

ENERGANA ŽUPANJA d.o.o.
Industrijska 7.
Županja

**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 ŽUPANJA d.o.o.
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 ŽUPANJA 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 2023 amounted to 44,335,127 kWh, of which 39,868,231 kWh was delivered to the distribution network.

During 2023, a total of 8,185,27 operating hours of the power plant were achieved, 2,71 % less than in 2022, The amount of biomass consumed is 57,064,76 tons.

Last year, a permit was obtained from the Croatian Energy Regulatory Agency for the activity of thermal energy supply. In the second half of the year, the company started supplying thermal energy to contracted partners.

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

The Company ENERGANA ŽUPANJA limited liability company for energy production (“the Company”) based in Županja, Industrijska 7, was established on December 4th 2015 by the Statements of Establishment, The company is registered in the Commercial Court in Osijek under the registration number of the subject MBS 081004500, PIN 85159321317.

The Company's subscribed capital is stated in amount of 2,640,00 EUR, and represents stake of the founder and owner of the Company.

The principal activities of the Company refer to the following:

- 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 a.s., Czech Republic - the only member of the Society.

The Management Board of the Company during 2023 consisted of:

Željko Kuprešak - member of the Management Board, represents the company with another member of the Management Board or the President of the Management Board, appointed by the decision of the members of the Company since 25th November 2020

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

Filip Varhol - President of the Management Board, represents the Company individually and independently since 13th May 2021 until 04th April 2022

Aleš Mokry, PIN: 22845864579 - President of the Management Board, represents the Company individually and independently since 04th January 2022

Organization and workers

As of December 31 2023, the Company employed 0 employees.

2. FINANCIAL INDICATORS AND RESULT

In the period from 1 January to 31 December 2023, the Company generated total revenues in the amount of 9,657,025,96 EUR (increase of 9,11% compared to the previous year) and total expenses in the amount of 8,845,913,01 EUR (increase of 18,88% compared to the previous year). Based on the difference between income and expenses, the profit before tax was realized in the amount of 811,112,95 EUR (down 49,54% compared to the previous year). The income tax liability for 2023 amounts to 181,123,41 EUR, Net profit for 2023 amounts to 629,989,54 EUR (down 49,68% compared to the previous year).

2.1. REVENUES

In 2023, revenues amounted to 9,657,025,96 EUR, which is 9,11% more than in the previous year.

Operating revenues, in the amount of 9,646,376,59 EUR, consist of revenues from the sale of electricity (91,12% of total revenues), revenues from the supply of thermal energy (0,82%), and other revenues (8,77%), and participate in the structure of total revenues with 99,88%.

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

Financial income participates in the structure of total income 0,11%, and in 2023 it consisted of interest income (EUR 2,614,16) and foreign exchange gains (EUR 8,035,21).

2.2. TOTAL EXPENDITURES

In 2023, total expenditures amounted to 8,845,913,01 EUR, which is 18,88% more than the previous year.

In the structure of total expenditures, the most significant are material costs (65,25%), which in 2023 amounted to 5,772,487,75 EUR, which is 30% more than the previous year.

Staff costs amounted to HRK 344,756,51 EUR.

Depreciation amounted to HRK 1,619,331,42 EUR, which is 0,92% more than previous year.

Other expenses amounted to 169,216,15 EUR in 2023, which is 20,00% less than the previous year.

Financial expenses amounted to 940,121,18 EUR (10,62% of total expenses), and were reduced compared to the previous year.

3. SIGNIFICANT INVESTMENTS IN 2022 AND FUTURE ACTIVITIES

In 2023, among the most significant investments, the Company started the construction of a plant for the production of wood pellets, with a capacity of 2 tons per hour and a plant for packing pellets into bags of 15 kg in 1 ton. Along with the construction of the pellet production facility, significant investments were made in modifications of the existing system for drying wood material in order to optimize utilization and maximize future production of pellets. The investment was also in supporting software as well as investment in employee education. Preparatory work was also carried out to expand the existing capacity of the warehouse for the reception of wood material in order to ensure the smooth operation of both the electricity production plant and the future pellet production plant.

