INSTITUT IGH, d.d.

# 2024.

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

April 2025

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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

**The year 2024. was special for the Institut IGH as we celebrated 75 years of existence, which is a great achievement for the company & the Croatian civil engineering industry. Although, due to certain circumstances, the formal celebration did not take place, this was a moment when we all came together to reflect on our rich heritage and contributions to the development of the profession, Croatia, and the region. The 75th anniversary was marked by our employees and departments in their own way, in line with the values that reflect the spirit of our IGH – humility as a virtue.**

However, the year 2024 was challenging. It was concerning that infrastructure investments made by our main partners, Hrvatske Autoceste & Hrvatske vode, continue to drop in 2024 as well. Despite this, we have a strong portfolio of contracts. As part of the program to open new markets in Italy, we started large-scale design projects with ANAS SPA by signing a four-year framework agreement with a net value for IGH of 2,000,000.00 million EUR.

During 2024, we signed 157 new contracts and annexes with a total value worth around 12.9 million EUR, and realized 19.3 million EUR in revenue. Compared to 2023, in 2024, business revenues were 6% higher than the previous year despite extremely challenging public procurement conditions considering the competition and prices being offered and contracted. Additionally, 175 employees received a coefficient increase, which for the year means an increase in costs of 410,000 EUR gross.

The number of employees working at INSTITUT IGH, d.d. amounted to 339 employees, with 12 more employees working in our foreign branch offices. This represents a reduction of 33 employees compared to December 31st 2023, when the Company had 384 employees. We believe this to be an optimal number given current market trends. At the beginning of 2024, measures and actions were taken to continue resolving the remaining debt from the pre-bankruptcy settlement. In Q1 of 2024, the company fully settled all obligations based on the pre-bankruptcy settlement as of December 31st 2023. Furthermore, in Q2 of 2024, new members of the Management Board were appointed, Ms. Marija Đuroković, Ms. Tatjana Bičanić, Mr. Josip Majer, and I, Robert Petrosian, was reappointed as the President of the Management Board with mandate duration of 4 years.

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 2024 report was prepared taking into account the GRI.

On behalf of Institut IGH, d.d.<br>
Robert Petrosian, MEng C.E..<br>
President of the Management Board

# 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 official 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 , analyzing 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;
- Professional 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, structural geological and hydrogeological survey works, ground water hydraulic parameter testing, designing ground water interventions including works implemented 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 and 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 cadaster-related survey reports;
- Preparing plot plans and other real estate cadaster-related survey reports;
- Preparing plot plans and other geodetic survey reports for the individual conversion of land

cadaster plots into real-estate cadaster 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 cadaster;
- 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-cadaster reports and topographic activities for provision of topographic services, technical management of cadaster 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;
- Energy certification, building energy audit and regular inspection of the heating system and cooling or air conditioning system in the building.

- **ACTIVITIES ON RECORD:**

- IT company services;
- Web design;
- Website development and maintenance;
- Activities related to electronic communication networks and services ;
- Universal electronic communication services;
- Special tariff services;
- Electronic publishing services;
- Teaching computer 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 Osijek founded<br>• 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 performance of construction products, as authorized by the Ministry in charge, was founded |
| 2000. | • The Design and Studies Department was founded<br>• 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<br>• 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<br>• Over 400 testing norms for different construction products<br>• 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.

- New reorganization
- Pre-bankruptcy 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 Technical 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 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.

- New organization
- 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 nominal value of HRK 190,00 marked 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 reaccredited 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's professionals provided supervision, quality control and laboratory 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 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

2024

- Closing and exiting the pre-bankruptcy settlement
- Celebration of 75 years of company existence
- Appointment of new Management Board members
- Reappointment of the President of the Management Board
- Opening new markets

# 5. GROUP COMPONENTS

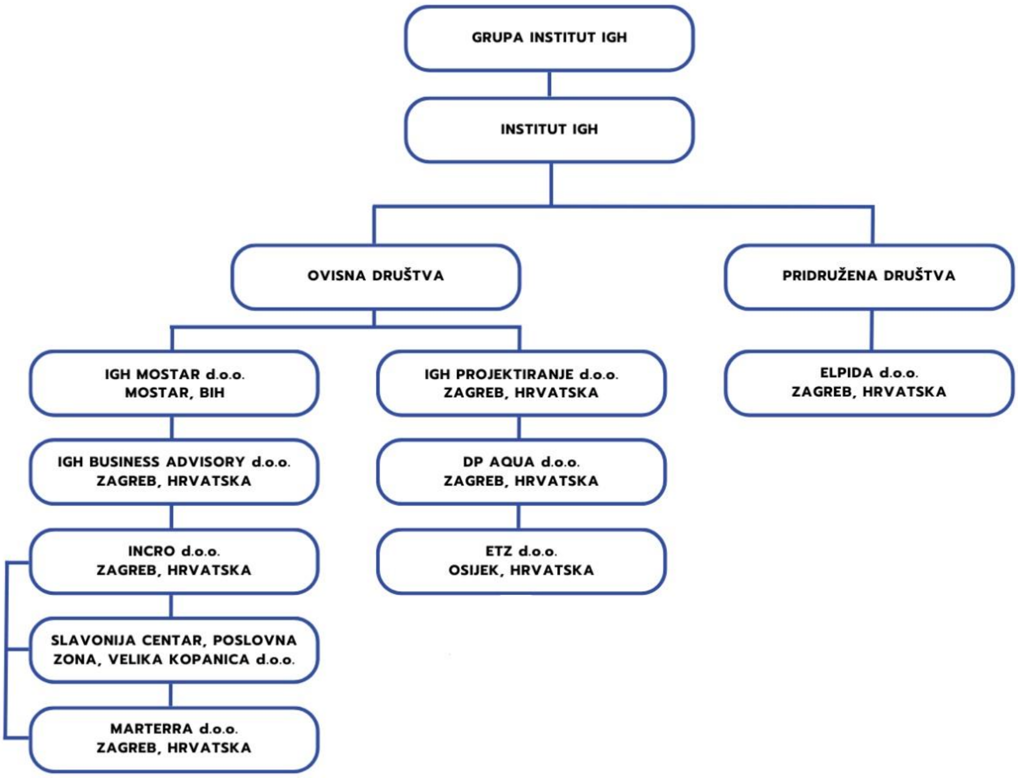
**The parent company of the group to which the issuer belongs is the issuer itself. The Member Companies of the IGH Group are partly complementary to the parent company with the aim of a possibility of providing a complementary service.**

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 2024) which deals 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 rights 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 components on the 31.12.2024.*

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 Street, Zagreb, Croatia |
| **IGH PROJEKTIRANJE d.o.o.** | Janka Rakuše 1 Street, Zagreb, Croatia |
| **IGH BUSINESS ADVISORY SERVICES d.o.o.** | Janka Rakuše 1 Street, Zagreb, Croatia |
| **INCRO d.o.o.** | Janka Rakuše 1 Street, Zagreb, Croatia |
| **MARTERRA d.o.o.** | Janka Rakuše 1 Street, Zagreb, Croatia |
| **SLAVONIJA CENTAR, POSLOVNA ZONA VELIKA KOPANICA d.o.o. u likvidaciji** | Janka Rakuše 1 Street, Zagreb, Croatia |
| **IGH MOSTAR d.o.o.** | Bišće Polje bb, Mostar, Bosnia and Hercegovina |

*Table 1. Subsidiaries included in the consolidation*

**The associate companies include the following**:

| Associate company | Address |
|---|---|
| ELPIDA d.o.o. | Janka Rakuše 1 Street, Zagreb, Croatia |

*Table 2. Subsidiaries included in the consolidation process*

The Company conducts its business activities through **branch offices** in Armenia, Georgia, the Republic of Kosovo and North Macedonia.

# 6. SIGNIFICANT BUSINESS EVENTS AFTER THE BALANCE SHEET DATE

In between December 31st 2023 to December 31st 2024, the Company signed **157** new contracts with a total value of **12,9 milijuna EUR**.

We highlight some of the contracts signed in 2024:

| No. | Country | Investor | Project name | Service | Contracted net value for IGH_EUR |
|---|---|---|---|---|---|
| 1 | Italy | ANAS SPA(Italy) | Framework Agreement for technical-administrative assistance services aimed at guaranteeing support to the RUP and the Works Management office for the execution of Scheduled Maintenance interventions - 16 LOTs | design | 2.000.000,00 |
| 2 | Georgia | Roads Department of Georgia | Preparation of Feasibility Study and Detailed Design for the Upgrading of Kobuleti Bypass Road to the 4-lane Highway | design/studies | 1.791.318,75 |
| 3 | Croatia | Hrvatske autoceste d.o.o. | Preparation of project documentation and obtaining construction permits for the A1 motorway, section Rudine - Osojnik | design | 1.462.532,50 |
| 4 | Georgia | Roads Department of Georgia | Providing a service for preparing technical documentation connected with conducting essential design estimate and tender procedures for road rehabilitation works | design | 1.131.417,88 |
| 5 | Croatia | Bouygues T.P._subsidiary in Croatia | Control tests on the Istrian Y - A8_sections_PUO Kvarner-Matulji_Nova Vas-Višnjan_Phase II_northern pavement of the motorway from km 18+320 to km 20+320 including Mirna bridge_Medaki-Kanfanar, including Limska Draga viaduct | control test | 497.956,42 |
| 6 | Croatia | Hrvatske ceste d.o.o. | Supervision of the construction of the BC Okučani – BiH Border section, Phase III, 3.7 km long | supervision | 324.280,75 |
| 7 | Croatia | Hrvatske ceste d.o.o. | Supervision of the reconstruction of the intersection of the state road DC8 and V. Škorpika Street in Šibenik - Mandalina junction | supervision | 206.577,50 |
| 8 | Hrvatska | China Road and Bridge Corporation | Geological services at the excavation of the Kozjak tunnel | geological services | 174.000,00 |
| 9 | Croatia | Hrvatske autoceste d.o.o. | Consulting, design services and development of technical solutions for repairing damage on motorways | consultation services | 160.440,00 |
| 10 | Croatia | Hrvatske autoceste d.o.o. | Main pavement inspection on the A1 motorway: section Zadar II - Karamatići and motorways A5, A10 and A11: sections Osijek - Svilaj, BiH border - Ploče and Velika Gorica Jug - Buševec | main pavement inspections | 140.223,36 |

*Table 3. A list of projects in year 2024.*

During the year, the Company finalized the acquisition of RADELJEVIĆ d.o.o. and IGH CONSULTING d.o.o. companies, with the aim of recapitalizing the Company, consequently creating all the necessary prerequisites 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 analyses 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 modernization 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 symbolic overview of Institut IGH's strategic areas.*

# 9. ORGANIZATIONAL STRUCTURE

On 31 December 2024, the Company was organized as follows:

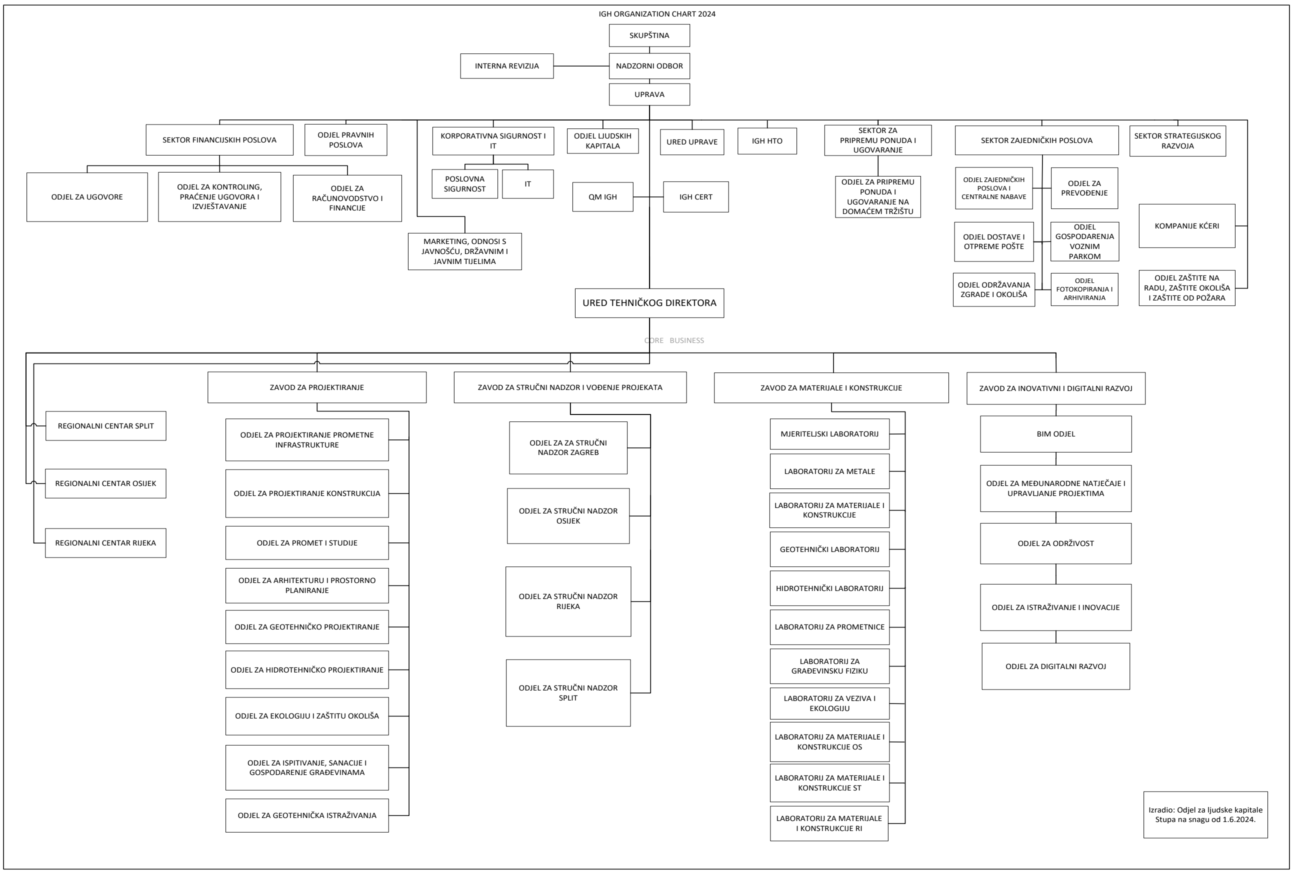



*Figure 3. Organizational structure on 31 December 2024.*

# 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 Centers (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.

Analyzing 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.

