)	097	0	0	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	0	0	0	0
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	0	0	0	0
1 Attributable to owners of the parent	100	0	0	0	0
2 Attributable to minority (non-controlling) interest	101	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2024 to 30.09.2024

in EUR

Submitter: INSTITUT IGH D.D.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	3.850.451	510.589
2 Adjustments (ADP 003 to 010):	002	6.848.097	356.544
a) Depreciation	003	2.230.482	1.616.384
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	302.754	676.632
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	-1.881	0
d) Interest and dividend income	006	673.744	0
e) Interest expenses	007	-453.835	0
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	0	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	4.096.834	-1.936.472
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	10.698.548	867.133
3 Changes in the working capital (ADP 013 to 016)	012	-9.763.119	-1.295.417
a) Increase or decrease in short-term liabilities	013	-11.553.651	1.081.638
b) Increase or decrease in short-term receivables	014	1.855.007	-646.801
c) Increase or decrease in inventories	015	0	0
d) Other increase or decrease in working capital	016	-64.475	-1.730.254
II Cash from operations (ADP 011+012)	017	935.429	-428.284
4 Interest paid	018	0	0
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	935.429	-428.284
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	780.000	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	0	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	79.235
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	780.000	79.235
1 Cash payments for the purchase of fixed tangible and intangible assets	028	0	0
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-367.917	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-367.917	0
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	412.083	79.235
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	0	0
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	0	0
2 Cash payments for dividends	041	0	0

3 Cash payments for finance lease	042	-1.426.603	0
4 Cash payments for the redemption of treasury 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	-1.426.603	0
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-1.426.603	0
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-79.091	-349.049
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	512.774	433.683
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	433.683	84.634

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2024 to 30.9.2024

in EUR

Item	ADP code	Attributable to owners of the parent																Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	15.476.105	-33.895	0	191.958	483.564	0	0	5.518.291	133.711	0	0	0	-35.491	-35.835.433	2.008.657	-13.059.661	61.484	-12.998.177
2 Changes in accounting policies	02																0		0
3 Correction of errors	03																0		0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	15.476.105	-33.895	0	191.958	483.564	0	0	5.518.291	133.711	0	0	0	-35.491	-35.835.433	2.008.657	-13.059.661	61.484	-12.998.177
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0			0	4.985.294	4.985.294	1.598	4.986.892
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0		0	0	0	0			0	0	0		0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	-3.036.476	0	0	0			5.326.706		2.290.228		2.290.228
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0		0	0					0		0
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	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	10	0	0	0	0	0	0	0	0	0	0						0		0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0										0		0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0										0		0
13 Other changes in equity unrelated to owners	13								25.208					321	895.627		921.156		921.156
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0								0		0		0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15	-9.339.015												0	9.339.015		0		0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																0		0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																0		0
18 Redemption of treasury shares/holdings	18																0		0
19 Payments from members/shareholders	19																0		0
20 Payment of share in profit/dividend	20																0		0
21 Other distributions and payments to members/shareholders	21	8.677.540															8.677.540		8.677.540
22 Transfer to reserves according to the annual schedule	22														2.008.657	-2.008.657	0		0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																0		0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	14.814.630	-33.895	0	191.958	483.564	0	0	2.507.022	133.711	0	0	0	-35.170	-18.265.428	4.985.294	3.814.557	63.082	3.877.639
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)	25	0	0	0	0	0	0	0	-3.011.270	0	0	0	0	321	6.222.333	0	3.211.384	0	3.211.384
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	-3.011.270	0	0	0	0	321	6.222.333	4.985.294	8.196.678	1.598	8.198.276
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	-661.475	0	0	0	0	0	0	0	0	0	0	0	0	11.347.672	-2.008.657	8.677.540	0	8.677.540
Current period																			
1 Balance on the first day of the current business year	28	14.814.630	-33.895	0	191.958	483.564	0	0	2.507.022	133.711	0	0	0	-35.170	-18.265.428	4.985.294	3.814.557	63.082	3.877.639
2 Changes in accounting policies	29																0		0
3 Correction of errors	30																0		0
4 Balance on the first day of the current business year (restated) (AOP 28 to 30)	31	14.814.630	-33.895	0	191.958	483.564	0	0	2.507.022	133.711	0	0	0	-35.170	-18.265.428	4.985.294	3.814.557	63.082	3.877.639
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0			0	650.747	650.747		650.747
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0		0	0	0	0			0	0	0		0
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	-535.593	0	0	0			416.149		-119.444		-119.444
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0		0	0					0		0
9 Profit or loss arising from effective cash flow hedge	36	0	0	0	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	37	0	0	0	0	0	0	0	0	0	0						0		0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38	0	0	0	0	0	0										0		0
12 Actuarial gains/losses on the defined benefit obligation	39	0	0	0	0	0	0										0		0
13 Other changes in equity unrelated to owners	40								1						-125.502		-125.501		-125.501
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0										0		0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42																0		0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																0		0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																0		0
18 Redemption of treasury shares/holdings	45																0		0
19 Payments from members/shareholders	46																0		0
20 Payment of share in profit/dividend	47																0		0
21 Other distributions and payments to members/shareholders	48																0		0
22 Carryforward per annual plane	49														4.985.294	-4.985.294	0		0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																0		0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	14.814.630	-33.895	0	191.958	483.564	0	0	1.971.430	133.711	0	0	0	-35.170	-12.989.487	650.747	4.220.359	63.082	4.283.441
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)	52	0	0	0	0	0	0	0	-535.592	0	0	0	0	0	290.647	0	-244.945	0	-244.945
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53	0	0	0	0	0	0	0	-535.592	0	0	0	0	0	290.647	650.747	405.802	0	405.802
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	0	0	0	0	0	0	0	0	0	4.985.294	-4.985.294	0	0	0