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 value of financial instruments will fluctuate due to changes in market interest rates relative to interest rates applicable to financial instruments, The Company has no long-term liabilities with a variable interest rate, and as a result there is no exposure to interest rate risk.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, Financial assets that could potentially expose the Company to credit risk include cash and trade receivables. Receivables from customers are stated according to the customer HROTE d.o.o., and no difficulties in collection are expected. Therefore, there is no additional risk for the collection of receivables from customers,.

There is no additional credit risk for settling the Company's short-term liabilities that would increase 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 2023 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.

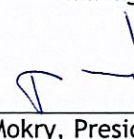
5. ENVIRONMENTAL PROTECTION AND MEASURES TAKEN

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.

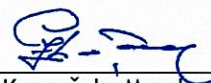
The measurement results are regularly submitted to the competent agencies and confirm that all environmental impacts are below the permitted limits.

Županja, April 19th 2024

Management Borad



Aleš Mokry, President of the
Management Borad



Željko Kuprešak, Member of the
Management Board



Božo Šparelić, Member of the
Management Board

RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Management Board of **ENERGANA ŽUPANJA d.o.o., Županja, Industrijska 7** (“the Company”) is responsible for ensuring that the annual financial statements for the year 2023 are prepared in accordance with the valid Croatian Accounting Act and the Croatian 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:

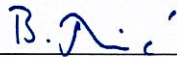
- selection and consistent application of suitable accounting policies in accordance with the applicable financial reporting standards;
- giving reasonable and prudent judgments and estimates;
- using the going concern basis of accounting, unless it is inappropriate to presume so.

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 valid Accounting Act. 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.

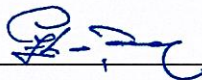
Signed on behalf of the Management Board:



Aleš Mokry, President of the Management Board



Božo Šparelić, member of the Board



Željko Kuprešak, member of the Board

ENERGANA ŽUPANJA d.o.o.
Industrijska 7
32 270 Županja
The Republic of Croatia

Zagreb, April 19th 2024

INDEPENDENT AUDITOR'S REPORT

To the Owners of the company ENERGANJA ŽUPANJA d.o.o., Županja

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the enclosed annual financial statements of ENERGANJA ŽUPANJA d.o.o. Županja, Industrijska 7 ("the Company"), which comprise the Statement of financial position as at 31 December 2023, Income statement, Statement of cash flows and Statement of changes in equity for the year then ended, and 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,

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 controls. Evaluate 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.

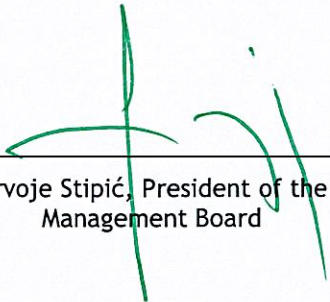
Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our Independent Auditor's Report. 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, April 22nd 2024



Hrvoje Stipić, President of the
Management Board

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



Marina Tonžetić, Certified Auditor



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

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ENERGANA ŽUPANJA d.o.o., Županja
Income Statement
for the year ended 31 December 2023

	<i>Note</i>	2023 (EUR)	2022 (EUR)
OPERATING INCOME			
Sales income	4	8,866,519	8,216,620
Other income	4	779,858	467,851
Total operating income		<u>9,646,377</u>	<u>8,684,471</u>
OPERATING EXPENSES			
Material and service cost	6	-5,772,488	-4,023,188
Employees costs	7	-344,757	-358,508
Depreciation	8	-1,619,331	-1,604,442
Other expenses	9	-169,216	-212,358
Total operating expenses		<u>-7,905,792</u>	<u>-6,198,496</u>
NET OPERATING RESULT		1,740,585	2,485,975
FINANCIAL INCOME	5	10,649	87,655
FINANCIAL EXPENSES	10	<u>-940,121</u>	<u>-977,101</u>
NET FINANCIAL RESULT		-929,472	-889,445
TOTAL INCOME		9,657,026	8,772,126
TOTAL EXPENSES		-8,845,913	-7,175,597
Profit/(Loss) before taxes		<u>811,113</u>	<u>1,596,529</u>
Corporate Income tax	11	<u>-181,123</u>	<u>-353,325</u>
PROFIT/(LOSS) FOR THE YEAR		<u>629,990</u>	<u>1,243,205</u>

The accompanying notes are integral part of these financial statements.

