Meritus ulaganja d.d., Zagreb

Annual report for the year that ended on

December 31, 2023

This version of annual report is a translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the annual report takes precedence over this translation.

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Main business activity

The company Meritus ulaganja d.d., Zagreb (the "Company") was established in Zagreb on November 28, 2018, and registered at the Commercial Court in Zagreb (MBS: 081210030; OIB: 62230095889). The Company started operating in 2018. The Company's main activity is the provision of holding company management services over the subsidiaries in the Group.

Results and position

In 2023, the Company generated a net profit of EUR 1,412 thousand (2022: net profit of EUR 1,491 thousand). The profit was realized from the income from the shares in the subsidiary Meritus Global Technology d.o.o. (2022: in the subsidiary M Plus Croatia d.o.o.)

Risk management

Currency risk

The Company is minimally exposed to currency risk due to the fact that most revenues, expenses, receivables, and liabilities are denominated in local currency.

Credit risk

Financial assets that could potentially expose the Company to credit risk include receivables from customers, which is why these receivables are continuously checked in terms of collectability.

Liquidity risk

Liquidity risk management implies maintaining a satisfactory amount of cash and securing available financial resources through higher quality and better collection of receivables.

Risks are described in details in Note 30. Financial instruments and risk management.

Treasury shares

The Company has no treasury shares.

Investments in subsidiaries

As of December 31, 2023, the Company has the following investments in subsidiaries:

Name of subsidiary	Main activity	Location of establishment and business operations	Share in ownership in %	Value of investment
			December 31, 2023	December 31, 2023
M Plus Croatia d.o.o.	Management activities of holding companies	Zagreb, Croatia	68.74%	38,304
Meritus Global Strategics d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
Meritus Global Technology d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
Meritus Global Real Estate Management d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
Global People Solutions, d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
				38,316

Branches

The Company has no branches.

Research and development activities

The Company did not conduct research and development activities in 2023 and 2022.

Future development

In the future, the Company will continue to invest in existing industry verticals through acquisitions and financing, as well as in other industry verticals that will bring additional investment opportunities. The Company will ensure that investments are directed to sectors and industries that have the potential to increase value and growth. The Company will continue to adhere to its existing investment strategies, whereby the goal will be to achieve the best possible results for the Company, investors, employees and other stakeholders.

Signed on behalf of the Company on April 30, 2024:

President of the Management Board	Member of the Management Board
Darko Horvat	Tomislav Glavaš

Meritus ulaganja d.d.
Ulica Vjekoslava Heinzela 62A
10 000 Zagreb
Republic of Croatia
April 30, 2024

1. INTRODUCTION

The Supervisory Board of MERITUS ULAGANJA d.d., Zagreb, Ulica Vjekoslava Heinzela 62A, registered in the court register of the Commercial Court in Zagreb under the company's (court) registration number (MBS): 081210030, OIB: 62230095889 (the "Company"), delivers to shareholders:

1. The Report on the supervision of the Company's business operations in 2023, as provided for in Article 263, paragraph 3 of the Companies Act (Official Gazette 111/1993, 34/1999, 121/1999, 52/2000, 118/2003, 107/2007, 146/2008, 137/2009, 111/2012, 125/2011, 68/2013, 110/2015, 40/2019, 34/2022, 114/2022, 18/2023, 130/2023; "Companies Act");
2. The Report on the results of the examination of the annual financial statements of the Company and the Group, the Report on the state of the Company and its subsidiaries, and the proposal of the decision on the use of profit in 2023, as provided by Article 300c paragraph 2 of the Companies Act.

2. COMPOSITION OF THE SUPERVISORY BOARD

At the time of the preparation of this Report, the Supervisory Board comprises five (5) members:

1) Ms. Tamara Sardelić, President of the Supervisory Board;
2) Mr. Philipp Rösler, Deputy President of the Supervisory Board;
3) Mr. Ulf Gartzke, Member of the Supervisory Board;
4) Mr. Joško Miliša, Member of the Supervisory Board;
5) Ms. Ana Babić, Member of the Supervisory Board - representative of the worker

The Supervisory Board is composed mostly of independent members of the Supervisory Board, where the chairman and deputy chairman of the Supervisory Board are independent members of the Board.

During 2023, the composition of the Board changed in such a way that Mrs. Tamara Sardelić became the new president of the Supervisory Board on April 17, 2023, where she was appointed as the new president following the resignation of the member and president of the Board, Mr. Sandi Češko, which he submitted on April 6, 2023. On May 16, 2023, Mrs. Ana Babić was appointed as a new member of the Board by the employees of the Company. Mr. Igor Varivoda resigned from the position of member and deputy chairman of the Board on June 30, 2023, and Mr. Hrvoje Prpić's membership in the Board ended on July 1, 2023. Additionally, on June 27, 2023, the General Assembly of the Company appointed Mr. Philipp Rösler as a new member of the Board, who was appointed by the Board members on July 10, 2023 as the new Deputy Chairman of the Board.

3. SUPERVISORY BOARD COMMITTEES

There are several committees of the Supervisory Board operating in the Company, which provide professional support to the Supervisory Board, in accordance with legal regulations and internal rules of the Company – the Audit Committee, the Remuneration Committee, and the Nomination Committee.

3.1. Audit Committee

The Audit Committee was established to ensure the objectivity and credibility of information and reports submitted to the Supervisory Board by monitoring and supervising the areas of existence and operational effectiveness of internal controls, adequacy of risk management processes, reliability of financial reporting, application of legislation and regulations, and relevant areas and issues related to the external and internal audit process.

As of the date of this Report, the Audit Committee comprises three (3) members: Mr. Ante Vrančić, the President of the Committee, Mr. Joško Miliša, the member of the Committee and Mr. Boris Borzić, the member of the Committee. In 2023, the composition of the Committee changed as follows: Mr. Igor Varivoda was a member and chairman of the Committee until May 22, 2023, until the end of his mandate, after which Mr. Ante Vrančić was appointed by the members of the Committee as the new President of the Committee as of July 31, 2023.

The Committee is composed mostly of independent members, and the President of the Committee is an independent member.

In 2023, the Audit Committee regularly monitored and supervised the Company's operations and achieved exceptional cooperation with the Management Board and the Supervisory Board of the Company and its certified external auditor, as well as internal audit. The attendance of all members of the Committee was 100%, except for Mr. Joško Miliša, who was not present at one session, but submitted his vote for decision-making.

The Committee held seven sessions and two correspondence votes. During these, discussions took place, and decisions were made on the following topics:

- Annual audited financial statements for 2022,
- External auditor's report for 2022,
- Annual Report on the work of the Audit Committee in 2022,
- Recommendations related to the external auditor for 2023,
- Work plan of the external auditor for 2023,
- Approval for providing non-audit services to an external auditor,
- Election of the new President of the Committee,
- Quarterly and semi-annual unaudited financial statements,
- Annual work plan of the internal audit for 2024, following to the received report for the year 2023,
- Proposal for a decision on the dismissal and appointment of the head of internal audit,
- Approval of the Internal Audit Charter, and
- Evaluations of the effectiveness of the internal control and risk management system, the effectiveness of the publication and approval of related party transactions, and the effectiveness of the procedure for reporting violations of laws or internal rules

3.2. Nomination Committee

The Nomination Committee has the duty to nominate candidates for member positions in the Management Board and the Supervisory Board and supervise the appointment process itself, monitor the progress of achieving the target percentage of female members on the Management Board and the Supervisory Board, as well as other prescribed responsibilities.

At the date of the publication of this Report, the Nomination Committee comprised three (3) members: Ms. Tamara Sardelić, President of the Committee, Mr. Igor Varivoda, Member of the Committee, and Mr. Joško Miliša, Member of the Committee. Mr. Joško Miliša is a new member of the Committee by decision of the Supervisory Board dated February 28, 2023, where he was appointed as a new member following the resignation of member Mr. Vanja Vlak, which he submitted on February 20, 2023. The Committee is composed mostly of independent members, and the President of the Committee is an independent member.

In 2023, the Nomination Committee held two sessions at which the Report on the work of the Committee for 2022 was adopted and the proposal to appoint the new member of the Supervisory Board was passed. All members were present at the session.

3.3. Remuneration Committee

The Remuneration Committee has the duty to propose the Policy on the remuneration of the members of the Management Board and the Supervisory Board (which is decided on by the General Assembly), to supervise the preparation of the statutory and mandatory annual Report on the remuneration of members of the Management Board and the Supervisory Board, as well as other prescribed responsibilities.

At the date of the publication of this Report, the Remuneration Committee comprises three (3) members: Ms. Tamara Sardelić, President of the Committee, Mr. Igor Varivoda, Member of the Committee, and Mr. Joško Miliša, Member of the Committee.

Mr. Joško Miliša is a new member of the Committee by decision of the Supervisory Board dated February 28, 2023, where he was appointed as a new member following the resignation of member Mr. Vanja Vlak, which he submitted on February 20, 2023. The Committee is composed mostly of independent members, and the President of the Committee is an independent member.

During 2023, the Remuneration Committee held two (2) sessions, at which it adopted the Report on the work of the Committee in 2022, analysed the adopted revised Report on remuneration of members of the Management Board and the Supervisory Board in 2022 and adopted a recommendation on the amendment of the Remuneration policy of members of the Management Board. All members were present at the sessions.

4. REPORT ON THE SUPERVISION OF THE COMPANY'S BUSINESS OPERATIONS IN 2023

In 2023, the Supervisory Board carried out regular supervision over the business operations of the Company and the Group, in accordance with the Company's Articles of Association, the Rules of Procedure of the Supervisory Board, other internal rules of the Company as well as legal regulations.

In 2023, a total of 11 sessions of the Supervisory Board were held, which were mostly held by video call, in accordance with the Rules of Procedure of the Supervisory Board. The total participation rate at the sessions was 98,86%, and the records of the presence of each member of the Supervisory Board and their participation rate at the meetings are as follows:

Member of the Supervisory Board	Participation	Participation rate
Tamara Sardelić	11/11	100%
Philipp Rösler	6/6	100%
Ulf Gartzke	11/11	100%
Joško Miliša	10/11	91%
Ana Babić	6/6	100%
Igor Varivoda	5/5	100%
Hrvoje Prpić	5/5	100%
Sandi Češko	2/2	100%
	TOTAL	**98.86%**

The Supervisory Board accepted all proposals of the Management Board submitted in 2023 and made decisions that were not within the jurisdiction of the Management Board and the General Assembly of the Company.

During the supervision, the Supervisory Board paid special attention to examining the legality of operations in terms of compliance with the applicable legislation of the Republic of Croatia, internal legal regulations of the Company, including the Company's Articles of Association and decisions of the General Assembly, and the rules and Code of Corporate Governance of the Zagreb Stock Exchange and the Croatian Financial Services supervisory agency (“HANFA”).

