HŽ INFRASTRUKTURA d.o.o., Zagreb

Annual Separate Financial Statements for the Year Ended 2025

Zagreb, June 2026

CONTENT

Responsibility for the Annual Separate Financial Statements 1

Independent Auditor's Report 2-10

Separate Statement of Profit or Loss and Other Comprehensive Income 11-12

Separate Statement of Financial position (Balance Sheet) 13-15

Separate Statement of Changes in Equity 16

Separate Statement of Cash Flows 17-18

Notes to the Annual Separate Financial Statements 19-92

The Management of HŽ INFRASTRUKTURA d.o.o., Zagreb, Mihanovićeva 12 (the "Company"), is responsible for ensuring that the annual separate financial statements for the year ended 31 December 2025 are prepared in accordance with the Accounting Act (Official Gazette Nos. 85/24, 145/24 and 151/25) and International Financial Reporting Standards ("IFRS Accounting Standards") as adopted by the European Union, so as to give a true and fair view of the Company's separate financial position, separate financial performance, separate cash flows and separate changes in equity for that period.
Based on the inquiries made, the Management reasonably expects that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Management has prepared the annual separate financial statements on the going concern basis.

In preparing the annual separate financial statements, the Management of the Company is responsible for:

- the selection and consistent application of appropriate accounting policies in accordance with the applicable financial reporting standards;
- making reasonable and prudent judgments and estimates;
- the preparation of the annual separate financial statements on a going concern basis, unless the going concern assumption is inappropriate.

The Management of the Company is responsible for maintaining proper accounting records that, at any time, disclose with reasonable accuracy the Company's separate financial position, separate financial performance, separate cash flows and separate changes in equity, and ensure that the annual separate financial statements comply with the Accounting Act and International Financial Reporting Standards ("IFRS Accounting Standards") as adopted by the European Union. The Management is also responsible for safeguarding the assets of the Company and, consequently, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management is also responsible for the preparation and content of the Management Report in accordance with Article 24 of the Accounting Act.

Signed on behalf of the Management:

Damir Lončarić,
President of the Management Board

Darko Barišić
Member of the Management Board

Marijan Ćužić
Member of the Management Board

Mihaela Matokanovič Džimbeg
Member of the Management Board

Subhi Tawfiq
Member of the Management Board

HŽ INFRASTRUKTURA d.o.o.
Mihanovićeva ulica 12
10 000 Zagreb
Zagreb, 23 June 2026

MOORE Audit Croatia IRIS NOVA

INDEPENDENT AUDITOR'S REPORT

To the owner of the company HŽ INFRASTRUKTURA d.o.o., Zagreb

Report on the Audit of Annual Separate Financial Statements

Qualified opinion

We have audited the annual separate financial statements of HŽ INFRASTRUKTURA d.o.o., Zagreb, Mihanovićeva ulica 12 (the "Company"), which comprise the Separate Statement of Financial Position as at 31 December 2025, the Separate Statement of Profit or Loss and Other Comprehensive Income, the Separate Statement of Cash Flows and the Separate Statement of Changes in Equity for the year then ended, and the Notes to the Annual Separate Financial Statements, including material accounting policy information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying annual separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2025, and its separate financial performance and its separate cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS Accounting Standards").

Basis for Qualified Opinion

/i/ Real Estate Ownership

The Company has not resolved title and ownership issues in respect of a significant number of properties recognised in the Separate Statement of Financial Position as at 31 December 2025. Specifically, the ownership status of certain real estate properties used by the Company has not yet been formally resolved. Procedures aimed at resolving property-law matters and registering ownership of these properties are currently in progress.

Consequently, we were unable to determine the effects of any adjustments that might have been necessary to the Company's annual separate financial statements for the year ended 31 December 2025.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Separate Financial Statements section of our Independent Auditor's Report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in the Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Emphasis of Matter

/i/ On 2 January 2025, the Government of the Republic of Croatia adopted a Decision granting consent for the assumption of the loan obligations of HŽ Infrastruktura d.o.o. that are secured by state guarantees, through an increase in public infrastructure capital, where such borrowings were used to finance the renewal, modernization, upgrading and construction of railway infrastructure.

The loan obligations assumed consist of overdue loan liabilities of HŽ Infrastruktura d.o.o. that had been repaid by the Republic of Croatia under issued and called state guarantees as at 31 October 2024, amounting to EUR 192,163 thousand, which were recognised as public infrastructure capital, as well as additional amounts of EUR 40,601 thousand settled by the end of 2025.

In addition, the loan obligations assumed include outstanding loan liabilities which, as at the date of the Decision of the Government of the Republic of Croatia, amounted to EUR 204,124 thousand. In accordance with the said Decision, these liabilities will also be derecognised from the Company's accounting records and recognised within public infrastructure capital.

Our qualified opinion is not modified in respect of this matter.

/ii/ On 7 January 2025, the Republic of Croatia and HŽ Infrastruktura d.o.o., Zagreb, entered into a Settlement Agreement regulating property and legal matters remaining unresolved following the demerger of HŽ–Hrvatske željeznice d.o.o. The purpose of the Settlement Agreement was to satisfy HŽ Infrastruktura d.o.o., as the legal successor to HŽ–Hrvatske željeznice, for the shortfall in the transferred share capital relating to investments in public infrastructure, i.e. to compensate the Company for its own funds invested from the share capital of HŽ–Hrvatske željeznice in the construction of railway infrastructure.

The Settlement Agreement determined that the claim relating to the unpaid portion of the proportionate value of HŽ–Hrvatske željeznice in which HŽ Infrastruktura d.o.o., as its legal successor, had invested, and which upon the demerger of its legal predecessor was excluded from the demerger balance sheet and became public infrastructure, amounted to EUR 62,090 thousand. The Republic of Croatia contributed this amount to the Company's capital reserves, comprising EUR 38,415 thousand contributed in cash and EUR 23,675 thousand contributed through rights arising from the recourse claim of the Ministry of Finance relating to the portion of loans repaid as at 31 October 2024.

On 26 March 2025, the Government of the Republic of Croatia adopted a Decision pursuant to which the amount of EUR 62,090 thousand was recognised as a contribution by the Republic of Croatia to the capital reserves of HŽ Infrastruktura d.o.o. pending the adoption of a Decision of the Government of the Republic of Croatia granting consent for an increase in the share capital of HŽ Infrastruktura d.o.o.

INDEPENDENT AUDITOR'S REPORT (continued)

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

On 23 November 2025, the Government of the Republic of Croatia adopted a Decision to increase the share capital of HŽ Infrastruktura d.o.o. by the aforementioned amount. Accordingly, following the conversion to euro, the Company's share capital was increased from EUR 29,755 thousand by EUR 62,090 thousand to EUR 91,845 thousand through the conversion of capital reserves into share capital. Consequently, the existing ownership interest of the Republic of Croatia in the Company increased by the same amount.

As of the date of this report, the aforementioned Decision of the Government of the Republic of Croatia had not yet been registered in the Court Register of the Commercial Court in Zagreb.

Our qualified opinion is not modified in respect of this matter.

/iii/ As the sole member of Pružne građevine d.o.o., and in accordance with the Framework Plan for the Period 2025–2029 and the Business Analysis of Pružne građevine d.o.o., the Company, based on decisions adopted on 24 April 2025 (EUR 16,770 thousand) and 26 November 2025 (EUR 474 thousand), recapitalised Pružne građevine d.o.o. during 2025 through cash contributions recognised in capital reserves, in a total amount of EUR 17,244 thousand.

Our qualified opinion is not modified in respect of this matter.

/iv/ On 10 February 2025, the Company entered into a Multi-Annual Railway Infrastructure Management Agreement with the Ministry of the Sea, Transport and Infrastructure for the period ending on 31 December 2032. The Agreement provides stability and predictability in the planning and management of infrastructure projects and enables more effective planning of financial resources, long-term maintenance and modernisation strategies, and facilitates investments in railway infrastructure.

Our qualified opinion is not modified in respect of this matter.

/v/ Events after the Reporting Period

On 23 February 2026, the Company adopted a Decision on a further recapitalisation of Pružne građevine d.o.o. through a cash contribution to capital reserves in the amount of EUR 454 thousand. The recapitalisation has been completed.

Our qualified opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Key Audit Matters

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

We have determined that the matters described below are the key audit matters to be communicated in our Independent Auditor's Report.

Revenue Recognition	
The Company reported operating revenues of EUR 257,772 thousand in its Separate Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2025. The key accounting policies and disclosures relating to revenue recognition are set out in Notes 2.9, 3 and 4 to the annual separate financial statements.	
Key Audit Matter	**How we addressed key audit matter**
The Company's principal sources of revenue comprise budget funding for railway infrastructure maintenance and traffic regulation, revenue from excise duties, access charges for the use of railway infrastructure, information technology service revenue, revenue from train marshalling and train composition/decomposition services, revenue from the lease of commercial premises (both open and enclosed spaces), and revenue from the sale of goods and materials. Given the complexity of revenue collection and recognition in the financial statements, the following assertions are particularly relevant to revenue recognition: *-the accuracy of revenue recognised on the basis of underlying transactions,* *- the completeness of revenue recognition* Given the complexity and diversity of the Company's revenue streams and the related revenue recognition processes, we concluded that revenue recognition was a key audit matter.	We evaluated the design and implementation of key controls over the monitoring of the billing system. We analysed the adequacy and consistency of the Company's accounting policies relating to revenue recognition. We reviewed relevant agreements and performed procedures to obtain an understanding of the internal control and information security systems, including a review of controls over transactional data integrity. We also obtained direct confirmations from customers, on a sample basis, to verify recorded balances and transaction volumes. On a sample basis, we tested whether revenues had been recognised in the appropriate accounting periods. We also evaluated the adequacy of the disclosures in the annual separate financial statements. Based on the audit procedures performed, we concluded that revenue was recognised, in all material respects, in accordance with the applicable financial reporting framework and appropriately disclosed in the annual separate financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Key Audit Matters (continued)

Valuation of Trade Receivables	
Trade receivables as at 31 December 2025 (current portion) were presented in the Separate Statement of Financial Position in the amount of EUR 11,256 thousand. For further information, refer to Notes 2.9, 22 and 23 to the annual separate financial statements.	
Key Audit Matter	**How we addressed key audit matter**
In accordance with the Company's accounting policies, trade receivables are stated at their nominal value less an appropriate allowance for estimated non-recoverable amounts, as described in Note 2.24, Critical Accounting Estimates and Judgements, to the annual separate financial statements. Due to the significant balance of trade receivables presented in the Separate Statement of Financial Position, the complexity involved in assessing and recognising impairment losses, and the categorisation of customers used as the basis for determining impairment allowances, this area was considered to be one of the key matters to which we devoted particular audit attention.	Our audit procedures in this area included, among others, the following: - we obtained audit evidence regarding key controls relating to customer acceptance and the establishment of business relationships, as well as controls over the monitoring and collection of trade receivables; - we reviewed significant customer contracts; - we obtained an understanding of the processes relating to the assessment and recognition of impairment of trade receivables; - we analysed the recoverability of trade receivables and assessed potential impairment based on the ageing structure of receivables and, for significant balances, through an analysis of payment patterns and publicly available financial information relating to customers; - we sent, obtained and analysed external confirmations from customers and considered the matters arising therefrom; Based on our audit procedures, we satisfied ourselves that trade receivables were recognised and measured, in all material respects, in accordance with International Financial Reporting Standards as adopted by the European Union and were appropriately disclosed in the annual separate financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Other Information in the Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the annual separate financial statements and our auditor's report thereon. Our opinion on the annual separate financial statements does not cover the other information.

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

With respect to the Management Report, we also performed the procedures required by the Accounting Act. These procedures included assessing whether the Management Report has been prepared in accordance with Article 24 of the Accounting Act.

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

1. the information contained in the accompanying Management Report is consistent, in all material respects, with the accompanying annual separate financial statements;
2. the accompanying Management Report has been prepared in accordance with Article 24 of the Accounting Act;

Based on the knowledge and understanding of the Company and its environment obtained in the course of our audit of the annual separate financial statements, we are required to report if we have identified material misstatements in the Other Information. In this regard, we have nothing to report.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

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

- identify and assess the risks of material misstatement of the annual separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the annual separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual separate financial statements, including the disclosures, and whether the annual separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

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

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

Report on the Other Legal and Regulatory Requirements

1. On 10 October 2025, pursuant to a Resolution of the Company's General Meeting and following the proposal of the Company's Supervisory Board, an agreement was entered into with the audit firms Moore Audit Croatia d.o.o., Zagreb, and IRIS Nova d.o.o., Rijeka, for the joint audit of the annual separate financial statements for the year ended 31 December 2025.

2. As at the date of this report, Moore Audit Croatia d.o.o. has been continuously engaged as the Company's statutory auditor from the audit of the Company's annual separate financial statements for the year ended 31 December 2019 through to the audit of the Company's annual separate financial statements for the year ended 31 December 2025, representing a total engagement period of seven years. As at the date of this report, IRIS Nova d.o.o., Rijeka, has been continuously engaged as the Company's statutory auditor from the audit of the Company's annual separate financial statements for the year ended 31 December 2020 through to the audit of the Company's annual separate financial statements for the year ended 31 December 2025, representing a total engagement period of six years.

3. For the audit of the Company's annual separate financial statements for the year ended 31 December 2025, we determined materiality for the financial statements as a whole at EUR 2,500 thousand, which represents approximately 1.0% of total revenue, being the benchmark against which users generally assess the Company's performance. The selected benchmark was considered appropriate in view of the complexity of the Company's operations, the stability of its internal control system, the results of previous audits and our assessment of the risks of material misstatement.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Report on the Other Legal and Regulatory Requirements (continued)

4. Our audit opinion is consistent with the additional report to the Company's Audit Committee prepared in accordance with Article 11 of Regulation (EU) No 537/2014.

5. During the period between the beginning of the period covered by the audited annual separate financial statements of the Company for the year ended 31 December 2025 and the date of this report, we did not provide the Company with prohibited non-audit services, nor did we provide, in the financial year preceding that period, services involving the design and implementation of internal control or risk management procedures related to the preparation and/or control of financial information, or the design and implementation of financial information technology systems. We have remained independent of the Company in conducting our audit.

In Zagreb, 23 June 2026

Moore Audit Croatia d.o.o.
Trg J.F.Kennedyja 6B
10000 Zagreb
Republic of Croatia

za revizijske usluge
Moore Audit Croatia d.o.o.
ZAGREB

Marko Dvorski
President of the Management Board,
Certified Auditor

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IRIS NOVA
Iris Nova d.o.o.
F. la Guardia 13/III, 51000 Rijeka

Bojan Blagojević
Board Member, Certified Auditor

HŽ INFRASTRUKTURA d.o.o., ZAGREB
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2025

	Note	Year 2025 EUR´000	Year 2024 EUR´000
Revenue from Sales to Group Entities	*3*	16.196	15.873
Revenue from Sales	*3*	11.309	10.883
Revenue from the Use of Own Products, Goods, and Services	*4*	1.737	1.334
Other Operating Revenue from Group Entities	*4*	522	586
Revenue from the State Budget for Railway Infrastructure	*4*	201.831	162.419
Other Operating Income	*4*	26.177	34.597
Operating Revenue		**257.772**	**225.692**
Cost of Raw Materials and Materials	*5*	16.414	14.079
Cost of Goods Sold	*6*	1.705	1.161
Other External Costs	*7*	30.098	24.354
Material Costs		48.217	39.594
Net Wages and Salaries		87.837	74.279
Payroll Taxes and Contributions		34.598	27.925
Employer Contributions		20.063	16.782
Staff Costs	*8*	142.498	118.986
Depreciation	*9*	8.034	6.065
Other Expenses	*10*	33.842	30.798
Value Adjustments	*11*	5.147	2.876
Provisions	*12*	14.175	12.046
Other Operating Expenses	*13*	2.571	10.961
Operating Expenses		**254.484**	**221.326**
Other Interest Income from Group Entities		83	381
Other Interest Income		105	157
Foreign Exchange Gains and Other Finance Income		25	12
Financial Income	*14*	**213**	**550**
Interest Expense and Similar Expenses from Group Entities		46	1.374
Interest Expense and Similar Expenses		1.579	1.087
Foreign Exchange Losses and Other Financial Expenses		20	4
Other Financial Expenses		92	39
Financial Expenses	*15*	**1.737**	**2.504**
TOTAL REVENUE		**257.985**	**226.242**
TOTAL EXPENSES		**256.221**	**223.830**
PROFIT/LOSS BEFORE TAX		**1.764**	**2.412**

HŽ INFRASTRUKTURA d.o.o., ZAGREB
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2025

	Note	Year 2025 EUR´000	Year 2024 EUR´000
Income Tax Expense	*16*	1.508	2.274
PROFIT/LOSS FOR THE PERIOD	*34*	**256**	**138**
Items not reclassified in profit or loss		30	30
COMPREHENSIVE PROFIT/LOSS FOR THE YEAR	*34*	**286**	**168**

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

HŽ INFRASTRUKTURA d.o.o., ZAGREB
SEPARATE STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
for the year ended 31 December 2025

	Note	31 December 2025 EUR´000	31 December 2024 EUR´000
ASSETS			
Concessions, Patents, Licences, Trademarks, Software and Other Rights		5.706	6.594
Intangible Assets	*17*	**5.706**	**6.594**
Land		265.072	265.249
Construction facilities		829.906	846.840
Plant and equipment		8.437	9.791
Right-of-Use Assets		549	506
Tools, operating inventory and transport assets		24.435	23.092
Advances for Property, Plant and Equipment		42.726	28.076
Property, Plant and Equipment under Construction		1.268.449	992.334
Other Tangible Assets		9.009	23.949
Tangible assets	*17*	**2.448.583**	**2.189.837**
Investments in Shares of Group Entities		25.297	8.054
Investments in Securities		325	206
Financial Assets	*18*	**25.622**	**8.260**
Other Receivables		210	322
Receivables	*19*	**210**	**322**
Deferred Tax Assets	*20*	**287**	**373**
Prepayments and Accrued Income	*29*	**-**	**-**
NON-CURRENT ASSETS		**2.480.408**	**2.205.386**
Inventories	*21*	**41.506**	**36.981**
Receivables from Group Entities	*22*	8.197	5.838
Trade Receivables	*23*	3.059	2.894
Receivables from Employees and Members of the Entity	*24*	266	318
Receivables from Government and Other Institutions	*25*	37.591	33.503
Other Receivables	*26*	1.117	1.024
Receivables		**50.230**	**43.577**

HŽ INFRASTRUKTURA d.o.o., ZAGREB
SEPARATE STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
for the year ended 31 December 2025