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: INSTITUT IGH, d.d.
Personal identification number (OIB): 79766124714
Reporting period: 1st January, 2024 to 30th September, 2024

Notes to financial statements for quarterly periods include:
a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (items 15 to 15C IAS 34 - Interim financial reporting).
The consolidated financial statements include companies in accordance with point 12 of these notes. The companies DP AQUA d.o.o. and Slavonija Center, Velika Kopaonica d.o.o. are in the regular liquidation process which was initiated by the Management Board's decision on June 5, 2024.
Affiliated companies do not have significant business activities and the Management's intention is to merge or liquidate affiliated companies during the next year. The financial results of the Group do not deviate significantly from the financial results of INSTITITU IGH d.d.
By the Decision of the Commercial Court in Zagreb, Tt-24/34060-2 of October 3, 2024, the entry under serial number 4 is deleted - approval of the pre-bankruptcy settlement of the registered entity INSTITUT IGH, joint-stock company for research and development in construction, Zagreb, Janka Rakuše 1 , MBS 080000959, OIB 79766124714 registered by decision of the Commercial Court in Zagreb under number Stpn-305/2013. from 05.12.2013 based on the Independent Auditor's Report dated July 5, 2024.
Liabilities based on the pre-bankruptcy settlement as of December 31, 2023. amounted to 39 thousand euros, which were settled in full on February 15, 2024. The audit of the settlement of obligations under the pre-bankruptcy settlement was carried out in June 2024.
b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period.
Consolidated and non-consolidated financial statements for the period 1st January to 30th June, 2024 are available at the Company's website https://www.igh.hr/.
c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (item 16.A (a) IAS 34 - Interim financial reporting).
The financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS) which are in force in the European Union.

d) a description of the financial performance in the case of the issuer whose business is seasonal (items 37 and 38 IAS 34 - Interim financial reporting).
There is no activity of a seasonal nature, with significantly increased business activity during the spring and autumn months.
e) other comments prescribed by IAS 34 - Interim financial reporting - Assets with the right of use are shown within long-term tangible assets according to the type of asset, while liabilities based on leases are shown within the positions of long-term and short-term liabilities.
Assets with the right of use are shown within long-term tangible assets according to the type of asset, while lease liabilities are shown within the positions of long-term and short-term liabilities, which total EUR 3,3 million and refers only to the company INSTITUT IGH d.d. Property with the right of use is carried out in accordance with MRSF-16.
Employee expenses in the current period amounted to EUR 8,12 million, while in the same period last year they amounted to EUR 8,14 million.
f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:
1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration:
INSTITUTE IGH Zagreb, Janka Rakuše 1, dioničko društvo, Croatia, MBS: 03750272, OIB:79766124714
2. adopted accounting policies (only an indication of whether there has been a change from the previous period):
There were no changes in accounting policies compared to the previous reporting period.

3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately.
The company has obligations under issued bank guarantees for good performance in the amount of EUR 3 million.

4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence.
Significant figurs of income are presented as other income, and refer primarily to income from the sale of real estate in Dubrovnik and Karlovac, income from rent, and cancellation of reservations.
5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security.
There are no obligations that mature after more than five years.
6. average number of employees during the financial year - 354
7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries.
In the business year, there was no capitalization of salary expenses. Employee expenses broken down into the total amount of net salaries, and the amount of taxes, contributions from salaries and contributions to salaries are shown in the profit and loss account as a direct debit to the expenses of the period.

8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year.
Deferred tax liability is recognized in the balance sheet based on the revoke of revaluation reserves.
9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking
PRIDRUŽENO DRUŠTVOADRESA
ELPIDA d.o.o., Ventilatorska 24, Lučko, Hrvatska
INSTITUT ZA INFRASTRUKTURNE PROJEKTE, Sofija, Bugarska
PRVI CRNOGORSKI AUTOPUT d.o.o., Podgorica,Crna Gora
IGH KOSOVA SHA, Bill Clinton Bulvari, Kosovo
IGH ITALY SRL, Palmanova, Italia

10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital
During the business year 2023, an additional 867,754 shares were subscribed, nominal value: EUR 10.00, which makes a total book value of EUR 8,677,540.
During 2024, there were no registration of new shares.
11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer
There is none
12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability

Pursuant to Articles 275. and 301. of the Companies Act (Official Gazette Nos. 111/93, 34/99, 118/03, 107/07, 137/09, 125/11, 111/12, 68/13, 110/15) and Article 26. of the Scientific Activity and Higher Education Act (Official Gazette Nos. 123/03, 198/03, 105/04, 174/04, 02/07, 46/07, 45/09, 63/11, 94/13, 101/14, 60/15), on July 26th 2024., the President of the General Assembly Board of INSTITUT IGH, d.d. established the full text of the Articles of Association of the INSTITUT IGH, d.d.,

ARTICLES OF ASSOCIATION INSTITUT IGH, d.d.

ZAGREB

(full text)

I INTRODUCTORY NOTE

Article 1.

1. These Articles of Association are the highest general act of the "INSTITUT IGH", Joint Stock Company for Research and Development in Civil Engineering, Zagreb, Janka Rakuse 1 (hereinafter "the Company").

2. These Articles of Association establish basic provisions with regard to the legal status and organization of the Company as well as provisions regarding the mutual relations between the shareholders and the Company.

II COMPANY

Article 2.

1. The Company conducts its affairs under the company name "INSTITUT IGH, Joint-Stock Company for Research and Development in Civil Engineering".

