ENERGANA BENKOVAC d.o.o.
Poslovno industrijska zona Šopot br. 28,
Šopot (City of Benkovac)

Financial Statements and
Independent Auditor's Report
for the Year Ended 31 December 2023

The English version is a translation of the original in Croatian for information purposes only. In case of a discrepancy, the Croatian original will prevail.

ENERGANA BENKOVAC d.o.o., Šopot (City of Benkovac)
Poslovno industrijska zona Šopot br. 28,
Šopot (City of Benkovac)

Financial Statements and
Independent Auditor's Report
for the Year Ended 31 December 2023

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MANAGEMENT REVIEW OF BUSINESS OPERATIONS IN 2023

During 2023, the company ENERGANA BENKOVAC very successfully implemented the activities planned in the business plan.

In addition to the financial indicators presented below, a significant indicator of successful operations is the total electricity produced, which in 2022 amounted to 44,753,440.00 kWh, of which 41,055,404.00 kWh was delivered to the distribution network, which is for 3.03% more than planned.

During 2023, a total of 8,420.61 operating hours of the power plant were achieved, ie 2.07% more than planned. The amount of biomass consumed is 64,779.16 tons.

Last year, the investment in the construction of a briquette production plant was started. According to the current plan, the end of the investment is planned for 2023. The investment will contribute to the increase of productivity and business income of the company.

Despite the daily challenges, with clear goal setting and employee commitment, another successful year for the company was achieved.

1. BASIC INFORMATION ABOUT THE COMPANY

Company ENERGANA BENKOVAC limited liability company for energy production ("Company") based in Šopot (City of Benkovac), Business and Industrial Zone Šopot no. 28, was established on December 4, 2015, by the Declaration of Establishment. The Company is registered in the Commercial Court in Zadar under the registration number of the subject MBS 081004454, OIB 39497681306. The share capital of the Company amounts to 201.730,00 eur and represents the role of the founder and owner of the Company.

According to the National Classification of Activities (NKD 2007), issued by the Central Bureau of Statistics, the Company's core business is 35.11 - Electricity production.

Activities

The main activities of the Company are:

- design and construction of buildings and professional construction supervision
- professional spatial planning activities
- buying and selling goods
- performing trade mediation on the domestic and foreign markets
- representation of foreign companies
- business and management consulting
- electricity production
- transmission of electricity
- electricity distribution
- electricity supply
- organizing the electricity market
- electricity trade
- heat production
- distribution of thermal energy
- heat supply
- activity of the buyer of thermal energy
- biofuel production
- forest management
- production, placing on the market or import of forest reproductive material
- activity of public road transport of passengers or cargo in internal road traffic
- freight transport in domestic and international road transport
- transport for own needs
- wood processing, manufacture of wood and cork products, except furniture, manufacture of articles of straw and plaiting materials
- biomass production

- energy production
- energy transfer
- energy storage
- energy distribution
- management of energy facilities
- energy supply
- energy trade and
- organizing the energy market

Bodies of the Company

The company has a company assembly and management.

The Assembly of the Society consists of GEEN CJ CENTRAL a.s., Češka - the only member of the Company.

The Management Board of the Company during 2023 consisted of:

Aleš Mokrý - President of the Management Board, represents the Company individually and independently since 04th January 2022

Božo Šparelić - member of the Management Board, represents the company with another member of the Management Board or the President of the Management Board, since 25 th November 2020

Romeo Čerina - member of the Management Board, represents the company with another member of the Management Board or the President of the Management Board, since 25th November 2020 ;

Organization and workers

As of 31 December 2023, the Company did not employ any employees..

2. FINANCIAL INDICATORS AND ACHIEVED RESULT

In the period from 1 January to 31 December 2023, the Company achieved total revenues in the amount of EUR 10,855,695.31 (an increase of 12.18% compared to the previous year) and total expenses in the amount of EUR 9,633,640. 61 eur (increase of 17.11% compared to the previous year). Based on the difference between income and expenses, the profit before taxation was realized in the amount of EUR 1,192,054.70 (a decrease of 21.74% compared to the previous year). The liability for profit tax for the year 2023 is EUR 234,639 eur. The net profit for the year 2023 amounts to 957,416 euros (a decrease of 21.82% compared to the previous year).

2.1. REVENUES

In 2023, revenues in the amount of EUR 10,855,695.31 were realized, which is 12.18% more than in the previous year.

Business income, in the amount of EUR 10,792,347.15, consists of income from the sale of electricity (84.38% of total income), income from the delivery of thermal energy (0.98%), income from the sale of wood chips (14.29%), and other revenues (0.34%), and in the structure of total revenues they participate with 99.42%

For the supply of electricity, the Company has only one customer, HROTE - Croatian Energy Market Operator d.o.o.

Financial income is 0.58% of the total income structure, and in 2023 it consisted of interest income (63,348.16 EUR).

2.2. TOTAL EXPENDITURES

In 2023, total expenditures were realized in the amount of EUR 9,663,640.61, which is 17.11% more than the previous year.

In the structure of total expenditures, the most significant are material costs (48.04%), which in 2022 amounted to EUR 4,642,312.80, which is 26.05% more than the previous year.

Payroll costs amounted to EUR 297,530.91 (3.07%).

Depreciation amounted to EUR 1,350,450.13 (13.97% of total expenses), which is 4.13% less than the previous year.

Other expenses amounted to 127,455.13 euros (1.31%) in 2023, which is 6.78% less than the previous year.

Other operating expenses amounted to EUR 16,129.70 (0.16% of total expenses).

Financial expenses amounted to EUR 648,971.30 (6.72% of total expenses), and were increased compared to the previous year.

3. SIGNIFICANT INVESTMENTS IN 2023 AND FUTURE ACTIVITIES

During 2022, the investment in the construction of a briquette production plant was started, the realization of which is planned in 2024. The goal of the investment is to increase productivity, increase business income and create new jobs.

In addition to the above, the company invests year after year in the maintenance of the existing plant, spare parts, software.

After the construction and commissioning of the plant for the production of briquettes, the company certainly plans to build new plants.

4. RISK MANAGEMENT

CURRENCY RISK

Currency risk is the risk that the values of financial instruments will change due to exchange rate changes. The company is not exposed to changes in the value of EUR, because the liabilities for received loans and bank credit are expressed in EUR currency.

INTEREST RATE RISK

Interest rate risk is the risk that the values of financial instruments will change due to changes in market interest rates in relation to interest rates applicable to financial instruments. The company has no long-term obligations with a variable interest rate, and as a result, it has no exposure to the risk of interest rate changes.

CREDIT RISK

Credit risk is the risk that one party in a financial instrument will not fulfill its obligations and will thereby cause a financial loss to the other party. Financial assets that can potentially expose the Company to credit risk include cash and receivables from customers. Receivables from customers are reported to the customer HROTE d.o.o., and no collection difficulties are expected. Therefore, there is no additional risk for the collection of receivables from customers.
There is no additional credit risk for the settlement of the Company's short-term obligations that would affect the increase in the value of provisions.