	Note	31 December 2025 EUR´000	31 December 2024 EUR´000
Loans Granted, Deposits and Similar Assets		961	954
Financial Assets	*27*	**961**	**954**
Cash and Cash Equivalents	*28*	**116.287**	**112.696**
Prepayments and Accrued income	*29*	**1.232**	**20.000**
CURRENT ASSETS		**210.216**	**214.208**
TOTAL ASSETS		**2.690.624**	**2.419.594**
OFF-BALANCE SHEET RECORDS	*46*	**2.129.167**	**2.842.872**

HŽ INFRASTRUKTURA d.o.o., ZAGREB
SEPARATE STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
for the year ended 31 December 2025

		31 December 2025	31 December 2024
		EUR´000	EUR´000
LIABILITIES AND EQUITY			
Subscribed Share Capital	*30*	**29.755**	**29.755**
Capital Reserves	*31*	**1.158.238**	**921.716**
Revaluation Reserves	*32*	**2.680**	**2.710**
Retained Earnings	*33*	**37.426**	**37.341**
Profit for the Year	*34*	**256**	**138**
EQUITY AND RESERVES		**1.228.355**	**991.660**
Provisions	*35*	**22.986**	**21.256**
Liabilities for Loans, Deposits and similar	*36*	5.713	3.181
Liabilities to Banks and Other Financial Institutions	*36*	37.612	12.686
Other Non-current Liabilities	*36*	188	298
Deferred Tax Liability	*36*	309	316
Accrued Expenses and Deferred Income	*45*	1.053.343	783.668
Non-current Liabilities		**1.097.165**	**800.149**
Liabilities to Related Group Companies	*37*	13.093	14.098
Liabilities for Loans, Deposits and Similar Items to Group Companies	*38*	2	2
Liabilities for Loans, Deposits and Similar	*38*	27.770	27.474
Liabilities to Banks and Other Financial Institutions	*39*	165.554	238.679
Advance Payments Received	*40*	3.795	649
Trade Payables	*41*	99.416	73.219
Liabilities to Employees	*42*	9.570	7.720
Tax, Social Security and Other Statutory Liabilities	*43*	5.357	3.871
Other Liabilities	*44*	943	1.097
Liabilities to the Ministry of Finance	*44*	-	223.234
Accrued Expenses and Deferred Income	*45*	16.618	16.486
Current Liabilities		**342.118**	**606.529**
TOTAL EQUITY AND LIABILITIES		**2.690.624**	**2.419.594**
OFF-BALANCE SHEET ITEMS	*46*	**2.129.167**	**2.842.872**

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

HŽ INFRASTRUKTURA d.o.o., ZAGREB
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2025

DESCRIPTION	Subscribed Capital	Revaluation Reserves	Capital Reserves	Public Good	Retained Earnings / Accumulated Losses	Profit / Loss for the Current Year	TOTAL
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 January 2024	**29.755**	**2.740**	**408**	**958.440**	**33.834**	**203**	**1.025.378**
Realization of the Revaluation reserve	-	(30)	-	-	30	-	-
Appropriation on Profit for 2023	-	-	-	-	81	(81)	-
Distribution to the Sole Shareholder	-	-	-	-	-	(122)	(122)
Other Non-owner Changes	-	-	-	208	3.396	-	3.604
Contributions from Shareholders	-	-	10.327	(10.327)	-	-	-
Capitalized Fixed Assets	-	-	-	31.381	-	-	31.381
Depreciation of Fixed Assets	-	-	-	(50.257)	-	-	(50.257)
Capitalization of Previously Impaired Assets Under Construction	-	-	-	1.284	-	-	1.284
Surplus of Fixed Assets Classified as Public Property	-	-	-	(132)	-	-	(132)
Deficit of Fixed Assets Classified as Public Property	-	-	-	132	-	-	132
Net Book Value of Disposed Assets	-	-	-	(19.747)	-	-	(19.747)
Profit for the Year	-	-	-	-	-	138	138
Balance as at 31 December 2024	**29.755**	**2.710**	**10.735**	**910.981**	**37.341**	**138**	**991.660**
Balance as at 1 January 2025	**29.755**	**2.710**	**10.735**	**910.981**	**37.341**	**138**	**991.660**
Realization of the Revaluation Reserve	-	(30)	-	-	30	-	-
Appropriation of Profit for 2024	-	-	-	-	55	(55)	-
Distribution to the Shareholder	-	-	-	-	-	(83)	(83)
Contributions from Shareholders	-	-	62.090	195.150	-	-	257.240
Capitalized Fixed Assets	-	-	-	44.107	-	-	44.107
Depreciation of Fixed Assets	-	-	-	(56.369)	-	-	(56.369)
Capitalization of Previously Impaired Assets	-	-	-	8.760	-	-	8.760
Inventory Write-down	-	-	-	4.806	-	-	4.806
Shortage of Fixed Assets Classified as Public Property	-	-	-	-	-	-	-
Surplus of Fixed Assets Classified as Public Property	-	-	-	30	-	-	30
Net Book Value of Disposed Assets	-	-	-	(22.052)	-	-	(22.052)
Profit for the Year	-	-	-	-	-	256	256
Balance as at 31 December 2025	**29.755**	**2.680**	**72.825**	**1.085.413**	**37.426**	**256**	**1.228.355**

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

HŽ INFRASTRUKTURA d.o.o., ZAGREB
UNCONSOLIDATED STATEMENT OF CASH FLOWS
for the year 31 December 2025

Position Description	2025 EUR'000	2024 EUR'000
Cash Flows from Operating Activities		
Profit Before Tax	**1.764**	**2.412**
Adjustments	**640.064**	**89.248**
Depreciation	8.034	6.065
Gains and Losses on Disposal and Impairment of Property, Plant and Equipment and Intangible Assets	-	-
Interest and Dividend Income	(189)	(539)
Impairment Losses	4.667	4.605
Income from Government Grants	(4.569)	(4.569)
Interest Expense	1.435	2.281
Provisions	14.175	12.046
Unrealised Exchange Rate Differences	(4)	(7)
Other Adjustments for Non-cash Transactions and Unrealised Gains and Loses	616.515	69.366
Increase or Decrease in Cash Flows before Changes in Working Capital	**641.828**	**91.660**
Changes in Working Capital	**(288.325)**	**165.581**
Increase or Decrease in Current Liabilities	(283.899)	172.393
Increase or Decrease in Current Receivables	(4.707)	8.754
Increase or Decrease in Inventories	281	(15.566)
Other Increases or Decreases in Working Capital	-	-
Cash Generated from Operations	**353.503**	**257.241**
Interest Paid	(1.221)	(919)
Income Tax Paid	1.946	4.616
NET CASH FLOWS FROM OPERATING ACTIVITIES	**354.228**	**260.938**
Cash Flows from Investing Activities		
Cash Receipts from the Sale of Property, Plant and equipment and Intangible Assets	-	-
Cash Receipts from the Sale of Financial Instruments	-	-
Cash Receipts from Interest	165	494
Dividends Received	1	1
Other Cash Receipts from Investing Activities	7	25
Total Cash Receipts from Investing Activities	**173**	**520**
Cash Payments for the Acquisition of Property, Plant and Equipment and Intangible Assets	(282.608)	(220.881)
Other Cash Payments for Investing Activities	(43.880)	(21.361)
Total Cash Payments for Investing Activities	**(326.488)**	**(242.242)**
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(326.315)**	**(241.722)**
Cash Flows from Financing Activities		
Cash Receipts from Principal Amounts of Loans, Borrowings and Other Debt Instruments	30.000	60.014

HŽ INFRASTRUKTURA d.o.o., ZAGREB
UNCONSOLIDATED STATEMENT OF CASH FLOWS
for the year 31 December 2025

Position Description	2025 EUR'000	2024 EUR'000
Other Cash Receipts from Financing Activities	22	43
Total Cash Receipts from Financing Activities	**30.022**	**60.057**
Cash Payments for the Repayment of Principal of Loans, Borrowings and Other Debt Instruments	(53.500)	(101.756)
Cash Payments for Finance Leases	(844)	(589)
Total Cash Payments for Financing Activities	**(54.344)**	**(102.345)**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(24.322)**	**(42.288)**
NET INCREASE OR DECREASE IN CASH FLOWS	**3.591**	**(23.072)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**112.696**	**135.768**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**116.287**	**112.696**

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

1. GENERAL INFORMATION

1.1. Legal Framework, Business Activities and Employees

HŽ Infrastruktura Ltd., a company for the management, maintenance and construction of railway infrastructure, with its registered office at Mihanovićeva ulica 12, Zagreb, is registered in the Court Register of the Commercial Court in Zagreb under registration number (MBS) 080590485. The Company's Personal Identification Number (OIB) is 39901919995.

The Company's share capital, following the official accession of the Republic of Croatia to the euro area on 1 January 2023, has not been aligned with the euro in accordance with the Act on Amendments to the Companies Act as of the date of preparation of this Report and is registered in the Court Register of the Commercial Court in Zagreb in the amount of HRK 224,188,000.00 / EUR 29,754,860.97.

In order to preserve the membership and other rights in the Company attributable to the ownership interest of the Republic of Croatia, the share capital will be aligned with the euro through the utilisation of retained earnings and, pursuant to a Decision of the Government of the Republic of Croatia adopted on 23 November 2025, increased from EUR 29,755 thousand to EUR 91,845 thousand by converting reserves into share capital in the amount of EUR 62,090 thousand.

The Republic of Croatia is the sole shareholder of the Company.

1.2. Principal Activities

HŽ INFRASTRUKTURA d.o.o., Zagreb, Mihanovićeva ulica 12, (''the Company'' or „HŽI“), is primarily engaged in the management, maintenance and construction of the railway infrastructure.

1.3. Employees

The Company had **5,247** employees as at 31 December 2025 (31 December 2024: **5,194** employees).

The employee structure was as follows:

	31 December 2025	31 December 2024
DR	1	1
MR	25	20
VSS	793	774
VŠS	425	405
SSS	3335	3265
KV	76	86
NKV	118	119
VKV	30	38
NSS	428	470
PKV	16	16
Total	**5.247**	**5.194**

1. GENERAL INFORMATION – continued

1.4. Corporate Governance Bodies

General Meeting of the Company:

- Oleg Butković, Minister of the Sea, Transport and Infrastructure, has been the sole member of the General Meeting of the Company since 22 January 2016.

Supervisory Board of the Company in 2025 comprised the following members:

- Jasna Divić, member since 12 August 2022, Chairwoman since August 2022;
- Zoran Maršić (employees' representative), member since 16 February 2024;
- Irena Gerovac Zrnić, member since 12 August 2022

The Audit Committee of the Company, as an advisory body to the Supervisory Board, consists of four members, one of whom is appointed as Chairperson and one as Deputy Chairperson.

Since 13 July 2023, the Company's Audit Committee has consisted of the following members:

- Rudi Grubišić, Chairperson
- Jasna Divić, Deputy Chairperson
- Jeni Krstičević, Member
- Danijela Čolak, Member

Members of the Management Board of the Company are as follows:

- Damir Lončarić, President of the Management Board since 2 December 2025, authorised to represent the Company individually and independently.
- Darko Barišić, Member of the Management Board since 1 April 2022, authorised to represent the Company jointly with the President of the Management Board.
- Marijan Ćužić, Member of the Management Board since 1 April 2022, authorised to represent the Company jointly with the President of the Management Board.
- Mihaela Matokanović Džimbeg, Member of the Management Board since 13 April 2026, authorised to represent the Company jointly with the President of the Management Board.
- Subhi Tawfiq, Member of the Management Board since 1 April 2022, authorised to the represent the Company jointly with the President of the Management Board.

The remuneration of the members of the Management Board and the Supervisory Board of the Company is disclosed in Note 8 to the annual unconsolidated financial statements.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of Compliance and Basis of Presentation

The Company's annual unconsolidated financial statements have been prepared in accordance with the financial reporting framework applicable in the Republic of Croatia to large undertakings, based on the Accounting Act (Official Gazette Nos. 85/24, 145/24 and 151/25) (the ''Accounting Act'').

In accordance with the Accounting Act, these annual unconsolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the interpretations issued by the IFRS Interpretations Committee (IFRIC). Pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, these standards are applied by entities reporting under IFRS within the European Union and, following their endorsement as EU financial reporting standards, are published in the Official Journal of the European Union.

Namely, amendments to existing International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS"), as well as amendments to related interpretations and the issuance of new IFRS and IFRIC interpretations, fall within the authority of the International Accounting Standards Board ("IASB") and its IFRS Interpretations Committee ("IFRIC"). In order to become applicable to entities within the European Union following their issuance by these independent international bodies, such standards and interpretations are reviewed by the European Financial Reporting Advisory Group ("EFRAG"). Following a positive endorsement by EFRAG, the European Commission issues a Regulation proposing their adoption by the European Parliament and the Council. Upon approval by these institutions and publication of the relevant Regulation in the Official Journal of the European Union, the standards and interpretations become effective on the date specified in that Regulation.

2.2. Basis of Measurement

The annual unconsolidated financial statements have been prepared on the basis of the accrual accounting principle, under which the effects of transactions and other events are recognised when they occur and are reported in the financial statements for the periods to which they relate, and on the basis of the going concern assumption.

The financial statements have been prepared on the historical cost basis, except for financial assets measured at fair value through other comprehensive income.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2.3. Functional Currency and Presentation Currency

The items included in the Company's annual unconsolidated financial statements are measured and presented in the currency of the primary economic environment in which the Company operates (the functional currency), which is the euro (EUR).

2.4. Use of Estimates and Judgements

The preparation of the annual unconsolidated financial statements in accordance with IFRS requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and related assumptions are based on historical experience and various other factors considered reasonable under the circumstances, the results of which provide a basis for making judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements made by Management in applying IFRS that have a significant effect on the annual unconsolidated financial statements, as well as those judgements and estimates that involve a significant risk of resulting in material adjustments in the following financial year, are disclosed in Note 2.24 Key Accounting Judgements and Estimates.

2.5. Going Concern

Management believes that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

2.6. Application of International Financial Reporting Standard 16 Leases

The Company has applied International Financial Reporting Standard 16 Leases (“IFRS 16”) since 1 January 2019, and its accounting policies have been aligned accordingly. IFRS 16 introduces a single accounting model for lessees and requires the recognition of assets and liabilities for all leases, subject to optional exemptions for leases with a lease term of 12 months or less and leases for which the underlying asset is of low value. A lessee recognises a right-of-use asset representing its right to use the underlying leased asset, together with a corresponding lease liability representing its obligation to make lease payments.
In accordance with IFRS 16, the Company recognises right-of-use assets and lease liabilities relating to the use of office premises and company vehicles. The lease liability is measured at the present value of all future lease payments, discounted using the Company's incremental borrowing rate. The

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Company's incremental borrowing rate is the rate at which a similar lease could be entered into with an independent lessor under comparable terms and conditions. The right-of-use asset is recognised at an amount equal to the lease liability.

2.7. New Standards and interpretations of Existing Standards

Several new standards and amendments have been issued that are mandatory for reporting periods beginning on or after 1 January 2025. These new standards and amendments have not had, and are not expected to have, a material impact on the Company's financial statements:

Standards and Amendments Effective from 1 January 2025		
Standard	**Effective Date**	**As at 31 December 2025**
Lack of Exchangeability (Amendments to IAS 21) The amendments provide guidance on assessing when a currency is exchangeable and on determining the exchange rate when exchangeability is lacking.	Annual reporting periods beginning on or after 1 January 2025	mandatory

Standards and Amendments Effective from 1 January 2026		
Standard	**Effective Date**	**As at 31 December 2025**
Amendments to IFRS 9 and IFRS 7 relating to the Classification and Measurement of Financial Instruments The amendments address issues identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.	Effective for annual reporting periods beginning on or after 1 January 2026	optional
Annual Improvements to IFRS Accounting Standards – Volume 11 Includes the following amendments: IFRS 1: Hedge Accounting by a First-time Adopter IFRS 7: Gain or Loss on Derecognition IFRS 7: Disclosure of the Deferred Difference between Fair Value and Transaction Price IFRS 7: Introduction and Credit Risk Disclosures IFRS 9: Derecognition of Lease Liabilities by a Lessee IFRS 9: Transaction Price IFRS 10: Determining a 'De Facto Agent' IAS 7: Cost Method.	Effective for annual reporting periods beginning on or after 1 January 2026	optional
Amendments to IFRS 9 and IFRS 7 relating to Power Purchase Agreements The amendments aim to enable entities to include information in their financial statements that, in the IASB's view, more faithfully represents contracts relating to nature-dependent electricity.	Annual reporting periods beginning on or after 1 January 2026	optional

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2.7. New Standards and Interpretations of Existing Standards - continued

Standards and Amendments Effective from 1 January 2027		
Standard	**Effective Date**	**As at 31 December 2025**
IFRS 18 Presentation and Disclosure in Financial Statements IFRS 18 includes requirements for all entities applying IFRS regarding the presentation and disclosure of information in the financial statements.	Effective for annual reporting periods beginning on or after 1 January 2027. Not yet endorsed for use in the European Union.	optional
IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 specifies the disclosure requirements that an eligible subsidiary may apply instead of the disclosure requirements in other IFRS Accounting Standards.	Applicable to annual reporting periods beginning on or after 1 January 2027. Not yet endorsed for use in the European Union.	optional
Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21). The amendments clarify how entities should translate financial statements from a non-hyperinflationary currency into a hyperinflationary presentation currency.	Annual reporting periods beginning on 1 January 2027 or thereafter. Not yet approved for application in the EU.	optional

New and Amended Accounting Standards and Interpretations Effective in the Reporting Year and Their Impact on Accounting Policies

The following new standards, amendments to existing standards issued by the IASB (International Accounting Standards Board), and interpretations issued by the IFRS Interpretations Committee, after completion of the endorsement process by EFRAG, have been published in the Official Journal of the European Union:

Standards and Amendments	Effective Date	Impact on Accounting Policies and the Financial Statements
Lack of Exchangeability (Amendments to IAS 21)	01.01.2025	The amendments had no impact on the Company's accounting policies or financial statements

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.7. New Standards and Interpretations of Existing Standards - continued

The following new standards and amendments to existing standards have been endorsed following the EFRAG endorsement process and published in the Official Journal of the European Union:

Standards and Amendments	Effective Date	Impact on Accounting Policies and the Financial Statements
European Sustainability Reporting Standards (ESRS 1 and ESRS 2)	01.01.2025	The standards had no impact on the Company. Their application is expected to become relevant to the Company for the 2027 financial year, with reporting commencing in 2028.

i/ All disclosures have been reviewed, and only those considered material have been presented.

The Company has reviewed all significant newly issued accounting standards and disclosures and concluded that, except for those specifically identified above, no material impact on the financial statements is expected as a result of their future adoption.