2. The abbreviated Company name reads as follows: "INSTITUT IGH, d.d.".

3. In addition to its company name or abbreviated company name in Croatian language the Company is also entitled to use its company name translated into English language.

4. The name of the Company, translated into English language, reads as follows: “INSTITUT IGH, joint-stock company for research and development in civil engineering”.

5. The decision of the change of the Company name or the abbreviated Company name and the translation thereof to a foreign language is made by the Company Management Board with approval by the Supervisory Board.

Article 3.

1. In its business affairs, the Company uses its seal which contains the name and the registered seat of the Company.

2. The form and size of the seal, and the way in which the seal is used and kept, is specified by the Company Management Board.

III REGISTERED SEAT

Article 4.

1. The registered seat of the company is situated in Zagreb, Janka Rakuse 1.

IV BUSINESS ACTIVITY

Article 5.

1. The Company conducts the following activities:
   22.1 Publishing activity;
   72.20 Consulting and purchase of programming equipment (software);
   73.10.2 Research and development in technical & technological sciences;
   74.14 Consulting on business & management;
   74.15 Management of holding companies;
   74.20 Architectural and engineering activities & technical consultancy;
   74.30 Technical testing and analyses;
   - Scientific research, development-oriented research, publishing results of scientific and development research, scientific advancement, and upkeep and further development of the scientific research structure;
   - Advancement of general, technical and autonomous regulations in the field of civil engineering and in other fields where civil engineering expertise is required; analysis and coordination of the implementation of international regulations and civil engineering;
   - Improvement of the development programs and construction technologies;
   - preparation of studies of the impact of structures on the environment from the point of view of protection, preservation and improvement of space;

- Organization and implementation of activities aimed at encouraging further scientific and professional development;
- control of technical documentation in terms of stability, safety, functionality, physical properties and cost-effectiveness;
- Verification and evaluation of competence of companies performing activities of consequence to the safety, quality and functionality of man-made structures;
- Expert evaluation in the field of civil engineering, technics, Technology and cost-effectiveness of construction projects;
- Establishment and regular updating of the Register of structures and infrastructure and monitoring the condition of structures, conditions of use and maintenance conditions;
- Development of interdisciplinary activities needed for the improvement and advancement of civil engineering;
- Development of prototypes and series of measuring devices used in civil engineering;
- Consultancy and quality assurance services for technical equipment in structures/facilities;
- Development and implementation of quality of insurance programs;
- Transcript and reproduction of technical documents;
- Certification services;
- Development of technical approvals;
- Implementation of capital investment works in the country and abroad;
- Research services and provision and use of information and knowledge relating to industry and science;
- Services relating to quality and quantity control in the import and export of goods;
- Representation of foreign companies;
- Technical activities in the field of environmental protection;
- Technical activities in the field of physical planning, as related to the preparation of physical planning documents, and technical documents for the delivery of location permits;
- Validation of design documents in the field of:
    - architectural design (architectural design of structures/ buildings, interior design for structures/buildings, and et landscaping design),
    - mechanical engineering design (mechanical design of power plants, design of storage and transport of gaseous and liquid substances).
- Programming and implementation of geotechnical survey works;
- Development of geotechnical opinions, studies, reports and designs;
- civil engineering design of geotechnical structures/facilities;
- Laboratory testing of rock and soil;
- Field testing of rock and soil material in boreholes;
- Monitoring behavior of geotechnical structures/facilities;
- Laboratory and field testing of geotextiles;
- Geological investigations of energy providing, non-metallic and metallic raw materials;
- Hydrogeological investigations (geological, structural geological, and hydrogeological investigations, testing hydraulic parameters of groundwater, design

of groundwater well areas including works relating to water supply, and development of support documents for civil engineering structures/facilities);

- Engineering geological investigations (geological, structural geological and engineering-geological investigations for the preparation of support documents used in the design of civil engineering structures/facilities);
- Organization, supervision during execution and design of engineering-geological and hydrogeological works;
- Study of groundwater and engineering-geological properties of soil for the preparation of studies and environmental protection design documents;
- Geophysical investigations as needed for the engineering-geological, hydrogeological and geotechnical investigations, and control tests and quality control on buildings/structures;
- Geophysical investigations for environmental protection purposes, and the development of support data using in archaeological explorations;
- Activities related to the protection and preservation of cultural assets, i.e.: survey and reporting on load-bearing structures of cultural assets and preparation of conceptual, preliminary, detailed and working designs for the repair of load-bearing structures of conceptual, preliminary, detailed and working designs for the works on fixed cultural assets, and for the repair of materials on fixed cultural assets;
- Technical activities relating to physical development planning;
- Activities related to management of construction projects;
- Activities relating to the preparation of design documents for the water management facilities and water systems;
- Preparation of survey reports were permanent topographic points as required for basic survey activities;
- Preparation of survey reports for the measuring, marking and maintaining of national border;
- Preparation of reports concerning the development of the Croatian Base Map;
- Preparation of reports concerning the development of digital orthophotographic charts;
- Preparation of reports concerning development of detailed topographic maps;
- Preparation of reports concerning development of general topographic maps;
- Development of cadastral survey reports;
- Development of technical reambulation reports;
- Development of reports concerning conversion of cadastral plans into digital format;
- The development of reports concerning conversion of digital cadastral plans into a given format;
- Development of reports concerning homogenization of cadastral plans;
- Development of plot plans and other survey reports relating to land cadastre;
- Development of plot plans and other survey reports relating to the real estate cadastre;
- The development of plot plans and other survey reports for individual conversion of land cadastre plots into the real estate cadastre plots;
- Development of cadastre reports relating to the utilities and expert geodetic activities needed for provision of geodetic services;
- Technical management of utility installation cadastre;