LIQUIDITY RISK

Liquidity risk, also called financing risk, is the risk that the Company will face difficulties in obtaining funds to meet its obligations under financial instruments. The Company's short-term liabilities maturing in 2024 are covered by current assets.

Managing this risk comes down in part to reconciling inflows from electricity sales and liabilities for loans, borrowings and to suppliers. No increase in liquidity risk is expected in the coming period.

5. ENVIRONMENTAL PROTECTION AND MEASURES TAKEN

The company annually conducts all necessary controls and tests of authorized organizations so that the results of flue gas emissions are in line with European standards and according to the requirements of the Environmental Protection Agency.

The measurement results are regularly submitted to the competent agencies and confirm that all environmental impacts are below the permitted limits.

Benkovac, 19 April 2024

Management of the Company:

Aleš Mokry, President of the Management Board

Božo Šparelić, Member of the Management Board

Romeo Čerina, Member of the Management Board

RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Management Board of **ENERGANA BENKOVAC d.o.o., Šopot (City of Benkovac), Poslovno industrijska zona Šopot br. 28** ("the Company") is responsible for ensuring that the annual financial statements for the year 2023 are prepared in accordance with the Accounting Act and the Croatian Financial Reporting Standards issued by the Committee for Financial Reporting Standards to give a true and fair view of the financial position and the financial performance of the Company for that period.

After making inquiries, the Management Board reasonably expects the Company to have adequate resources to continue to operate in the foreseeable future. Accordingly, the Management Board prepared the annual financial statements using the going concern basis of accounting.

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

- selection and consistent application of suitable accounting policies in accordance with the applicable financial reporting standards;
- giving reasonable and prudent judgments and estimates;
  - using the going concern basis of accounting unless it is inappropriate to presume so.

The Management Board is responsible for keeping the proper accounting records, which at any time with reasonable certainty present the financial position and the financial performance of the Company, and also their compliance with the Accounting Act and the Croatian Financial Reporting Standards issued by the Committee for Financial Reporting Standards. The Management Board is also responsible for safe keeping the assets of the Company and also for taking reasonable steps for prevention and detection of fraud and other irregularities.

Signed on behalf of the Management Board:

Aleš Mokry, President of the Management Board

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Božo Šparelić, Member of the Management Board

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Romeo Čerina, Member of the Management Board

____

ENERGANA BENKOVAC d.o.o.
Poslovno industrijska zona Šopot br. 28
23 420 Šopot (City of Benkovac)
The Republic of Croatia

City of Benkovac, 19 April 2024

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

INDEPENDENT AUDITOR'S REPORT

To the Owners of the company ENERGANA BENKOVAC d.o.o., Šopot (City of Benkovac)

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the enclosed annual financial statements of ENERGANA BENKOVAC d.o.o, Šopot (City of Benkovac), Poslovno industrijska zona Šopot br. 28 ("the Company") which comprise the Statement of Financial Position as at December 31, 2023, the Statement of Profit and Loss, the Statement of Cash Flow, the Statement of Changes in Capital for the then ended year and the Notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying annual financial statements, give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with the Croatian Financial Reporting Standards ("CFRS").

Basis for Opinion

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

Other information

The Management is responsible for other information. Other information includes the Management Report included in the Annual Report but does not include the annual financial statements and our Independent Auditor's Report thereon.

Our opinion on the annual financial statements does not include other information.

In relation with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Regarding the Management Report, we also performed the procedures prescribed by the Accounting Act. These procedures include considering whether the Management Report is prepared in accordance with Article 21 of the Accounting Act.

Based on the procedures conducted, to the extent that we are able to assess, we report that:

1. The information in the attached Management Report is harmonized, in all significant aspects, with the attached financial statements; and
2. The attached Management Report is prepared in accordance with the Article 21 of the Accounting Act.

Based on our knowledge and understanding of the Company's operations and its environment acquired within the framework of the audit of the financial statements, we are obliged to report if we have established that there are significant misrepresentations in the attached Management Report. In this sense, we have nothing to report.

Registrirano kod Trgovačkog suda u Zagrebu pod brojem 080044149
OIB 76394522236

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Annual Financial Statements (continued)

Responsibilities of the Management and Those Charged with Governance for the annual financial statements

The Management is responsible for the preparation of annual financial statements that give a true and fair view in accordance with CFRS and for such internal control as Management determines necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Management is responsible for evaluation of 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 the Management Board 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.

Auditors' responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Independent Auditor's Report that includes our opinion. Reasonable assurance is a 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controlsEvaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our Independent Auditor's Report. However, future events or conditions may cause the Company to cease operations under the assumption of going concern.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Annual Financial Statements (continued)

Auditors' responsibilities for the audit of the annual financial statements (continued)

- Evaluate the overall presentation, structure and content of the annual financial statements, including disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

In Zagreb, 22 April 2024

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

Hrvoje Stipić, President of the Management Board

Marina Tonžetić, Certified Auditor

BDO
BDO Croatia d.o.o.
Zagreb, Radnička cesta 180
OIB: 76394522236 6

ENERGANA BENKOVAC d.o.o., Šopot (City of Benkovac)
Income Statement
for the year ended 31 December 2023

	Note	2023 (EUR)	2022 (EUR)
OPERATING INCOME			
Sales income	*4.*	9,222,103	8,217,433
Other income	*4.*	1,570,253	1,237,547
Total operating income		10,792,356	9,454,980
OPERATING EXPENSES			
Material and service cost	*6.*	-7,223,103	-5,523,317
Payroll costs	*7.*	-297,531	-323,134
Depreciation	*8.*	-1,350,450	-1,408,694
Other expenses	*9.*	-127,455	-136,739
Other operating expanses		-16,130	-12,801
Total operating expenses		-9,014,669	-7,404,684
NET OPERATING RESULT		1,777,687	2,050,295
FINANCIAL INCOME	*5.*	63,340	78,426
FINANCIAL EXPENSES	*10.*	-648,971	-605,562
NET FINANCIAL RESULT		-585,632	-527,136
TOTAL REVENUES		10,855,695	9,533,405
TOTAL EXPENSES		-9,663,641	-8,010,246
Profit before taxes		1,192,055	1,523,159
Corporate Income tax	*11.*	-234,639	-293,852
PROFIT FOR THE YEAR		957,416	1,229,308

The accompanying notes are integral part of these financial statements.