2.8. Consolidation Requirement

The Company holds investments in other legal entities (subsidiaries), which are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The annual consolidated financial statements present the results of the Company and its subsidiary (the "Group") as if they were a single economic entity.

These separate annual financial statements have been prepared because the Company is required by law to prepare them. However, for a more comprehensive understanding of the Company's operations, these separate annual financial statements should be read in conjunction with the annual consolidated financial statements prepared and publicly issued by the Company. The annual consolidated financial statements present the results of the Company and its subsidiaries (the "Group") as if they were a single economic entity.

2.9. Revenue Recognition

Revenue from the sale of goods and services is recognised at the point in time when the goods or services are delivered and control of the goods has been transferred to the customer.

The Company's most significant revenues comprise revenue from railway infrastructure access charges, revenue from train marshalling and unmarshalling services, rental income from commercial

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.9. Revenue Recognition - continued

premises (both open and enclosed facilities), revenue from the sale of goods and materials, revenue received from the state budget for the maintenance of railway infrastructure and traffic management, revenue received from the state budget for the construction, modernisation and renewal of railway infrastructure, as well as excise duty revenues.

In accordance with IFRS 15, in relation to the recognition of contracts with customers, the Company applies the following five-step model:

1) Identify the contract with a customer;
2) Identify the performance obligations in the contract;
3) Determine the transaction price;
4) Allocate the transaction price to the performance obligations in the contract; and
5) Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised for each distinct performance obligation in a contract in an amount equal to the transaction price allocated to that performance obligation. The transaction price is the amount of consideration specified in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer.
Revenue is presented net of value added tax (VAT).

Type of Product	Satisfaction of Performance Obligation	Changes in Accounting Policies Following the Adoption of a New Standard
Sale of Goods	The customer obtains control of the goods, has full discretion over their use, and there are no outstanding obligations that could affect the customer's acceptance of the goods. The contractual payment term is, in most cases, 30 days.	Revenue is recognised at the point in time when the goods are delivered to the customer. The adoption of IFRS 15 did not result in any changes to the Company's accounting policies and had no material impact on its financial statements.

Accordingly, revenue recognition occurs at the same point as it did under IAS 18 Revenue. Therefore, no significant impacts arising from the adoption of IFRS 15 were identified.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Interest Income

Interest income is accrued on the basis of the outstanding receivable balance and the applicable interest rates. Interest income is recognised as finance income in the separate statement of profit or loss only upon collection.

Dividend Income

Dividend income, or income from profit distributions, is recognised when the right to receive the dividend or profit distribution has been established.

2.10. Borrowing Costs

Borrowing costs are recognised as an expense in the Statement of Comprehensive Income in the period in which they are incurred.

2.11. Foreign Currency Transactions

Transactions denominated in foreign currencies are initially translated into euros at the exchange rates prevailing on the dates of the transactions. Monetary assets, receivables and liabilities denominated in foreign currencies are subsequently translated at the exchange rates prevailing at the date of the separate Statement of Financial Position (Balance Sheet).

Exchange gains and losses arising on translation are recognised in the separate Statement of Comprehensive Income for the current year.

2.12. Income Tax

The current income tax charge is based on the profit for the year, adjusted for items that are not taxable or are not deductible for tax purposes (such as 50% of entertainment expenses, 50% of passenger vehicle-related expenses, and similar items). Income tax is calculated using the tax rates enacted or substantively enacted at the date of the separate Statement of Financial Position (Balance Sheet). (*Refer to Note 16*)

Deferred tax assets and deferred tax liabilities arise from temporary differences between the carrying amounts of assets and liabilities recognised in the separate financial statements and the amounts used for income tax purposes. Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Deferred tax assets and deferred tax liabilities are measured using the income tax rates expected to apply in the period in which the asset is realised or the liability is settled.

The current income tax liability is determined in accordance with the applicable provisions of the Corporate Income Tax Act and affects the profit or loss for the financial year. (*Refer to Note 34*)

The current tax liability is based on the taxable profit for the current year. Taxable profit differs from profit before tax as reported in the statement of profit or loss because it excludes items of income or

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

expense that are taxable or deductible in other periods and further excludes items that are never taxable or deductible.

The Company's current income tax liability is calculated using the tax rates that are enacted or substantively enacted at the end of the reporting period.

2.13. Intangible Assets, Property, Plant and Equipment

Intangible assets and property, plant and equipment are initially recognised at cost, which comprises the purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, together with any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible assets and property, plant and equipment are recognised when it is probable that the future economic benefits attributable to the asset will flow to the Company, the cost of the asset can be measured reliably, and the individual acquisition cost of the asset exceeds EUR 665.00.

Subsequent to initial recognition, assets are carried at cost less accumulated depreciation or amortisation and accumulated impairment losses.

Routine maintenance and repair costs, replacement costs, and minor capital maintenance expenditures are recognised as an expense in the period in which they are incurred. Where it is clear that such expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance, the expenditures are capitalised and included in the carrying amount of the asset. Gains and losses arising from the retirement or disposal of assets are recognised in the separate Statement of Comprehensive Income in the period in which they arise.
Depreciation and amortisation commence when the asset is available for use, that is, when it is in the location and condition necessary for it to operate as intended. Depreciation and amortisation cease when the asset is classified as held for sale.

Depreciation and amortisation are calculated so as to write off the cost of each individual asset, other than land and intangible assets and property, plant and equipment under construction, over its estimated useful life using the straight-line method, as follows:

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

	Depreciation Rate (from – to %)
Concessions, patents, licences, trademarks and service marks, software and other rights	20
Buildings	1 – 10
Plant and Equipment	7 – 50
Tools, Operating Equipment and Vehicles	5 – 25
Other tangible Assets	2 – 10

2.14. Financial Assets

The Company adopted IFRS 9 – Financial Instruments with effect from 1 January 2019. The application of this standard did not have a material impact on the Company's separate financial statements.

The Company recognises financial assets in its separate financial statements when it becomes a party to the contractual provisions of the instrument. Depending on the business model for managing the assets and the contractual cash flow characteristics of the financial assets, the Company measures financial assets at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss.

The Company classifies financial assets as follows:

DESCRIPTION	Classification / Measurement
Non-current Assets	
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	Equity Instruments / Fair Value through Other Comprehensive Income (FVOCI)
Non-current Receivables	Hold to Collect / Amortised Cost
Current Assets	
Loans Granted	Hold to Collect / Amortised Cost
Cash and Cash Equivalents	Hold to Collect / Amortised Cost
Trade Receivables and Other Receivables	Hold to Collect / Amortised Cost

(i) Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through profit or loss are carried at fair value, with any gains or losses arising from changes in fair value recognised in profit or loss.

The net gain or net loss recognised in profit or loss includes dividends and interest earned on the financial asset and is presented within other gains and losses.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.14. Financial Assets – continued

Initial Recognition

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.
The Company initially recognises financial assets at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent Measurement

Following initial recognition, the Company measures financial assets at fair value through other comprehensive income.

ii) Trade receivables

Trade receivables that do not contain a significant financing component are initially recognised in accordance with IFRS 15 at their transaction price.

iii) Impairment

The Company recognises impairment losses on trade receivables based on expected credit losses, applying the simplified approach.

At each reporting date, the Company measures expected credit losses and recognises them in the separate financial statements.

The Company performed an impairment assessment of trade receivables based on an ageing analysis and recognised an impairment allowance for all receivables outstanding for more than one year. For receivables that were not past due and those past due by up to one year, the Company performed an analysis as follows.

Based on historical data for the previous three years, the ratio of impairment losses to reported customer turnover was analysed. The analysis resulted in an expected credit loss rate of 2.92%, which was adjusted to reflect future macroeconomic developments. Consequently, the overall impairment rate amounted to 2.98%.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.14. Financial Assets – continued

Subsequent Measurement - continued

Expected credit losses were estimated at EUR 332 thousand. The expected credit losses were recognised in the separate statement of profit or loss in the aforementioned amount (refer to Note 11).

The Company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire, or
- the financial asset is transferred and the transfer qualifies for derecognition.

The Company transfers a financial asset if, and only if, it either:

(a) transfers the contractual rights to receive the cash flows from the financial asset, or

(b) retains the contractual rights to receive the cash flows from the financial asset but assumes a contractual obligation to pay those cash flows to one or more recipients under a pass-through arrangement.

When the Company transfers a financial asset, it assesses the extent to which it retains the risks and rewards of ownership of that financial asset. Where substantially all risks and rewards of ownership are transferred, the Company derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer.

If substantially all the risks and rewards of ownership of a financial asset are retained, the Company continues to recognise the financial asset.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it determines whether it has retained control of the financial asset.

If the Company does not retain control of the financial asset, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer.

If control is retained, the Company continues to recognise the financial asset to the extent of its continuing involvement in the financial assets.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2.15. Investments in Related Companies

Subsidiaries are entities over which the Company has control with respect to the establishment and implementation of financial and operating policies.

Associated companies are entities over which the Company has significant influence, but not control, with respect to the establishment and implementation of financial and operating policies.

Investments in subsidiaries and associates are carried at cost.

2.16. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The consumption of raw materials, supplies and spare parts is determined using the weighted average cost method.

Where it is necessary to write down inventories to net realisable value, an impairment of inventories is recognised and charged to the separate statement of comprehensive income for the current year (*Refer to Notes 13 and 21.1*).

Small tools and equipment, packaging and tyres are written off in full when placed into use.

2.17. Non-current Assets Held for Sale

Assets held for sale comprise non-current intangible and tangible assets that are expected to be sold within one year from the date of classification as a result of their withdrawal from use or the discontinuation of operations.
Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

2.18. Cash at Bank

Cash comprises demand deposits with banks, as well as deposits and marketable securities that are readily convertible into cash on demand or within a period of up to three months.

2.19. Impairment

At each reporting date of the separate statement of financial position (balance sheet), the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the recoverable amount of an asset is estimated to be lower than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the separate statement of comprehensive income.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.19. Right-of-Use Assets and Lease Liabilities

a) Right-of-Use Assets

All leases are recognised by recording a right-of-use asset and a corresponding lease liability, except for:

- Leases of low-value assets; and
- Leases for which the lease term ends within 12 months of the date of initial application or less.

The right-of-use assets are presented separately in the separate statement of financial position / balance sheet.

Right-of-use assets are initially measured at the amount of the lease liability, reduced by any lease incentives received and increased by:

- Any lease payments made at or before the commencement date,
- Any initial direct costs incurred, and
- The amount of any provision recognised where the Group has a contractual obligation to dismantle or remove the asset, or to restore the site on which the asset is located

Right-of-use assets are reduced by accumulated depreciation, which is calculated on a straight-line basis over the lease term or the remaining useful life of the asset, if shorter than the lease term.

The useful lives of right-of-use assets are as follows:

	2025 year
Land	24 – 50 years
Plant and equipment	3 years
Vehicles	4-5 years

b) Lease Liabilities

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2022. The Group's incremental borrowing rate is the rate of interest that the Group would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of a value similar to the right-of-use asset in a similar economic environment and under comparable terms and conditions.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

At the date of initial recognition, the carrying amount of the lease liability also includes:

- Amounts expected to be payable by the lessee under residual value guarantees,
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After initial measurement, the lease liability is increased to reflect interest on the lease liability and reduced to reflect lease payments made. The lease liability is subsequently remeasured when there is a change in future lease payments resulting from a change in an index or rate, or when there is a change in the assessment of the lease term of any lease.

2.21. Provisions

A provision is recognised if, and only if, the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date of the separate statement of financial position and adjusted to reflect the current best estimate.

Provisions have been recognised for the costs of legal proceedings and for employee benefit obligations relating to long-service awards and retirement benefits (jubilee awards and severance payments), as well as for the costs of unused annual leave (*Refer to Notes 12 and 35*).

The provision for employee long-service awards and retirement benefits (jubilee awards and severance payments) is determined as the present value of future cash outflows, discounted using a discount rate corresponding to the interest rate on government bonds (*Refer to Notes 12 and* 35).

2.22. Contingent liabilities and Assets

Contingent liabilities are not recognised in the separate financial statements but are disclosed in the notes to the separate financial statements.

Contingent assets are not recognised in the separate financial statements; however, they are recognised when an inflow of economic benefits becomes probable.

2.23. Events After the Reporting Date

Events after the date of the separate statement of financial position (balance sheet) that provide additional evidence of conditions that existed at the reporting date (adjusting events) are recognised in the separate financial statements. Events after the reporting date that do not result in adjustments are disclosed in the notes to the separate financial statements if they are material.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.24. Critical Accounting Judgements and Estimates

In preparing the Company's annual separate financial statements, management has made certain estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities during the reporting period and at the reporting date. However, uncertainty relating to these assumptions and estimates could result in material adjustments to the carrying amounts of the related assets or liabilities in future periods. The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below:

(i) Useful Lives of Intangible Assets and Property, Plant and Equipment

The determination of the useful lives of assets is based on historical experience with similar assets, as well as anticipated technological developments. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions. Given the significant proportion of the Company's depreciable assets within its total assets, the impact of substantial changes in these assumptions could be material to the Company's financial position and results of operations.

(ii) Actuarial Assumptions Used in Calculating Retirement Benefits

The cost of defined benefit obligations is determined using actuarial valuations. Actuarial valuations involve the determination of assumptions regarding discount rates, future salary increases, mortality rates and employee turnover. Due to the long-term nature of these plans, such estimates are subject to uncertainty (refer to Notes 12 and 35)

(iii) Outcome of Certain legal Proceedings

The Company is a party to a number of legal proceedings arising in the ordinary course of business. Provisions are recognised when a present obligation exists as a result of a past event (taking into account all available evidence, including the opinions of legal experts), 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 (refer to Notes 12, 28 and 35).

(iv) Ownership of Land and Buildings

Restrictions relating to ownership of land and buildings pertain to properties that are not formally registered in the name of the Company.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(v) Expected Credit Loss Model

With the adoption of IFRS 9, the expected credit loss (ECL) model has been introduced. The measurement of expected credit losses is based on reasonable and supportable information that is available without undue cost or effort, including information about past events, current conditions and forecasts of future economic conditions. Historical default rates are generally used in estimating expected future credit losses and are adjusted to reflect current and forward-looking information.

Trade receivables are stated at the invoiced amount. The allowance for doubtful and disputed receivables is based on the Company's Management's best estimate of the collectability of receivables. Receivables that are not past due but whose collection is uncertain are subject to impairment in accordance with IFRS 9, whereby the need for an allowance is determined based on the expected credit loss (ECL) model. At the end of each financial year, as necessary, the Company develops a model for estimating expected credit losses, applying its historical experience of credit losses from prior periods.

Based on the analysis performed, the Company's Management adopted a decision to recognise an impairment allowance, charged to the statement of comprehensive income, for outstanding trade receivables that remain unpaid and are more than one year past due, except for receivables for which collection has been confirmed subsequent to the reporting date.

3. REVENUE FROM SALES

Revenue from Sales to Group Companies

	I-XII 2025	I-XII 2024
	EUR'000	EUR'000
Revenue from Railway Infrastructure Access Charges	12.475	12.176
Revenue from IT Services	60	68
Revenue from Train Formation and Marshalling Services	1.244	1.305
Revenue from the Use of Passenger Railway Stations	934	906
Revenue from the Use of Sidings for Rolling Stock Stabling	144	152
Revenue from Capacity Reservation Charges	90	129
Rental Income from Premises	1.051	1.000
Revenue from the Lease of Fibre-Optic Equipment	104	58
Revenue from Ancillary Activities	13	15
Revenue from Other Services and Works	81	64
	16.196	**15.873**

Revenue from Sales to External Customers

	I-XII 2025	I-XII 2024
	EUR'000	EUR'000
Revenue from Railway Infrastructure Access Charges	4.607	4.390
Revenue from Train Formation and Marshalling Services	572	646
Revenue from the Use of Sidings for Rolling Stock Stabling	124	111
Revenue from IT Services	6	6
Revenue from Capacity Reservation Charges	128	181
Rental Income from Premises	3.173	2.805
Revenue from the Lease of Pumping Facilities	612	507
Revenue from the Lease of Fibre-Optic Equipment	8	8
Revenue from Other Leases	622	1.019
Revenue from Ancillary Activities	91	59
Revenue from the Sale of Materials	1.357	1.126
Revenue from Other Services and Works	9	25
Total	**11.309**	**10.883**

4. OTHER OPERATING INCOME

Other Operating Income from Group Companies

	I-XII 2025	I-XII 2024
	EUR'000	EUR'000
Revenue from Telecommunications Services	23	27
Income from Damage Compensation	44	115
Revenue from the Secondment of the Company's Employees	374	312
Other income	81	132
Total	**522**	**586**

Other Operating Income from External Parties

	I-XII 2025	I-XII 2024
	EUR'000	EUR'000
Revenue from the State Budget of the Republic of Croatia for Railway Infrastructure	109.030	85.897
Revenue from the State Budget of the Republic of Croatia for Railway Infrastructure – Excise Duties	92.801	76.522
Revenue from the State Budget Equal to the Proportionate Amount of Depreciation	4.569	4.569
Revenue from the Use of Own Products	1.737	1.334
Revenue from Disposal of Assets	3.882	2.060
Revenue from the Rental of Company-owned Apartments	278	281
Revenue from the Sale of Apartments	109	171
Income from Damage Compensation	1.372	279
Co-financing Income	1.400	1.203
Income from Reversal of Provisions	11.572	13.254
Income from Collection of Previously Impaired Receivables	321	7.982
Penalty Income	48	1.538
Income from the Reversal of Impairment of Receivables from the State	767	1.931
Income from the Reversal of Impairment of Slow-moving Inventories	480	-
Other income	1.379	1.329
Total	**229.745**	**198.350**

Overhead cost recharges as at 31 December 2025 amounted to EUR 1,337 thousand and were netted in the Company's annual financial statements against costs charged by other companies (overhead cost recharges based on suppliers' invoices) in the same amount.

Revenue from the recharge of electricity costs for train traction amounted to EUR 14,896 thousand as at 31 December 2025 and was netted against electricity costs (*Refer to Note 5*).

5. COST OF RAW MATERIALS AND CONSUMABLES

Cost of Raw Materials and Consumables	I-XII 2025	I-XII 2024
	EUR'000	EUR'000
Cost of Raw materials and Consumables	7.621	6.838
Cost of Spare Parts	1.355	1.047
Cost of Small Tools and Equipment, Tyres and Protective Clothing	1.812	814
Energy Costs	1.418	578
Energy Costs – Related Companies	4.208	4.802
Total	**16.414**	**14.079**

Electricity costs for train traction amounted to EUR 14,896 thousand as at 31 December 2025 and were fully netted against revenue from the recharge of electricity costs for train traction (*Refer to Note 4*).