The Supervisory Board conducted an evaluation of its effectiveness and composition in 2023 and the effectiveness and composition of the Supervisory Board committees, including the individual results of the members. The evaluation was led by the President of the Supervisory Board, and all Supervisory Board members participated in the evaluation. No external evaluators were hired to carry out the evaluation process, nor were any consultations conducted with third parties. The Supervisory Board concluded that the Supervisory Board and its committees function well, have a balanced composition, and the necessary expertise that is in line with the requirements of the Company's operations. However, to achieve the planned activities with the aim of equalizing the representation of persons of both genders in the Supervisory Board and its committees, appropriate activities will be carried out to realize the mentioned equalization. The Supervisory Board will continue to apply corporate governance best practices, striving to achieve even greater effectiveness in the future.

The Supervisory Board determines that in 2023, the Company adopted a new Equality, Diversity, Gender Equality, and Work-Life Balance Policy (DEI Policy). This policy applies to the members of the Management Board, Supervisory Board, and Supervisory Board committees, with a focus on achieving diversity in gender, age, education, skills, and other aspects to enhance the processes and decision-making quality within the Company.

4. REPORT ON THE SUPERVISION OF THE COMPANY'S BUSINESS OPERATIONS IN 2023 (CONTINUED)

In June 2023, the General Assembly amended the Company's Articles of Association, increasing the total number of Management Board members from three to five. With these changes, the Company adopted a new Diversity Plan for the Management Board and Supervisory Board for the next five years (2024 - 2029), setting the following targeted percentage of female members:

- Supervisory Board - at least 28.57%, or at least two members out of the current maximum number of Supervisory Board members (seven);
- Management Board - at least 40%, or at least two individuals out of the current maximum number of Management Board members (five).

These targets apply under the condition that the number of members is maintained according to the current Articles of Association. In the event of changes to the Articles of Association regarding the number of Management Board and/or Supervisory Board members, the Supervisory Board will adopt a new plan in line with the amendments, respecting the principles of the DEI Policy.

In 2023, the targeted percentage of female members in the Supervisory Board was achieved, while there were no changes in the target for the Management Board. The Company will continue to carry out appropriate activities with the aim of making advancements and realizing the set goal. The Group pays great attention to diversity within the Group, as proven by the fact that 60% of the Group's employees are women, and more and more women are being appointed to managerial positions within the Group. At the same time, with the issue of bonds related to sustainable business in 2022 on the Official Market of the Zagreb Stock Exchange d.d., the company set one of the two key performance indicators (KPIs) to promote more balanced gender diversity in management teams, where the goal is to achieve 51% representation women in management teams (including management bodies) by the end of 2030 compared to the base year 2020.

5. REPORT ON THE EXAMINATION OF THE COMPANY'S ANNUAL FINANCIAL STATEMENT AND CONSOLIDATED ANNUAL FINANCIAL STATEMENT OF THE GROUP

The Company's Management Board prepared the annual financial report and the consolidated annual financial report of the Group within the legal deadline. The two reports were audited by the independent auditor Deloitte d.o.o., Zagreb, Radnička cesta 80.

In accordance with the best knowledge of the Supervisory Board and based on the submitted data, the annual financial report of the Company and the consolidated annual financial report of the Group present an objective view of the state and results of operations of the Company and its subsidiaries. It determines that the reported business data correspond to the business status stated in the business books of the Company and its subsidiaries. It also presents an objective, complete, and true presentation of the assets and liabilities of the Company and its subsidiaries.

The Supervisory Board has no objections to the auditor's report on the examination of the annual financial statements for the business year 2023.

The Supervisory Board accepted the annual financial audited reports and gave its consent to the reports. The Management Board was informed of the given consent at the session of the Supervisory Board.

6. SUPERVISORY BOARD OPINION ON THE PROPOSAL OF THE DECISION OF THE MANAGEMENT BOARD ON THE USE OF PROFIT

In accordance with the annual financial report of the Company, the Company made a net profit in the total amount of EUR 1,411,607.38 in the business year 2023.

In accordance with the powers provided by the applicable legislation of the Republic of Croatia, the Management Board of the Company proposed to the General Assembly to adopt a decision on the use of profits in such a way that it is distributed as follows:

- An amount of EUR 70,580.37 is to be allocated into legal reserves
- A dividend payment in the amount of EUR 2,258,673.60 is determined, which amounts to EUR 2.3 per share, to the Company's shareholders in proportion to the number of shares they hold. The dividend will be paid from the part of the retained earnings of the Company from 2022 in the amount of EUR 993,821.49 and the profit of the current year in the amount of EUR 1,264,852.11. The dividend will be paid to shareholders registered in the depository of the Central Depository and Clearing Company Inc. on the day July 16, 2024 (record date) as holders of MRUL shares, thus acquiring the right to the dividend payment. From July 15, 2024 (ex-date), the stock will be traded without the right to the dividend payment. The dividend payment will be on July 19, 2024 (payment date)
- The remaining amount of EUR 76,174.90 is retained in the unallocated profit of the Company.

The Supervisory Board has no objections to the proposal of the Management Board's decision on the use of profit and considers that it corresponds to the business results and that it is in the function of the business plan for the current year. The Supervisory Board gives its consent to the proposal of the Decision on the use of profits.

7. EXAMINATION OF THE MANAGEMENT BOARD'S REPORT ON THE STATUS OF THE COMPANY AND ITS SUBSIDIARIES

The Company's Management Board prepared and submitted to the Supervisory Board the Annual report on the status of the Company and the Group, which includes a report on the status of subsidiaries and relations with subsidiaries.

In accordance with the best knowledge of the Supervisory Board, the Annual report on the status of the Company is an objective presentation of the status and results of the operations of the Company, as well as its subsidiaries. The Supervisory Board accepted the report and gave its consent to the report, as the business results are in line with expectations.

7.1. Composition of the Management Board

The Management Board of the Company is composed of two members. The function of the President of the Management Board is performed by Mr. Darko Horvat, and the function of a member of the Management Board is performed by Mr. Tomislav Glavaš, both authorized to represent the Company independently and individually. In 2023, the year to which this report refers, there were no changes in the composition of the members of the Management Board.

The Management Board assessed its own effectiveness and the effectiveness of individual members of the Management Board in 2023 and informed the Supervisory Board thereof. The Management Board comprises members with different experiences, which include experience in business management, experience in identifying and monitoring risks and crisis management, developed organizational skills, knowledge related to accounting and finance, knowledge related to the Company's business, and knowledge related to the national and international market. They are familiar with good corporate governance practices and have a clear strategic vision. The Management Board determined that it conducted its business independently and at its own risk and made Decisions exclusively at its own discretion, except for those decisions that it could not make without the express prior consent of the Supervisory Board. All decisions were made at the session of the Management Board and are listed in the minutes of the meeting, in accordance with the Rules of Procedure of the Management Board. In conclusion, it is established that the Management Board acted exclusively for the benefit of the Company and its shareholders and that it took into account the interests of employees and all other stakeholders of the Company and the Group

The Supervisory Board estimates that the Management Board and the Supervisory Board achieved exceptional cooperation in 2023 and that the Management Board provided maximum commitment to the Supervisory Board with the goal of achieving better cooperation and support. It participated in all the meetings of the Supervisory Board, and regularly and timely informed the Supervisory Board on the results and business status of the Company and the Group, corporate strategy and planning, business development, business compliance, risk status and risk management, and organizational and other changes related to the management of the Company and the Group.

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8. CONCLUSION OF THE SUPERVISORY BOARD

The Supervisory Board reached the following conclusions:

- the examination of the annual financial report and the consolidated annual financial report of the Group, the Report on the status of the Company and its subsidiaries, and regular monitoring conducted during 2023 established that the Management Board acted in accordance with the applicable legislation of the Republic of Croatia, Zagreb Stock Exchange, HANFA, internal acts of the Company (including the Articles of Association), and decisions of the General Assembly. It respected the guidelines and instructions of the Supervisory Board. Therefore, the Supervisory Board has no objections to the annual financial statements, the Report on the status of the Company and its subsidiaries, and the proposal on the use of profit;
- there are no objections to the Report and the opinion of the independent auditor on the annual financial statements;
- it approves the annual financial statements, the Report on the status of the Company and its subsidiaries, and the proposal of the Decision on the use of profit.

Tamara Sardelić, President of the Supervisory Board

Meritus ulaganja d.d. (hereinafter: the "Company"), in accordance with Article 250b and Article 272p of the Companies Act, issues a Statement of Application of the Code of Corporate Governance.

STATEMENT

of Application of the Code of Corporate Governance

1. In 2023, the Company applied the Code of Corporate Governance of the Zagreb Stock Exchange d.d. and the Croatian Financial Services Supervisory Agency (www.hanfa.hr), which was published on the websites of the Stock Exchange (www.zse.hr) and the Croatian Financial Services Supervisory Agency (www.hanfa.hr) and applied from January 1, 2020.

   In addition to the aforementioned Code of Corporate Governance of the Zagreb Stock Exchange, the Company also applies its own Code of Corporate Governance adopted On October 30, 2020. Its provisions are aimed at upgrading corporate relations arising from applicable legislation and internationally accepted principles and experiences of best corporate governance practices. It is available on the Company's website (www.mplusgroup.eu).

2. The Company complies with the provisions of the Code, with the exception of those provisions whose application at a given time is not practically feasible or envisaged given the applicable legal framework. The exceptions mentioned are as follows:

   - The Supervisory Board did not adopt a decision on the categories of decisions of the Management Board that require the prior consent of the Supervisory Board and publish a summary of these decisions on the Company's social networks, as the list of decisions, i.e., actions, of the Management Board that require the prior consent of the Supervisory Board is defined by the Company's Articles of Association and the Rules of Procedure of the Management Board and the Supervisory Board, which are available free of charge on the Company's social networks.

   - The Company has prescribed by its internal Code of Corporate Governance and in accordance with the Companies Act that transactions between members of the Management Board or the Supervisory Board and the Company (or persons related to any party) will require the prior consent of the Company's Supervisory Board if the value of the transaction alone or in combination with other transactions undertaken by the Company with a related party in the last twelve months before the transaction is carried out exceeds 2.25% of the sum of fixed and current assets determined in the last annual financial statements. Therefore, the fair value of transactions is determined by an independent expert only for these transactions, in accordance with the Company's internal Code of Corporate Governance. Considering the amendments to the Law on Companies that have come into force in the meantime, the Company is currently working on updating the internal Corporate Governance Code, with the aim of harmonizing it with the aforementioned amendments to the applicable legislation.

   - For certain extraordinary sessions of the Supervisory Board and the Audit Committee, the Company delivered the invitation and the materials necessary for the mentioned Committees session to the members of the mentioned Committees less than a week before the meeting, given that those were needed to be held in a shorter period of time to insure to the orderly execution of the Company's business, which the members of the mentioned Committees agreed to. The Company normally complies with the obligation to deliver invitations and materials no later than one week before the meeting, and the same is stipulated in the Company's internal acts

- The Supervisory Board did not determine the variable part of the annual remuneration of each member of the Management Board for 2023, based on the recommendations of the Remuneration Committee and in accordance with the approved remuneration policy and it will do so when the Remuneration Committee and Supervisory Board pass the appropriate decision.
- The Deputy Chairman of the Supervisory Board and the Chairman of the Audit Committee did not participate in the session of the General Assembly in 2023. However, the members of the Management Board, the chairman of the Supervisory Board, who is also the chairman of the other committees of the Supervisory Board, and the external auditor were present at the General Assembly and were able to provide answers to all potential questions of shareholders. At the future sessions of the General Assembly of the Company, the Company will endeavor to have all the listed persons from Article 81 of the Code present.
- In accordance with the Code of Corporate Governance and other regulations, the role of the Committees of the Supervisory Board is to make recommendations and proposals and monitor certain processes related to the Company. Therefore, no direct communication of the President of the Committees with key stakeholders, such as customers, suppliers, and others, has been envisaged.

