



PEOPLE INSPIRED BY PEOPLE

# BUSINESS RESULTS

of the company Meritus ulaganja d.d. and its subsidiaries (M+ Group)

Financial statement for the period that ended on June 30, 2022

ZAGREB, July 2022

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## 1. COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD

At the moment when 10% of your HRK 607 million H1\_2022 sales, are new sales, you get comfort and assurance that growth model we run is sustainable and that goals we set few years ago are coming through. I am incredibly proud and pleased to be part of this team which makes things happen. In comparison to H1\_2021, when sales amounted to HRK 381 million, our sales grew for 59% thanks to new sales and recognition on the market and from consolidating Germany-based company, Invitel, which we took over in Jan 2022.

When it comes to the operations of the M+ Group, despite all the adverse developments in the spheres of geopolitics and global financial and other markets, the first half of 2022 was marked by strong revenue growth and the acquisition of new clients. As part of these trends, and precisely thanks to the takeover and integration of Invitel, Germany has risen to first place in terms of revenues when it comes to markets where we do business. That re-affirms our strong focus on the DACH (Germany, Austria, Switzerland) market, i.e., the German-speaking area, where we're positioning ourselves as a leading independent provider of BPTO services.

The acquisition mentioned above strengthened the M+ Group through synergistic action, including the addition of top employees and highly experienced management with quality contacts in the industry. In the period behind us, the management team was strengthened by a number of international professionals who have experience working in global companies, a category which we managed to join thanks to the latest expansion and growth across all indicators.

The acquisition of Invitel secured clients from new sectors in which the M+ Group has not operated until now, i.e., companies focused on renewable energy sources, carbon emissions management, energy transition, and technological innovations, all key to a



successful global transition to a low-carbon economy. This fits perfectly into the Group's sustainability strategy.

As part of the sustainability strategy, we prepared an absolute novelty on the Croatian capital market, the first Croatian ESG bond. It is a bond linked to the ambitious goals of reducing carbon emissions and the representation of women in management positions as KPIs, on which the interest on the collected funds, which M+ Group will eventually pay, will depend on. We are convinced that the Croatian capital market is ready for such a sophisticated issue, and we are prepared to once again assume the role of a leader by putting forward such an issue. Furthermore, we also published our annual sustainability report for 2021, which has become a tradition. By doing so, we emphasize our commitment to sustainable business and creating new value without damaging the community in which we operate.

We consider this our responsibility and duty as an employer of more than 11,000 employees. I want to take this opportunity to thank all of them, as they have worked dedicatedly in the past six months. I would also like to thank our clients and investors for their trust.

Darko Horvat, President of the Management Board

## 2. KEY OPERATIONAL FIGURES



**Revenues:** The M + Group continued to perform well in the first half of 2022. Operating revenues in the period ended June 30, 2022, amounted to HRK 607 million. Compared to the comparable period last year, an increase of HRK 225,7 million or 59% was achieved. Revenues from the new sales were HRK 63 million, while the rest relates to Invitel Group which we started to consolidate from Jan 1, 2022. The Group has successfully established new business relationships with clients from various sectors with a special focus on clients from the DACH region. Organic revenue growth was achieved through a focus on business operations, increasing service quality, and achieving higher volumes through synergies gained through the integration of new members.

<i>(in HRK thousand)</i>	<i>1-6 2022</i>	<i>1-6 2021</i>	<i>Change</i>	<i>%</i>
<b>Operating revenue</b>	606,973	381,195	225,778	59%
<b>EBITDA</b>	80,784	64,069	16,715	26%
<b>Adjusted EBITDA*</b>	90,922	69,565	21,357	31%
<b>Profit before tax</b>	29,717	26,141	3,576	14%

\*Adjustments pertain to the impacts that are considered one-off (i.e., they do not have repetitive characteristics or effects on income and costs).

Adjusted EBITDA for the last twelve months was as follows: **for the period from July 1, 2021 to June 30, 2022 in the amount of HRK 180,857 thousand and for the period from July 1, 2020 to June 30, 2021 in the amount of HRK 150,167 thousand.**

**EBITDA** Stable demand for BPTO services in all markets and cost optimization resulted in positive effects, and EBITDA amounted to HRK 80,8 million. Relative to the comparable period last year, an increase of HRK 16,7 million or 26% was achieved. EBITDA growth was mostly influenced by the increase in efficiency in the Group's business, driven by the growing volume of business with existing and new clients and the acquisition of the Invitel Group.

During Q2, Group invested heavily in multiple streams by enlarging and further professionalizing the team and introducing new technology solutions, which in the short term resulted in a slight adverse effect on the EBITDA margin. Still, this move was essential to enable further growth in the following period and ensure that quality and service level will remain as high as it is now, especially considering Group growth ambition from one side and potential challenges we might face globally by the end of this year on the other.

In the last three months, we have scaled our sales department significantly in all areas, from reporting and presales process to customer success management and hunting activities which will drive future sales leads and allow the Group to fully utilize its unique market position with Invitel as sourcing pool for the acquisition of additional clients in the DACH region. During this period, we also digitalized our entire sales process by introducing and integrating HubSpot software into our organization, accelerating Group efforts in digital transformation. In addition, the Group marketing department was focused on creating a new brand identity that will empower existing integration efforts by creating a "one view-one voice" approach while simplifying overall group brand architecture, making it more appealing to current and future employees as well as to the overall market.

Operationally, Group enhanced its HR and WFM process by reorganizing and adding a strategic layer on the group level while implementing two other solutions covering the end-to-end overall HR process from sourcing to

scheduling and forecasting. This will allow Group to allocate its talent across different geographies more efficiently, resulting in increased employee journey satisfaction and higher profitability in the mid-run.

During May and June, Group IT enhances the current IT infrastructure by creating redundant solutions that will ensure the highest security level and create a stable baseline for future growth.

**Profit before tax:** In the first two quarters of 2022, the Group generated HRK 29,7 million in profit before tax, which is an increase of 14% compared to the same period in 2021, when profit before tax amounted to HRK 26,1 million.

<i>(in HRK thousand)</i>	<i>June 31, 2022</i>	<i>December 31, 2021</i>	<i>Change</i>	<i>%</i>
<b>Assets</b>	956,680	911,654	45,026	5%
<b>Equity</b>	321,003	409,051	(88,048)	-22%
<b>(Net debt)/net cash</b>	(50,072)	82,401	(132,473)	n/a

**Net debt:** On June 30, 2022, the Group had HRK 231,4 million on its accounts, while liabilities to financial institutions amounted to HRK 281,4 million. Net debt amounts to HRK 50 million, which indicates a significant ability to generate positive cash flows and a favorable position for regular servicing of credit liabilities.

**Assets:** On June 30, 2022, the Group's assets amounted to HRK 956 million. Compared to December 31, 2021, an increase of HRK 45 million or 5% was realized. The increase in assets was due to the operating growth of the Group's operations and the consolidation of Invitel.

**Equity:** On June 30, 2022, the Group's equity amounted to HRK 321 million, accounting for 33% of the total balance sheet. The reduction in equity was due to the share repurchase from minority owners in the Group's members.

### 3. SIGNIFICANT EVENTS FOR THE PERIOD UP TO JUNE 30, 2022

#### Acquisition of Invitel

The M+ Group acquired a majority stake in the German company Invitel GmbH and its subsidiaries. By expanding its business to the geographical area that spans from Hanover to Istanbul, the M+ Group has confirmed its position as the leading independent provider of BPTO services in Europe, with more than ten thousand employees. The acquired German company Invitel employs about 1,500 people and generates about 45 million euros in revenue annually. If we look at the business results for 2021, with the new acquisition, the M+ Group's annual revenues exceed HRK 1 billion.