ENERGANA BENKOVAC d.o.o., Šopot (City of Benkovac)
Statement of Financial position
As at 31st December 2023

	Note	31 Dec 2023 (EUR)	31 Dec 2022 (EUR)
ASSETS			
Non-current assets			
Intangible assets	12.	3,707	128,400
Tangible assets	13.	12,742,722	13,754,671
Financial assets	14.	4,382,657	3,773,573
Total non-current assets		17,129,086	17,656,644
Current assets			
Inventories	15.	355,298	86,935
Trade receivables from related parties	27.	349,483	9,904
Trade receivables	16.	1,037,822	944,889
Receivables from the State and other institutions	17.	279,573	293,848
Receivables from Employees		133	133
Other receivables	18.	203,162	128,484
Current financial assets		0	15,079
Cash	19.	162,513	524,358
Total current assets		2,387,984	2,003,630
Accrued income and deferred charges	20.	117,611	135,745
TOTAL ASSETS		19,634,681	19,796,019
CAPITAL AND LIABILITIES			
Capital	21.		
Share capital		201,730	201,739
Capital reserves		509,351	509,352
Accumulated loss		3,225,648	1,996,341
Profit for the year		957,416	1,229,308
Total capital		4,894,145	3,936,738
Financial liabilities	22.	12,190,238	13,287,935
Short-term liabilities			
Accounts payable to related parties	27.	85,090	33,566
Loans from banks	24.	1,427,884	1,446,091
Accounts payables	23.	684,160	684,137
Liabilities to employees		0	29,221
Taxes and contributions	25.	262,844	324,311
Other payables	26.	90,318	54,020
Total short-term liabilities		2,550,298	2,571,346
Deferred paymet of expenses and income of the future period		0	0
TOTAL CAPITAL AND LIABILITIES		19,634,681	19,796,019

The accompanying notes are integral part of these financial statements.

ENERGANA BENKOVAC d.o.o., Šopot (City of Benkovac)
Statement of changes in equity
for the year ended 31 December 2023

DESCRIPTION	Subscribed capital	Reserves	Retained earnings / (Retained losses)	Profit for the year	Total
	EUR	EUR	EUR	EUR	EUR
Balance as at 01 January 2022	201,739	509,352	541,373	1,454,968	2,707,431
Transfer to retained earnings	-	-	1,454,968	-1,454,968	-
Profit for the year	-	-	-	1,229,308	1,229,308
Balance as at 31 December 2022	201,739	509,352	1,996,341	1,229,308	3,936,738
Transfer to retained earnings	**-**	**-**	**1,229,308**	**-1,229,308**	**-**
Decrease in share capital	**-9**				**-9**
Profit for the year	**-**	**-**	**-**	**957,416**	**957,416**
Balance as at 31 December 2023	**201,730**	**509,352**	**3,225,649**	**957,416**	**4,894,145**

The accompanying notes are integral part of these financial statements.

ENERGANA BENKOVAC d.o.o., Šopot (City of Benkovac)
Statement of cash flows
for the year ended 31 December 2023

O P I S	2023. EUR	2022. EUR
Cash flow from operating activities		
Cash inflows from customers	11,810,613	10,703,319
Other cash inflows from operating activities	-	8,938
I. Total cash inflow from operating activities	11,810,613	10,712,257
Cash payments for suppliers	-8,439,615	-6,441,141
Cash outflows for employees	-289,759	-362,445
Cash outflows for insurance damages covers		-
Cash outflows for interests	-497,189	-373,659
Tax paid	-279,628	-492,299
Other cash outflows from operating activities	-554,614	-418,059
II. Total cash outflow from operating activities	-10,060,805	-8,087,603
A) NET CASH FLOWS FROM OPERATING ACTIVITIES	1,749,809	2,624,654
Cash flow from investing activities		0
Cash outflows for the purchase of tangible and intangible fixed assets	-225,033	-396,605
Cash outflows from repayment of loans and savings deposits	-410,000	-749,884
III. Total cash outflows from investing activities	-635,033	-1,146,489
B) NET CASH FLOWS FROM INVESTMENT ACTIVITIES	-635,033	-1,146,489
Cash flow from financing activities		
Cash outflows for repayment of principal of loans, borrowings and others borrowing and debt financial instruments	-1,277,537	-1,577,177
Other cash outflows from financial activities	-199,084	- 199,084
V. Total cash outflows from financing activities	-1,476,621	-1,776,261
C) NET CASH FLOWS FROM FINANCIAL ACTIVITIES	-1.476,621	-1,776,261
D) NET INCREASE OR DECREASE IN CASH FLOW	-361,845	-298,096
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	524,358	822,454
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	162,513	524,358

The accompanying notes are integral part of these financial statements.

1. GENERAL

1.1. Legal framework, activities and employees

The Company ENERGANA BENKOVAC limited liability company for energy production ("the Company") based in Šopot (City of Benkovac), Poslovno industrijska zona Šopot br. 28, was established on December 4th, 2015, by the Statements of Establishment. The company is registered in the Commercial Court in Zadar under the registration number of the subject MBS 081004454, PIN 39497681306.

The Company's subscribed capital is stated in amount of 201,730 EUR and represents stake of the founder and owner of the Company.

- design and construction of buildings and professional supervision of construction
- professional spatial planning activities
- purchase and sale of goods
- performing trade mediation on the domestic and foreign markets
- representation of foreign companies
- business and management consulting
- production of electricity
- electricity transmission
- electricity distribution
- electricity supply
- organization of the electricity market
- electricity trade
- heat production
- distribution of thermal energy
- heat supply
- activity of the buyer of thermal energy
- biofuel production
- forest management
- production, placing on the market or import of forest reproductive material
- activity of public road transport of passengers or cargo in internal road traffic
- freight transport in domestic and international road transport
- transport for own needs
- manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
- biomass production
- energy production
- energy transfer
- energy storage
- energy distribution
- management of energy facilities
- energy supply
- energy trade and
- organizing the energy market

As at 31 December 2023, the Company employed 0 employees (31 December 2022: 18 employees).

1.2. Company profile

General Assembly is the highest body of the Company and consists of one member:

GEEN CJ CENTRAL a.s., Czech Republic, member of the Company

The Management Board of the Company during 2023 consists of:

Božo Šparelić	Member of the Management Board	represents the Company from 25th November 2020
Romeo Čerina	Member of the Management Board	represents the Company from 25th November 2020
Aleš Mokrý	President of the Management Board	represents the Company from 04th January 2022

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

2.1. Compatibility statements and basis for presentation

Financial statement of the Company that ended December 31st, 2022, are prepared in accordance with the Accounting Law (OG 78/15, 134/15, 120/16, 116/18, 42/20, 47/20, 114/22) and the Croatian Financial Reporting Standards ("CFRS") (OG 86/15, 105/20, 150/22, 155/22), and in accordance with the Regulations on the structure and content of the annual financial statements (OG 95/16,144/20, 150/22).

2.2. Basis for preparation

The financial statements are compiled by applying basic accounting assumptions of occurrence of an event by which the effects of transactions are noted when they happened and are shown in the financial statements in the correct period also by applying the basic accounting assumptions of unlimited conducting of business.