Recertification of the management system according to HRN EN ISO 14001:2015 and HRN EN ISO 45001:2015 took place in February 2024, alongside the regular surveillance of the HRN EN ISO 9001:2015 and HRN EN ISO 50001 management systems. The Institut IGH received confirmation of compliance with the requirements of all the mentioned standards at the end of February 2024 from the certification body DNV. Additionally, in October of last year, IGH underwent a DNV surveillance for certification according to the ISO/IEC 27001:2013 standard for the information security management system, and the confirmation of compliance was received in November.

Given that the expiration of the certification for the HRN EN ISO 9001:2015 standard is in early December, the company DNV conducted an audit according to the requirements of this standard, as well as the standards HRN EN ISO 14001:2015, HRN EN ISO 45001:2015, and HRN EN ISO 50001 (surveillance audit). Confirmation of compliance with the requirements was received on December 18th 2024. The next surveillance audit for the HRN EN ISO 27001:2015 standard is scheduled for May 2025, while for the other standards, it will take place in the fall of 2025.

Laboratory activities have also been conducted for many years in accordance with the requirements of the HRN EN ISO/IEC 17025:2017 standard at multiple locations across Croatia (Zagreb, Split, Rijeka, Osijek, Pula, and Varaždin). All organizational units perform testing/calibration/sampling in both accredited and non-accredited areas. In 2024, there was no surveillance by the Croatian Accreditation Agency (HAA) for testing laboratories, but surveillance is scheduled for February 2025.

The quality of the metrology laboratory was confirmed during the accreditation surveillance by the Croatian Accreditation Agency in April 2024, with certificate 2070 for 16 methods related to the following measurement quantities: force, length, frequency, mass, and temperature. The integrated management system at the IGH Institute, d.d., is applied to all business processes and locations, and as a requirement of modern business, it ensures continuous process improvement, socially responsible operations, and the development of service quality.

INSTITUT IGH, d.d. continues to promote socially responsible business practices through the development of its business processes via reorganization and digitalization, by focusing on employees, encouraging and advancing scientific research, and demonstrating environmental responsibility. In alignment with global goals for reducing carbon and water footprints and promoting responsible energy consumption, the Institute commits to improving its own efficiency through defined objectives. The Institut IGH, d.d. will continue to permanently enhance its business model in the interest of customers, investors, employees, and suppliers, as well as the broader social community.

Following this, a new Quality Policy was issued in November, which has been expanded to include topics such as sustainable development, respect for human rights, and workplace harassment.

## Management systems in INSTITUT IGH, d.d

The integration of all management systems in INSTITUT IGH, d.d. continued in 2024, 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, and 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, several training sessions were conducted for all new employees to raise awareness about the management systems, the contribution of each employee to the system's efficiency, and the policies on quality, information security, environment, energy, and occupational health and safety.

Two integrated internal audits were carried out at the Osijek and Rijeka locations, covering the general management system, environmental management system, and energy management system. Extensive activities were initiated at the Osijek location in response to issues identified during the DNV audit. Efforts began to address the timing adjustments for heating at the location, which included replacing the main control valve and the control device. During 2025, results in heat savings are expected, which are projected to exceed the investment made in the system.

Independently, the laboratories conducted internal audits of their systems according to HRN EN ISO/IEC 17025:2017 and internal audits of methods based on previously approved plans.

The certification body DNV conducted an audit for HRN EN ISO 14001, HRN EN ISO 45001 (recertification), HRN EN ISO 9001, and HRN EN ISO 50001 (surveillance audit) in February 2024, and in December for the recertification of the management system according to HRN EN ISO 9001. All certificates continued to be valid without any reduction in scope.

The surveillance audit for the information security management system according to ISO 27001 was conducted in October 2024, and a new certificate was issued for the mentioned system.

## 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 all competency requirements and represent the largest construction laboratory in Croatia. All laboratories are equipped with state-of-the-art equipment for laboratory and field testing, research services, calibration of measuring instruments, and are accredited according to the HRN EN ISO/IEC 17025:2017 standard. There was no assessment by the Croatian Accreditation Agency (HAA) for the testing laboratories. The metrology laboratory underwent an assessment by the Croatian Accreditation Agency in April 2024. The methods for calibrating length measuring instruments, force, vibration tables with measuring systems, non-automatic weighing instruments, and temperature chambers were reviewed. The assessors recommended the continuation of accreditation for all methods after addressing non-conformities, which was completed in June 2024.

## Environmental management

Through the environmental management system, Institut IGH d.d. in 2024 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.

## **Upravljanje okolišem** (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 2024, the following types and quantities of waste were managed:

Table 1.: Types of waste created in 2024, 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) | 58,23 | 12,66 | 11,86 | 36,09 | 118,69 | 118,69 | - |
| Glass | 0,05 | | | | 0,05 | - | - |
| Bitumen | 0,08 | | | | 0,08 | - | - |
| Plastic and metal (municipal) | 2,04 | 0,00 | 0,01 | 0,00 | 2,05 | 2,05 | - |
| Plastic packaging | 0,40 | 0,00 | 0 | 0,00 | 0,36 | 0,36 | - |
| Solvent packaging | 0,04 | | | | 0,04 | - | - |
| Waste tires | 0,03 | | | | 0,03 | - | - |
| Lab. chemicals | 0,12 | | | | 0,12 | | |
| Paper and cardboard | 11,48 | 0,06 | 1,61 | 0,37 | 13,52 | 13,52 | - |
| Batteries and accumulators | 0,002 | | | | 0,002 | - | - |
| Non-chlorinated hydraulic oils | 1,00 | 0,00 | 0,00 | 0,00 | 1,00 | 1,00 | - |
| Non-chlorinated motor oils | 0,30 | 0,00 | 0,00 | 0,00 | 0,3 | - | - |
| Bulky waste | 17,90 | 0,00 | 0,00 | 0,00 | 17,90 | - | 17,90 |
| Sludge or solid waste with solvents | 0,5 | 0,00 | 0,00 | 0,00 | 0,5 | - | - |
| Mixed municipal waste | 35,64 | 0,00 | 0,00 | 0,00 | 35,64 | - | 35,64 |
| Tetrachloroethylene | - | 0,04 | 0,10 | 0,15 | 0,29 | - | - |
| **Total** | **127,812** | **12,76** | **13,58** | **36,61** | **190,762** | **135,62** | **53,83** |

*Table 1. Data on the amount of waste in 2024*

The inputs for the data in Table 1 are reported data from the Pollutant Register and Transfer Register (PRTR) and records on the generation and handling of waste. Waste recycling companies do not classify construction waste according to other key codes but treat it all as mixed construction waste, as they recycle it under this category.

Materials such as stone wool, concrete, bricks, tiles, aggregate, polystyrene, and similar materials that arrive at the Institut IGH, d.d., as samples for testing are returned to production for reuse, thereby creating additional—longer value for the product. By extending the lifespan of construction products, the amount of waste is reduced, directly lessening the environmental impact and supporting the circular economy model.

Significant progress has been made in recycling waste generated from the processes of the Institut IGH. In 2024, 71.43% of the waste was recycled, compared to 58.82% in 2023. This was achieved by selecting new service providers and agreements with waste management companies that adjusted their processes to recycle more waste and dispose of less.

All waste is handed over to authorized waste collectors, meaning it is managed outside of the IGH. However, we do not have access to information on what happens to this waste afterward or how the recycling or disposal is carried out.

## **Environmental data** (DISCLOSURE 305)

Direct greenhouse gross emissions are displayed in Table 2.
Table 2.: Direct greenhouse gross emissions for 2021 – 2024.

| | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Direct greenhouse gross emissions in equivalent of metric tons (scope 1) | 595798,2 t | 525001,5 t | 411739,2 | 376787,7 |
| Greenhouse gross emissions by company revenue | 0,003334704 | 0,002900561 | 0,002307 | 0,002111 |
| Reduction of greenhouse gas emissions per company revenue compared to 2021 | | 13% | 30,9% | 36,6% |

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 behavior and business processes, and particularly 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 analysis since 2022 because we do not have the data on energy consumption for that location.

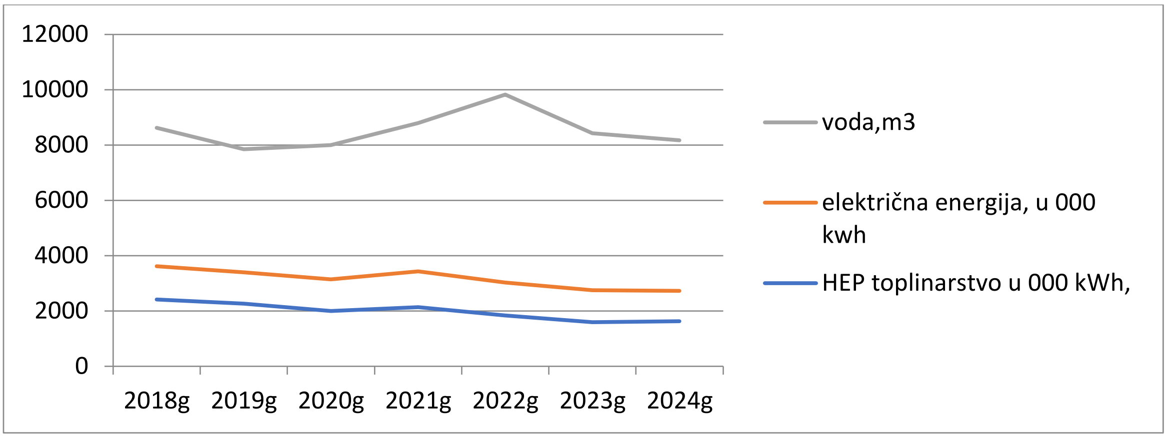
Other locations are energy-nonsignificant consumers and are not covered by the analysis. As far as renewable sources are concerned, they are currently not being used, although this is one of the goals set for 2025.

Energy consumption in 2024 in INSTITUT IGH, D.D. is shown in table 3. N.B.: These data do not include the consumption in Split because we do not have comparable data since 2022.

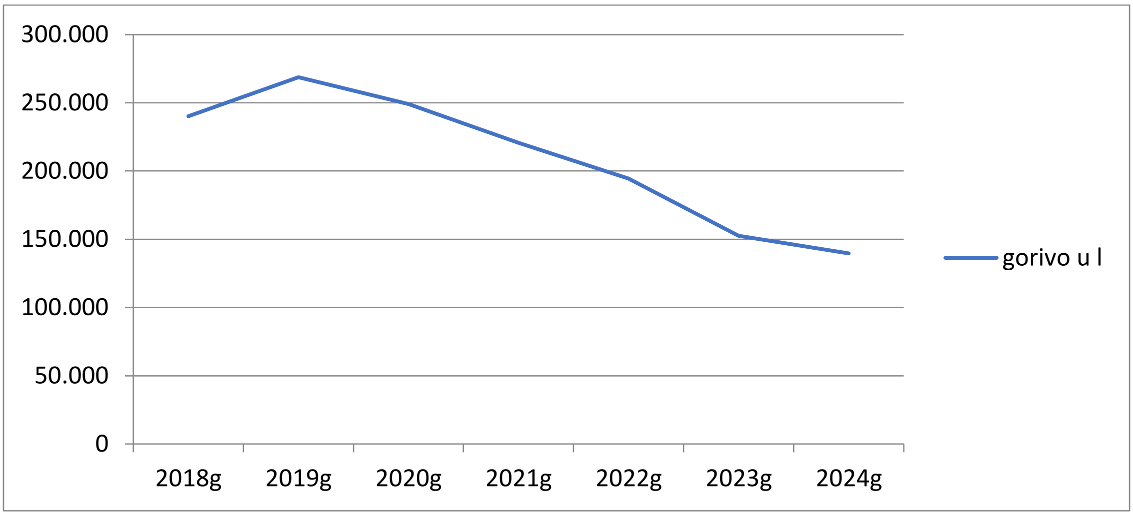
Table 3: Energy consumption in 2024

| Groups of energy sources | Energy source | Consumption per unit of measurement | Consumption in kWh | Consumption in J |
|---|---|---|---|---|
| Transport | Diesel | 139.551 L | 1.493.196 | $5,376*10^{12}$ |
| Heating | Heat | 1.912.555 kWh | 1.912.555 | $6,885*10^{12}$ |
| Electricity | Electricity | 1.242.880 kWh | 1.242.880 | $4,474*10^{12}$ |
| Water | Water | 6022 $m^3$ | - | - |
| Total | All | - | 4.648.631 | $1,674*10^{13}$ |

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




*Picture 1.: The 2018-2024 water, HEP heating and electricity consumption.*




*Picture 2.: The 2018-2024 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 2025.

In conclusion, energy consumption is monitored and analyzed, 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 2024 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 addition, 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.

## **Energetski pokazatelji** (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 2021-2024 data are displayed in table 4.

Table 4.: Overview of energy parameters compared to the Company's revenue between 2021-2024. (Revenue in kuna, symbol: HRK,kn)

| EnPi | 2021 | 2022 | 2023 | 2024 | 2024-2021 |
|---|---|---|---|---|---|
| Total energy consumption (J) | $2{,}278*10^{13}$ | $2{,}01581*10^{13}$ | $1{,}6806*10^{13}$ | $1{,}674*10^{13}$ | $-6{,}04*10^{12}$ |
| IGH revenue (HRK) | 178.666.000 | 181.000.000 | 178.489.527 | 154.809.868 | -23.856.132 |
| EnPi (J/kn) | 127503,57 | 111370,93 | 94156,27 | 10813,26 | -1936,78 |

Table 5.: Overview of energy parameters compared to the Company's revenue between 2021-2024. (Revenue in euro, symbol: EUR)

| EnPi | 2021 | 2022 | 2023 | 2024 | 2024-2021 |
|---|---|---|---|---|---|
| Total energy consumption (J) | $2,278*10^{13}$ | $2,01581*10^{13}$ | $1,6806*10^{13}$ | $1,674*10^{13}$ | $-6,04*10^{12}$ |
| IGH revenue (EUR) | 24.217.027 | 24.734.882 | 27.954.367 | 20.548.164 | -3.668.863 |
| EnPi (J/EUR) | 94.066,05 | 81.4966,49 | 60.119,41 | 81.467,13 | -12598,91 |

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 2024, the focus was on risks directly related to work processes. Therefore, internal monitoring by occupational safety experts was intensified in processes identified as higher risk through the Risk Assessment. The employer's authorized occupational safety officers were informed about the findings of the internal inspections, and corrective actions were initiated, most of which have been accepted and closed.

The performance of the occupational safety system is monitored through key system indicators, which include workplace injuries and fatalities, as well as lost workdays and hours relative to the total number of hours worked. Data including 2024 is provided in Table 6.

In 2024, we had two injuries recognized as workplace injuries. One occurred during fieldwork, and the other happened while leaving work in an area not under the employer's control.