With the acquisition of Invitel, the M+ Group has gained clients from new sectors in which it has not been present so far, i.e., companies focused on renewable energy sources, carbon management, energy transition, and technological innovations, all key to a successful global transition to a low carbon economy. This fits perfectly into the company's sustainability strategy. In addition, the company gained a large number of valuable employees and a very experienced management team with excellent contacts in the industry, which will certainly contribute to its further growth and development.

Following this acquisition, the M+ Group has expanded its operations to 35 locations across Europe and the United States, making Germany the Group's largest revenue-generating market, which is the culmination of a strategy to build a leading BPO provider for the DACH market, i.e., the German-speaking area. At the same time, this transaction is a continuation of the Group's acquisition strategy, in which each new takeover strengthens the synergistic effects of all members of the M+ Group.

#### War in Ukraine

The Group closely monitors developments in Ukraine and assesses short-term and long-term effects on business operations. The Group is not directly exposed to negative business developments, as it does not do business with clients from Ukraine or Russia in the BPTO segment. The sanctions imposed on Russia do not limit or reduce the contracted volumes of business with our clients.

Indirect negative consequences such as rising energy costs, inflationary pressures, and other negative elements that may affect the slowdown of the economies in which our customers operate can not be estimated at the moment.

#### Increase in equity of the Group

In 2022, Convex Holding Ltd entered the ownership structure of the subsidiary M Plus Croatia d.o.o. with a 1.8% stake, increasing the Group's equity by HRK 30 million.

#### Acquisition of non-controlling interests in Agencija za privremeno zapošljavanje Trizma d.o.o.

In 2022, the Group purchased the remaining 49% stake in the company Agencija za privremeno zapošljavanje Trizma d.o.o., thus acquiring a 100% stake in the said company.

#### Acquisition of non-controlling interests in the M+ Deutschland GmbH

During the second quarter of 2022, the Group purchased the remaining 46% stake in the company M+ Deutschland GmbH, thus acquiring a 100% stake in the said company.

## Sustainability report

The Company has published its second M+ Group Sustainability Report, which includes information on the Group's economic, environmental, and social performance, and is aimed at stakeholders. The Report covers the period from January 1, 2021, to December 31, 2021.

The Report was compiled with regard to the consolidated set of GRI standards for 2021. It covers the Group's operations in 2021. The Report also includes information on our work in the context of the United Nations Global Compact (UNGC) principles, along with the UNGC table of contents at the end of the Report. It presents the M+ Group's activities in the field of sustainability during 2021 and draft plans to encourage improvement, as well as the publication of information on all environmental, social, and governance (ESG) initiatives of the Group.

Within the framework of the Sustainability Report, the Group transparently communicates its activities and results. It also intends to continue this practice in future periods by creating and publishing annual sustainability reports. In order to identify and prioritize material issues to be reported in the Report, a survey was conducted as part of our Materiality Assessment to gather internal and external stakeholders' views on the most prominent ESG topics and their importance to our organization.

More details on ESG topics in the Group can be found in the [2021 Sustainability Report](#).





## 4. SIGNIFICANT EVENTS FOR THE PERIOD AFTER JUNE 30, 2022.

### 4.1. The Sustainability-Linked Bonds Issue

During the preparation of this report, the Company is in the process of issuing and listing the Sustainability-Linked bonds on the domestic capital market in the nominal amount of EUR 40,000,000.00, with a fixed annual interest rate and semi-annual interest payments and one-off maturity of the principal after five years with the ticker MRUL-O-277E and the ISIN HRMRULO277E9 (the **Bonds**). Total allocated nominal amount of the Bonds issue is EUR 40,000,000.00.

The bonds will be included in the depository services and clearing and settlement services of the Central Clearing Depository Company since July 29, and listing of the bonds on the Official Market of the Zagreb Stock Exchange is expected no later than August 3.



The Bonds are issued on the basis of the Decision of the Management Board dated 31 May 2022 and with the consent of the Supervisory Board of the Company dated 31 May 2022. Pursuant to the aforementioned Decision of the Management Board, the Company shall, immediately after their issuance, submit application for admission to trading of the Bonds to the Official Market of the Zagreb Stock Exchange Inc.

The Issue Agent is Erste&Steiermärkische Bank d.d., Rijeka, Jadranski trg 3/a, OIB: 23057039320 (the **Issue Agent**).

On 14 July 2022, the Company published on websites of the Company the [Simplified Prospectus for Public Offering and Listing of Sustainability-Linked Bonds](#) dated 14 July

2022 (the **Prospectus**). The Prospectus was approved by the Croatian Agency for Supervision of Financial Services (the **HANFA**) by its Decision, class: UP/I 996-02/22-01/06, ref. no. 326-01-60-62-22-16, dated 14 July 2022.

Introduction of sustainability-linked financing to M+ Group's toolbox of financial instruments is a natural step in the Group's growing commitment to sustainability and our transformation aimed at having a greater positive ESG impact. By issuing Sustainability-Linked Bonds M+ Group intends to align its source of financing with its sustainability strategy: setting ambitious key performance indicators ("KPIs") based on our identified impacts and reinforcing this commitment through investor engagement will accelerate our journey towards achieving sustainability ambitions. Issuance will support our Group's efforts in unlocking the true potential of sustainable business operations.

### 4.1.1. Sustainability-Linked Bond Framework

The Group created the Sustainability-Linked Bond Framework aligned with the Sustainability-Linked Bond Principles published by the International Capital Markets Association ("ICMA") in June 2020 and its core components are:

1. Selection of KPIs;
2. Calibration of Sustainability Performance Targets ("SPTs");
3. Financial Characteristics;
4. Reporting;
5. Verification

The above present a set of guiding principles for M+ Group which are aimed at the achievement of material, quantitative, predetermined, ambitious, regularly monitored and externally verified ESG objectives through KPIs and SPTs.

The KPIs selected are relevant, core and material to our overall business and consistent with the Group's strategic priority to reduce its GHG emissions and achieve a more balanced gender diversity in management teams, both of which form part of our sustainability strategy endeavor.

KPI 1	KPI 2
<b>Decreasing Scope 1 and Scope 2 greenhouse gas emissions (GHG)</b>	Reach a more balanced gender diversity in management teams

These two KPIs contribute to SDG 13 (Take urgent action to combat climate change and its impacts), SDG 5 (Achieve gender equality and empower all women and girls) and SDG 10 (Reduce inequality within and among countries), relating to climate change and promoting diversity and inclusion. All of the three SDGs are part of the "Spotlight SDGs" group which are in our primary focus.

Climate change is the biggest environmental challenge the world nowadays faces, impacting our own operations as well as our supply chain. The centrality of the issue of climate change is broadly recognized and shared throughout society and by governments worldwide and is therefore considered a central issue for M+ Group as well. We recognize that our Group has a relatively low impact on climate change since our activities are not overly carbon-intensive, but our commitment to reducing GHG emissions could produce a ripple effect with our stakeholders, and this is also one of our goals in terms of positive impact.

On the other hand, diverse and inclusive workplace is one that makes everyone, regardless of who they are or what they do for the business, feel equally involved in and supported in all areas of the workplace. Our overall sustainability strategy revolves around diverse and inclusive work environment because we believe that a genuinely inclusive organization, here people can work together effectively without fear or discomfort, can proactively accommodate different needs and make sure everyone can thrive professionally.

