Sustainable Mobility

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2023

Annual Report

Annual Report 2023 – CIAK Grupa d.d. and its subsidiaries

CIAK GRUPA

CIAK

GRUPA

Contents

Note: The report in PDF format is an unofficial report, while the official version of the annual report, in accordance with the Capital Market Act, has been prepared and publicly available in accordance with the unique electronic reporting format (ESEF - European Single Electronic Format).

CIAK GRUPA

MANAGEMENT REPORT

Summary of financial results for 2023

Consolidated incomes of CIAK Group achieved during 2023 are EUR 282 million or 24% higher compared to 2022. Reported EBITDA is EUR 23.1 million and is 20% higher compared to 2022, because of organic growth of the CIAK Group.

Consolidated EBITDA excluding one-off items amounts to EUR 22.9 million and is 18% higher than the EBITDA excluding one-off items of the previous year.

In 2023, further growth of the CIAK Group continued, and according to the delivered results, the year 2023 is historically the most successful business year.

Capital investments in 2023 amount to EUR 13.5 million, which is twice as much compared to the previous year investments.

In EUR thousands	I-XII 2022	I-XII 2023	%
Sales revenues	226,489	277,841	23
EBITDA [(1)]	19,253	23,136	20
EBITDA without one-off items [(2)]	19,372	22,852	18
Profit / (Loss) from operations	9,795	12,056	23
Profit from operations without one-off items [(2)]	9,914	11,772	19
Result from financial activities	(1,568)	(2,466)	57
Gross profit / (loss)	8,227	9,590	17
Gross profit / (loss) of period without one-off items	8,385	9,306	11
Earnings per share [(3)]	0.31	0.36	15
Simplified free cash flow [(4)]	10,411	9,344	(10)
Net debt [(5)]	48,617	60,714	25
Net gearing (%) [(6)]	42	46	9
CAPEX	8,961	13,509	51

[(1)] EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) = EBIT (Earnings Before Interest and Taxes) + Amortization

[(2)] EBITDA and operating profit in I-XII 2022 were negatively affected by EUR 119 thousands one-off items, i.e. gross profit by EUR 157 thousands which are related to the principal and default interest costs of the litigation, and the subsequent customs costs of 2017; in I-XII 2023, EBITDA was negatively affected by EUR 315 thousands write-off current assets, which are related to a two-year period, and positively affected by EUR 599 thousands income from non-current tangible assets.

[(3)] Earnings per share = net profit / number of shares

[(4)] Simplified Free Cash Flow = EBITDA without one-off items – CAPEX (capital expenditures)

[(5)] Net debt = Long and short-term financial liabilities – Cash and cash equivalent

[(6)] Gearing ratio = Long and short-term financial liabilities – Loans and deposits given - Cash and cash equivalents / (Long and short-term financial liabilities – Loans and deposits given - Cash and cash equivalents + Equity)

[(7)] When converting the value from HRK to EUR, the following median exchange rates of Croatian National Bank (CNB) apply: for I-IX 2023 in accordance with accounting standards.

2

Statement by **President of the Management Board**

Ivan Leko

President of the Management Board

During 2023 CIAK Group continues with delivery of good business results, above the realization compared to previous year.

CIAK Group's cumulative at the consolidated level in 2023 recorded a 24% increase operating income compared to the year before, which total almost EUR 282 million, also an increase of 20% reported EBITDA with a total amount of EUR 23.1 million.

On the other hand, consolidated gross profit for 2023 is EUR 9.6 million and it's 17% higher than the previous year.

The largest part of the growth refers to the organic growth of the CIAK Group, which is the result of the continued realization of synergistic effects and the further development of realized acquisitions from previous periods.

CIAK Group continued with acquisitions in 2023 and further expanded its operations in the Slovenian market, with smaller acquisitions in other markets.

In 2023 realized capital investments amount EUR 13.5 million and it's in amount of EUR 4.6 million or in percentage 51% higher than the previous year, which confirms that CIAK Group continued with business growth and maintains its focus on long-term business development and delivering business results.

Realisation of previous year represents good foundation for further business development, but with still present external challenges CIAK Group maintains its focus on further consolidation and optimization business process on the level of the Group. The priority in 2024 will be the optimal way of doing business, level of managing and delivering key business goal and projects.

CIAK GRUPA

3

Key business **indicators**

EUR **282** million
consolidated operating income

EUR **23.1** million
consolidated EBITDA

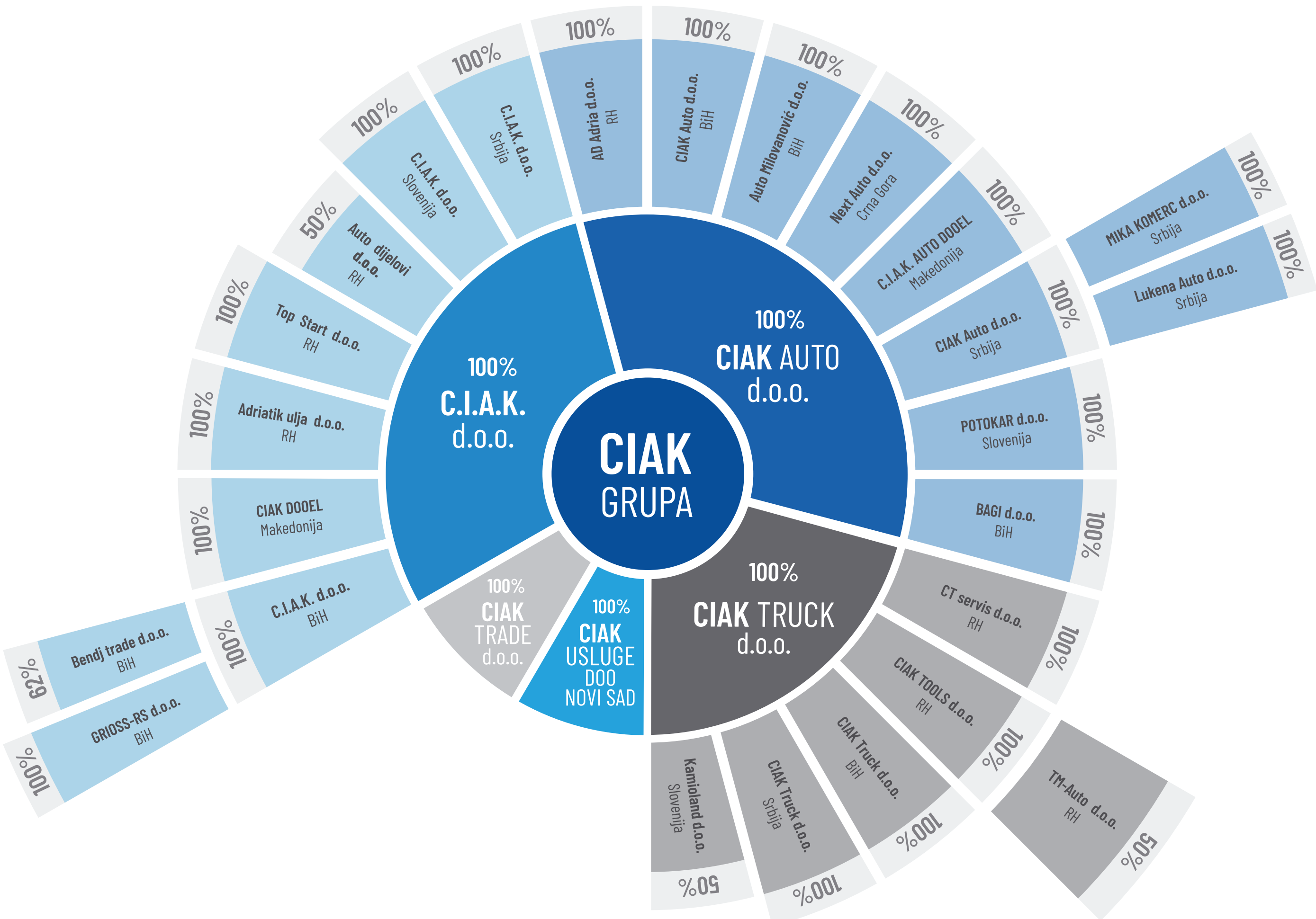
EUR **13.5** million
capital investment in 2023

6
business segments

6
countries

2.658
employees on 31 December 2023

Organizational structure of **CIAK Group**



4.1. HISTORY AND INCORPORATION

CIAK Group d.d., Zagreb (formerly named Direkt d.o.o., "the Company") is incorporated in the Republic of Croatia on 14 January 1999. The main activities of the Company and its subsidiaries (together referred to as "the Group") comprise wholesale and retail of automotive parts as well as waste management, and their beginnings of business date back to 1994.

CIAK Group d.d. as a parent company owns several subsidiaries as shown in part "Organizational structure of the Group" and the term "Group" hereinafter means CIAK Group d.d. as a parent company together with subsidiaries.

The Group is headquartered in Zagreb, Croatia, Savska Opatovina 36.

By the decision on legal transformation of 27 December 2019, the Company was transformed from a limited liability company into a joint stock company which was registered at the Commercial Court in Zagreb on 2 January 2020 and the Company changed its name to CIAK Group d.d.

Management of the Zagreb Stock Exchange d.d. brought on 29 December 2020 Decision on listing on the Official Market of 19,751,989 ordinary shares of CIAK Group d.d. with headquarters in Zagreb, OIB: 28466564680, without nominal amount, mark: CIAK, ISIN: HRCIAKRA0007.

The first day of trading with financial instruments determined by the Decision of the Zagreb Stock Exchange d.d. was 4 January 2021.

CIAK GRUPA

5

Corporate governance

5. ADMINISTRATIVE, MANAGING AND SUPERVISORY AUTHORITIES

MANAGEMENT BOARD

In accordance with the Statute, **CIAK Group d.d. Management Board** may have at least one and a maximum of five members. If the Management Board has more than one member, one of the members must be the Chairman of the Board representing the company independently and individually, and the other members together with the President or with another member of the Board. The management currently consists of five members, namely:

IVAN LEKO,
President of the Management Board

DOMINIK LEKO,
Member of the Management Board

DALIBOR BAGARIĆ,
Member of the Management Board

IVICA GREGURAŠ,
Member of the Management Board

IVAN MILOŠ,
Member of the Management Board

SUPERVISORY BOARD

The Supervisory Board of the Group consists of seven members, one of whom is the chairman of the Supervisory Board and one member is the deputy chairman of the Supervisory Board.

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Currently, members of the Supervisory Board are:

STJEPAN LJATIFI,
President

VJEKOSLAV MESAROŠ,
Deputy President

SLAVICA ZRINSKI,
Member

ŠTEFICA JAMBREK,
Member

DAMIR KOS,
Representative of the workers on the Supervisory Board

ZVONKO MERKAŠ,
Member

MARKO VARGA,
Member

The business address of the members of the Management Board and the Supervisory Board is Savska Opatovina 36, Zagreb. The business address of the members of the Management Board is Savska Opatovina 36, Zagreb.

The General Meeting of the Company consists of the shareholders of CIAK Group d.d.

6

Operating results

6.1. CONSOLIDATED PROFIT AND LOSS STATEMENT

In EUR thousands	I-XII 2022	I-XII 2023	%
Sales revenues	226,489	277,841	23
Other operating revenues	1,292	3,830	196
Operating revenues	227,781	281,671	24
Costs of raw materials and consumables	29,494	32,564	10
Amortization	9,458	11,080	17
Staff costs	38,035	48,398	27
Costs of goods sold	124,554	153,382	23
Other costs	14,915	19,358	30
Value adjustments	1,679	4,483	167
Provisions for costs and risks	(149)	350	(335)
Operating expenditures	217,986	269,615	24
Profit / (Loss) from operations	9,795	12,056	23
Financial revenues	543	244	(55)
Financial expenditures	2,111	2,710	28
Profit / (loss) from financial activities	(1,568)	(2,466)	57
Profit / (Loss) of the period	8,227	9,590	17
Net profit / (Loss) of the period	6,123	7,000	14

The consolidated revenues of the CIAK Group in 2023 amounted to EUR 282 million or 24% more compared to 2022. Sales revenues increased by 23% or EUR 51.4 million compared to the previous year.

EBITDA without one-off items amounts to EUR 22.9 million and is 18% higher than in 2022.

Financial expenditures realized in 2023 are higher in comparison to 2022 partly as a result of consolidation effects, and partly due to increase in interest expenditures.

CIAK GRUPA

6.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In EUR thousands	31 December 2022	31 December 2023	%
TOTAL ASSETS			
Fixed assets			
Intangible assets	8,794	9,263	5
Real estate, plant and equipment	47,899	54,857	15
Loans and deposits given	317	365	15
Investment in holdings, securities and other fixed financial assets	306	315	3
Receivables	253	300	19
Deferred tax assets	361	295	(18)
Total fixed assets	57,930	65,395	13
Current assets			
Inventories	84,480	96,157	14
Customer receivables	31,186	36,625	17
Other receivables	2,346	2,725	16
Loans and deposits given	451	1,310	190
Cash & cash equivalents	14,063	13,706	(3)
Total current assets	132,526	150,523	14
Prepaid expenses and accrued revenues	4,094	6,542	60
Total assets	194,550	222,460	14
Equity and liabilities			
Equity and reserves			
Initial equity	26,215	26,215	0
Capital reserves	24,505	24,505	0
Other reserves	34	603	1.674
Retained profit / (Loss brought forward)	9,371	11,860	27
Profit / (Loss) of the period	6,046	7,025	16
Minority interest	(12)	(37)	208
Total equity	66,159	70,171	6
Provisions	8	3	(63)
Long-term liabilities			
Long-term liabilities for loans and deposits	36,598	54,481	49
Other long-term liabilities	17	1,171	6.788
Deferred tax liability	780	778	(0)
Total long-term liabilities	37,395	56,430	51
Short-term liabilities			
Liabilities for bank's and other creditor's loans	26,082	19,939	(24)
Liabilities to suppliers	51,475	58,815	14
Taxes and similar liabilities	8,082	9,852	22
Other short-term liabilities	2,356	2,602	10
Liabilities to employees	2,050	2,724	33
Total short-term liabilities	90,045	93,931	4
Accruals and deferred income	943	1,925	104
Total liabilities	128,391	152,289	19
Total equity and liabilities	194,550	222,460	14

Non-current assets of the Group are higher by 13% or EUR 7.5 million in comparison to final balance of the previous year, mostly due to the continuous realization of capital investments.

Cash and cash equivalent amount EUR 13.7 million on 31 December 2023 and inventory is in amount of EUR 11.7 million or in percentage 14% higher than the previous year.

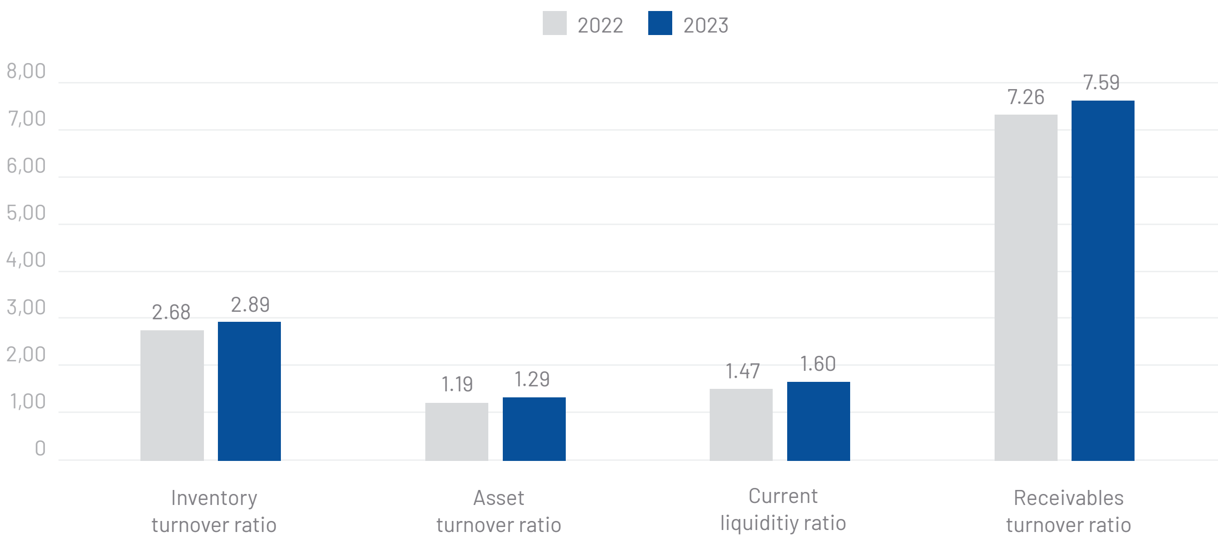
The company's working capital was strengthened compared to the previous period, i.e. on 31 December 2023 is EUR 87.7 million and is EUR 9.4 million or 12% higher compared to 31 December 2022.

6.3. FINANCIAL INDICATORS

The inventory turnover ratio is higher in comparison with the previous reporting period primarily as the result of continuous operational inventory management, supply chains and, consequently, sales.

The asset turnover ratio recorded increase in 2023, primarily as the result of operations growth and higher sales revenues.

The receivables ratio recorded increase compared to the previous year, which implies a stable collection of receivables during 2023 despite external environment.

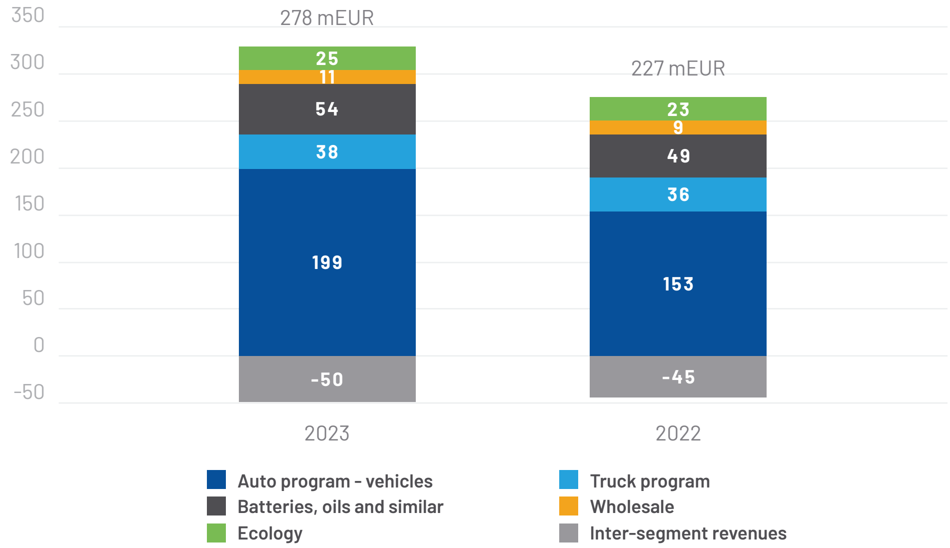


With the continuation of the further realization of the planned acquisitions, the net debt did not increase significantly in 2023, and as of 31 December 2023 amount EUR 60.7 million. The Net debt/EBITDA ratio is at almost the same level compared to the previous year and amount 2.63, which is significantly below the possible rates at the consolidated level.