ENERGANA ŽUPANJA d.o.o., Županja
Statement of Financial position
As at 31st December 2023

	Note	Dec 31 st 2022 (HRK)	Dec 31 st 2021 (HRK)
ASSETS			
Non-current assets			
Intangible assets	12	16,311	32,356
Tangible assets	13	19,036,573	19,979,353
Financial assets	32	103,404	103,404
Total non-current assets		<u>19,156,289</u>	<u>20,115,114</u>
Current assets			
Inventories	14	131,247	208,932
	27	160,677	-
Trade receivables	15	1,065,986	874,324
Receivables from the State and other institutions	16	282,932	125,134
Other receivables	17	58,763	118,689
Current financial assets	18	1,772,291	1,593,690
Cash	19	1,813,552	906,745
Total current assets		<u>5,285,448</u>	<u>3,827,515</u>
Prepaid expenses and accrued income	20	177,093	202,670
TOTAL ASSETS		<u><u>24,618,830</u></u>	<u><u>24,145,299</u></u>
CAPITAL AND LIABILITIES			
Capital			
Share capital	21	2,640	2,654
Capital reserves		260,488	260,488
Accumulated loss		1,117,722	-125,483
Profit/(Loss) for the year		629,990	1,243,205
Total capital		<u>2,010,839</u>	<u>1,380,864</u>
Long term liabilities	22	19,022,141	19,568,326
Short-term liabilities			
Liabilities to affiliated companies	27	401,545	32,878
Liabilities for loans and deposits		-	-
Liabilities to banks and another financial institutions	23	1,604,870	1,632,448
Trade payables	24	1,337,385	1,063,101
Liabilities to employees		-	36,134
Taxes and contributions	25	234,062	410,237
Other short-term liabilities		855	-
Total short-term liabilities		<u>3,578,717</u>	<u>3,174,798</u>
Accrued expenses and deferred income	26	7,132	21,311
TOTAL CAPITAL AND LIABILITIES		<u><u>24,618,829</u></u>	<u><u>24,145,299</u></u>

The accompanying notes are integral part of these financial statements.

ENERGANA ŽUPANJA d.o.o., Županja
Statement of changes in equity
for the year ended 31 December 2023

	Subscribed capital	Reserves	Transferred loss	Profit of the year	TOTAL
	EUR	EUR	EUR	EUR	EUR
Balance as at 01 January 2022	2,654	260,488	-1,775,050	1,649,567	137,659
Transfer from/to year 2022	-	-	1,649,567	- 1,649,567	-
Profit for the year	-	-	-	1,243,205	1,243,205
Balance as at 31 December 2022	2,654	260,488	- 125,483	1,243,205	1,380,864
Transfer from/to year 2023	-	-	1,243,205	-1,243,205	-
Decrease of subscribed capital	-14	-	-	-	-14
Profit for the year	-	-	-	629,990	629,990
Balance as at 31 December 2023	2,640	260,488	1,117,722	629,990	2,010,839

The accompanying notes are integral part of these financial statements.

ENERGANA ŽUPANJA d.o.o., Županja
Statement of cash flow
for the year ended 31 December 2023

DESCRIPTION	2023 EUR	2022 EUR
Cash flow from operating activities		
Cash inflows from customers	10,181,433	9,310,744
Cash inflows from insurance damages covers	114,143	-
Other cash inflows from operating activities	-	297,547
I, Total cash flow from operating activities	10,295,576	9,608,291
Cash payments for suppliers	-6,178,121	- 6,055,103
Cash outflows for employees	-423,843	- 396,754
Cash outflows for interests	-599,618	- 483,400
Tax paid	-369,835	- 312,822
Other cash outflows from operating activities	-549,093	- 465,514
II, Total cash flow from operating activities	-8,120,509	- 7,713,593
A) NET CASH FLOWS FROM OPERATING ACTIVITIES	2,175,067	1,894,698
Cash flow from investing activities		
Cash outflows for the purchase of tangible and intangible fixed assets	-1,110	- 111,113
Cash outflows from given loans and savings deposits	-	- 79,634
III, Total cash outflows from investing activities	-1,110	- 190,747
B) NET CASH FLOWS FROM INVESTMENT ACTIVITIES	-1,110	- 190,747
Cash flows from financial activities		
Cash inflows from principal of loans, loans and other loans	370,000	749,884
Other cash inflows from financial activities	-	1,343
IV, Total cash inflows from financial activities	370,000	751,227
Other cash outflows from financial activities	-1,438,066	-2,320,313
V, Total cash outflows from financing activities	-199,084	- 199,084
C) NET CASH FLOWS FROM FINANCIAL ACTIVITIES	-1,637,150	- 2,519,397
Unrealized exchange differences in cash and cash equivalents	-1,267,150	- 1,768,170
D) NET INCREASE OR DECREASE IN CASH FLOW		
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	906,807	- 64,219
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	906,745	1,593,690