Moreover, it has been repeatedly proven that a diverse and inclusive workforce provides different and new views and as such accomplishes better results, including financial ones.

## 4.1.2. Second-Party Opinion – SPO - Sustainabilitycs

Meritus Ulaganja d.d. has engaged Sustainabilitycs to review the M+ Group Sustainability-Linked Bond Framework dated June 2022 and provide an opinion on its alignment with the Sustainability-Linked Bond Principles 2020.

### Conclusion of the Second-Party Opinion:

The M+ Group Sustainability-Linked Bond Framework defines two KPIs:

- (1) To reduce absolute scope 1 and 2 GHG emissions by 25.2% to 2,148 tCO<sub>2</sub>e in 2027, against a 2021 baseline
- (2) To achieve 51% representation of women in management teams (including governance bodies) by the end of 2030, against a 2020 baseline

#### KPI power level:

KPI#1: Strong

KPI#2: Strong

#### Ambitiousness of SPTs:

SPT #1: Very ambitious

SPT #2: Ambitious

Sustainabilitycs considers both KPIs to be strong, based on their materiality, relevance, scope of applicability and adequacy to external benchmarking.

Sustainabilitycs considers SPT 1 to be highly ambitious based on past performance, peer performance and alignment with science. Sustainabilitycs considers SPT 2 to be ambitious based on past performance and peer

performance.

More details from the Sustainability-Linked Bond Framework and Second-Party Opinion are available on our [website](#).



The framework document is aligned with ICMA's Principles for Bonds Related to Sustainable Business Operations

## 5. MARKETS, CLIENTS, PRODUCTS, AND SERVICES



**HRK 607 million**  
up to June 30,  
2022

In the first half of 2022, the M+ Group generated consolidated revenue in the amount of HRK 607 million.



**11,000+**  
employees

With more than 11,000 employees, we are the largest employer of customer service agents in Southeast Europe.



**Provision of  
services in 58  
countries**

We provide services to clients in over 58 countries, with high focus on our premium clients in the European (especially in the DACH region) and North American markets, including the US, Canada, and Australia.



**300+**  
clients

We provide services from a wide range of activities and from various locations to more than 300 clients. Our clients include both large companies and fast-growing start-up companies.



**32 languages**

With a language portfolio of 32 languages, we remain one of the few service providers of our size able to truly meet all language needs of large global clients. Our core competencies still pertain to the languages of the region, as well as to English, German, Turkish, and Italian, with the services in said languages generating most of our revenue.



**36 locations**

Our offices are located in:

- Ljubljana (Slovenia)
- Koper (Slovenia)
- Zagreb (Croatia)
- Sarajevo (BiH)
- Banja Luka (BiH)
- Belgrade (Serbia)
- Niš (Serbia)
- Istanbul (Türkiye)
- Malatya (Türkiye)
- Sanliurfa (Türkiye)
- Bayburt (Türkiye)
- Van (Türkiye)
- Rize (Türkiye)
- Budapest (Hungary)
- Cluj (Romania)
- London (UK)
- Charlottesville (USA)
- Tbilisi (Georgia)
- Helmstedt (Germany)
- Boitzenburg (Germany)
- Prenzlau (Germany)
- Leipzig (Germany)
- Lüneburg (Germany)
- Magdeburg (Germany)
- Hamm (Germany)
- Stendal (Germany)
- Sangerh (Germany)
- Mühlhausen (Germany)
- Braunschweig (Germany)
- Bielefeld (Germany)
- Bremen (Germany)
- Gotha (Germany)
- Weimar (Germany)
- Nordhausen (Germany)
- Maspalomas (Spain)

## Markets

We provide services to clients on five continents in 58 countries around the world



**M+GRUPA**  
PEOPLE INSPIRED BY PEOPLE

At the time of publication of this document, the Group had 6 Russian customer support agents. The further dynamics of support in the Russian language depend on the decision of our client - a global company - to continue providing customer support to its customers in the Russian language. As these are a total of 6 agents, the impact on the M+ Group's operations is not significant.

- |                           |                                      |                              |
|---------------------------|--------------------------------------|------------------------------|
| 1. Albania                | 21. Cyprus                           | 40. Portugal                 |
| 2. Angola                 | 22. Democratic Republic of the Congo | 41. Russia                   |
| 3. Argentina              | 23. Denmark                          | 42. Rwanda                   |
| 4. Armenia                | 24. Ecuador                          | 43. Senegal                  |
| 5. Australia              | 25. Ethiopia                         | 44. Serbia                   |
| 6. Azerbaijan             | 26. France                           | 45. Slovenia                 |
| 7. The Bahamas            | 27. Germany                          | 46. Republic of South Africa |
| 8. Barbados               | 28. Greece                           | 47. Spain                    |
| 9. Belgium                | 29. Guyana                           | 48. Sweden                   |
| 10. Belize                | 30. Ireland                          | 49. Switzerland              |
| 11. Bolivia               | 31. Israel                           | 50. Tanzania                 |
| 12. Bosna and Herzegovina | 32. Italy                            | 51. Trinidad and Tobago      |
| 13. Brazil                | 33. Jamaica                          | 52. Türkiye                  |
| 14. Bulgaria              | 34. Kenya                            | 53. UAE                      |
| 15. Cape Verde            | 35. Macedonia                        | 54. Uganda                   |
| 16. Cameroon              | 36. Mexico                           | 55. UK                       |
| 17. Canada                | 37. The Netherlands                  | 56. Uruguay                  |
| 18. Chile                 | 38. Paraguay                         | 57. USA                      |
| 19. Colombia              | 39. Peru                             | 58. Zambia                   |





## Clients

The M + Group has consolidated its leading position in local markets. It provides services to more than 300 clients, mostly from industries that have shown high resilience to the crisis, such as the financial services, e-commerce, telecom, and technology sectors. Leading clients from these industries increased their demand for BPTO services, which positively impacted operations of the M+ Group.

The M+ Group is focused on establishing partnerships with leading clients from various industries by providing end-to-end solutions and sees an opportunity in the acquisition of new international clients with whom activities are underway. A part of the clients have increased their willingness to outsource CRM services, or their current BPTO service providers are unable to respond to their needs.

A significant part of existing clients is expanding its cooperation with the M+ Group, which leads to an increase in revenue. The comprehensive geographical coverage of BPTO service deliveries has been further increased with the "WFH" business model. A significant number of clients have increased demand for communication segments such as webchat, digital onboarding, and omnichannel services. At the same time, we pay special attention to the development of client needs in the segment of artificial intelligence and process automation.

The COVID-19 pandemic has further boosted migration to digital channels, so the need to provide services to customers/partners remotely will remain present for a long time, perhaps even permanently.

We have continued to expand our portfolio of services with an existing technology client in the field of e-commerce delivery, and preparations are underway for entering new markets.

The Group was selected to provide services to a digital bank from the DACH market in an international tender.

During the first two quarters of 2022, the number of international agents within the framework of the so-called nearshoring model of service delivery has increased significantly, especially in Turkey, mainly for e-commerce clients. During the 2nd quarter of 2022, we started cooperation with another digital bank and with the acquisition of Invitel, the Group has expanded the share of clients from the energy, logistics, and utility sectors, continuing long-term cooperation with these clients. The growth potential was successfully realized through the migration of new volumes in the nearshoring business model.

## Locations

The M+ Group currently provides contact center services in 31 locations in eight countries in Southeast Europe, Germany, and Spain.