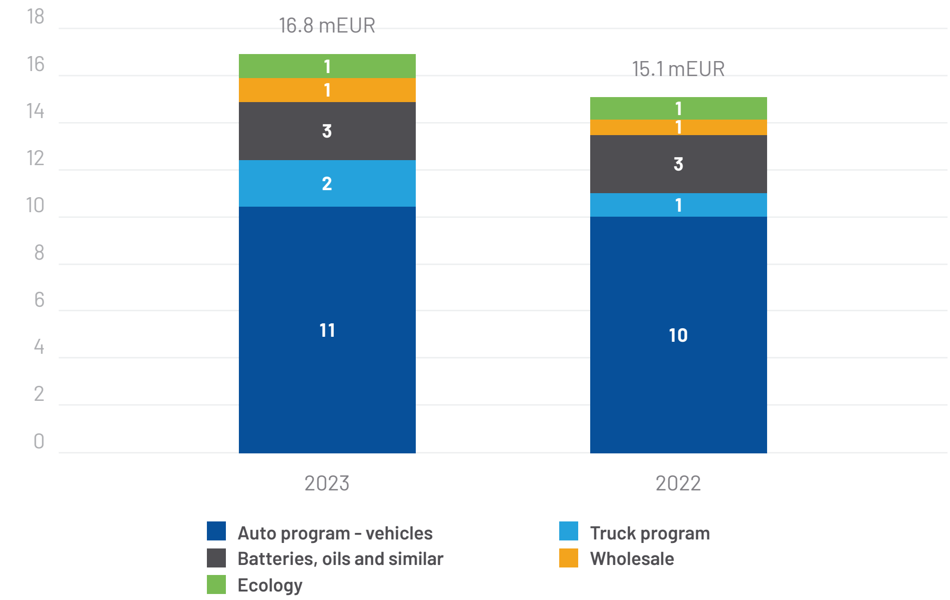
Gearing ratio on 31 December 2023 amount 49% and reflects a stable level of capitalization of the company in relation to its indebtedness.

6.4. REALISATION BY BUSINESS SEGMENTS

DISPLAY OF SALES REVENUE BY SEGMENT



*PRESENTATION OF BUSINESS PROFIT BY SEGMENTS**



All business segments of the CIAK Group in 2023 recorded growth, the largest part of which relates to the growth of the IAM segment (primarily auto program) and the battery and oil segment.

Revenues realized by operations in the auto parts segment are the most significant share of the Group's total revenues from sales, i.e. 72%, while the previous year they accounted for a total of 68%. The total realized revenues from sales in the auto parts segment in 2023 amount to almost EUR 199 million and in amount to EUR 45 million or in percentage 30% higher compared to the previous year, which is an indicator of the successful integration of companies acquired in previous years and the acquisition of a more favourable market position in the said segment, in accordance with the strategic goals of the Group.

The operating profit of the auto segment accounts for 62% of the total reported operating profit of the Group before the allocation of management and administration costs, i.e. a total of EUR 10.5 million.

Realization shows business profit without allocated management and administration costs

Key events
for the period up to 31 December 2023

7. CIAK GROUP SUCCESSFULLY INTEGRATED ACQUISITIONS FROM THE PREVIOUS PERIOD AND CONTINUED WITH FURTHER GROWTH

During 2023, CIAK Group continued the development cycle started in 2022, i.e. the phase of expanding its business and sales network in accordance with strategic business plans. The acquisitions realized during previously year were successfully integrated.

In 2023, CIAK Group continued its development through organic and inorganic growth. Additionally, two companies in two countries were acquired in 2023, primarily in the IAM segment, i.e. the auto parts segment.

Organic growth and development of its own retail network in foreign markets was an additional focus of the Group in 2023, therefore business development continued through organic development and the opening of new branches in almost all markets where the Group is present.

A total of 33 new branches were opened at the Group level in 2023, of which 15 were organic growth and 18 business units were inorganic growth.

Through the implementation of these activities, CIAK Group continued to achieve key strategic goals and consolidate the market, thereby additionally establishing its role on the regional market and developing a base for further development of CIAK Group's business.

8

Markets, customers, products and services

The CIAK Group maintains a high diversification of risk and business sustainability through continuous operations in 6 segments (Car parts, Oil batteries, etc., Freight program, Recycling, Waste management and Wholesale). The two main business divisions – the IAM division (Independent Aftermarket), which refers to the distribution of spare parts and equipment) and the Ecology division.

The strength of the CIAK Group comes from long-term partnerships with key suppliers of the IAM sector and from the strategy of consolidating the still unconsolidated IAM markets, which is recognized as a major trend within the EU region.

We have been following the stable development of the Ecology Division for over 20 years, thanks to well-laid foundations: gathering knowledge through cooperation with the largest European companies in the field of hazardous waste management and adhering to the highest standards of work. The synergy effect with the IAM business division enables capillary access to raw materials throughout the region and an efficient segment of Battery Recycling.

The Group carries out the majority of its business through its own companies on the markets of the Republic of Croatia, Bosnia and Herzegovina, the Republic of Serbia, the Republic of Slovenia, Montenegro and North Macedonia. This has laid a solid base for further business development and the continuation of the strategy of consolidation of the independent aftermarket market in markets that are still insufficiently consolidated.

8

OVERVIEW OF CIAK GROUP SEGMENTS AND DIVISIONS

Segment	Division
IAM	Car parts
	Batteries, oils, etc
	Freight program
ECOLOGY	Recycling
	Waste management
WHOLESALE (Other)	Wholesale

8.1. CAR PARTS

Distribution of **car parts as a business segment** includes the purchase and sale of car parts on the IAM market, i.e. car parts for sale to customers who do not visit authorized service networks (OES). The standard range includes brakes, filters, wipers, shock absorbers, lights, suspension parts, etc., but also parts such as batteries, tires, oils, antifreeze, chemistry etc.

Business in this segment began in 2013, and over the years the Group has acquired existing smaller companies that already had their own sales parts for auto parts in the territory of the Republic of Croatia. In parallel with the above acquisitions, the Group opened its own sales units. Regional expansion in the Auto parts segment began more intensively after the IPO in 2021, and CIAK Group's strategic goal is to become the leading distributor of auto parts in the so-called Adria region.

Customers from the segment of distribution of car parts are mostly legal entities and crafts, and the largest percentage of customers are service centres, mechanics, small resellers and other.

In the Republic of Croatia, the IAM market has grown significantly in the last six years due to the growth of used vehicles compared to new vehicles, and thus the older vehicle fleet where there is an increased need for auto parts. In addition, the major supply chain crisis made it impossible to quickly deliver new vehicles and additionally had an impact on the increase in the number of used vehicles compared to new ones, as well as on the average age of the vehicle fleet.

In the remaining markets, after the initial inorganic expansion through acquisitions made during 2021, strong organic growth continued in every market where CIAK Group companies are present. Accordingly, there was a strong overall growth of the Group's revenue in the auto parts segment.

8.2. BATTERIES, OILS, ETC

Distribution of batteries, oils, etc. includes the sale of batteries, industrial batteries, oils, lubricants, and other automotive supplies such as brooms, additives, etc. (all together the so-called consumables). CIAK Group is the leading distributor of batteries in the Republic of Croatia, Bosnia and Herzegovina, the Republic of Serbia and the Republic of North Macedonia and is also present as a leader in the markets of the Montenegro and the Republic of Slovenia.

In addition, it is the largest authorized distributor of many world manufacturers of batteries and accumulators and the first company in the Republic of Croatia that also disposes and recycles waste lead-acid batteries.

The most significant product is CIAK Starter batteries, which occupy about 30% of the battery market in the Republic of Croatia, which gives the Group a leading market share in this part of sales. The main advantage of the Group is the developed network of authorized battery repairers (350), i.e. stations in the region.

About 75% of sales of the main product group, i.e. batteries, relate to the sale of own brands (mostly CIAK Starter battery products), while the rest relates to pre-sales of products from other manufacturers or other private labels. Suppliers from this segment are also significant customers from the Ecology Division, where the Group sells lead ingots for batteries as a raw material, and procures finished batteries, showing an outstanding example of a sustainable circular economy in the Republic of Croatia.

The expansion of the sales network in the Auto parts segment also contributes to a significant increase in the sales potential of the Battery, oil, etc. segment, which the CIAK Group effectively used during 2022 and will continue to further increase its market share in all remaining markets and through the channels of its own companies present in the independent aftermarket.

8.3. FREIGHT PROGRAM

The **freight program segment** the purchase and sale of parts for trucks, work machines and other commercial vehicles in the IAM market.

Apart from the market of the Republic of Croatia, the CIAK Group is also present on the markets of Bosnia and Herzegovina, the Republic of Serbia, and the Republic of Slovenia.

In 2014, the Group opened three existing companies operating in the Republic of Croatia to this division. In addition to the above acquisitions, growth has been achieved through organic means, i.e. the establishment of new companies. The Group currently has a leading share in the market of the Republic of Croatia and is among the few in the Republic of Croatia that combines the car and freight program for the IAM market in a significant volume of business. The largest part of revenues in the segment of the freight program was generated from the distribution of parts for trucks, while revenues from parts for buses and off-road machinery were represented to a lesser extent.

A typical range includes brakes, filters, wipers, shock absorbers, lights, suspension parts, etc., but also batteries, tires, oils, antifreeze, accessories, etc. (so-called consumables).

The direct import of all parts for commercial vehicles enables the provision of the best truck service and the shortest time for the purchase of spare parts. The buyers of this segment are mostly legal entities and craftsmen such as trucking companies, large fleet customers, mechanical workshops, smaller resellers and the like.

8.4. RECYCLING

Recycling includes the recycling of industrial waste batteries and accumulators. Companies based outside the Republic of Croatia only collect or purchase old batteries, while in the Republic of Croatia they are also directly recycled.

The CIAK Group sets an example of a sustainable circular economy where environmental, economic and development goals are aligned.

At the Recycling Centre for Accumulators and Batteries in Zabok, the Group produces processed lead alloys (ingots), plastic and acid by processing components of old batteries - including the sorting and hydro separation processes of 90-95% of batteries – i.e. components for the production of new batteries.

The CIAK Group is currently the only one to have developed a closed system for the recycling of accumulators and batteries in the Republic of Croatia.

The business model of this segment is set in such a way that the raw materials obtained after the recycling process are sold to foreign customers who are also battery manufacturers. The same buyers of raw materials sell ready-made new batteries to the Group as suppliers in the battery and oil distribution segment, based on a multi-year cooperation agreement.

In its facilities, the CIAK Group uses state-of-the-art technology and state-of-the-art production methods, and all recycling processes comply with industry and environmental standards. In addition, the Group resells surplus purchased batteries that cannot be recycled due to the current capacity of the Recycling Centre.

Battery purchase is done in two ways:

(i) active (B2B) in collection stations and mechanics, end-users with a larger rolling stock, and,

(ii) passive (B2C) through the "old for new" model, where the Group uses its own retail and service partner network, which consists of a total of 350 redemption points, making it the largest redemption network in the region.

Revenues in this segment are largely externally influenced by the market price of lead (the so-called LME Lead Index, English: London Metal Exchange Lead Index), while the quantities of purchased batteries are subject to the company's business decision.

Although the past year brought great challenges in this segment, in which natural gas is used as the basic fuel for production, the CIAK Group managed to effectively manage this segment during 2022 with an active policy of managing sales prices and optimizing energy performance.

8.5. GOSPODARENJE OTPADOM

Waste management includes the activity of collection, transport, recovery, and disposal of hazardous and non-hazardous waste, including supervision of these procedures, as well as subsequent maintenance of disposal sites, the activity of remediation of contaminated sites and industrial plants.

The CIAK Group manages over 30,000 tons of hazardous and non-hazardous waste per year. The Group has experience in the management of all types and categories of waste and has a maximum capacity of over 70 thousand tons per year.

The company has established cooperation with over 2,000 economic entities, from which it takes over, transports, processes and disposes of hazardous and non-hazardous waste on a daily basis. The collected waste is partly treated independently, and where this is not possible, the waste is transported to unrelated companies that have their own facilities for processing the remaining waste, and all hazardous waste is transported to foreign incinerators.

The Group's entry into the waste management market began in 2000 at the former Waste Management Centre in Vojnić and is significantly developing with the Greenfield investment for the construction of a Waste Management Centre at the Zabok site.

The CIAK Group is establishing the only Freon centre where it receives controlled substances and / or floured greenhouse gases from refrigeration and air conditioning equipment, heat pumps, fire protection systems and fire extinguishers from authorized repairers. CIAK Group is also establishing its own testing laboratory as a natural sequence of performing activities of remediation of contaminated sites and industrial plants.

Activities in this segment are regulated in detail by law and under the supervision of the competent state bodies regarding the adequacy of waste disposal.

The CIAK Group has a leading share in the waste management market in this segment.

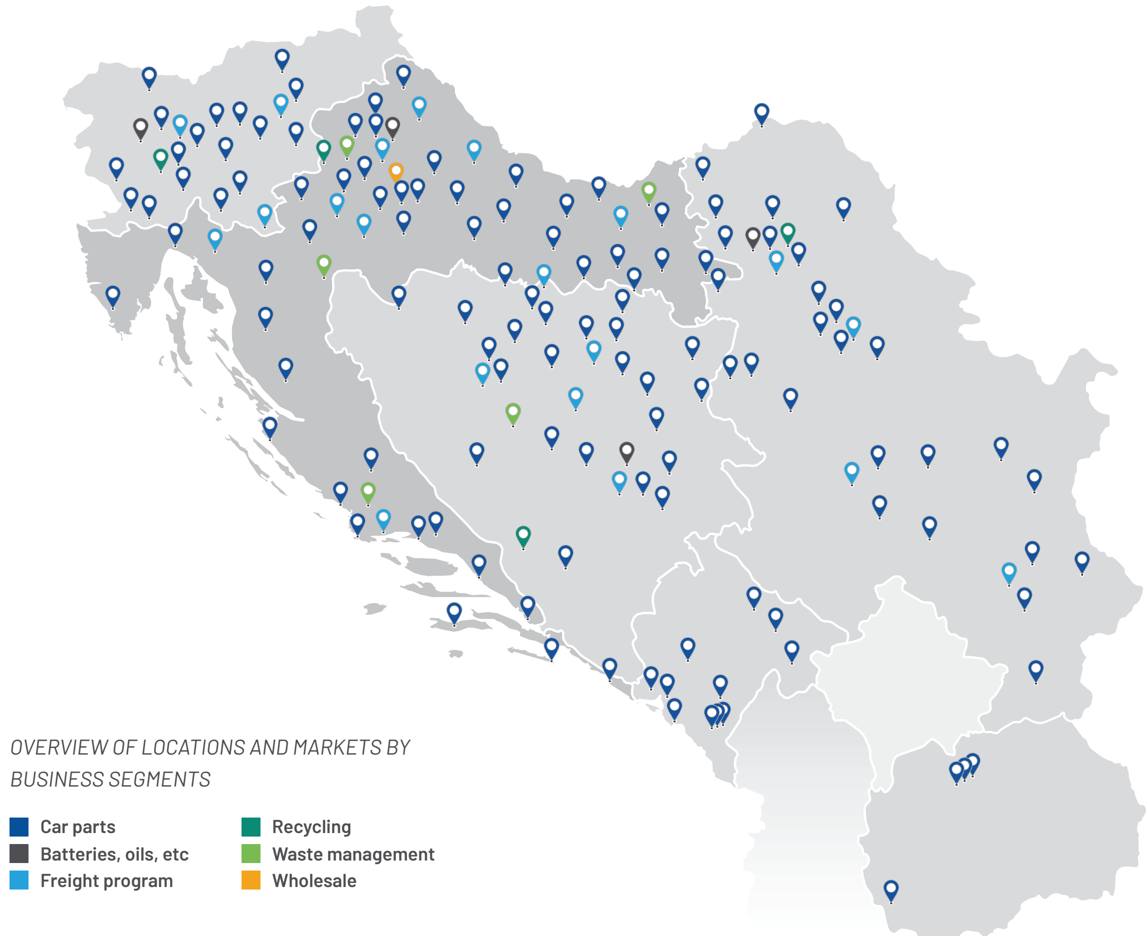
8.6. WHOLESALE

Wholesale (other) as a business segment includes wholesale of car supplies, textiles, and garden program.

The Group has been in this segment since the beginning of the 2000s, when it was primarily engaged in the wholesale of car accessories.

In this area of business, the Group has established cooperation with large retail chains in the Republic of Croatia, which are significant customers in this segment.

The goods are mostly procured directly from the manufacturer, so the Group is the main distributor of private battery brands to large retail chains through its own battery and oil distribution segment.



OVERVIEW OF LOCATIONS AND MARKETS BY BUSINESS SEGMENTS

Main risks and uncertainties
to which the group is exposed

9.1. CURRENCY RISK MANAGEMENT

The Group's currency risk is associated with possible significant changes in the exchange rate of foreign currencies that are significant for the Group's operations. This risk relates to the movement of the exchange rate of convertible mark (BAM) the Serbian dinar (RSD) and the North Macedonian denar (MKD), due to the fact that the Group operates on foreign markets (Bosnia and Herzegovina, Republic of North Macedonia and the Republic of Serbia) and most transactions with foreign customers and suppliers is denominated in the specified currencies.

The Group, as much as possible, applies natural risk protection based on the principle that the combination of currencies in the debt portfolio reflects the currency position of free cash flow. Through the sales price policy, the Group corrects possible negative effects of exchange rate changes.

In addition, the Group manages operational currency risks with a combination of other instruments, such as payments before maturity and exchange rate negotiations with commercial banks.

9.2. THE GROUP'S EXPOSURE TO INTEREST RATE RISK

The Group is exposed to interest rate risk as it borrows at both fixed and variable interest rates. On 31 December 2023, of the total debt of the Group on which interest is accrued, the share of debt (principal) of the Group on which interest is accruing at variable rates is approximately 77%. Most of these variable interest rates are linked to reference interest rates such as EURIBOR.