2.3. Key estimates and uncertainty of estimates

Certain estimates are used during preparation of the financial statements which have inflow to the statement of property and liabilities, income and expenses of the Company and the disclosure of potential liabilities of the Company.

Future events and their inflows could not be predicted with certainty and, following to this, the real results may differ from the estimated. Estimates utilized during preparation of the financial statements are subject to changes by the occurrence of new events, by gathering of additional experience, obtaining of additional information and comprehensions and by a change of environment in which the company operates.

Key estimates used by the application of accounting policies during preparation of the financial statements relate to depreciation count of long-term tangible and intangible property, value decrease of property, value provision of inventories, value provision of receivables and provisions and the disclosure of potential liabilities.

2.4. Reporting curency

The provisions of the Law on the introduction of the euro as the official currency in the Republic of Croatia (Official Gazette, no. 57/22 and 88/22, hereinafter: the Law on the introduction of the euro) regulate the introduction of the euro as the official currency in the Republic of Croatia, and the Decision of the Government of the Republic of Croatia on the publication of the introduction of the euro as the official currency in the Republic of Croatia (Official Gazette, No. 85/22, hereinafter: Decision of the Government of the Republic of Croatia), it was determined that the euro (hereinafter: EUR) will become the official monetary unit and legal means of payment in the Republic of Croatia. As of January 1, 2023, the Republic of Croatia became a member of the Eurozone and exchanged its domestic currency, the Croatian kuna (hereinafter: HRK), for EUR at a fixed exchange rate. The above means that from January 1, 2023, all items (assets, liabilities and principal) are converted from HRK to EUR at the fixed exchange rate established by the Government of the Republic of Croatia (fixed exchange rate of 7.53450 HRK for 1 EUR). The change in functional currency applies prospectively from this date as explained above.

3. SUMMARY OF ACCOUNTING POLICIES

Summary of accounting policies applied for preparation of the financial statements is set below. Policies are consistently applied to all the years presented, unless otherwise indicated.

Basics for the preparation of financial statements

Compiling financial statements in accordance with HSFIs requires management to make judgments, estimates and assumptions that affect the application of policies and the amounts of disclosed assets and liabilities, income and expenses. Areas involving a higher degree of judgment or complexity, that is, areas where assumptions and estimates are significant for the financial statements, are presented in note 2.3. with financial statements. The Company's financial statements are prepared according to the historical cost principle.

3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables for sold products or services during Company's regular activities. Revenue is reduced for value added tax, estimated customer returns, rebates and discounts. The Company recognizes revenue when it can be reliably measured, when the Company will have the economic benefits and when criteria for all Company's activities are met.

Service revenue

Service revenue is recognized in the period in which the services are carried out, under condition that the amount of revenue can be measured reliably and it is probable that the Company will receive reimbursement for the share of services actually carried out in relation to the total services to be performed.

Interest income

Interest income is recognized on a time proportional basis using the effective interest rate, so that the actual return on the asset is taken into account. Interest generated by holding assets with commercial banks (demand assets and time deposits) is recognized as income in the current period after they have been accrued. Interest arising from trade receivables is recognized in income on calculation. Interest income is included in finance income in the income statement.

Revenues from sales of products and goods

Revenue from the sale of products and goods is recognized if all major risks and rewards of ownership of the products and goods have been transferred to the customer, the amount of revenue can be reliably determined, and it is probable that the goods or goods sold will be collected. Also, revenue is recognized if it is possible to reliably determine the costs incurred or to be incurred in connection with the sale.

3.2. Operating expenses

Operating expenses represent decrease of economic gains in the given time frame in the form of assets outflow or liabilities creation which in turn decreases capital, except for the one which is used for dividends.

The recognition of operating expenses is necessary to comply with the following criteria:

- expenses result in decrease of funds or increase of liabilities that can be reliably measured,

- expenses have direct relation between incurred costs and revenues,

- when it is expected to achieve revenues in more of the following reporting periods, recognition of expenses is performed by allocation on reporting periods,
- expense is immediately recognized in the reporting period when outflow does not achieve future economic benefit, but there are no conditions to be recognized as an asset in balance sheet,
- expense is immediately recognized in the reporting period and when the obligation arose, and no conditions to be recognized as an asset.

Operating expenses consist of material costs, service costs, staff costs, depreciation and value adjustments of fixed and current assets, and other operating expenses covered directly by operating income.

Expenses on the basis of business rent are charged in the income statement for the duration of the rent.

3.3. Intangible assets

Intangible assets are initially stated at acquisition cost. The cost of acquisition of intangible fixed assets at the time of purchase includes acquisition after deduction of trade discounts and rebates, import duties, non-refundable acquisition taxes, and costs that can be directly attributed to the preparation of these assets for their intended use.

Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized on a straight-line basis over their estimated useful lives. Amortization on newly acquired intangible assets is calculated from the first day of the month following the commissioning. The principles on amortization of intangible assets are contained in *CFRS 5 - Non-current intangible assets.*

Intangible assets in use consist of a license to use the software.

Depreciation groups	2023	2022
Investment in others assets	20	20
Software	50	50

3.4. Tangible assets

Tangible assets are initially stated at acquisition cost, which includes the purchase price, including import duties and non-refundable taxes, net of trade discounts and rebates, and any costs directly attributable to bringing the asset to its working condition for its intended use.

Tangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company if the cost of the asset can be measured reliably.

Subsequent to initial recognition, an asset is carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent to initial recognition, an asset whose fair value can be measured reliably is stated at revalued amount, which is its fair value at the date of revaluation less any subsequent impairment and any subsequent accumulated impairment losses. An increase in the value of an asset due to revaluation is granted directly to equity as a revaluation reserve. Revaluation is performed on a regular basis so that the carrying amount does not differ materially from that which would be determined by determining fair value at the balance sheet date.

Costs of current maintenance and repairs, replacements, and small-scale investment maintenance are recognized as an expense in the period in which they are incurred. In situations where it is clear that the costs have resulted in an increase in the future expected economic benefits to be obtained from the use of the asset beyond its originally estimated capacity, they are capitalized or included in the carrying amount of the asset. Gains and losses on disposals of assets are recognized in the income statement in the period in which they arise.

3.4. Tangible assets (continued)

Depreciation of assets begins when the assets are ready for use, i.e. when they are located and, in the conditions, necessary for use. Depreciation of assets ceases when the assets are classified as held for sale. Depreciation is calculated by writing off the cost of each individual asset, except for land and long-term intangible and tangible assets in preparation, over the estimated useful life of the asset using the straight-line method, as follows:

Depreciation groups	2023	2022
Buildings	5	5
Technical plants - power plants	7,14	7,14
Equipment	20	20
IT equipment	50	50
Furniture	10	10

Assets under construction include costs directly related to the acquisition or construction of fixed assets, increased by the appropriate amount of the variable and fixed part of the general costs incurred during the acquisition or construction. Depreciation of assets under construction begins when they are ready for use. Costs incurred in replacing the main parts of the Company's equipment, which significantly extend their useful life, are capitalized. Maintenance, replacement or partial replacement costs are recognized as an expense in the period in which they are incurred.