- Ljubljana (Slovenia)
- Koper (Slovenia)
- Zagreb (Croatia)
- Sarajevo (Bosnia and Herzegovina)
- Banja Luka (Bosnia and Herzegovina)
- Belgrade (Serbia)
- Nis (Serbia)
- Istanbul (Türkiye)
- Malatya (Türkiye)
- Sanliurfa (Türkiye)
- Bayburt (Türkiye)
- Van (Türkiye)
- Rize (Türkiye)
- Tbilisi (Georgia)
- Helmstedt (Germany)
- Boitzenburg (Germany)
- Prenzlau (Germany)
- Leipzig (Germany)
- Luneburg (Germany)
- Magdeburg (Germany)
- Hamm (Germany)
- Stendal (Germany)
- Sangerh (Germany)
- Mühlhausen (Germany)
- Braunschweig (Germany)
- Bielefeld (Germany)
- Bremen (Germany)
- Gotha (Germany)
- Weimar (Germany)
- Nordhausen (Germany)
- Maspalomas (Spain)



Research and development (R&D) centers have been established in five locations. Their focus is on the development of new technologies, artificial intelligence (AI), machine learning, and contact center software:

- Zagreb
- Ljubljana
- Belgrade
- Istanbul
- Budapest

## Products and Services

### Contact Center Services



The M+ Group is one of the largest providers of **business process outsourcing services** (BPO) in the region. The M+ Group provides a wide range of BPO-CRM solutions structured around a multi-channel (telephone, email, chat, and social networks) and multilingual (32 languages) customer experience platform, primarily through the contact center.

In addition to its **contact center services**, the company also offers **IT services** (CEP, CRM, the Buzzeasy contact center software, video identification (SaaS), and the development of specific software solutions), **robotic process automation** (RPA), and **human resource management services** (selection and identification of potential staff and temporary employment), developed as complementary services to said core activities. By merging all three business lines, the M+ Group offers a unique platform for improving the business of its clients.

The provision of contact center services is the core activity of the M+ Group and its subsidiaries (consisting, among other things, of the provision of inbound and outbound services, insource and outsource models, voice and non-voice services, back-office services, and video identification services).

At the heart of our company's business lies the provision of customer service on different channels, such as the voice channel (incoming and outgoing calls), email, ticketing systems, chat, and, most importantly, digital contacts, especially on platforms such as Facebook, LinkedIn, WhatsApp, Viber, Social Listening, Twitter, etc. Our contact with customers takes place 24 hours a day, seven days a week.

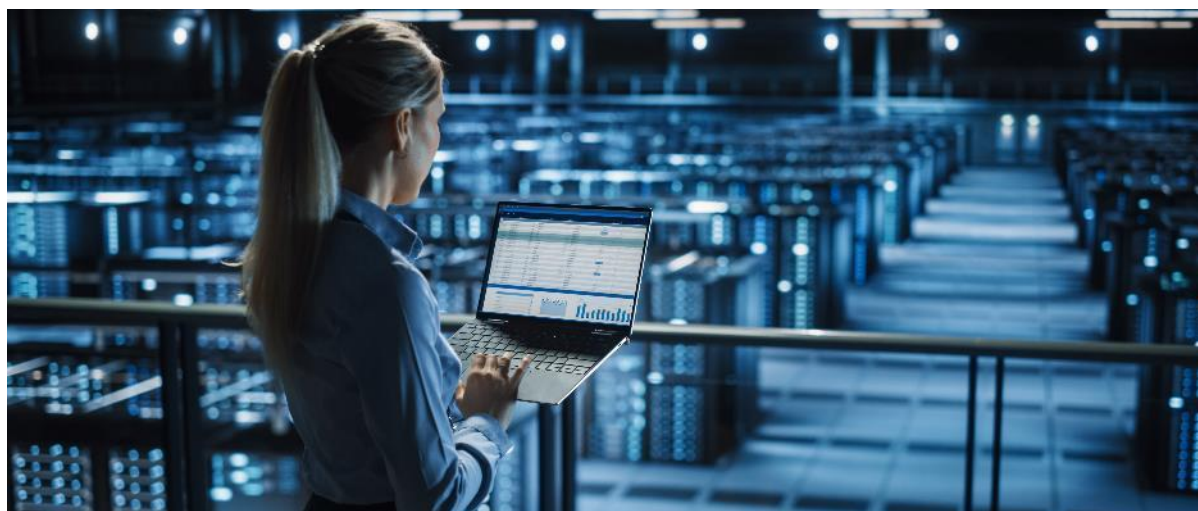
Corporate clients are also provided with the service of peak capacity management (Overflow handling), where clients have their own call centers, but during peak flow, when their operators cannot answer all inquiries, they can transfer excess calls to the call center of the M+ Group and provide their customers with a prompt and professional response to inquiries. The portfolio also includes customer data verification services, the optimization of the sales and order management process, debt collection, and identity verification via video, a simple and extremely safe security measure for the verification of the identity of online users.

Contact center services are also characterized by the application of high-tech IVR solutions, chat bots, and artificial intelligence robots that ensure the effectiveness of the offered solutions at all times.

We also provide business support to our clients through business analytics services that include the collection, verification, storage, protection, and processing of data in order to provide reliable and timely operations reports.



## IT services



With the integration of the Geomant Group, IT operations are gaining in importance, and the ability to provide even better services through the vertical connection of IT solutions and services as part of providing key services to our customers in the segments of contact center and HR services.

Geomant Group is a provider of services and solutions for customer interaction and integration of customer experience solutions. It has been developing its business for years in various markets, including the United Kingdom, the United States, Hungary, and Romania. Geomant offers a unique combination of software solutions, Cloud technologies, and the possibility of system integration through long-term partnerships with leading service providers such as Avaya, Microsoft, and Verint.

By acquiring a majority stake in Bulb d.o.o., the range of IT technology is further expanded, which complements business solutions in the segments of process optimization and user experience in the best possible way. The Cempreso platform is a software solution that fully automates operational processes in all interactions, from contact centers to solving user requirements by using artificial intelligence (AI) and machine learning. Key features of the Cempreso platform include service activation, service configuration, fault identification and removal, quality assurance, and data analysis.