The Group does not speculate on the movement of interest rates, so it primarily chooses a variable interest rate. The Group actively and continuously monitors changes and projections of interest rates and continuously refinances credit obligations in accordance with current market conditions.

9.3. THE GROUP'S EXPOSURE TO CREDIT RISK

Credit risk is the risk of non-payment or non-performance of contractual obligations by the Group's customers. Overdue trade receivables have a negative impact on the Group's liquidity, and overdue adjusted receivables also have a negative impact on the Group's financial result.

In relationship with customers, activities are carried out to protect against the risk of collection of receivables. Customers are assessed according to creditworthiness, financial indicators, and in accordance with the obtained data and previous experience with customers, credit conditions are defined.

For categorization of customers and determination of credit conditions, data from official financial reports of customers and ratings of independent credit rating agencies are used. The exposure analysis is performed continuously, and the credit exposure is monitored and controlled through credit limits that are changed and re-evaluated at least once a year. The Group collects payment security instruments from customers, wherever possible, in order to minimize possible credit risks due to non-payment of contractual obligations. Part of the customers, especially large customers of certain business segments (e.g. ecology, recycling) are also suppliers of the Group where regular bilateral sett-offs are carried out. This minimizes credit risk in this area.

The Group operates with a large number of customers of various activities and sizes, which disperses the risk, i.e. it is not concentrated on a smaller number of customers. Part of the deferred sale of goods refers to state institutions and buyers in state ownership, and in the ownership of local self-government, which do not submit payment security instruments.

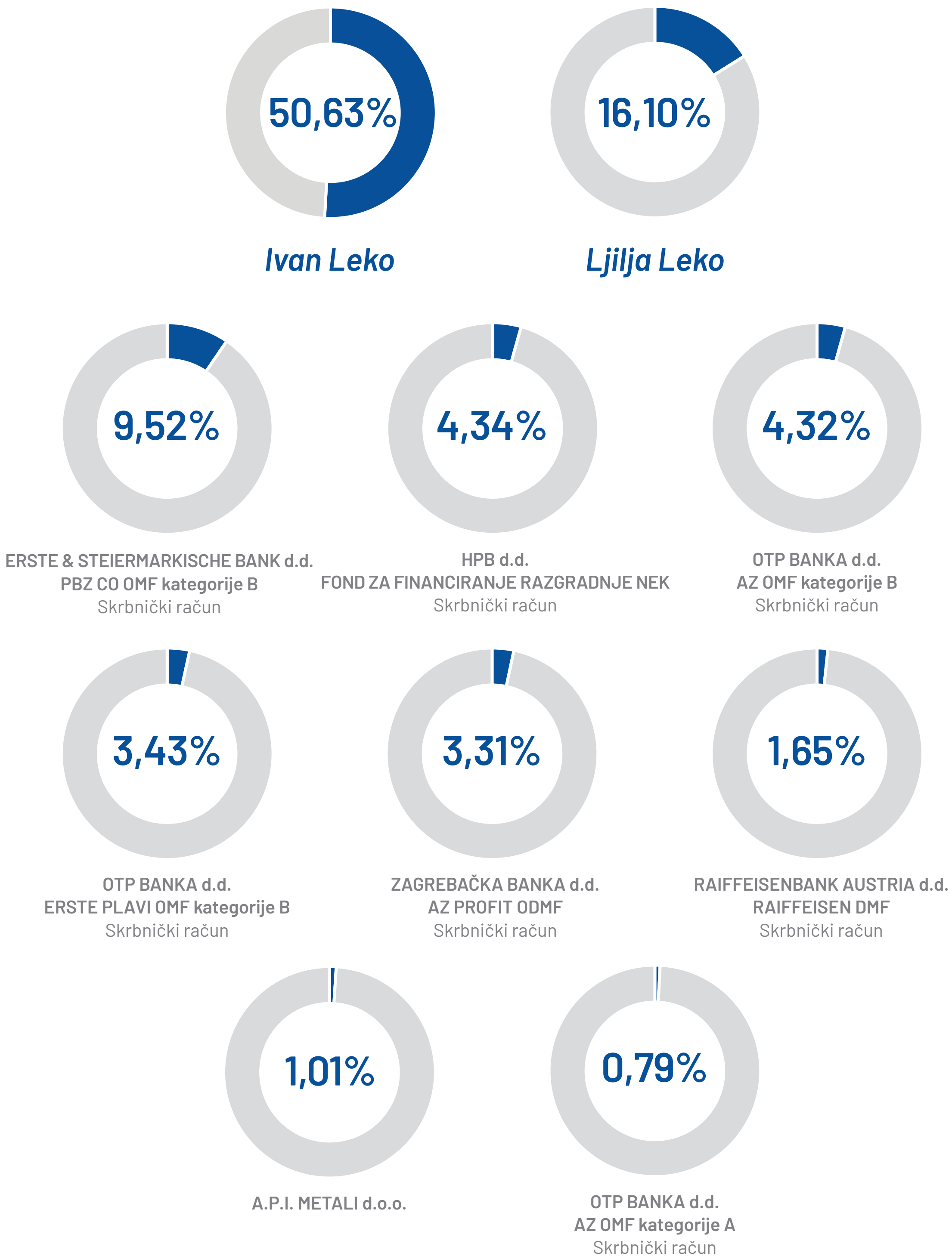
9.4. GROUP'S EXPOSURE TO LIQUIDITY RISK AND CASH FLOW RISK

Group manages liquidity risk by maintaining and utilizing adequate reserves and credit facilities. Also, Group continuously monitors and manages of due dates of receivables and liabilities, continuously comparing planned and actual cash flows. Additionally, through working capital management and inventory level optimization, the company makes maximum use of liquidity potential.

10

Ownership structure

OWNERSHIP STRUCTURE - ON 31 DECEMBER 2023



Consolidated financial statements of CIAK Group d.d.

11.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Item	ADP code	Previous year (net)	Current year (net)
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001	0.00	0.00
B) NON-CURRENT ASSETS (003+010+020+031+036)	002	57,929,862.12	65,391,684.40
I INTANGIBLE ASSETS (004 to 009)	003	8,793,941.61	9,260,654.55
1 Development expenditure	004	0.00	0.00
2 Concessions, patents, licence fees, trade and service marks, software and other rights	005	7,497,719.42	7,918,313.49
3 Goodwill	006	571,354.04	684,708.88
4 Advance payments for purchase of intangible assets	007	6,192.32	2,615.51
5 Intangible assets in preparation	008	61,321.92	21,582.94
6 Other intangible assets	009	657,353.91	633,433.73
II TANGIBLE ASSETS (011 to 019)	010	47,899,027.15	54,856,645.62
1 Land	011	7,778,816.91	8,943,763.99
2 Buildings	012	7,859,436.46	8,787,131.40
3 Plant and equipment	013	6,125,172.21	7,370,762.71
4 Tools, plant inventory and transport assets	014	2,159,957.66	3,079,706.69
5 Biological assets	015	0.00	0.00
6 Advance payments for tangible assets	016	11,945.05	19,123.36
7 Tangible assets in preparation	017	3,315,132.13	3,283,048.07
8 Other tangible assets	018	20,648,566.73	23,373,109.40
9 Investment property	019	0.00	0.00
III NON-CURRENT FINANCIAL ASSETS (021 to 030)	020	622,496.65	678,821.15
1 Shares/stakes in Group	021	0.00	0.00
2 Investments in other securities in Group entities	022	0.00	0.00
3 Loans, deposits, etc. given to Group entities	023	0.00	0.00
4 Shares/stakes in associated companies	024	0.00	0.00
5 Investments in other securities in associated companies	025	0.00	0.00
6 Loans, deposit etc. given to associated companies	026	0.00	0.00
7 Investments in securities	027	0.00	0.00
8 Loans, deposits and similar assets	028	316,921.63	364,720.25
9 Investments accounted by equity method	029	305,575.02	314,100.90
10 Other non-current financial assets	030	0.00	0.00
IV RECEIVABLES (032 to 035)	031	253,407.53	300,117.76
1 Receivables from Group entities	032	0.00	0.00
2 Receivable from associated companies	033	0.00	0.00
3 Trade receivables	034	253,407.53	300,117.76
4 Other receivables	035	0.00	0.00
V DEFERRED TAX ASSETS	036	360,989.18	295,445.32
C) CURRENT ASSETS (038+046+053+063)	037	132,525,206.33	150,520,995.35
I INVENTORIES (039 to 045)	038	84,478,990.11	96,156,340.31
1 Raw-material and supplies	039	4,598,486.43	4,216,164.85
2 Work in progress	040	0.00	0.00

Item	ADP code	Previous year (net)	Current year (net)
1	2	3	4
3 Finished goods	041	0.00	0.00
4 Merchandise	042	78,965,527.37	90,393,558.69
5 Advance payments for inventories	043	627,142.74	1,187,598.67
6 Non-current assets held for sales	044	287,833.57	359,018.10
7 Biological assets	045	0.00	0.00
II RECEIVABLES (047 to 052)	046	33,532,771.79	39,348,858.70
1 Receivables from Group entities	047	0.00	0.00
2 Receivables from associated companies	048	0.00	0.00
3 Trade receivables	049	31,186,998.08	36,624,121.97
4 Receivables from employees and members of related parties	050	90,688.57	150,262.20
5 Receivables from government and other institutions	051	1,472,526.51	1,677,404.00
6 Other receivables	052	782,558.63	897,070.53
III CURRENT FINANCIAL ASSETS (054 to 062)	053	450,899.60	1,309,866.94
1 Investments in shares and other securities in Group entities	054	0.00	0.00
2 Investments in other securities in Group entities	055	0.00	0.00
3 Loans, deposit etc. given to Group entities	056	0.00	0.00
4 Shares/stakes in associated companies	057	0.00	0.00
5 Investments in other securities in associated companies	058	0.00	0.00
6 Loans, deposit etc. given to associated companies	059	0.00	0.00
7 Investments in securities	060	0.00	0.00
8 Leases given, deposits, etc.	061	450,899.60	1,309,866.94
9 Other financial assets	062	0.00	0.00
IV CASH AT BANK AND ON HAND	063	14,062,544.83	13,705,929.40
D) PREPAID EXPENSES AND ACCRUED INCOME	064	4,094,214.35	6,541,919.17
E) TOTAL ASSETS (001+002+037+064)	065	194,549,282.80	222,454,598.92
F) OFF-BALANCE SHEET RECORDS	066	0.00	0.00
LIABILITIES			
A) CAPITAL AND RESERVES (068 to 070+076+077+083+086+089)	067	66,159,177.12	70,161,477.24
I SUBSCRIBED CAPITAL	068	26,215,394.52	26,215,394.52
II CAPITAL RESERVES	069	24,505,176.19	24,505,176.19
III PROFIT RESERVES (071+072-073+074+075)	070	34,270.88	603,617.04
1 Reserves prescribed by law	071	247,417.08	453,899.74
2 Reserves for treasury shares	072	10,617.82	183,457.30
3 Treasury stocks and shares (deduction)	073	223,764.02	33,740.00
4 Statutory reserves	074	0.00	0.00
5 Other reserves	075	0.00	0.00
IV REVALUATION RESERVES	076	0.00	0.00
V FAIR VALUE RESERVES (078 to 082)	077	0.00	0.00
1 Fair value of financial assets available for sale	078	0.00	0.00
2 Cash flow hedge	079	0.00	0.00
3 Hedge of a net investment in a foreign operation	080	0.00	0.00
4 Other fair value reserves	081	0.00	0.00
5 Exchange differences from the conversion of foreign operations (consolidation)	082	0.00	0.00
VI RETAINED EARNINGS OR ACCUMULATED LOSS (084-085)	083	9,370,578.67	11,846,920.16
1 Retained earnings	084	9,370,578.67	11,846,920.16
2 Accumulated loss	085	0.00	0.00

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11

Item	ADP code	Previous year (net)	Current year (net)
1	2	3	4
VII PROFIT/LOSS FOR THE CURRENT YEAR (087-088)	086	6,046,004.65	7,027,764.12
1 Profit for the current year	087	6,046,004.65	7,027,764.12
2 Loss for the current year	088	0.00	0.00
VIII MINORITY INTERESTS	089	-12,247.79	-37,394.79
B) PROVISIONS (091 to 096)	090	7,564.80	2,967.97
1 Provision for employee benefits	091	0.00	0.00
2 Provision for tax liabilities	092	0.00	0.00
3 Provisions for legal cases	093	0.00	0.00
4 Provisions for renewal of natural resources	094	0.00	0.00
5 Provision for risks within warranty period	095	7,564.80	2,967.97
6 Other provisions	096	0.00	0.00
C) NON-CURRENT LIABILITIES (098 to 108)	097	37,395,013.87	56,428,245.86
1 Liabilities towards Group entities	098	0.00	0.00
2 Leasing liabilities and liabilities for deposits received by Group entities	099	0.00	0.00
3 Liabilities towards associated companies	100	0.00	0.00
4 Leasing liabilities and liabilities for deposits received by associated companies	101	0.00	0.00
5 Leasing liabilities and liabilities for deposits received	102	11,534,938.35	13,457,141.83
6 Liabilities towards banks and other financial institutions	103	25,063,458.62	41,023,070.64
7 Liabilities for advances received	104	734.49	912.50
8 Trade payables	105	16,136.31	1,170,031.05
9 Liabilities for long term securities	106	0.00	0.00
10 Other non-current liabilities	107	0.00	0.00
11 Deferred tax liabilities	108	779,746.10	777,089.84
D) CURRENT LIABILITIES (110 to 123)	109	90,044,123.43	93,936,926.42
1 Liabilities towards Group entities	110	0.00	0.00
2 Loan liabilities and liabilities for deposits received by Group entities	111	0.00	0.00
3 Liabilities towards associated companies	112	0.00	0.00
4 Loan liabilities and liabilities for deposits received by associated companies	113	0.00	0.00
5 Loan liabilities and liabilities for deposits received	114	4,955,465.66	5,060,857.64
6 Liabilities towards banks and other financial institutions	115	21,125,253.43	14,878,246.07
7 Liabilities for advances received	116	460,048.05	714,542.96
8 Trade payables	117	51,475,562.41	58,819,548.61
9 Liabilities for long term securities	118	0.00	0.00
10 Liabilities towards employees	119	2,050,095.43	2,724,253.45
11 Liabilities for taxes, contributions and similar expenses	120	8,082,139.62	9,852,197.00
12 Liabilities due to share in results	121	0.00	480.06
13 Liabilities due to non current assets held for sale	122	0.00	0.00
14 Other current liabilities	123	1,895,558.83	1,886,800.63
E) ACCRUED EXPENSES AND DEFFERED INCOME	124	943,403.54	1,924,981.43
F) TOTAL – CAPITAL AND LIABILITIES (ADP 067+090+097+109+124)	125	194,549,282.76	222,454,598.92
G) OFF-BALANCE SHEET RECORDS	126	0.00	0.00

11

11.2. CONSOLIDATED STATEMENT OF CASH FLOW

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	8,228,178.65	9,592,212.75
2 Adjustments (ADP 003 to 010):	002	11,704,778.54	18,596,457.14
a) Depreciation	003	9,457,675.63	11,079,596.06
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-309,696.20	-911,908.80
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	1,679,341.69	2,349,765.00
d) Interest and dividend income	006	-29,760.04	-28,318.34
e) Interest expenses	007	1,360,860.57	2,488,259.99
f) Provisions	008	-113,406.33	349,943.83
g) Exchange rate differences (unrealised)	009	-317,453.58	-143,985.60
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-22,783.20	3,413,105.00
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	19,932,957.19	28,188,669.89
3 Changes in the working capital (ADP 013 to 016)	012	-257,896.08	-12,295,770.30
a) Increase or decrease in short-term liabilities	013	14,573,498.04	9,660,033.90
b) Increase or decrease in short-term receivables	014	-2,327,052.09	-9,737,026.20
c) Increase or decrease in inventories	015	-12,504,342.03	-12,218,778.00
d) Other increase or decrease in the working capital	016	0.00	0.00
II. Cash from operations (ADP 011+012)	017	19,675,061.11	15,892,899.59
4 Interest paid	018	-636,299.42	-2,016,798.30
5 Income tax paid	019	-2,094,317.07	-2,419,758.00
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	16,944,444.62	11,456,343.29
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	282,877.43	2,673,732.60
2 Cash receipts from sales of financial instruments	022	0.00	0.00
3 Interest received	023	0.00	0.00
4 Dividends received	024	0.00	0.00
5 Cash receipts from repayment of loans and deposits	025	0.00	0.00
6 Other cash receipts from investment activities	026	0.00	0.00
III Total cash receipts from investment activities (ADP 021 to 026)	027	282,877.43	2,673,732.60
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-5,555,273.87	-10,482,951.60
2 Cash payments for the acquisition of financial instruments	029	0.00	-47,995.20
3 Cash payments for loans and deposits for the period	030	-111,088.99	0.00
4 Acquisition of a subsidiary, net of cash acquired	031	-748,580.13	-954,027.01
5 Other cash payments from investment activities	032	0.00	-70,995.10
IV Total cash payments from investment activities (ADP 028 to 032)	033	-6,414,942.99	-11,555,968.91
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-6,132,065.56	-8,882,236.31
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	035	0.00	0.00
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0.00	0.00
3 Cash receipts from credit principals, loans and other borrowings	037	13,625,526.98	22,156,784.10
4 Other cash receipts from financing activities	038	0.00	0.00
V Total cash receipts from financing activities (ADP 035 to 038)	039	13,625,526.98	22,156,784.10
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-8,828,303.40	-13,906,609.20
2 Dividends paid	041	-4,624,492.40	-3,034,712.00
3 Cash payments for finance lease	042	-6,815,786.45	-7,987,201.20
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	-133,512.51	-158,984.10
5 Other cash payments from financing activities	044	0.00	0.00
VI Total cash payments from financing activities (ADP 040 to 044)	045	-20,402,094.76	-25,087,506.50
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	-6,776,567.78	-2,930,722.40
1 Unrealised exchange rate differences in cash and cash equivalents	047	0.00	0.00
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	048	4,035,811.28	-356,615.42
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	10,026,733.69	14,062,544.82
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	14,062,544.97	13,705,929.40