3. Internal supervision is carried out by the controlling function, group consolidation and reporting, internal audit, and the Audit Committee. The mentioned services inform the Management Board about the performed supervision, the internal audit informs the Audit Committee, and the Audit Committee informs the Supervisory Board. The obligation of internal control is to ensure the objectivity and credibility of information and reports submitted to the Supervisory Board by monitoring and supervising the areas of existence and operational effectiveness of internal controls, adequacy of the risk management process, reliability of financial reporting, application of legislation and regulations, and relevant areas and issues connected to the process of external and internal audit.
4. The Company's shares were listed on the Official Market of the Zagreb Stock Exchange d.d. on August 6, 2019, and they have been traded through the Zagreb Stock Exchange since August 8, 2019. On June 2, 2021, the Group made a decision to increase its capital by issuing shares through a secondary public offering on the Zagreb Stock Exchange. During the period from July 12 to July 26, 2021, through two subscription rounds in which qualified investors and small investors participated, HRK 105,592,950.00 (EUR 14,014,593) was collected. By the decision of the Management Board dated July 28 and with the consent of the Supervisory Board dated July 28, the paid-in capital was allocated to a total of 124,227 new shares without a nominal amount. Based on the decision of the Zagreb Stock Exchange dated August 3, 2021, these shares were listed on the Official Market under the same symbol and mark as the previously listed shares of the Company (MRUL-R-A, ISIN: HRMRULRA0009), on August 6, 2021, as their first day of trading.

The ownership structure of the Company as of December 31, 2023, was as follows:

Ordinal number	Account owner (holder) / Security co-holder (holder) VP	Percentage
1	ORSO GLOBAL D.O.O.	51,29 %
2	OTP BANKA D.D./ERSTE PLAVI OMF B CATEGORY	9,55 %
3	ADDIKO BANK D.D./PBZ CO OMF – B CATEGORY	9,31 %
4	HPB D.D./ NEK FUND FOR DECOMMISSION FINANCING NEK	8,41 %
5	OTP BANKA D.D./AZ OMF B CATEGORY	7,96 %
6	RAIFFEISENBANK AUSTRIA D.D./RAIFFEISEN VOLUNTARY PENSION FUND	4,16 %
7	PRIVREDNA BANKA ZAGREB D.D./ RAIFFEISEN OMF B CATEGORY	4,10 %
8	ZAGREBAČKA BANKA D.D./AZ PROFIT OPEN VOLUNTARY PENSION FUND	1,39 %
9	PRIVREDNA BANKA ZAGREB D.D./RAIFFEISEN OMF A CATEGORY	0,74 %
10	ERSTE & STEIERMARKISCHE BANK D.D./PBZ CO OMF A CATEGORY	0,59%
11	OTHER MINORITY SHAREHOLDERS	2,50 %

- The Company does not have holders of securities with special control rights, nor holders of securities with restrictions on voting rights to a certain percentage or number of votes.

  The Company has adopted the Procedure for appointing members of the Management Board and the Supervisory Board. The procedure for appointing and recalling members is carried out in accordance with the Companies Act and the Company's Articles of Association.

The Company has no special rules on the powers of members of the Management Board. According to the Companies Act and the Company's Articles of Association, the Management Board conducts business at its own risk. It is obliged and authorized to take all actions and make decisions it deems necessary for the successful conduct of the Company's business, provided that certain issues and decisions require the consent of the Supervisory Board.

The Management Board of the Company was granted the authority to acquire treasury shares by the General Assembly of the Company on June 30, 2020. Authorization to acquire the Company's treasury shares is granted during a period of 5 (five) years from the date of the decision of the General Assembly of the Company, and up to a maximum amount of HRK 75,000,000.00, without the further special consent of the General Assembly, under the following conditions:

1. the total number of shares of the Company acquired pursuant to this Decision, together with treasury shares already held by the Company, may not exceed 10% (ten percent) of the share capital of the Company at the time of acquisition;
2. the Management Board of the Company must acquire treasury shares on the regulated securities market;
3. the price at which treasury shares are acquired may not be above 10% (ten percent) or below 10% (ten percent) of the average market price realized for those shares during the previous trading day;
4. in the business year in which the Company acquired its treasury shares, it must enter a part of the profit in the reserves for those shares in that year and state the amounts corresponding to the amounts paid for the acquisition of treasury shares, so that, due to the acquisition of shares, the Company's net assets shown in the financial statements for the last business year do not become less than the amount of share capital and reserves that the Company must have by law, by the Articles of Association, or by the decision of the General Assembly of the Company, and which may not be used for payments to shareholders;
5. the Management Board of the Company must inform the first following General Assembly of the Company about the reasons and purpose of acquiring shares, their number, and share in the share capital, and the equivalent of what the Company has given for these shares.

The Company's Management Board is authorized, with the consent of the Supervisory Board, to manage treasury shares that it already holds or which it will acquire based on the provisions of the General Assembly decision authorizing the Company's Management Board to acquire treasury shares even outside the regulated market (for example, through disposition within the ESOP program, the program of allotment of option shares, the remuneration program for members of the Management Board, and other programs for the disposition of treasury shares adopted by the Management Board with the prior consent of the Supervisory Board), without the need for a special decision of the General Assembly of the Company – apart from the aforementioned Decision.

Based on the decision of the General Assembly, the Management Board also adopted the Treasury share purchase program with the prior consent of the Supervisory Board on July 31, 2020, which is available free of charge on the Company's website.

In 2023, there was no acquisition of treasury shares.

5. The Management Board of the Company is composed of two members. The function of the President of the Management Board is performed by Mr. Darko Horvat, and Mr. Tomislav Glavaš holds the function of a member of the Management Board. There were no changes in the composition of the Management Board in 2023.

   The Management Board manages the Company's affairs in accordance with the Company's Articles of Association, the Rules of Procedure of the Management Board, and legal regulations.

   The Management Board is appointed and recalled by the Supervisory Board. The term of office of the members of the Management Board lasts up to five years. The members can be reappointed.

   At the time of the preparation of this Report, the Supervisory Board comprises five (5) members:

   - Ms. Tamara Sardelić, President of the Supervisory Board;
   - Mr. Philipp Rösler, Deputy President of the Supervisory Board;
   - Mr. Ulf Gartzke, Member of the Supervisory Board;
   - Mr. Joško Miliša, Member of the Supervisory Board;
   - Ms. Ana Babić, Member of the Supervisory Board - representative of the worker

   During 2023, the composition of the Board changed in such a way that Mrs. Tamara Sardelić became the new president of the Supervisory Board on April 17, 2023, where she was appointed as the new president following the resignation of the member and president of the Board, Mr. Sandi Češko, which he submitted on April 6, 2023. On May 16, 2023, Mrs. Ana Babić was appointed as a new member of the Board by the employees of the Company. Mr. Igor Varivoda resigned from the position of member and deputy chairman of the Board on June 30, 2023, and Mr. Hrvoje Prpić's membership in the Board ended on July 1, 2023. Additionally, on June 27, 2023, the General Assembly of the Company appointed Mr. Philipp Rösler as a new member of the Board, who was appointed by the Board members on July 10, 2023 as the new Deputy Chairman of the Board.

   The Supervisory Board supervises the Company's affairs in accordance with the Company's Articles of Association, the Rules of Procedure of the Supervisory Board, and legal regulations. Members of the Supervisory Board are elected by the General Assembly of the Company, with the amendment of the Company's statutes by the General Assembly on June 27, 2023, the company Orso Global d.o.o., as a shareholder of the Company, with headquarters in Zagreb, Vjekoslava Heinzela 62A, registered in the court register of the Commercial Court in Zagreb under registration subject number (MBS): 081393625, OIB: 64606431733 has the right to appoint two (2) members of the Supervisory Board and to determine the term of office of the appointed members of the Supervisory Board, as well as to recall them before the end of the mandate to which they were appointed. The Supervisory Board, i.e., the Nomination Committee, proposes the candidates of the Supervisory Board to the General Assembly. The members of the Supervisory Board are elected for a period of up to four years, starting from the date of the appointment decision, and the same persons may be re-elected.

The Company has several committees of the Supervisory Board that provide professional support to the Supervisory Board in accordance with legal regulations and internal rules of the Company. Each board oversees at least three members, who are appointed from among the members of the Supervisory Board and/or members appointed by the General Assembly of the Company, for a mandate period of four years, and the same persons can be re-elected.

The Supervisory Board has established an Audit Committee. At the time of the preparation of this Statement, it comprises the following members:

- Mr. Ante Vrančić – President,
- Mr. Joško Miliša – Member,
- Mr. Boris Borzić – Member.

In 2023, the composition of the Committee changed as follows: Mr. Igor Varivoda was a member and chairman of the Committee until May 22, 2023, until the end of his mandate, after which Mr. Ante Vrančić was appointed by the members of the Committee as the new President of the Committee as of July 31, 2023.

The Supervisory Board has a Nomination Committee and a Remuneration Committee. At the time of the preparation of this Statement, the two committees have the following members:

- Ms. Tamara Sardelić – President of both committees,
- Mr. Igor Varivoda – member of both committees,
- Mr. Joško Miliša – member of both committees.

Mr. Joško Miliša is a new member of both Committees by decision of the Supervisory Board dated February 28, 2023, where he was appointed as a new member following the resignation of member Mr. Vanja Vlak, which he submitted on February 20, 2023.

Darko Horvat, President of the Management Board

Tomislav Glavaš, Member of the Management Board

The Management Board's Responsibility for the Annual report

The Management Board must ensure that the separate financial statements are prepared in accordance with International Financial Reporting Standards, adopted by the European Union ("IFRS"), so as to provide a true and fair view of the financial status and results of operations of Meritus ulaganja d.d., Zagreb (the "Company") for that year.

Following examinations, the Management Board has a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing separate financial statements.

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

- selecting and then consistently applying appropriate accounting policies;
- making sure that judgments and estimates are reasonable and prudent;
- the application of applicable accounting standards and disclosure and
- the preparation of separate financial statements on a going concern basis.

The Management Board is responsible for keeping proper accounting records, which, at any time, disclose with reasonable accuracy the separate financial position of the Company and must also ensure that it complies with the Croatian Accounting Act. The Management Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Company's Management Board is also responsible for the completeness and accuracy of the separate management report in accordance with Article 21 of the Accounting Act.