Table 5.: An analysis of the 2013 - 2024 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 hours per 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 |
| 2024 | 0 | 2 | 44 | 0,03 | 0,61 | 347 | 2088 | 724536 | 352 | 44 |

**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 2024, Company employee rights were regulated by:**

- The Labor Act.
- A Labor 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-12-2/2024 of 29 February 2024, which put into force the Decision on Pay Grades, and revoked the Decision on Pay Grades no. OD-74/2020 of 20 July 2020.

### Staff structure

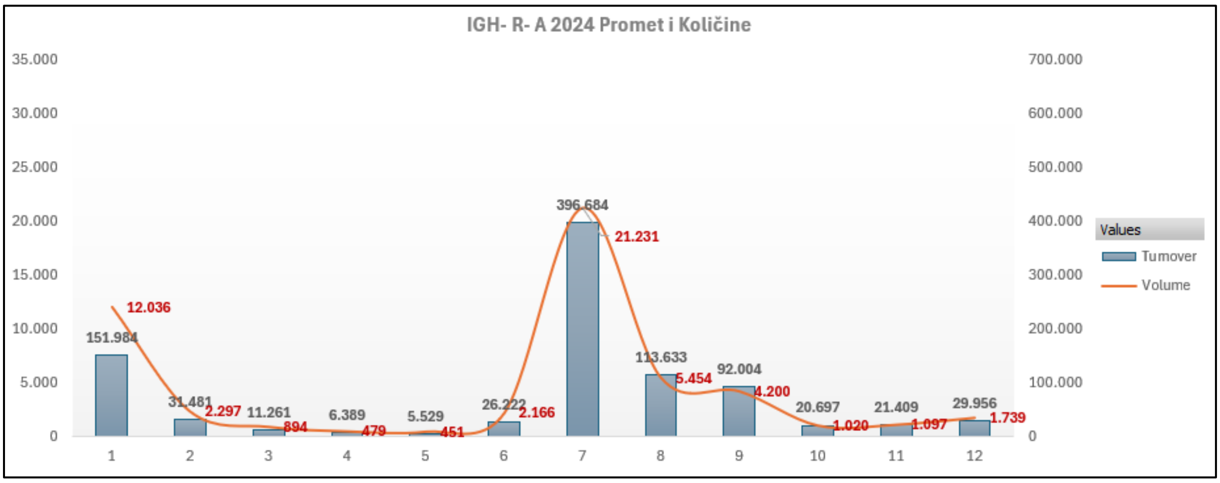
On 31 December 2024, INSTITUT IGH, d.d. had 339 employees, with 12 more employees working in branch offices, resulting in a reduction of 33 employees compared to 31 December 2023, when the total number of employees amounted to 384.

| AGE | Low-skilled | Skilled | High School Degree | 3-year College Degree | 5-year College Degree | MSc. | Ph.D. | TOTAL | Percentage |
|---|---|---|---|---|---|---|---|---|---|
| 20-29 | | | 10 | 1 | 13 | | | 24 | 7,08% |
| 30-39 | | | 10 | 2 | 54 | | | 66 | 19,47% |
| 40-49 | 1 | | 23 | 10 | 54 | 2 | | 90 | 26,55% |
| 50-59 | 2 | | 34 | 10 | 46 | 10 | 3 | 105 | 30,97% |
| 60-69 | | 1 | 6 | 8 | 31 | 2 | 4 | 52 | 15,34% |
| 70-75 | | | | | | 2 | | 2 | 0,59% |
| TOTAL | 3 | 1 | 83 | 31 | 198 | 16 | 7 | 339 | 100% |
| Percentage | 0,88% | 0,29% | 24,48% | 9,14% | 58,41% | 4,72% | 2,06% | 100% | - |

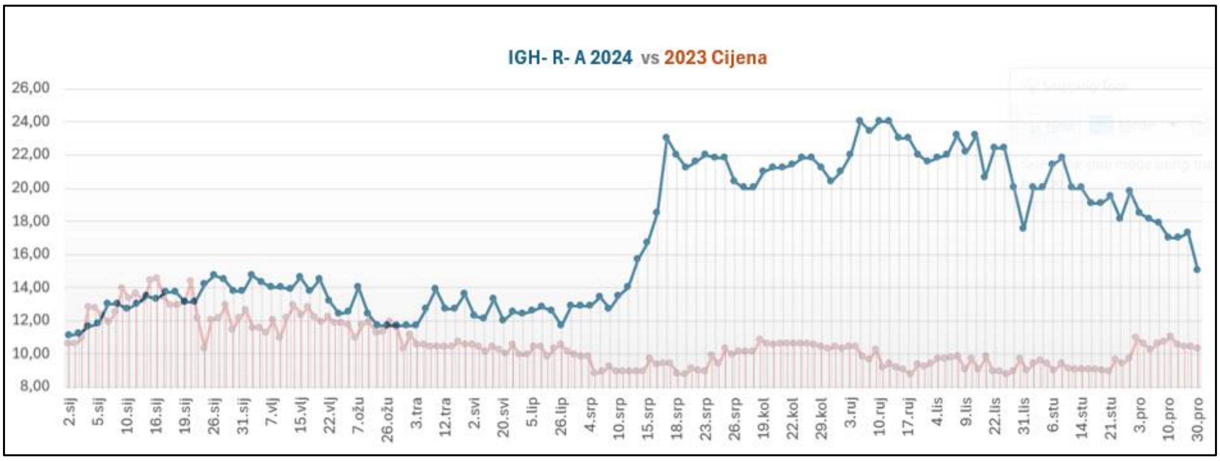
*Table – The Age and educational structure of IGH employees in Croatia and foreign branch offices on 31 December 2024.*

# 13. SHARE TRANSACTIONS

*IGH-R-A Trade volume and quantities*




*IGH-R-A price*




*Source ZSE, [https://zse.hr](https://zse.hr), 2024.*

In 2024, the Zagreb Stock Exchange traded with 53.064 shares marked IGH-R-A in the amount of 907.248 EUR with the daily concluded prices ranging between 11.10 do 24.00 EUR. (Source: ZSE, Trade information and statistics, Periodic Trade Reports, Review of Trade in 2024). In addition, 12.315 shares were traded on OTC with the average price of 24.00 EUR.

# 14. CORPORATE MANAGEMENT CODE STATEMENT

The largest shareholders are AVENUE MEHANIZACIJA D.O.O. with 38,24%, AVENUE ENGINEERING AND CONSTRUCTION LIMITED with 16,17% and FROTIP DEVELOPMENT D.O.O. with 15,13%, while all other shareholders hold 30,47% shares in the Company.

| Overview | | 2024 | | 2023 | |
|---|---|---|---|---|---|
| | | No. of shares | % | No. of shares | % |
| IGH-R-A | AVENUE MEHANIZACIJA D.O.O. | 566.581 | 38,24% | 566,581 | 38,24% |
| IGH- R-A | FROTIP DEVELOPMENT D.O.O. | 239.500 | 16,17% | 301,173 | 20,33% |
| IGH- R-A | AVENUE ENGINEERING AND CONSTRUCTION LIMITED | 302.450 | 20,42% | 248.604 | 16,78% |
| IGH- R-A | SMIRNOV MANAGMENT & TRRANSPORTING J.D.O.O. | 53.846 | 3,63% | 0 | 0% |
| IGH- R-A | DRNASIN ANTE | 16.000 | 1,08% | 14.196 | 0,96% |
| IGH- R-A | LEJO IVAN | 12.500 | 0,84% | 12,500 | 0,84% |
| IGH- R-A | OTP BANKA D.D./KL1JENT 321 | 11.955 | 0,81% | 0 | 0% |
| IGH- R-A | ČERNOŠEK KRUNOSLAV | 8.250 | 0,56% | 0 | 0% |
| IGH- R-A | MIHALJEVIĆ BRANKO | 8.100 | 0,55% | 8.100 | 0,55% |
| IGH- R-A | CAPTURIS D.O.O. | 7.895 | 0,53% | 7.895 | 0,53% |
| IGH- R-A | INSTITUT IGH, D.D. | 6.659 | 0,45% | 6.659 | 0,45% |
| IGH- R-A | OSTALI DIONIČARI | 262.554 | 17,72% | 248,165 | 16,75% |
| **Total** | | **1.481.463** | **100%** | **1.481,463** | **100%** |

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

The Company is continuously developing and operating in accordance with defined standards in Corporate Governance Code. This particularly applies to the way the Company's bodies work, ensuring transparency of operations, working with shareholders and employees and towards third parties.

In 2022, the Company adopted its own Code of Conduct, which includes obligations of ethical conduct in corporate governance among employees and towards suppliers. The Management Board has complied with the provisions of the Code of Conduct and the Corporate Governance Code of the Zagreb Stock Exchange d.d. since the date of listing the shares on the Official Market. The Company applies the legally prescribed corporate governance measures and provides detailed information about them in the annual questionnaire, which is published on the websites of the Zagreb Stock Exchange d.d. and the Company in accordance with the regulations. This Code has the force of a recommendation that provides guidelines to the Company's bodies and employees in the Company to respect the principles prescribed and elaborated in this Code when making all types of decisions.

The goal of the Corporate Governance Code is to establish high standards of corporate governance and transparency of the operations of the Company and its majority-owned subsidiaries. The Corporate Governance Code defines the corporate governance procedure in order to protect shareholders, employees, elected and appointed holders of responsible functions in the Company, as well as all other stakeholders, through good and responsible management and supervision of the Company's business and management functions.

The Company's shares are listed on the official market of the Zagreb Stock Exchange and the Company continuously synchronizes itself with the Corporate Governance Code of the Zagreb Stock Exchange. The Company respects and follows the prescribed guidelines for corporate governance. Deviations from the Corporate Governance Code of the Zagreb Stock Exchange d.d. and explanations of the specific reasons for such deviations are published in the annual questionnaire of the Zagreb Stock Exchange.

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.

The procedure for convening, the jurisdiction, and the quorum, as well as the methods of decision-making of the General Assembly are regulated by the Company's Articles of Association. When convening the General Assembly, the Company's Management Board is obliged to determine the date according to which the status of the share register will be determined, which will be relevant for exercising the right to vote at the General Assembly of the Company. The Company treats all shareholders equally and under the same conditions, regardless of the number of shares they hold, their country of origin, and their other characteristics. The election or appointment of members of the Supervisory Board is regulated by the Company's Articles of Association. There are no restrictions based on gender, age, education, profession, etc. The Companies Act determines any amendments to the Company's Articles of Association. All information for public disclosure of information is located on the Company's website.

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 Bord

On December 31st 2024, the Management Board of INSTITUT IGH, JSC consisted of four independent members:

1. Robert Petrosyan – president of the Management Board
2. Marija Đuroković – member of the Management Board
3. Tatjana Bičanić – member of the Management Board
4. Josip Majer – member of the Management Board

## Supervisory Board

During 2024, the Supervisory Board of INSTITUT IGH, JSC consisted of five independent members:

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

The tasks and responsibilities of the Supervisory Board of the Company are regulated by the Company's Articles of Association. The members of the Supervisory Board perform their duties with the care of a diligent and conscientious businessman and must keep the company's business secrets. During the reporting period, the Supervisory Board of the Company consisted of five members. The work of the Supervisory Board is regulated by the Rules of Procedure of the Supervisory Board, which is published on the Company's website. During the reporting period, the Supervisory Board held a total of four meetings, where all members of the Supervisory Board were present at one meeting.

## General assembly

The members of the General assembly are each individual shareholder or a shareholder's proxy. In 2024, the General Assembly of INSTITUT IGH, JSC acted as follows:

1. Žarko Dešković – president of the General assembly

The General assembly makes decisions that have a significant impact on the state of assets, financial position, business results, ownership structure and management of the Company. The decisions are made solely at the General assembly meeting of the Company by the prescribed majority of votes. The Management Board of the Company is obliged to publicly announce the decisions of the General assembly as soon as possible, as well as information on any lawsuits to challenge them. In 2024, the General assembly was held on July 26th 2024.

## Audit committee

In accordance with the Company's Articles of Association, the Supervisory Board of the Company established the Audit committee. The Audit committee is a body that provides support to the Management Board and the Supervisory Board in the effective performance of the Corporate Governance Code, financial reporting and control obligations of the Company. The work of the Audit committee is regulated by the Rules of Procedure of the Audit committee, which are published on the Company's website.

The Audit committee, appointed in accordance with the law, composed as a committee of three independent members. On the date of the annual report and during the reporting period, it consisted as follows:

1. Gerhard Sattler – president of the Audit commitee
2. Nadica Šalov – member of the Audit commitee
3. Alina Yukaeva – member of the Audit commitee

In 2024, four meetings of the Audit committee were held, where all members of the Audit committee were present at all three meetings.

# 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 2024 financial reports and concluded that the internal control of financial reporting has fulfilled all set criteria.

# 16. RISK MANAGEMENT

**Pored već naznačenih rizika u bilješkama uz temeljna financijska izvješća, uprava Društva izvješćuje i o sljedećim rizicima:**

The company considers all significant information related to key risk factors that it is aware of and that are important for the company's ability to continue operating under the assumption of unlimited business continuity. The main risks are outlined below:

A) Risk of settlement of obligations from the pre-bankruptcy settlement – concluded in 2024
The Company concluded the pre-bankruptcy settlement on December 5th 2013, before the Commercial Court in Zagreb, case number 72. Stpn-305/2013. The settlement became final on December 28th 2013. By the decision of the Commercial Court in Zagreb, Tt-24/34060-2 of October 3rd 2024, the entry under serial number 4 – the approval of the pre-bankruptcy settlement for the registered company INSTITUT IGH, Joint Stock Company for Research and Development in Construction, Zagreb, Janka Rakuše 1, MBS: 080000959, OIB: 79766124714, registered by the decision of the Commercial Court in Zagreb under number Stpn-305/2013 on December 5th 2013, based on the report of the independent auditor from July 5th 2024, is deleted. The obligations based on the pre-bankruptcy settlement as of December 31st 2023, amounted to 39 thousand EUR, and were fully settled on February 15th 2024. The audit of the settlement of obligations from the pre-bankruptcy settlement was carried out during June 2024.

B) Currency risk
The Company is exposed to currency risk from changes in the exchange rate of EUR against other currencies, with respect to the balances of received loans, payables to suppliers, and receivables from customers. The company is additionally exposed to changes in the EUR exchange rate against KM, GEL, and AMD due to operations in Bosnia and Herzegovina, as well as subsidiaries in Georgia and Armenia. Other currencies do not have a significant impact on the business. To avoid currency risk, sensitivity analysis is carried out, which includes only open monetary positions in foreign currencies and their recalculation at the end of the period based on percentage changes in exchange rates. The sensitivity analysis includes monetary assets and monetary liabilities in the currency.

C) Interest rate risk
The interest rate risk is the risk of changes in the value of a financial instrument due to changes in market rates relative to the interest rates applied to the financial instrument. The company uses loans with predominantly fixed interest rates defined in the agreements and is not exposed to the risk of interest rate changes. The company does not use instruments for active protection against interest rate risk exposure.