- Development of special geodetic survey maps for preparation of physical planning documents and acts;
- Development of special geodetic survey maps required for design development;
- Preparation of geodetic reports defining condition of a facility/building prior to reconstruction work;
- Development of geodetic designs;
- Stakeout (setting out) of facilities/structures and preparation of stakeout reports;
- Preparation of general geodetic plants for built facilities/buildings;
- Geodetic monitoring of facilities/buildings during construction, and preparation of geodetic monitoring report;
- Monitoring displacement of facilities/buildings in the course of maintenance activities, and preparation of geodetic monitoring reports;
- Geodetic activities undertaken in the scope of urban land consolidation activities;
- Development of agricultural land consolidation designs including geodetic activities performed in the scope of consolidation of agricultural land;
- Preparation of special geodetic documents for protected areas and areas under protection;
- Technical supervision of works: development of work-cadastre reports and technical geodetic activities for the provision of geodetic services, technical management of utility installation cadastre, development of special geodetic documents for the preparation of physical planning documents and acts, preparation of special geodetic documents for design work, preparation of geodetic report defining condition of a facility/structure prior to the reconstruction work, preparation of geodetic designs, stakeout (setting out) of facilities/structures and preparation of stakeout reports, geodetic monitoring of facilities/structures during construction, and the development of geodetic-monitoring reports, monitoring this placement of facilities/structures in the course of maintenance activities, and preparation of geodetic monitoring reports, and preparation of special geodetic documents for protected areas and areas under protection;
- Professional activities relating to nature protection;
- Professional activities relating to noise protection;
- Accounting activities;
- Activities relating to aerial photography/survey;
- Translation and interpretation activities;
- Activities relating to real estate management and real estate maintenance;
- Activities relating to real estate brokerage;
- Real estate activities;
- Rental of motor vehicles;
- Rental of aircrafts;
- Activities relating to rental of yachts or boats, with or without crew (charter);
- Rental of vessels;
- Own-account transport;
- Transport of passengers in national road transport;
- Transport of passengers in international road transport;
- Transport of cargo in national and international road transport;
- Own-account transport;
- Organizing seminars, courses, fairs, events, exhibitions and concerts;

- Market research and public opinion polls;
- Purchase and sale of goods;
- Provision of services in trade;
- Brokerage on national and international markets;
- Design and construction of structures and technical supervision of construction works;
- Design and construction of mining facilities and plants;
- Information society services;
- Web design;
- Creating and maintaining websites;
- Activities of electronic communication network and services;
- Universal services in the field of electronic communications;
- Value added services;
- Providing electronic publication services;
- Computer science training;
- Computer and related activities;
- Development of design for construction of oil and mining facilities and plants;
- Construction of oil and mining facilities and plants and professional supervision of construction works of oil and mining facilities and plants;
- Energy certification, building energy inspection, inspection of heating and cooling systems in buildings.

2. Pursuant to the Decision of the Company Management Board and the corresponding approval of the Supervisory Board, the Company may establish or acquire other companies, subsidiaries, points of sale and branch offices in the country and abroad, according to the needs and necessities as they arise in the course of the Company's business activities.

3. The subsidiaries of the Company conduct their business under their own name and under the name of the Company must provide information about their registered seat and the registered seat of the Company.

4. The form and size of the seal of the Subsidiary, and the way in which the seal is used then kept, is specified by the Company Management Board.

V DURATION OF THE COMPANY

Article 6.

1. The Company has been founded for an unlimited period of time.

2. The Company shall cease its activities in accordance with these Articles of Association and in compliance with the Law.

VI PUBLISHING

Article 7.

1. The Company shall publish the invitation to the General Assembly of the company in the "Official Gazette" of the Republic of Croatia. All other notifications shall be done in accordance with positive legislative acts and decisions of the Company Management.

VII SHARE CAPITAL

Article 8.

1. The share capital of the Company amounts to EUR 14,814,630.00 (in letters: fourteen million eight hundred and fourteen thousand six hundred and thirty euros).

2. The share capital is paid in full.
   Conditional increase if share capital

Article 8a.

1. The General Assembly may decide to increase the share capital of the Company but only to the extent needed to acquire the right to gain shares from Paragraph 2. of this Article (conditional increase of capital).

2. The decision on conditional increase of the Company share capital may be made only to:
   a. achieve rights of the Company creditors to change exchangeable bonds for shares and gain pre-emption right for subscription of new shares of the Company,
   b. make preparations for acquisition of several companies,
   c. enable employees and Company Management members, or members of affiliate companies, to acquire right to shares based on the General Assembly decision,
   d. allocate shares of the parent Company to shareholders or subsidiary company members in accordance with Article 492., Paragraphs 2. and 3. of the Companies Act, if a contract has been concluded on administration of the Company's operations, or contract on transfer of profit or shares of the parent Company to shareholders or members of affiliated company in accordance with Article 504., Paragraph 2., of the Companies Act.

3. Nominal amount of conditional capital shall not exceed one half of one tenth, as described in Paragraph 2., Subparagraph 3. of this Article, of share capital of the Company at the time the decision of conditional increase of the Company capital is made.

4. Provisions of the Companies Act on pre-emption rights to subscribe to new shares shall also be applied as appropriate to exchangeable bonds.

5. The decision on conditional increase of share capital of the Company through investment of goods or rights shall contain information about the object of investment, about the person from which the Company acquires such object (goods or rights) and the nominal amount, and in case of shares without nominal amount, the number of shares acquired through such investment.

6. The decision shall be made only if the Investment of goods and rights have been specifically and properly made public, in accordance with the Companies Act and the Company's Articles of Association on the announcement of the General Assembly meeting agenda and decision proposals.
7. The management board may issue shares only to attain objectives for which the decision on conditional increase of capital was made.