The accompanying notes are integral part of these financial statements.

1. GENERAL

1.1. Legal framework, activities and employees

The Company ENERGANA ŽUPANJA limited liability company for energy production (“the Company”) based in Županja, Industrijska 7, was established on December 4th 2015 by the Statements of Establishment. The company is registered in the Commercial Court in Osijek under the registration number of the subject MBS 081004500, PIN 85159321317.

The Company's subscribed capital is stated in amount of 2,640 EUR, and represents stake of the founder and owner of the Company.

The principal activities of the Company refer to the following:

- 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
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- electricity supply
- organization of the electricity market
- electricity trade
- heat production
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- 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 December 31st 2023 the Company had 0 employees (as at December 31st 2022 there was 23 employees).

1.2. Company Profile

General Assembly

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

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

1.2. Company Profile (continued)

Management Board

The Management Board of the Company during 2022 consists of:

Filip Varhol	President	President until 04 January 2022
Aleš Mokry	President	President since 04 January 2022
Željko Kuprešak	Member	Member since 25 November 2020
Božo Šparelić	Member	Member since 25 November 2020

2. BASIS FOR PREPARATION OF THE 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, 09/21, 114/22) and the Croatian Financial Reporting Standards ("CFRS") (OG 86/15, 105/20, 150/20), and in accordance with the Regulations on the structure and content of the annual financial statements (OG 95/16, 144/20 150/22, 155/22).

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.

Preparation of the financial statements in accordance with the CFRS requires from management to make judgments, estimates and assumptions that affect the application of policies and the amounts of disclosed assets and liabilities, income and expenses. 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. Functional and reporting currency

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 legally 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 determined 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.

3.1. 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.

Revenue from sale of electricity

Revenue from the sale of electricity is recognized if all major risks and rewards of ownership have been transferred to the buyer, when it is possible to determine reliably the amount of revenue and if it is probable that the electricity will be collected, Revenue is recognized if it is possible to reliably determine the costs incurred or to be incurred in connection with the sale,

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.

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.

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- 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 and an investment in another's assets.

	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.

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

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for the year ended 31 December 2023

and long-term intangible and tangible assets in preparation, over the estimated useful life of the asset using the straight-line method, as follows:

	2023	2022
	(%)	(%)
Buildings	5	5
Technical plants - power plants	7,14	7,14
Equipment	20	20
IT equipment	50	50
Furniture	10	10

3.4. Tangible assets (continued)

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. Cash

Cash includes cash at the bank on the foreign currency giro accounts. Cash equivalents include demand deposits and deposits with a maturity of up to three months.

3.8. 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.

3.9. 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. Non-monetary items denominated in foreign currencies at the historical the cost is not converted.

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.

3.10. 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.

3.11. Corporate income tax (continued)

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 current obligation (legal or constructive) that arose as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably. Provisions are reviewed at each reporting date and adjusted for an estimate based on current knowledge. When the amount of the impairment loss is significant, the amount of the provision is the present value of the costs that are expected to be incurred to settle the liability, determined using the estimated risk-free interest rate as a discount rate. When discounting is used, the impact of discounting is recorded as a financial expense each year, and the carrying amount of the provision is increased each year for the elapsed time.

Provisions for restructuring costs are recognized when the Company has developed a formal restructuring plan of which the parties to which the plan relates have been notified,

The amount recognized as a provision reflects the best possible estimate of the consideration that will be required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties associated with the obligation. If a provision is measured using an estimate of the cash flows required to settle the present obligation, the carrying amount of the obligation is the present value of those cash flows.