3.5. Impairment of tangible and intangible assets

At each reporting date, the Company checks the carrying amounts of its tangible and intangible assets to determine whether there are any indications that impairment losses have incurred. If there are such indications, the recoverable amount of the asset is estimated to determine any loss incurred by impairment. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the greater of the net selling price or the value of the asset in use. For the purposes of estimating the value in use, the estimated future cash flows are discounted to present value using a discount rate before tax that reflects the current market valuation of the time value of the cash and the risks specific to that asset, for which estimates of future cash flows were not aligned.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of that asset (the cash-generating unit) is reduced to the recoverable amount. Impairment losses are recognized as an expense immediately unless the asset is land or buildings that are not used as investment property, i.e. investment in real estate in a revalued amount, in which case the impairment loss is recognized as a decrease in the value through revaluation of the asset.

In the subsequent reversal of the impairment loss, the carrying amount of the asset (the cash generating unit) increases to the revised estimated recoverable amount of the asset, whereby the higher carrying value does not exceed the carrying amount that would have been determined if there was no recognized loss in previous years Impairment reversal is immediately recognized as income unless the asset concerned is stated at estimated value, in which case the reversal of the impairment loss is recognized as an increase due to revaluation.

3.6. Financial assets

Financial assets are cash and invested resources, items and the waiver of rights aimed at gaining income and on the date of the Balance Sheet are classified as follows:

- financial assets intended for trading for which its fair value is recognised in the Profit and loss statement;
- investment retained until maturity;
- loans and receivables;
- financial assets prepared for sale for which its fair value is recognised in the principal as a revaluated provision.

3.7. Inventories

Inventories are measured at the lower of cost or net realizable value. Based on the provisions of the mentioned standard, inventory valuation is covered as follows:

- Inventories of finished goods and work in progress are determined in accordance with the provisions of CFRS 10, where conversion costs include costs directly related to organizational units of production such as the value of direct raw materials and materials, direct labor etc. Added to this are the systematically distributed fixed and variable general production costs that were incurred by the conversion of raw materials and materials into finished products. The cost of stocks of raw materials and materials, spare parts and finished products is carried out using the weighted average cost method,
- The company evaluates the value of non-current stock as well as old stock. The value of non current and old inventory is reduced and adjusted to the fair value of the inventory,
- Small inventory includes tools, plant and office inventory, and similar means of work that are expected to be used for up to one year, and assets that are not considered long-term assets. Small inventory stocks are written off at a rate of 100%.

3.8. Cash and cash equivalents

Cash consists of cash in the bank and cash register. Cash equivalents include demand deposits and term deposits with a maturity of up to three months.

3.9. Receivables

Receivables are initially measured at their fair value. At each balance sheet date, receivables that are expected to be collected for a period that is longer than one year are expressed at the depreciated cost with the application of the effective interest rate method reduced by losses for impairment costs. Short-term receivables are expressed at the initially recognised nominal value reduced by the relevant amount of value provision for estimated uncollectible amounts and the value decreases.

The value of receivables is decreased, and impairment losses arise only and exclusively if objective evidence exists that the reduced value resulted from certain or more events that arose after the initial recognition of assets, when such an event impacts the estimated future cash flows from receivables which can be reliably determined. At each date of a Balance Sheet /Statement of Financial Position, it is estimated whether objective evidence in respect of a value decrease of a single receivable exists. If objective evidence exists in respect of a value decrease of receivables, the amount of loss is measured as the difference between the net book value and estimated future cash flows. The netbook value of receivables will be decreased directly or by using a separate account of value provision. The amount of a loss is recognised by debiting the Statement of Comprehensive Income for the current year.

3.10. Foreign currencies

The Company's financial statements are presented in the currency of the primary economic environment in which the entity operates or in its functional currency. Non-monetary items denominated in foreign currency are translated using the exchange rates prevailing at the fair value measurement date.

Foreign exchange differences arising from the calculation of non-monetary assets at fair value through profit or loss are recognized in the statement of comprehensive income. Exchange differences arising from the recalculation of non-monetary assets at fair value are recognised in the statement of comprehensive income, except exchange differences arising from recalculation of non-monetary assets available for sale, where profit or loss are recognized directly in equity. In this category of non-cash items, each gain is recognized, that is, any loss incurred by recalculation is also recognized directly in equity.

3.11. Corporate income tax

Tax expense represents the aggregate amount of current tax liabilities and deferred taxes.

Current tax liability

Current tax liability is based on taxable profit for the year. Taxable profit differs from net profit for the period reported in the Statement of comprehensive income because it excludes items of income and expense that are taxable or non-taxable in other years, as well as items that are never taxable or deductible. The Company's current tax liability is calculated by applying the tax rates that are in effect, i.e. in the process of adopting the reporting date.

Deferred taxes

Deferred tax is the amount expected to be due as a liability or become recoverable on the basis of the difference between the carrying amount of assets and liabilities in the financial statements and the related tax base used to calculate the taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available on which temporary differences can be utilized. Deferred tax liabilities and tax assets are not recognized on temporary differences arising out of goodwill or initial recognition of other assets and liabilities, except for business mergers, in transactions that do not affect either the tax or accounting profit.

Value Added Tax

Tax Administration requires VAT settlement on a net basis. VAT resulting from sales and purchase transactions is recognized and reported in the balance sheet / statement of financial position on a net basis. In the case of impairment of receivables for impairment, the impairment loss is expressed in gross amount receivables, including VAT.

3.12. Provisions

A provision is recognized when the Company has a present obligation (legal or derivative) that has arisen as a result of past events and it is likely that the outflow of funds will be required to settle this obligation and the amount of the liability can be estimated reliably. Provisions are reviewed on the reporting date and are consistent with the currently based best estimate. When the amount of the cash value decrease is significant, the amount of the provision is the present value of the costs expected to arise in order to settle the liability, determined using the estimated risk-free interest rate as a discount rate. When discounting is used, every year the discounting effect is recognized as a financial expense and the value of the provision is increased annually over the time passed.

Provisions for restructuring costs are recognized when the Company has developed a formal restructuring plan communicated to the parties to which the plan relates to.

The amount recognized as a provision reflects the best possible estimate of the benefit that will be required to pay in order to settle the present liability at the end of the reporting period, taking into account the risks and uncertainties associated with the liability. If the provision is measured using the cash flow estimates required to settle the present liability, the carrying amount of the liability is the present value of these cash flows. When a refund of some or all of the economic benefits needed to make the provision settled is expected from the third party, the related claim is recognized as an asset if it is almost entirely certain that the remuneration will be received and if the amount of receivables can be reliably determined.