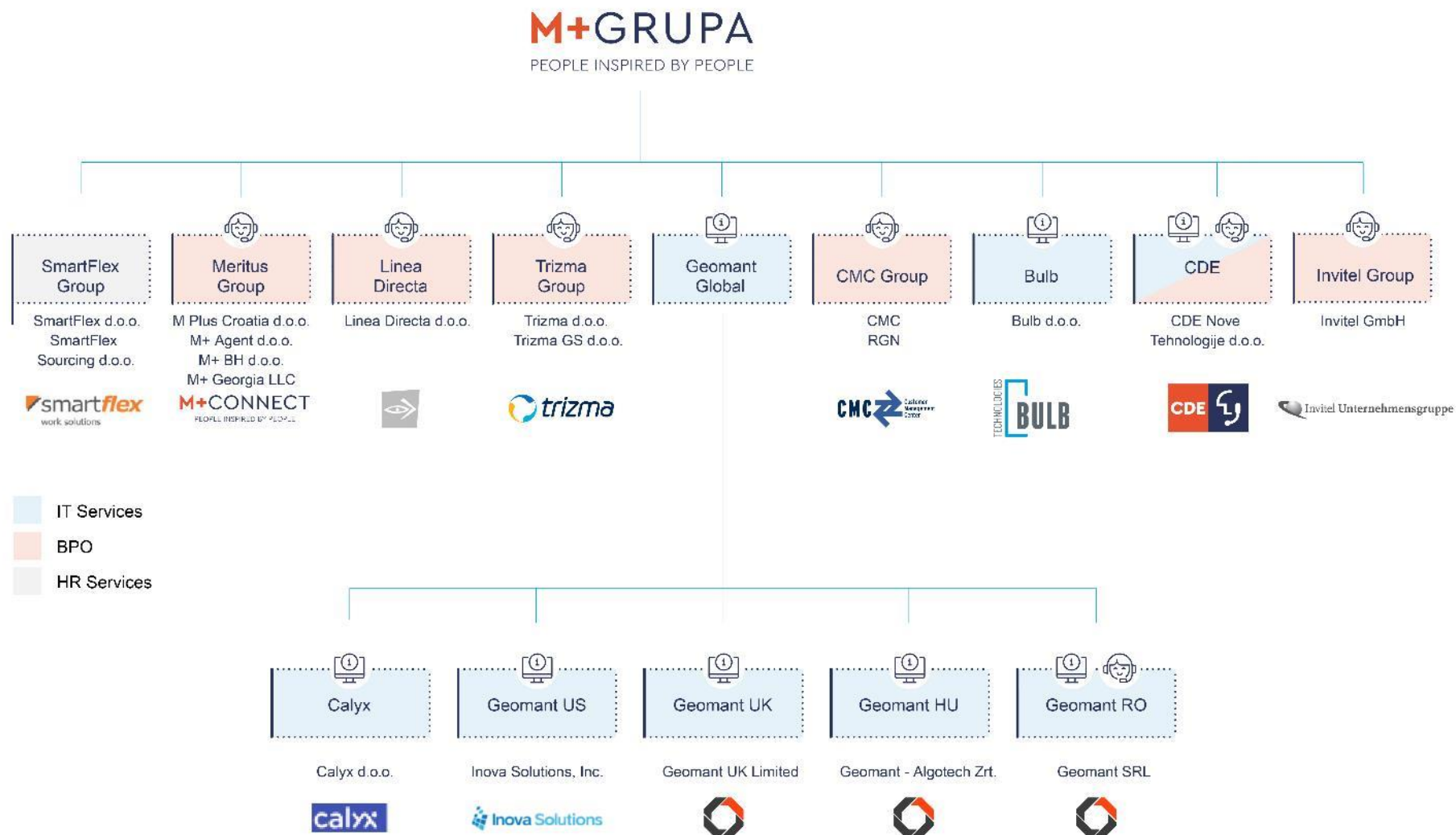
As IT service providers, CMC, Calyx d.o.o. and CDE nove tehnologije d.o.o., as subsidiaries of the M+ Group, have over 20 years of experience in developing solutions for the largest telecommunications operators, financial institutions, and fast-moving consumer goods distribution companies (FMCG). Along with their thorough knowledge of the business area, a competitive advantage of CMC, Calyx d.o.o. and CDE nove tehnologije d.o.o. are their fast and efficient adaptation and the integration of existing solutions. Their references include a large number of successfully implemented projects of high complexity, namely entirely tailored to the client's need, from consultations to the implementation, all with the participation of experienced designers and engineers.

Information technology services focus on the development and integration of advanced information and telecommunications technologies, with an emphasis on customer service solutions, customer relations management, and customer engagement management. Buzzeasy platform is a unique customer interaction platform enabling one to transform a traditional contact center into a customer interaction center. It uses voices, e-mail, SMS, chat, and social networks within a single platform, along with complete business management tools. These tools are used for the creation of advanced segmentation, as well as in every interaction with the target group.

In addition, CMC has developed the multi-channel customer relations management platform Workspace, as well as the interactive SMART AGENT knowledge sharing software, which greatly shortens the employee training and education process. Within the CMC R&D center, what stands out is an internally developed RPA (robotic process automation) solution for business process automation. By imitating human actions, the above solution masters repetitive tasks such as filling out different forms, retrieving data from the web, creating calculations, etc.

The product portfolio also offers a video identification tool that complies with KYC and ALM regulations, which can be adapted to all business needs and is fully harmonized with the client's processes.

## 6. GROUP ORGANIZATION



## 7. GROUP MEMBER COMPANIES



### Contact Center services

- M Plus Croatia d.o.o.
- M+ Agent d.o.o.
- M+ BH d.o.o.
- Trizma d.o.o.
- Trizma GS d.o.o.
- Linea Directa d.o.o.
- CDE Nove tehnologije d.o.o.
- CMC iletişim ve Çağrı Merkezi Hizmetleri A.Ş.
- RGN iletişim Hizmetleri A.Ş.
- Meritus Georgia LLC
- Invitel GmbH
- BusinessLine GmbH
- Invitel Halle GmbH
- Invitel Helmstedt GmbH
- Invitel Leipzig GmbH
- Invitel Lünenburg GmbH
- Invitel Magdeburg GmbH
- Invitel Prenzlau GmbH
- ISF MicroUnits GmbH
- SalesKultur GmbH
- Simon & Focken Bielefeld GmbH
- Simon & Focken Braunschweig GmbH
- Simon & Focken Bremen GmbH
- Simon & Focken S.L.U.



### IT services

- Bulb d.o.o.
- Calyx d.o.o.
- Geomant – Algotech Zrt.
- Geomant Srl
- Geomant UK limited
- Inova Solutions Inc.
- CDE IT d.o.o.



### HR services

- Smart Flex d.o.o.
- Smart Flex Sourcing d.o.o.

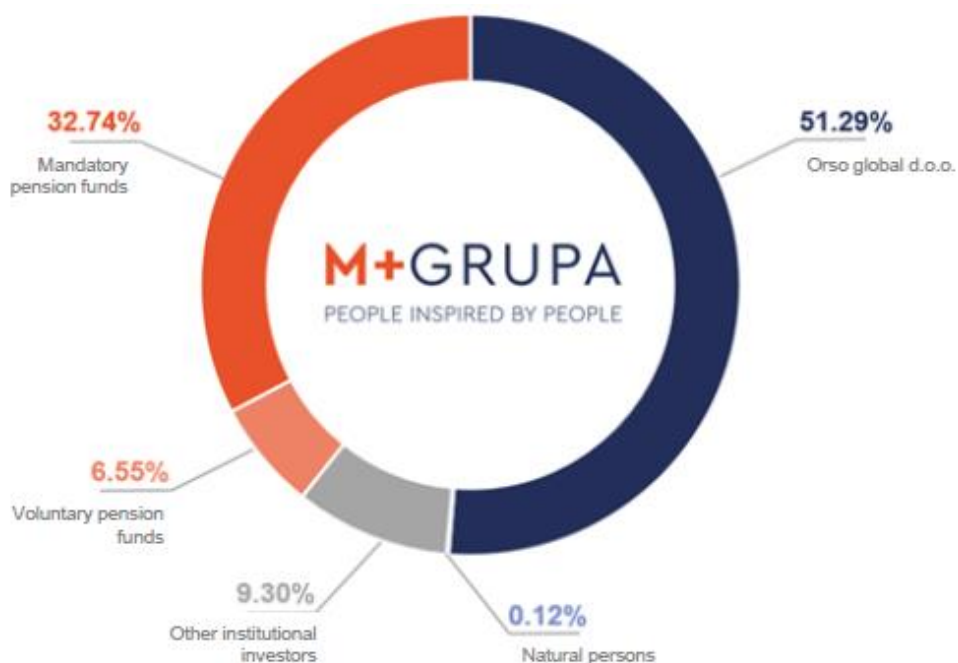


### Other Companies

- Technology Services Holdings B.V.
- Meritus Plus Centar d.o.o. Beograd
- Trizma Plus d.o.o. Beograd
- Meritus Global Real Estate Management d.o.o.
- Meritus Global technology d.o.o.
- Meritus Global Strategics d.o.o.
- Geomant Global d.o.o.
- Bulb Upravljanje d.o.o.
- Pit insan Kaynaklari ve Danışmanlik A.Ş.
- ISS Sigorta Acentelik Hizmetleri A.Ş.
- M+ Deutschland BPTO GmbH
- Moderna Ventures B.V.
- Moderna Ventures S.A.