D) Credit risk
The credit risk represents the risk that one party to a financial instrument will cause financial losses to the other party due to non-fulfillment of an obligation, either in full or in part, at its maturity. Non-fulfillment of an obligation would jeopardize the company's liquidity and reduce the value of its assets. As of December 31th 2024, the financial assets that potentially expose the company to credit risk consist mainly of loans provided, receivables from customers, and other receivables.

E) Liquidity risk
The liquidity risk represents the risk that the Company will face difficulties in meeting its obligations, arising during the general financing of the company's activities and managing asset positions. It includes the risk of being unable to finance assets according to appropriate maturities and prices, as well as the risk of being unable to sell assets at a reasonable price and within an appropriate time frame. Financial instruments also include investments that may be illiquid and that the company cannot quickly liquidate to meet its liquidity requirements. To ensure necessary liquidity, the management actively monitors and manages the processes of receivable collection and planned outflows.

# 17. FINANCIAL OVERVIEW

| in 000 EUR | INSTITUT IGH d.d. | | | IGH Group | | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | Change % | 2023 | 2024 | Change % |
| Operational revenues | 27.644 | 20.676 | -25,21% | 29.404 | 20.768 | -29,37% |
| Operational costs | -18.268 | -16.678 | -8,70% | -18.447 | -16.790 | -8,98% |
| EBITDA | 9.376 | 3.998 | -57,36% | 10.957 | 3.978 | -63,69% |
| EBITDA margin | 33,92% | 19,34% | -42,99% | 37,26% | 19,15% | -48,60% |
| Short-term assets (except for inventory) | 8.544 | 9.184 | 7,49% | 8.744 | 9.297 | 6,32% |
| Short-term liabilities, except liabilities for credits and loans | 8.574 | 9.308 | 8,56% | 8.860 | 9.557 | 7,86% |

INSTITUT IGH, d.d. achieved EBITDA in the amount of EUR 9.4 million in 2024, compared to EUR 5.6 million in 2023.

The results of the IGH Group are primarily determined by the operations of the parent company, which also positively affected the results of the entire Group.

A more detailed financial overview is provided in the annual financial statements in the Appendix.

# 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 2024 and 31 December 2024, 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 January 2024 - 31 December 2024, Tatjana Bičanić |
| | 2-4 Restatements of information | N/A |
| | 2-5 External assurance | 21, 22 |
| | 2-6 Activities, value chain and other business relationships | 3-7, 13-15, 19 |
| | 2-7 Employees | 3, 16-18,19-20, 29 |
| | 2-8 Workers who are not employees | N/A |
| | 2-9 Governance structure and composition | 19, 21-22, 31-32 |
| | 2-10 Nomination and selection of the highest governance body | 32-33 |
| | 2-11 Chair of the highest governance body | 33 |
| | 2-15 Conflicts of interest | 34-35 |
| | 2-16 Communication of critical concerns | 30-33, 44-47 |
| | 2-17 Collective knowledge of the highest governance body | 32-33 |
| | 2-18 Evaluation of the performance of the highest governance body | 43-47 |
| | 2-19 Remuneration policies | 43-47 |
| | 2-20 Process to determine remuneration | 43-47 |
| | 2-21 Annual total compensation ratio | 43-47 |
| | 2-22 Statement on sustainable development strategy | N/A |
| | 2-23 Policy commitments | 13-14 |
| | 2-24 Embedding policy commitments | 13-14 |
| | 2-25 Processes to remediate negative impacts | 21-28 |
| | 2-26 Mechanisms for seeking advice and raising concerns | 43 |
| | 2-27 Compliance with laws and regulations | 2, 20-22, 43 |

| | | |
|---|---|---|
| | 2-28 Membership in associations/NGOs | N/A |
| | 2-29 Approach to stakeholder engagement | 13-15 |
| | 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 | 20 |
| **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 behavior, 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 | 34-35 |
| **GRI 206: Anti-competitive Behavior 2016** | 207-3 Stakeholder engagement and management of concerns related to tax | N/A |
| **GRI 207: Tax 2019** | 207-4 Country-by-country reporting | 13-15,17-19,43 |

| | | |
|---|---|---|
| | 301-1 Materials used by weight or volume | 23-28 |
| | 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 | 24-27 |
| | 301-2 Recycled input materials used | 24-27 |
| | 301-3 Reclaimed products and their packaging materials | 24-27 |
| **GRI 302: Energy 2016** | 302-1 Energy consumption within the organization | 24-27 |
| | 302-2 Energy consumption outside of the organization | 24-27 |
| | 303-1 Interactions with water as a shared resource | 25, 27 |
| | 303-2 Management of water discharge-related impacts | 27 |
| | 303-3 Water withdrawal | 27 |
| **GRI 303: Water and wastewater 2018** | 303-4 Water discharge | 27 |
| | 303-5 Water consumption | 27 |
| | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 27 |
| | 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 | 24 |
| | 305-5 Reduction of GHG emissions | 24 |
| | 305-6 Emissions of ozone-depleting substances (ODS) | 24 |
| | 305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions | N/A |

| | | |
|---|---|---|
| | 306-1 Waste generation and significant waste-related impacts | 23-24 |
| | 306-2 Management of significant waste-related impacts | 23-24 |
| | 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 | 3, 29 |
| **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 | 21, 27-28 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 27-28, 35 |
| **GRI 402: Labor/Management Relations 2016** | 403-3 Occupational health services | 27-28 |
| **GRI 403: Occupational Health and Safety 2018** | 403-4 Employee participation, consultation, and communication on occupational health and safety | 27-28 |
| | 403-5 Employee training on occupational health and safety | All employees have to undergo training and get tested |
| | 403-6 Promotion of employee health | There are occasionally employee programs. All employees working in the field have to go through mandatory health checkups and skill tests. |

| | | |
|---|---|---|
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | There are occasionally employee programs. All employees working in the field have to go through mandatory health checkups and skill tests. |
| | 403-8 Workers covered by an occupational health and safety management system | No applicable data |
| | 403-9 Work-related injuries | 27-28 |
| | 403-10 Work-related ill health | 27-28 |
| | 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, 32-33 |
| | 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 labor | N/A |
| **GRI 406: Non-discrimination 2016** | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 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 Labor 2016** | 411-1 Incidents of violations involving rights of indigenous peoples | N/A |
| **GRI 409: Forced or Compulsory Labor 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, 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

# 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 2024, the Institut IGH, d.d., continued to implement both ongoing and new activities in the field of scientific research and innovation. By a decision of the Management Board on September 27th 2024, the Scientific Research Council welcomed new associate members.

In anticipation of appropriate legal frameworks and standardized methods, work continued in the field of microplastics, including educating colleagues working in this area through seminars. Contact was established with the Faculty of Science (PMF), Department of Geology, for which microplastics is one of the specialized fields.

Two colleagues obtained the DGNB certificate for sustainable construction in Europe.

The implementation of laboratory tests began on the fresh and hardened properties on concrete with different types of low-CO2 cement.

As a member of the community, we submitted an application for the HORIZON project LIFE-2024-CET call, Project 101216116 — LIFE24-CET-BETTER.

Collaboration was initiated with the startup named Arkensight, with the goal of upgrading the SGG program and improve the infrastructure monitoring system.

Tests were conducted as part of the "Innovation Vouchers for SMEs" program on the topic of testing concrete mixtures with the addition of new phase-change materials (PCM) to achieve a higher level of energy efficiency in concrete used in residential or commercial buildings.

Two project proposals were submitted for Proof of Concept (POC): an innovative solution for inspecting and detecting road surface damage, and the validation of an innovative concept in the development of concrete pavers with integrated phase-change materials.

# 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, 2024 together with the Independent Auditor's Report.

# INSTITUT IGH, JSC, Zagreb

## Annual unconsolidated financial statements

## and an independent Auditor's report for the year 2024

**INSTITUT IGH, JSC, Zagreb**
**Annual unconsolidated financial statements**
**and an independent Auditor's report for the year 2024**

**Responsibility for the annual unconsolidated financial statements**

The Management Board of INSTITUT IGH, JSC, Zagreb, Janka Rakuše 1 and its subsidiaries (hereinafter: IGH Group) shall ensure that the Company's 2024 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;
- 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.

Signature of the Management Board:

| Robert Petrosian<br>President of the Board | Josip Majer<br>Member of the Board | Marija Đuroković<br>Member of the Board |
|---|---|---|

Tatjana Bičanić
Member of the Board

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

In Zagreb, April 25, 2025

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# INDEPENDENT AUDITOR'S REPORT TO THE OWNER INSTITUT IGH,JSC

### Audit report on the annual financial statements

### Qualified opinion

We have audited the financial statements of INSTITUT IGH, JSC, Zagreb ("the Company"), which include the financial statement as at December 31, 2024 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 December 31, 2024 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 the 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 matters

The Company has investments in subsidiaries whose annual financial statements are required to be consolidated into the Group's financial statements. We draw attention 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 for the year ended December 31, 2024 for a better understanding.

### Drawing attention to matters

We would like to draw attention to Note 2.6 „Going concern" accompanying these financial statements.

As at December 31, 2024 the IGH Group's short-term liabilities exceed the short-term assets by EUR 1.033 thousand (EUR 863 thousand in 2023). 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.

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**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.

<table>
<tr><th>Key audit matter</th><th>Our audit procedures</th></tr>
<tr><td colspan="2" align="center">Recognition of revenue</td></tr>
<tr><td colspan="2">Revenue from sales for the year ended December 31, 2024 amounted to EUR 17.433 thousand (EUR 16.307 thousand in 2023). As at December 31, 2024 trade receivables amounted to EUR 3.359 thousand (EUR 3.208 thousand in 2023).<br>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.<br><br>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.<br><br>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<br>.</td><td>The auditors' attention was focused on:<ul><li>Consideration of compliance of the Company's accounting policy with the requirements of applicable financial reporting standards;</li><li>Acquiring an understanding of the processes and internal controls related to revenue recognition, taking into account the business environment and applicable accounting standards;</li><li>Understanding and evaluation of the process of recognizing the Company's income, including implementation of relevant key controls and testing of these on the basis of a sample;</li><li>Identification of concluded construction contracts;</li><li>Based on a random independent, impartial and representative sample of construction contracts, we confirmed the amount of recognized revenues and costs during the year per project, based on selected payment certificates;</li><li>Assessment of the adequacy of relevant disclosures in the financial statements as well as their compliance with IFRS adopted by the EU.</li></ul></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 consolidated financial statements and our auditor's report thereon. Our opinion on the financial statements does not include other information.

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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 24. of the Accounting Act and whether the statement on the implementation of the Corporate Governance Code contains the data referred to in Article 25. 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 24. of the Accounting Act; and

3. the attached Statement on the Application of the Corporate Governance Code includes information defined in Article 25. 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 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 overseeing of the financial reporting process established by the IGH Group.

**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

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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 skepticism 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 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 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

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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 Jun 26, 2024 to perform a statutory audit of the annual financial statements for year 2024.

2. At the date of this Report, we are continuously engaged in carrying out the Company's financial statements audit for year 2023, until the audit of the Company's financial statements for 2024, which amounts to a total of two years.

3. In the audit of the IGH Group annual financial statements for the year 2024, we determined the materiality of financial statements as a whole in the amount of EUR 298 thousand, which is approximately 3,5% 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 the Regulation (EU) No. 537/2014.

5. During the period between the initial date of the audited 2024 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 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-2024-12-31-hr* in all material respects prepared in accordance with the requirements of the ESEF Regulation.

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*Responsibilities of the Management and those in charge of management*

The IGH Group Management Board is responsible for the preparation and content of the financial statements in accordance with the Regulation on ESEF.

In addition, the IGH Group's Management Board is responsible for the maintenance of internal control systems that reasonably ensure the preparation of the 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 Board 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 the 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:

- the 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, the financial statements presented in the ESEF format, contained in the above-mentioned attached electronic file and pursuant to the provision of Article 462., Paragraph 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 December 31, 2024.

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 December 31, 2024, 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

April 25, 2025

Russell Bedford Croatia – Revizija d.o.o.
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**INSTITUT IGH, JSC**
**Unconsolidated statement of comprehensive income**
**for the year ended December 31, 2024**

| | Notes | 2023 | 2024 |
|---|---|---|---|
| | | ***In thous. EUR*** | |
| Sales Revenue | *4* | 16.307 | 17.433 |
| Other operating income | *5* | 11.337 | 3.243 |
| **Total revenue** | | **27.644** | **20.676** |
| Cost of consumables, raw materials and services | *6* | 720 | 648 |
| Cost of services | *6* | 4.871 | 4.544 |
| Staff costs | *7* | 11.081 | 10.763 |
| Other operating expenses | *9* | 1.596 | 723 |
| **Total operating expenses** | | **18.268** | **16.678** |
| Depreciation | *13 i 14* | 2.195 | 2.029 |
| Value adjustment of other fixed assets | *8* | - | 257 |
| Value adjustment of receivables | *8* | 441 | 203 |
| **Total depreciation and impairment** | | **2.636** | **2.489** |
| Financial revenue | *10* | **311** | **90** |
| Financial expenditure | *11* | **1.981** | **485** |
| **Pre-tax profit** | | **5.070** | **1.114** |
| Corporate tax | *12* | 1.014 | 125 |
| **Current year profit** | | **6.084** | **1.239** |
| **Other comprehensive income** | | | |
| *not to be reclassified through profit and loss* | | | |
| Revaluation of fixed assets, net of tax | | 912 | 770 |
| **Other comprehensive profit** | | **912** | **770** |
| **Total comprehensive profit for the year** | | **6.996** | **2.009** |
| **Base profit per share (in euros)** | | **8,87** | **0,84** |

The accompanying notes below form an integral part of these unconsolidated annual financial statements.