Approved share capital

Article 8b.

1. The Company's Management Board is authorized to increase share capital in a single session or in multiple sessions within a period of five years from the entry of Amendments to the Articles of Association into the Court Register of the Competent Commercial Court, for the total nominal amount of HRK 52,800,000.00 (in letters: fifty two million and eight hundred thousand kuna), at minimum price which represents the nominal value of the company’s share on the day of the Decision was adopted. For such an increase of share capital, the Supervisory Board approval is required.

2. Share capital may be increased by issuing new shares through consideration in cash or goods and rights. With the approval of the Supervisory Board, the Management may exclude the priority right of the shareholders to subscription to new shares. The Supervisory Board is authorized to align the provisions of the Articles of Association with the changes resulting from such increase of share capital and issuance of new shares.

VIII COMPANY SHARES

1. TYPES AND NUMBER OF COMPANY SHARES

Article 9.

1. The Company share capital amounts to EUR 14,814,630.00 (in letters: fourteen million eight hundred and fourteen thousand six hundred and thirty euros) divided on 1,481,463 (in letters: one million four hundred eighty one thousand four hundred and sixty three) shares, each with nominal value of EUR 10.00 (in letters: ten euros).

2. The Company may issue shares in accordance with the Law and in keeping with provisions contained in these Articles of Association.

Article 10.

1. The Company shares have been issued as dematerialized securities in accordance with the Law regulating the dematerialized securities.

Article 11.

1. The Company shares exist in the form of an electronic record at the account of securities in the computer system of the Central Depository and Clearing Company JSC (in Croatian: Središnje klirinško društvo, d.d.).

2. Owner of dematerialized securities has the right to inspect the Share Register in accordance with provisions of the law regulating the issues and trading of securities.

3. The issuer of the materialized securities has the right to inspect information on securities issued by the set issuer, as well as the data on the owners of such securities.

4. The issuer or the Central Depository and Clearing Company JSC shall allow each shareholder to inspect, upon the shareholders request, the data contained in the Share Register, relating to shareholders and shares of that particular issuer. the shareholder shall not disclose the information on shareholders and shares from this Paragraph to other parties.

Article 12.

1. The ownership and rights arising from a dematerialized security are acquired by the transfer of such security from the dematerialized security account of the transferor to the dematerialized security account of acquirer, based on a valid legal action undertaken with the purpose of acquiring ownership, based on the decision made by the court or another competent authority, based on inheritance, and based on the law.

2. The ownership and rights arising from a dematerialized security are acquired at the moment this security has entered the dematerialized securities account of the acquirer, or the party holding the de materialized security on behalf of the acquirer, in accordance with the provisions of the Law regulating the subject of securities.

3. The transfer of ownership of a dematerialized security, based on transaction made either on the stock exchange or on the regulated public market, is conducted in the set-off and settlement procedure.

4. The acquisition and termination of ownership and other rights related to dematerialized securities, based on valid legal transactions concluded outside of the stock exchange or regulated market, i.e. based on court order or order of another competent authority, or based on inheritance or the law, shall be carried out by making appropriate entries in the electronic records using the book entry transfer proceedings. The entry of share transfer in Share Register, for shares issued in the name of a new acquirer, based on valid legal transaction concluded outside of the stock exchange and regulated public market, this concluded on the basis of a written contract whereby the share title is transferred to the new acquirer and, in that contract, the Transferor`s signature must be certified in accordance with regulations prevailing in the Republic of Croatia.

5. The Company management is authorized to suspend entries to the Share Register in an appropriate period prior to the General Assembly session and this suspension is enforced until the first working day following the General Assembly session. The duration of this

inspection shall be defined by the decision made by the Company Management, and this duration must be indicated in the invitations to the General Assembly session.

6. With regard to requests for the entry in the Share Register submitted during this suspension, it shall be considered that such requests were submitted to the Company on the first working day following the day on which the General Assembly session was held.

2. TRANSFER AND ENCUMBRANCE OF COMPANY SHARES

Article 13.

1. Each shareholder may dispose with the shares owned by him from the moment the Company has been registered in the Commercial Register, subject to limitations as set forth in these Articles of Association.

Article 14.

1. Transfer of Company shares is free.

2. The transfer of shares conducted outside the regulated market shall be based on a written contract whereby the right to shares shall be transferred to the new acquirer and, in that contract the Transferor`s signature shall be certified in accordance with the regulation prevailing in the Republic of Croatia.

Article 15.

1. The pledging and other types of share encumbrance are allowed.

2. The lean on Company shares as dematerialized securities shall be acquired by an appropriate entry of such right to the dematerialized securities account, based on a valid legal transaction, Court decision, or the law.

3. Only one lean can be established on a share.

4. Any claim secured by a lien over a dematerialized security may be settled through an out-of-court proceeding. Regardless of the legal basis for the termination of the lien, the lien over a dematerialized security shall cease at the moment of its deletion.

IX MANAGEMENT OF THE COMPANY

Article16.

1. Unless otherwise specified by the Law or the Decision of the issue of shares, one shares shall give the right to one vote at the General Assembly session.

1. COMPANY BODIES

Article 17.

1. The Company bodies are: the Company General Assembly, The Supervisory Board and the Company Management Board. The Scientific Council is the Company's professional advisory board.

2. COMPANY GENERAL ASSEMBLY

Article 18.

1. The General Assembly of the Company is held at least once a year.

2. The General Assembly session is convened upon expiry of the business year, taking into consideration that lines for submission of annual statements as foreseen in the relevant regulations applicable in the Republic of Croatia.

3. The General Assembly session is held whenever such a session is considered beneficial to the Company's interest and it may also be convenient by shareholders, provided that relevant legal preconditions have been met.