6. COST OF GOODS SOLD

Cost of goods sold amounting to EUR **1,705** thousand (2024: EUR **1,161** thousand) relates to the cost of goods sold.

7. OTHER EXTERNAL COSTS

Other External Costs	I-XII 2025	I-XII 2024
	EUR'000	EUR'000
Telephone, Postal and Transportation Services	3.646	2.560
Transportation Costs – Related Companies	567	691
Maintenance Services	11.740	9.223
Maintenance Services – Related Companies	8.343	7.033
Rental Services	1.811	1.296
Cleaning Services	2.269	2.203
Asset Security Services	750	600
Utility Services	889	704
Other External Costs	83	44
Total	**30.098**	**24.354**

8. STAFF COSTS

Net salaries amounting to EUR **87,837** thousand (2024: EUR **74,279** thousand) include remuneration of the Company's Management Board in the amount of EUR 353 thousand (2024: EUR 279 thousand) and form an integral part of the staff costs presented.

9. DEPRECIATION AND AMORTISATION

	I-XII 2025	I-XII 2024
	EUR'000	EUR'000
Amortisation of Intangible Assets	1.888	1.993
Depreciation of Property, Plant and Equipment	6.146	4.072
Total	**8.034**	**6.065**

Depreciation of public infrastructure assets is not recognised as an expense but is charged against the Public Good Reserve.

10. OTHER COSTS

	I-XII 2025	I-XII 2024
	EUR'000	EUR'000
Daily Allowances and Travel Expenses	622	582
Business Travel Costs – Related Companies	35	38
Employee Reimbursements, Employee Benefits and Severance Payments	23.874	20.799
Employee Transportation Costs – Related Companies	135	152
Entertainment Expenses	44	24
Supervisory Board Fees	14	14
Audit Committee Fees	15	15
Consulting Services	52	26
Legal Services	148	144
Professional Services	199	419
Training and Education Costs, Scholarships	390	384
Healthcare Services (Medical Check-ups and Other Services)	56	47
Insurance Premiums	382	121
SAP System Maintenance	643	622
Bank Charges and Payment Transaction Costs	61	36
Contributions, Membership Fees and Similar Charges	5.453	5.489
Water Management Charges and Similar Fees – Related Companies	591	609
Other Costs	1.029	1.222
Other Costs – Related Companies	99	55
Total	**33.842**	**30.798**

In 2025, a total of EUR 94 thousand was paid to the audit firm for the audit of the annual financial statements for the year ended 31 December 2024.

11. IMPAIRMENT

	I-XII 2025	I-XII 2024
	EUR'000	EUR'000
Impairment of Short-term Receivables	4.975	2.785
Impairment of Short-term Receivables – Related Companies	172	83
Impairment of Short-term Receivables – IFRS 9	-	8
Total	**5.147**	**2.876**

12. PROVISIONS

	I-XII 2025	I-XII 2024
	EUR'000	EUR'000
Provision Expense for Voluntary Redundancy Payments	549	2.654
Provision Expense for Legal Proceedings	7.875	4.599
Provision Expense for Unused Annual Leave	5.751	4.752
Provision Expense for Jubilee Awards	-	41
Total	**14.175**	**12.046**

13. OTHER OPERATING EXPENSES

	I-XII 2025	I-XII 2024
	EUR'000	EUR'000
Carrying Amount of Assets Disposed of	108	41
Inventory Shortages	23	342
Compensation Costs – Traffic Delays	5	8
Compensation Costs – Traffic Delays – Related Companies	74	40
Value of Scrapped and Written-off Materials	236	52
Value of Obsolete Inventories	-	1.728
Costs Related to Damage Compensation	1.077	1.027
Costs Related to Damage Compensation – Related Companies	363	1.036
Legal Costs and Penalties	368	5.228
Other Operating Expenses	310	1.408
Other Operating Expenses – Related Companies	7	51
Total	**2.571**	**10.961**

14. FINANCIAL INCOME

	I-XII 2025 EUR'000	I-XII 2024 EUR'000
From Transactions with Related Companies		
Interest Income	83	381
	83	**381**
From Transactions with Unrelated Companies and Other Parties		
Interest Income	105	157
Foreign Exchange Gains	24	11
Dividend Income	1	1
	130	**169**
Total	**213**	**550**

15. FINANCIAL EXPENSES

	I-XII 2025 EUR'000	I-XII 2024 EUR'000
From Transactions with Related Companies		
Interest Expense	46	1.374
	46	**1.374**
From Transactions with Unrelated Companies and Other Parties		
Interest Expense	1.579	1.087
Foreign Exchange Losses	20	4
	1.599	**1.091**
Other Financial Expenses – Borrowing Costs and Factoring Costs	**92**	**39**
Total	**1.737**	**2.504**

16. INCOME TAX

16.1. The reconciliation of accounting profit to taxable profit is as follows:

	I-XII 2025 EUR'000	I-XII 2024 EUR'000
Accounting Profit	1.764	2.412
Increase in Taxable Profit	6.712	12.055
Decrease in Taxable Profit	(539)	(70)
Profit After Adjustments	**7.937**	**14.397**
Tax Losses Carried Forward	-	-
Tax Losses Available for Carryforward	-	-
Taxable Profit	**7.937**	**14.397**
Income Tax Liability	1.429	2.591
Additional Income Tax	-	-
Total Income Tax Liability	**1.429**	**2.591**

After all increases and decreases to accounting profit, the Company determined a corporate income tax base of EUR 7,937 thousand as at 31 December 2025.

The applicable corporate income tax rate for both 2025 and 2024 is 18%.

Based on the corporate income tax calculation for 2025, the Company recorded an income tax liability of EUR 1,429 thousand. Of this amount, EUR 1,508 thousand relates to the current income tax liability recognised in the statement of profit or loss. An amount of EUR 7 thousand relates to an income tax liability arising from the reversal of revaluation reserves, for which the deferred tax liability was reduced. In addition, the income tax liability was reduced by EUR 86 thousand as a result of the recognition of a deferred tax asset on impaired inventories.
Based on corporate income tax prepayments made during 2025, the Company paid EUR 2,609 thousand and, accordingly, recognised a corporate income tax receivable of EUR 1,180 thousand (*Refer to Notes 25, 34 and 43*).

Profit for the year presented in the statement of profit or loss amounts to EUR 256 thousand and represents gross profit reduced by the related income tax expense. In addition, profit for 2025 arising from the reversal of revaluation reserves amounted to EUR 30 thousand and was recognised in retained earnings.

16.2. The Company is entitled to carry forward tax losses to future periods for the purpose of offsetting taxable profits over subsequent five-year period. As at 31 December 2025, the Company had no tax losses carried forward.

16. INCOME TAX - continued

16.3. As at 31 December 2025, the Company recognised a deferred tax liability of EUR 309 thousand (31 December 2024: EUR 316 thousand), arising from the revaluation reserve recognised in the statement of financial position (*Refer to Note 32*).

Based on the realised revaluation reserve (in the amount of the additional depreciation charged), the deferred tax liability was reversed by EUR 7 thousand as at 31 December 2025 (R*efer to Note 36*).

16.4. As at 31 December 2025, a deferred tax asset of EUR 287 thousand was recognised in the annual separate statement of financial position (balance sheet) as a result of the impairment of inventories (inventory write-down) (*Refer to Notes 13, 20 and 21.1*).

17. NON-CURRENT INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

TOTAL EUR'000	Intangible Assets	Land	Buildings	Plant and Equipment	Tools, Inv. And Means of Transport	Road Vehicles – IFRS 16	Other Tangible Assets	Assets under Construction	Advances for Tangible Assets	TANGIBLE ASSETS
COST										
As at 31.12.2024	**42.185**	**265.249**	**2.834.990**	**92.915**	**75.905**	**3.523**	**92.367**	**1.090.458**	**113.300**	**4.568.707**
Additions and Capital Expenditure								321.434	38.383	**359.817**
Transfers from Assets under Construction	1.001	-	45.108	1.089	5.787	-	-	(52.985)	-	**(1.001)**
Reclassifications	-	-	-	-	-	-	-	-	-	**-**
Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	**-**
Other Changes Not Affecting Ownership	-	-	(14)	-	-	-	14	-	-	**-**
Transfer from Infrastructure/EU Assets to Public Infrastructure Assets	-	-	-	-	-	-	-	-	-	**-**
Surplus and Assets Received Free of Charge	-	-	-	-	61	-	-	-	-	**61**
Shortages and Assets Granted Free of Charge	-	-	-	(2.752)	(706)	-	-	-	-	**(3.458)**
Disposals, Sales and Liquidations	(7)	(83)	(28.797)	(438)	(1.018)	(1.533)	(32.440)	(1.094)	-	**(65.403)**
As at 31.12.2025	**43.179**	**265.166**	**2.851.287**	**90.814**	**80.029**	**1.990**	**59.941**	**1.357.813**	**151.683**	**4.858.723**
ACCUMULATED DEPRECIATION										
As at 31.12.2024.	**35.591**	**0**	**1.988.150**	**83.124**	**52.813**	**3.017**	**68.418**	**98.124**	**85.224**	**2.378.870**
Depreciation and Amortisation for the Year	1.888	-	55.203	2.274	4.392	569	77	-	-	**62.515**
Reclassifications	-	-	-	-	-	-	-	-	-	-
Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-
Other Changes Not Affecting Ownership	-	-	-	-	-	-	1	-	-	**1**
Surplus and Assets Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Shortages and Assets Granted Free of Charge	-	-	-	(2.752)	(634)	-	-	-	-	**(3.386)**
Impairment of Assets under Construction	-	-	-	-	-	-	-	(8.760)	23.733	**14.973**
Disposals, Sales and Liquidations	(6)	94	(21.972)	(269)	(977)	(2.145)	(17.564)	-	-	**(42.833)**
As at 31.12.2025	**37.473**	**94**	**2.021.381**	**82.377**	**55.594**	**1.441**	**50.932**	**89.364**	**108.957**	**2.410.141**
NET BOOK VALUE										
As at 31.12.2024	**6.594**	**265.249**	**846.840**	**9.791**	**23.092**	**506**	**23.949**	**992.334**	**28.076**	**2.189.837**
As at 31.12.2025	**5.706**	**265.072**	**829.905**	**8.437**	**24.435**	**549**	**9.009**	**1.268.449**	**42.726**	**2.448.582**

17. NON-CURRENT INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT - continued

As at 31 December 2025, the total value of assets under construction amounted to EUR 1,268,449 thousand. The Company continuously assesses the recoverable amount of property, plant and equipment in accordance with the requirements of IAS 36 Impairment of Assets. Accordingly, it recognised an impairment of assets under construction in the total amount of EUR 146,062 thousand, charged against public capital (EUR 79,722 thousand in 2017 and EUR 66,340 thousand in 2020). The table below presents the impairment of assets under construction during the period from 2017 to 2025, together with the related capitalisations:

Impairment of Assets under Construction, 2017-2025	
	EUR'000
Accumulated Impairment of Assets under Construction (AUC) for the Period 1 January 2017 – 31 December 2024	**-**
Impairment of Assets under Construction – Lika Railway Line, 2017–2024	79.862
Impairment of Assets under Construction – Other Projects, 2017–2024	66.200
Capitalisation of Previously Impaired Assets under Construction – Lika Railway Line, 2018–2024	(16.837)
Capitalisation of Previously Impaired Assets under Construction – Other Projects, 2018–2024	(31.101)
Balance of Accumulated Impairment of Assets under Construction as at 31 December 2024	**98.124**
Capitalisation of Previously Impaired Assets under Construction – Lika Railway Line, 2025	(3.422)
Capitalisation of Previously Impaired Assets under Construction – Other Projects, 2025	(5.339)
Balance of Accumulated Impairment of Assets under Construction as at 31 December 2025	**89.363**

As at 31 December 2025, previously impaired assets under construction amounting to EUR 8,761 thousand were capitalised. Accordingly, the accumulated impairment of assets under construction was reduced by the same amount and the Public Infrastructure Reserve was increased as at 31 December 2025.

As at 31 December 2025, the total accumulated impairment of assets under construction amounted to EUR 89,363 thousand, compared with EUR 98,124 thousand as at 31 December 2024.

As at 31 December 2025, assets under construction included projects in progress that had been ongoing for more than three years, amounting to EUR 255,651 thousand. Of this amount, assets totalling EUR 89,363 thousand had been impaired, with the impairment recognised against the Public Infrastructure Reserve.

17.1. Movement in Public Assets:

PUBLIC ASSETS EUR'000	Intangible Assets	Land	Buildings	Plant and Equipment	Tools, Inv. And Means of Transport	Road Vehicles – IFRS 16	Other Tangible Assets	Assets under Construction	Advances for Tangible Assets	TANGIBLE ASSETS
COST										
As at 31.12.2024	**-**	**238.325**	**2.773.865**	**69.710**	**70**	**-**	**78.743**	**-**	**-**	**3.160.713**
Additions and Capital Expenditure	-	-	-	-	-	-	-	-	-	**-**
Transfers from Assets under Construction	-	-	43.683	424	-	-	-	(44.107)	-	**-**
Reclassifications	-	-	-	-	-	-	-	-	-	**-**
Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	**-**
Other Changes Not Affecting Ownership	-	-	-	-	-	-	-	-	-	**-**
Transfers from HŽ Infrastructure/EU Projects to Public Infrastructure Assets	-	-	-	-	-	-	-	44.107	-	**44.107**
Surplus and Assets Received Free of Charge	-	-	-	-	30	-	-	-	-	**30**
Shortages and Assets Granted Free of Charge	-	-	(1)	-	-	-	-	-	-	**(1)**
Disposals, Sales and Liquidations	-	(93)	(28.613)	(126)	-	-	(33.411)	-	-	**(62.243)**
As at 31.12.2025	**-**	**238.232**	**2.788.934**	**70.008**	**100**	**-**	**45.332**	**-**	**-**	**3.142.606**
ACCUMULATED DEPRECIATION										
As at 31.12.2024.	**-**	**-**	**1.942.378**	**61.643**	**51**	**-**	**60.952**	**-**	**-**	**2.065.024**
Depreciation for the Year	-	-	54.313	2.052	4	-	-	-		**56.369**
Reclassifications	-	-	-	-	-	-	-	-	-	**-**
Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	**-**
Other Changes Not Affecting Ownership	-	-	-	-	-	-	-	-	-	**-**
Surplus and Assets Received Free of Charge	-	-	-	-	-	-	-	-	-	**-**
Shortages and Assets Granted Free of Charge	-	-	-	-	-	-	-	-	-	**-**
Capitalisation of Previously Impaired Assets under Construction	-	-	-	-	-	-	-	-	-	**-**
Disposals, Sales and Liquidations	-	-	(21.806)	(126)	-	-	(18.260)	-	-	**(40.192)**
As at 31.12.2025	**-**	**-**	**1.974.885**	**63.569**	**55**	**-**	**42.692**	**-**	**-**	**2.081.201**
NET BOOK VALUE										
As at 31.12.2024	**-**	**238.325**	**831.487**	**8.067**	**19**	**-**	**17.791**	**-**	**-**	**1.095.689**
As at 31.12.2025	**-**	**238.232**	**814.049**	**6.439**	**45**	**-**	**2.640**	**-**	**-**	**1.061.405**

17.2. Movement in the Company's Assets and Assets Acquired through EU Funds, Excluding Public Infrastructure Assets:

INFRASTRUKTURA+EU EUR'000	Intangible Assets	Land	Buildings	Plant and Equipment	Tools, Inv. And Means of Transport	Road Vehicles – IFRS 16	Other Tangible Assets	Assets under Construction	Advances for Tangible Assets	TANGIBLE ASSETS
COST										
As at 31.12.2024	**42.185**	**26.924**	**61.125**	**23.205**	**75.835**	**3.523**	**13.624**	**1.090.458**	**113.300**	**1.407.994**
Additions and Capital Expenditure	-	-	-	-	-	-	-	321.434	38.383	**359.817**
Transfers from Assets under Construction	1.001	-	1.425	665	5.787	-	-	(8.878)	-	**(1.001)**
Reclassifications	-	-	-	-	-	-	-	-	-	-
Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-
Other Changes Not Affecting Ownership	-	-	(14)	-	-	-	14	-	-	-
Transfers from HŽ Infrastructure/EU Projects to Public Infrastructure Assets	-	-	-	-	-	-	-	(44.107)	-	**(44.107)**
Surplus and Assets Received Free of Charge	-	-	-	-	31	-	-	-	-	**31**
Shortages and Assets Granted Free of Charge	-	-	-	(2.752)	(706)	-	-	-	-	**(3.458)**
Disposals, Sales and Liquidations	(7)	10	(184)	(312)	(1.018)	(1.533)	970	(1.094)	-	**(3.160)**
As at 31.12.2025	**43.179**	**26.934**	**62.352**	**20.806**	**79.929**	**1.990**	**14.608**	**1.357.813**	**151.683**	**1.716.115**
ACCUMULATED DEPRECIATION										
As at 31.12.2024	**35.591**	**0**	**45.772**	**21.481**	**52.762**	**3.017**	**7.466**	**98.124**	**85.224**	**313.846**
Depreciation for the Year	1.888	-	891	222	4.388	569	77	-	-	**6.147**
Reclassifications	-	-	-	-	-	-	-	-	-	-
Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-
Other Changes Not Affecting Ownership	-	-	-	-	-	-	-	-	-	-
Surplus and Assets Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Shortages and Assets Granted Free of Charge	-	-	-	(2.752)	(634)	-	-	-	-	**(3.386)**
Capitalisation of Previously Impaired Assets under Construction	-	-	-	-	-	-	-	(8.760)	23.733	**14.973**
Disposals, Sales and Liquidations	(6)	94	(167)	(143)	(977)	(2.145)	696	-	-	**(2.641)**
As at 31.12.2025.	**37.473**	**94**	**46.496**	**18.808**	**55.539**	**1.441**	**8.239**	**89.364**	**108.957**	**328.938**
NET BOOK VALUE										
As at 31.12.2024	**6.594**	**26.924**	**15.353**	**1.724**	**23.073**	**506**	**6.158**	**992.335**	**28.076**	**1.094.148**
As at 31.12.2025	**5.706**	**26.840**	**15.857**	**1.998**	**24.390**	**549**	**6.369**	**1.268.449**	**42.726**	**1.387.178**

17.3. Right-of-Use Assets – IFRS 16

The Company recognised right-of-use assets and lease liabilities relating to the use of passenger and freight vehicles, which had previously been classified as operating leases.

The carrying amount of right-of-use assets as at 31 December 2025 amounted to EUR 549 thousand.