**INSTITUT IGH, JSC**
**Unconsolidated statement of comprehensive income**
**for the year ended December 31, 2024**

| | Notes | 2023 | 2024 |
|---|---|---|---|
| | | *In thous. EUR* | |
| **Assets** | | | |
| Non-current assets | *13* | 13 | 18 |
| Property, plants and equipment | *14* | 6.126 | 6.123 |
| Investment in property | | 33 | 79 |
| Investments in related parties and other investments | *15* | 3.044 | 3.044 |
| Loans and deposits given | *17* | 22 | 130 |
| Trade receivables and other receivables | *16* | 161 | 131 |
| **NON-CURRENT ASSETS TOTAL** | | **9.399** | **9.525** |
| Inventories | | 75 | 75 |
| Trade receivables and other receivables | *16* | 3.047 | 3.161 |
| Loans given and deposits | *17* | 3.963 | 3.893 |
| Accrued income and prepaid expenses | *20* | 557 | 903 |
| Contract assets | *21* | 567 | 1.103 |
| Cash and cash equivalents | | 410 | 124 |
| **CURRENT ASSETS TOTAL** | | **8.619** | **9.259** |
| Non-current assets held for sale | *19* | 1.632 | - |
| **TOTAL ASSETS** | | **19.650** | **18.784** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | *22* | 14.815 | 14.815 |
| Own shares | *23* | 400 | 400 |
| Reserves for own shares | *23* | 192 | 192 |
| Other reserves | *23* | 100 | 100 |
| Revaluation reserves | *24* | 1.667 | 1.483 |
| Accumulated losses | | (11.093) | (10.571) |
| **EQUITY TOTAL** | | **5.281** | **5.619** |
| Loans and borrowings | *25* | 31 | - |
| Lease liabilities | *27* | 1.881 | 2.231 |
| Provisions | *28* | 987 | 324 |
| Deferred tax liabilities | *12* | 330 | 318 |
| Trade and other payables | *29* | 26 | - |
| **LONG-TERM LIABILITIES TOTAL** | | **3.255** | **2.873** |
| Loans and borrowings | *25* | 2.540 | 984 |
| Lease liabilities | *27* | 1.356 | 1.573 |
| Trade and other payables | *29* | 5.796 | 6.387 |
| Liabilities for advances received | *30* | 783 | 776 |
| Liabilities for deposits received | *30* | 41 | 34 |
| Provisions | *28* | 3 | 3 |
| Contract liabilities | *21* | 137 | 79 |
| Accrual and deferred income | *31* | 458 | 456 |
| **CURRENT LIABILITIES TOTAL** | | **11.114** | **10.292** |
| **EQUITY AND LIABILITIES TOTAL** | | **19.650** | **18.784** |

The accompanying notes below form an integral part of these unconsolidated annual financial statements.

**INSTITUT IGH, JSC**
**Unconsolidated statement of cash flows for the year ended December 31, 2024**

| *In thous. EUR* | Capital reserves | Own shares | Reserves for own share | Other reserves | Revaluation reserves | Accumulated loss | **TOTAL** |
|---|---|---|---|---|---|---|---|
| **Status on December 31, 2022** | **15.476** | **400** | **192** | **100** | **5.170** | **(31.210)** | **(10.672)** |
| Share capital decrease | (9.339) | - | - | - | - | 9.339 | **-** |
| Share capital increase | 8.678 | - | - | - | - | - | **8.678** |
| Transfer from revaluation reserves | - | - | - | - | (3.503) | 3.782 | 279 |
| *Comprehensive income* | | | | | | | |
| Current year profit | - | - | - | - | - | 6.084 | **6.084** |
| Other comprehensive income | - | - | - | - | - | 912 | **912** |
| Total comprehensive income | **-** | **-** | **-** | **-** | **-** | **6.996** | **6.996** |
| **Status on December 31, 2023** | **14.815** | **400** | **192** | **100** | **1.667** | **(11.093)** | **5.281** |
| Transfer from revaluation reserves | - | - | - | - | (184) | 2 | **(182)** |
| Other changes | - | - | - | - | - | (1.489) | **(1.489)** |
| *Comprehensive income* | | | | | | | |
| Current year profit | - | - | - | - | - | 1.239 | **1.239** |
| Other comprehensive income | - | - | - | - | - | 770 | **770** |
| Total comprehensive income | - | - | - | - | - | 2.009 | **2.009** |
| **Status on December 31, 2024** | **14.815** | **400** | **192** | **100** | **1.483** | **(10.571)** | **5.619** |

The accompanying notes below form an integral part of these unconsolidated annual financial statements.

**INSTITUT IGH, JSC**
**Unconsolidated statement of cash flows for**
**the year ended December 31, 2024**

| | 2023. | 2024. |
|---|---|---|
| | *In thous. EUR* | |
| **Cash flow generated from operations** | | |
| Profit(loss) before taxation | **5.070** | **1.114** |
| *Adjustments:* | | |
| Depreciation | 2.195 | 2.029 |
| Value adjustments | 286 | - |
| Income from interest | (2) | (90) |
| Interest expenses | 673 | 485 |
| Net decreases in provisions | (454) | (691) |
| Gains from the sale of long-term assets | - | 928 |
| Other adjustments for non-financial transactions and unrealized profit and losses | 13.625 | (93) |
| Write-off of liabilities | (5.838) | (1.031) |
| Decrease (Increase) of receivables | 1.750 | 50 |
| Decrease of contract assets | (64) | (243) |
| (Decrease) Increase of current liabilities | (14.802) | 1.521 |
| (Decrease) of contract liabilities | (1) | (2.374) |
| **Total adjustments for profit and loss reconciliation** | **(2.632)** | **491** |
| **Net cash flow from operating activities** | **2.438** | **1.605** |
| | | |
| **Cash flows from investment activities** | | |
| Cash flows from loans given | 87 | - |
| Outflow for purchase of non-current tangible and intangible assets | (1.129) | - |
| **Net cash flow from investment activities** | **(1.042)** | **-** |
| | | |
| **Cash flow from financial activities** | | |
| Cash receipts from loan principal, loans and other borrowings | (17) | (283) |
| Cash outflows for rent | (1.428) | (1.608) |
| **Net cash flow from financial activities** | **(1.445)** | **(1.891)** |
| | | |
| **Net increase or decrease in cash flows** | **(49)** | **(286)** |
| **Cash and cash equivalents at the beginning of the period** | **459** | **410** |
| **Cash and cash equivalents at the end of the period** | **410** | **124** |

The accompanying notes below form an integral part of these unconsolidated annual financial statements.

## 1. General information

### Foundation and development

Institut IGH, JSC, Zagreb, Janka Rakuše 1 street, Croatia (hereinafter: the „Company“), 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 conducting its business in the field of research and development in the construction industry, which includes: design, preparation of studies, professional supervision, consulting services, research works, proving usability, laboratory testing and calibration.

The Company is certified for the aforementioned activities in accordance with the standards of the sustainable development system, as follows:
- HRN EN ISO 9001 – Quality Management Systems
- HRN EN ISO 14001 – Environmental Management Systems
- HRN EN ISO/IEC 17025 – General qualification requirements – Testing Laboratory
- HRN EN ISO/IEC 17025 – General qualification requirements – Metrology Laboratory
- HRN EN ISO/IEC 17065 – Conformity assessment – Requirements for bodies carrying out certification of products, processes and services
- HRN EN ISO 27001 – Safety Management Systems
- HRN EN ISO 45001 – Occupational Health and Safety Management Systems
- HRN EN ISO 50001 – Energy Management Systems

The headquarters of the Company is located at the address Janka Rakuše 1, 10000 Zagreb, Republic of Croatia. Except for operations from the headquarters, the Company carries out its operations through foreign subsidiaries in Georgia, Bosnia and Herzegovina, North Macedonia, Armenia and Hungary.

### Company Bodies:

*General Assembly*
Chairman - Žarko Dešković
Members of the General Assembly are individual Company shareholders or their proxies.

*Supervisory Board*
In 2024, the Supervisory Board of Institut IGH, JSC consisted of 5 members, as follows:

- Žarko Dešković - Chairman of the Supervisory Board Chairman since December 1, 2023
- Mariyan Tkach - appointed Deputy Chairman of the Supervisory Board since December 1, 2023
- Sergej Gljadelkin - appointed member of the Supervisory Board since December 1, 2023
- Igor Aleksandrov Tkach - appointed member of the Supervisory Board since December 1, 2023
- Marin Božić - member of the Supervisory Board since June 14, 2021

*The Management Board of the Company and the Group*

On December 31, 2024, the Management Board consisted of 4 members:

- Robert Petrosian - President of the Management Board, represents the Company solely and independently since June 17, 2024
- Josip Majer - member of the Management Board, represents the Company together with the President of the Management Board and with other member, since June 17, 2024
- Marija Đuroković - member of the Management Board, represents the Company together with the President of the Management Board and with other member, since June 17, 2024
- Tatjana Bičanić - member of the Management Board, represents the Company together with the President of the Management Board and with other member, since June 17, 2024

### 1. General information (continuation)

The Audit Committee of the Company and the Group consists of three members:

- Gerhard Sattler
- Nadica Šalov
- Alina Yuvakaeva

## 2. Basis for preparation

### 2.1. Statement of compliance – the Company

The unconsolidated 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 accordance with Croatian laws and the accounting principles and practices observed by enterprises in Croatia.

These unconsolidated financial statements were authorized for issue by the Management Board on April 25, 2025.

The unconsolidated financial statements for the year ended on December 31, 2024 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 |
|---|---|
| Amend. IFRS 16 | *Leases* – lease liability in a sale and leaseback transaction published in September 2022. |
| Amend. IASC 1 | *Presentation of financial statements* – classification of liabilities as current or non-current published in January 2020. |
| Amend. IASC 7 and IFRS 7 | *Statement of cash flows (IASC 7) and Financial instruments (IFRS 7)* - disclosure of information about companies' financial arrangements with suppliers published in May 2023. |

The adoption of new standards did not lead to material changes in the disclosures or amounts presented in these financial statements.

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

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

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 | Adoption status in the EU |
|---|---|---|
| Amend. to IAS 21 | Inability to replace<br>(Effective date set by the IASB: January 1, 2025) | Not yet adopted in the EU |
| Amend. to IAS 7 and IFRS 9 | Nature-dependent electricity contracts<br>(Effective date set by the IASB: January 1, 2026) | Not yet adopted in the EU |
| IFRS 18 | Presentation and disclosure in financial statements<br>(Effective date set by the IASB: January 1, 2027) | Not yet adopted in the EU |
| IFRS 19 | Subsidiaries without public liability<br>(Effective date set by the IASB: January 1, 2027) | Not yet adopted in the EU |
| Amend. 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). The financial statements for the year ended December 31, 2024 were first prepared in thousands EUR.

## 2.5. Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires the Management Board 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 Board 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 a pre-bankruptcy settlement procedure, through which it reached an agreement with creditors on the restructuring of liabilities and limited exposure to certain related companies. Independently of the financial restructuring, the Company then carried out a capital increase through the issuance of new shares and, in order to ensure the necessary liquidity, initiated the sale of certain assets.

The pre-bankruptcy settlement procedure was successfully completed by the Decision of the Commercial Court in Zagreb No. 72. Stpn- 305/13 dated December 5th 2013, which approved the conclusion of the Pre-Bankruptcy Settlement between the debtor Institut IGH, JSC and the creditors of the Pre-Bankruptcy Settlement. The Pre-Bankruptcy Settlement became final on December 28th 2013. The impacts and fulfillment of the Pre-Bankruptcy Settlement plan are described in detail in the Note 35. As of February 15th 2024, the Company settled all obligations under the pre-bankruptcy settlement, which as of December 31, 2023 amounted to EUR 38 thousand.

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 EUR 3.642 thousand, but recorded operating profit in the amount of EUR 3.052 thousand (2022 profit amounting to EUR 5.283 thousand). The IGH Group's capital is positive at EUR 5.281 thousand (in 2022 the capital was negative at EUR 7.640 thousand). On December 31st 2023, short-term liabilities of the IGH Group exceed short-term assets by EUR 863 thousand (2022: short-term liabilities exceed short-term assets by EUR 19.424 thousand).

Since the final pre-bankruptcy agreement to December 31st 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 February 15th 2024.

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

In 2025, the IGH Group’s Management Board continues 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 was formally completed and confirmed by the Commercial Court in Zagreb on January 17th 2025.

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 recognized 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 recognize 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 recognized to the extent that the costs incurred by the contract are likely to be recoverable. Contract costs shall be recognized 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 recognized immediately as a cost.

### 3.1. Principal accounting judgements and estimates (continuation)

*(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 2024 is significant for the settlement of almost the entire debt from the pre-bankruptcy settlement. The pre-bankruptcy debt was fully settled by February 15th 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 unrealized 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.

### 3.3. Investments in associated companies (continuation)

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. Adjustments of non-controlling interest are 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 everycash 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.

### 3.4. **Revenue** (continuation)

*(ii) Construction contracts (continuation)*

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.

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).

*(iii) 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.

*(iv) 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 the financial revenue.

Income from interest is recognized in the profit and loss account on an accrual basis using the effective interest rate method. Dividend income is recognized 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 recognized in the Profit and Loss Account using the effective interest rate method.

*(v) 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 are 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 is low value lease contracts (up to EUR 4 thousand) 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 capitalized 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 recognized 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 the Georgian currency on December 31st 2024 was 2,8932 GEL for 1 EUR (December 31st 2023: 2,9324 GEL for 1 EUR).

Official exchange rate of the BIH currency on December 31st 2024 was 1,95583 BAM for 1 EUR (December 31st 2023: 1,95583 BAM for 1 EUR).

Official exchange rate of the Macedonian currency on December 31st 2024 was 61,2952 MKD for 1 EUR (December 31st 2023: 61,634498 MKD for 1 EUR).

Official exchange rate of the Armenian currency on December 31st 2024 was 418,228 AMD for 1 EUR (December 31st 2023: 442,170 AMD for 1 EUR).

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 euros, also the functional currency of the parent Company.

### 3.6. Foreign currencies (continuation)

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 recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at depreciated cost; any difference between the proceeds (net of transaction costs) and the surrender value is recognized 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 recognized in profit or loss except to the extent that it relates to items recognized directly to equity, in which case it is recognized 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 recognized 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 recognized 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 recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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 realized simultaneously.

### 3.9. Taxation (continuation)

***Corporate tax (continuation)***

*(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 recognized 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 recognized directly in other comprehensive income under revaluation reserves. The revaluation increase is recognized as income to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense.

When the carrying amount is decreased as a result of revaluation, this revaluation decrease should be recognized 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 derecognized 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 derecognized.

The relevant portion of the revaluation surplus, realized 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 evaluers, 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 recognized 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.

### 3.10. Property, plants and equipment (continuation)

*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.

*(ii) 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 recognized directly in other comprehensive income under revaluation reserves. The revaluation increase is recognized as income to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense.

When the carrying amount is decreased as a result of revaluation, this revaluation decrease should be recognized 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 derecognized 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 derecognized.

The relevant portion of the revaluation surplus, realized 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 evaluers, 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.

*(iii) 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 derecognized. All other maintenance costs are charged to profit or loss during the financial period in which they are incurred.

### 3.10. Property, plants and equipment (continuation)

*(iv) 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 recognized in profit or loss within other income/expenses.

### 3.11. Intangible assets

*Patents, licenses 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 capitalized 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:

- the 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 recognized 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 recognized 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 recognized 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 labor, 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 depriciated 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 recognizes 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 recognized 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 recognized 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 recognized 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.

### 3.19. Financial instruments (continuation)

*(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.

### 3.19. Financial instruments (continuation)

*(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.