When a third party is expected to recover some or all of the economic benefits necessary to settle a provision, a related receivable is recognized as an asset if it is almost certain that the consideration will be received and if the amount of the receivable can be determined reliably.

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 substantially all the risks and rewards 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 some other 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 for the conclusion of 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 than 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

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

3.19. Deferred expenses payment

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.

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for the year ended 31 December 2023

4. OPERATING INCOME

	2023 (EUR)	2022 (EUR)
Sales income		
Income from the sale of electricity	8,794,374	8,210,863
Income from the sale of thermal energy	72,145	5,757
	<u>8,866,519</u>	<u>8,216,620</u>
Other income		
Income from damages	114,143	326,863
Sale of wood residue from pellets	363,011	59,403
Income from the drying service	7,000	40,791
Debt write-off and subsequent approvals	264,653	32,861
Rents	3,872	7,933
Other operating income	27,164	0
	<u>779,844</u>	<u>467,851</u>
	<u>9,646,363</u>	<u>8,684,471</u>

The company generates sales revenue exclusively on the domestic market,

Revenues from the sale of electricity represent the basic income of the Company, In the total revenue structure of the Company, revenues from electricity sales represent 91,12% of total revenues. Revenues from the sale of electricity are generated on the basis of monthly invoices for electricity produced in the Županja cogeneration plant on the basis of the valid Electricity Purchase Agreement and the acquired status of a privileged producer.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2023

5. FINANCIAL INCOME

	2023	2022
	(EUR)	(EUR)
Interest income from affiliated companies	2,614	2,246
Foreign exchange differences	8,035	85,409
	<u>10,649</u>	<u>87,655</u>

6. MATERIAL COSTS AND SERVICES

	2023	2022
	(EUR)	(EUR)
Material costs		
Costs of raw materials and materials	4,045,330	3,171,473
Energy costs	504,036	192,009
Other material costs	118,880	147,808
a) Total material costs	<u>4,668,245</u>	<u>3,511,290</u>
Management costs	139,110	148,874
Rent services	9,190	0
Intellectual services	6,540	5,370
Water supply costs	56,572	38,064
Costs of spreading and removal of ashes	34,705	35,329
Chemical treatment of water	34,064	43,129
Maintenance costs	672,948	186,121
Other external services	151,115	55,011
b) Total external services	<u>1,104,243</u>	<u>511,898</u>
	<u>5,772,488</u>	<u>4,023,188</u>

7. EMPLOYEES COSTS

	2023	2022
	(EUR)	(EUR)
Net salaries	216,465	228,768
Taxes and contributions from salaries	79,504	82,391
Contributions on gross salaries	48,787	47,350
	<u>344,757</u>	<u>358,508</u>
Number of employees as at December 31 st	0	23

8. DEPRECIATION

	2023	2022
	(EUR)	(EUR)
Depreciation of intangible assets	1,603,286	1,588,396
Depreciation of tangible assets	16,046	16,046
	<u>1,619,331</u>	<u>1,604,442</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2023

9. OTHER EXPENSES

	2023 (EUR)	2022 (EUR)
Insurance premiums	52,011	48,852
Bank costs	28,526	27,723
Employee expenses	39,610	54,449
Other expenses	49,069	81,334
	<u>169,216</u>	<u>212,358</u>

10. FINANCIAL EXPENSES

	2023 (EUR)	2022 (EUR)
Foreign exchange differences - affiliated companies	311,201	350,892
Interest expenses	628,918	487,001
Foreign exchange differences	2	139,207
	<u>940,121</u>	<u>977,101</u>

11. CORPORATE INCOME TAX

Difference between accounting profit and tax expense for the current year:

	2023 (in EUR)	2022 (in EUR)
Income	9,657,026	8,772,126
Expenses	8,845,913	7,175,597
Profit (loss) for the year	<u>811,113</u>	<u>1,596,529</u>
<i>Increase of tax base</i>		
Representation costs	7,062	4,729
Personal transport costs	15,097	13,393
Interest on the loans - owners of the company	153,722	293,300
Interest between related parties	-	-
Increase for other expenses	20,483	55,428
Total tax increase of tax base	<u>196,364</u>	<u>366,850</u>
<i>Decrease of tax base</i>		
State aid for education and training	1,235	464
Total tax decrease of tax base	<u>1,235</u>	<u>464</u>
Tax base	<u>1,006,241</u>	<u>1,962,916</u>
Loss carried forward		
Tax base after tax loss	<u>1,006,241</u>	<u>1,962,916</u>
Tax rate	18%	18%
Income tax liability	<u>181,123</u>	<u>353,325</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2023