11.3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Item	ADP code	Attributable to owners of the parent								
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)
1	2	3	4	5	6	7	8	9	10	11
Previous period										
1 Balance on the first day of the previous business year	01	26,215,394.52	24,505,176.19			371,623.86				
2 Changes in accounting policies	02									
3 Correction of errors	03									
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	26,215,394.52	24,505,176.19	0.00	0.00	371,623.86	0.00	0.00	0.00	0.00
5 Profit/loss of the period	05									
6 Exchange rate differences from translation of foreign operations	06									
7 Changes in revaluation reserves of fixed tangible and intangible assets	07									
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									
9 Gains or losses on efficient cash flow hedging	09									
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10									
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11									
12 Actuarial gains/losses on defined benefit plans	12									
13 Other changes in equity unrelated to owners	13				291,990.18					
14 Tax on transactions recognised directly in equity	14									
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15									
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16									
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17									
18 Redemption of treasury shares/holdings	18					133,512.51				
19 Payments from members/shareholders	19									
20 Payment of share in profit/dividend	20									
21 Other distributions and payments to members/shareholders	21				-281,372.35	-281,372.35				
22 Transfer to reserves according to the annual schedule	22			247,417.08						
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23									
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	26,215,394.52	24,505,176.19	247,417.08	10,617.83	223,764.02	0.00	0.00	0.00	0.00
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0.00	0.00	0.00	291,990.18	0.00	0.00	0.00	0.00	0.00
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0.00	0.00	0.00	291,990.18	0.00	0.00	0.00	0.00	0.00
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0.00	0.00	247,417.08	-281,372.35	-147,859.84	0.00	0.00	0.00	0.00

Item	ADP code	Attributable to owners of the parent								
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)
1	2	3	4	5	6	7	8	9	10	11
Current period										
1 Balance on the first day of the current business year	28	26,215,394.52	24,505,176.19	247,417.08	10,617.83	223,764.02	0.00	0.00	0.00	0.00
2 Changes in accounting policies	29									
3 Correction of errors	30									
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	26,215,394.52	24,505,176.19	247,417.08	10,617.83	223,764.02	0.00	0.00	0.00	0.00
5 Profit/loss of the period	32									
6 Exchange rate differences from translation of foreign operations	33									
7 Changes in revaluation reserves of fixed tangible and intangible assets	34									
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									
9 Gains or losses on efficient cash flow hedging	36									
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37									
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38									
12 Actuarial gains/losses on defined remuneration plans	39									
13 Other changes in equity unrelated to owners	40				522,255.00					
14 Tax on transactions recognised directly in equity	41									
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42									
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43									
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44									
18 Redemption of treasury shares/holdings	45					159,391.98				
19 Payments from members/ shareholders	46									
20 Payment of share in profit/dividend	47									
21 Other distributions and payments to members/shareholders	48				-349,415.53	-349,416.00				
22 Carryforward per annual plan	49			206,482.66						
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50									
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	26,215,394.52	24,505,176.19	453,899.74	183,457.30	33,740.00	0.00	0.00	0.00	0.00
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0.00	0.00	0.00	522,255.00	0.00	0.00	0.00	0.00	0.00
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53	0.00	0.00	0.00	522,255.00	0.00	0.00	0.00	0.00	0.00
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0.00	0.00	206,482.66	-349,415.53	-190,024.02	0.00	0.00	0.00	0.00

Item	ADP code	Attributable to owners of the parent							Minority (non-controlling) interest	Total capital and reserves
		Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period										
1 Balance on the first day of the previous business year	01					4,990,490.68	9,250,023.62	64,589,461.15	1,114.61	64,590,575.76
2 Changes in accounting policies	02							0.00		0.00
3 Correction of errors	03							0.00		0.00
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	0.00	0.00	0.00	0.00	4,990,490.68	9,250,023.62	64,589,461.15	1,114.61	64,590,575.76
5 Profit/loss of the period	05						6,074,009.16	6,074,009.16	-13,362.40	6,060,646.76
6 Exchange rate differences from translation of foreign operations	06							0.00		0.00
7 Changes in revaluation reserves of fixed tangible and intangible assets	07							0.00		0.00
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08							0.00		0.00
9 Gains or losses on efficient cash flow hedging	09							0.00		0.00
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10							0.00		0.00
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11							0.00		0.00
12 Actuarial gains/losses on defined benefit plans	12							0.00		0.00
13 Other changes in equity unrelated to owners	13					-291,770.52		219.66		219.66
14 Tax on transactions recognised directly in equity	14							0.00		0.00
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15							0.00		0.00
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16							0.00		0.00
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17							0.00		0.00
18 Redemption of treasury shares/holdings	18							-133,512.51		-133,512.51
19 Payments from members/shareholders	19							0.00		0.00
20 Payment of share in profit/dividend	20					-4,640,124.89		-4,640,124.89		-4,640,124.89
21 Other distributions and payments to members/shareholders	21					281,372.35		281,372.35		281,372.35
22 Transfer to reserves according to the annual schedule	22					9,002,606.54	-9,250,023.62	0.00		0.00
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23							0.00		0.00
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	0.00	0.00	0.00	0.00	9,342,574.16	6,074,009.16	66,171,424.92	-12,247.79	66,159,177.13
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0.00	0.00	0.00	0.00	-291,770.52	0.00	219.66	0.00	219.66
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0.00	0.00	0.00	0.00	-291,770.52	6,074,009.16	6,074,228.82	-13,362.40	6,060,866.42
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0.00	0.00	0.00	0.00	4,643,854.00	-9,250,023.62	-4,492,265.05	0.00	-4,492,265.05

Item	ADP code	Attributable to owners of the parent							Minority (non-controlling) interest	Total capital and reserves
		Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Current period										
1 Balance on the first day of the current business year	28	0.00	0.00	0.00	0.00	9,342,574.16	6,074,009.16	66,171,424.92	-12,247.79	66,159,177.13
2 Changes in accounting policies	29							0.00		0.00
3 Correction of errors	30							0.00		0.00
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	0.00	0.00	0.00	0.00	9,342,574.16	6,074,009.16	66,171,424.92	-12,247.79	66,159,177.13
5 Profit/loss of the period	32						7,027,764.12	7,027,764.12	-25,147.00	7,002,617.12
6 Exchange rate differences from translation of foreign operations	33							0.00		0.00
7 Changes in revaluation reserves of fixed tangible and intangible assets	34							0.00		0.00
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35							0.00		0.00
9 Gains or losses on efficient cash flow hedging	36							0.00		0.00
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37							0.00		0.00
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38							0.00		0.00
12 Actuarial gains/losses on defined remuneration plans	39							0.00		0.00
13 Other changes in equity unrelated to owners	40					-774,966.00		-252,711.00		-252,711.00
14 Tax on transactions recognised directly in equity	41							0.00		0.00
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42							0.00		0.00
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43							0.00		0.00
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44							0.00		0.00
18 Redemption of treasury shares/holdings	45							-159,391.98		-159,391.98
19 Payments from members/ shareholders	46							0.00		0.00
20 Payment of share in profit/dividend	47					-3,034,712.00		-3,034,712.00		-3,034,712.00
21 Other distributions and payments to members/shareholders	48					446,498.00		446,498.47		446,498.47
22 Carryforward per annual plan	49					5,867,526.00	-6,074,009.16	-0.50		-0.50
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50							0.00		0.00
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	0.00	0.00	0.00	0.00	11,846,920.16	7,027,764.12	70,198,872.03	-37,394.79	70,161,477.24
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0.00	0.00	0.00	0.00	-774,966.00	0.00	-252,711.00	0.00	-252,711.00
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53	0.00	0.00	0.00	0.00	-774,966.00	7,027,764.12	6,775,053.12	-25,147.00	6,749,906.12
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0.00	0.00	0.00	0.00	3,279,312.00	-6,074,009.16	-2,747,606.01	0.00	-2,747,606.01

11.4. CONSOLIDATED PROFIT & LOSS STATEMENT

Item	ADP code	Previous year (net)	Current year (net)
1	2	3	4
I OPERATING REVENUE (128+132)	127	227,780,802.57	281,669,872.06
1 Sales revenue from Group entities	128	0.00	0.00
2 Sales revenue	129	226,489,251.44	277,841,194.05
3 Sale income from internal usage of own goods and services	130	0.00	0.00
4 Other operating revenue from Group entities	131	0.00	0.00
5 Other operating revenue	132	1,291,551.13	3,828,678.01
II OPERATING EXPENSES (134+135+139+143 do 145+148+155)	133	217,984,840.54	269,612,319.67
1 Changes in value of work in progress and finished goods	134	0.00	0.00
2 Material costs (136 to 138)	135	154,048,077.64	185,946,443.14
a) Raw material and material costs	136	29,494,500.76	32,564,358.72
b) Costs of goods sold	137	124,553,576.88	153,382,084.42
c) Other external costs	138	0.00	0.00
3 Employee costs (140 to 142)	139	38,035,538.79	48,397,332.92
a) Net salaries and wages	140	25,234,053.62	32,204,609.94
b) Cost for taxes and contributions from salaries	141	10,180,155.95	12,858,039.52
c) Contributions on gross salaries	142	2,621,329.22	3,334,683.46
4 Depreciation and amortization	143	9,457,675.63	11,079,596.06
5 Other costs	144	14,912,567.66	19,356,571.03
6 Impairment (146+147)	145	1,679,341.83	4,482,432.69
a) Impairment of non-current assets (financial assets excluded)	146	0.00	0.00
b) Impairment of current assets (financial assets excluded)	147	1,679,341.83	4,482,432.69
7 Provisions (149 to 154)	148	-148,361.01	349,943.83
a) Provision for employee benefits	149	0.00	0.00
b) Provision for tax liabilities	150	0.00	0.00
c) Provisions for legal cases	151	0.00	0.00
d) Provisions for renewal of natural resources	152	0.00	0.00
e) Provision for risks within warranty period	153	-419.01	0.00
f) Other provisions	154	-147,942.00	349,943.83
8 Other operating costs	155	0.00	0.00
III FINANCIAL INCOME (157 to 166)	156	543,069.09	245,215.52
1 Dividends income from Group transactions	157	0.00	0.00
2 Dividends income from associated companies	158	0.00	0.00
3 Financial income from long term financial asset and loans given from Group transactions	159	0.00	0.00
4 Interest income and other financial income from Group transactions	160	0.00	0.00
5 Foreign exchange difference and other financial income from Group transactions	161	0.00	0.00
6 Financial income from long term financial asset and loans given	162	0.00	0.00
7 Other income from interest	163	29,760.04	28,318.34
8 Foreign exchange difference and other financial income	164	512,434.27	215,428.87
9 Unrealized gains from financial assets	165	0.00	0.00
10 Other financial income	166	874.78	1,468.31
IV FINANCIAL EXPENSES (168 to 174)	167	2,110,852.47	2,710,555.16
1 Interest expense and similar expenses from Group entities	168	0.00	0.00
2 Foreign exchange difference and other expenses in Group	169	0.00	0.00
3 Interest expense and similar expenses	170	1,360,860.57	2,488,259.99
4 Foreign exchange difference and other expenses	171	749,558.96	216,178.00
5 Unrealized loss (expense) from financial assets	172	0.00	0.00
6 Impairment of financial assets (net)	173	0.00	0.00
7 Other financial expenses	174	432.94	6,117.17

Item	ADP code	Previous year (net)	Current year (net)
1	2	3	4
V SHARE IN PROFIT OF A GROUP	175	0.00	0.00
VI SHARE IN PROFIT IN ASSOCIATED COMPANIES	176	0.00	0.00
VII SHARE IN LOSS OF A GROUP	177	0.00	0.00
VIII SHARE IN LOSS IN ASSOCIATED COMPANIES	178	0.00	0.00
IX TOTAL INCOME (127+156+175+176)	179	228,323,871.66	281,915,087.58
X TOTAL EXPENSES (133+167+177+178)	180	220,095,693.01	272,322,874.83
XI PROFIT OR LOSS BEFORE TAXATION (179-180)	181	8,228,178.65	9,592,212.75
1 Profit before taxation (179-180)	182	8,228,178.65	9,592,212.75
2 Loss before taxation (180-179)	183	0.00	0.00
XII INCOME TAX	184	2,104,880.48	2,589,595.63
XIII PROFIT OR LOSS FOR THE PERIOD (181-184)	185	6,123,298.17	7,002,617.12
1 Profit for the period (181-184)	186	6,123,298.17	7,002,617.12
2 Loss for the period (184-181)	187	0.00	0.00
DISCONTINUED OPERATIONS			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (189-190)	188	0.00	0.00
1 Pre-tax profit from discontinued operations	189	0.00	0.00
2 Pre-tax loss on discontinued operations	190	0.00	0.00
XV INCOME TAX OF DISCONTINUED OPERATIONS	191	0.00	0.00
1 Discontinued operations profit for the period (188-191)	192	0.00	0.00
2 Discontinued operations loss for the period (191-188)	193	0.00	0.00
TOTAL OPERATIONS			
XVI PRE-TAX PROFIT OR LOSS (181-188)	194	0.00	0.00
1 Pre-tax profit (194)	195	0.00	0.00
2 Pre-tax loss (194)	196	0.00	0.00
XVII INCOME TAX (184-191)	197	0.00	0.00
XVIII PROFIT OR LOSS FOR THE PERIOD (AOP 194-197)	198	0.00	0.00
1 Profit for the period (194-197)	199	0.00	0.00
2 Loss for the period (197-194)	200	0.00	0.00
APPENDIX to the P&L			
XIX PROFIT OR LOSS FOR THE PERIOD (202+203)	201	6,123,298.15	7,002,617.12
1 Attributable to owners of the parent	202	6,136,654.32	7,027,764.12
2 Attributable to minority (non-controlling) interest	203	-13,356.17	-25,147.00
STATEMENT OF OTHER COMPRHENSIVE INCOME			
I PROFIT OR LOSS FOR THE PERIOD	204	6,123,298.16	7,002,617.12
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (207 to 211 + 214 to 221)	205	-90,649.68	-252,711.00
III Items that will not be reclassified to profit or loss (207 to 212)	206	0.00	0.00
1 Changes in revaluation reserves of fixed tangible and intangible assets	207	0.00	0.00
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	208	0.00	0.00
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	209	0.00	0.00
4 Actuarial gains/losses on the defined benefit obligation	210	0.00	0.00
5 Other items that will not be reclassified	211	0.00	0.00
6 Income tax relating to items that will not be reclassified	212	0.00	0.00
IV Items that may be reclassified to profit or loss (214 to 222)	213	-90,649.68	-252,711.00
1 Exchange rate differences from translation of foreign operations	214	-90,649.68	-252,711.00
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	215	0.00	0.00
3 Profit or loss arising from effective cash flow hedging	216	0.00	0.00
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	217	0.00	0.00
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	218	0.00	0.00
6 Changes in fair value of the time value of option	219	0.00	0.00
7 Changes in fair value of forward elements of forward contracts	220	0.00	0.00
8 Other items that may be reclassified to profit or loss	221	0.00	0.00
9 Income tax relating to items that may be reclassified to profit or loss	222	0.00	0.00
V NET OTHER COMPREHENSIVE INCOME OR LOSS (206+213)	223	-90,649.68	-252,711.00
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (204+223)	224	6,032,648.48	6,749,906.12
APPENDIX to the Statement on comprehensive income			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (226+227)	225	6,032,648.48	6,749,906.12
1 Attributable to owners of the parent	226	6,046,004.65	6,775,053.12
2 Attributable to minority (non-controlling) interest	227	-13,356.17	-25,147.00

CIAK GRUPA

12

Unconsolidated financial statements of CIAK Group d.d.

12.1. UNCONSOLIDATED PROFIT & LOSS STATEMENT

Item	ADP code	Previous year (net)	Current year (net)
1	2	3	4
I OPERATING REVENUE (128+132)	127	3,659,739.73	4,677,243.00
1 Sales revenue from Group entities	128	3,604,022.30	4,611,731.21
2 Sales revenue	129	2,920.57	3,486.54
3 Sale income from internal usage of own goods and services	130	0.00	0.00
4 Other operating revenue from Group entities	131	5.57	2,129.90
5 Other operating revenue	132	52,791.29	59,895.35
II OPERATING EXPENSES (134+135+139+143 do 145+148+155)	133	4,272,539.66	4,331,418.76
1 Changes in value of work in progress and finished goods	134	0.00	0.00
2 Material costs (136 to 138)	135	66,828.99	74,476.42
a) Raw material and material costs	136	66,828.99	74,476.42
b) Costs of goods sold	137	0.00	0.00
c) Other external costs	138	0.00	0.00
3 Employee costs (140 to 142)	139	2,926,167.24	2,783,721.13
a) Net salaries and wages	140	1,467,114.74	1,425,265.60
b) Cost for taxes and contributions from salaries	141	859,708.81	1,054,946.49
c) Contributions on gross salaries	142	599,343.69	303,509.04
4 Depreciation and amortization	143	239,829.72	384,868.80
5 Other costs	144	1,026,606.54	1,067,608.56
6 Impairment (146+147)	145	0.00	0.10
a) Impairment of non-current assets (financial assets excluded)	146	0.00	0.00
b) Impairment of current assets (financial assets excluded)	147	0.00	0.10
7 Provisions (149 to 154)	148	13,107.17	20,743.75
a) Provision for employee benefits	149	0.00	0.00
b) Provision for tax liabilities	150	0.00	0.00
c) Provisions for legal cases	151	0.00	0.00
d) Provisions for renewal of natural resources	152	0.00	0.00
e) Provision for risks within warranty period	153	0.00	0.00
f) Other provisions	154	13,107.17	20,743.75
8 Other operating costs	155	0.00	0.00
III FINANCIAL INCOME (157 to 166)	156	4,788,945.78	6,145,582.53
1 Dividends income from Group transactions	157	4,071,824.41	5,691,242.81
2 Dividends income from associated companies	158	0.00	0.00
3 Financial income from long term financial asset and loans given from Group transactions	159	714,712.72	444,472.43
4 Interest income and other financial income from Group transactions	160	0.00	0.00
5 Foreign exchange difference and other financial income from Group transactions	161	1,813.26	0.00
6 Financial income from long term financial asset and loans given	162	0.00	0.00
7 Other income from interest	163	301.41	9,860.61
8 Foreign exchange difference and other financial income	164	293.98	6.68
9 Unrealized gains from financial assets	165	0.00	0.00
10 Other financial income	166	0.00	0.00
IV FINANCIAL EXPENSES (168 to 174)	167	19,118.45	26,957.12
1 Interest expense and similar expenses from Group entities	168	5,957.26	19,015.99
2 Foreign exchange difference and other expenses in Group	169	2,135.64	0.00
3 Interest expense and similar expenses	170	9,792.82	7,941.10
4 Foreign exchange difference and other expenses	171	1,232.73	0.03
5 Unrealized loss (expense) from financial assets	172	0.00	0.00
6 Impairment of financial assets (net)	173	0.00	0.00
7 Other financial expenses	174	0.00	0.00