The Management Board is responsible for the preparation and content of the Management report, financial statements, ESEF compliant report and other information, in accordance with the provisions of the Accounting Act (Official Gazette 78/15, 134/15, 120/16, 116/18, 42/20, 47/20, 114/22, 82/23).

Signed by members of the Management Board:

President of the Management Board	Member of the Management Board
Darko Horvat	Tomislav Glavaš

Meritus ulaganja d.d.
Ulica Vjekoslava Heinzela 62A
10 000 Zagreb
Republic of Croatia
April 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Meritus Ulaganja d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Meritus ulaganja d.d., Zagreb (the Company), which comprise the separate statement of financial position as at 31 December 2023, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2.2. *Basis of preparation*, accompanying the unconsolidated financial statements, which states that the consolidated financial statements, which relate to the Company and its subsidiaries (Meritus ulaganja d.d. Group), have been prepared in accordance with IFRS and published separately on April 30, 2024. In order to get a better general understanding of the Meritus ulaganja d.d. Group, users should read the consolidated financial statements in conjunction with the accompanying unconsolidated financial statements. Our opinion has not been modified in regard to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This version of the auditor`s report is translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translatiot.

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

<table>
<tr><th>Investments in subsidiaries</th><th>How we approached the key audit matter during our audit</th></tr>
<tr><td colspan="2">For accounting policies, see the Summary of Accounting Policies, Note 2.7. - Investments in subsidiaries. For additional information related to the identified key audit matter, see Note 18 to the unconsolidated financial statements.</td></tr>
<tr><td>Investments in subsidiaries amount to EUR 38,316 thousand as of December 31, 2023, in the Company's unconsolidated financial statements (December 31, 2022: EUR 38,316 thousand).

As required by applicable accounting standards - IAS 36: Impairment of assets, the Management Board conducts annual impairment tests to assess the recoverability of the carrying amount of the investment. Management assesses whether there are impairment indicators of investments in subsidiaries. Management estimated that there were no indicators of impairment of investments and did not conduct impairment tests.

The valuation of investments in subsidiaries includes judgments and assessments by management, which can have a significant impact on the financial statements given that the Company is a holding company and investments represent a significant share of total assets. Consequently, we decided to include investments in subsidiaries as a key audit matter during our audit of the financial statements for the year ending December 31, 2023.</td><td>In order to address the risks associated with the valuation of investments in subsidiaries identified as a key audit matter, we designed audit procedures that enabled us to obtain sufficient and appropriate audit evidence for our conclusion on the matter.

• We obtained list of investments in subsidiaries from the Company on December 31, 2023 and compared it with the amounts on December 31, 2022.

• Assessment of design and implementation of identified internal controls relevant for the verification of investment impairment indicators and calculation of recoverability of investments in subsidiaries.

• For all subsidiaries, we reviewed the analysis of the existence of impairment indicators.

• We reviewed the relevant disclosures in the unconsolidated financial statements.</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the separate financial statements and our auditor's report. We obtained other information before the date of the auditor's report, except for the Non-financial report prepared in accordance with the Articles 21a and 24a of the Accounting Act, which is expected to be made available to us after that date.

Our opinion on the separate financial statements does not cover the other information.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. With respect to the Management Report and the Corporate Governance Statement, which are included in the Annual Report, we have also performed the procedures prescribed by the Accounting Act. These procedures include examination of whether the Management Report include required disclosures as set out in the Article 21 of the Accounting Act and whether the Corporate Governance Statement includes the information specified in the Article 22 of the Accounting Act and if Non-financial report includes the information specified in the Article 21a of the Accounting Act.

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Other Information (continued)

Based on the procedures performed during our audit, to the extent we are able to assess it, we report that:

1) Information included in the other information is, in all material respects, consistent with the attached separate financial statements.
2) Management Report has been prepared, in all material respects, in accordance with the Article 21 of the Accounting Act.
3) Corporate Governance Statement has been prepared, in all material aspects, in accordance with the Article 22 of the Accounting Act.

Based on the knowledge and understanding of the Company and its environment, which we gained during our audit of the separate financial statements, we have not identified material misstatements in the other information.

Responsibilities of Management and Those Charged with Governance for the separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs and for such internal control as Management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Separate Financial Statements (continued)

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements

Report based on the requirements of Delegated Regulation (EU) No. 2018/815 amending Directive No. 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the uniform electronic format for reporting (ESEF)

Auditor's reasonable assurance report on the compliance of separate financial statements (financial statements), prepared based on the provision of Article 462 (5) of the Capital Market Act by applying the requirements of the Delegated Regulation (EU) 2018/815 specifying for the issuers a single electronic reporting format ("ESEF Regulation"). We conducted a reasonable assurance engagement on whether the financial statements of the Meritus ulaganja d.d. for the financial year ended 31 December 2023 prepared to be made public pursuant to Article 462 (5) of the Capital Market Act, contained in the electronic file [meritusulaganjadd-2023-12-31-en.xhtml], have been prepared in all material aspects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the Management and Those Charged with Governance

Management is responsible for the preparation and content of the financial statements in line with the ESEF Regulation.

In addition, Management is responsible for maintaining the internal controls system that reasonably ensures the preparation of financial statements without material differences with the reporting requirements from the ESEF Regulation, whether due to fraud or error.

Furthermore, Company Management is responsible for the following:

- public reporting of financial statements presented in the annual report in valid XHTML format
- selection and use of XBRL markups in line with the requirements of the ESEF Regulation.

Those charged with governance are responsible for supervising the preparation of financial statements in ESEF format as part of the financial reporting process.

Auditor's Responsibilities

It is our responsibility to carry out a reasonable assurance engagement and, based on the audit evidence obtained, give our conclusion on whether the financial statements have been prepared without material differences with the requirements from the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with the *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000). This standard requires that we plan and perform the engagement to obtain reasonable assurance for providing a conclusion.

Quality management

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality, and professional conduct. We comply with the *International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* (ISQM 1) and accordingly maintain an overall management control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and statutory requirements.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

Report based on the requirements of Delegated Regulation (EU) No. 2018/815 amending Directive No. 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the uniform electronic format for reporting (ESEF) (continued)

Procedures performed

As part of the selected procedures, we have conducted the following activities:

- We have read the requirements of the ESEF Regulation;
- We have gained an understanding of internal controls of the Company, relevant for the application of the ESEF Regulation requirements;
- We have identified and assessed the risks of material differences with the ESEF Regulation due to fraud or error;
- We have devised and designed procedures for responding to estimated risks and obtaining reasonable assurance in order to give our conclusion.

Our procedures focused on assessing whether:

- Financial statements included in the separate report have been prepared in valid XHTML format;
- Data included in the separate financial statements required by the ESEF Regulation have been marked up and meet all of the following requirements:
  - XBRL has been used for markups.
  - Core taxonomy elements stipulated in the ESEF Regulation with the closest accounting meaning were used unless an extension taxonomy element was created in line with the Annex IV of the ESEF Regulation;
  - Markups comply with the common rules on markups in line with the ESEF Regulation.

We believe the evidence we obtained to be sufficient and appropriate to provide a basis for our conclusion.

Conclusion

We believe that, based on the procedures performed and evidence obtained, the financial statements of the Company presented in the ESEF format, contained in the aforementioned electronic file, and based on the provision of Article 462 (5) of the Capital Market Act, have been prepared to be published for public, in all material aspects in accordance with the requirements of articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2023.

In addition to this conclusion, as well as the audit opinion contained in this Independent Auditor's Report for the accompanying financial statements and annual report for the year ended 31 December 2023, we do not express any opinion on the information contained in these documents or other information contained in the above mentioned file.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

Other reporting obligations as required by Regulation (EU) No. 537/2014 of the European Parliament and the Council and the Audit Act

We were appointed as the statutory auditor of Meritus ulaganja d.d. by the shareholders on General Shareholders' Meeting held on 27 June 2023 to perform audit of accompanying separate financial statements. Our total uninterrupted engagement has lasted 6 years and covers period 01 January 2018 to 31 December 2023.

We confirm that:

- our audit opinion on the accompanying separate financial statements is consistent with the additional report issued to the Audit Committee of Meritus ulaganja d.d. on 30 April 2024 in accordance with the Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council;
- no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided.

There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

The engagement partner on the audit resulting in this independent auditor's report is Katarina Kadunc.

Katarina Kadunc

Direktor and Certified auditor

For signatures, please refer to the original Croatian auditor`s report, which prevails.

Deloitte d.o.o.

30 April 2024

Radnička cesta 80,

10 000 Zagreb,

Croatia

(All amounts are presented in thousands of EUR)

	Note	2023	2022
Other revenue	5	674	534
Total revenue		**674**	**534**
Costs of raw materials and supplies	6	(22)	(15)
Costs of services	7	(415)	(226)
Staff costs	8	(172)	(80)
Other operating expenses	9	(1,020)	(714)
Amortization	10	(155)	(104)
Total operating expenses		**(1,784)**	**(1,139)**
Loss from operations		**(1,110)**	**(605)**
Financial income	11	4,546	3,060
Financial expenses	12	(2,024)	(964)
Profit from financial activities		**2,522**	**2,096**
Profit before taxation		**1,412**	**1,491**
Income tax	13	-	-
Profit for the year		**1,412**	**1,491**
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the year		**1,412**	**1,491**
Earnings per share			
Basic and diluted earnings per share (in euro and cents)	14	**1.44**	**1.52**

The accounting policies and notes that follow form an integral part of these separate financial statements.

Separate statement of financial position
As of December 31, 2023
(All amounts are presented in thousands of EUR)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Intangible assets	15	1	3
Right of use assets	16	88	-
Investment property	17	2,513	2,608
Investments in subsidiaries	18	38,316	38,316
Non-current financial assets	19	44,755	33,703
Total non-current assets		**85,673**	**74,630**
Current assets			
Short term financial assets	20	500	-
Trade receivables	21	267	207
Other receivables	22	860	686
Accrued income and prepaid expenses		171	227
Cash and cash equivalents	23	28,243	36,014
Total current assets		**30,041**	**37,134**
TOTAL ASSETS		**115,714**	**111,764**
EQUITY AND LIABILITIES			
Equity			
Share capital	24	13,034	13,034
Capital reserves		51,447	51,447
Legal reserves		414	339
Retained earnings and profit for the period		2,404	2,442
Total equity		**67,299**	**67,262**
Non-current liabilities			
Long-term liabilities for issued bonds	28	40,000	40,000
Long-term borrowings	28	1,300	1,500
Long-term lease liabilities		36	-
Total non-current liabilities		**41,336**	**41,500**
Current liabilities			
Trade payables	25	1,536	2,058
Liabilities to employees	26	14	4
Other current liabilities	27	1,023	16
Short-term borrowings and short-term part of long-term borrowings	28	4,468	916
Short-term lease liabilities		35	-
Accrued expenses and deferred income		3	8
Total current liabilities		**7,079**	**3,002**
Total liabilities		**48,415**	**44,502**
TOTAL EQUITY AND LIABILITIES		**115,714**	**111,764**

The accounting policies and notes that follow form an integral part of these separate financial statements.