### 3.20. 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. with 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.

### 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 categorized 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 maximize 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 organized 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 organization 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. Accordingly, segment revenues are presented at this level.

| | 2023 | 2024 |
|---|---|---|
| | *In thous. EUR* | |
| Design Division | 4.986 | 5.575 |
| Supervision and Project Management Division | 6.099 | 5.396 |
| Materials and Structures Division | 4.635 | 4.514 |
| Subsidiaries | 487 | 1.830 |
| Management and Administration | 100 | 118 |
| **Total per segment** | **16.307** | **17.433** |

### 4.2 Revenue – per geographical area

| | 2023 | 2024 |
|---|---|---|
| | *in thous. EUR* | |
| The Republic of Croatia | 14.761 | 14.237 |
| Rest of the World | 1.546 | 3.197 |
| **Total** | **16.307** | **17.433** |

### 4.3 Revenue per category

| | 2023 | 2024 |
|---|---|---|
| | *u tisućama EUR* | |
| Revenue recognized over time | 15.733 | 15.193 |
| Revenue recognized at a point in time | 574 | 1.114 |
| **Total** | **16.307** | **17.433** |

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

Technical Supervision and Project Management Division 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 Materials and Structures Division 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 centers 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 3.21. 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

| | 2023 | 2024 |
|---|---|---|
| | *In thous. EUR* | |
| Revenue from written-off liabilities | 8.870 | 1.033 |
| Revenue from compensation, subsidies | 87 | 146 |
| Revenue from sale of assets | 448 | 754 |
| Revenue from rent | 115 | 130 |
| Revenue from cancellation of provisions | 753 | 719 |
| Revenue from subsequently collected receivables | 155 | 101 |
| Revenue from damages | 1 | 110 |
| Other revenue | 908 | 250 |
| **Total** | **11.336** | **3.243** |

Revenue from written-off liabilities in year 2024 in the amount of EUR 1 million refers to the write-off of liabilities that have no basis for execution. In 2023, the write-off of liabilities is based on the Restructuring Agreement dated March 25th 2021, and is part of the pre-bankruptcy settlement process concluded on December 5th 2013. before the Commercial Court in Zagreb, 72 Stpn-305/2013, which became final on December 28, 2013. In addition, the net amount from the sale of real estate in Dubrovnik and Karlovac is included under other income.

### 6. Costs of raw materials and consumables

| | 2023 | 2024 |
|---|---|---|
| | *In thous. EUR* | |
| *Cost of raw material and consumables* | | |
| Cost of raw material and consumables | 91 | 98 |
| Energy costs | 616 | 528 |
| Cost of small inventory and spare parts | 13 | 22 |
| **Total** | **720** | **648** |
| *Cost of services* | | |
| Costs of transport, phone and postal services | 162 | 191 |
| Subcontractors | 3.056 | 2.895 |
| Cost of production services | 68 | 58 |
| Utilities | 152 | 177 |
| Maintenance costs | 360 | 397 |
| Rent | 220 | 292 |
| Other external costs | 853 | 535 |
| **Total** | **4.871** | **4.544** |

### 7. Staff costs

| | 2023 | 2024 |
|---|---|---|
| | *In thous. EUR* | |
| Net salaries and wages | 6.300 | 6.382 |
| Taxes, contribution and other charges | 3.824 | 3.923 |
| Reimbursement of employee expenses (travel expenses, daily allowances, transportation) | 469 | 408 |
| Severance payments and other employee benefits | 403 | 50 |
| Reserved costs for severance pay and jubilee | 85 | - |
| **Total** | **11.081** | **10.763** |

On December 31st 2024, the Company had 347 employees (2023: 376 employees). In 2024, the Company paid 54 thousand Euros for non-taxable termination benefits (2023: EUR 6 thousand).

During 2024, the Company accounted for pension and other contributions in the total amount of EUR 1.735 thousand (2023: total amount of EUR 1.688 thousand).

### 8. Value adjustments

| | 2023 | 2024 |
|---|---|---|
| | *In thous.EUR* | |
| Value adjustment of non-current assets | | |
| Value adjustment of investment into real property | - | 257 |
| **Total** | **-** | **257** |
| Value adjustment of current assets | | |
| Value adjustment of trade receivables | 441 | 203 |
| **Total** | **441** | **203** |

## 8. Value adjustments (continuation)

/i/ The value adjustment of current assets in the amount of EUR 203 thousand (2023: EUR 441 thousand) relates to the regular adjustment of trade receivables, which has significantly increased compared to the previous year and relates to two partners. The Company is actively collecting receivables, and there are no significant amounts of value adjustment for all other partners.

## 9. Other operating costs

| | 2023 | 2024 |
|---|---|---|
| | *In thous. EUR* | |
| Legal, consultancy and audit services | 107 | 109 |
| Bank fee and charges | 117 | 111 |
| Other expenses | 1.048 | 14 |
| Penalties | 18 | 9 |
| Insurance premiums | 58 | 63 |
| Contributions to public services | 59 | 46 |
| Representation costs | 18 | 26 |
| Education and training expenses | 145 | 267 |
| Taxes not dependent on result | 26 | 78 |
| **Total** | **1.596** | **723** |

During 2024 there were no court dispute- related reservations since there were no significant new court disputes.

During 2024, employee training and education costs increased, while other costs were significantly reduced, primarily due to classification by type of expense.

## 10. Financial revenue

| | 2023 | 2024 |
|---|---|---|
| | *In thous. EUR* | |
| **Financial revenue** | | |
| Revenue from foreign exchange | 289 | 59 |
| Revenue from interest | 2 | 1 |
| Revenue from write-offs | 20 | 30 |
| **Total** | **311** | **90** |

## 11. Financial expenditures

| | 2023 | 2024 |
|---|---|---|
| | *In thous. EUR* | |
| **Financial expenditures** | | |
| Expenditure due to foreign exchange losses | 251 | 130 |
| Interest expenditures | 673 | 239 |
| Unrealized losses from financial assets | 1.053 | - |
| Other financial expenditure | 4 | 116 |
| **Total** | **1.981** | **485** |

## 12. Corporate tax

Tax revenue includes:

| | **2023** | **2024** |
|---|---|---|
| DESCRIPTION | *In thous*. **EUR** | *In thous*. **EUR** |
| Deferred tax | **(1.015)** | **(125)** |

*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** | **2024** |
|---|---|---|
| | *In thous*. **EUR** | *In thous*. **EUR** |
| **Profit/loss before taxation** | 5.070 | 1.114 |
| Tax rate 18% (2020: 18%) | 913 | 201 |
| Effects of non-taxable income and other decreases in tax base | (1.625) | (2.020) |
| Effects of unrecognized expenses and other increases in tax base | 1.779 | 267 |
| Effects of tax losses not recognized as deferred tax assets | (1.067) | 1.552 |
| Previously recognized deferred tax liabilities | (1.015) | (125) |
| **Corporate tax** | (1.015) | (125) |
| Effective tax rate | 16% | 11% |

In 2024, the Company used previously unrecognized tax losses based on the value adjustment of financial assets of companies that were deleted from the court register in the total amount of EUR 11,192 thousand.

In 2023, the total amount for the transfer of tax losses in the amount of EUR 3,755 thousand was used in full.

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

The Company increased its tax base by EUR 1,486 thousand based on tax-deductible items, which has a tax effect of EUR 267 thousand, while it decreased its tax base by EUR 11,223 thousand based on tax-deductible items, which has an effect on the tax effect of EUR -2,020 thousand. Considering the tax-deductible losses recognized based on the deletion of the companies Geotehnika-inžinjering u stečaju d.o.o. and the company Centar gradski podrum d.o.o. from the court register, the company has no tax liability at the end of the 2024 tax period. In the next tax period, the Company has the opportunity to use the remaining tax loss in the amount of EUR 8,621 thousand.

The deferred tax liability arises from the following:

| **2024.** *(in thousand EUR)* | **Opening balance** | **Through capital** | **Through profit and loss** | **Closing balance** |
|---|---|---|---|---|
| **Temporary difference:** | | | | |
| Revaluation of non-current assets | **330** | **113** | **(125)** | **318** |
| | | | | |
| **2023.** *in thousand EUR)* | | | | |
| **Temporary difference:** | | | | |
| Revaluation of non-current assets | 1.085 | 260 | (1.015) | 330 |

## 13. Intangible assets

| **DESCRIPTION** | **Right of usage of property of third parties** | **Assets under preparation** | **Total intangible assets** |
|---|---|---|---|
| | | | *In thous*. **EUR** |
| **PURCHASE VALUE** | | | |
| Status as at Dec. 31st 2022 | 2.764 | 22 | 2.786 |
| Increases | 19 | 15 | 34 |
| Write-off and disposals | (39) | (32) | (71) |
| Status as at Dec. 31st 2023 | 2.744 | 5 | 2.749 |
| Increases | - | 2 | 2 |
| Revaluation | 15 | - | 15 |
| Write-off and disposals | - | (2) | (2) |
| Transfer | (2.577) | (1) | (2.578) |
| **Status as at Dec. 31st 2024** | **182** | **4** | **186** |
| | | | |
| **VALUE ADJUSTMENT** | | | |
| Status as at Dec. 31st 2022 | 2.571 | - | 2.570 |
| Depreciation | 165 | - | 165 |
| Status as at Dec. 31st 2023 | 2.736 | - | 2.736 |
| Depreciation | 9 | - | 9 |
| Transfer | (2.577) | - | (2.577) |
| **Status as at Dec. 31st 2024** | **168** | **-** | **168** |
| | | | |
| **PRESENT VALUE** | | | |
| **Status as at Dec. 31st 2024** | **14** | **4** | 18 |
| Status as at Dec. 31st 2023 | 8 | 5 | 13 |

## 14. Property, plants and equipment

| DESCRIPTION In thous. EUR | Property with right of use | Land | Buildings | Plants and equipment | Assets under construction | Other | Advances for tangible assets | Total |
|---|---|---|---|---|---|---|---|---|
| **Status as at Dec. 31st 2022** | **7.437** | **579** | **971** | **8.495** | **48** | **64** | **65** | **17.659** |
| Increases | 71 | - | - | 402 | - | - | - | **473** |
| Revaluation | - | - | - | 1.184 | - | - | - | **1.184** |
| Write-off and disposals | (635) | (117) | (307) | (110) | - | - | - | **(1.169)** |
| Transfer | - | - | 2 | - | (10) | - | 2 | **(6)** |
| **Status as at Dec. 31st 2023** | **6.873** | **462** | **666** | **9.971** | **38** | **64** | **67** | **18.141** |
| Increases | 2.173 | - | 0 | 77 | 2 | - | - | **2.252** |
| Revaluation | - | - | 251 | 381 | - | - | - | **632** |
| Write-off and disposals | (2.415) | (462) | (375) | (72) | - | - | - | **(3.324)** |
| Transfer | - | 85 | 169 | - | - | - | (4) | **250** |
| Reconciliation | - | - | (135) | (2.698) | - | (1) | - | **(2.834)** |
| **Status as at Dec. 31st 2024** | **6.630** | **85** | **576** | **7.659** | **40** | **63** | **63** | **15.116** |
| **VALUE ADJUSTMENT** | | | | | | | | |
| **Status as at Dec. 31st 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 Dec. 31st 2023** | **3.754** | **-** | **447** | **7.767** | **-** | **23** | **24** | **12.015** |
| Depreciation | 1.570 | - | 2 | 447 | - | - | - | **2.019** |
| Write-off and disposals | (2.385) | - | (175) | (61) | - | - | - | **(2.621)** |
| Transfer | - | - | (139) | (2.230) | - | - | - | **(2.369)** |
| **Status as at Dec. 31st 2024** | **2.939** | **-** | **135** | **5.923** | **-** | **23** | **24** | **9.044** |
| **PRESENT VALUE** | | | | | | | | |
| **Status as at Dec. 31st 2024** | **3.692** | **85** | **441** | **1.736** | **40** | **40** | **39** | **6.072** |
| Status as at Dec. 31st 2022 | 3.119 | 462 | 219 | 2.204 | 38 | 41 | 43 | **6.126** |

## 14. Property, plants and equipment (continuation)

Write-off assets related to leases of commercial real estate and cars, which are managed in accordance with IFRS-16. The net amount of right-of-use assets in the company's books as of December 31st 2024 amounts to EUR 3,692 thousand (Dec. 31st 2023: EUR 3,119 thousand).

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*<br>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.<br><br>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.<br><br>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.<br><br>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 realize a project. | Correction factors used in calculating the market price.<br><br>Average yield: 7-9%<br><br>Among other factors, the estimated discount rate considers the underlying quality of the property, its location and the currently realizable rent conditions for similar locations and the comparative type of property.<br><br>Specific expenses used in determining the net cash flow in the income method.<br><br>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 (continuation)

| Valuation methods and techniques | Significant unobservable inputs |
|---|---|
| *Equipment*<br>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.<br><br>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.<br>When assessing economic obsolescence, the economic obsolescence model and the economic indicators model are used.<br><br>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.<br><br>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.<br><br>Specific expenses used in determining the net cash flow in the DCF method. |

## 15. Investments into affiliated companies and other investments

| DESCRIPTION | In thous. EUR | In thous. EUR |
|---|---|---|
| Investment into subsidiaries | **1.053** | 1.053 |
| Investment into related parties | **1.991** | 1.991 |
| **Total** | **3.044** | **3.044** |

### *i.* ***<u>Investments into subsidiaries</u>***

• On Dec. 29th 2024, by the Decision Tt-23/52207-2,the affiliated companies Radeljević d.o.o. and IGH Consulting d.o.o. were merged with the parent company INSTITIUT IGH, JSC and all mutual transactions are netted.

• Company DP Aqua d.o.o. and business zone Velika Kopaonica d.o.o. were put into liquidation, first by the Decision of the Commercial Court in Zagreb under business number Tt-24/24068-2 dated July 4th 2024.

• The company IGH Mostar d.o.o. has changed its name to Institut IGH d.o.o. Mostar.