The Company recognised lease liabilities as follows:

	31. December 2025. EUR'000	31. December 2024. EUR'000	31. December 2023. EUR'000	31. December 2022. EUR'000	31. December 2021. EUR'000	31. December 2020. EUR'000	01. January 2020. EUR'000
Increase in Long-term Lease Liabilities	5.853	5.220	5.021	4.948	4.819	4.540	845
Decrease in Long-term Lease Liabilities	(5.299)	(4.678)	(3.765)	(2.776)	(1.750)	(700)	(139)
	554	**542**	**1.256**	**2.172**	**3.069**	**3.840**	**706**

Interest expense included in financial expenses amounted to EUR 13 thousand in 2025.

Total cash outflow for leases in 2025 amounted to EUR 610 thousand (2024: EUR 861 thousand), of which EUR 597 thousand (2024: EUR 831 thousand) related to the principal portion of lease payments and EUR 13 thousand (2024: EUR 31 thousand) related to interest.

18. NON-CURRENT FINANCIAL ASSETS

	31 December 2025 EUR'000	31 December 2024 EUR'000
Investments (Shares) in Related Companies		
Subsidiaries		
Pružne građevine d.o.o.	25.297	8.054
	25.297	8.054
Associates		
Proizvodnja-regeneracija d.o.o.	600	600
Less – Impairment of Investment in Proizvodnja-regeneracija d.o.o.	(600)	(600)
	-	-
	25.297	**8.054**
Investments in Securities		
Shares - Končar	325	206
	325	**206**
Total	**25.622**	**8.260**

Investments in securities in domestic companies and banks were made available to the Croatian Privatization Fund (currently the Centre for Restructuring and Sale), pursuant to the Conclusion of the Government of the Republic of Croatia dated 25 June 2001, for the purpose of settling liabilities and receivables of companies owned by the State or predominantly owned by the State.

As the sole shareholder of Pružne građevine d.o.o., and in accordance with the Framework Plan for the period 2025–2029 and the Business Analysis of Pružne građevine d.o.o., the Company adopted, on 24 April 2025 and 26 November 2025, decisions to recapitalise Pružne građevine d.o.o. through an increase in capital reserves by cash contributions in the total amount of EUR 17,244 thousand.

19. NON-CURRENT RECEIVABLES

	31 December 2025 HRK´000	31 December 2024 HRK´000
Receivables from the Sale of Apartments	314	425
Less: Current Portion (*Note 26*)	(122)	(124)
	192	**301**
Other Receivables		
Housing Loans to Employees	18	21
	18	**21**
Total	**210**	**322**

Included in non-current receivables are bonds received in exchange for apartments sold for old foreign currency savings, amounting to EUR 765 thousand. The old foreign currency savings remained deposited with the banks in which they were held at the time the apartments were purchased and were, pursuant to the relevant legislation (Official Gazette No. 71/91), converted into public debt for which the State issued bonds. Receivables arising from these bonds, amounting to EUR 765 thousand, have been offset in the Company's financial statements against liabilities relating to the sale of apartments (old and new foreign currency savings) (R*efer to Note 44*).

20. DEFERRED TAX ASSET

As at 31 December 2025, the deferred tax asset amounted to EUR 287 thousand and arose as a result of the impairment of inventories (inventory write-down). As at 31 December 2024, the Company recognised a deferred tax asset of EUR 373 thousand (*Refer to Notes 13, 16.4 and 21.1*).

21. INVENTORIES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Raw Materials and Supplies	34.726	35.377
Spare Parts	41.663	41.987
Small Tools and Packaging in Stock	538	324
Inventory on Hand	**76.927**	**77.688**
Materials Held in Third-Party Warehouses	525	525
Materials in Processing and Finishing	31	31
Small Tools and Packaging in Use	5.657	5.650
Less: Allowance for Impairment of Raw Materials and Supplies, Spare Parts, Small Tools and Packaging	(41.634)	(46.913)
Total	**41.506**	**36.981**

21. INVENTORIES - continued

21.1. Inventories with no movement during 2025, amounting to EUR 38,318 thousand, were subject to a review to assess whether a write-down should be recognised in the statement of comprehensive income. Based on management's assessment of their usability, an impairment reversal in the amount of EUR 480 thousand was recognised in the separate statement of profit or loss and other comprehensive income, as explained below.

Based on a review of the planned requirements under the 2026 Consumption Plan and subsequent years for the materials subject to the review of non-moving inventories, a total consumption value of EUR 1,877 thousand has been planned, resulting in the following inventory write-down amounts (allowance for impairment):

	EUR' 000
Non-moving Maintenance Inventory (excluding minimum stock levels) with no movement for 2 years, from 1 January 2024 to 31 December 2025	4.844
Planned Material Requirements under the Consumption Plan for 2026 and Subsequent Years	(1.877)
Difference	*2.967*
Inventory Impairment Allowance as at 31 December 2024 Recorded in the Company's Accounting Records Prior to the 31 December 2025 Reassessment	(3.447)
Reduction of the Inventory Impairment Allowance as at 31 December 2025	**(480)**

The total value of non-moving inventories in the ordinary course of business during the observation period from 1 January 2024 to 31 December 2025 amounted to EUR 6,750 thousand. Of this amount, EUR 1,905 thousand related to minimum stock levels with no inventory movements, while the planned consumption of inventories in future years amounted to EUR 1,877 thousand.

The total value of investment inventories with no movement during the observation period from 1 January 2024 to 31 December 2025 amounted to EUR 31,569 thousand. An amount of EUR 30,688 thousand relates to inventories procured for the purpose of the modernisation of the Oštarije–Knin–Split railway line, representing 94.47% of the total project inventory value of EUR 32,485 thousand.

22. RECEIVABLES FROM GROUP COMPANIES

Receivables from group companies for goods delivered and services rendered relate to receivables from related-party customers arising from the sale of materials, the lease of fibre-optic equipment, the rental of machinery and equipment, infrastructure access services, IT services, cost recharges, damage compensation claims, and similar transactions.

Receivables from Related Companies	**31 December 2025**	**31 December 2024**
	EUR'000	**EUR'000**
Subsidiaries		
Pružne građevine d.o.o., Zagreb	2.302	1.376
Less: Allowance for Impairment	(329)	(329)
	1.973	**1.047**
Associate		
Proizvodnja i regeneracija d.o.o. in bankruptcy, Zagreb	1.087	1.175
Less: Allowance for Impairment	(1.087)	(1.175)
	-	-
Other State-owned Railway Companies		
HŽ Putnički prijevoz d.o.o., Zagreb	3.866	2.779
Less: Allowance for Impairment	(166)	-
HŽ Cargo d.o.o., Zagreb	2.958	2.889
Less: Allowance for Impairment	(1.242)	(1.319)
Tehnički servisi željezničkih vozila d.o.o., Zagreb	570	350
Less: Allowance for Impairment	(16)	(115)
Održavanje vagona d.o.o., Zagreb	185	197
Less: Allowance for Impairment	(1)	(1)
TŽV Gredelj d.o.o. in bankruptcy, Zagreb	13	13
Less: Allowance for Impairment	(13)	(13)
	6.154	**4.780**
Other Companies Majority-Owned by the State		
Odašiljači i veze d.o.o., Zagreb	69	11
HEP ODS d.o.o., Zagreb	1	-
	70	**11**
Total	**8.197**	**5.838**

22. RECEIVABLES FROM GROUP COMPANIES - continued

22.1. Ageing Analysis of Receivables from Related Companies is as Follows:

EUR'000	Not Due	Past Due					Total
		30 days	30-60 days	60-90 days	90-120 days	>od 120 days	
31 December 2025	7.417	135	64	54	86	441	8.197
31 December 2024	4.130	226	97	92	130	1.163	5.838

In accordance with the requirements of IFRS 9, the Company developed an expected credit loss (ECL) model under which an impairment allowance for receivables from related companies amounting to EUR 66 thousand was recognised as at 31 December 2025 and charged to the separate statement of profit or loss and other comprehensive income.

The table below presents the calculation of expected credit losses, which includes receivables from related companies and receivables from other customers. The effect of this calculation resulted in a reduction of the impairment allowance of EUR 126 thousand, recognised in the separate statement of profit or loss and other comprehensive income (31 December 2024: EUR 23 thousand recognised in the separate statement of profit or loss and other comprehensive income). This amount comprises a reduction in expected credit losses of EUR 66 thousand relating to receivables from related companies and a reduction in expected credit losses of EUR 60 thousand relating to receivables from other customers, both recognised in the separate statement of profit or loss and other comprehensive income (*Refer to Note 23.2*).

Calculation of Expected Credit Losses as at 31 December 2025
EUR´000

Total	Not Due	Past Due			
		<= 60	61 - 120	121 - 365	> 366
11.588	7.950	546	514	1.317	1.261
Impairment (2,86%)	227	16	15	38	36
Total Expected Credit Losses	332				

As shown in the table above, the allowance for impairment of receivables from group companies and other customers was reduced by EUR 126 thousand, resulting in a balance of EUR 332 thousand as at 31 December 2025 (31 December 2024: EUR 458 thousand).

22. RECEIVABLES FROM GROUP COMPANIES - continued

22.2. Receivables from group companies considered doubtful as to collection, amounting to EUR 172 thousand, were reviewed to assess whether an impairment allowance should be recognised in the separate statement of comprehensive income. As a result of this review, an impairment allowance of EUR 172 thousand was recognised for receivables from group companies based on management's assessment of the uncertainty of their collection.

In accordance with the Company's accounting policies, an impairment allowance was recognised in the accounting records as at 31 December 2025 for short-term receivables from other customers that remained unpaid and were more than one year past due, in the total amount of EUR 531 thousand.

EUR´000

CUSTOMER	RECEIVABLES OUTSTANDING FOR MORE THAN ONE YEAR
HŽ Putnički prijevoz d.o.o.	166
HŽ Cargo d.o.o.	4
Tehnički servisi željezničkih vozila d.o.o.	2
Other Customers	359
TOTAL	**531**

23. TRADE RECEIVABLES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Trade Receivables		
Domestic Customers	6.238	6.778
Less: Allowance for Impairment	(3.215)	(4.050)
	3.023	**2.728**
Foreign Customers	39	177
Less: Allowance for Impairment	(3)	(11)
	36	**166**
Total	**3.059**	**2.894**

23.1. Receivables from customers considered doubtful as to collection, amounting to EUR 531 thousand, were reviewed to assess whether an impairment allowance should be recognised in the separate statement of profit or loss and other comprehensive income. As a result of this review, an impairment allowance of EUR 531 thousand was recognised for trade receivables based on management's assessment of the uncertainty of their collection.

23.2. Ageing analysis of trade receivables is as follows:

EUR'000	Not Due	Past Due					Total
		30 days	30-60 days	60-90 days	90-120 days	>od 120 days	
31 December 2025	2.122	207	59	78	66	527	3.059
31 December 2024	1.910	538	73	43	0	330	2.894

In accordance with the requirements of IFRS 9, the Company developed an expected credit loss (ECL) model under which the allowance for impairment of receivables from other customers was reduced by EUR 60 thousand as at 31 December 2025, with the effect recognised in the separate statement of comprehensive income (*Refer to Note 22.1*).

24. RECEIVABLES FROM EMPLOYEES AND MEMBERS OF MANAGEMENT

	31 December 2025 EUR'000	31 December 2024 EUR'000
Receivables from Employees and Members of Management		
Receivables for Inventory Shortages	291	334
Other Receivables from Employees	(25)	(16)
Total	**266**	**318**

Receivables from employees and members of management relate to travel advances, receivables arising from shortages and damages caused, receivables for mobile phone expenses, and other similar receivables.

25. RECEIVABLES FROM THE STATE AND OTHER INSTITUTIONS

Receivables from the State and Other Institutions	31 December 2025 EUR'000	31 December 2024 EUR'000
Receivables from the State for Assumed Loans	-	39.939
Receivables from the State for the Assumed Debt of HŽ Cargo d.o.o.	21.462	32.080
Less: Allowance for Impairment of Receivables from the State	(346)	(41.052)
Receivable from the Shareholder for the Company's Capital Contribution	13.415	-
VAT Receivables	1.457	1.731
Receivables from the State Budget for EU Projects (Note 44)	423	423
Income Tax Receivable (Note 16.1)	1.180	382
	37.591	**33.503**

Included in receivables from the State and other institutions is a receivable from the State for the assumption of loans in the amount of EUR 39,939 thousand.

Pursuant to General Meeting Decision No. S-12/13 dated 26 April 2013, the Company's Management Board adopted Decisions No. UI-73-12/13 and UI-73-13/13 on 30 April 2013, under which HŽ Infrastruktura d.o.o. fully waived its receivables from HŽ Putnički prijevoz d.o.o. and HŽ Cargo d.o.o. that had arisen up to 31 December 2012 and remained outstanding as at 26 April 2013, except for receivables arising from the consumption of electricity.

The transaction was recognised in the Company's financial statements for the 2012 financial year.

Following the above-mentioned General Meeting Decision, The Management Board of HŽ Infrastruktura d.o.o. proposed that the General Meeting submit to the Government of the Republic of Croatia for

25. RECEIVABLES FROM THE STATE AND OTHER INSTITUTIONS – continued

consideration and approval a proposal for a decision on the assumption of the following loan obligations:

- Loan facility with OTP banka d.d. No. 130213357791, entered into on 13 February 2013, secured by a State guarantee for the purpose of maintaining current liquidity, in the amount of EUR 22,563 thousand;
- Loan facility with Erste & Steiermärkische Bank d.d. (at the time the proposal was submitted, the loan was in the process of being arranged; in the meantime, the facility was finalised and was intended to finance the 2013 Business Plan relating to railway infrastructure maintenance and traffic management) in the amount of EUR 86,270 thousand; and
- Loan funding intended for the redundancy programme for surplus employees in 2012 and 2013, in the amount of EUR 33,181 thousand.

The General Meeting approved the above proposals by Decision No. S-14-1/13 dated 14 June 2013. However, by the date of preparation of the 2013 financial statements, the loans had not been assumed by the State. Consequently, an impairment allowance for the related receivable was recognised in 2013.

On 23 December 2014, the Government of the Republic of Croatia adopted a Decision granting approval for the assumption of the Company's debt arising from guarantees issued and unpaid statutory liabilities of the debtor through an increase in public infrastructure capital, with the aim of reducing indebtedness and achieving the financial restructuring of the railway infrastructure manager, in the amount of EUR 254,269 thousand (EUR 235,047 thousand relating to principal, EUR 8,481 thousand relating to regular interest, EUR 9,740 thousand relating to principal already paid, and EUR 1,001 thousand relating to accrued default interest). The approval covered the assumption of long-term borrowings from Erste & Steiermärkische Bank d.d., Erste & Steiermärkische Bank d.d. and Sberbank d.d., as well as short-term borrowings from OTP banka d.d.

On 7 January 2025, the Republic of Croatia and HŽ Infrastruktura d.o.o. entered into a *Settlement Agreement governing outstanding property and legal matters remaining after the demerger of HŽ-Hrvatske željeznice d.o.o.* Pursuant to this Settlement Agreement, the aforementioned receivables in the amount of EUR 39,939 thousand were derecognised from the accounting records in 2025 (*Refer to Note 51*).

As at 31 December 2025, the Company recognised a receivable from the State relating to the assumed debt of HŽ Cargo d.o.o., arising from the Settlement Agreement, the Agreement and the Assignment Agreement entered into between the Republic of Croatia, represented by the Ministry of the Sea, Transport and Infrastructure, HŽ Cargo d.o.o. and HŽ Infrastruktura d.o.o., in the amount of EUR 21,462 thousand.

On 7 January 2025, the Republic of Croatia and HŽ Infrastruktura d.o.o., Zagreb, entered into a Settlement Agreement governing outstanding property and legal matters remaining after the demerger of HŽ-Hrvatske željeznice d.o.o. The purpose of the Settlement Agreement was to compensate HŽ

25. RECEIVABLES FROM THE STATE AND OTHER INSTITUTIONS – continued

Infrastruktura d.o.o., as the legal successor of HŽ-Hrvatske željeznice, for the shortfall in share capital transferred in respect of investments in public infrastructure assets, i.e. to reimburse funds originally invested from the share capital of HŽ-Hrvatske željeznice in the construction of railway infrastructure.

The Settlement Agreement determined that the receivable relating to the unpaid portion of the proportionate value of HŽ Hrvatske željeznice, in which HŽ Infrastruktura d.o.o., as the legal successor, had invested and which, upon the demerger of its legal predecessor, was excluded and became public infrastructure assets, amounted to EUR 62,090 thousand. The Republic of Croatia contributed this amount to the Company's capital reserves, consisting of EUR 38,415 thousand in cash (of which EUR 25,000 thousand was settled by the Republic of Croatia in April 2025) and EUR 23,675 thousand through the contribution of the rights arising from the Ministry of Finance's recourse claim relating to the portion of the loan repaid as at 31 October 2024.

On 23 November 2025, the Government of the Republic of Croatia adopted a Decision to increase the share capital of HŽ Infrastruktura by the aforementioned amount. Accordingly, the share capital was increased from EUR 29,755 thousand to EUR 91,845 thousand through the conversion of capital reserves into share capital in the amount of EUR 62,090 thousand.

As of the date of issuance of these financial statements, the Decision of the Government of the Republic of Croatia has not yet been registered with the Court Register of the Commercial Court in Zagreb.

In the assets section of the Company's separate statement of financial position (balance sheet), receivables from the State Budget for EU projects amounting to EUR 68,207 thousand as at 31 December 2025 and EUR 66,037 thousand as at 31 December 2024 have been offset against liabilities to public infrastructure assets (*Refer to Note 44*).

26. OTHER RECEIVABLES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Other Receivables		
Advances Paid to Domestic Suppliers	1.852	1.780
Advances Paid to Related Companies	486	484
Less: Allowance for Impairment of Advances	(2.166)	(2.156)
Current Portion of Non-current Receivables (Apartments Sold)	122	124
Other Short-term Receivables	1.015	984
Less: Allowance for Impairment of Other Short-term Receivables	(192)	(192)
Total	**1.117**	**1.024**

26. OTHER RECEIVABLES - continued

Other receivables primarily comprise receivables arising from the sale of apartments for new foreign currency savings in the amount of EUR 9,019 thousand (receivables arising from the sale of apartments for old foreign currency savings amount to EUR 16 thousand). These funds have been retained with Privredna banka Zagreb as revenue of the State Budget of the Republic of Croatia (Official Gazette No. 43/92, Article 44), for which the State was required to issue bonds through Privredna banka Zagreb.

The above receivables have been offset in the separate statement of financial position (balance sheet) against liabilities arising from the sale of apartments (old and new foreign currency savings) (*Refer to Note 44*).