NOTES TO THE STATEMENT OF FINANCIAL POSITION

12. INTANGIBLE ASSETS

	Investing in computer software	Investments in other property	Total
	EUR	EUR	EUR
PURCHASE VALUE			
Balance as at 31 December 2021	5,309	80,228	85,537
Balance as at 31 December 2022	5,309	80,228	85,537
Balance as at 31 December 2023	5,309	80,228	85,537
VALUE ADJUSTMENT			
Balance as at 31 December 2021	5,309	32,069	37,378
Amortization	-	15,802	15,802
Balance as at 31 December 2022	5,309	47,871	53,180
Amortization	-	16,045	16,045
Balance as at 31 December 2023	5,309	63,916	69,225
CURRENT VALUE			
Balance on 31 December 2022	-	32,356	32,356
Balance as at 31 December 2023	0	16,311	16,311

ENERGANA ŽUPANJA d.o.o., Županja
Notes to the Financial Statements (continued)
for the year ended 31 December 2022

13. TANGIBLE ASSETS

	Land	Buildings	Equipment	Furniture, tools, vehicles	Advances	Assets in preparation	TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
PURCHASE VALUE							
Balance as at 31 December 2021	204,984	3,888,785	19,059,665	129,612	-	24,373	23,307,418
Increase	152,631	-	50,038	-	110,981	1,770,729	2,084,379
Transfer into use	-	99,542	114,753	-	-	-214,295	-
Decrease	-	-	-	-	-110,981	-	-110,981
Balance as at 31 December 2022	357,615	3,988,327	19,224,456	129,612	-	1,580,807	25,280,816
Increase	-	-	4,885	611	-	807,641	813,137
Decrease	-	152,631	-	-	-	-	-152,631
Balance as at 31 December 2023	204,984	3,988,327	19,229,341	130,223	0	2,388,448	25,941,322
VALUE ADJUSTMENT							
Balance as at 31 December 2021	-	466,787	3,219,664	26,616	-	-	3,713,067
Depreciation	-	194,439	1,366,251	27,706	-	-	1,588,396
Balance as at 31 December 2022	-	661,227	4,585,915	54,322	-	-	5,301,463
Depreciation	-	207,105	1,368,475	27,706	-	-	1,603,286
Balance as at 31 December 2023	0	868,332	5,954,390	82,028	0	0	6,904,749
CURRENT VALUE							
Balance as at 31 December 2022	357,615	3,327,100	14,638,541	75,290	-	1,580,807	19,979,353
Balance as at 31 December 2023	204,984	3,119,995	13,274,951	48,195	0	2,388,448	19,036,573

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2023

13. TANGIBLE ASSETS (continued)

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

The inventory of tangible assets was conducted as part of the annual inventory as of December 31 2023. Depreciation was calculated using the linear method using the tax permitted rates referred to in Article 12 of the Income Tax Act.

14. INVENTORIES

	Dec 31 st 2023 (EUR)	Dec 31 st 2022 (EUR)
Raw materials	131,247	208,932
Inventory in use	23,623	23,623
Value adjustment of inventory in use	<u>(23,623)</u>	<u>(23,623)</u>
	<u>131,247</u>	<u>208,932</u>

Stock of raw materials refers to materials for power plant: wood chips, chumps and pellets.

15. TRADE RECEIVABLES

Trade receivables stated in the Balance Sheet as at 31 December 2023 in the amount of 1,065,986 EUR (31 December 2022 in the amount of 874,324 EUR) relate to the domestic receivables. In the structure of trade receivables, 93,34% of receivables relate to the customer Hrvatski operator tržišta energije d.o.o. (HROTE).

16. RECEIVABLES FROM STATE AND OTHER INSTITUTIONS

Receivables from the state and other institutions stated in the Balance Sheet as at 31 December 2023 in the amount of 282,932 EUR (31 December 2022 in the amount of 125,134 EUR relate to special taxes) relate to paid advances of income tax.