• Bankruptcy proceedings were initiated for the company Marterra d.o.o. Zagreb in January 2025.

| *In thous. EUR* | **Dec. 31, 2023** Share in ownership and voting rights (%) | **Dec. 31, 2023** Book value | **Dec 31, 2024** Share in ownership and voting rights (%) | **Dec 31, 2024** Book value |
|---|---|---|---|---|
| Institut IGH 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 |
| 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) | | (1.538) |
| **Total** | | **1.053** | | **1.053** |

## 15. Investments into affiliated companies and other investments (continuation)

### *i.* ***Investments into subsidiaries (continuation)***

| Name | Cost of acquisition | IV Investment | SV Dec. 31, 2024 | Impairment for 2024 | **SV Dec. 31, 2024** |
|---|---|---|---|---|---|
| Institut IGH d.o.o., Mostar | 797 | (797) | - | - | - |
| IGH BUSINESS ADVISORY SERVICES D.O.O. | 29 | (29) | - | - | - |
| INCRO D.O.O. | 3 | (3) | - | - | - |
| DP AQUA D.O.O. | 60 | (60) | - | - | - |
| IGH PROJEKTIRANJE D.O.O. | 810 | (644) | 166 | - | 166 |
| ETZ, EKONOMSKO TEHNIČKI ZAVOD D.D. | 887 | - | 887 | - | 887 |
| **Total** | **2.586** | **(1.533)** | **1.053** | **-** | **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:<br>• The valuation of property was carried out by authorized independent valuers (methods described in Note 14 (i).<br>• The estimation of the recoverable amount of assets, liabilities and equity. | • Significant unobservable inputs are described in Note 14 (i).<br>• Future cash flow projections with a growth rate of 5% |

### *ii. Investments in affiliates*

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

| *Description* | *In thous. EUR* | Dec. 31, 2023 Share in ownership and voting rights (%) | Dec. 31, 2023 Book value | Dec. 31, 2024 Share in ownership and voting rights (%) | Dec. 31, 2024 Book value |
|---|---|---|---|---|---|
| Elpida d.o.o. Zagreb | | 50 | 4.154 | 50 | 4.154 |
| Institut za infrastrukturne projekte, Sofija | | 50 | 1 | 50 | 1 |
| Centar Gradski podrum d.o.o., Zagreb | | 37,5 | 2.858 | 37,5 | - |
| Sportski grad TPN u stečaju | | 1 | - | 1 | - |
| Value adjustment for investments in associates | | - | (5.022) | - | (2.164) |
| **Total** | | | **1.991** | | **1.991** |

## 15. Investments into affiliated companies and other investments (continuation)

### *ii. Investments in affiliates (continuation)*

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

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

### *iii. Other investments*

| Description | **2023** **In thous. EUR** | **2024** **In thous. EUR** |
|---|---|---|
| Investment into shares in investment funds | **305** | 305 |
| Minus: Value adjustment of share in investment funds | **(305)** | (305) |
| **Total** | **-** | - |

### *iv. Participating interests*

| Description | **2023** In thous. EUR | **2024** In thous. EUR |
|---|---|---|
| Geotehnika-inženjering d.o.o., Zagreb | 7.406 | - |
| Konstruktor-inženjering d.d. | 101 | 101 |
| Viktor Lenac d.d. Rijeka | 6 | 6 |
| GP Dubrovnik d.d. u stečaju, Dubrovnik | 358 | 358 |
| Industrogradnja Grupa d.d. | 50 | 50 |
| Elektrometal d.d., Bjelovar | 2 | 2 |
| Međimurje beton d.d. Zagreb | 51 | 51 |
| Value adjustment of participating interests | (7.974) | (568) |
| **Total** | **-** | **-** |

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

| | **2023** | **2024** |
|---|---|---|
| | In thous. EUR | |
| ***Non-current receivables*** | | |
| Receivables from sale of apartments with deferred payments and other receivables | 161 | 131 |
| **Total** | **161** | **131** |
| | | |
| ***Current receivables*** | | |
| Trade receivables | 5.324 | 5.307 |
| Minus: value adjustment of trade receivables | (2.940) | (3.028) |
| Receivables from government institutions | 89 | 118 |
| Receivables from employees | 179 | 142 |
| Receivables from affiliated entrepreneurs | 262 | 269 |
| Minus: value adjustment of receivables from affiliated entrepreneurs | (312) | (283) |
| Receivables from issued advances | 424 | 594 |
| Other receivables | 21 | 41 |
| **Total** | **3.047** | **3.160** |

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:

| | **31.12.2024.** |
|---|---|
| **December 31, 2024** | In thous. *EUR* |
| January 1, 2024 | 3.252 |
| Newly created expected credit loss | 36 |
| Other changes | 255 |
| Cancellation of previous credit loss | (232) |
| **Status as at December 31st** | **3.311** |

| | **31.12.2023.** |
|---|---|
| **December 31, 2023** | In thous. *EUR* |
| January 1, 2023 | 6.260 |
| Newly created expected credit loss | 232 |
| Cancellation of previous credit loss | (3.240) |
| **Status as at December 31st** | **3.252** |

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.

### 16. Trade receivables and other receivables (continuation)

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

**December 31, 2024**

| Matured claims | *Gross amount* | *Value adjustment* | *Net amount* |
|---|---|---|---|
| Matured claims | 1.380 | - | 1.380 |
| 0-60 days | 724 | - | 724 |
| 60-120 days | - | (137) | (137) |
| 120-180 days | 193 | - | 193 |
| 180-360 days | - | (16) | (16) |
| over 360 days | 4.174 | (3.158) | 1.016 |
| | **6.471** | **(3.311)** | 3.160 |

**December 31, 2023**

| Matured claims | *Gross amount* | *Value adjustment* | *Net amount* |
|---|---|---|---|
| Matured claims | 1.516 | (208) | 1.308 |
| 0-60 days | 229 | - | 229 |
| 60-120 days | 95 | - | 95 |
| 120-180 days | 38 | (5) | 33 |
| 180-360 days | 684 | - | 684 |
| over 360 days | 3.737 | (3.039) | 698 |
| | **6.299** | **(3.252)** | **3.047** |

### 17. Loans and deposits given

| | **2023** | **2024** |
|---|---|---|
| | **In thous. EUR** | **In thous. EUR** |
| **Long-term loans** | | |
| Loans given to subsidiaries | 4 | 4 |
| Loans given to third parties | 17 | 125 |
| | **22** | **130** |
| **Short-term loans given** | | |
| Loans given to subsidiaries | 19 | 92 |
| Loans given to third parties | 23 | 21 |
| Deposits and guarantees | 3.868 | 3.772 |
| Interests receivables | 48 | 4 |
| Securities and factoring | 19 | 19 |
| Expected credit loss | (15) | (15) |
| | **3.963** | **3.893** |
| **Total** | **3.984** | **4.023** |

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, Paragraph 3. of the Corporate Income Tax Act are taken into account.

## 18. Cash and cash equivalents

| | 2023 | 2024 |
|---|---|---|
| | In thous. EUR | |
| Giro accounts | 374 | 110 |
| Foreign currency accounts | 36 | 14 |
| **Total** | **410** | **124** |

**Breakdown of cash and cash equivalents per currency**

| | 2023 | 2024 |
|---|---|---|
| DESCRIPTION | In thous. EUR | |
| EUR | 378 | 114 |
| BAM | 14 | 5 |
| GEL | 11 | 3 |
| AMD | - | 2 |
| Other currencies | 7 | 0 |
| **Total** | **410** | **124** |

## 19. Non-current assets held for sale

| | 2023 | 2024 |
|---|---|---|
| DESCRIPTION | In thous. EUR | In thous. EUR |
| **Acquisition cost** | | |
| As at January 1st | 1.632 | - |
| Sale | | |
| **As at December 31st** | **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. The aforementioned assets relate to buildings and land, and were derecognized in 2024 upon the closure of the pre-bankruptcy.

*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:<br>• Valuation of property carried out by authorized independent valuers (methods described in Note 3.10 (i) | Significant inputs are described in Note 3.10 (i)<br><br>Amount of secured debt |
| • Review of rights of secured creditors | |

## 20. Accrued income and prepaid expenses

| | 2023 | 2024 |
|---|---|---|
| | *In thous. EUR* | |
| Prepaid expenses | 104 | 685 |
| VAT on advances | 393 | 157 |
| Advance payments received on account | 49 | 48 |
| Accrued un-invoiced revenue | 12 | 13 |
| **Total** | **557** | **903** |

Prepaid expenses relate primarily to operations in branches and amount to EUR 480 thousand.

## 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:

| | 2023 | 2024 |
|---|---|---|
| | *In thous. EUR* | |
| Contract assets | 574 | 1.114 |
| Expected credit loss | (7) | (11) |
| | **567** | **1.103** |
| Contract liabilities | 137 | 79 |
| **Total** | **430** | **1.024** |

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 recognized over time.

## 22. Share capital

| | 2023 | | 2024 | |
|---|---|---|---|---|
| | Number of shares | Ownership share | Number of shares | Ownership share |
| AVENUE MEHANIZACIJA D.O.O. (1/1) | 566.581 | 38,24% | 566.581 | 38,24% |
| FROTIP DEVELOPMENT D.O.O. | 301.173 | 20,33% | 301.173 | 20,33% |
| AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1) | 302.450 | 20,42% | 248.604 | 16,78% |
| SMIRNOV MANAGMENT & TRRANSPORTING J.D.O.O. | - | 0,00% | 53.846 | 3,63% |
| DRNASIN ANTE | 14.196 | 0,96% | 16.000 | 1,08% |
| LEJO IVAN | 12.500 | 0,84% | 12.500 | 0,84% |
| OTP BANKA D.D./KL1JENT 321 | - | 0,00% | 11.955 | 0,81% |
| ČERNOŠEK KRUNOSLAV | - | 0,00% | 8.250 | 0,56% |
| MIHALJEVIĆ BRANKO | 8.100 | 0,55% | 8.100 | 0,55% |
| CAPTURIS D.O.O. | 7.895 | 0,53% | 7.895 | 0,53% |
| INSTITUT IGH, JSC. (1/1) | 6.659 | 0,45% | 6.659 | 0,45% |
| Ostali dioničari | 261.909 | 17,68% | 239.900 | 16,19% |
| Total | 1.481.463 | 100,00% | 1.481.463 | 100,00% |

By the Decision no. TT-23/52200-2, on December 29th 2023, the Company underwent recapitalization 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, totaling 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 recapitalization 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.

| | **Number of own shares Dec. 31, 2023** | **Number of own shares Dec. 31, 2024** |
|---|---|---|
| Status as at January 1st | 6.659 | 6.659 |
| **Status as at December 31st** | **6.659** | **6.659** |

## 23. Reserves (continuation)

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 2024, 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

| *In thous. EUR* | **Revaluation reserves for non-current tangible assets** | **Foreign exchange differences from recalculation of foreign operations** | **Total** |
|---|---|---|---|
| **Status as at Dec. 31, 2022** | **5.210** | **(40)** | **5.170** |
| Transfer to accumulated losses | (4.726) | - | (4.726) |
| Increase of reserves | 1.223 | - | 1.223 |
| **Status as at Dec. 31, 2023** | **1.707** | **(40)** | **1.667** |
| Transfer to accumulated losses | (679) | - | (679) |
| Increase of reserves | 396 | - | 396 |
| Foreign exchange differences from recalculation of foreign operations | - | 99 | 99 |
| **Status as at Dec. 31, 2024** | **1.424** | **(40)** | **1.483** |

Revaluation reserves are not distributable to shareholders.

## 25. Commitments for loans and borrowings

| | **2023** | **2024** |
|---|---|---|
| | ***In thous. EUR*** | |
| ***Long-term borrowings*** | | |
| Other borrowings | **31** | **1** |
| Total | **31** | **1** |
| | | |
| **Short-term borrowings** | | |
| Bank loans (secured creditors) /v/ | **1.161** | **-** |
| Bank loans -current portion of senior /iii/ | **38** | **-** |
| Borrowings of associated companies | **171** | **209** |
| Other borrowings | **1.020** | **775** |
| Accrued interest payable | **150** | **-** |
| Total | **2.540** | **984** |
| **Loans and borrowings total** | **2.571** | **985** |

**25. Commitments for loans and borrowings (continuation)**

| *In thous. EUR* | Bank loans - PIK debt /ii/ | Bank loans - Senior debt /iii/ | Bank loans - secured creditors /v/ | Loans from associated companies | Other borrowings | Accrued interest payable | Total |
|---|---|---|---|---|---|---|---|
| **Status as at January 1st 2023** | **1.413** | **9.424** | **1.161** | **9.748** | **586** | **2.521** | **24.854** |
| Payments | - | - | - | - | - | - | - |
| Non-monetary repayment | (1.413) | (9.386) | - | (9.577) | 465 | (2.371) | (22.283) |
| Loans received | - | - | - | - | - | - | - |
| Transfer of commitments | - | - | - | - | - | - | - |
| **Status as at December 31st 2023** | **-** | **38** | **1.161** | **171** | **1.051** | **150** | **2.571** |
| | | | | | | | |
| **Status as at January 1st 2024** | **-** | **38** | **1.161** | **171** | **1.051** | **150** | **2.571** |
| Payments | **-** | **(38)** | **-** | **38** | **(25)** | **-** | **(25)** |
| Non-monetary repayment | **-** | **-** | **-** | **-** | **(250)** | **(150)** | **(400)** |
| Loans received | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Transfer of commitments | **-** | **-** | **(1.161)** | **-** | **-** | **-** | **(1.161)** |
| **Status as at December 31st 2024** | **-** | **-** | **-** | **209** | **776** | **-** | **985** |

## 25. Commitments for loans and borrowings (continuation)

Loan and borrowing liabilities were significantly reduced in 2024, when the pre-bankruptcy closing process was completed. The company settled a large part of its liabilities in 2023, and the remaining debt in the amount of EUR 38 thousand was settled in February 2024. The course of the pre-bankruptcy and debt settlement was 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 June 30th and December 31st 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 June 6th 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 June 10th 2013, the Settlement Council of the Financial Agency adopted the Decision on initiating pre-bankruptcy settlement proceedings over INSTITUT IGH, JSC 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 realization 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 realization 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.

### 25. Commitments for loans and borrowings (continuation)

The analytical review of loans and borrowings is as follows:

| | Currency | Interest rate | 2023. | Up to a yr. | 1 – 2 yrs. |
|---|---|---|---|---|---|
| ***Financial liabilities*** | | | | | |
| Commercial bank | EUR | 4,50% | 18 | 18 | - |
| Unrelated third parties | EUR | 4,50% | 20 | 20 | - |
| Liabilities for interest | EUR | - | 150 | 150 | - |
| *Non-interest bearing other liabilities to secured creditors* | | | | | |
| Unrelated third parties | EUR | - | 1.161 | 1.161 | - |
| Loans from other financial institutions | EUR | - | 91 | 91 | - |
| ***Other financial liabilities*** | | | | | |
| Loans from related parties | EUR | 2,86% | 171 | 171 | - |
| Loans from unrelated parties | EUR | 4,50% | 960 | 929 | 31 |
| **Total** | | | | **2.540** | **31** |

| | Currency | Interest rate | 2024. | Up to a yr. | 1 – 2 yrs. |
|---|---|---|---|---|---|
| ***Financial liabilities*** | | | | | |
| Commercial bank | EUR | - | - | - | - |
| Unrelated third parties | EUR | - | - | - | - |
| Liabilities for interest | EUR | - | - | - | - |
| *Non-interest bearing other liabilities to secured creditors* | | | | | |
| Unrelated third parties | EUR | - | - | - | - |
| Loans from other financial institutions | EUR | - | - | - | - |
| ***Other financial liabilities*** | | | | | |
| Loans from related parties | EUR | 3,25% | 209 | 209 | - |
| Loans from unrelated parties | EUR | 4,50% | 776 | 775 | 1 |
| **Total** | | | **985** | **984** | **1** |

### 26. Contingent liabilities

| | 2023 | 2024 |
|---|---|---|
| DESCRIPTION | **In thous. EUR** | **In thous. EUR** |
| Guarantees given - externally | **1.536** | **3.467** |

Potential obligations refer to obligations under performance guarantees and cash deposits with legal entities for the same purpose.