## 8. OWNERSHIP STRUCTURE

Ownership structure as at June 30, 2022:



The ten largest shareholders of the Company as at June 30, 2022, were:

Shareholders		Percentage of shares (%)
1	Orso Global d.o.o.	51,29
2	OTP BANKA d.d./ERSTE PLAVI OMF Category B	9,55
3	ERSTE & STEIERMARKISCHE BANK d.d./PBZ CO OMF – Category B	9,31
4	HPB d.d./Fond za financiranje razgradnje NEK	8,41
5	OTP BANKA d.d./AZ OMF Category B	7,96
6	Raiffeisenbank Austria d.d./Raiffeisen Dobrovoljni Mirovinski Fond	4,16
7	Privredna banka Zagreb d.d./ Raiffeisen OMF Category B	4,10
8	Zagrebačka banka d.d./AZ Profit Otvoreni Dobrovoljni Mirovinski Fond	1,39
9	Privredna banka Zagreb d.d./ Raiffeisen OMF Category A	0,74
10	ERSTE & STEIERMARKISCHE BANK d.d./PBZ CO OMF – Category A	0,59

## 9. CONSOLIDATED FINANCIAL STATEMENTS

### 9.1. CONSOLIDATED BALANCE SHEET

\*in HRK thousands

	31 December 2021	30 June 2022
<b>Non-current assets</b>		
Goodwill	83,470	124,227
Intangible assets	184,671	187,613
Right of use assets	47,307	82,319
Property, plant, and equipment	32,515	42,925
Non-current financial assets	7,710	15,039
Deferred tax assets	2,997	5,036
<b>Total non-current assets</b>	<b>358,670</b>	<b>457,159</b>
<b>Current assets</b>		
Inventories	670	1,529
Other current financial assets	85	4,649
Trade receivables	130,775	190,289
Other receivables	35,826	34,467
Accrued income and prepaid expenses	37,411	37,168
Cash and cash equivalents	348,217	231,419
<b>Total current assets</b>	<b>552,984</b>	<b>499,521</b>
<b>TOTAL ASSETS</b>	<b>911,654</b>	<b>956,680</b>
<b>Equity</b>		
Share capital	98,203	98,203
Other reserves	(109,360)	(209,363)
Capital reserves	149,060	149,060
Legal reserves	5,550	11,192
Retained earnings and profit for the current year	92,502	121,924
<b>To the owners of the parent</b>	<b>235,955</b>	<b>171,016</b>
Non-controlling interests	173,095	149,986
<b>Total equity</b>	<b>409,050</b>	<b>321,002</b>
<b>Non-current liabilities</b>		
Long-term borrowings	187,125	217,143
Long-term lease liabilities	30,884	62,137
Deferred tax liability	6,287	5,548
Other non-current liabilities	8,212	17,337
<b>Total non-current liabilities</b>	<b>232,508</b>	<b>302,165</b>
<b>Current liabilities</b>		
Trade payables	31,794	36,268
Liabilities to employees	25,087	44,155
Other current liabilities	47,270	51,398
Short-term borrowings	109,478	129,233
Short-term lease liabilities	17,247	30,827
Accrued expenses and Deferred Income	39,220	41,632
<b>Total current liabilities</b>	<b>270,096</b>	<b>333,513</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>911,654</b>	<b>956,680</b>

**9.2. CONSOLIDATED PROFIT AND LOSS ACCOUNT***\*in HRK thousands*

	<b>2021</b>		<b>2022</b>	
	Cumulative	Quarter	Cumulative	Quarter
Revenue from contracts with customers	377,503	186,240	593,439	299,976
Other revenue	3,692	2,899	13,534	10,108
<b>Total revenue</b>	<b>381,195</b>	<b>189,139</b>	<b>606,973</b>	<b>310,084</b>
Costs of raw materials and supplies	(1,120)	(542)	(1,410)	(733)
Cost of goods sold	(6,998)	(3,461)	(3,177)	(1,521)
Costs of services	(44,343)	(23,532)	(51,385)	(27,873)
Staff costs	(244,865)	(121,169)	(438,521)	(225,174)
Depreciation and amortization	(27,697)	(13,341)	(43,820)	(23,459)
Other operating expenses	(19,799)	(10,730)	(31,696)	(20,143)
<b>Total operating expenses</b>	<b>(344,822)</b>	<b>(172,775)</b>	<b>(570,009)</b>	<b>(298,903)</b>
<b>Profit from operations</b>	<b>36,373</b>	<b>16,364</b>	<b>36,964</b>	<b>11,181</b>
Financial income	8,634	3,756	7,745	5,349
Financial expenses	(18,866)	(13,551)	(14,992)	(7,286)
<b>Losses from financial activities</b>	<b>(10,232)</b>	<b>(9,795)</b>	<b>(7,247)</b>	<b>(1,937)</b>
<b>Profit before taxation</b>	<b>26,141</b>	<b>6,569</b>	<b>29,717</b>	<b>9,244</b>
Income tax	(845)	1,031	(2,769)	(2,597)
<b>Profit for the year</b>	<b>25,296</b>	<b>7,600</b>	<b>26,948</b>	<b>6,647</b>
<b>Attributable to:</b>				
To the owners of the Company	16,557	2,993	26,281	2,986
Non-controlling interests	8,739	4,607	668	3,660
<b>Other comprehensive income</b>				
Profit for the year	<b>25,296</b>	<b>7,600</b>	<b>26,948</b>	<b>6,647</b>
<i>Items that can later be transferred to profit or loss</i>				
Exchange rate differences from the translation of foreign parts of operations in the current business year	(2,417)	1,079	(2,635)	(2,251)
<b>Other comprehensive income for the year</b>	<b>(2,417)</b>	<b>1,079</b>	<b>(2,635)</b>	<b>(2,251)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE CURRENT YEAR</b>	<b>22,879</b>	<b>8,679</b>	<b>24,313</b>	<b>4,396</b>
<b>Attributable to:</b>				
The owners of the Company	16,558	2,993	23,645	735
Non-controlling interests	6,321	5,686	668	3,660