3.13. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in net profit or loss in the period in which they are incurred. Short-term borrowings and loans from suppliers are stated at the originally borrowed amount less repayments. Interest expense is charged to the income statement in the period to which the interest relates.

3.14. Potential assets and contingent liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed, unless the likelihood of the outflow of the accompanying economic benefits is not material. Potential assets are not recognized in the financial statements but are disclosed when the inflow of economic benefits is probable.

3.15. Subsequent events

Subsequent events which provide additional information on the position of the Company on the balance Sheet date (events which results in adjustments) are stated in the financial statements. Events which do not result in adjustments are stated in the Notes to the financial statements if being of any material significance.

3.16. Leases

Leases are classified as finance leases whenever the terms of the lease transfer all the risks and rewards substantially incidental to ownership of the asset to the lessee. All other leases are classified as operating leases.

Company as a lessee

Fees payable under operating leases are recognized as an expense on a straight-line basis over the term of the lease, unless another systematic basis reflects better the timing of the expenditure of economic benefits than the leased asset. Contingent leases based on operating leases are recognized as an expense in the period in which they are incurred. Incentives received to conclude an operating lease are recognized as a liability. The total benefit of the incentive is recognized on a straight-line basis as a reduction in the cost of the lease unless some other systematic basis better reflects the time dynamics of spending the economic benefits from the leased assets.

3.17. Comparative information

Comparative information has been reclassified as necessary to conform to the current year's presentation.

3.18. Accrued income

Income calculated on the basis of contractual terms, which are not invoiced in the current period, are stated within active accruals.

3.19. Deferred cost

Deferred cost allocation is made on the basis of the distribution of costs according to the time periods to which they relate. The part of costs that will be recognized in the following accounting periods is stated within the accrued accruals.

NOTES TO THE INCOME STATEMENT

4. OPERATING INCOME

DESCRIPTION	2023 (EUR)	2022 (EUR)
Income from sale of electrical energy	9,106,082	8,118,993
Income from thermal energy	105,898	98,440
Total income	**9,211,980**	**8,217,433**
Rental income	25,400	24,065
Liabilities write off	8	27,017
Income from the sale of other services	1,532,377	1,178,365
Reimbursement of damages	0	2,827
Other operating revenues	22,591	5,273
Total other operating revenues	**1,580,376**	**1,237,547**
Total operating revenues	**10,792,355**	**9,454,980**

Sales income is generated exclusively on the domestic market.

Income from the sale of products and services refer to the sale of electricity and represent the basic income of the Company. Revenues from the sale of electricity are generated on the basis of monthly invoices for the electricity produced in the Benkovac cogeneration plant based on the valid Electricity Purchase Agreement and the acquired status of privileged producer.

In 2023, the company also generated income from the sale of other services related to the sale of wood chips.

5. FINANCIAL INCOME

Financial income consists of interest and exchange rate differences in relationships with related and unrelated entities.

DESCRIPTION	2023 (EUR)	2022 (EUR)
Interest revenues	63,340	51,500
Foreign exchange differences	0	26,926
Total financial income	**63,340**	**78,426**

6. MATERIAL COSTS AND SERVICES

DESCRIPTION	2023 (EUR)	2022 (EUR)
a/ Material costs		
Raw materials	4,482,480	3,256,483
Energy consumed	23,411	25,913
Cost of other materials	136,423	150,613
Total material costs	**4,642,313**	**3,433,010**
b/ Costs of goods sold /i/	**1,454,507**	**1,007,582**
c/ Other external costs - services		
Management fee	138,536	149,877
Co-operators costs	627,234	542,529
Utilities	77,996	66,071
Maintenance services	119,946	149,189
Other external services	162,572	175,059
Total external costs	**1,126,284**	**1,082,725**
Total material costs and services	**7,223,103**	**5,523,317**

/i/ The cost of goods sold shown in the Profit and Loss Account in the amount of 1,454,507 EUR refers to wood chips that the Company started selling in 2022.

7. PAYROLL COSTS

DESCRIPTION	2023 (EUR)	2022 (EUR)
Net salaries	188,482	209,550
Taxes and contributions from salaries	69,400	73,884
Contributions on gross salaries	39,650	39,700
Total employees costs	**297,531**	**323,134**
Number of employees as at December 31st	**0**	**18**

8. DEPRECIATION

DESCRIPTION	2023 (EUR)	2022 (EUR)
Depreciation of intangible assets	128,854	190,663
Depreciation of tangible assets	1,221,597	1,218,031
Total depreciation cost	**1,350,450**	**1,408,694**

9. OTHER EXPENSES

DESCRIPTION	2023 (EUR)	2022 (EUR)
Insurance premiums	47,815	42,233
Tuition costs	8,394	14,034
Reimbursements, gifts and grants	26,361	35,839
Payment transaction costs and other bank costs	29,843	28,186
Other expenses	15,042	16,446
Total other expenses	**127,455**	**136,739**

10. FINANCIAL EXPENSES

DESCRIPTION	2023 (EUR)	2022 (EUR)
Interest expenses	648,956	565,551
Foreign exchange losses	16	40,011
Total financial expenses	**648,971**	**605,562**

11. CORPORATE INCOME TAX

The Company calculates and pays corporate income tax in accordance with the laws and regulations of the Republic of Croatia. Income tax is calculated by applying a rate of 18% to taxable profit (18% during 2022).

Difference between income and expenses, and tax expense is shown as follows:

DESCRIPTION	2023 (EUR)	2022 (EUR)
Income	10,855,695	9,533,405
Expenses	- 9,663,641	- 8,010,246
Profit (loss) for the year	**1,192,055**	**1,523,159**
Increase of tax base		
Representation costs	4,994	3,534
Personal transport costs	8,463	7,273
Interest for loan from owners and affiliated companies	83,374	97,943
Increase for all other expenses	15,079	1,351
Total tax increase of tax base	**111,911**	**110,101**
Decrease of tax base		
State aid for education and training	- 416	- 750
Total tax decrease of tax base	**- 416**	**- 750**
Tax base	1,303,550	1,632,510
Corporate income tax rate (tax rate 18%)	234,639	293,852

NOTES TO THE STATEMENT OF FINANCIAL POSITION

12. INTANGIBLE ASSETS

DESCRIPTION	Software investment	Investment in other assets	Total intagible assets
	EUR	EUR	EUR
PURCHASE VALUE			
Balance as at 1 Jan 2022	**5,309**	**938,601**	**943,910**
Increase	7,413	-	7,413
Balance as at 31 Dec 2022	**12,722**	**938,601**	**951,324**
Balance as at 31 Dec 2023			
VALUE ADJUSTMENT			
Balance as at 1 Jan 2022	-	**632,261**	**632,261**
Depreciation	5,309	185,354	190,663
Balance as at 31 Dec 2022	**5309**	**817,615**	**822,924**
Depreciation	3,707	120,987	124,694
Balance as at 31 Dec 2023	**9,016**	**938,602**	**947,618**
PRESENT VALUE			
Balance as at 31 Dec 2022	**12,722**	**115,678**	**128,400**
Balance as at 31 Dec 2022	**3,706**	**0**	**3,706**

13. TANGIBLE ASSETS

Management believes that the carrying amounts of technical plant and equipment that are stated at amortized cost in the financial statements approximate their fair values.