(All amounts are presented in thousands of EUR)

	Share capital	Capital reserves	Legal reserves	Retained earnings and profit for the year	Total
Balance at January 1, 2022	**13,034**	**51,447**	**269**	**2,324**	**67,074**
Profit for the year (note 14)	-	-	-	1,491	**1,491**
Other comprehensive income for the current year less income tax	-	-	-	-	**-**
Total comprehensive income for the current year	-	-	-	*1,491*	***1,491***
Transfer to legal reserves	-	-	70	(70)	**-**
Dividend payment	-	-	-	(1,303)	**(1,303)**
Balance at December 31, 2022	**13,034**	**51,447**	**339**	**2,442**	**67,262**
Profit for the year (note 14)	-	-	-	1,412	**1,412**
Other comprehensive income for the current year less income tax	-	-	-	-	**-**
Total comprehensive income for the current year	-	-	-	*1,412*	***1,412***
Transfer to legal reserves	-	-	75	(75)	**-**
Dividend payment	-	-	-	(1,375)	**(1,375)**
Balance at December 31, 2023	**13,034**	**51,447**	**414**	**2,404**	**67,299**

The accounting policies and notes that follow form an integral part of these separate financial statements.

Separate statement of cash flows
For the year that ended on December 31, 2023
(All amounts are presented in thousands of EUR)

	Note	2023.	2022.
Profit for the year	14	**1,412**	**1,491**
Income from share in profit	11	(3,584)	(2,654)
Interest expense	12	1,941	778
Interest income	11	(960)	(392)
Amortization of intangible assets	15	5	3
Depreciation of investment property	17	96	96
Depreciation of right of use assets	16	54	5
Net book value of depreciated right of use assets		(15)	(2)
Foreign exchange differences		(2)	129
Net cash used in operating activities before changes in working capital		**(1,053)**	**(546)**
Increase in trade receivables		(781)	(501)
Increase in other receivables		(174)	(70)
Increase in trade payables		1,040	569
Increase in other liabilities		30	10
Decrease/(increase) in prepaid expenses		53	(220)
(Decrease)/increase in deferred expenses		(5)	2
Interests paid	28	(1,931)	(67)
Net cash used in operating activities		**(2,821)**	**(823)**
Cash flow from investing activities			
Purchase of non-current assets	15, 17	(4)	(1)
Founding of a subsidiary	18	-	(3)
Decrease/ (increase) for given deposits	19	116	(199)
Expenditures for loans given	19,20	(6,975)	(16,734)
Net cash used in investing activities		**(6,863)**	**(16,937)**
Cash flow from financing activities			
Dividends paid		(1,375)	(1,303)
Receipts from loans	28	3,550	39,875
Leases repaid		(62)	(4)
Loans repaid	28	(200)	(200)
Net cash generated in financing activities		**1,913**	**38,368**
Net (decrease)/increase in cash and cash equivalents		(7,771)	20,608
Cash and cash equivalents at the beginning of the year	22	36,014	15,406
Cash and cash equivalents at the end of the year	22	**28,243**	**36,014**

The accounting policies and notes that follow form an integral part of these separate financial statements.

1. GENERAL INFORMATION

The company Meritus ulaganja d.d., Zagreb, OIB: 62230095889, was established according to the laws and regulations of the Republic of Croatia as a joint-stock company on November 28, 2018. Company headquarters: Zagreb, Ulica grada Vukovara 23.

The registered activities of Meritus ulaganja d.d. are:

- management activities of holding companies
- market research and public opinion polls
- advertising activities (advertising and propaganda)
- purchase and sale of goods
- performing trade mediation on the domestic and foreign markets
- representation of foreign companies
- business and management consulting
- real estate business
- accounting and bookkeeping services.

On April 30, 2024, the Company published consolidated financial statements.

1.1. Number of employees

On December 31, 2023, the Company has 6 employees (December 31, 2022: 2 employees).

1.2. Management Board of the Company

Darko Horvat – President of the Management Board

Tomislav Glavaš – Member of the Management Board

1.3. Supervisory Board of the Company

1) Ms. Tamara Sardelić, President of the Supervisory Board;
2) Mr. Philipp Rösler, Deputy President of the Supervisory Board;
3) Mr. Ulf Gartzke, Member of the Supervisory Board;
4) Mr. Joško Miliša, Member of the Supervisory Board;
5) Ms. Ana Babić, Member of the Supervisory Board - representative of the worker

The Supervisory Board is composed mostly of independent members of the Supervisory Board, where the chairman and deputy chairman of the Supervisory Board are independent members of the Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Declaration of compliance

The separate financial statements have been prepared in accordance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards, adopted by the European Union (IFRS).

2.2. Basis of preparation

The separate financial statements have prepared in accordance with International Financial Reporting Standards (IFRS) approved by the European Union (EU), using the historical cost method. Preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires the use of certain key accounting estimates. The Management Board is also required to use judgment in the process of applying the Company's accounting policies. Areas that involve a higher degree of judgment or complexity, that is, areas where assumptions and estimates are significant for the financial statements are shown in note 4. The Company has compiled these separate financial statements in accordance with Croatian legislation.

The Company also prepared consolidated financial statements for the year ended December 31, 2022, in accordance with IFRS for the Company and its subsidiaries (collectively the "Group"). The users of these separate financial statements should read them together with the consolidated financial statements of the Group issued on April 30, 2024, for the year then ended, for the purpose of obtaining complete information about the Group's financial position, results of operations, and changes in cash flows of the Group in general.

Going concern

At the time of approval for the issuance of financial statements, the Management Board reasonably expects that the Company has adequate funds to continue operations in the foreseeable future. Therefore, it continues to adopt the principle of continuity of operations when preparing financial statements.

2.3. Interest income and expense

Interest income and expense are recognized in profit or loss by using the effective interest method for all interest-bearing financial instruments, including those measured at amortized cost. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future monetary outflows or inflows through the expected life of the financial instrument or, where appropriate, a shorter period, to the gross carrying amount of the financial asset or to the amortized cost of the financial liability. The calculation of the effective interest rate includes all fees and percentage points paid or received between the parties that are an integral part of the effective interest rate, transaction costs, and any other premiums or discounts. These income and expenses are recognized in profit or loss as interest income or interest expense and similar expenses.

Interest income and expenses also include income and expenses from fees and commissions related to loans taken, borrowings, and leases, which are recognized using the effective interest method.

2.4. Income from share in profit

Income from shares in profit are recognized when the right to receive share in profit arises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5. Income tax

Income tax is based on taxable profit for the year and consists of current and deferred tax.

Current tax

The current tax liability is based on the taxable profit of the current year. Taxable profit differs from net profit shown in income statement because it does not include items of income and expenses that are taxable or deductible in other years, as well as items that are never taxable or deductible. The current tax liability of the Company is calculated by applying the tax rates that are in force at the end of the reporting period or will soon be in force.

A provision is recognized for matters for which the tax calculation is uncertain, but it is probable that there will be an outflow of funds to the tax authority. Provisions are measured based on the best possible estimate of the amount expected to be paid. The assessment is based on the judgment of tax experts within the Company in accordance with previous experience in such activities and in certain cases on the basis of tax advice from independent experts.

Deferred tax

Deferred tax is recognized based on the difference between the book value of assets and liabilities in the financial statements and the corresponding tax base used to calculate taxable profit and is calculated using the balance sheet liability method. As a rule, deferred tax liabilities are reported for all temporary taxable differences, and deferred tax assets are recognized up to the amount of likely available taxable profit that will enable the use of tax relief associated with deductible temporary differences. Deferred tax liabilities and deferred tax assets are not recognized if the temporary difference results from the initial recognition of other assets and other liabilities (except in the case of a business combination) in a transaction that does not affect either taxable or accounting profit. Deferred tax liability is not recognized even on the basis of temporary differences during the first recognition of goodwill.

Deferred tax liabilities are also recognized on the basis of taxable temporary differences arising from investments in subsidiaries and associated companies, except in the case when the Company is able to influence the reversal of the temporary difference and when it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets arising from deductible temporary differences related to investments and shares of this type are calculated and reported only up to the amount of likely available taxable profit that will enable the use of relief based on deductible temporary differences and if their cancellation is expected in the foreseeable future.

The book value of deferred tax assets is reassessed at each reporting date and appropriate impaired that it is no longer probable that there will be sufficient taxable profit that would enable the realization of all or part of the deferred tax asset.

Deferred tax is calculated according to the tax rates that are expected to be applied in the period in which the obligation will be settled, that is, the realization of assets based on tax rates and tax laws that are in force at the end of the reporting period or in the process of being adopted.

2.6. Foreign currencies

When preparing the separate financial statements, transactions in currencies other than the entity's functional currency, i.e., in foreign currencies, are recorded using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the end of each reporting period are retranslated at the ruling exchange rate at the end of that period. Non-monetary items denominated in fair values that are denominated in foreign currencies are retranslated at the exchange rate ruling at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are carried at historical cost are not retranslated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6. Foreign currencies (continued

Foreign exchange rate differences are included in the profit and loss of the period in which they arise, except for:

- Foreign exchange rate differences for received loans and borrowings in foreign currency related to assets under construction intended for future production, which are included in the purchase value of these assets if they are viewed as an adjustment of interest costs on obligations under these loans and borrowings and
- Foreign exchange rate differences from monetary claims or liabilities from relations with foreign parts of the business, the settlement of which is neither planned nor likely in the near future, and which therefore form part of the net investment in foreign operations, which are first recognized as part of other comprehensive income and upon sale of all or part of the net investment is transferred from the capital to profit and loss.

Considering that the Republic of Croatia introduced the euro as the official currency as of January 1, 2023, in accordance with the Law on the introduction of the euro as the official currency in the Republic of Croatia, the Company changed the presentation currency for the purposes of preparing financial statements for the year ended December 31, 2023. from kuna to euros, and the financial statements for the year ended December 31, 2023 were first prepared in euros. From January 1, 2023, the euro is also the functional currency (until January 1, 2023, it was the kuna).

Although the change in the presentation currency in the financial statements represents a change in accounting policy that requires retroactive application, the Company did not publish the third balance sheet in the financial statements for the year ended December 31, 2023 in accordance with International Accounting Standard (IAS) 8 Accounting Policies, Changes in Accounting Estimates and Errors, given that determined that the change in the presentation currency has no significant impact on the Company's financial statements, due to the stable HRK/EUR exchange rate over the past few years.

2.7. Investments in subsidiaries

Subsidiaries are entities in which the Company has control, directly or indirectly, over company operations. Control is exercised when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investments in subsidiaries are initially recognized at cost and subsequently at cost less impairment. Testing of impairment indicators on investments in subsidiaries is performed on an annual basis.