17. OTHER RECEIVABLES

	Dec 31 st 2023 (EUR)	Dec 31 st 2022 (EUR)
Receivables for advances	45,840	108,248
Receivables for interest	8,956	6,474
Other receivables	<u>3,967</u>	<u>3,967</u>
	<u>58,763</u>	<u>118,689</u>

18. CURRENT FINANCIAL ASSETS

	Dec 31 st 2023 (EUR)	Dec 31 st 2022 (EUR)
Deposits for loan insurance	1,772,291	1,573,207
Given loans	<u>0</u>	<u>20,483</u>
	<u>1,772,291</u>	<u>1,593,690</u>

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for the year ended 31 December 2023

19. CASH

	Dec 31 st 2023 (EUR)	Dec 31 st 2022 (EUR)
Cash in HRK accounts	1,813,501	901,745
Cash in foreign currency account	50	5,000
	<u>1,813,552</u>	<u>906,745</u>

The cash at the foreign currency account is stated in accordance with the applicable accounting regulations, and the balance as at 31 December 2023 is adjusted to the middle exchange rate of the Croatian National Bank (CNB).

20. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income stated in the Balance Sheet in the amount of 177,093 EUR (31 December 2022 in the amount of 202,670 EUR) refer to the costs of fees to the bank and intermediaries for obtaining a long-term loan that is accrued. The accrual period is adjusted to the loan period.

21. CAPITAL

a) Share capital

On 31st December 2023, the share capital of the Company amounts to 2,640 EUR (as at 31 December 2022 in the amount of 2,654 EUR).

Company owners: GEEN CJ a.s., Czech Republic, member of the Company (100%)

b) Capital reserves

On 31st December 2023, the Company's capital reserves amount to 260,488 EUR (revised on 31 December 2022 in the same amount).

Capital reserves were created in previous years, by the decision of a previous member of the Company.

c) Accumulated loss

	Dec 31 st 2023 (EUR)	Dec 31 st 2022 (EUR)
Balance on January 1 st	<u>-125,483</u>	<u>-1,775,050</u>
Gain (Loss) of previous year	<u>1,243,205</u>	<u>1,649,567</u>
Balance on December 31 st	<u>1,117,722</u>	<u>-125,483</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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22. LONG-TERM LIABILITIES

	Dec 31 st 2023 (EUR)	Dec 31 st 2022 (EUR)
Loans from banks	10,279,380	11,734,226
Liabilities for loans to affiliated Companies	6,833,135	6,465,962
Liabilities for interest	1,676,531	1,317,518
Other liabilities	233,095	50,621
	<u>19,022,141</u>	<u>19,568,326</u>

In 2019, the Company made agreement to receive long term, 10 years, credit with Privredna Banka Zagreb (PBZ). The amount of credit is EUR 16,416,484, The annuities are paid quarterly (40 annuities), and the last one is going to be paid on 30 September 2030, The interest is variable.

23. LIABILITIES FOR LOANS AND DEPOSITS

Liabilities for loans and deposits shown in the Balance Sheet as of December 31, 2023 in the amount of 1,604,870 EUR (31 December 2022 in the amount of 1,632,448 EUR) refer to insurance company deposits that were paid in 2023.

24. TRADE PAYABLES

Trade payables stated in the Balance Sheet as at 31 December 2023 in the amount of 1,337,385 EUR (31 December 2022 in the amount of 1,063,101 EUR) relate to the domestic trade payables,

25.

25. TAXES AND CONTRIBUTIONS

	Dec 31 st 2023 (EUR)	Dec 31 st 2022 (EUR)
Liabilities for income tax and surtax	0	1,657
Liabilities for VAT	52,939	44,917
Liabilities for contributions	0	10,339
Income tax	181,123	353,325
	<u>234,062</u>	<u>410,237</u>

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26. ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income stated in the Balance Sheet as at 31 December 2023 in the amount of 7,132 EUR (31 December 2022 in the amount of 21,311 EUR) refer to accrued expenses related to the current year for which no invoice was received.

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, subsidiaries and subsidiaries), has a stake in the entity that gives it significant influence over that entity or has joint control over the subject.