27. FINANCIAL ASSETS

	31 December 2025	31 December 2024
	EUR'000	EUR'000
Loans Granted to Related Companies		
Proizvodnja-regeneracija d.o.o., Zagreb	1.889	1.889
Less: Allowance for Impairment	(1.889)	(1.889)
	-	-
Loans Granted, Deposits and Similar Assets		
Deposits	943	936
Other	19	18
	961	**954**
Total	**961**	**954**

As a co-debtor for Pro-Reg's long-term loan with Zagrebačka banka, the Company paid loan instalments and interest amounting to EUR 2,352 thousand, of which EUR 463 thousand was settled through offsetting. The remaining receivable from Pro-Reg in respect of the loan instalments paid amounts to EUR 1,889 thousand. An impairment allowance for this amount was recognised in 2013.

Deposits (fixed-term deposits) presented under this heading relate to deposits made for land expropriation in respect of the following:

a) Lika Railway Line – EUR 100 thousand,

b) Gradec – Sveto Ivan Žabno Railway Line – EUR 19 thousand,

c) Dugo Selo – Križevci Railway Line – EUR 367 thousand,

d) Križevi – Koprivnica – State Border Railway Line – EUR 13 thousand,

e) Zaprešić – Čakovec Railway Line – EUR 71 thousand,

f) Dugo Selo – Novska Railway Line – EUR 111 thousand,

g) Dugo Selo – Novska – Ivanić Grad – Kutina Railway Line – EUR 8 thousand,

27. FINANCIAL ASSETS - continued

h) Vinkovci – Vukovar Railway Line – EUR 1 thousand,

i) Hrvatski Leskovac – Karlovac Railway Line – EUR 243 thousand

j) Zagreb Main Station – Dugo Selo Railway Line – EUR 10 thousand

28. CASH AT BANK

Cash and cash equivalents comprise cash held in bank accounts and are presented in the Company's statement of financial position (balance sheet).

	31 December 2025 EUR'000	31 December 2024 EUR'000
Cash Held in Current Accounts	116.287	112.696
Total	**116.287**	**112.696**
Less: Bank Overdrafts *(refer to Note 36)*	(2.573)	(1.812)

As at 31 December 2025, the annual separate statement of financial position (balance sheet) included bank overdrafts in the amount of EUR 2,573 thousand. These overdrafts relate to authorised overdraft facilities on transaction accounts in accordance with Agreement No. 800120-2340009-1110252804 concluded with Privredna banka Zagreb d.d., Agreement No. 679/20 concluded with OTP banka d.d., Agreement No. 0002285691 concluded with Zagrebačka banka d.d., and Agreement No. 27/2025-DPVPJS concluded with Hrvatska poštanska banka d.d.

Bank overdrafts on transaction accounts (revolving credit facilities) have been reclassified in the annual separate financial statements as at 31 December 2025 to short-term liabilities to banks and other financial institutions *(Refer to Note 39*).

29. PREPAID EXPENSES AND ACCRUED INCOME

	31 December 2025 EUR'000	31 December 2024 EUR'000
Prepaid Expenses and Accrued Income (Current)		
Other Accruals and Deferrals	1.137	19.894
Other Accruals and Deferrals – Related Parties	22	38
Costs Recharged to Other Companies	72	68
	1.232	**20.000**
Total	**1.232**	**20.000**

Accrued income and prepaid expenses amounted to EUR 1,232 thousand (31 December 2024: EUR 20,000 thousand) and relate to prepaid expenses.

Investments financed through loans for which the capital of the public asset was increased amounted to EUR 221,246 thousand as at 31 December 2025 and 31 December 2024. In 2013 and 2014, the Government of the Republic of Croatia adopted Decisions granting consent to assume the Company's debt arising from issued guarantees and unpaid mandatory liabilities of the debtor through an increase in the capital of the public asset, with the aim of reducing indebtedness and achieving the financial restructuring of the railway infrastructure manager, in the total amount of EUR 442,520 thousand (EUR 188,251 thousand in 2013 and EUR 254,269 thousand in 2014). The consent related to the assumption of long-term borrowings from Erste & Steiermärkische Bank d.d., Sberbank d.d., Privredna banka Zagreb d.d. and Zagrebačka banka d.d., as well as short-term borrowings from OTP banka d.d. These loans were used to finance investments in public assets. Following the assumption of the loans by the Government, the Company increased the capital of the public asset by the corresponding amount, and an adjustment to capital was made in the amount of the capitalised investments.

30. SHARE CAPITAL (SUBSCRIBE CAPITAL)

The share capital is stated at its nominal value of EUR 29,755 thousand. As at 31 December 2024, the share capital was presented in the same amount. The sole shareholder of the Company is the Republic of Croatia.

31. CAPITAL RESERVES

Capital reserves amounted to EUR 1,158,238 thousand in total (31 December 2024: EUR 921,716 thousand). Of this amount, EUR 1,085,413 thousand represents public assets for general use owned by the Republic of Croatia (31 December 2024: EUR 910,981 thousand), while EUR 72,825 thousand relates to the reserves of HŽ Infrastruktura d.o.o. as at 31 December 2025 (31 December 2024: EUR 10,735 thousand). (*Refer to Note 52*)

31. CAPITAL RESERVES- continued

Changes in capital reserves were as follow:

Public Asset

	EUR'000
As at 01.01.2025	**910.981**
Contribution by the Shareholder – Reclassification to Infrastructure	195.150
Other Non-owner Changes	4.806
Property, Plant and Equipment Capitalised from the State Budget of the Republic of Croatia	44.107
Depreciation of Public Assets for General Use	(56.369)
Capitalisation of Previously Impaired Assets under Construction	8.760
Carrying Amount of Disposed Public Assets for General Use	(22.052)
Surplus of Public Assets for General Use	30
As at 31.12.2025	**1.085.413**

Infrastruktura

As at 01.01.2025	10.735
Compensation for Expropriated Assets in Accordance with the Settlement Agreement on the Resolution of Property and Legal Matters with the Republic of Croatia	62.090
As at 31.12.2025.	**72.825**

32. REVALUATION RESERVES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Revaluation Reserve		
Revaluation of Property, Plant and Equipment	2.788	2.788
Realisation of the Revaluation Reserve (Note 33)	(108)	(78)
	2.680	**2.710**

During 2022, the Company performed a valuation of the market value of a property for the purposes of establishing a security interest over that property. Based on the valuation, the Company recognised an increase in the carrying amount of property, plant and equipment (*Refer to Note 17*) and a revaluation reserve in the amount of EUR 2,788 thousand.

The effect of the revaluation of property, plant and equipment amounted to EUR 3,121 thousand, following which the revaluation reserve was reduced by the deferred tax liability in the amount of EUR 333 thousand. (*Refer to Note 36)*

The Transfer of the revaluation reserve to retained earnings through the description charge on property plant and equipment amounted to EUR 30 thousand in 2025 (2024: EUR 30 thousand). (*Refer to Note 33*)

33. RETAINED EARNINGS

	EUR'000
31 December 2024	**37.341**
Realisation of the Revaluation Reserve	30
Profit for 2024 (*Note 34*)	138
Distribution of 60% of the 2024 Profit to the State Budget of the Republic of Croatia	(83)
31 December 2025	**37.426**

34. PROFIT FOR THE YEAR

For the period from 1 January to 31 December 2025, the Company generated a profit for the financial year in the amount of EUR 1,764 thousand based on the difference between its income and expenses (2024: EUR 2,412 thousand).

For 2025, the Company generated a profit before tax of EUR 1,764 thousand, while the profit for the financial year after tax amounted to EUR 256 thousand.

	31 December 2025 EUR'000	31 December 2024 EUR'000
Profit for the Financial Year		
Total Income	257.985	226.242
Total Expenses	256.221	223.830
Profit before Taxation	**1.764**	**2.412**
Corporate Income Tax Recognised in the Statement of Profit or Loss	(1.508)	(2.274)
Additional Corporate Income Tax	-	-
Profit for the Financial Year	**256**	**138**
Effective Corporate Income Tax Rate	*85,5%*	*94,3%*

35. PROVISIONS

	Litigation Costs	Cost of Long-service Awards and Severance Programs	Total
	EUR'000	**EUR'000**	**EUR'000**
31 December 2024	**14.161**	**7.095**	**21.256**
Additional provisions	7.875	1.549	9.424
Reversal of Provisions	(4.883)	(2.811)	(7.694)
31 December 2025	**17.153**	**5.833**	**22.986**

35. PROVISIONS - continued

The obligation to recognise provisions for employee benefits arises from the collective agreement, and the provisions have been determined in accordance with IAS 19 Employee Benefits based on an actuarial valuation performed by an independent qualified actuary. Employee benefit provisions include provisions for severance payments and long-service awards. Provisions are measured at the present value of the expected future costs required to settle the obligation, using a discount rate of 3.41%.

The actuarial valuations were performed based on the following key assumptions used in the calculations:

31 December 2025	
Discount Rate	4,06%
Employee Turnover Rate	3,76%

36. LONG-TERM LIABILITIES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Liabilities to banks and Other Financial Institutions		
Hrvatska poštanska banka d.d.	30.000	-
European Bank for Reconstruction and Development (EBRD)	12.686	17.760
	42.686	17.760
Less: Current Portion (*Note 36*)	(5.074)	(5.074)
	37.612	**12.686**
Other Long-term Liabilities		
Liabilities for Sold Apartments	188	298
	188	**298**
Deferred Tax Liability		
Tax Liability Arising from the Revaluation of Property, Plant and Equipment	309	316
	309	**316**
Loans, Deposit and Similar Liabilities		
Non-current Lease Liabilities – IFRS 16	560	546
Non-current Finance Lease Liabilities	5.354	2.768
Less: Current Portion (*Note 38*)	(201)	(133)
	5.713	**3.181**
Total	**43.822**	**16.481**

36. LONG-TERM LIABILITIES – continued

On 2 January 2025, the Government of the Republic of Croatia adopted a *Decision granting consent for the assumption of the loan liabilities of HŽ Infrastruktura d.o.o. for which state guarantees had been issued* and which had been used to finance the rehabilitation, modernisation, upgrading and construction of railway infrastructure.
The loan liabilities assumed consist of:

- amounts of due loan liabilities of HŽ Infrastruktura d.o.o. that had been settled by the Republic of Croatia under issued and called state guarantees as at 31 October 2024; and
- amounts of outstanding loan liabilities not yet due for repayment.

The assumption of the loan liabilities of HŽ Infrastruktura d.o.o. relates to borrowings from:

- the consortium of lenders comprising Erste & Steiermärkische Bank d.d., Rijeka, Societe Generale – Splitska banka d.d., Split, and OTP banka d.d., Zadar;
- the consortium of lenders comprising Zagrebačka banka d.d., Zagreb, Privredna banka Zagreb d.d., Zagreb, Croatian Bank for Reconstruction and Development (HBOR), Zagreb, Splitska banka s.s., Split, Hrvatska poštanska banka d.d., Zagreb, and Erste & Steiermärkische Bank d.d., Rijeka;
- OTP banka d.d., Split
- Croatian Bank for Reconstruction and Development (HBOR), Zagreb (three loan facilities); and
- Erste & Steiermärkische Bank d.d., Rijeka and Privredna banka Zagreb d.d., Zagreb

Pursuant to the aforementioned Decision, the capital of the public asset recorded in the Company's accounting records was increased in 2025 by the amount of the due loan liabilities of HŽ Infrastruktura d.o.o. that had been settled by the Republic of Croatia under issued and called state guarantees. The amount of the increase in the capital of the public asset relating to the assumption of outstanding loan liabilities not yet due for repayment will be determined upon the respective maturity dates of the assumed loans (the final maturity date of the assumed loans being in 2032).

In accordance with the above Decision, as at 31 December 2025 the Company reclassified all non-current outstanding liabilities to banks relating to the assumed loans to current liabilities to banks in its accounting records. (*Refer to Note 39)*
Upon the maturity of each individual loan and its repayment by the Republic of Croatia, the Company derecognises the due loan liability from current liabilities to banks and recognises a liability to the Republic of Croatia, Ministry of Finance, which has settled the respective obligation in accordance with the Decision and the Debt Assumption Agreement entered into between the Republic of Croatia, HŽ Infrastruktura as the borrower, and the lenders (banks).

Interest on long-term loan liabilities (investment loans) is recognised as a charge to / credit against government grants.

Loans obtained from foreign financial institutions bear variable interest rates as follows:

European Bank for Reconstruction and Development (EBRD)	1,00%	Variable

36. LONG-TERM LIABILITIES – continued

Other long-term liabilities relate to long-term loans granted to employees for the purchase of HŽ apartments. In accordance with the Act on the Sale of Apartments Subject to Tenancy Rights (Official Gazette No. 43/1992), the apartments sold were derecognised from the assets and equity of HŽ, recognised as receivables from employees, and, at the same time, a liability to the seller of the apartments was recognised.

Included within long-term liabilities as at 31 December 2025 was a deferred tax liability amounting to EUR 309 thousand (31 December 2024: EUR 316 thousand). (*Refer to Note 32*)

In the annual unconsolidated Statement of Financial Position / Balance Sheet, lease liabilities arising from operating and finance leases amounting to EUR 5,713 thousand were recognised within long-term liabilities as at 31 December 2025 (31 December 2024: EUR 3,181 thousand). The operating and finance lease agreements were entered into for the lease of road transport vehicles (passenger cars and commercial vehicles).

36.1. Changes in liabilities to banks and other financial institutions during the year were as follows:

	EUR'000
As at 01.01.2025	17.760
New Loans	30.000
Repayments	(5.074)
	42.686
Less: Current Portion	(5.074)
As at 31.12.2025	**37.612**

Long-term liabilities to banks and other financial institutions fall due as follows:

	EUR'000
Maturing within one to two years	35.075
Maturing within two to three years	2.537
Total	**37.612**

37. LIABILITIES TO GROUP COMPANIES

Within current liabilities, liabilities to group companies are recognised in respect of materials purchased, works performed, services received and other liabilities (recharges of utility costs (electricity, water, network charges, etc.), recharges of lease fees and other items under Section 6.2 of the Demerger Plan of HŽ Hrvatske željeznice d.o.o. (obligations and rights arising from court decisions, decisions of administrative authorities and public notaries, as well as out-of-court settlements), daily allowances, company car and business travel expenses, claims for damages, losses, Željezničar, P-2d tickets, P-7 subsidies, etc.).

	31 December 2025	31 December 2024
Liabilities to Related Parties	**EUR'000**	**EUR'000**
Subsidiaries		
Pružne građevine d.o.o., Zagreb	5.623	4.239
	5.623	**4.239**
Associate		
Proizvodnja i regeneracija d.o.o. in Bankruptcy, Zagreb	**358**	**358**
Other State-owned Railway Companies		
HŽ Putnički prijevoz d.o.o., Zagreb	314	4.509
HŽ Cargo d.o.o., Zagreb	121	423
Tehnički servisi željezničkih vozila d.o.o., Zagreb	170	215
Održavanje vagona d.o.o., Zagreb	714	690
TŽV Gredelj d.o.o. u stečaju, Zagreb	-	1
	1.319	**5.838**
Other State-controlled Companies		
Hrvatski operator prijenosnog sustava d.o.o., Zagreb	188	171
HEP ODS d.o.o., Zagreb	184	160
HEP Opskrba d.o.o., Zagreb	5.284	3.095
HEP Toplinarstvo d.o.o., Zagreb	89	115
HP - Hrvatska pošta d.d., Zagreb	10	10
HEP PLIN d.o.o., Osijek	3	12
Narodne novine d.d., Zagreb	8	8
Hrvatske vode d.o.o., Zagreb	27	92
	5.793	**3.663**
Total	**13.093**	**14.098**

37. LIABILITIES TO GROUP COMPANIES - continued

37.1. Ageing analysis of liabilities to group companies is as follows:

EUR'000	Not Due	Past Due					Total
		30 days	30-60 days	60-90 days	90-120 days	>od 120 days	
31 December 2025	12.252	330	31	27	0	452	13.092
31 December 2024	8.330	4.870	228	186	13	471	14.098

38. LOANS, DEPOSITS AND SIMILAR LIABILITIES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Loans, deposits and similar liabilities		
Liabilities for Deposits Received	2.347	2.118
Finance Lease Liabilities (*Note 36*)	200	133
	2.547	**2.251**
Public Asset		
Liabilities to CERP	25.225	25.225
Total	**27.772**	**27.476**

The amount of EUR 25,225 thousand relates to liabilities to the Croatian Privatisation Fund (currently the Centre for Restructuring and Sale – CERP) arising from the settlement of debt owed to INA and HEP.

Pursuant to the Conclusion of the Government of the Republic of Croatia, Class: 305-01/01-02/06, Ref. No.: 5030114-01-3, dated 25 June 2001, the Croatian Privatisation Fund settled the debt of Croatian Railways to INA and HEP Zagreb in the amount of EUR 37,671 thousand. For the total amount of the liabilities settled to INA and HEP, Croatian Railways transferred to the Croatian Privatisation Fund shares and real estate assets not utilised in its core operations. The Croatian Privatisation Fund additionally charged interest on the outstanding debt, following which the Company's liability amounted to EUR 42,394 thousand.

Part of the liability was settled during 2013 and 2014 as follows:

- by offsetting receivables in the amount of EUR 2,039 thousand (receivables arising from the sale of shares in Privredna banka Zagreb and dividends previously paid by Privredna banka Zagreb and Končar d.d. into the bank account of the Croatian Privatisation Fund (HFP),
- by transferring to the Republic of Croatia the equity interest in Hotel Miror d.o.o., valued at EUR 10,026 thousand,

38. LOANS, DEPOSITS AND SIMILAR LIABILITIES - continued

- By transferring to the Republic of Croatia the equity interest in Hotel Mursa d.o.o., valued at EUR 5,665 thousand, and
- By transferring to the Republic of Croatia real estate properties located in the cadastral municipalities of Vinkovci (''Hungarian School''), Kozala (''Rijeka Dormitory'') and Koprivnica (''Koprivnica Dormitory''), valued at EUR 7,510 thousand.

The Decision of the Government of the Republic of Croatia, Class: 022-03/13-04/266, Ref. No.: 50301-05/20-13-2, dated 13 June 2013, states in Item I, Paragraph 3 that the remaining debt amounting to EUR 40,355 thousand (being the outstanding balance after the offset of EUR 2,039 thousand) would be settled through the transfer of equity interests and real estate assets owned by HŽ Infrastruktura d.o.o., the market value of which was required to exceed the aforementioned amount by 20%, i.e. to amount to EUR 48,426 thousand.

As HŽ Infrastruktura d.o.o., pursuant to the above-mentioned Decision of the Government of the Republic of Croatia, is required to transfer equity interests and real estate assets owned by HŽ Infrastruktura d.o.o. with a market value of EUR 48,426 thousand, and transfers amounting to EUR 23,201 thousand have been completed to date, the remaining outstanding liability amounts to EUR 25,225 thousand. This is in accordance with the Decision of the Government of the Republic of Croatia on the Amendments to and Supplement to the Decision on the Mutual Settlement of Liabilities between HŽ Infrastruktura d.o.o., the Agency for State Property Management and the Republic of Croatia, dated 19 March 2014, Class: 022-03/14-04/69, Ref. No.: 50301-05/18-14-2.