2.8. Investment property

Investments in property are stated at historical cost less accumulated depreciation and impairment losses. Depreciation of buildings is calculated using the linear method. Useful life of investment property is estimated on 30 years

Subsequent expenditure is capitalized only when the Company considers that it is probable it will realize future economic benefits associated with the item, and when the cost can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income when incurred. If the Company begins to use investments in property, it is reclassified to property, plant, and equipment, and its carrying amount at the date of reclassification becomes the amount of the estimated cost that will be subsequently depreciated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9. Leases

Company as lessee

The company assesses whether it is a lease agreement, or whether the agreement contains a lease, at the beginning of the agreement. The Company reports right-of-use assets and related lease obligations in respect of all leases in which it is the lessee, except for short-term leases (defined as leases with a duration of 12 months or less) and leases of low-value assets (such as tablets and personal computers, office furniture and telephones). For such leases, the Company recognizes lease payments on a straight-line basis as operating expenses during the term of the lease, unless some other systematic basis better reflects the time dynamics of the consumption of economic benefits from assets held under lease.

The lease liability is measured for the first time in the amount of the present value of the lease payments that have not been settled at the start date, reduced by the use of the rate resulting from the lease. If it is not possible to determine this rate, the Company usually uses its borrowing interest rate.

Lease payments included in the measurement of the lease liability include:

- fixed lease payments (including lease payments that are essentially fixed), less lease incentives received;
- the price of exercising the purchase option if it is certain that the lessee will use this option.

Lease obligations are presented as a separate item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets include the initial measurement of the subject lease obligation, lease payments on or before the lease commencement date, less incentives received for closing the business lease and all initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation starts on the lease start date. Right-of-use assets are depreciated over the lease period or useful life, whichever is shorter.

Assets with the right of use are presented as a separate item in the statement of financial position.

The company applies IAS 36 in order to determine whether the value of the asset with the right of use has been reduced or whether any losses due to the reduction in value have been calculated for it.

Company as lessor

The Company conducts lease agreements as a lessor with regard to its specific investments in real estate. The company rents office spaces.

Leases in which the Company is the lessor are classified as finance or business leases. A lease is classified as a finance lease if it transfers to the lessee almost all the risks and benefits associated with the ownership of the asset in question. All other leases are classified as business leases.

Income from rents based on business leases is recognized on a straight-line basis over the period of the lease in question. Initial direct costs incurred in the phase of negotiating and contracting the terms of the business lease are attributed to the book value of the leased item and recognized on a straight-line basis over the lease period.

When a contract includes both lease-related and non-lease components, the Company applies IFRS 15 to allocate consideration in accordance with the contract for each component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10. Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position of the group when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables without a significant financing component, which are initially measured at the transaction price. Transaction costs directly related to the acquisition or issuance of financial assets and financial liabilities, except those that are carried at fair value through profit or loss, are added or subtracted from the fair value at first recognition. Transaction costs directly related to the acquisition of financial assets or financial liabilities that are accounted for at fair value through profit or loss are immediately recognized in profit or loss.

Financial assets

Financial assets include long-term financial assets, other short-term financial assets, trade receivables, other receivables, and cash and cash equivalents. Accounting policies for loans, receivables from customers and for cash and cash equivalents are presented below. After initial recognition, all financial assets are classified as financial assets measured at amortized cost.

a) Long-term financial assets and other short-term financial assets

Long-term financial assets and other short-term financial assets mostly include loans given to related parties/companies and, in the minority, to the Company's Management Board.

Long-term financial assets and other short-term financial assets are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

The loans given are held within the framework of the model, the purpose of which is to collect contractual cash flows and on the basis of the agreed conditions, on the basis of which cash flows are generated only for the payment of principal and interest on the outstanding amount of the principal.

Expected credit losses (given loans)

Impairment of financial assets is carried out by calculating the expected credit loss model, which is based on the classification of exposure in 3 stages based on the change in credit quality from the moment of initial recognition, given loans are classified into:

- Stage 1 – if there was no significant increase in the credit risk of the financial asset, and the 12-month expected credit loss is applied to it.
- Stage 2 – if there has been a significant increase in the credit risk of the financial asset, and the lifetime expected credit loss is applied to it.
- Stage 3 – if there is evidence of impairment of financial assets, and lifetime expected credit loss is applied to it. Assets in default status are classified in Phase 3.

When determining whether the risk of default status has increased significantly, the Company uses relevant and available data. The approach includes quantitative and qualitative criteria, that is, analysis based on historical data and expert assessment of credit risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10. Financial instruments (continued)

a) Long-term financial assets and other short-term financial assets (continued)

Expected credit losses (given loans) (continued)

Exposures to related parties/companies and third corporate parties

In the case of exposure to related parties/companies, the Company considers that the internal credit rating represents a comprehensive assessment of the debtor's credit quality, which determines the probability of ("PD") relevant for determining a significant increase in credit risk. The probability of occurrence of the status of default (PD) represents the probability that the related party/company and/or third parties will enter the status of default within the next year or until the end of repayment. Qualitative criteria contain information that can be obtained by using internal rating models that are used as input in determining the rating, given delays in the settlement of contractual provisions and other data.

Measurement of expected credit loss

The company measures provisions for impairment in the amount of 12-month expected credit loss. The 12-month expected credit loss is the portion of the expected credit loss arising from the default status of a financial instrument that is possible in the period of 12 months after the date of the statement of financial position. For given loans for which the twelve-month expected credit loss is recognized, it refers to given loans Phase 1.

Exposures to the Company's Management

In the case of exposure to the Management Board, the Company, the Company considers that the internal credit rating represents a comprehensive assessment of the credit quality of the debtor, which determines the PD relevant for determining a significant increase in credit risk. The probability of default status (PD) represents the probability that the Company's Management will enter the status of default within the next year or until the end of repayment. Qualitative criteria contain information that can be obtained by using internal rating models that are used as input in determining the rating and other data. If the difference in the assessment of the probability of entry into default status is greater than the significance threshold, a significant deterioration of credit risk is determined for the exposure, which is why it is classified in stage 2.

Measurement of expected credit loss

The company measures provisions for impairment in the amount of 12-month expected credit loss. The 12-month expected credit loss is the portion of the expected credit loss arising from the default status of a financial instrument that is possible in the period of 12 months after the date of the statement of financial position. For given loans for which the twelve-month expected credit loss is recognized, it refers to granted loans Phase 1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10. Financial instruments (continued)

a) Long-term financial assets and other short-term financial assets (continued)

Expected credit losses (given loans) (continued)

Measurement of expected credit loss for long-term financial assets and other short-term financial assets

Expected credit losses are calculated as the product of PD, loss given default (LGD) and exposure at default (EAD), over the remaining expected life. duration of the financial asset and discounted with the reporting date at the effective interest rate for exposures with a significant increase in credit risk (Phase 2 contracts). On the other hand, for exposures classified as Phase 1, the expected credit loss is calculated over a one-year period, i.e. the expected credit loss of one year is estimated. PD estimates represent PD at a point in time, updated annually based on the Company's historical experience, current conditions and related forward-looking expectations.

Loss given default (LGD) represents the Company's expectations regarding loss after entering default, for placements that are not in default at the time of assessment.

EAD includes forward-looking expectations of repayments of drawn loans and expectations of future drawdowns where applicable.

Measured expected credit loss represents an unbiased, probability-weighted amount of expected loss, determined by taking into account various outcomes, the time dimension of the value of money, available information about past events, current characteristics and expected future economic conditions.

As a basis for calculating provisions in risk subgroups of Phase 1 and Phase 2, the Company applies the calculation of twelve-month and lifetime credit losses depending on the change in the estimated risk on the reporting date and the date of the initially recognized financial asset. Risk assessment and calculation of provisions is determined in models for measuring expected credit loss, the calculation of which is determined by the parameters of the probability of default (PD), loss given default (LGD), assessment of exposure in case of default (EAD) while anticipating the time value of money. The Company applies publicly available model parameters that are based on historical time series of relevant data that are applied individually to financial assets. The assessment and calculation of expected credit losses, in addition to statistically determined parameters, are influenced by key expected macroeconomic trends as an addition to future oriented information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10. Financial instruments (continued)

b) Other receivables

Other receivables are initially recognized at transaction value and subsequently measured at amortized cost using the effective interest rate method.

Expected credit losses

The company calculates expected credit losses for other receivables. The amount of expected credit losses is calculated at each reporting date to reflect changes in credit risk since initial recognition.

For other receivables, the Company calculates lifetime expected credit loss (ECL) based on a simplified approach. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the trade receivables.

c) Receivables from customers

Receivables from customers are initially recognized at transaction value and subsequently measured at amortized cost using the effective interest rate method.

Interest income is recognized using the effective interest rate method. Interest income is recognized in profit or loss and is included in the item "Financial income - interest income".

Expected credit losses (trade receivables)

The Company recognizes expected credit losses from trade receivables. The amount of expected credit losses is calculated at each reporting date to reflect changes in credit risk since the initial recognition of trade receivables.

For receivables from customers, the Company calculates lifetime expected credit loss (Eng. expected credit loss "ECL") based on a simplified approach. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the trade receivables.

Write-off policy for long-term financial assets, other short-term financial assets, trade receivables, other receivables

The Company writes off long-term financial assets, other short-term financial assets, receivables from customers, other receivables, when there are data indicating that the debtor is in serious financial difficulties and that there are no realistic prospects for recovery, for example, when the debtor is placed under liquidation or in bankruptcy proceedings. A written-off financial asset may still be subject to enforcement activities as part of recovery proceedings, taking into account legal advice where appropriate. Recovery, or inflows of previously impaired receivables from customers, are recognized in profit or loss.

The Company derecognizes a financial asset (in whole or in part) when its rights to receive cash flows from the financial asset expire or when it transfers the financial asset. The Company transfers financial assets, only and exclusively if it transfers contractual rights to receive cash flows from financial assets or retains contractual rights to receive cash flows from financial assets, but undertakes the contractual obligation to pay cash flows to one or more recipients within the contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10. Financial instruments (continued)

Financial liabilities

Financial liabilities include received loans, trade payables and lease liabilities. After initial recognition, all financial liabilities are measured at amortized cost.

(a) Loans received

Loans received are initially recognized at fair value. After initial recognition, received loans are valued at amortized cost. Any differences between receipts less transaction costs are recognized in profit or loss over the term of the loan, using the effective interest rate method.

Loans received are classified as short-term liabilities, unless the Company has an unconditional right to postpone the settlement of the liability for at least 12 months after the reporting date.

The Company stops recognizing received credits when, and only when, the obligations are paid, canceled or expired. The difference between the book value of the financial liability written off and the compensation paid for the compensation liability is recognized in profit or loss.

(b) Trade payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.11. Cash and cash equivalents

Cash and cash equivalents are initially recognized at fair value plus transaction costs, and subsequently measured at amortized cost using the effective interest method.

2.12. Earnings per share

The Company presents basic and diluted earnings per share for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss for the current period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares, adjusted for the potential effects of the increase in the number of shares.

2.13. Segments

Information on segments are published in consolidated financial statements.

(All amounts are presented in thousands of EUR)

3. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1. First application of new amendments to existing standards in force for the current reporting period

In the current year, the Company applied a series of amendments to international accounting standards published by the International Accounting Standards Board (IASB) and adopted in the European Union ("EU"), which are mandatory for the reporting period starting on January 1, 2023 or after that date:

Standard	Title
IFRS 17	New standard IFRS 17 “Insurance Contracts” including the June 2020 and December 2021 Amendments to IFRS 17
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules*

Their adoption did not have any significant impact on the disclosures or on the amounts shown in these financial statements.