Item	ADP code	Previous year (net)	Current year (net)
1	2	3	4
V SHARE IN PROFIT OF A GROUP	175	0.00	0.00
VI SHARE IN PROFIT IN ASSOCIATED COMPANIES	176	0.00	0.00
VII SHARE IN LOSS OF A GROUP	177	0.00	0.00
VIII SHARE IN LOSS IN ASSOCIATED COMPANIES	178	0.00	0.00
IX TOTAL INCOME (127+156+175+176)	179	8,448,685.51	10,822,825.53
X TOTAL EXPENSES (133+167+177+178)	180	4,291,658.11	4,358,375.88
XI PROFIT OR LOSS BEFORE TAXATION (179-180)	181	4,157,027.40	6,464,449.65
1 Profit before taxation (179-180)	182	4,157,027.40	6,464,449.65
2 Loss before taxation (180-179)	183	0.00	0.00
XII INCOME TAX	184	27,373.42	153,500.80
XIII PROFIT OR LOSS FOR THE PERIOD (181-184)	185	4,129,653.98	6,310,948.85
1 Profit for the period (181-184)	186	4,129,653.98	6,310,948.85
2 Loss for the period (184-181)	187	0.00	0.00
DISCONTINUED OPERATIONS			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (189-190)	188	0.00	0.00
1 Pre-tax profit from discontinued operations	189		
2 Pre-tax loss on discontinued operations	190		
XV INCOME TAX OF DISCONTINUED OPERATIONS	191		
1 Discontinued operations profit for the period (188-191)	192	0.00	0.00
2 Discontinued operations loss for the period (191-188)	193	0.00	0.00
TOTAL OPERATIONS			
XVI PRE-TAX PROFIT OR LOSS (181-188)	194	0.00	0.00
1 Pre-tax profit (194)	195	0.00	0.00
2 Pre-tax loss (194)	196	0.00	0.00
XVII INCOME TAX (184-191)	197	0.00	0.00
XVIII PROFIT OR LOSS FOR THE PERIOD (AOP 194-197)	198	0.00	0.00
1 Profit for the period (194-197)	199	0.00	0.00
2 Loss for the period (197-194)	200	0.00	0.00
APPENDIX to the P&L			
XIX PROFIT OR LOSS FOR THE PERIOD (202+203)	201	0.00	0.00
1 Attributable to owners of the parent	202		
2 Attributable to minority (non-controlling) interest	203		
STATEMENT OF OTHER COMPRHENSIVE INCOME			
I PROFIT OR LOSS FOR THE PERIOD	204	4,129,653.99	6,310,948.85
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (207 to 211 + 214 to 221)	205	0.00	0.00
III Items that will not be reclassified to profit or loss (207 to 212)	206	0.00	0.00
1 Changes in revaluation reserves of fixed tangible and intangible assets	207		
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	208		
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	209		
4 Actuarial gains/losses on the defined benefit obligation	210		
5 Other items that will not be reclassified	211		
6 Income tax relating to items that will not be reclassified	212		
IV Items that may be reclassified to profit or loss (214 to 222)	213	0.00	0.00
1 Exchange rate differences from translation of foreign operations	214		
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	215		
3 Profit or loss arising from effective cash flow hedging	216		
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	217		
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	218		
6 Changes in fair value of the time value of option	219		
7 Changes in fair value of forward elements of forward contracts	220		
8 Other items that may be reclassified to profit or loss	221		
9 Income tax relating to items that may be reclassified to profit or loss	222		
V NET OTHER COMPREHENSIVE INCOME OR LOSS (206+213)	223	0.00	0.00
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (204+223)	224	4,129,653.99	6,310,948.85
APPENDIX to the Statement on comprehensive income			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (226+227)	225	0.00	0.00
1 Attributable to owners of the parent	226		
2 Attributable to minority (non-controlling) interest	227		

12.2. UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

Item	ADP code	Previous year (net)	Current year (net)
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001	0.00	0.00
B) NON-CURRENT ASSETS (003+010+020+031+036)	002	53,476,274.46	56,767,692.18
I INTANGIBLE ASSETS (004 to 009)	003	28,227.22	72,355.43
1 Development expenditure	004	0.00	0.00
2 Concessions, patents, licence fees, trade and service marks, software and other rights	005	17,738.27	72,355.43
3 Goodwill	006	0.00	0.00
4 Advance payments for purchase of intangible assets	007	0.00	0.00
5 Intangible assets in preparation	008	10,488.95	0.00
6 Other intangible assets	009	0.00	0.00
II TANGIBLE ASSETS (011 to 019)	010	1,947,957.92	1,707,215.89
1 Land	011	1,465,875.90	1,465,679.97
2 Buildings	012	0.00	0.00
3 Plant and equipment	013	34,899.99	33,005.06
4 Tools, plant inventory and transport assets	014	6,075.12	28,098.94
5 Biological assets	015	0.00	0.00
6 Advance payments for tangible assets	016	0.00	0.00
7 Tangible assets in preparation	017	0.00	4,466.45
8 Other tangible assets	018	21,468.45	17,026.66
9 Investment property	019	419,638.46	158,938.81
III NON-CURRENT FINANCIAL ASSETS (021 to 030)	020	51,423,065.76	54,981,499.84
1 Shares/stakes in Group	021	29,860,301.41	39,360,301.40
2 Investments in other securities in Group entities	022	0.00	0.00
3 Loans, deposits, etc. given to Group entities	023	21,560,375.34	15,618,809.43
4 Shares/stakes in associated companies	024	0.00	0.00
5 Investments in other securities in associated companies	025	0.00	0.00
6 Loans, deposit etc. given to associated companies	026	0.00	0.00
7 Investments in securities	027	0.00	0.00
8 Loans, deposits and similar assets	028	2,389.01	2,389.01
9 Investments accounted by equity method	029	0.00	0.00
10 Other non-current financial assets	030	0.00	0.00
IV RECEIVABLES (032 to 035)	031	0.00	0.00
1 Receivables from Group entities	032	0.00	0.00
2 Receivable from associated companies	033	0.00	0.00
3 Trade receivables	034	0.00	0.00
4 Other receivables	035	0.00	0.00
V DEFERRED TAX ASSETS	036	77,023.56	6,621.02
C) CURRENT ASSETS (038+046+053+063)	037	6,470,226.43	6,274,511.92
I INVENTORIES (039 to 045)	038	0.00	0.00
1 Raw-material and supplies	039	0.00	0.00
2 Work in progress	040	0.00	0.00

Item	ADP code	Previous year (net)	Current year (net)
1	2	3	4
3 Finished goods	041	0.00	0.00
4 Merchandise	042	0.00	0.00
5 Advance payments for inventories	043	0.00	0.00
6 Non-current assets held for sales	044	0.00	0.00
7 Biological assets	045	0.00	0.00
II RECEIVABLES (047 to 052)	046	2,399,610.20	3,758,713.25
1 Receivables from Group entities	047	2,296,631.50	3,561,273.83
2 Receivables from associated companies	048	0.00	0.00
3 Trade receivables	049	9,475.61	13,457.39
4 Receivables from employees and members of related parties	050	13,506.14	50,040.69
5 Receivables from government and other institutions	051	76,690.16	108,584.98
6 Other receivables	052	3,306.79	25,356.36
III CURRENT FINANCIAL ASSETS (054 to 062)	053	1,550,000.00	349,666.65
1 Investments in shares and other securities in Group entities	054	0.00	0.00
2 Investments in other securities in Group entities	055	0.00	0.00
3 Loans, deposit etc. given to Group entities	056	1,550,000.00	100,000.00
4 Shares/stakes in associated companies	057	0.00	0.00
5 Investments in other securities in associated companies	058	0.00	0.00
6 Loans, deposit etc. given to associated companies	059	0.00	0.00
7 Investments in securities	060	0.00	0.00
8 Leases given, deposits, etc.	061	0.00	249,666.65
9 Other financial assets	062	0.00	0.00
IV CASH AT BANK AND ON HAND	063	2,520,616.23	2,166,132.02
D) PREPAID EXPENSES AND ACCRUED INCOME	064	9,374.88	3,657.15
E) TOTAL ASSETS (001+002+037+064)	065	59,955,875.77	63,045,861.25
F) OFF-BALANCE SHEET RECORDS	066	0.00	0.00
LIABILITIES			
A) CAPITAL AND RESERVES (068 to 070+076+077+083+086+089)	067	57,369,445.47	60,932,788.83
I SUBSCRIBED CAPITAL	068	26,215,394.52	26,215,394.52
II CAPITAL RESERVES	069	26,913,285.55	26,913,285.54
III PROFIT RESERVES (071+072-073+074+075)	070	34,270.88	603,617.04
1 Reserves prescribed by law	071	247,417.08	453,899.74
2 Reserves for treasury shares	072	10,617.82	183,457.30
3 Treasury stocks and shares (deduction)	073	223,764.02	33,740.00
4 Statutory reserves	074	0.00	0.00
5 Other reserves	075	0.00	0.00
IV REVALUATION RESERVES	076	0.00	0.00
V FAIR VALUE RESERVES (078 to 082)	077	0.00	0.00
1 Fair value of financial assets available for sale	078	0.00	0.00
2 Cash flow hedge	079	0.00	0.00
3 Hedge of a net investment in a foreign operation	080	0.00	0.00
4 Other fair value reserves	081	0.00	0.00
5 Exchange differences from the conversion of foreign operations (consolidation)	082	0.00	0.00
VI RETAINED EARNINGS OR ACCUMULATED LOSS (084-085)	083	76,840.53	889,542.88
1 Retained earnings	084	76,840.53	889,542.88
2 Accumulated loss	085	0.00	0.00

Item	ADP code	Previous year (net)	Current year (net)
1	2	3	4
VII PROFIT/LOSS FOR THE CURRENT YEAR (087-088)	086	4,129,653.99	6,310,948.85
1 Profit for the current year	087	4,129,653.99	6,310,948.85
2 Loss for the current year	088	0.00	0.00
VIII MINORITY INTERESTS	089	0.00	0.00
B) PROVISIONS (091 to 096)	090	0.00	0.00
1 Provision for employee benefits	091	0.00	0.00
2 Provision for tax liabilities	092	0.00	0.00
3 Provisions for legal cases	093	0.00	0.00
4 Provisions for renewal of natural resources	094	0.00	0.00
5 Provision for risks within warranty period	095	0.00	0.00
6 Other provisions	096	0.00	0.00
C) NON-CURRENT LIABILITIES (098 to 108)	097	936,233.46	935,382.84
1 Liabilities towards Group entities	098	0.00	0.00
2 Leasing liabilities and liabilities for deposits received by Group entities	099	769,792.29	867,601.12
3 Liabilities towards associated companies	100	0.00	0.00
4 Leasing liabilities and liabilities for deposits received by associated companies	101	0.00	0.00
5 Leasing liabilities and liabilities for deposits received	102	166,441.17	55,992.96
6 Liabilities towards banks and other financial institutions	103	0.00	11,788.76
7 Liabilities for advances received	104	0.00	0.00
8 Trade payables	105	0.00	0.00
9 Liabilities for long term securities	106	0.00	0.00
10 Other non-current liabilities	107	0.00	0.00
11 Deferred tax liabilities	108	0.00	0.00
D) CURRENT LIABILITIES (110 to 123)	109	1,239,697.65	1,163,335.30
1 Liabilities towards Group entities	110	133,112.75	112,812.80
2 Loan liabilities and liabilities for deposits received by Group entities	111	0.00	16,099.81
3 Liabilities towards associated companies	112	0.00	0.00
4 Loan liabilities and liabilities for deposits received by associated companies	113	0.00	0.00
5 Loan liabilities and liabilities for deposits received	114	302,777.22	109,144.70
6 Liabilities towards banks and other financial institutions	115	0.00	3,648.96
7 Liabilities for advances received	116	0.00	0.00
8 Trade payables	117	81,897.80	165,508.45
9 Liabilities for long term securities	118	0.00	0.00
10 Liabilities towards employees	119	106,262.66	146,511.25
11 Liabilities for taxes, contributions and similar expenses	120	449,262.59	438,441.33
12 Liabilities due to share in results	121	0.00	480.06
13 Liabilities due to non current assets held for sale	122	0.00	0.00
14 Other current liabilities	123	166,384.63	170,687.94
E) ACCRUED EXPENSES AND DEFFERED INCOME	124	410,499.17	14,354.28
F) TOTAL – CAPITAL AND LIABILITIES (ADP 067+090+097+109+124)	125	59,955,875.75	63,045,861.25
G) OFF-BALANCE SHEET RECORDS	126	0.00	0.00

CIAK GRUPA

12.3. UNCONSOLIDATED STATEMENT OF CASH FLOW

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	4,157,027.40	6,464,449.65
2 Adjustments (ADP 003 to 010):	002	-4,527,491.00	-5,295,941.21
a) Depreciation	003	239,829.72	384,868.80
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	2,260.80	0.00
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	245.94	0.00
d) Interest and dividend income	006	-4,786,838.54	-6,145,575.85
e) Interest expenses	007	15,750.08	26,957.09
f) Provisions	008	0.00	20,743.75
g) Exchange rate differences (unrealised)	009	1,261.00	0.00
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0.00	417,065.00
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	-370,463.60	1,168,508.44
3 Changes in the working capital (ADP 013 to 016)	012	-940,372.29	2,811,625.00
a) Increase or decrease in short-term liabilities	013	1,678,196.16	1,907,109.00
b) Increase or decrease in short-term receivables	014	-2,618,568.45	904,516.00
c) Increase or decrease in inventories	015	0.00	0.00
d) Other increase or decrease in the working capital	016	0.00	0.00
II. Cash from operations (ADP 011+012)	017	-1,310,835.89	3,980,133.44
4 Interest paid	018	-1,507.86	-11,736.00
5 Income tax paid	019	-390,631.89	-118,998.00
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-1,702,975.64	3,849,399.44
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0.00	0.00
2 Cash receipts from sales of financial instruments	022	0.00	0.00
3 Interest received	023	515,100.94	204,988.00
4 Dividends received	024	0.00	0.00
5 Cash receipts from repayment of loans and deposits	025	13,123,323.51	28,991,710.08
6 Other cash receipts from investment activities	026	0.00	0.00
III Total cash receipts from investment activities (ADP 021 to 026)	027	13,638,424.45	29,196,698.08
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-193,790.43	-114,521.00
2 Cash payments for the acquisition of financial instruments	029	0.00	0.00
3 Cash payments for loans and deposits for the period	030	-9,229,887.45	-29,850,701.49
4 Acquisition of a subsidiary, net of cash acquired	031	-929.06	0.00
5 Other cash payments from investment activities	032	0.00	0.00
IV Total cash payments from investment activities (ADP 028 to 032)	033	-9,424,606.94	-29,965,222.49
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	4,213,817.51	-768,524.41
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	035	0.00	0.00
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0.00	0.00
3 Cash receipts from credit principals, loans and other borrowings	037	836,153.69	97,999.02
4 Other cash receipts from financing activities	038	0.00	0.00
V Total cash receipts from financing activities (ADP 035 to 038)	039	836,153.69	97,999.02
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-66,361.40	0.00
2 Dividends paid	041	-4,624,492.40	-3,034,712.00
3 Cash payments for finance lease	042	-165,682.39	-339,254.00
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	-133,512.51	-159,392.00
5 Other cash payments from financing activities	044	0.00	0.00
VI Total cash payments from financing activities (ADP 040 to 044)	045	-4,990,048.70	-3,533,358.00
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	-4,153,895.01	-3,435,358.98
1 Unrealised exchange rate differences in cash and cash equivalents	047	0.00	0.00
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	048	-1,643,053.14	-354,483.95
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	4,163,669.39	2,520,616.26
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	2,520,616.25	2,166,132.31

12.4. UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Item	ADP code	Attributable to owners of the parent								
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)
1	2	3	4	5	6	7	8	9	10	11
Previous period										
1 Balance on the first day of the previous business year	01	26,215,394.52	26,913,285.55	2,661.23		371,623.86				
2 Changes in accounting policies	02									
3 Correction of errors	03									
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	26,215,394.52	26,913,285.55	2,661.23	0.00	371,623.86	0.00	0.00	0.00	0.00
5 Profit/loss of the period	05									
6 Exchange rate differences from translation of foreign operations	06									
7 Changes in revaluation reserves of fixed tangible and intangible assets	07									
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									
9 Gains or losses on efficient cash flow hedging	09									
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10									
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11									
12 Actuarial gains/losses on defined benefit plans	12									
13 Other changes in equity unrelated to owners	13				291,990.18					
14 Tax on transactions recognised directly in equity	14									
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15									
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16									
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17									
18 Redemption of treasury shares/holdings	18					133,512.51				
19 Payments from members/shareholders	19									
20 Payment of share in profit/dividend	20									
21 Other distributions and payments to members/shareholders	21				-281,372.35	-281,372.35				
22 Transfer to reserves according to the annual schedule	22			244,755.86						
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23									
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	26,215,394.52	26,913,285.55	247,417.09	10,617.83	223,764.02	0.00	0.00	0.00	0.00
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0.00	0.00	0.00	291,990.18	0.00	0.00	0.00	0.00	0.00
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0.00	0.00	0.00	291,990.18	0.00	0.00	0.00	0.00	0.00
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0.00	0.00	244,755.86	-281,372.35	-147,859.84	0.00	0.00	0.00	0.00