## 27. Lease obligations

| | 2023 | 2024 |
|---|---|---|
| | In thous. EUR | In thous. EUR |
| ***Non-current liabilities*** | | |
| Lease obligations | 1.881 | 2.231 |
| ***Current liabilities*** | | |
| Lease obligations | 1.356 | 1.573 |
| **Total** | **3.237** | **3.805** |

The analytical review of lease obligations is as follows

| ***In thous. EUR*** | **Lease obligations** |
|---|---|
| **Net book value** | |
| As at January 1st 2023 | 4.896 |
| Payments | (3.187) |
| Additions to right-of-use assets | 1.528 |
| **Status as at December 31st 2023** | **3.237** |
| | |
| As at January 1st 2024 | 3.237 |
| Payments | (2.682) |
| Loans received | 3.250 |
| Exchange rate difference | - |
| **Status as at December 31st 2024** | **3.805** |

| ***In thous. EUR*** | **Currency** | **Interest rate** | **2024.** | **Up to a yr.** | **1 – 2 yrs.** | **2 – 5 yrs.** |
|---|---|---|---|---|---|---|
| ***Other financial liabilities*** | | | | | | |
| Operating lease - IFRS 16 | HRK | 4,50% | 3.805 | 1.573 | 1.573 | 658 |

| | **Currency** | **Interest rate** | **2024.** | **Up to a yr.** | **1 – 2 yrs.** | **2 – 5 yrs.** |
|---|---|---|---|---|---|---|
| ***Other financial liabilities*** | | | | | | |
| Operating lease - IFRS 16 | HRK | 4,50% | 3.237 | 1.356 | 1.356 | 525 |

## 28. Provisions

| *In thous. EUR* | Retirement benefits | Legal disputes | Total |
|---|---|---|---|
| **As at Dec. 31, 2023:** | | | |
| Long-term part | 85 | 901 | 986 |
| Short-term part | - | 3 | 3 |
| | 85 | 904 | 989 |
| Increase in provisions | 79 | - | 79 |
| Cancelled during the year | 85 | 656 | 741 |
| **Status at Dec. 31, 2024:** | **79** | **248** | **327** |
| Long-term part | 79 | 245 | 324 |
| Short-term part | - | 3 | 3 |
| | **79** | **248** | **327** |

*(i)* ***Retirement benefits***

In 2024 the Company decreased provisions for retirement benefits in the amount of EUR 6 thousand.

*(ii)* ***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 December 31st 2024.

## 29. Trade payables and other payables

| DESCRIPTION | 2023<br>In thous. EUR | 2024<br>In thous. EUR |
|---|---|---|
| *Non-current liabilities* | | |
| Trade payables and other payables | 26 | - |
| | **26** | **-** |
| *Current liabilities* | | |
| Domestic trade payables | 2.808 | 3.556 |
| Foreign trade payables | 178 | 34 |
| Liabilities towards government institutions | 1.255 | 1.066 |
| Liabilities to employees | 817 | 718 |
| Municipal charges | 323 | 335 |
| Liabilities towards associated companies | 51 | 29 |
| Other liabilities | 367 | 373 |
| **Total** | **5.798** | **6.384** |

The Company's exposure to currency risk and liquidity risk is disclosed in Note 32.

## 30. Commitments for advances and deposits received

| | 2023 | 2024 |
|---|---|---|
| DESCRIPTION | **In thous. EUR** | **In thous. EUR** |
| *Received advances* | | |
| Advances from domestic clients | 526 | 260 |
| Advances from foreign clients | 200 | 47 |
| Calculation of advances given | 57 | 57 |
| **Total** | **783** | **364** |
| *Received deposits* | | |
| Deposits and guarantees received | 41 | 34 |
| **Total** | **41** | **34** |

## 31. Accrued expenses and deferred income

| | 2023 | 2024 |
|---|---|---|
| | ***In thous. EUR*** | |
| *Current liabilities* | | |
| Accruals and deferred income | 123 | 150 |
| Accrued unused leave | 335 | 306 |
| **Total** | **458** | **456** |

The Company's accrued expenses and deferred income stated in the Statement on financial position on December 31, 2024 in the amount of EUR 150 thousand (on December 31, 2023 amounting to EUR 123 thousand) refer to the accrued expenses for which no invoice was received.

The provision for compensation for unused annual leave in 2024 was calculated based on the expectation that annual leave entitlements from 2024 will be used in 2025.

## 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.

## 32. Financial instruments and Risk management (continuation)

*c) Currency risk*

The Company's official currency since January 1, 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:

| *In thous. EUR* | **Liabilities** | | **Assets** | |
|---|---|---|---|---|
| | **2023.** | **2024.** | **2023.** | **2024.** |
| Bosna i Herzegovina (BAM) | 5 | 82 | 137 | 128 |
| USA (USD) | 413 | 16 | - | 39 |
| Georgia (GEL) | - | 162 | 428 | 899 |
| Macedonia (MDK) | 1 | 2 | 8 | 76 |
| Armenia (ARD) | - | 785 | - | 765 |

*Sensitivity analysis to foreign currency risk*

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

***In thous. EUR***

| Effect of USD currency | | Effect of GEL currency | | Effect of MDK currency | |
|---|---|---|---|---|---|
| **2023.** | **2024.** | **2023.** | **2024.** | **2023.** | **2024.** |
| *4* | 2 | (3) | 74 | - | 7 |

| Effect of BAM currency | | Effect of ARD currency | |
|---|---|---|---|
| **2023.** | **2024.** | **2023.** | **2024.** |
| (1,5) | 5 | - | (2) |

**32. Financial instruments and Risk management (continuation)**

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

| | Dec. 31, 2023. | Dec. 31, 2024. |
|---|---|---|
| BAM | 1,95583 | 1,95583 |
| USD | 1,105 | 1,0444 |
| GEL | 2,9324 | 3,0235 |
| MDK | 61,6345 | 61,583 |
| ARD | 442,17 | 418,288 |

*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 December 31st 2024, 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 December 31, 2024 and historical credit losses during that period.

Furthermore, the Company is exposed to credit risk through cash deposits in banks. As of 31 December 31st 2024, 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 depreciated 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 December 31st 2024 amounted to 1,02%. The 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.

## 32. Financial instruments and Risk management (continuation)

*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.

| *In 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 | - |
| **Total** | **11.947** | **11.947** | **10.009** | **1.382** | **556** |
| **Year 2024** | | | | | |
| **Non-derivate financial liabilities** | | | | | |
| Loans received and financial leasing | 4.529 | 4.529 | 2.298 | 1.356 | 876 |
| Trade and other payables | 7.261 | 7.261 | 7.261 | - | - |
| **Total** | **11.791** | **11.791** | **9.559** | **1.356** | **876** |

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.

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 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 | 209 | 3.775 |
| Trade and other receivables | 3.142 | 3.142 | 394 | 2.748 |
| **Total** | **7.126** | **7.126** | **603** | **6.523** |
| **Year 2024** | | | | |
| **Non-derivative financial assets** | | | | |
| Loans given | 3.892 | 3.892 | 3.775 | 117 |
| Trade and other receivables | 2.879 | 2.879 | 2.748 | 131 |
| **Total** | **6.771** | **6.771** | **6.523** | **248** |

*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 December 31st 2024, 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.

**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".*

Income and expenses for affiliated companies are presented in the table as follows:

| | **2023** | **2024** |
|---|---|---|
| | **In thous. EUR** | **In thous. EUR** |
| ***Sale income*** | | |
| ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D. | 1 | 1 |
| IGH BUSINESS ADVISORY SERVICES D.O.O. | 1 | - |
| **Total** | **2** | **1** |
| ***Other income*** | | |
| IGH BUSINESS ADVISORY SERVICES D.O.O. | 1 | 1 |
| IGH PROJEKTIRANJE D.O.O. | 7 | 4 |
| INSTITUT IGH d.o.o. Mostar | 240 | 10 |
| **Total** | **248** | **15** |
| **Total** | **250** | **16** |

| | | |
|---|---|---|
| ***Service expenses*** | | |
| INSTITUT IGH d.o.o. Mostar | 6 | 6 |
| IGH BUSINESS ADVISORY SERVICES D.O.O. | 42 | 18 |
| IGH PROJEKTIRANJE D.O.O. | 89 | 69 |
| **Total** | **137** | **93** |
| ***Other business expenses*** | | |
| INSTITUT IGH d.o.o. Mostar | 74 | - |
| IGH PROJEKTIRANJE D.O.O. | - | 9 |
| **Total** | **-** | **9** |
| ***Financial expenses*** | | |
| INSTITUT IGH d.o.o. Mostar | 1 | - |
| **Total** | **1** | **-** |

### 33. Transactions with related parties (continuation)

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

| DESCRIPTION | 2023 | 2024 |
|---|---|---|
| | In thous. EUR | |
| ***Receivables from subsidiaries*** | | |
| ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D. | 1 | - |
| IGH BUSINESS ADVISORY SERVICES D.O.O. | 7 | 7 |
| IGH PROJEKTIRANJE D.O.O. | 18 | 4 |
| INCRO D.O.O. | - | 11 |
| INSTITUT IGH d.o.o. Mostar | 9 | - |
| ***Receivables from associated companies*** | | |
| ELPIDA D.O.O. | 1 | 1 |
| SPORTSKI GRAD TPN D.O.O. | 63 | 63 |
| **Total** | **99** | **86** |
| ***Adjustment of value of receivables from related companies*** | (64) | (64) |
| ***Loans granted to subsidiaries*** | | |
| INSTITUT IGH d.o.o. Mostar | 3 | - |
| INCRO D.O.O. | 1 | - |
| IGH BUSINESS ADVISORY SERVICES D.O.O. | 5 | 43 |
| **Total** | **9** | **43** |

Liabilities to related and owned companies are presented in the table as follows:

| | 2023 | 2024 |
|---|---|---|
| | In thous. EUR | |
| ***Liabilities for loans from affiliated companies*** | | |
| ELPIDA D.O.O. | 1 | 1 |
| ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D. | 140 | 178 |
| IGH PROJEKTIRANJE D.O.O. | 31 | 31 |
| **Total** | **171** | **209** |
| ***Liabilities to related companies*** | | |
| IGH PROJEKTIRANJE D.O.O. | 36 | 28 |
| IGH BUSINESS ADVISORY SERVICES D.O.O. | 8 | 3 |
| INSTITUT IGH d.o.o. Mostar | 2 | 1 |
| ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D. | 1 | - |
| **Total** | **47** | **32** |
| ***Liabilities to equity companies*** | | |
| AVENUE MEHANIZACIJA d.o.o. | 5.300 | 1.466 |
| AVENUE ENGINEERING AND CONSTRUCTION LIMITED | 567 | 152 |
| **Total** | **5.867** | **1.618** |

## 33. Transactions with related parties (continuation)

### Management Board and Supervisory Board compensation

The total compensation for the Management Board and the calculated fees for Supervisory Board members in year 2024 amounted to 320 thousand Euros (2023: EUR 153 thousand).

Compensation to Supervisory Board members

| **In thous. *EUR*** | | |
|---|---|---|
| **Compensation to Supervisory Board members** | **Compensation** | **Participation at sessions** |
| Žarko Dešković | 20 | 5/5 |
| Sergej Gladeljkin | 10 | 2/5 |
| Igor Tkach | 10 | 5/5 |
| Mariyan Tkach | 10 | 5/5 |
| Marin Božić | 10 | 5/5 |
| **Total** | **60** | |

Compensation for Management Board members

| **In thous. *EUR*** | **Salary – fixed component** | **Salary – variable component** | **Total** |
|---|---|---|---|
| Petrosian Robert | 99 | 0 | 99 |
| Josip Majer | 54 | 0 | 54 |
| Marija Đuroković | 54 | 0 | 54 |
| Tatjana Bičanić | 53 | 0 | 53 |
| **Total** | **260** | **0** | **260** |

## 34. Earnings per share

Basic earnings per share are calculated as follows:

| | 31.12.2022. | 31.12.2023. |
|---|---|---|
| | *In thous. EUR* | |
| Profit for the year | 6.084 | 1.239 |
| Weighted average number of shares | 686.022 | 1.481.463 |
| **Basic earnings per share (in EUR)** | **8,87** | **0,84** |

## 35. Pre-bankruptcy settlement

By the decision of the Commercial Court in Zagreb, Tt-24/34060-2 of October 3rd 2024, the entry under ordinal number 4. is deleted - approval of the pre-bankruptcy settlement of the subject of the entry INSTITUT IGH, joint-stock company for research and development in construction, Zagreb, Janka Rakuše 1, MBS 080000959, OIB 79766124714, entered by the decision of the Commercial Court in Zagreb under number Stpn-305/2013. of December 5th 2013 based on the Independent Auditor's Report of July 5th 2024.

Liabilities based on the pre-bankruptcy settlement as of December 31st 2023, amounted to EUR 39 thousand, which were fully settled on February 15th 2024. The audit of the settlement of liabilities under the pre-bankruptcy settlement was conducted in June 2024.

## 36. The closing of INSTITUT IGH, JSC 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 March 2nd 2022, IGH's Management Board decided to close the Company's subsidiary in Russia, Moscow.

On August 8th 2024, INSTITUT IGH, JSC subsidiary in Moscow, Russia was officially deleted from the national register of registered branches, representative offices of foreign legal entities.

As of December 31st 2024, within the Company's unconsolidated financial statements, receivables and payables relating to the subsidiary INSTITUT IGH, JSC Moscow, Russia, were derecognized from the Company's books. Since the positions of liabilities and receivables were adjusted in value in the previous period, there was no impact on the financial result of the current period.

## 37. Events after the balance sheet date

After the balance sheet date, the Company initiated bankruptcy proceedings against its subsidiary Marterra d.o.o. Zagreb in January 2025.

There were no other significant events that would significantly affect the annual accounts of the IGH Group for 2024, 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 April 25th 2025.

| Robert Petrosian | Josip Majer | Marija Đuroković |
|---|---|---|
| President of the Board | Member of the Board | Member of the Board |

Tatjana Bičanić
Member of the Board

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