3.2. Standards and interpretations published by the Committee on Standards and adopted in the European Union but not yet in force

On the date of approval of these financial statements, the Company has not applied the following new and revised international accounting standards issued and adopted by the EU, but not yet in force:

Standard	Title	Effective date
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants	1 January 2024

The Company does not expect that the adoption of the above Standards will have a significant impact on the Company's financial statements in future periods.

3. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

3.3. New standards and amendments to standards published by the IASB but not yet adopted in the European Union

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at the date of authorization of these financial statements:

Standard	Title	EU adoption status
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IAS 21	Lack of Exchangeability (IASB effective date: 1 January 2025)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 1 January 2016)	the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Company does not expect that the adoption of the above Standards will have a significant impact on the Company's financial statements in future periods.

Hedge accounting for a portfolio of financial assets and liabilities whose principals have not been adopted by the EU remains unregulated. According to the Company’s estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: “Financial Instruments: Recognition and Measurement” would not significantly impact the financial statements, if applied as at the balance sheet date.

4. KEY ACCOUNTING JUDGMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In preparing the separate financial statements in accordance with IFRS, the Management Board is required to make judgments, estimates, and assumptions that affect the application of policies and amounts disclosed for assets and liabilities, income, and expenses. Estimates and associated assumptions are based on historical experience and other relevant factors, which are considered reasonable in the specified circumstances, the result of which is the starting point for making estimates of the value of assets and liabilities, which cannot be obtained from other sources. Actual results may differ from such estimates. The estimates and assumptions related to these estimates are reviewed on an ongoing basis. The effect of an adjustment to an estimate is recognized in the period in which the estimate is adjusted if the adjustment affects only the period in which it is made or in the period in which the adjustment is made and future periods if the adjustment affects current and future periods. Judgments made by the Management Board in applying IFRS, which have a significant impact on the financial statements and judgments where the risk of material adjustments in the next year is high, are explained in more detail below.

4.1. Impairment testing of investments in subsidiaries

The Company's Management Board uses judgment as to whether there are indicators of impairment of investments in subsidiaries, and performs impairment testing in accordance with the results thereof. The Company conducts an annual impairment test for investments in subsidiaries. For investments in subsidiaries, the recoverable value of the investment is estimated and compared with the book value. The calculation of the recoverable amount is based, as a rule, on the five-year business plans of the subsidiary. The recoverable amount of the investment in the subsidiary is calculated using the calculation of discounted cash flows. The methodology for calculating discounted cash flows consists of estimating future cash flows for a period of five years, discounting said cash flows, applying a discount rate that reflects the risk of cash flows and the time value of money, estimating the residual value.

4.2. Useful life of investment property

The Company reviews the estimated useful life of investment property at the end of each reporting date, and in accordance with planned usage in future periods.

(All amounts are presented in thousands of EUR)

5. REVENUES

	2023	2022
Short term rental revenue	275	273
Revenue from provided accounting services	97	108
Revenue from recharged costs	302	153
Total	**674**	**534**

6. COSTS OF RAW MATERIALS AND SUPPLIES

	2023	2022
Energy costs	17	13
Fuel costs	3	2
Costs of small inventory	2	-
	22	**15**

7. COSTS OF SERVICES

	2023	2022
Consulting costs	395	190
Short-term rental costs	9	31
Maintenance costs	5	1
Insurance costs	4	3
Other service costs	2	1
	415	**226**

Audit costs in amount of EUR 104 thousand (2022: EUR 71 thousand) are included in consulting costs.

8. STAFF COSTS

	2023	2022
Net salaries	96	46
Taxes and contributions from salaries	66	29
Contributions on salaries	1	1
Other staff costs	9	4
	172	**80**

(All amounts are presented in thousands of EUR)

9. OTHER OPERATING COSTS

	2023	2022
Management fee	793	405
Recharged cost from subsidiaries	73	135
Utility costs	87	79
Advertising and promotion costs	54	82
Bank charges and transaction costs	4	6
Other costs of taxes, liabilities and fees	4	4
Telecommunication costs	2	1
Education costs	2	1
Transportation costs	1	1
	1,020	**714**

10. AMORTIZATION

	2023	2022
Amortization of investment property (Note 17)	96	96
Amortization of right of use assets (Note 16)	54	5
Amortization of intangible assets (Note 15)	5	3
	155	**104**

11. FINANCIAL INCOME

	2023	2022
Income from share in profit (Note 29)	3,584	2,654
Interest income	960	392
Income from exchange rate differences	2	14
	4,546	**3,060**

Income from share in profit refers to income from company Meritus Global Technology. Same income in 2022 refers to income from company M Plus Croatia d.o.o..

(All amounts are presented in thousands of EUR)

12. FINANCIAL EXPENSES

	2023	2022
Interest expenses	1,941	777
Expenses from exchange rate differences	83	37
Other financial expenses	-	150
	2,024	**964**

13. INCOME TAX

	2023	2022
Profit before tax	**1,412**	**1,491**
Income tax at a tax rate of 18%	254	268
Non-tax-deductible expenses	-	-
The effect of tax reductions	(645)	(475)
Unrecognized deferred tax assets for tax losses	391	207
Income tax	**-**	**-**

The Company has carried forward tax losses as follows:

- 2019 – tax loss carried forward in the amount of EUR 1,472 thousand, which expires in 2024.
- 2021 – tax loss carried forward in the amount of EUR 589 thousand, which expires in 2026.
- 2022 – tax loss carried forward in the amount of EUR 1,162 thousand, which expires in 2027.
- 2023 – tax loss carried forward in the amount of EUR 2,174 thousand, which expires in 2028.

Unrecognized deferred tax assets amount to a total of EUR 971 thousand (31 December 2022: EUR 580 thousand).

Deferred tax assets are not recognized because the Management believes that, given the nature of the Company's operations, the Company will not be able to use the tax losses carried forward in future periods. In accordance with tax regulations, the Tax Administration can at any time inspect the Company's books and records for a period of three years after the end of the year in which the tax liability was declared

14. BASIC AND DILUTED EARNINGS PER SHARE

	2023	2022
Profit after tax attributable to shareholders	1,412	1,491
Average weighted number of ordinary shares in issue	982,032	982,032
Basic and diluted earnings per share (expressed in euro and cents per share)	**1.44**	**1.52**

On June 27, 2023, the regular annual General assembly of Meritus Ulaganja d.d. was held and a dividend in the amount of EUR 1,374,844.80 (EUR 1.4/share) was voted. The dividend was paid on July 21, 2023.

(All amounts are presented in thousands of EUR)

15. INTANGIBLE ASSETS

Rights	2023	2022
Cost at January 1	**49**	**49**
Increase	3	-
Cost at December 31	**52**	**49**
Accumulated amortization at January 1	**(46)**	**(43)**
Amortization expense	(5)	(3)
Accumulated amortization at December 31	**(51)**	**(46)**
Net book value at January 1	**3**	**6**
Net book value at December 31	**1**	**3**

16. RIGHT OF USE ASSETS

Vehicles	2023	2022
Cost at January 1	**-**	**81**
Increase	188	-
Decrease	(46)	(81)
Cost at December 31	**142**	**-**
Accumulated amortization at January 1	**-**	**(20)**
Amortization expense	(54)	(5)
Decrease	-	25
Accumulated amortization at December 31	**(54)**	**-**
Net book value at January 1	**-**	**61**
Net book value at December 31	**88**	**-**

Amounts recognized in the income statement	**2023**	**2022**
Costs related to current lease (note 9)	9	31
Amortization expenses on right of use assets	54	5
Interest on leases	8	-
Lease repayment	(71)	(36)

(All amounts are presented in thousands of EUR)

17. INVESTMENT PROPERTY

Real-estate	**2023**	**2022**
Cost at January 1	**2,923**	**2,922**
Increase	1	1
Cost at December 31	**2,924**	**2,923**
Accumulated amortization at January 1	**(315)**	**(219)**
Amortization expense	(96)	(96)
Accumulated amortization at December 31	**(411)**	**(315)**
Net book value at January 1	**2,608**	**2,703**
Net book value at December 31	**2,513**	**2,608**

Rental income and expenses related to maintenance are presented in Note 5 and Note 7.

The property is encumbered with a lien in favour of the banks.

(All amounts are presented in thousands of EUR)

18. INVESTMENTS IN SUBSIDIARIES

Name of subsidiary	Main activity	Location of establishment and business operations	Share in ownership in %	Value of investment
			December 31, 2023	December 31, 2023
M Plus Croatia d.o.o.	Management activities of holding companies	Zagreb, Croatia	68.74%	38,304
Meritus Global Strategics d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
Meritus Global Technology d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
Meritus Global Real Estate Management d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
Global People Solutions d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
				38,316

Name of subsidiary	Main activity	Location of establishment and business operations	Share in ownership in %	Value of investment
			December 31, 2022	December 31, 2022
M Plus Croatia d.o.o.	Management activities of holding companies	Zagreb, Croatia	68.74%	38,304
Meritus Global Strategics d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
Meritus Global Technology d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
Meritus Global Real Estate Management d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
Global People Solutions d.o.o.	Management activities of holding companies	Zagreb, Croatia	100.00%	3
				38,316

(All amounts are presented in thousands of EUR)

18. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The summarized financial data of the significant subsidiary M Plus Croatia d.o.o. are presented below:

	2023	**2022**
Current assets	48,571	42,931
Non-current assets	62,327	55,965
Short-term liabilities	(37,722)	(30,376)
Long-term liabilities	(36,591)	(32,882)
Net assets	**36,585**	**35,638**
Revenue	35,543	31,332
Net income	875	2,866

(All amounts are presented in thousands of EUR)

19. NON-CURRENT FINANCIAL ASSETS

	2022	2022
Given loans (including accrued interests)	32,544	25,193
Long-term receivables	11,771	8,187
Other deposits	440	323
	44,755	**33,703**

Loans given refer to borrowings given to subsidiaries and Management Board members. The total principal as of December 31, 2023 amounts to EUR 31,706 thousand (2022: EUR 24,299 thousand), plus accrued interest in the amount of EUR 838 thousand (2022: EUR 894 thousand). The annual interest rate is 2.40% (December 31, 2022: 2.68%). The purpose of the loan is business development and new acquisitions. Loans mature within 2 to 5 years

The movement of loans given is shown in the following table:

Net book value at January 1	**25,193**	**7,070**
New loans given – outflow	9,700	17,731
Collected loans – inflow	(3,225)	-
Interest income	732	392
Increase through cessions	998	-
Interest settled with compensation	(854)	-
Net book value at December 31	**32,544**	**25,193**

Long-term receivables relate to receivables from the share in profit from the company M Plus Croatia d.o.o.

Other deposits refer to the security deposit for the received loan.