Article 19.

1. The General Assembly session may be attended by shareholders cumulatively fulfilling the following assumptions:
    a. that their are duly registered with the Shares Register;
    b. that they have announced their intention to participate in the General Assembly session at least 6 (six) days prior to the General Assembly session date.

Article 20.

1. The General Assembly is chaired by the Supervisory Board Chairman. In case of his absence, the Chairman will appoint another member of the Supervisory Board or a third person to chair the General Assembly meeting. If the Chairman is prevented from chairing the General Assembly session, and if he has not appointed to this and another person, the general assembly session shall be shared by the oldest Supervisory Board member present at the meeting.

2. The General Assembly Chairman:
    a. presides over the General Assembly sessions and determinates the sequence of discussion by individual items on the agenda, decides on the order and which individual proposals will be voted on, on the way in which voting on individual proposals will be conducted, and makes decision about every other procedural matter that has not been regulated by the Law or these Articles of Association;
    b. signs the Minutes and Decisions adopted by the General Assembly sessions;
    c. communicates on behalf of the General Assembly with other Company bodies and with third parties, when this is provided by the Law and these Articles of Association;

d. performs other tasks assigned to him in accordance with the Law and these Articles of Association.

3. Before starting with the first item on the agenda, the Chairman, or the party chairing the General Assembly session, shall determine whether the shareholders proxies have valid powers of attorney, compliant with provisions contained in these Articles of Association.

Article 21.

1. All voting conducted at the General Assembly sessions are public, an exception can be made in specific cases if approved by the General Assembly.

Article 22.

1. Every shareholder shall bear the costs she/he has incurred in relation to the participation at the General Assembly session. The cost relating to the organization and holding of the general assembly session shall be borne by the Company.

3. SUPERVISORY BOARD

Article 23.

1. The Supervisory Board shall have 5 (five), 7 (seven) or 9 (nine) members, in accordance with the General Assembly decision.

Article 24.

1. In principle, the Supervisory Board members are elected among the professionals from the fields that are significant for the business operations of the Company.

Article 25.

1. The Supervisory Board members are elected by the General Assembly.

2. The party proposing a Supervisory Board member shall submit, together with the proposal, a written statement by which the party proposed to be elected for the first time as a Supervisory Board member, acknowledges that he/she is willing to perform the duties of a Supervisory Board member and that there are no legal hindrances preventing him/her from assuming this position.

3. One member of the Supervisory Board is the representative of the employees and shall be appointed and relieved of duty as specified by the Labor Law. This member shall be appointed for a four-year (4) term in the position.

Article 26.

1. The Supervisory Board members are elected for a four-year (4) term, starting from the date of their election to the Supervisory Board. This provision shall be applied to Supervisory

Board members elected before this provision has come into force and who are still members of the Supervisory Board.

Article 27.

1. The Supervisory Board elected at the General Assembly meeting, shall be constituted no later than 8 (eight) days following the election date. Until appointment of the Supervisory Board Chairman, the Supervisory Board shall be presided over by the oldest member of the Supervisory Board.

2. At the constituting session of the Supervisory Board elected at the General Assembly session, members of the Supervisory Board shall elect the Supervisory Board Chairman by majority vote of all members, among at least 3 (three) proposed Supervisory Board members. At least one Deputy Chairman of the Supervisory Board shall be elected, following the proposal of the Supervisory Board Chairman.

Article 28.

1. The Supervisory Board shall perform the following activities:
    1. appoint and relieve of duty members of the Company Management;
    2. supervise business activities of the Company;
    3. convene general assembly sessions as necessary;
    4. submit a written report on supervision activities at the General Assembly;
    5. participate in preparation of the annual statements;
    6. represent the Company before the Company Management members;
    7. approve decisions made by the Company Management when required by law of these Articles of Association;
    8. change and supplement provisions of these Articles of Association based on decisions made by the General Assembly, but only to the extent needed to revise such provisions;
    9. act in the capacity of a second-instance body in cases when a two-instance procedure is necessary to solve a particular issue, and when the Company Management appears as the body of the first instance;
    10. define Rules of Procedure relating to the work of the Company Management members and relating to its own work;
    11. appoint and relieve of duty members of its committee aimed at preparing decisions to be reached, and at supervising implementation of such decisions;
    12. perform other tasks explicitly entrusted to it by law and by provisions of these Articles of Association;
    13. sign contracts with the members of the Company Management, and give approval to Company Management members to sign contracts with all parties to which the authority is transferred.

2. The Supervisory Board gives its approval for the following Company Management`s business decisions or acts:
    1. alienation and encumbrance of the Company real estate;
    2. alienation and encumbrance of the Company enterprise or of an important part thereof;
    3. establishment, acquisition or disposal of interests or shares in other companies;

4. increase or decrease of share capital in affiliated companies, and appointment and recall of members of their bodies;
5. entering into legal contracts in which the value exceeds fifteen percent (15%) of the Company share capital, or that are signed for the duration of more than five (5) years, in cases when such deals exceed the framework of regular commercial contracts;
6. founding and cessation of activity of the Company's subsidiaries;
7. decisions on the advanced payment of dividend;
8. in all other cases regulated by the law or these Articles of Association.

Article 29.

1. Every Supervisory Board member has the right to one (1) vote.

2. The Supervisory Board shall make decisions if at least more than half of the total number of consultations between its members, but only if no member of the Supervisory Board has asked that the actual session be convened. Such decisions are made by majority vote of all members of the Supervisory Board.

3. The Supervisory Board may make its decision even without holding a session, through consultations between its members, but only if no member of the supervisory board has asked that the actual session be convened. Such decisions shall be confirmed at the next Supervisory Board meeting. Confirmation of the decision does not affect its validity.