Accordingly, the existing liability to CERP was required to be increased by 20%, i.e. by EUR 8,071 thousand, in the accounting records of HŽ Infrastruktura d.o.o., after which the liability amounted to EUR 25,225 thousand.

39. LIABILITIES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2025 EUR'000	31 December 2024 EUR'000
Liabilities to Banks and Other Financial Institutions		
Privredna banka Zagreb d.d., Zagreb – Short-term Loan	-	10.834
Erste&Steiermäerkische bank d.d., Rijeka – Short-term Loan	-	32.517
Zagrebačka banka d.d., Privredna banka Zagreb d.d., HBOR, Splitska banka d.d., Hrvatska poštanska banka d.d. i Erste&Steiermäerkische bank d.d. *(Note 36)*	13.714	20.571
OTP banka d.d. *(Note 36)*	27.585	34.200
HBOR Loan 1100749 *(Note 36)*	25.597	31.285
HBOR Loan 1101416 *(Note 36)*	41.713	49.297
HBOR Loan 1101751 *(Note 36)*	24.649	26.545
Erste&Steiermaerkische bank d.d. i Privredna banka Zagreb d.d. *(Note 36)*	24.649	26.544
Plus: Current Portion – Foreign Loans *(Note 36)*	5.074	5.074
Plus: Bank Overdraft (Revolving Credit Facility) /i/	2.573	1.812
Total	**165.554**	**238.679**

/i/ Liabilities relating to bank overdraft facilities (revolving credit facilities) are recognised based on agreed overdraft arrangements with OTP banka d.d., Privredna banka Zagreb d.d., Zagrebačka banka d.d. and Hrvatska poštanska banka d.d., with a total approved limit of EUR 2,941 thousand. As at 31 December 2024, the Company had utilised EUR 2,573 thousand of the overdraft facilities. (*Refer to Note 28*)

In accordance with the Decision of the Government of the Republic of Croatia granting consent for the assumption of the loan liabilities of HŽ Infrastruktura d.o.o. for which state guarantees had been issued, the outstanding loan liabilities under the assumed loans that had not yet fallen due were reclassified in the Company's accounting records from non-current liabilities to banks and other financial institutions to current liabilities. (*Refer to Note 36*)

39. LIABILITIES TO BANKS AND OTHER FINANCIAL INSTITUTIONS - continued

Changes in liabilities to banks and other financial institutions during the year were as follows:

	EUR'000
As at 01.01.2025.	**238.679**
Repayment of Principal of the Short-term Loan-Privredna banka Zagreb d.d., Zagreb	(10.835)
Repayment of Principal of the Short-term Loan-Erste&Steiermaerkische bank d.d.	(32.517)
Repayment of Principal of the EBRD Loan	(5.074)
Repayment of Principal of the EBRD Loan - M*aturing in 2026.*	5.074
Repayment of Principal of the Loan from Zagrebačka banka d.d., Privredna banka Zagreb d.d., HBOR, Splitska banka d.d., Hrvatska poštanska banka d.d. and Erste&Steiermaerkische bank d.d. - *Assumed Loan*	(6.857)
Repayment of Principal of HBOR Loan No. 1100749 - *Assumed Loan*	(5.688)
Repayment of Principal of HBOR Loan No. 1101416 - *Assumed Loan*	(7.584)
Repayment of Principal of HBOR Loan No. 1101751 - *Assumed Loan*	(1.896)
Repayment of Principal of the Loan from Erste&Steiermaerkische bank d.d. and Privredna banka Zagreb d.d. - *Assumed Loan*	(1.896)
Repayment of Principal of the Loan OTP - *Assumed Loan*	(6.614)
Repayment of Revolving Credit Facility (Bank Overdraft)	(1.812)
Repayment of Revolving Credit Facility (Bank Overdraft) - Maturing *2026.*	2.574
As at 31.12.2025.	**165.554**

40. LIABILITIES FOR ADVANCES RECEIVED

	31 December 2025 EUR'000	31 December 2024 EUR'000
Liabilities for advances received		
From domestic customers	3.374	41
From foreign customers – foreign currency deposits	421	608
Total	**3.795**	**649**

41. TRADE PAYABLES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Trade Payables		
Domestic Suppliers	96.535	70.415
Foreign Suppliers	2.881	2.804
Total	**99.416**	**73.219**

41. TRADE PAYABLES – continued

41.1. Ageing analysis of trade payables is as follows:

EUR'000	Not Due	Past Due					Total
		do 30 dana	30-60 dana	60-90 dana	90-120 dana	>od 120 dana	
31 December 2025	96.874	2.449	2	-	-	92	99.417
31 December 2024	59.153	7.610	4.089	139	9	2.219	73.219

42. LIABILITIES TO EMPLOYEES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Liabilities to Employees		
Net Salary Payables	7.827	6.032
Severance Payment Liabilities	155	305
Other Liabilities	1.588	1.383
Total	**9.570**	**7.720**

43. TAXES, SOCIAL SECURITY CONTRIBUTIONS AND SIMILAR LIABILITIES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Taxes, Social Security Contributions and Similar Liabilities		
Social Security Contributions Withheld from Salaries	2.339	1.763
Employer Social Security Contributions	1.919	1.452
Taxes and Surtax	1.092	655
Other Liabilities	7	1
Total	**5.357**	**3.871**

44. OTHER LIABILITIES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Other current liabilities		
Liabilities for Unvoiced Goods	219	467
Liabilities to the Ministry of Finance */i/*	-	223.234
Other Liabilities	724	630
Total	**943**	**224.331**

44. OTHER LIABILITIES - continued

/i/ Pursuant to the *Decision Granting Consent for the Assumption of the Loan Liabilities of HŽ Infrastruktura d.o.o. for which State Guarantees had been Issued* (adopted on 2 January 2025), the Company, as at 31 January 2025, derecognised all due and repaid loan liabilities to the Ministry of Finance (outstanding as at 31 October 2024) in the total amount of EUR 192,163 thousand, with a corresponding increase recognised in the capital of public assets for general use, and a further EUR 40,601 thousand by the end of 2025. The assumed loan liabilities that were not yet due and remained unpaid as at 31 December 2025 are recognised in the Company's accounting records within current liabilities to banks and other financial institutions. Upon maturity and settlement, such liabilities are reclassified to other current liabilities to the Ministry of Finance (including principal, interest and other related costs). Upon the final repayment of the last assumed loan liability (which, as at 31 October 2024, being the date of the assumption of the loan liabilities of HŽ Infrastruktura d.o.o., had not yet fallen due and remained unpaid), the respective liability will be derecognised in the Company's accounting records against the capital of public assets for general use, in accordance with the aforementioned Decision, in an amount not exceeding EUR 204,124 thousand.

Included within other current liabilities is an amount of EUR 9,800 thousand relating to liabilities to apartment sellers arising from apartment purchase agreements settled through foreign currency savings, which will be settled upon collection of the respective foreign currency funds from banks. These current liabilities have been offset in the Company's Balance Sheet against receivables from purchasers of sold apartments amounting to EUR 9,800 thousand. (*Refer to Notes 19 and 26*)

In the Company's unconsolidated Statement of Financial Position / Balance Sheet, the aforementioned liabilities have been offset against receivables from the state budget relating to EU-funded projects in the amount of EUR 68,207 thousand. (*Refer to Note 25*)

45. ACCRUED EXPENSES AND DEFERRED INCOME

	31 December 2025 EUR'000	31 December 2024 EUR'000
Accrued Expenses and Deferred Income (Non-current)		
Government and EU Grants for Railway Modernisation */i/*	653.116	395.129
Deferred Income	548	548
Dividends from Investments	127	127
Accrued Expenses Deferred During the Warranty Period - EU	16.784	15.299
Non-repayable Grants - EU/CEF/NPOO */ii/*	382.768	372.565
	1.053.343	**783.668**
Accrued expenses and deferred income (current)		
Interest and Loan-related Costs – Public Assets	(2.491)	(1.945)
Other	19.109	18.431
	16.618	**16.486**
Total	**1.069.961**	**800.154**

Accrued expenses and deferred income amounting to EUR 1,069,961 thousand 8 31 December 2024; EUR 800,154 thousand) relate to following:

/i/ Government grants related to the modernisation of public assets for general use and the repayment of loans represent funds received from the Republic of Croatia for the acquisition of property, plant and equipment. Upon the capitalisation of such assets, the capital of public assets for general use is increased. Depreciation of public assets for general use is charged against the capital of public assets for general use.

/ii/ An amount of EUR 382,768 thousand represents non-repayable grants received for projects co-financed under the Connecting Europe Facility (CEF) and the National Recovery and Resilience Plan (NRRP), as well as grants received for projects financed under the Operational Programme Competitiveness and Cohesion (OPCC) / Competitiveness and Cohesion Programme (CCP).

Upon preparation of the annual financial statements, a provision for unused annual leave entitlement was recognised as an expense of the current reporting period.

Pursuant to Article 82 of the Labour Act, upon termination of employment, an employer is required to compensate an employee for any unused annual leave entitlement. Such compensation is determined in proportion to the number of unused annual leave days.

An accrued expense of EUR 5,751 thousand was recognised in the unconsolidated Statement of Profit or Loss and Other Comprehensive Income for 2025. (*Refer to Note 12*)

45. ACCRUED EXPENSES AND DEFERRED INCOME - continued

Accrued expenses for unused annual leave amounting to EUR 4,752 thousand, recognised as at 31 December 2024, were reversed by 30 June 2025 and credited to the unconsolidated Statement of Profit or Loss and Other Comprehensive Income upon utilisation of annual leave entitlements relating to 2024.

The accrual of new expenses for unused annual leave entitlements relating to 2025 and the reversal of expenses accrued in 2024 resulted in a net negative effect on the annual unconsolidated financial statements for 2025 in the amount of EUR 999 thousand.

Included within current accrued expenses and deferred income is the employer's obligation in respect of employees' unused annual leave entitlement as at 31 December 2025, amounting to EUR 5,751 thousand.

46. OFF-BALANCE SHEET RECORD

Off-balance sheet records amounted to EUR 2,842,872 thousand as at 31 December 2025 (31 December 2024: EUR 2,842,872 thousand)

	31 December 2025 EUR'000	31 December 2024 EUR'000
Guarantees Received	637.183	848.791
Guarantees Issued	144.872	554.587
Claims for Assets Destroyed During the War	36	36
Assets in Inaccessible Areas	49.086	49.086
EU – Letters of Guarantee	3.214	47.121
EU Contracts	1.338.044	1.369.853
EU – Payment Applications Submitted to SAFU	(43.268)	(26.602)
Total	**2.129.167**	**2.842.872**

The recognition of inaccessible, confiscated and totally destroyed assets during the war was carried out in accordance with the Regulation on the Recording of Assets, Damages and Liabilities in Wartime Conditions (Official Gazette No. 2/92) and the Croatian Railways Act (Official Gazette No. 53/94). In the off-balance sheet records, these assets are presented at historical cost.

Records of assets located in inaccessible areas of the Republic of Croatia relate to areas that were mined ad inaccessible to the inventor:

- Railway lines and civil engineering structures on the Slavonski Brod – Bosanski Brod section;
- Railway lines and civil engineering structures, signalling and telecommunication equipment, and electric traction facilities on the Sisak-Caprag-Topusko and Sisak-Caprag-Sunja-Jasenovac sections, and
- Other assets located in inaccessible areas.

46. OFF-BALANCE SHEET RECORD - continued

As at 31 December 2025, the Company had EU contracts recorded in its off-balance sheet records with a total value of EUR 1,338,044 thousand:

			31.12.2025
			EUR´000
1.	**MMPI - AGREEMENT ONT THE ALLOCATION OF NON-REPAYABLE FUNDS**	RECONSTRUCTION OF THE EXISTING RAILWAY LINE AND CONSTRUCTION OF THE SECOND TRACK ON THE DUGO SELO – KRIŽEVCI SECTION	201.356
	DIV-DALEKOVOD-ZAGREB-MONTAŽA	RECONSTRUCTION OF THE EXISTING RAILWAY LINE AND CONSTRUCTION OF THE SECOND TRACK ON THE DUGO SELO – KRIŽEVCI SECTION	164.517
	SGS ADRIATICA - INVESTINŽENJERING	RECONSTRUCTION OF THE EXISTING RAILWAY LINE AND CONSTRUCTION OF THE SECOND TRACK ON THE DUGO SELO – KRIŽEVCI SECTION	1.914
2.	**MMPI-SAFU-HŽI**	PROJECT FOR THE RECONSTRUCTION OF THE EXISTING RAILWAY LINE AND CONSTRUCTION OF THE SECOND TRACK ON THE HRVATSKI LESKOVAC – KARLOVAC SECTION	361.138
	MOBILITA EVOLVA, PPG, YUKSEL	PROJECT FOR THE RECONSTRUCTION OF THE EXISTING RAILWAY LINE AND CONSTRUCTION OF THE SECOND TRACK ON THE HRVATSKI LESKOVAC – KARLOVAC SECTION	4.726
	STRABAG, STRABAG AG, STRABAG RAIL	PROJECT FOR THE RECONSTRUCTION OF THE EXISTING RAILWAY LINE AND CONSTRUCTION OF THE SECOND TRACK ON THE HRVATSKI LESKOVAC – KARLOVAC SECTION	227.380
3.	**AŽD PRAHA**	PROJECT FOR THE RECONSTRUCTION OF THE EXISTING RAILWAY LINE AND CONSTRUCTION OF THE SECOND TRACK ON THE HRVATSKI LESKOVAC – KARLOVAC SECTION	34.989
4.	**MMPI-SAFU-HŽI**	RAILWAY CONNECTION PROJECT WITHIN THE FUNCTIONAL REGION OF CENTRAL CROATIA – LEPOGLAVA LINK	1.488
5.	**DB ENGINEERING GERMANY**	ZAPREŠIĆ-ZABOK DB	1.789
	SWIETELSKY	ZAPREŠIĆ-ZABOK SWIET	70.430
	MMPI-SAFU-HŽI	PROJECT FOR THE UPGRADE AND ELECTRIFICATION OF THE EXISTING RAILWAY LINE ON THE ZAPREŠIĆ – ZABOK SECTION	81.544
6.	**MMPI-SAFU-HŽI**	PROJECT FOR THE UPGRADE AND ELECTRIFICATION OF THE EXISTING RAILWAY LINE ON THE VINKOVCI – VUKOVAR SECTION	68.529
7.	**COMSA**	PROJECT FOR THE UPGRADE AND ELECTRIFICATION OF THE EXISTING RAILWAY LINE ON THE VINKOVCI – VUKOVAR SECTION	49.949
8.	**RUBICON**	PROJECT FOR THE UPGRADE AND ELECTRIFICATION OF THE EXISTING RAILWAY LINE ON THE VINKOVCI – VUKOVAR SECTION	681
9.	**MMPI-SAFU-HŽI**	STUDY AND DESIGN DOCUMENTATION FOR THE MODERNISATION OF RAILWAY LINE M202 ZAGREB MAIN STATION – RIJEKA, KARLOVAC – OŠTARIJE SECTION	9.225
10.	**95 ŽCP MMPI**	PROJECT FOT THE PROTECTION AND MODERNISATION OF 94 LEVEL CROSSINGS AND 1 PEDESTRIAN CROSSING	22.259
11.	**NPOO**	PROJECT FOR THE ELIMINATION OF BOTTLENECKS ON THE RAILWAY INFRASTRUCTURE	24.595
12.	**TYPSA**	RECONSTRUCTION OF THE DUGO SELO – NOVSKA RAILWAY LINE, PHASES II AND III	11.535
TOTAL			**1.338.044**

47. RELATED PARTY TRANSACTIONS

Name of the Related Party	Operating Activities				Financing Activities			
	Receivables	Liability	Revenue	Expense	Receivables	Liability	Revenue	Expense
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
2025 year								
Pružne građevine d.o.o., Zagreb	1.973	5.623	663	5.978	-	-	-	-
Proizvodnja i regeneracija d.o.o., Zagreb	-	358	-	-	-	-	-	-
HŽ Putnički prijevoz d.o.o., Zagreb	3.700	314	10.056	386	-	-	1	9
HŽ Cargo d.o.o., Zagreb	1.716	121	5.315	1.063	-	-	1	7
Tvornica željezničkih vozila Gredelj d.o.o., Zagreb	-	-	-	3	-	-	-	-
Održavanje vagona d.o.o., Zagreb	184	714	127	1.568	-	-	70	2
Tehnički servisi željezničkih vozila d.o.o., Zagreb	554	170	383	614	-	-	11	-
Odašiljači i veze d.o.o., Zagreb	69	-	113	-	-	-	-	-
Hrvatske šume d.o.o., Zagreb	-	-	16	-	-		-	-
Hrvatski operator prijenosnog sustava d.o.o., Zagreb	-	188	-	1	-	-	-	4
HEP Opskrba d.o.o., Zagreb	-	5.284	-	2.549	-	-	-	21
HEP ODS d.o.o., Zagreb	1	183	45	1.227	-	-	-	2
Hrvatske vode, Zagreb	-	27	-	591	-	-	-	-
HEP Toplinarstvo d.o.o., Zagreb	-	89	-	386	-	-	-	1
HEP PLIN d.o.o. Osijek	-	3	-	19	-	-	-	-
HP – Hrvatska pošta d.d., Zagreb	-	10	-		-	-	-	-
Narodne Novine d.d., Zagreb	-	8	-	36	-	-	-	-
Total	**8.197**	**13.092**	**16.718**	**14.421**	**-**	**-**	**83**	**46**

47. RELATED PARTY TRANSACTIONS - continued

Name of the Related Party	Operating Activities				Financing Activities			
	Receivables	Liability	Revenue	Expense	Receivables	Liability	Revenue	Expense
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
2024 year								
Pružne građevine d.o.o., Zagreb	1.047	4.239	667	6.689	-	-	-	3
Proizvodnja i regeneracija d.o.o., Zagreb	-	358	-	-	-	-	-	-
HŽ Putnički prijevoz d.o.o., Zagreb	2.779	4.509	9.662	454	-	-	365	1.306
HŽ Cargo d.o.o., Zagreb	1.570	423	5.544	646	-	-	4	33
Tvornica željezničkih vozila Gredelj d.o.o., Zagreb	-	1	-	2	-	-	-	-
Održavanje vagona d.o.o., Zagreb	196	690	129	840	-	-	7	8
Tehnički servisi željezničkih vozila d.o.o., Zagreb	235	215	367	485	-	-	5	-
Odašiljači i veze d.o.o., Zagreb	11	-	67	-	-	-	-	-
Hrvatske šume d.o.o., Zagreb	-	-	15	-	-		-	-
Hrvatski operator prijenosnog sustava d.o.o., Zagreb	-	171	-	2	-	-	-	1
HEP Opskrba d.o.o., Zagreb	-	3.095	-	3.297	-	-	-	20
HEP ODS d.o.o., Zagreb	-	160	8	1.053	-	-	-	2
Hrvatske vode, Zagreb	-	92	-	610	-	-	-	-
HEP Toplinarstvo d.o.o., Zagreb	-	115	-	332	-	-	-	1
HEP PLIN d.o.o. Osijek	-	12	-	60	-	-	-	-
HP – Hrvatska pošta d.d., Zagreb	-	10	-		-	-	-	-
Narodne Novine d.d., Zagreb	-	8	-	36	-	-	-	-
Total	**5.838**	**14.098**	**16.459**	**14.506**	**-**	**-**	**381**	**1.374**

48. SUSTAINABILITY REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Directive (EU) 2026/470, the Company is exempt from the sustainability reporting requirement for the financial years 2025 and 2026.