Item	ADP code	Attributable to owners of the parent								
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)
1	2	3	4	5	6	7	8	9	10	11
Current period										
1 Balance on the first day of the current business year	28	26,215,394.52	26,913,285.55	247,417.09	10,617.83	223,764.02	0.00	0.00	0.00	0.00
2 Changes in accounting policies	29									
3 Correction of errors	30									
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	26,215,394.52	26,913,285.55	247,417.09	10,617.83	223,764.02	0.00	0.00	0.00	0.00
5 Profit/loss of the period	32									
6 Exchange rate differences from translation of foreign operations	33									
7 Changes in revaluation reserves of fixed tangible and intangible assets	34									
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									
9 Gains or losses on efficient cash flow hedging	36									
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37									
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38									
12 Actuarial gains/losses on defined remuneration plans	39									
13 Other changes in equity unrelated to owners	40				522,255.00					
14 Tax on transactions recognised directly in equity	41									
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42									
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43									
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44									
18 Redemption of treasury shares/holdings	45					159,391.98				
19 Payments from members/shareholders	46									
20 Payment of share in profit/dividend	47									
21 Other distributions and payments to members/shareholders	48				-349,415.53	-349,416.00				
22 Carryforward per annual plan	49			206,482.65						
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50									
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	26,215,394.52	26,913,285.55	453,899.74	183,457.30	33,740.00	0.00	0.00	0.00	0.00
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0.00	0.00	0.00	522,255.00	0.00	0.00	0.00	0.00	0.00
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53	0.00	0.00	0.00	522,255.00	0.00	0.00	0.00	0.00	0.00
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0.00	0.00	206,482.65	-349,415.53	-190,024.02	0.00	0.00	0.00	0.00

Item	ADP code	Attributable to owners of the parent							Minority (non-controlling) interest	Total capital and reserves
		Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period										
1 Balance on the first day of the previous business year	01					49,084.88	4,895,116.86	57,703,919.18		57,703,919.18
2 Changes in accounting policies	02							0.00		0.00
3 Correction of errors	03							0.00		0.00
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	0.00	0.00	0.00	0.00	49,084.88	4,895,116.86	57,703,919.18	0.00	57,703,919.18
5 Profit/loss of the period	05						4,129,653.99	4,129,653.99		4,129,653.99
6 Exchange rate differences from translation of foreign operations	06							0.00		0.00
7 Changes in revaluation reserves of fixed tangible and intangible assets	07							0.00		0.00
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08							0.00		0.00
9 Gains or losses on efficient cash flow hedging	09							0.00		0.00
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10							0.00		0.00
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11							0.00		0.00
12 Actuarial gains/losses on defined benefit plans	12							0.00		0.00
13 Other changes in equity unrelated to owners	13					-291,990.18		0.00		0.00
14 Tax on transactions recognised directly in equity	14							0.00		0.00
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15							0.00		0.00
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16							0.00		0.00
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17							0.00		0.00
18 Redemption of treasury shares/holdings	18							-133,512.51		-133,512.51
19 Payments from members/shareholders	19							0.00		0.00
20 Payment of share in profit/dividend	20						-4,640,125.00	-4,640,125.00		-4,640,125.00
21 Other distributions and payments to members/shareholders	21					309,509.59		309,509.59		309,509.59
22 Transfer to reserves according to the annual schedule	22					10,236.25	-254,992.10	0.01		0.01
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23							0.00		0.00
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	0.00	0.00	0.00	0.00	76,840.54	4,129,653.75	57,369,445.26	0.00	57,369,445.26
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0.00	0.00	0.00	0.00	-291,990.18	0.00	0.00	0.00	0.00
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0.00	0.00	0.00	0.00	-291,990.18	4,129,653.99	4,129,653.99	0.00	4,129,653.99
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0.00	0.00	0.00	0.00	319,745.84	-4,895,117.10	-4,464,127.91	0.00	-4,464,127.91

Item	ADP code	Attributable to owners of the parent							Minority (non-controlling) interest	Total capital and reserves
		Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Current period										
1 Balance on the first day of the current business year	28	0.00	0.00	0.00	0.00	76,840.54	4,129,653.75	57,369,445.26		57,369,445.26
2 Changes in accounting policies	29							0.00		0.00
3 Correction of errors	30							0.00		0.00
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	0.00	0.00	0.00	0.00	76,840.54	4,129,653.75	57,369,445.26	0.00	57,369,445.26
5 Profit/loss of the period	32						6,310,949.10	6,310,949.10		6,310,949.10
6 Exchange rate differences from translation of foreign operations	33							0.00		0.00
7 Changes in revaluation reserves of fixed tangible and intangible assets	34							0.00		0.00
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35							0.00		0.00
9 Gains or losses on efficient cash flow hedging	36							0.00		0.00
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37							0.00		0.00
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38							0.00		0.00
12 Actuarial gains/losses on defined remuneration plans	39							0.00		0.00
13 Other changes in equity unrelated to owners	40					-522,255.00		0.00		0.00
14 Tax on transactions recognised directly in equity	41							0.00		0.00
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42							0.00		0.00
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43							0.00		0.00
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44							0.00		0.00
18 Redemption of treasury shares/holdings	45							-159,391.98		-159,391.98
19 Payments from members/shareholders	46							0.00		0.00
20 Payment of share in profit/dividend	47					-3,034,712.00		-3,034,712.00		-3,034,712.00
21 Other distributions and payments to members/shareholders	48					446,498.00		446,498.47		446,498.47
22 Carryforward per annual plan	49					3,923,171.34	-4,129,654.00	-0.01		-0.01
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50							0.00		0.00
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	0.00	0.00	0.00	0.00	889,542.88	6,310,948.85	60,932,788.84	0.00	60,932,788.84
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0.00	0.00	0.00	0.00	-522,255.00	0.00	0.00	0.00	0.00
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53	0.00	0.00	0.00	0.00	-522,255.00	6,310,949.10	6,310,949.10	0.00	6,310,949.10
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0.00	0.00	0.00	0.00	1,334,957.34	-4,129,654.00	-2,747,605.52	0.00	-2,747,605.52

13

Sustainability at CIAK Group

13.1. ENVIRONMENTAL PROTECTION

During 2022, there was no environmental incident in CIAK Group. CIAK Grupa is continuously working on improving environmental protection and sustainable development. In this sense, the CIAK Grupa collects waste oils, used car tires, batteries and other hazardous and non-hazardous waste in appropriate containers and prepared halls. Some of the subsidiaries, among other activities, are registered to perform waste management activities and for this they have the necessary permits issued by the competent ministries of the countries where the subsidiaries are based.

13.2. SUSTAINABLE DEVELOPMENT STRATEGY IN CIAK GROUP

Management board of CIAK GROUP d.d. and directors of individual companies are responsible for the implementation of sustainable operations in the group, and tasks related to the implementation of decisions, goals and reporting are coordinated by the Human Resources Department, the Occupational Safety Department, the Environmental Protection Department, and the Quality Department.

The Group strives to actively contribute to the global goals for sustainable development of the United Nations (Sustainable Development Goals, SDGs) which were adopted in 2015 as part of the 2030 Agenda for Sustainable Development.

The SDGs are rooted in our everyday business and actions, specifically relating to following:

3 GOOD HEALTH AND WELL-BEING

SDG 3

GOOD HEALTH AND WELL-BEING - TO ENSURE A HEALTHY LIFE AND PROMOTE WELL-BEING FOR PEOPLE OF ALL GENERATIONS

7 AFFORDABLE AND CLEAN ENERGY

SDG 7

FFORDABLE AND CLEAN ENERGY – TO ENSURE ACCESS TO RELIABLE, SUSTAINABLE AND MODERN ENERGY AT AFFORDABLE PRICES FOR EVERYONE

8 DECENT WORK AND ECONOMIC GROWTH

SDG 8

DECENT WORK AND ECONOMIC GROWTH – TO PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL EMPLOYMENT AND DECENT WORK FOR ALL

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12

RESPONSIBLE CONSUMPTION AND PRODUCTION - TO ENSURE SUSTAINABLE FORMS OF CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

SDG 13

CLIMATE ACTION - TAKE URGENT ACTIONS IN THE FIGHT AGAINST CLIMATE CHANGE AND ITS CONSEQUENCES

13

Every company within CIAK Group considers health and safety at work. We try to create a good and safe space to work for our employees and assess all risks of jobs performed by workers and the hazards that are present in the workspace (SDG 3). We conduct annual health and safety trainings and equip our employees with protective equipment as needed.

Workers' health and safety are one among the many topics covered in our labour code, which also covers the privacy of workers, working hours, vacations, and holidays, pay benefits and the termination of employment contracts (SDG 8).

As for the environment, we've detected areas that operationally we directly affect. Group-wide energy data is continuously being collected in order to reduce total energy consumption and CO2 emissions and we continuously research the use of renewable energy sources for consumption at own real estate and facilities. We are considering replacing and using electric and alternative drives for our own fleet, thus contributing to SDG 7 and SDG 13.

The CIAK Group further plans to offset CO2 emissions, which inevitably arise from fleet operations, e.g., by afforestation measures in the region. In our wholesale and retail operations, we are continuously reducing the use of PVC bags, with the aim of completely eliminating their use in retail and for receiving goods in our warehouses. Instead, we will use alternative materials that are more environmentally friendly. Eliminating the use of PVC bags in our sales operations will allow us to meet UN and EU targets for plastic bags and support SDG 12. We are a proud ISO 50001-certificate holder.

The principal activities of CIAK comprise wholesale and retail of spare parts at Independent automotive aftermarket (IAM) as well as waste management. Waste management within the group is carried out in accordance with the legal regulations of the country in which the group member operates and includes the collection of waste oils, used car tires, batteries and other hazardous and non-hazardous waste in appropriate containers and halls prepared for that purpose. The entire CIAK Group is involved in the process of collecting waste. The actual recycling of waste batteries takes place in the company C.I.A.K. d.o.o., which collects all waste lead batteries collected by CIAK Group members and from other legal and physical persons in Croatia and its neighbouring countries (SDG 12).

CIAK d.o.o. operates recycling centres in Zabok and is the leading collector and recycler of batteries in Croatia and the neighbouring regions. In total more than 95% of all lead batteries in Croatia are collected by us and we enable the Republic of Croatia to entirely fulfil its lead-recycling goals, in accordance with EU regulations.

Furthermore, in order to educate Croatian citizens about the importance and possibilities of recycling batteries, our goal is to introduce this topic to as many students, primary school and high school students. This way we want to increase awareness on this issue and enable young generations to act responsibly towards the environment.

13.3. CIAK GROUP'S EMPLOYEES

The greatest value of CIAK Group are its employees, and their safety, needs, motivations, satisfaction, and protection were also managements priority during the 2023. Paying great importance to responsible and ethical based behaviour in business, the Group respects the principles of ethics in all its business relations and acts in accordance with the principles of responsibility, truthfulness, efficiency, transparency, and quality. CIAK Grupa treats business partners, employees, and the entire social and business environment in good faith, respecting good business practices. We enable the equality of employees on a daily basis, accepting their diversity, providing them with equal opportunities for employment, promotion, education and rewards.

Number of CIAK Group employees on 31 December 2023 is 2,658, which is 319 employees more than the previous year.

Personnel costs in 2023 amount to EUR 48.4 million or 27% more than the previous year.

	2022	2023
Net wages costs	25,234	32,205
Tax and contribution costs	10,180	12,858
Other personnel costs	2,621	3,335
Personnel costs	**38,035**	**48,398**

Other personnel costs relate mainly to reimbursement of transport costs and rewards to employees.

THE MOST IMPORTANT HUMAN RESOURCE MANAGEMENT ACTIVITIES DURING 2023:

Further development of internal communication

Considering the variety of segments in which the CIAK Group operates and the regional distribution of subsidiaries, it is very important to strive for simplification of communication channels and processes, transparency, and availability of information.

Accordingly, communication channels were created that reflect the stated strategy and enable a quick and easy flow of information between all employees of the Group.

In 2023, the "INTRANET" project was launched. The idea of this project is to provide employees with a single point of access to common information that they use in their daily work - from procedures and forms related to the execution of workplace tasks to information such as benefits for employees.

Workshops CIAK Auto d.o.o.

In 2022, workshops were also launched for CIAK AUTO d.o.o. with the aim of speeding up operational processes between business units and central services. At the workshops, the current challenges faced by the business units are solved together, and communication between the operational and central departments is strengthened.

During 2023, workshops were regularly held in the company's branches, which directly generated a positive impact on the more efficient resolution of operational challenges. Based on previous successful practice, workshops are also planned for the current year 2024.

Onboarding

During 2023, the CIAK Group continued to develop the ONBOARDING process for all new employees. The above-mentioned process accelerates, and therefore facilitates, the adaptation of new employees and introduces them to the functioning of the company in which they are employed in a warm and collegial manner.

Employee satisfaction management

In 2023, the CIAK Group employed over 300 people in all areas of operations in Croatia, and continues to continuously improve and reward its employees, recognizing their hard work, collegiality, and the will to progress.

The basic principles of CIAK Group's employee management include ensuring a safe and healthy working environment for all employees, their development and education, and maintaining a balance between the private and business life of employees. CIAK Group continuously invests in its employees through various channels of education, rewards, and communication, acting in accordance with positive business practices of employee management.

13.4. KEY PERFORMANCE INDICATORS OF ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

Pursuant to Article 21,a and 24,a of the Accounting Act, we publish information on the proportion of Taxonomy-eligible and Taxonomy-non-eligible economic activities in the CIAK Group's total revenues, capital expenditures (CapEx) and operating expenditures (OpEX) for the first two environmental objectives (Climate change mitigation and Climate change adaptation).

In the following points, we present three key performance indicators in the CIAK Grupa.

In relation to other elements of non-financial reporting; respect for human rights, the anti-corruption measures and issues related to bribery, the management, considering the rapid development of the Group, especially the rapid growth in the number of employees and the number of business partners in the territory of 6 countries and different legislative systems, strives to achieve the greatest possible degree of unification of these elements, that is, approaching the standards of the mother society. In doing so, the management strives to respect the national differences, traditions and customs of living and doing business in each country.

CIAK Group is continuously working on the development and implementation of business policies related to the above-mentioned issues.

13.4.1. PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

The following table shows the proportion of turnover of Taxonomy-eligible and Taxonomy-non-eligible economic activities in the CIAK Group's consolidated turnover.

Within the Taxonomy-eligible activity Manufacture of batteries, there is an environmentally sustainable battery recycling activity as one of the activities in CIAK Grupa. Turnover from recycling activities account for 5.3% of CIAK Group's consolidated turnover*.

Environmentally sustainable activity Collection and transport of non-hazardous waste in source segregated fractions accounts for 4.2% of CIAK Group's consolidated turnover.

Total turnover of environmentally sustainable activities within the CIAK Grupa account for 9.5% of CIAK Group's consolidated turnover.

Economic activities (1)	NKD 2007 (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria	
				Climate change mitigation (5)	Climate change adaptation (6)
		Currency: EUR	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES					
A.1. Environmentally sustainable activities (Taxonomy-aligned)					
Manufacture of batteries	27.20	14,654,618	5.3	100	100
Collection and transport of non-hazardous waste in source segregated fractions	38.11	11,567,044	4.2	100	100
Turnover of environmentally sustainble activities (Taxonomy-aligned) (A.1.)		26,221,661	9.5		
A.2. Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned)					
Turnover of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)			0.0		
Total (A.1. + A.2.)		26,221,661	9.5		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES					
Turnover of taxonomy-non-eligible activities (B)		251,619,533	90.5		
Total (A+B)		277,841,194	100.0		

** According to the definition and calculation of the EU taxonomy*

*** Activities: Manufacture of batteries and Collection and transport of non-hazardous waste in source segregated fractions cause no significant harm to other environmental objectives: Water and marine resources, Circular economy, Pollution and Biodiversity and ecosystems and are carried out in accordance with Minimum safeguards.*

CIAK GRUPA

13

13.4.2. PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

The following table shows the proportion of OpEx of Taxonomy-eligible and Taxonomy-non-eligible economic activities in the CIAK Group's consolidated OpEx.

Within the Taxonomy-eligible activity Manufacture of batteries, there is an environmentally sustainable battery recycling activity as one of the activities of the CIAK Grupa. OpEx from recycling activities account for 14% of CIAK Group's consolidated OpEx*.

Environmentally sustainable activity Collection and transport of non-hazardous waste in source segregated fractions account for 9.7% of CIAK Group's consolidated OpEx.

Total OpEx of environmentally sustainable activities within the CIAK Group account for 23.7% of CIAK Group's consolidated OpEx.

Economic activities (1)	NKD 2007 (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria	
				Climate change mitigation (5)	Climate change adaptation (6)
		Currency: EUR	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES					
A.1. Environmentally sustainable activities (Taxonomy-aligned)					
Manufacture of batteries	27.20	1,901,558	14.0	100	100
Collection and transport of non-hazardous waste in source segregated fractions	38.11	1,312,663	9.7	100	100
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		3,214,221	23.7		
A.2. Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned)					
OpEx of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)			0.0		
Total (A.1. + A.2.)		3,214,221	23.7		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES					
OpEx of taxonomy-non-eligible activities (B)		10,379,794	76.3		
Total (A+B)		13,594,015	100.0		

** According to the definition and calculation of the EU taxonomy*
*** Activities: Manufacture of batteries and Collection and transport of non-hazardous waste in source segregated fractions cause no significant harm to other environmental objectives: Water and marine resources, Circular economy, Pollution and Biodiversity and ecosystems and are carried out in accordance with Minimum safeguards.*

13

13.4.3. PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

The following table shows the proportion of CapEx of Taxonomy-eligible and Taxonomy-non-eligible economic activities in the CIAK Group's consolidated CapEx.

Within the Taxonomy-eligible activity Manufacture of batteries, there is an environmentally sustainable battery recycling activity as one of the activities of the CIAK Group. CapEx from recycling activities account for 4% Of CIAK Group's consolidated CapEx*.

Environmentally sustainable activity Collection and transport of non-hazardous waste in source segregated fractions accounts for 9.1% of CIAK Group's consolidated CapEx.

Total CapEx of environmentally sustainable activities within the CIAK Grupa account for 13.1% of CIAK Group's consolidated CapEx.

Economic activities (1)	NKD 2007 (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria	
				Climate change mitigation (5)	Climate change adaptation (6)
		Currency: EUR	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES					
A.1. Environmentally sustainable activities (Taxonomy-aligned)					
Manufacture of batteries	27.20	834,200	4.0	100	100
Collection and transport of non-hazardous waste in source segregated fractions	38.11	1,884,920	9.1	100	100
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		2,719,120	13.1		
A.2. Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned)					
CapEx of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)			0.0		
Total (A.1. + A.2.)		2,719,120	13.1		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES					
CapEx of taxonomy-non-eligible activities (B)		13,508,757	86.9		
Total (A+B)		20,817,757	100.0		

** According to the definition and calculation of the EU taxonomy*

*** Activities: Manufacture of batteries and Collection and transport of non-hazardous waste in source segregated fractions cause no significant harm to other environmental objectives: Water and marine resources, Circular economy, Pollution and Biodiversity and ecosystems and are carried out in accordance with Minimum safeguards.*

13.5. CIAK AUTO ACADEMY

With the development of technology in the automotive industry, the complexity of vehicles has increased, and thus their maintenance. In order for an independent aftermarket to remain competitive with knowledge and customer service in relation to authorized service networks, continuous education of mechanics becomes the key to success.