4. A member of the Supervisory Board prevented from participating in its work can be replaced by a person who is not a member of the Supervisory Board, if such person has a written authorization from the member of the Supervisory Board who is prevented from participating. Written authorization can also be given in electronic form.

Article 30.

1. The Supervisory Board members shall receive compensation for their activity in the Supervisory Board. This compensation amount for the Supervisory Board members shall be determined each year by decision reached at the general assembly session.

4. COMPANY MANAGEMENT

Article 31.

1. The Company Management consists of at least one (1) but no more than seven (7) members, in accordance with the decision adopted by the Supervisory Board. If the Supervisory Board decides that the Company Management be formed of several members, then one of these members will be appointed as the President of the Management Board.

2. The President and members of the Company Management Board shall be appointed by the Supervisory Board. The Supervisory Board may decide that the Company Management Board members be appointed through a public competition process.

3. The member of the Company Management Board may be any person who meets the requirements defined by the Company Supervisory Board decision.

4. The term in office of the Company Management Board lasts until the end of the General Assembly session during which a decision should be brought about the discharge to the Management Board for the fourth (4th) business year of the term in office. At that point, the business year in which the Company Management was appointed is not to be taken into account, unless decided otherwise by the Supervisory Board.

5. If the Supervisory Board decides that the Company Management is to be formed of several members, then the Company Management Board shall make its decision by majority vote of all members of the Company Management Board. In case of an equal number of votes, the President of the Company Management Board shall have the decisive vote.

Article 32.

1. The President of the Company Management Board shall also assume the function as the General Manager of the Institute, with all rights and obligations in accordance with the law of the Scientific Activity.

Article 33.

1. The Company Management shall manage business activities of the Company. Within the scope of this task, the Company Management is required to define the business policy of the Company - in accordance with the law and these Articles of Association, make plans to implement such policies, define the structure of the Company, manage practical operations and activities, keep business records of the Company, report to other bodies of the Company and, in this respect, make appropriate decisions and prepare general acts, unless such activity is placed under authority of another body of the Company either by law or in accordance with these Articles of Association.

Article 34.

1. The President of the Management Board represents the Company individually and independently, while the Management Board members shall represent the Company together with another Management Board member or together as a procurator. The Company Management Board grants and revokes procurator rights to one or several persons, and may set internal restrictions with the respect to such rights of representation.

2. The Supervisory Board may set some internal restrictions to representation rights that are not being entered into the Commercial Register to the Company Management Board and other persons authorized to represent the Company. The Company Management Board and other persons authorized to represent the Company shall comply with such restrictions.

5. SCIENTIFIC COUNCIL

Article 35.

1. The Scientific Council is the Company's technical advisory body for the field of scientific activity.

2. The Scientific Council consists of:
    - all researchers elected as research fellows or elected to a higher position,
    - all holders of doctoral degree,
    - elected project leaders representatives,
    - elected representatives of scientists and researchers, the maximum number of Scientific Council members shall be determined by the Company Management Board.

3. Representatives are elected by the Scientific Council upon the proposal of the Scientific Council Chairman.

4. The number of Scientific Council members is set by the Company Management.

Article 36.

1. The Scientific Council shall perform the following activities:
    - Propose to the Company Management Board organization and measures aimed at proper implementation of scientific and highly professional work;
    - Monitors and guides the implementation of scientific and research work and activities;
    - Implement measures required to preserve and keep the Confirmation on fulfillment of requirements for implementation of scientific activities by the Institut IGH - accreditation of the representative Ministry;
    - Propose a five (5) year strategy and plans for scientific and research activity and monitor their implementation;
    - Analyze, evaluate and report on results of the scientific and research activities;
    - Take account of the development of the younger generation of researches;
    - Follow the publishing of applications regarding the financing of scientific and research projects in Croatia and abroad;
    - Maintain relationships with the scientific community;
    - Perform other tasks and activities as instructed by the Company Management Board, in accordance with the Law.

Article 37.

1. The Scientific Council performs its tasks and activities at sessions convened and presided over by Scientific Council Chairman, and in his absence, by the Deputy of the Scientific Council.

2. The Scientific Council sessions shall be held as necessary, but no less than once in six (6) months.

3. The Scientific Council Chairman shall be elected by the Scientific Council, by secret vote, and shall be confirmed by the Company Management.

Article 38.

1. During Scientific Council sessions, the Council decisions shall be made by public voting, unless otherwise stipulated by the law, these Articles of Association, general acts of the Company, or by Decision of the Scientific Council.

2. The decisions made by the Scientific Council shall be considered valid if majority of the members are present at the session, and decisions are made by majority of the vote of all members of the Scientific Council.

Article 39.

1. The Scientific Council may appoint interim boards and committees. The activity and composition of such boards and committees shall be determined by the Decision on the establishment and appointment of such bodies.

X BUSINESS RECORDS AND PROFIT

1. BUSINESS RECORDS

Article 40.

1. The Company Management shall ensure that its business records are kept in accordance with the law.

2. The Company is required to keep business documentation and records in a manner defined by the law.

3. Based on business records, the Company Management shall make draft financial statements and the report on the state of affairs and situation in the Company, and show submit these documents, together with the proposal for the distribution and use of profit, to the Supervisory Board of the Company no later than by the end of the first quarter of the current year.

4. The annual account, the Auditor's report, the Company Management report on the state of the Company, the Supervisory Board report, and the proposal of the Company Management and Supervisory Board with regards to the distribution of profit, shall be made available to shareholders for inspections at the registered seat of the Company within ten (10) days counting from the General Assembly session has been announced.