The Company's annual consolidated financial statements will be published by 30 September 2026 in accordance with the provisions of Article 47, paragraph 5 of the Accounting Act.

49. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

49.1. Objectives of Financial Risk Management

The Company monitors and manages financial risks that could affect its operations through internal risk reports in which risk exposures are analysed according to the nature and significance of market risk, interest rate risk, credit risk and liquidity risk.

49.2.Capital Risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising returns to the shareholder through the optimisation of the debt-to-equity ratio.

The Company's capital structure consists of debt, cash and cash equivalents, and equity attributable to the owner, comprising share capital, legal and other reserves, and retained earnings / accumulated losses.

49.3.Debt-to-Equity Ratio

Management monitors the capital structure on a quarterly basis. As part of this monitoring process, Management considers the cost of financing and the risks associated with each class of funding source. The gearing ratio at the year-end was as follows:

	31.12.2025	**31.12.2024**
DESCRIPTION	EUR'000	EUR'000
Debt	203.166	251.365
Cash and Cash Equivalents	(116.287)	(112.696)
Net Debt	**86.879**	**138.669**
Equity	1.228.355	991.660
Net Debt to Equity Ratio	7,07%	13,98%

49. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

Categories of Financial Instruments

	31.12.2025	31.12.2024
DESCRIPTION	EUR'000	EUR'000
Financial Assets		
Loans and Receivables (Including Cash and Cash Equivalents)	117.458	113.973
Financial Liabilities		
Amortised Cost	369.323	606.525

49.4.Market Risk

The Company operates in both the Croatian and international markets. Management determines the prices of its products and service separately for the domestic and international markets.

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

49.5.Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will change as a result of changes in market interest rates relative to the interest rates applicable to those financial instruments. Cash flow interest rate risk is the risk that interest expense on financial instruments will fluctuate over time.

Due to the fact that the Company uses loans bearing variable interest rates, it is exposed to interest rate risk.

Interest Rate Sensitivity Analysis

The interest rate sensitivity analysis has been performed only for financial instruments bearing variable interest rates, to which the Company was exposed to interest rate risk at the end of the reporting period. For variable-rate instruments, the analysis assumes that the outstanding balance of liabilities at the end of the reporting period remained outstanding throughout the entire year.

A 50 basis-point increase in interest rates, applied to the outstanding loan balances as at 31 December 2025, would have resulted in an increase in interest expense of EUR 213 thousand (31 December 2024: EUR 1,248 thousand) due to exposure to interest rate risk. This is primarily attributable to the Company's exposure to variable interest rates on its borrowings.

49. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

49.6.Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to fulfil its contractual obligations, thereby causing a financial loss to the Company.

Assets that may potentially expose the Company to credit risk primarily comprise cash and cash equivalents and trade receivables. Trade receivables are presented net of allowances for doubtful and disputed receivables. There were no significant changes in the impact of credit risk on the Company's operations.

49.7.Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations to another contracting party as they fall due.
The Company manages liquidity risk by continuously monitoring and analysing projected and actual cash flows based on the maturity profile of financial assets and liabilities.

The Company's exposure to all of the above risks, both in the short and long term, could arise if the Ministry of the Sea, Transport and Infrastructure were not to provide, when due, the funds for which it has assumed responsibility under the signed Agreement on the Management, Organisation and Implementation of Railway Transport Services.

Liquidity Risk Analysis Table

The following table analyses the remaining contractual maturities of the Company's financial liabilities. The table has been prepared based on the undiscounted cash outflows of financial liabilities, determined by reference to the earliest date on which the Company may be required to make payment.

The remaining contractual maturities of the Company's financial liabilities are presented as follows:

LIABILITIES	Up to 1 month	1 to 3 months	3 months to 1 year	Over 1 year	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
31.12.2025					
Non-interest-bearing	-	-	-	27.772	**27.772**
Interest-bearing	-	-	165.554	43.326	**208.880**
31.12.2024					
Non-interest-bearing	-	-	-	27.476	**27.476**
Interest-bearing	-	-	238.679	15.867	**254.546**

49. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

The following table analyses the remaining contractual maturities of the Company's financial assets. The table has been prepared based on the cash inflows from financial assets, determined by reference to the earliest date on which the Company may require payment.

The remaining contractual maturities of the Company's financial assets are presented as follows:

ASSETS	Up to 1 month	1 to 3 months	3 months to 1 year	Over 1 year	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
31.12.2025					
Non-interest-bearing	-	-	961	-	**961**
Interest-bearing	-	-	122	210	**332**
31.12.2024					
Non-interest-bearing	-	-	18	-	**18**
Interest-bearing	-	-	124	322	**446**

50. CONTINGENT LIABILITIES

Legal proceedings in which the Company is the defendant as at 31 December 2025 were as follows:

/i/ The Company, as a defendant together with HŽ Cargo d.o.o., Zagreb and HŽ Passenger Transport d.o.o., Zagreb, is involved in numerous legal proceedings with a total value of EUR 48 thousand, the outcome of which is uncertain. In accordance with the Demerger Plan of HŽ Hrvatske željeznice d.o.o., Zagreb, any liabilities arising from these proceedings are borne by the newly established companies in proportion to their respective share in equity.
The Company, as a defendant, is involved in legal proceedings initiated from 2007 up to 31 December 2025, amounting to EUR 22,196 thousand.
As at 31 December 2025, a provision of EUR 17,153 thousand had been recognised for contingent liabilities arising from legal proceedings. (*Refer to Note 35*)

/ii/ The Company has issued guarantees in favour of certain subsidiaries, external entities and other institutions in Croatia in the total amount of EUR 144,872 thousand.

/iii/ According to the Company's approved business plan for the period 2026–2028, the total expected future severance payment costs amount to EUR 1.8 million and are scheduled by year as follows:

- 2026: EUR 1,5 million
- 2027: EUR 150 thousand
- 2028: EUR 150 thousand

51. EVENTS AFTER THE REPORTING DATE OF THE UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION / BALANCE SHEET

/i/ On 23 February 2026, the Company adopted a Decision on a further capital contribution to Pružne građevine d.o.o. through an increase in capital reserves by a cash contribution of EUR 454 thousand, with the purpose of settling the remaining liabilities to selected suppliers of equipment and strategic machinery. The capital contribution was completed.

/ii/ At the end of February 2026, armed conflicts escalated in the Middle East. These events may affect global energy markets, primarily through increases in oil and natural gas prices, as well as potential disruptions to supply chains.
Given the nature of the Company's operations, these events may indirectly affect the Company's business activities in 2026, particularly through potential increases in the costs of certain raw materials and services. Such developments are continuously monitored and analysed in order to identify significant risks in a timely manner and to develop appropriate measures in response to emerging risks.

51. COMPANY AND PUBLIC ASSETS FINANCIAL STATEMENTS

As the capital approach entails maintaining two parallel sets of records—one relating to public assets for general use and the other relating to the Company's own revenues and expenses, as well as the assets, liabilities and equity arising therefrom—the financial statements of the Company and the financial statements of the Public Assets for General Use are presented below.

STATEMENT OF FINANCIAL POSITION / BALANCE SHEET AS AT 31 DECEMBER 2025

	31 December 2025		
	Company	**Public Asset**	**Total**
	EUR´000	**EUR´000**	**EUR´000**
ASSETS			
Concessions, Patents, Licences, Trademarks and Services Marks, Software and Other Right	5.706	-	5.706
Intangible Assets	**5.706**	**-**	**5.706**
Land	26.840	238.232	265.072
Buildings	15.857	814.049	829.906
Plant and Equipment	1.998	6.439	8.437
Right-of-use Assets	549	-	549
Tools, Operating Inventory and Transport Assets	24.390	45	24.435
Advances for Property, Plant and Equipment	42.726		42.726
Property, Plant and Equipment under Construction	1.268.449		1.268.449
Other Tangible Assets	6.369	2.640	9.009
Property, Plant and Equipment	**1.387.178**	**1.061.405**	**2.448.583**
Investments in Equity Interests in Group Companies	25.297	-	25.297
Investments in Securities	325	-	325
Financial Assets	**25.622**	**0**	**25.622**
Other Receivables	210	-	210
Receivables	**210**	**-**	**210**
Deferred Tax Assets	**287**	**-**	**287**
NON-CURRENT ASSETS	**1.419.003**	**1.061.405**	**2.480.408**
Inventories	**41.506**	**-**	**41.506**
Receivables from Group Companies	8.197	-	8.197
Trade Receivables	3.059	-	3.059
Receivables from Employees and Members of the Company's Management	266	-	266

	31 December 2025		
	Company	**Public Asset**	**Total**
	EUR´000	**EUR´000**	**EUR´000**
Receivables from Government and Other Institutions	37.591	-	37.591
Other Receivables	1.117	-	1.117
Receivables	**50.230**	**-**	**50.230**
Loans Granted, Deposits and Similar Assets	961	-	961
Financial Assets	**961**	**-**	**961**
Cash at Bank and in Hand	**116.287**	**-**	**116.287**
CURRENT ASSETS	**208.984**	**-**	**208.984**
Prepaid Expenses and Accrued Income	**668.617**	**714.914**	**1.383.531**
TOTAL ASSETS	**2.296.604**	**1.776.319**	**4.072.923**
OFF-BALANCE SHEET RECORDS	**2.089.876**	**39.291**	**2.129.167**

STATEMENT OF FINANCIAL POSITION / BALANCE SHEET AS AT 31 DECEMBER 2025 – continued

	31 December 2025		
	Company	**Public Asset**	**Total**
	EUR´000	**EUR´000**	**EUR´000**
LIABILITIES AND EQUITY			
Share Capital	**29.755**	**-**	**29.755**
Capital Reserves	**72.825**	**1.085.413**	**1.158.238**
Revaluation Reserves	**2.680**	**-**	**2.680**
Accumulated Loss / Retained Earnings	**37.426**	**-**	**37.426**
Loss / profit for the Year	**256**	**-**	**256**
EQUITY AND RESERVES	**142.942**	**1.085.413**	**1.228.355**
Provisions	**22.986**	**-**	**22.986**
Loans, Deposits and Similar Liabilities	5.713	-	5.713
Liabilities to Banks and Other Financial Institutions	37.612	-	37.612
Other Non-current Liability	188		188
Deferred Tax Liability	309	-	309
Non-current Liabilities	**43.822**	**-**	**43.822**
Liabilities to group Companies	13.093	-	13.093
Liabilities for Loans, Deposits and Similar Instruments Owed to Group Companies	2	-	2
Loans, Deposit and Similar Liabilities	2.545	25.225	27.770
Liabilities to Banks and Other Financial Institutions	165.554	-	165.554
Liabilities for Advances Received	3.795	-	3.795
Trade Payables	99.416	-	99.416
Liabilities to Employees	9.570	-	9.570
Taxes, Social Security Contributions and Similar Liabilities	5.357	-	5.357
Other Liabilities	943	-	943
Current Liabilities	**300.275**	**25.225**	**325.500**
Accrued Expenses and Deferred Income	**1.786.579**	**665.681**	**2.452.260**
TOTAL LIABILITIES AND EQUITY	**2.296.604**	**1.776.319**	**4.072.923**
OFF-BALANCE SHEET RECORD	**2.089.876**	**39.291**	**2.129.167**

Following the Decisions of the Government of the Republic of Croatia adopted in 2013 and 2014 granting consent for the assumption of the Company's debt, the Company derecognised its long-term loan liabilities, together with the related interest and foreign exchange differences, through an increase in the capital of Public Assets for General Use. The overall effect of the aforementioned transactions resulted in changes in the capital of Public Assets for General Use (an increase in capital of EUR 525,284 thousand and a decrease in capital of EUR 454,347 thousand), which are presented in the separate balance sheets of the Company and Public Assets for General Use under the positions “Prepaid Expenses” and “Accrued Expenses and Deferred Income”. In the Company’s aggregated balance sheet, these changes have been consolidated in the amount of EUR 979,631 thousand.

Included within the positions “Prepaid Expenses” and “Accrued Expenses and Deferred Income” are investments financed through loans for which the capital of Public Assets for General Use was increased, amounting to EUR 221,246 thousand as at 31 December 2024. In 2013 and 2014, the Government of the Republic of Croatia adopted Decisions granting consent to assume the Company's debt arising from issued guarantees and unpaid statutory obligations of the debtor through an increase in the capital of Public Assets for General Use, with the aim of reducing indebtedness and achieving the financial restructuring of the railway infrastructure manager, in the total amount of EUR 442,520 thousand (EUR 188,251 thousand in 2013 and EUR 254,269 thousand in 2014). The consent related to the assumption of long-term borrowings from Erste & Steiermärkische Bank d.d., Sberbank d.d., Privredna banka Zagreb d.d. and Zagrebačka banka d.d., as well as short-term borrowings from OTP banka d.d. These loans were used to finance investments in Public Assets for General Use. Following the assumption of these loans, the Company increased the capital of Public Assets for General Use by the aforementioned amount, and a corresponding adjustment of capital was required for the amount of capitalised investments.

STATEMENT OF FINANCIAL POSITION / BALANCE SHEET AS AT 31 DECEMBER 2024

	31 December 2024		
	Company	**Public Asset**	**Total**
	EUR´000	**EUR´000**	**EUR´000**
ASSET			
Concessions, Patents, Licences, Trademarks and Service Marks, Software and Other Rights	6.594	-	6.594
Intangible Asset	**6.594**	**-**	**6.594**
Land	26.924	238.325	265.249
Buildings	15.353	831.487	846.840
Plant and Equipment	1.724	8.067	9.791
Right-of-use Assets	506	-	506
Tools, Operating Inventory and Transport Asset	23.073	19	23.092
Advances for Property, Plant and Equipment	28.076	-	28.076
Property, Plant and Equipment under Construction	992.334	-	992.334
Other Tangible Assets	6.158	17.791	23.949
Tangible Assets	**1.094.148**	**1.095.689**	**2.189.837**
Investments in Equity Interests in Group Companies	8.054	-	8.054
Investments in Securities	206	-	206
Financial Assets	**8.260**	**-**	**8.260**
Other Receivables	322	-	322
Receivables	**322**	**-**	**322**
Deferred Tax Assets	**373**	**-**	**373**
NON-CURRENT ASSETS	**1.109.697**	**1.095.689**	**2.205.386**
Inventories	**36.981**	**-**	**36.981**
Receivables from Group Companies	5.838	-	5.838
Trade Receivables	2.894	-	2.894
Receivables from Employees and Members of the Company'	318	-	318
Receivables from Government and Other Institutions	33.503	-	33.503

	31 December 2024		
	Company	**Public Asset**	**Total**
	EUR´000	**EUR´000**	**EUR´000**
Other Receivables	1.024	-	1.024
Receivables	**43.577**	**-**	**43.577**
Loans Granted, Deposits and Similar Assets	954	-	954
Financial Assets	**954**	**-**	**954**
Cash at Bank and in Hannd	**112.696**	**-**	**112.696**
CURRENT ASSETS	**194.208**	**-**	**194.208**
Prepaid Expenses and Accrued Income	**695.976**	**514.958**	**1.210.934**
TOTAL ASSETS	**1.999.881**	**1.610.647**	**3.610.528**
OFF-BALANCE SHEET RECORDS	**2.803.581**	**39.291**	**2.842.872**

STATEMENT OF FINANCIAL POSITION / BALANCE SHEET AS AT 31 DECEMBER 2024 – continued

	31 December 2024		
	Company	**Public Asset**	**Total**
	EUR´000	**EUR´000**	**EUR´000**
LIABILITIES AND EQUITY			
Share Capital	**29.755**	**-**	**29.755**
Capital Reserves	**10.735**	**910.981**	**921.716**
Revaluation Reserves	**2.710**	**-**	**2.710**
Accumulated Loss / Retained Earnings	**37.341**	**-**	**37.341**
Loss / Profit for the Year	**138**	**-**	**138**
EQUITY AND RESERVES	**80.679**	**910.981**	**991.660**
Provisions	**21.256**	**-**	**21.256**
Loans, Deposits and Similar Liabilities	3.181	-	3.181
Liabilities To Banks and Other Financial Institutions	12.686	-	12.686
Other Non-current Liabilities	298		298
Deferred Tax Liability	316	-	316
Non-current Liabilities	**16.481**	**-**	**16.481**
Liabilities to Group Companies	14.098	-	14.098
Liabilities for Loans, Deposits and Similar Instruments Owed to Group Companies	2	-	2
Loans, Deposits and Similar Liabilities	2.249	25.225	27.474
Liabilities to Banks and Other Financial Institutions	238.679	-	238.679
Liabilities for Advances Received	649	-	649
Trade Payables	73.219	-	73.219
Liabilities to Employees	7.720	-	7.720
Taxes, Social Security Contributions and Similar Liabilities	3.871	-	3.871
Other Liabilities	1.097	-	1.097
Liabilities to the Ministry of Finance	223.234	-	223.234
Current Liabilities	**564.818**	**25.225**	**590.043**
Accrued Expenses and Deferred Income	**1.316.647**	**674.441**	**1.991.088**
TOTAL LIABILITIES AND EQUITY	**1.999.881**	**1.610.647**	**3.610.528**
OFF-BALANCE SHEET RECORDS	**2.803.581**	**39.291**	**2.842.872**

The annual separate financial statements were approved by the Company's Management Board and authorised for issue on 23 June 2026.

Signed on Behalf of the Management Board:

Damir Lončarić,
President of the Management Board

Darko Barišić,
Board Member

Marijan Ćužić
Board Member

Mihaela Matokanović Džimbeg
Board Member

Subhi Tawfiq
Board Member

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