**9.3. CONSOLIDATED CASH FLOW STATEMENT***\*in HRK thousands*

	30 June 2021	30 June 2022
<b>Pre-tax profit</b>	<b>26,141</b>	<b>29,717</b>
Depreciation	27,697	43,820
Interest and dividend income	(1,288)	(1,157)
Interest expenses	6,187	10,489
Provisions	936	1,860
Exchange rate differences (unrealised)	3,678	-
Other adjustments for non-cash transactions and unrealised gains and losses	(3,831)	(8,442)
<b>Cash flow increase or decrease before changes in working capital</b>	<b>59,520</b>	<b>76,287</b>
Increase or decrease in short-term liabilities	(2,206)	(15,964)
Increase or decrease in short-term receivables	(30,899)	(31,493)
Increase or decrease in inventories	(395)	(859)
Other increase or decrease in working capital	(6,372)	(20,314)
<b>Cash from operations</b>	<b>19,648</b>	<b>7,657</b>
Interest paid	(4,829)	(2,931)
Income tax paid	(1,807)	(4,769)
<b>Net cash generated in business activities and changes in working capital</b>	<b>13,012</b>	<b>(43)</b>
Cash receipts from repayment of loans and deposits	307	-
Cash payments for the purchase of fixed tangible and intangible assets	(22,246)	(32,431)
Cash payments for loans and deposits for the period	(1,217)	(3,220)
Other cash inflows from investment activities	-	24,602
Other cash payments from investment activities	(3,782)	(8,084)
<b>Net cash from investment activities</b>	<b>(26,938)</b>	<b>(19,133)</b>
Cash receipts from credit principals, loans and other borrowings	69,490	62,572
Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	(29,337)	(48,902)
Cash payments for dividends	(7,857)	(9,820)
Cash payments for finance lease	(8,465)	(15,167)
Other cash inflows from financing activities	-	30,000
Other cash payments from financing activities	(10,050)	(111,880)
<b>Net cash from financing activities</b>	<b>13,781</b>	<b>(93,197)</b>
<b>Net increase or decrease in cash and cash equivalents</b>	<b>(145)</b>	<b>(112,373)</b>
Unrealised exchange rate differences in respect of cash and cash equivalents	-	(4,425)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>159,271</b>	<b>348,217</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>159,126</b>	<b>231,419</b>



#### 9.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*\*in HRK thousands*

	Share capital	Other reserves	Capital reserves	Legal reserves	Reserves from foreign exchange differences from investment in foreign operations	Retained earnings	To the owners of the Company	Non-controlling interests	Total
<b>Balance at December 31, 2020</b>	<b>85,781</b>	<b>(65,426)</b>	<b>57,249</b>	<b>-</b>	<b>(18,336)</b>	<b>65,850</b>	<b>125,118</b>	<b>147,359</b>	<b>272,477</b>
Profit for the current year	-	-	-	-	-	16,559	16,559	8,737	25,296
Other comprehensive income for the current year	-	-	-	-	(2,417)	-	(2,417)	-	(2,417)
Transfer to legal reserves	-	(1,136)	-	4,623	-	(3,487)	-	-	-
Dividend payment	-	-	-	-	-	(7,857)	(7,857)	-	(7,857)
<b>Balance at June 30, 2021</b>	<b>85,781</b>	<b>(66,562)</b>	<b>57,249</b>	<b>4,623</b>	<b>(20,753)</b>	<b>71,065</b>	<b>131,403</b>	<b>156,096</b>	<b>287,499</b>
<b>Balance at December 31, 2021</b>	<b>98,203</b>	<b>(66,244)</b>	<b>149,060</b>	<b>5,550</b>	<b>(43,116)</b>	<b>92,502</b>	<b>235,955</b>	<b>173,095</b>	<b>409,050</b>
Profit for the current year	-	-	-	-	-	26,280	26,280	668	26,948
Other comprehensive income for the current year	-	-	-	-	(2,635)	-	(2,635)	-	(2,635)
Transfer to legal reserves	-	-	-	5,642	-	(5,642)	-	-	-
Dividend payment	-	-	-	-	-	(9,820)	(9,820)	-	(9,820)
Acquisitions	-	(97,368)	-	-	-	18,604	(78,764)	(23,777)	(102,541)
<b>Balance at June 30, 2022</b>	<b>98,203</b>	<b>(163,612)</b>	<b>149,060</b>	<b>11,192</b>	<b>(45,751)</b>	<b>121,924</b>	<b>171,016</b>	<b>149,986</b>	<b>321,002</b>



## 9.5. NOTES TO THE FINANCIAL STATEMENTS

### NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer: Meritus ulaganja d.d.

Personal identification number (OIB): 62230095889

Reporting period: 01.01.2022. - 30.06.2022.

Notes to financial statements for quarterly periods include:

a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (items 15 to 15C IAS 34 - Interim financial reporting)

n/a

b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period

n/a

c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (item 16.A (a) IAS 34 - Interim financial reporting)

n/a

d) a description of the financial performance in the case of the issuer whose business is seasonal (items 37 and 38 IAS 34 - Interim financial reporting)

n/a

e) other comments prescribed by IAS 34 - Interim financial reporting

n/a

f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration

n/a

2. adopted accounting policies (only an indication of whether there has been a change from the previous period)

There were no changes in the applied accounting policies compared to the previous reporting period.

3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately

There are no financial liabilities, guarantees or contingencies that are not included in the balance sheet.

4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence

n/a

5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security  
Of the total debts, HRK 39,779,908.97 is due after more than 5 years. Total debts to banks and financial institutions are covered by promissory notes, and to a lesser extent by collateral.

6. average number of employees during the financial year

11,419

7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries

n/a

8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year

The value of Deferred Tax Assets recognized is HRK 5,035,990, while Deferred Tax Liabilities amount to HRK 5,548,329.

n/a

9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

n/a

10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital

n/a

11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer

n/a

12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability

n/a

13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member

n/a

14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13

n/a

15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available

n/a

16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking

n/a

17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet

In Turkey, cumulative inflation rates over a three-year period exceeded 100% in Q2/2022. Although there was not an official announcement yet, the big 4 accounting firms have recently reached a consensus that all necessary conditions based on IAS 29 are in place and that the country should be formally classified as hyperinflationary economy. Calculations of the impact of IAS 29 as well as discussion on indexes is underway. Once that all facts and calculations are known, appropriate indexation will be applied on current as well as comparative period.

## 10. UNCONSOLIDATED FINANCIAL STATEMENTS

### 10.1. UNCONSOLIDATED BALANCE SHEET

*\*in HRK thousands*

	31 December 2021	30 June 2022
<b>Non-current assets</b>		
Intangible assets	508	42
Property, plant, and equipment	20,364	19,811
Non-current financial assets	384,544	405,799
<b>Total non-current assets</b>	<b>405,416</b>	<b>425,652</b>
<b>Current assets</b>		
Trade receivables	1,018	1,806
Other receivables	12,153	4,597
Accrued income and prepaid expenses	41	97
Cash and cash equivalents	116,074	90,494
<b>Total current assets</b>	<b>129,286</b>	<b>96,994</b>
<b>TOTAL ASSETS</b>	<b>534,702</b>	<b>522,646</b>
<b>Equity</b>		
Share capital	98,203	98,203
Capital reserves	387,630	387,630
Legal reserves	2,030	2,559
Retained earnings and profit for the current year	17,521	4,808
<b>Total equity</b>	<b>505,384</b>	<b>493,200</b>
<b>Non-current liabilities</b>		
Long-term borrowings	12,363	11,669
Long-term lease liabilities	292	-
<b>Total non-current liabilities</b>	<b>12,655</b>	<b>11,669</b>
<b>Current liabilities</b>		
Trade payables	14,522	14,344
Liabilities to employees	14	141
Other current liabilities	43	-
Short-term borrowings	1,959	1,542
Short-term lease liabilities	99	-
Accrued expenses and Deferred Income	26	1,750
<b>Total current liabilities</b>	<b>16,663</b>	<b>17,777</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>534,702</b>	<b>522,646</b>