2. PROFIT AND DIVIDEND

Article 41.

1. The profit made by the Company each business year shall be defined in the way as set by the law. The business year is equal to the calendar year.

2. The Company Management is authorized to pay in the course of the business year an advance dividend to its shareholders out of the foreseeable part of net profit. The approval of the Supervisory Board is necessary for such payment.

3. The cost of the dividend payment, which shall be made in the domicile currency of the Republic of Croatia, shall be borne by the Company.

Article 42.

1. The net profit realized in the business year shall be used by the Company in the following order of precedence:
    a. coverage of losses brought forward from the previous years,
    b. contribution to legal services,
    c. contribution to reserves for own shares, if the Company has acquired them or has the intention to do so,
    d. contribution to statutory reserves, provided that the Company has them.

2. In preparing its annual financial statements the Company Management shall comply with the provisions set out in the previous Paragraph of this Article.

3. The Management and the Supervisory Board may, after the establishment of the annual financial statements, use more or less than half of the amount of net profit remaining after the effectuated allocation for the purposes set out in Paragraph 1. of this Article, to make contributions to other reserves. The authority given to the Management Board and to the Supervisory Board to dispose in the aforesaid manner with the funds corresponding to more than one half of the net profit amount remaining after its utilization for the purposes set out in Paragraph 1. of this Article, shall be valid until the other reserves which are created from appropriation of profits reach the level equaling to one half of the share capital of the Company, thus, they cannot contribute that part of the net profit to the aforesaid reserves in the subject reserves exceed one half of that capital of that would happen if a part of the net profit for the fiscal year would be contributed to them.

4. If the annual financial statements are determined by the General Assembly, in accordance with the Law, it may also decide to contribute the net profit remaining after the effectuated contributions as defined in Paragraph 1. of this Article, to other reserves that are to be created from appropriation of profits, however, it shall not use more than half of the net profit amount for that purpose remaining after its use for the purposes set out in Paragraph 1. of

this Article.

5. In its Decision on allocation of profits the General Assembly may decide to allocate to other out-of-profit reserves additional amounts other than those set out in Paragraphs 3. and 4. of this Article.

6. Besides its allocation to other out-of-profit reserves as defined in Paragraph 1. of this Article, profits may also be distributed to the shareholders and used for other purposes (for example, payments to employees, or payments to members of the Management Board or Supervisory Board), if such decision is made by the General Assembly.

7. Shareholders have the right to receive profit unless the General Assembly has decided, in accordance with the law of these Articles of Association, that the prophet shall be used as indicated in Paragraph 5. of this Article, or that the profit shall not be distributed to shareholders (profit brought forward).

8. Unless the share capital is being reduced, the dividends shall not be paid to the shareholders if the net assets as per annual financial statements for the last business year are lower than the amount of the share capital increased by the amount of reserves that, according to provisions contained in the Law or these Articles of Association, shall not be paid to shareholders or such pink out would make them lower. In that, the amount of share capital reduced by the amount not yet paid is taken into consideration, if that not-yet-paid part is not reported on the asset side of the balance sheet. The amount paid to shareholders shall not be higher than the amount of retained profits reported in the annual financial statements for the last business year, increased by retained profits from the previous years and the amounts of reserves that may be used for the payment to shareholders, reduced by the losses from the previous business years, as well as by the amounts contributed to the Company's reserves, in accordance with the Law or these Articles of Association.

9. The General Assembly may decide that the profit shall be paid out to shareholders in goods.

Article 43.

1. The Company shall be structured in accordance with work processes applied in the Company.

XI BUSINESS SECRET

Article 44.

1. The term business secret covers all those documents in data that are related to the operation of the Company, or to the work of its employees, the disclosure of which

unauthorized persons would be contrary to Company interests.

2. The term business secret pertains to: documents and data about the procedures used in the commercial activities and relationships, relationships with business partners and users of services provided by the Company, and the salary of each and every employee.

3. The term business secret also covers the data and documents proclaimed by competent bodies of the Company as business secret, information disclosed to the Company by your body as confidential information, bits and proposals until publication of bidding results, and technical and technological documentation relating to some form of technical expertise.

Article 45.

1. Shareholders, members of Company bodies, and Company employees that have gained knowledge about the content of a document or data considered secret by the Company, shall keep such information confidential. Every breach of this rule shall make the disclosing party responsible for any damage suffered by the Company because of such disclosure of business secret.

2. The obligation to keep business secrets confidential does not cease even after the holder of such information loses the status of the basis of which the holder had the obligation to keep the Company information confidential.

3. The Company Management may define by a special act the data that are considered confidential, methods for protecting confidentiality of business information, and other procedures important for the protection of the Company's confidential information.

XII TRANSITIONAL AND FINAL PROVISIONS

Article 46.

1. These Articles of Association shall come into force upon the entry of amendments in the Commercial Register.

Article 47.

1. The original text of these Articles of Association is the text duly adopted at the Company General Assembly session and signed by the Chairman of the General Assembly who has also initialized all pages.

2. The original copy of the Articles of Association and its Amendment shall be bound and kept as a one-volume document.

Article 48.

1. The Company Management is responsible for keeping these Articles of Association, and show allow inspection thereof to any shareholder at request, or shall provide the shareholder with the transcript or copy thereof at the shareholders expense.

Article 49.

1. By signing these Articles of Association, the Chairman of the Company General Assembly affirms that the Articles of Associations have been prepared in accordance with due process, and adopted in the text signed by him. The same applies to the Amendments to these Articles of Association.

2. It is understood that every Company shareholder has fully accepted provisions of these Articles of Association.

CHAIRMAN OF THE COMPANY GENERAL ASSEMBLY

/signed/

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Boris Ivančić