(All amounts are presented in thousands of EUR)

20. SHORT-TERM FINANCIAL ASSETS

The given short-term financial asset refers to a given loan to an unrelated company in the amount of EUR 500 thousand. The annual interest rate is 3.50%. The given loan is secured by a lien on the shares of the recipient of the loan. The recipient of the loan returned the principal and interest in January 2024.

21. TRADE RECEIVABLES

	December 31, 2023	December 31, 2022
Trade receivables	27	127
Receivables from related parties (note 30)	240	80
	267	**207**

Analysis of the aging structure of trade receivables as of December 31:

	December 31, 2023	December 31, 2022
Undue receivables	9	64
0 – 90 days	32	113
91 – 180 days	24	3
181 – 365 days	59	14
over 365 days	143	13
	267	**207**

As of December 31, 2023, and 2022, the Company had no impairment on trade receivables.

22. OTHER RECEIVABLES

	December 31, 2023	December 31, 2022
Receivables from the state	859	686
Receivables from employees	1	-
	860	**686**

(All amounts are presented in thousands of EUR)

23. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash in giro accounts in local currency	8,037	30,983
Cash in giro accounts in foreign currency	-	6
Deposits with 3 months payment terms	20,206	5,025
	28,243	**36,014**

24. SHARE CAPITAL

	December 31, 2023			December 31, 2022		
Registered co-owner	**Share**	**Percentage of ownership**	**Number of shares**	**Share**	**Percentage of ownership**	**Number of shares**
Orso global d.o.o.	6,685	51.29%	503,674	6,685	51.29%	503,674
Others	6,349	48.71%	478,358	6,349	48.71%	478,358
Total:	**13,034**	**100.00%**	**982,032**	**13,034**	**100.00%**	**982,032**

The share capital of the Company amounts to EUR 13,034 thousand as of December 31, 2023, and is divided into 982,032 shares (December 31, 2022: EUR 13,034 thousand, divided into 982,032 shares).

25. TRADE PAYABLES

	December 31, 2023	December 31, 2022
Liabilities to related companies (Note 29)	1,481	1,983
Liabilities to domestic suppliers	55	75
	1,536	**2,058**

Liabilities to related companies relate to support and management services.

26. LIABILITIES TO EMPLOYEES

	December 31, 2023	December 31, 2022
Liabilities for net salaries	14	4
	14	**4**

27. OTHER CURRENT LIABILITIES

	December 31, 2023	December 31, 2022
Liabilities for assuming payment under assignment agreements	1,007	8
Liabilities to external members of Supervisory Board	9	6
Liabilities for taxes and contributions	7	2
	1,023	**16**

(All amounts are presented in thousands of EUR)

28. BORROWINGS

	December 31, 2023	December 31, 2022
Liabilities for long-term loans	1,500	1,700
Current portion of long-term loans	(200)	(200)
Long-term liabilities for issued bonds	40,000	40,000
Total liabilities for long-term borrowings	**41,300**	**41,500**
Liabilities for short-term loans	3,550	-
Current portion of long-term borrowings	200	200
Total liabilities for short-term borrowings	**3,750**	**200**
Accrued interest liabilities on borrowings	**718**	**716**
Total liabilities for borrowings as of December 31	**319,585**	**14,322**

Balance at January 1	**42,416**	**1,900**
New borrowings – inflow	3,550	39,875
Borrowings repayments	(200)	(200)
Interest expense	1,933	777
Interests payment	(1,931)	(66)
Exchange rate differences	-	130
Balance at December 31	**45,768**	**42,416**

The table below shows the approved loan amounts with the interest rate and maturity date

Approved borrowing amount (in thousand)	Currency	Borrowing approval period	Maturity period	Interest rate
2,000	EUR	02/2021	03/2031	3.25% + 3 month EURIBOR
4,000	EUR	11/2023	05/2024	4.80%

28. BORROWINGS (CONTINUED)

On July 29, 2022, the company issued bonds related to sustainable operations on the domestic capital market in the total nominal amount of EUR 40 million, with a fixed annual interest rate of 4.25%, with semiannual interest payments starting on January 29, 2023 and a single principal maturity after five years, designation MRUL-O-277E with international identification number (ISIN) HRMRULO277E9 ("Bonds").

The company has created a Framework document for the issuance of bonds related to sustainable operations, aligned with the Principles of bonds related to sustainable operations published by ICMA (The International Capital Market Association) in June 2020.

The framework document Bonds related to sustainable business defines two key performance indicators:

(1) Reduce absolute Scope 1 and 2 greenhouse gas emissions by 25.2% to 2,148 tCO_2e in 2027 compared to the base year 2021

(2) Achieve 51% representation of women in management teams (including management bodies) by the end of 2030 compared to the base year of 2020.

(All amounts are presented in thousands of EUR)

29. RELATED PARTY TRANSACTIONS

Balances based on related party transactions on December 31, 2023, and December 31, 2022, are presented as follows:

	Receivables		Liabilities	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Related parties	12,763	9,159	2,487	1,991
Total	**12,763**	**9,159**	**2,487**	**1,991**

	Loans given (principal)		Borrowings received	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Related parties	30,774	24,299		
Management Board	931	-		
Total	**31,705**	**24,299**	**-**	**-**

	Revenues		Expenses	
	2023	**2022**	**2023**	**2022**
Related parties	4,791	3,465	935	509
Management Board	19	-	-	-
Ukupno	**4,810**	**3,465**	**935**	**509**

During 2023, the Company had no transactions with other related parties.

During 2023, there were no payments to the Company's Management Board.

(All amounts are presented in thousands of EUR)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a. Financing ratio

Equity consists of share capital, reserves, and retained loss. The Company has no net debt on December 31, 2023, and 2022.

The Company's financing ratio, which is determined by the ratio of net debt to equity, can be presented as follows:

	December 31, 2023	December 31, 2022
Liabilities for short-term borrowings	4,468	916
Liabilities for long-term borrowings	1,300	1,500
Long term liabilities for issued bonds	40,000	40,000
Long-term liabilities for leases	36	-
Short-term liabilities for leases	35	-
Cash and cash equivalents	(28,243)	(36,014)
Net debt/(cash)	**17,596**	**6,402**
Equity	67,299	67,262
Debt to equity ratio	**26.15%**	**9.52%**

The equity consists of share capital, reserves, retained earnings, and current year income.

b. Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets	**74,625**	**70,611**
Non-current financial assets	44,755	33,703
Current financial assets	500	-
Trade and other receivables	1,127	894
Cash and cash equivalents	28,243	36,014
Financial liabilities	**48,412**	**44,493**
Trade payables	1,536	2,058
Liabilities to employees	14	4
Other current liabilities	1,023	16
Liabilities for received borrowings and leases	45,839	42,415

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c. Financial risk management objectives

Financial risks are related to financial variables that can cause difficulties in settling financial liabilities, liquidity, debt management, and the like. The Company does not have a formal risk management program, but all risk management is performed by the controlling department. It coordinates access to the domestic and international financial market, monitors financial risks related to operations, and manages them through internal risk reports in which exposures are analyzed by degree and risk. It also undertakes activities with the aim of effective risk management and minimization of the risks.

d. Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is related to changes in the return on assets and liabilities and in the values arising from interest rate movements. Liabilities under borrowings are contracted with a variable interest rate.

The sensitivity analysis that follows is based on the exposure to interest rates on non-derivative instruments at the end of the reporting period. For liabilities related to variable interest rates, the analysis was made assuming that the liability amount stated at the statement of financial position date was valid throughout the year.

If interest rates were 0.5% higher while other variables were constant, the effects on the Company's profit would be as follows:

Interest rate risk

	2023	**2022**
Variable interest rate instruments		
Borrowings	25	8
Total	**25**	**8**

e. Credit risk management

Credit risk refers to the risk of a party failing to meet its obligations under a financial instrument that results in a financial loss to the other party. The Company's credit risk assets consist of receivables. The Company's receivables on December 31, 2023, and 2022 relate almost entirely to receivables within the Group.

(All amounts are presented in thousands of EUR)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

f. Liquidity risk management (continued)

The Management Board is responsible for liquidity risk management. The Company manages its liquidity by continuously monitoring planned and realized cash flows and adjusting financial assets and financial liabilities. The following tables analyze the remaining period to the contractual maturity of the Company's non-derivative financial liabilities. The tables have been prepared on the basis of undiscounted cash outflows for financial liabilities as of the earliest date on which the Company can be required to make payments. Cash outflows per principal are included in the tables.

Liabilities		**Up to 1 month**	**1-3 months**	**3 months -1 year**	**1-5 years**	**After 5 years**	**TOTAL**	**Net book value**
December 31, 2023								
Interest-bearing	4.32%	530	1,060	4,769	45,264	512	52,135	45,839
Interest-free	-	2,573	-	-	-	-	2,573	2,573
		3,103	**1,060**	**4,769**	**45,264**	**512**	**54,708**	**48,412**
December 31, 2022								
Interest-bearing	4.57%	165	330	1,484	46,965	717	49,661	42,415
Interest-free	-	2,078	-	-	-	-	2,078	2,078
		2,243	**330**	**1,484**	**46,965**	**717**	**51,739**	**44,493**

(All amounts are presented in thousands of EUR)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

f. Liquidity risk management (continued)

The following table analyzes the expected maturity of the Company's non-derivative financial assets. The tables are compiled on the basis of undiscounted contractual maturities of financial assets. Disclosure of non-derivative financial assets is necessary to understand how the Company manages liquidity risk, as liquidity is managed based on the net amount of financial assets and financial liabilities.

Assets		Up to 1 month	1-3 months	3 months -1 year	1-5 years	After 5 years	TOTAL	Net book value
December 31, 2023								
Interest-bearing	2.40%	512	-	-	33,305	440	34,257	33,484
Interest-free	-	29,370	-	-	11,771	-	41,141	41,141
		29,882	**-**	**-**	**45,076**	**440**	**75,398**	**74,625**
December 31, 2022								
Interest-bearing	2.68%	-	-	-	25,844	324	26,168	25,517
Interest-free	-	36,907	-	-	8,187	-	45,094	45,094
		36,907	**-**	**-**	**34,031**	**324**	**71,262**	**70,611**

31. FAIR VALUE

Fair value is the price that would be obtained by selling an asset or paid to transfer a liability in an arms-lenght transaction between market participants at the measurement date, regardless of whether it would be directly visible or estimated using another valuation technique.

The interest rate on the loans given is set at the level of the interest rate for related companies, which is prescribed annually by the Ministry of Finance.

As of December 31, 2023, and 2022, the reported amounts of current receivables and current liabilities roughly correspond to their market value.

32. COMMITMENTS AND CONTINGENT LIABILITIES

According to the Management Board's assessment, on December 31, 2023, the Company has no significant commitments and contingent liabilities that would require disclosure in the notes to the separate financial statements.

On December 31, 2023, no lawsuit was filed against the Company, which was not disclosed in the separate financial statements.

33. APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

The separate financial statements were approved by the Management Board of the Company on April 30, 2024.

President of the Management Board

Darko Horvat

Member of the Management Board

Tomislav Glavaš