The stocktaking of tangible assets was performed as part of the annual inventory check as of 31 December 2023. Depreciation was calculated on the straight-line basis using the tax rates provided for in Article 12 of the Income Tax.

DESCRIPTION	Land	Buildings	Technical plant and equipment	Tools, plant inventory and transport assets	Advances	Assets under construction	Other assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
PURCHASE VALUE								
Balance as at 1 Jan 2022	**234,218**	**4,447,820**	**13,677,604**	**30,484**	**-**	**-**	**-**	**18,390,127**
Increase	-	-	1,556	-	456,547	207,860	-	665,962
Expenses, disposals and sales	-	-	-	-	-247,330	-	-	-247,330
Balance as at 31 Dec 2022	**234,218**	**4,447,820**	**13,679,160**	**30,484**	**209,217**	**207,860**	**-**	**18,808,759**
Increase	-	-	2,553	15,323	224,532	140,919	-	383,327
Expenses, disposals and sales	- 173,540	-	-	-	-139	-	-	-173,679
Balance as at 31 Dec 2023	**60,678**	**4,447,820**	**13,681,713**	**45,807**	**433,610**	**348,779**	**-**	**19,018,407**
VALUE ADJUSTMENT								
Balance as at 1 Jan 2022	**-**	**676,950**	**3,152,740**	**6,368**	**-**	**-**	**-**	**3,836,058**
Depreciation	-	232,763	979,623	5,644	-	-	-	1,218,030
Balance as at 31 Dec 2022	**-**	**909,713**	**4,132,363**	**12,012**	**-**	**-**	**-**	**5,054,088**
Depreciation	-	228,227	986,449	6,922	-	-	-	1,221,598
Balance as at 31 Dec 2023	**-**	**1,137,940**	**5,118,812**	**18,934**	**-**	**-**	**-**	**6,275,686**
PRESENT VALUE								
Balance as at 31 Dec 2022	**234,218**	**3,538,107**	**9,546,797**	**18,472**	**209,217**	**207,860**	**-**	**13,754,671**
Balance as at 31 Dec 2023	**60,678**	**3,309,880**	**8,562,901**	**26,873**	**433,610**	**348,779**	**-**	**12,742,721**

14. LONG TERM FINANCIAL ASSETS

DESCRIPTION	31 Dec 2023 (EUR)	31 Dec 2022 (EUR)
Given loans (note 27)	2,934,121	2,524,121
Given deposits	1,448,537	1,249,453
Total long term financial assets	**4,382,657**	**3,773,573**

15. INVENTORIES

DESCRIPTION	31 Dec 2023 (EUR)	31 Dec 2022 (EUR)
Raw materials	355,298	86,935
Total inventories	**355,298**	**86,935**

Structure of raw materials and materials as of 31 December 2023:

Balance 31 Dec 2023	**VALUE (EUR)**
WOODEN LOGS	171,822
WOOD CHIPS	183,476
Total	355,298

16. TRADE RECEIVABLES

As of 31 December 2023, the company has claims from customers in the country in the amount of EUR 1,037,822 (as of 31 December 2022, they amounted to EUR 944,889). In the structure of receivables from customers, the most significant part of the receivables relates to the customer Hrvatski operator tržišta energije d.o.o. (HROTE). In the structure of receivables from customers, the most significant part of the receivables relates to the customer Hrvatski operator tržišta energije d.o.o. (HROTE).

17. RECEIVABLES FROM STATE AND OTHER INSTITUTUIONS

Receivables from the state and other institutions as of 31 December 2023 amount to EUR 279,573 (on 31 December 2022 they amounted to EUR 293,848), and refer to claims for paid advances on profit.

18. OTHER RECEIVABLES

DESCRIPTION	31 Dec 2023 (EUR)	31 Dec 2022 (EUR)
Advances	22,426	10,963
Interest receivables	180,736	117,521
Total other short term receivables	**203,162**	**128,484**

Najveći dio potraživanja za dane predujmove odosi se na robu i usluge koja je isporučena u 2023. godini, do dana ovog Izvješća.

19. CASH AND CASH EQUIVALENTS

DESCRIPTION	31 Dec 2023 (EUR)	31 Dec 2022 (EUR)
Cash in EUR accounts	162,063	516,875
Cash in foreign currency account	450	7,483
Total cash	**162,513**	**524,358**

Cash in the foreign currency account is shown in accordance with the current accounting regulations, and the balance as of 31 December 2023 is aligned with the middle exchange rate of the Croatian National Bank (CNB).

20. PAID EXPENSES FOR THE FUTURE PERIOD AND ACCRUED INCOME

DESCRIPTION	31 Dec 2023 (EUR)	31 Dec 2022 (EUR)
Prepaid loan approval fees	114,847	132,980
Paid expenses of the future period	2,764	2,764
Ukupno aktivna vremenska razgraničenja	**117,611**	**135,745**

21. CAPITAL

a) Share capital

On 31 December 2023, the Company's share capital amounts to EUR 201,730 (December 31, 2022 in the amount of EUR 201,739).

Company owners:

GEEN CJ CENTRAL a.s., Češka, (100 %)

21. CAPITAL (continued)

b) Retained earnings

DESCRIPTION	31 Dec 2023 (EUR)	31 Dec 2022 (EUR)
Balance on January 1st	1,996,341	541,373
Profit of previous year	1,229,308	1,454,968
Balance on December 31st	**3,225,648**	**1,996,341**

22. LONG - TERM FINANCIAL LIABILITIES

DESCRIPTION	31 Dec 2023 (EUR)	31 Dec 2022 (EUR)
Loan liabilities from related parties	3,736,977	3,598,078
Loans from banks	8,427,813	9,675,335
Other long-term liabilities	25,449	14,522
Total long-term liabilities	**12,190,238**	**13,287,935**

In 2018, the company completed the investment in the power plant for the production of electricity from biomass.

The construction of the power plant was financed on the basis of loans from the associated company.

In 2020, the liabilities were refinanced with a bank loan. The loan agreement was concluded on 24 March 2020. years. The amount of the loan is EUR 14,334,063, and the maturity date is 30 April 2030. years.

23. ACCOUNTS PAYABLE

DESCRIPTION	31 Dec 2023 (EUR)	31 Dec 2022 (EUR)
Domestic accounts payable	684,160	656,477
Foreign accounts payable	0	27,661
Total accounts payable	**684,160**	**684,137**

24. SHORT TERM BANK LOANS

As at 31 December 2023 liabilities for a long-term loan from the bank due in a period of up to one year in the amount of EUR 1,427,884 (as of 31 December 2022 in the amount of EUR 1,446,091) were shown.