CIAK Auto Academy recognizes the importance of this segment of support for your business, and for several years we have been holding trainings together with our partner suppliers such as TMD Friction, Valea, Bilstein Group, ZF Friedrichshafen and others. Through 140 seminars held at more than 30 locations in Croatia we have brought the latest technologies of our suppliers closer. Seeing the interest in deeper knowledge, we decided to take it a step further - to start the CIAK Auto Academy.

CIAK Auto Academy was founded at the end of 2017. For this purpose, we procured a EuroV standard vehicle and sent it for modification for thematic seminars. It is a vehicle from the VAG group, Škoda Octavia III, 1.6 TDI CR, 105HP from 2015. The vehicle was prepared according to all European standards of knowledge seminars with the support of the Eure!Car organization, which is part of the AD International Group. We have 6 different topics at our disposal, which include a complete vehicle by its work principal, according to the methodology and didactics of a modern mechatronics engineer. The development of cars has risen to a level where it is increasingly difficult for the "classic mechanic" to catch up, and it is necessary to enter the problem with a little more prior knowledge of electricity and understanding of the operation of individual circuits. The goal of CIAK Auto Academy is to bring knowledge closer to our B2B customers as much as possible.

In 2022, the online part of the CIAK Auto Academy starts operating. The task of the online part of the academy is to create digital educational content primarily for mechanics (B2B segment). At the same time, the online Academy becomes a kind of knowledge base for CIAK Auto and its partners. Both parts of the CIAK Auto Academy are independent, but their work is intertwined. The CIAK Auto Academy project started in Croatia and the goal is to expand it to all Group companies in the region, initially in the Auto Parts segment.

Seminars are thematically divided into several steps (themes):

1. Vehicle electricity
2. ECU unit andsensors
3. A/C in-vehicle system
4. CR injection (common rail)
5. Complaints – what and how
6. Workshop – what and how
7. CAN/LIN-bus data network
8. DSG clutch OAM gearbox

CIAK Auto Academy is a unified set of lectures aimed at professional development of car mechanics and mechatronics, where both theoretical and practical part of teaching takes place in locations throughout Croatia.

13.6. CERTIFICATES AND ASSOCIATIONS

13.6.1. CERTIFICATES

CIAK GROUP HAS 7 DIFFERENT QUALITY CERTIFICATES:

a. ISO 9001:2015

The ISO 9001 quality management system focuses on the continuous improvement of the organization in all processes from design to marketing, production/service, after-sales, all with the aim of meeting the needs and expectations of all stakeholders in the organization.

The ISO 9001 quality management system has become an imperative in today's industry and the need for it arises for several reasons. It is this system with wide application that has become a key factor in solving the problems faced by organizations of all types and sizes. In addition to providing a guarantee that all processes or products or services are implemented according to the requirements of the quality management system defined in ISO 9001, regardless of the type of product or service, the quality management system brings far more significant benefits. These advantages are mostly reflected in increasing employee satisfaction and reducing employee turnover, reducing the number of non-compliances, saving time and thus reducing costs, full compliance with legal requirements and obligations, etc.

b. ISO 50001:2018

The ISO 50001 is a global standard for energy efficiency management that often allows significant savings to be made with simple organizational changes, without large investments. It enables the establishment of the practice of conscientious use of energy, which, in addition to reducing costs, also increases productivity.

c. ISO 45001:2018 and ISO 45001:2015

The ISO 45001 standard ensures a safe working environment, increases the satisfaction and efficiency of all employees, identifies and controls health and safety risks, reduces potential accident risk, reduces the number of sick days, fully complies with legal regulations and fully improves business and company image.

d. ISO 39001:2012

The ISO 39001: 2012 certificate specifies the requirements for a road safety management system (RTS) to enable an organization interacting with a road traffic system to reduce mortality and serious injuries associated with traffic accidents that may be affected. Requirements in ISO 39001: 2012 include the development and implementation of appropriate RTS policy, the development of RTS objectives and action plans, which take into account legal and other requirements to which the organization is subscribed, and information on RTS elements and criteria identified by the organization as ones that can be controlled and influenced.

e. SCCP:2011

SCCP: 2011 is a certificate for manufacturers, contractors and service providers. This certificate confirms that the organization and employees apply a system of occupational safety, health and environmental management. The certificate enables work in extremely dangerous conditions.

f. HRN EN ISO/IEC 17025:2007

The ISO/IEC 17025:2007 certificate covers testing carried out by standard methods, nonstandard methods and laboratory-developed methods. The certificate is applicable to all organizations conducting tests and/or calibrations. This includes, for example, first, second and third party laboratories, and laboratories where testing and/or calibration are part of product inspection and certification. ISO/IEC 17025:2007 is applicable to all laboratories regardless of the number of staff or the scope of testing and/or calibration activities. ISO/IEC 17025:2007 is used by laboratories in the development of their quality management system, administrative and technical operations. Laboratory users, regulatory bodies and accreditation bodies may also use it to confirm or recognize the competence of a laboratory.

13.6.2. ASSOCIATIONS

AD INTERNATIONAL

AD Adria is a proud member of AD International, a group of over 600 wholesale distributors from 48 countries in Europe, North America, and Central Asia, with the aim of exchanging information and improving business methods with superior logistics efficiency. AD International provides support services to its partners by providing them with adequate and timely information, as well as technical support in the form of training, advice and assistance.

ADI has established its own exclusive program to enhance and promote technical training and support: Eure!Car. Eure!Car includes high-quality technical training for professional mechanics and is supported by leading auto parts manufacturers.

CIAK Auto Academy is the implementation of the successful Eure!Car concept in Croatia, with the aim of raising the level of knowledge of a completely independent aftermarket.

AD International in number:

23 partners

48 countries

600 wholesale distributers

3.000 outlets

10.000 service stations in the ADI network

13.7. NEW PRODUCT

13.7.1. TOOLS AND SERVICE EQUIPMENT

Especially meeting the needs of customers and mechanics during the many years of our operation, we have provided an extremely wide range with fast delivery of service equipment and tools. Thus, there is a wide selection of vulcanization equipment, two-stage truck cranes, scissor truck cranes, four-stage truck cranes, workshop furniture, diagnostic testers, compressors, pneumatic guns, hydraulic presses, special tool sets for engine phase, precision measuring instruments, welding equipment, welding equipment and power tools, and many others.

By expanding its range of tools and service equipment in 2021, the CIAK Group has enabled car mechanics in Croatia and the region to have daily access to premium tool brands from world-renowned manufacturers. Through a network of **over 150 branches and 320 delivery vehicles,** in 2021 the CIAK Group has **150,000 premium items available within just 24 hours in Croatia and the region**, thus confirming its status as a market leader. Some of the brands in our offer are: Bosch, DeWalt, Stanley, Black & Decker, Omega Air, Draper Tools, Mimont, Tools4you, Ravaglioli, Hazet, Sw-Stahl, Fervi, Kassmayer and many others.

In order to provide partners with the best possible tools for work and customers with the highest quality service and products, we continuously invest in the development of the range as well as professional technical support and quality education. In addition to the already large number of **over 1,500,000 items** available through our network of branches and deliveries, the commendable work of the CIAK Auto Academy should also be highlighted. It is through this program that for several years now, through professional seminars and individual training, we have been providing our partners with top-notch knowledge of diagnostic devices and tools, so that we can offer our customers the best knowledge in step with new technologies.

We have assembled a team of dedicated sales and technical experts who, with their efforts, strive on a daily basis to exceed the expectations of every customer. We have created a positive working environment that will enable colleagues in sales to succeed in their given endeavours and thereby achieve personal satisfaction and professional growth.

Our ultimate goal has always been, and continues to be, to satisfy our customers with a large selection, unsurpassed quality and affordability of the sales range in a professional and affordable manner with continuous growth and development of the company. Novelty in 2023 is the expansion of the network to other companies in the Auto parts segment within our region.

13.7.2. FLEET DEPARTMENT

CIAK Auto Fleet Management is a national network of service centres organized by CIAK Auto. CIAK Auto Fleet Management brings together over 90 independent service centres, and they were selected based on their quality work and in accordance with the criteria of the CIAK Auto standard.

CIAK Auto Fleet Management and service partners ensure the maintenance of all brands of vehicles, personal and light vans and the availability of high-quality spare parts for the first installation that are IATF 16949 certified. In addition to the existing network in the Republic of Croatia, the foundation for the growth of CA Fleet Management solutions in the Serbian market has been laid.

All CIAK service partners are trained to provide service according to the most modern standards and requirements of today's cars:

- professional and trained service teams,
- state-of-the-art equipment and tools,
- warranty on installed spare parts for 2 years,
- quality and fast service,
- the possibility of online ordering,
- ecological waste disposal,
- records of work on the vehicle.

Vehicle maintenance and repair is a very demanding job, but also a great responsibility. To ensure quality, safety and financial savings, all CIAK Auto service partners are equipped and trained for a wide range of car repairs and service.

CIAK Auto Fleet Management offers:

- the largest network of service centers throughout Croatia,
- fully equipped workshops,
- qualified staff,
- installation of original spare parts and first installation parts that are IATF 16949 certified,
- standardized services according to the licensed AUTODATA program,
- towing and roadside assistance service from 0-24 hours.

13

AUTO CAR MECHANICS: includes regular service maintenance according to service intervals prescribed by the vehicle manufacturer, all other repairs of the engine group, gearbox, suspension, brake system, exhaust system.

CAR ELECTRICITY: includes all types of repairs and replacements of electrical components on the vehicle, including batteries and lighting equipment.

DIAGNOSTICS: diagnosing all types of faults and resetting service intervals with state-of-the-art diagnostic devices.

AUTOCLIMATE: control and servicing of the complete air conditioning system on the vehicle with the most modern devices, refilling the system with gas, cleaning and disinfection.

VULCANIZATION: sale of tires and wheels, assembly and balance, wheel geometry.

TOWING SERVICE: roadside assistance 0-24 h for all contracted users of AutoPlus service, warranty on used vehicles for all users of AutoPlus service within the warranty period for installed parts and service.

CIAK CAR SERVICE HEADQUARTERS NETWORK MAP IN CROATIA

13.8. EcoCycle

The CIAK Group, in addition to being the leading distributor, collector and recycler of batteries in the region since 1994, has also proven to be a socially and environmentally responsible partner through the CIAK EcoCycle program; a business model that describes the circular economy. The CIAK Group manufactures, sells, collects and then recycles old batteries and maximizes the usability of the obtained raw material for the next production cycle. CIAK EcoCycle is an outstanding example of a circular economy and an indicator of how it is possible to align environmental, economic and development goals at the Group level.

The business model of this segment is set so that the raw materials obtained after the recycling process are sold to foreign customers who are also battery manufacturers. Subsequently, such raw material buyers sell ready-made new batteries to the Group as suppliers in the battery and oil distribution segment, on the basis of agreements establishing multi-year cooperation.

Battery purchase is done in two ways:

(i) actively (B2B) in collection stations and mechanics, end-users with a larger fleet, and,

(ii) passively (B2C) through the "old for new" model, where the Group uses its own retail network and network of service partners, which consists of a total of 120 (one hundred and twenty) redemption points, making it the largest redemption network in region.

Sustainable circular economy in Croatia - CIAK EcoCycle (**VIDEO**)

13

The first activities began in 1994 with the organized collection of old batteries and their processing, followed by the expansion of activities to all other hazardous / non-hazardous waste, but also to other activities related to environmental protection. The CIAK Group manages over 30 thousand tons of hazardous and non-hazardous waste per year. The Group has experience in the management of all types and categories of waste, with a maximum capacity of over 70 thousand tons per year.

The company has established cooperation with over 2,000 business entities, from which it takes over, transports, processes and disposes of hazardous and non-hazardous waste on a daily basis. The collected waste is partly treated independently, and where this is not possible, the waste is transported to unrelated companies that have their own facilities for processing the remaining waste, and all hazardous waste is transported to foreign incinerators.

The Group's entry into the waste management market took place in 2000 at the former Waste Management Centre in Vojnić, and was significantly developed by a Greenfield investment for the construction of a Waste Management Centre at a location in Zabok. Greenfield's investment in the Battery and Battery Recycling Centre is an example of aligning the company's economic and development goals with those of the environment. C.I.A.K. d.o.o. has established the only Freon Centre where it receives controlled substances and / or floured greenhouse gases from refrigeration and air conditioning equipment, heat pumps, fire protection systems and fire extinguishers from authorized service technicians. Also, the C.I.A.K. d.o.o. has established its own testing laboratory as a natural sequence of performing the activities of remediation of contaminated sites and industrial plants.

The Centre for Hazardous and Non-Hazardous Waste Management in Zabok was built for these purposes and is the only such building in Croatia with all permits issued by the Governance. At all locations, there are vehicles, adequately equipped for logistics procedures with hazardous and non-hazardous waste. In addition to infrastructure and logistics, the advantage is employees with many years of work experience in this sector from waste management in the warehouse, through administrative and commercial work to expert engineers. The Centre for the Recovery of Batteries in Zabok processes 95% of lead-acid batteries in Croatia. The recycling centre in Zabok is the only centre in Croatia that meets all European standards.

Due to the consistent implementation of strategic and planning documents for the management of waste batteries, also by organizing the management system for waste batteries in accordance with legal regulations, the Group recovers 95.3% of batteries from the Croatian market thus stands out as an example to Croatian companies.

In addition to collecting, processing and using modern environmentally friendly technologies in the processing of batteries, on the principles of sustainable circular management, CIAK Group also works on raising awareness and educating users through its projects to increase waste batteries submitted for treatment and reduce the number of those being disposed inappropriately endangering the health of humans, animals and plants.

In its facilities, the Group uses state-of-the-art technology and state-of-the-art production methods, and all recycling processes comply with industry and environmental standards. It has a leading share in the waste management market in this segment. It has all the necessary permits issued by the Ministry of Environmental Protection, Physical Planning and Construction to perform waste management activities. CIAK Group is the holder of numerous concessions and international licenses.

HAZARDOUS WASTE

C.I.A.K. annually manages over 30.000 tonnes of hazardous and non-hazardous waste

NON-HAZARDOUS WASTE

We provide waste management services for over 2000 partners

CIAK LABORATORY

We examine and clean hundreds of kilometres of drainage systems of Croatian Motorways

EXPERT CONSULTING AND ENVIRONMENTAL PROTECTION

Obligation to conduct environmental impact studies is defined by environmental laws

REMEDIATION OF CONTAMINATED SITES

Contaminated locations and industrial plants present a potential threat to the environment

CLEANING AND MAINTENANCE OF INDUSTRIAL PLANTS

Cleaning and maintenance of water drainage systems, cleaning and maintenance of industrial equipment

14

Overview of other **announcements, events, evaluations and data**

14.1. IMPORTANT BUSINESS EVENTS AFTER CLOSURE OF BUSINESS YEAR

After 31 December 2023, there were no significant changes in the Company's operations, i.e. there is no new information about estimates made on the balance sheet date that would significantly affect the financial statements of CIAK Grupa d.d. for the year 2023.

14.2. CIAK GROUP'S SUBSIDIARIES

On 31 December 2023, CIAK Group had registered subsidiaries as set out in presentation.

The Company in the Group	Number of subsidiaries
CIAK TRUCK d.o.o. Novi Sad	5 BUSINESS UNITS REGISTERED AS SUBSIDIARY
C.I.A.K. d.o.o. Novi Sad	2 BUSINESS UNITS REGISTERED AS SUBSIDIARY
C.I.A.K. AUTO EKSPORT-IMPORT dooel Skopje	6 BUSINESS UNITS REGISTERED AS SUBSIDIARY
C.I.A.K. AUTO d.o.o. Sarajevo	3 BUSINESS UNITS REGISTERED AS SUBSIDIARY
CIAK TRUCK d.o.o. Sarajevo	3 BUSINESS UNITS REGISTERED AS SUBSIDIARY
AUTO-MILOVANOVIĆ d.o.o. Banja Luka	28 BUSINESS UNITS REGISTERED AS SUBSIDIARY
C.I.A.K. d.o.o. Grude	2 BUSINESS UNITS REGISTERED AS SUBSIDIARY
Potokar d.o.o. Ljubljana	15 BUSINESS UNITS REGISTERED AS SUBSIDIARY

14.3. REPURCHASE OF TREASURY SHARES

In 2023, the Group acquired 23,750 treasury shares with a nominal amount of EUR 31,521.67, which represent 0.12% of the share capital. Repurchase was made on the basis of trading outside the trading venue, through multiple transactions throughout the year.

On 31 December 2023 the Company owned 40,750 shares with a total nominal amount of EUR 54,084.54, i.e. 0.21% of the Company's share capital, while on 31 December 2023 the Company owns 5,000 shares with a total nominal amount of EUR 6,636.14, which represent 0.025% of the Company's share capital.

15

Expected development of the group **in the future**

15.1. MAKING ANNUAL BUSINESS PLANS

The Group makes its business plans for each business year, including the three-year period business overview for all activity areas of the Group and individually on level of each company meaning of each market, and ultimately on a consolidated level.

During the year 2023 the Group is engaged in expanding its business and taking bigger and better position in the market, both domicile and foreign one.

The Group's strategy is to expand the range in the field of wholesale and the volume of business within environmental affairs and production, as well as in the area of car parts segment in the following years.

The long-term goal at the CIAK Group level is to ensure steady and sustainable growth and development.

15.2. GROUP'S R&D ACTIVITIES

Osobitu pažnju Grupa posvećuje razvoju i uvođenju novih tehnologija, te dodatnoj izobrazbi i usavršavanju kvalitetnih i perspektivnih kadrova kojima putem angažiranja sredstava za dodatne edukacije omogućava stjecanje novih znanja nužnih u borbi sa sve većom konkurencijom.

Statement on the application of the **corporate governance code**

The Management Board of CIAK Group (hereinafter: the Company) submits a Statement on the application of the Corporate Governance Code pursuant to Article 22 of the Accounting Act. Given the fact that the shares of the company listed on the regulated market, CIAK Group d.d. applies the Corporate Governance Code which prepared jointly by the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange, and is effective as of 1 January 2020. It was published on the website of the Zagreb Stock Exchange (www.zse.hr) and the Croatian Financial Services Supervisory Agency (www.hanfa.hr).