**10.2. UNCONSOLIDATED PROFIT AND LOSS ACCOUNT***\*in HRK thousands*

	2021		2022	
	Cumulative	Quarter	Cumulative	Quarter
Revenue from contracts with customers	1,068	430	1,470	740
Other revenue	21	9	17	11
<b>Total revenue</b>	<b>1,089</b>	<b>439</b>	<b>1,487</b>	<b>751</b>
Costs of raw materials and supplies	(23)	(19)	(62)	(25)
Costs of services	(522)	(484)	(933)	(890)
Staff costs	(379)	(195)	(500)	(281)
Depreciation and amortization	(688)	(344)	(603)	(292)
Other operating expenses	(2,984)	(1,411)	(2,318)	(2,061)
<b>Total operating expenses</b>	<b>(4,596)</b>	<b>(2,453)</b>	<b>(4,416)</b>	<b>(3,549)</b>
<b>Profit from operations</b>	<b>(3,507)</b>	<b>(2,014)</b>	<b>(2,929)</b>	<b>(2,798)</b>
Financial income	757	391	926	512
Financial expenses	(127)	(101)	(361)	(121)
<b>Gain from financial activities</b>	<b>630</b>	<b>290</b>	<b>565</b>	<b>391</b>
<b>Profit before taxation</b>	<b>(2,877)</b>	<b>(1,724)</b>	<b>(2,364)</b>	<b>(2,407)</b>
Income tax	-	-	-	-
<b>Profit for the year</b>	<b>(2,877)</b>	<b>(1,724)</b>	<b>(2,364)</b>	<b>(2,407)</b>
<b>Other comprehensive income</b>				
Profit for the year	(2,877)	(1,724)	(2,364)	(2,407)
Items that can later be transferred to profit or loss	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE CURRENT YEAR</b>	<b>(2,877)</b>	<b>(1,724)</b>	<b>(2,364)</b>	<b>(2,407)</b>

**10.3. UNCONSOLIDATED CASH FLOW STATEMENT***\*in HRK thousands***30 June 2021****30 June 2022**

<b>Pre-tax profit</b>	<b>(2,877)</b>	<b>(2,364)</b>
Depreciation	688	603
Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	-	455
Interest and dividend income	(736)	(834)
Interest expenses	49	241
<b>Cash flow increase or decrease before changes in working capital</b>	<b>(2,876)</b>	<b>(1,899)</b>
Increase or decrease in short-term liabilities	(1)	(192)
Increase or decrease in short-term receivables	50	(750)
Other increase or decrease in working capital	1,777	1,373
<b>Cash from operations</b>	<b>(1,050)</b>	<b>(1,468)</b>
Interest paid	(49)	-
Income tax paid	-	-
<b>Net cash generated in business activities and changes in working capital</b>	<b>(1,099)</b>	<b>(1,468)</b>
Cash payments for loans and deposits for the period	-	(12,900)
<b>Net cash from investment activities</b>	<b>-</b>	<b>(12,900)</b>
Cash receipts from credit principals, loans and other borrowings	29,961	-
Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	-	(1,353)
Cash payments for dividends	(6,657)	(9,820)
Cash payments for finance lease	-	(39)
<b>Net cash from financing activities</b>	<b>23,304</b>	<b>(11,212)</b>
<b>Net increase or decrease in cash and cash equivalents</b>	<b>22,205</b>	<b>(25,580)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5,419</b>	<b>116,074</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>27,624</b>	<b>90,494</b>

#### 10.4. UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*\*in HRK thousands*

	Share capital	Capital reserves	Legal reserves	Retained earnings	To the owners of the Company
<b>Balance at December 31, 2020</b>	<b>85,781</b>	<b>295,849</b>	<b>-</b>	<b>15,626</b>	<b>397,256</b>
Profit for the current year	-	-	-	(2,877)	(2,877)
Dividend payment	-	-	-	(6,657)	(6,657)
<b>Balance at June 30, 2021</b>	<b>85,781</b>	<b>295,849</b>	<b>-</b>	<b>6,092</b>	<b>387,722</b>
<b>Balance at December 31, 2021</b>	<b>98,203</b>	<b>387,630</b>	<b>2,030</b>	<b>17,521</b>	<b>505,384</b>
Profit for the current year	-	-	-	(2,364)	(2,364)
Transfer to legal reserves	-	-	529	(529)	-
Dividend payment	-	-	-	(9,820)	(9,820)
<b>Balance at June 30, 2022</b>	<b>98,203</b>	<b>387,630</b>	<b>2,559</b>	<b>4,808</b>	<b>493,200</b>

## 10.5. NOTES TO THE FINANCIAL STATEMENTS

### NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer: Meritus ulaganja d.d., Zagreb

Personal identification number (OIB): 62230095889

Reporting period: 01.01.2022. - 30.06.2022.

Notes to financial statements for quarterly periods include:

a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (items 15 to 15C IAS 34 - Interim financial reporting)

n/a

b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period

n/a

c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (item 16.A (a) IAS 34 - Interim financial reporting)

There were no changes in the applied accounting policies compared to the previous period annual financial statements.

d) a description of the financial performance in the case of the issuer whose business is seasonal (items 37 and 38 IAS 34 - Interim financial reporting)

n/a

e) other comments prescribed by IAS 34 - Interim financial reporting

n/a

f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration

Meritus ulaganja d.d., Zagreb, Hrvatska, MB: 05012228, OIB: 62230095889

2. adopted accounting policies (only an indication of whether there has been a change from the previous period)

There were no changes in the applied accounting policies compared to the previous reporting period.

3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately

There are no financial liabilities, guarantees or contingencies that are not included in the balance sheet.

4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence

n/a

5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security

Of the total debts, HRK 5,646,068 is due after more than 5 years. Total debts to banks and financial institutions are covered by promissory notes, and to a lesser extent by collateral.

6. average number of employees during the financial year

2

7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries

n/a

8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year

n/a

9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

n/a

10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital

n/a

11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer

n/a

12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability

n/a

13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member

n/a

14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13

n/a

15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available

n/a

16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking

n/a

17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet

n/a



## 11. STATEMENTS OF THE MANAGEMENT BOARD ON RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Zagreb, July 2022

### Statement of the Management Board on the responsibility for the financial statements

The unconsolidated financial statements of Meritus ulaganja d.d. (the Company) and the consolidated financial statements of Meritus ulaganja d.d. and its subsidiaries (the Group or the M+ Group) are prepared in accordance with International Financial Reporting Standards (IFRS) and the Croatian Accounting Act. The unaudited non-consolidated and consolidated financial statements of the Company and the Group for the period from January 1 to June 30, 2022 provide a complete and true view of the assets and liabilities, profit and loss, financial position, and operations of issuers and companies included in the consolidation as a whole. The Management Board's report for the period up to June 30, 2022, contains a true and fair view of the development and results of the Company's operations with a description of the most significant risks and uncertainties to which the Company is exposed.



Darko Horvat  
President of the Management  
Board



Tomislav Glavaš  
Member of the Management Board

## 12. CONTACTS

**Investor relations  
department**



+385 (0) 99 3767 083



investitori@mpluscc.com

**Head of Investor relations**

Ana Babić

**Company address**



Ulica Vjekoslava Heinzela 62 A, 10000 Zagreb,  
Croatia

**Corporate online  
presentation**



www.mplusgrupa.com

**Contact center services**



contact-center@mpluscc.com

**IT services**



it-services@mpluscc.com

**HR management services**



hr-services@mpluscc.com

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