The credit is listed in Note 22.

25. TAXES AND CONTRIBUTIONS

DESCRIPTION	31 Dec 2023 (EUR)	31 Dec 2022 (EUR)
Liabilities for corporate income tax	234,639	293,852
Liabilities for income tax and surtax	0	1,265
VAT liabilities	28,205	21,481
Liabilities for contributions	0	7,712
Total taxes and contributions	**262,844**	**324,311**

26. OTHER SHORT - TERM LIABILITIES

DESCRIPTION	31 Dec 2023 (EUR)	31 Dec 2022 (EUR)
Other short-term liabilities	90,318	54,020
Total other short-term liabilities	**90,318**	**54,020**

Other short-term liabilities refer to assumed payments under the cession agreement and liabilities for advances from the related company Energana Gospić.

27. RELATED PARTY TRANSACTIONS

A party is related to an entity when, directly or indirectly through one or more intermediaries, it controls, is controlled by the entity or is under the joint control of the entity (which includes the parent, dependent entities and subsidiaries), has a stake in the entity that gives it significant influence over that entity or has joint control over the subject.

Purchase transactions

	Income from services	
(EUR)	2023	2022
Energana Gospić 1 d.o.o.	385,017	271
Energana Županja d.o.o.	145,155	
Geen Energy d.o.o.	4,406	
Ukupno	**534,579**	**271**

	Service expenses	
(EUR)	2023	2022
GEEN DEVELOPMENT a.s.	55,316	40,389
GEEN HOLDING a.s.	83,220	109,488
Geen Energy d.o.o.	81,313	
Ukupno	**219,849**	**149,877**

Financial transactions

	Financial income	
(EUR)	2023	2022
GEEN CJ a.s.		
Energana Gospić 1 d.o.o.	5,734	6,350
Energana Županja d.o.o.	55,129	42,836
Peleti B2E d.o.o.	2,081	2,305
GEEN DEVELOPMENT a.s.	-	429
GEEN HOLDING a.s.	-	66
Geen Energy d.o.o.	271	
Ukupno	**62,943**	**51,986**

	Financial expenses	
(EUR)	2023	2022
GEEN DEVELOPMENT a.s.	-	-
GEEN HOLDING a.s.	-	52
GEEN CJ a.s.	138,957	161,380
Ukupno	**138,957**	**161,432**

27. RELATED PARTY TRANSACTIONS (continued)

Open balances from purchase transactions at the end of the reporting period:

	Receivables from related companies	
(EUR)	31 Dec 2023	31 Dec 2022
Energana Gospić 1 d.o.o.	11,625	8,630
Peleti B2E d.o.o.	1,274	1,274
Energana Županja d.o.o.	155,785	
Geen Energy d.o.o.	180,798	
Total	**349,483**	**9,904**

	Liabilities to related companies	
(EUR)	31 Dec 2023	31 Dec 2022
GEEN CJ as		-
Geen Development a.s.	19,027	19,269
Geen Holding a.s.	19,935	14,297
Geen Energy d.o.o.	46,128	
Total	**85,090**	**33,566**

Open balances from financial transactions at the end of the reporting period:

	Receivables from related parties for loans and interest	
	31 Dec 2023	31 Dec 2022
Energana Gospić 1 d.o.o.	264,484	258,751
Peleti B2E d.o.o.	99,702	97,621
Energana Županja d.o.o.	2,710,399	2,285,271
Geen Energy d.o.o.	40,271	
Ukupno	**3,114,856**	**2,641,642**

	Liabilities to related companies for loans and interest	
	31 Dec 2023	31 Dec 2022
GEEN CJ as.	-	3,598,020
GEEN CJ CENTRAL as.	3,736,977	-
Ukupno	**3,736,977**	**3,598,020**

Credit agreemnt with GEEN CJ CENTRAL a.s. was issued in the amount of EUR 3,736,977 with a maturity date of December 31, 2025. year and with an interest rate of 6%.

Expenses from related parties were realized at standard market prices that are comparable to prices from unrelated parties. Open amounts are not secured by payment instruments (promissory notes, bills of exchange, bank guarantees) and will be paid in cash.

In addition to the above listed companies, related parties of the Company are members of the Management Board. In 2023, no remuneration was paid to members of the Management Board.

28. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the financial instruments. Trade receivables are stated at nominal amount less allowance for impairment based on estimated amounts that are not expected to be collected. Loans are stated at the amount received, ie approved, less costs directly attributable to the approval. Liabilities to suppliers are stated in nominal amount.

Capital risk management

Net debt to equity ratio

The capital structure is analysed at least twice a year through an analysis of capital costs and associated risks.

28. FINANCIAL INSTRUMENTS (continued)

Currency risk management

The official currency of the Company is EUR. However, certain transactions in foreign currencies are converted into EUR using the exchange rates valid on the balance sheet date, and as a result, the Company is potentially exposed to the risks of changes in exchange rates.

Interest risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rates applied to the financial instrument. Cash flow risk is the risk that the interest expense of a particular financial instrument will fluctuate over time.

There were no significant changes in the impact of interest rate risk on the Company's operations.

As a source of interest rate risk, the Company also recognizes the mismatch of active and passive interest-bearing transactions and strives to achieve a balance in relation to deposit interest rates when contracting lending interest rates.

Credit risk management

Credit risk is the risk that the counterparty will fail to meet its financial obligations and thereby cause financial losses to the Company.

Assets that could potentially expose the Company to credit risk consist mainly of available cash and cash equivalents, trade receivables and loans and deposits.

Customers are classified into risk groups according to the financial indicators of operations and previous operations with the Company, and appropriate credit risk protection measures are applied for each group. For the categorization of customers, data from the official financial statements of customers are mainly used, and the Company's data on previous operations with them are used.

There were no suspicious or disputed receivables from customers.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations to the counterparty. The Company manages liquidity risk by continuously monitoring and analysing projected and actual cash flows based on the maturity of financial assets and liabilities.

Liquidity risk has a very negative impact on the Company's operations due to the economic environment. The instruments used for monitoring and reducing liquidity risk are: analysis and management of cash flows, analysis of assets and sources of financing assets, analysis of creditworthiness of customers, payment security instruments, etc.

29. LITIGATION AND CONTINGENCIES

There are no relevant legal disputes initiated against the Company at the Balance sheet date, which could have material influence on the standing of the Company.

30. SUBSEQUENT EVENTS

After the balance sheet date, there were no events that would significantly affect the Company's annual financial statements for 2023, which should therefore be published.

31. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

These financial statements were adopted and approved by the Management Board on 19 April 2024.

Signed on behalf of the Management Board:

Aleš Mokry, President of the Management Board

B. Š

Božo Šparelić, Member of the Management Board

RČ

Romeo Čerina, Member of the Management Board