	2023, (EUR)	2022, (EUR)
Sales revenue		
Geen energy d.o.o.	6,437	-
Costs of purchased goods and services		
Geen Development a.s.	56,495	39,645
Geen Holding a.s.	82,615	109,229
Energana Benkovac d.o.o.	145,155	-
Geen Energy a.s.	136,639	-
	<u>420,904</u>	<u>148,874</u>
Financial revenue		
Peleti B2E d.o.o.	2,482	-
Financial costs		
Maltežian a.s. Brno		
Geen FI a.s.		
ENERGANA Benkovac d.o.o.	55,129	42,800
Geen CJ a.s.	256,073	308,057
	<u>311,201</u>	<u>350,857</u>

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

	Receivables for loans from affiliated parties		Liabilities for loans to affiliated companies	
	Dec 31 st 2023 (EUR)	Dec 31 st 2022 (EUR)	Dec 31 st 2023 (EUR)	Dec 31 st 2022 (EUR)
Geen Development a.s.			75,047	18,552
Geen Energy d.o.o.	160,677	-	73,773	-
Geen Holding a.s.	-	-	96,940	14,326
ENERGANA BENKOVAC d.o.o.	-	-	155,785	-
	<u>160,677</u>	<u>-</u>	<u>401,545</u>	<u>32,878</u>
	<u>160,677</u>	<u>-</u>	<u>401,545</u>	<u>32,878</u>

ENERGANA ŽUPANJA d.o.o., Županja
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2023

27, STANJA I POSLOVNI DOGAĐAJI S POVEZANIM STRANAMA (nastavak)

Otvorena stanja iz financijskih transakcija na kraju izvještajnog razdoblja:

	Potraživanja za kredite od povezanih osoba		Obveze po kreditima prema povezanim osobama	
	31.12.2023. (EUR)	31.12.2022. (EUR)	31.12.2023. (EUR)	31.12.2022. (EUR)
GEEN CJ CENTRAL a.s.		-	5,745,787	-
GEEN CJ a.s.		-	-	4,267,457
Geen FI a.s.		-	-	-
Energana Benkovac d.o.o.		-	2,710,399	2,198,505
Peleti B2E d.o.o.	108,946	103,404	-	-
	108,946	103,404	8,456,186	6,465,962

Kreditor	Rok dospijeća	Kamatna stopa
GEEN CJ CENTRAL a.s.	31.12.2025.	6%
Energana Benkovac d.o.o.	31.12.2025.	varijabilna

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28. FINANCIAL INSTRUMENTS

28.1. 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.

The funding ratio at the end of the reporting period was:

	Dec 31 st 2023 (EUR)	Dec 31 st 2022 (EUR)
Debt		
Loans and borrowings (long-term and short-term maturity)	20,627,011	21,321,059
Cash on hand and bank account balances	<u>1,813,552</u>	<u>906,745</u>
Net debt	<u>18,813,460</u>	<u>20,414,315</u>
Capital	<u>2,010,839</u>	<u>1,380,864</u>
Net debt to equity ratio	<u>9</u>	<u>14</u>

28.2. Capital risk management

	Dec 31 st 2023 (EUR)	Dec 31 st 2022 (EUR)
Financial assets		
Cash	1,813,552	906,745
Trade receivables	1,226,663	874,324
Receivables from state and state institutions	282,932	125,134
Other receivables	58,763	118,689
Financial assets	<u>1,772,291</u>	<u>1,593,690</u>
	<u>5,154,201</u>	<u>3,618,583</u>
Financial obligations		
Liabilities for bank credits	20,627,011	21,200,774
Liabilities to affiliated companies	196,987	32,878
Trade payables	1,541,943	1,063,101
Liabilities to employees	0	36,134
	<u>22,365,941</u>	<u>22,332,887</u>

28.3. 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, The transactions that are recalculated refer to Czech crowns and will not significantly affect the financial result.

30. FINANCIAL INSTRUMENTS (continued)

28.4. 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 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,.

28.5. Interest rate risk management

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.

28.6. 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.

28.7. 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 legal disputes initiated against the Company, therefore the Company is not exposed to potential liabilities.


30. SUBSEQUENTS 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.

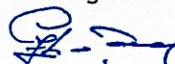
31. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

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


Signed on behalf of the Management Board:



Aleš Mokry, President of the
Management Board



Željko Kuprešak, member of the
Board



Božo Šparelić, member of the Board