By applying the recommendations of the Code in its operations, the Company has achieved all the basic principles of corporate governance that the Code seeks to achieve:

- business transparency,
- clearly developed procedures for the work of the supervisory board, management and other management structures,
- avoiding conflicts of interest,
- effective internal control,
- an effective accountability system.

In relation to each of the corporate governance stakeholders, this means the following;

16.1. SHAREHOLDERS AND THE INVESTMENT PUBLIC

All shareholders have the same position regardless of the number of shares, just as institutional and individual investors have equal treatment.

All shareholders have the right to be informed, and the notification is made through the Company's website www.ciak.hr section "Investors".

At least once a year, the general assembly of the company is held, in which all shareholders and their proxies have the right to participate. The agenda of the General Meeting is published in the manner and within the deadlines determined by the Companies Act, and decisions are made by the prescribed majority of votes with the application of the principle of one share - one vote. The obligatory item on the agenda is the report of the Supervisory Board and the annual report on the state of the company, on which reports the shareholders were allowed to discuss and ask questions before making a final decision. The rules for convening, holding and behaving during the General Assembly are determined by a special internal act (Rules of Procedure of the General Assembly) published on the Company's website.

16

16.2. ADMINISTRATIVE AND SUPERVISORY BODIES AND EMPLOYEES

The Company's internal acts (Articles of Association, Statute, Rules of Procedure of the Management Board, Rules of Procedure of the Supervisory Board) determine the criteria for appointment and election of the Management Board and Supervisory Board (composition, education, tasks and responsibilities, manner of work, meetings and decision-making), relation to other bodies and related persons. When appointing members of the Management Board (5 members) and the Supervisory Board (7 members, of which 1 member is an employee representative), the existence of conflicts of interest and possible membership of members in the Management Boards and Supervisory Boards of other companies is taken into account. The Company monitors and evaluates the work of members of the Management Board and the Supervisory Board and rewards or penalizes them with appropriate results, all in accordance with the acts adopted at the General Assembly "Remuneration Policy" and the Decision on remuneration for members of the Supervisory Board.

16.3. INTERNAL AND EXTERNAL AUDIT OF THE COMPANY

The internal audit verifies compliance with regulations, guidelines and instructions, and the independent external auditor is responsible for assessing the adequacy of the financial statements in relation to the actual situation in the company.

In accordance with the Audit Act, the Audit Commission was established within the Supervisory Board, the so-called Audit Committee tasked with monitoring the integrity of the company's financial information and assessing the quality of the internal control and risk management system at least once a year. The members of the Audit Committee are appointed from among the members of the Supervisory Board, are independent of the Company and are experts in the field of accounting and auditing. The Audit Committee is independent in its work.

An independent audit firm was selected as the external auditor by a decision of the General Assembly.

From all the above, it is clear that the Company has a transparent relationship with investors. Material facts and inside information are regularly published on the official website of the Company. A calendar of important events and the shareholder structure is published on the official website. The Company's website is published in Croatian and English and contains a contact through which relevant information can be requested from the company's management or the authorized person in charge of investor relations. Special conferences with investors are held periodically. The Management Board is responsible for quality and transparent relations in the company.

The company is also making every effort to meet the new EU guidelines in terms of achieving sustainable corporate governance by aligning business activities with the achievement of the EU's overall environmental objectives set out in the "European Green Plan".

Izvješće neovisnog revizora
i konsolidirani
financijski izvještaji

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Management Board is required to prepare the consolidated financial statements for each financial year which give a true and fair view of the financial position of the Company and its subsidiaries ("the Group") and of the results of its operations and its cash flows, in accordance with applicable accounting standards, and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. It has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting suitable accounting policies to conform with applicable accounting standards and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business. After making enquiries, the Management Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the consolidated financial statements.

The Management Board is also responsible for the preparation and content of the Management Report and the Corporate Governance Statement, in accordance with the Croatian Accounting Act, and for preparing and publishing consolidated financial statements in electronic form in accordance with the ESEF Regulation.

The separate financial statements of the Company are published separately and issued simultaneously with the annual consolidated financial statements.

Management report, Corporate Governance Statement and the consolidated financial statements in electronic form in accordance with the ESEF Regulation together constitute the Group's Annual Report and were approved and signed by the Management Board on 28 March 2024 for submission to the Supervisory Board and signed below by:

Ivan Leko
President of the Management Board

Dominik Leko
Member of the Management Board

Dalibor Bagarić
Member of the Management Board

Ivica Greguraš
Member of the Management Board

Ivan Miloš
Member of the Management Board

CIAK Grupa d.d.
Savska Opatovina 36
10 000 Zagreb
Croatia

CIAK Grupa d.d.
ZAGREB

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Independent Auditors' Report to the shareholders of CIAK Grupa d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of CIAK Grupa d.d. ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of comprehensive income, cash flows and changes in equity of the Group for the year then ended, and notes, comprising material accounting policies and other explanatory information (further referred to as "the financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Croatia and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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Independent Auditors' Report to the shareholders of CIAK Grupa d.d. *(continued)*

Report on the Audit of the 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition	
Revenue recognized in profit or loss for 2023 amounts to EUR 277,841 thousand *(2022: EUR 226,489 thousand)*. Please refer to the Note 3.4 *Revenue recognition* within *Significant accounting policies* and Note 6 *Sales revenue and segment reporting* in the financial statements.	
Key audit matter	**How we addressed the matter**
The Group's core activities include wholesale and retail sales of automotive parts and accessories, waste disposal services and other related services. Revenue is a key measure used to evaluate the performance of the Group. The applicable financial reporting standard governing the accounting for revenues, IFRS 15 *Revenue from Contracts with Customers*, requires management to identify all goods or services provided to customers and determine whether to account for each such good or service as a separate performance obligation, as well as to determine an appropriate revenue recognition pattern (point-in-time vs over time). Given the nature of customer contracts or contract equivalents, the Group recognises most of its revenue (wholesale and retail sales) at a point in time when the performance obligation relevant to the contract is executed and when control over the products transfers to the customer which is typically upon delivery to the customer. For waste disposal services, revenue is recognised in part over time as the performance obligation is performed, and in part upon completion, i.e. upon fulfilment of the performance obligation, depending on the specifics of a relevant contract. Revenue from other related services is generally recognised over time. Due to the above factors, accounting for revenues requires management to exercise significant judgment. Consequently, this area required our increased attention in the audit and is considered by us to be a key audit matter.	Our audit procedures performed in this area included: • Assessing the accounting policy for recognition of revenue and its compliance the requirements of the revenue standard; • Evaluating the design and implementation of controls over the revenue cycle; • For a sample of contracts or contract equivalents with customers in force during the reporting period: - challenging the identification of performance obligations included therein; - critically assessing the determination of revenue recognition pattern (point-in-time vs over time); - critically evaluating the revenue amounts recognized by comparing a sample of revenue transactions to the outgoing invoices (taking into account on-invoice rebates), goods delivery notes and general ledger entries and other relevant source documentation, with particular attention paid to amounts recognised at or around the reporting date; • Inspecting journal entries posted to revenue accounts focusing on unusual and irregular items; • Assessing the adequacy of revenue recognition – related disclosures against the relevant requirements of the financial reporting standards.

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Independent Auditors' Report to the shareholders of CIAK Grupa d.d. *(continued)*

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Carrying amount of brands

As at 31 December 2023, intangible assets of the Group included brands with indefinite useful lives with a carrying amount of EUR 6,529 thousand *(2022: EUR 6,529 thousand)*. During 2023 and 2022, the Group did not recognize any impairment losses with respect to brands.

Please refer to the Note 3.12 *Intangible assets* within *Significant* accounting policies, Note (ii) *Recoverability of goodwill and intangible assets with indefinite useful life* and Note 14 *Intangible assets and goodwill* in the financial statements.

Key audit matter	How our audit addressed the matter

As required by relevant financial reporting standards, intangibles with indefinite useful life are tested by the Group at least annually for potential impairment, irrespective of any related impairment indicators, as integral part of the related cash generating units (CGU).
 	
Any such impairment would be recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. Due to the lack of an active market for such assets and the lack of relevant comparable transactions, the recoverable amounts of brands and goodwill are generally measured by using an appropriate valuation technique, such as present value techniques based on future cash flows discounted using an appropriate discount rate. For brands, the Group applies the relief from royalty technique, which is based on the future cash flows arising from assumed royalty payments while the recoverable amount of goodwill is measured based on estimated future cash flows of the underlying CGUs.
 	
These valuation techniques require a significant degree of judgement by management, including, but not limited to: the identification of underlying CGUs; the reasonableness of assumptions with respect to revenue and cash flow forecasts of the underlying CGUs; and the determination of the appropriate discount rate, growth rate and royalty rate.
 	
Due to the above factors, we considered this area to be associated with a significant risk of material misstatement, which required our increased attention in the course of the audit, and therefore we determined it to be a key audit matter.
	Our audit procedures in this area, performed, where applicable, with the assistance from our own valuation specialists, included, among others:
	• Evaluating the design and implementation of selected controls within the impairment process, over the selection and application of methods, assumptions and data for impairment testing;
	• evaluating the appropriateness of allocation of brands to underlying cash-generating units;
	• assessing the appropriateness of valuation methods applied by the Group for impairment testing in terms of their compliance with the relevant accounting standards;
	• challenging the key assumptions used by the Group in its impairment testing, which specifically involved:
	  - evaluating the historical accuracy of management budgeting by comparing historical revenue and cash flow projections with actual outcomes;
	  - testing the integrity of the impairment tests, including validation of inputs, design and outputs as well as mathematical accuracy, and evaluating the key assumptions applied (such as discount rates, growth rates and royalty rates) for reasonableness compared to both externally derived data and historical financial performance;
	  - sensitivity analysis of the impairment test results to changes in key assumptions;
	• evaluating the adequacy and completeness of disclosures in the financial statements with respect to impairment testing.

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Independent Auditors' Report to the shareholders of CIAK Grupa d.d. *(continued)*

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the Management Report and Corporate Governance Statement included in the Annual Report of the Group, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

With respect to the Management Report and Corporate Governance Statement, we also performed procedures required by the Accounting Act in Croatia ("Accounting Act"). Those procedures include considering whether:

- the Management Report has been prepared in accordance with the requirements of Articles 21 and 24 of the Accounting Act;
- the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and procedures above, in our opinion:

- the information given in the Management Report and Corporate Governance Statement for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Report has been prepared, in all material respects, in accordance with the requirements of Articles 21 and 24 of the Accounting Act, respectively;
- the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are also required to report if we have identified material misstatements in the Management Report and Corporate Governance Statement. We have nothing to report in this respect.

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

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

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditors’ Report to the shareholders of CIAK Grupa d.d. *(continued)*

Report on the Audit of the Financial Statements (continued)

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 controls.
- 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 Group’s internal controls.
- 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 Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Independent Auditors' Report to the shareholders of CIAK Grupa d.d. *(continued)*

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the 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 controls that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

We were appointed by those charged with governance on 15 June 2023 to audit the consolidated financial statements of CIAK Grupa d.d. for the year ended 31 December 2023. Our total uninterrupted period of engagement is five years, covering the years ending 31 December 2019 to 31 December 2023.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 28 March 2024;
- we have not provided any prohibited non-audit services (NASs) referred to in Article 44 of the Audit Act. We also remained independent of the audited entity in conducting the audit.

The engagement partner on the audit resulting in this independent auditors' report is Igor Gošek.

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Independent Auditors' Report to the shareholders of CIAK Grupa d.d. *(continued)*

Report on Compliance with the ESEF Regulation

In accordance with the requirements of Article 462 paragraph 5 of Capital Market Act, we are required to express an opinion on compliance of the consolidated financial statements of the Group as at and for the year ended 31 December 2023, as included in the attached electronic file „ciakgrupakons-2023-12-31-eng.zip", with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation of the consolidated financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the consolidated financial statements in the applicable xHTML format and their publication;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

Those charged with governance are responsible for overseeing the Group's ESEF reporting, as a part of the financial reporting process.

Auditors' Responsibilities

Our responsibility is to express an opinion on whether the consolidated financial statements comply, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

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Independent Auditors' Report to the shareholders of CIAK Grupa d.d. *(continued)*

Report on Compliance with the ESEF Regulation (continued)

Auditors' Responsibilities (continued)

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. Reasonable assurance is a high degree of assurance. However, it does not guarantee that the scope of procedures will identify all significant (material) non-compliance with the RTS on ESEF.

Our procedures included, among other things:

- obtaining an understanding of the tagging process;
- evaluating the design and implementation of relevant controls over the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable format;
- evaluating the completeness of the Group's tagging of the consolidated financial statements;
- evaluating the appropriateness of the use of iXBRL elements selected from the ESEF taxonomy used and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements; and
- evaluating the appropriateness of the format of the consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, based on the procedures performed and evidence obtained, the consolidated financial statements of the Group as at and for the year ended 31 December 2023, presented in ESEF format and contained in the aforementioned attached electronic file, have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

Our opinion does not represent an opinion on the true and fair view of the financial statements as this is included in our Report on the Audit of the Financial Statements. Furthermore, we do not express any assurance with respect to other information included in documents in the ESEF format.

KPMG Croatia d.o.o. za reviziju
Croatian Certified Auditors
Eurotower, 17th floor
Ivana Lučića 2a
10000 Zagreb
Croatia

29 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of EUR)	*Note*	2023	2022
Operating revenues	*6*	277,841	226,489
Bargain purchase	*31*	147	42
Other income	*7*	3,683	1,250
Material expenses	*8*	(185,946)	(154,048)
Employee expenses	*10*	(48,398)	(38,035)
Depreciation and amortisation	*14,15,16*	(11,080)	(9,458)
Other operating expenses	*9*	(24,191)	(16,445)
Operating profit		**12,056**	**9,795**
Finance income	*11*	244	543
Finance costs	*12*	(2,710)	(2,111)
Net finance expense		**(2,466)**	**(1,568)**
Profit before tax		**9,590**	**8,227**
Income tax	*13*	(2,590)	(2,104)
			-
Net profit for the year		**7,000**	**6,123**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign operations - foreign translation differences		(242)	(91)
Total comprehensive income		**6,758**	**6,032**
Profit attributable to:			
Equity holders of the parent		7,025	6,136
Non-controlling interests		(25)	(13)
Total comprehensive income attributable to:			
Equity holders of the parent		6,783	6,045
Non-controlling interests		(25)	(13)
Earnings per share (in EUR):			
Basic		0.36	0.31
Diluted		0.36	0.31

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

(in thousands of EUR)	*Note*	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Intangible assets and goodwill	*14*	9,263	8,794
Property, plant and equipment	*15*	31,488	27,250
Right of use assets	*16*	23,369	20,649
Equity-accounted investees	*17*	315	306
Trade and other receivables	*20*	300	253
Deferred tax assets	*13*	295	361
Financial assets	*18*	365	317
Total non-current assets		**65,395**	**57,930**
Current assets			
Inventories	*19*	95,798	84,192
Trade and other receivables	*20*	46,867	37,860
Income tax receivable		308	190
Financial assets	*18*	27	27
Cash and cash equivalents	*21*	13,706	14,063
Non-current assets held for sale	*22*	359	288
Total current assets		**157,065**	**136,620**
Total assets		**222,460**	**194,550**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	*23*	26,215	26,215
Reserves	*24*	24,505	24,505
Legal reserves		454	247
Treasury shares	*25*	(34)	(224)
Reserves for treasury shares	*25*	183	11
Retained earnings		18,885	15,417
Attributable to equity holders of the parent		**70,208**	**66,171**
Non-controlling interests	*26*	(37)	(12)
Total shareholders' equity		**70,171**	**66,159**
Non-current liabilities			
Borrowings	*27*	54,481	36,598
Provisions	*28*	3	8
Trade and other payables	*29*	1,171	17
Deferred tax liability	*13*	778	780
Total non-current liabilities		**56,433**	**37,403**
Current liabilities			
Trade and other payables	*29*	74,675	63,883
Income tax payable		1,242	1,023
Borrowings	*27*	19,939	26,082
Total current liabilities		**95,856**	**90,988**
Total liabilities		**152,289**	**128,391**
Total equity and liabilities		**222,460**	**194,550**

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

(in EUR thousands)	Share capital	Capital reserves	Legal reserves	Treasury shares	Reserves for treasury shares	Retained earnings	Total	Non-controlling interests	Total
As at 1 January 2022	**26,215**	**24,505**	**-**	**(372)**	**-**	**14,242**	**64,590**	**1**	**64,591**
Comprehensive income									
Profit for the year	-	-	-	-	-	6,136	6,136	(13)	6,123
Foreign exchange differences	-	-	-	-	-	(91)	(91)	-	(91)
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(91)**	**(91)**	**-**	**(91)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**6,045**	**6,045**	**(13)**	**6,032**
Transactions with owners and transfers recognised directly in equity									
Transfer to reserves for treasury shares	-	-	-	-	292	(292)	-	-	-
Transfer to reserves	-	-	247	-	-	(247)	-	-	-
Allotment of treasury shares	-	-	-	281	(281)	310	310	-	310
Purchase of treasury shares	-	-	-	(134)	-	-	(134)	-	(134)
Payment of profit to owners	-	-	-	-	-	(4,640)	(4,640)	-	(4,640)
Total transactions with owners recognised directly in equity	**-**	**-**	**247**	**148**	**11**	**(4,870)**	**(4,464)**	**-**	**(4,464)**
As at 31 December 2022	**26,215**	**24,505**	**247**	**(224)**	**11**	**15,417**	**66,171**	**(12)**	**66,159**
As at 1 January 2023	**26,215**	**24,505**	**247**	**(224)**	**11**	**15,417**	**66,171**	**(12)**	**66,159**
Comprehensive income									
Profit for the year	-	-	-	-	-	7,025	7,025	(25)	7,000
Foreign exchange differences	-	-	-	-	-	(242)	(242)	-	(242)
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(242)**	**(242)**	**-**	**(242)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**6,783**	**6,783**	**(25)**	**6,758**
Transactions with owners and transfers recognised directly in equity									
Transfer to reserves for treasury shares	-	-	-	-	521	(521)	-	-	-
Transfer to reserves	-	-	207	-	-	(207)	-	-	-
Allotment of treasury shares	-	-	-	349	(349)	448	448	-	448
Purchase of treasury shares	-	-	-	(159)	-	-	(159)	-	(159)
Payment of profit to owners	-	-	-	-	-	(3,035)	(3,035)	-	(3,035)
Total transactions with owners recognised directly in equity	**-**	**-**	**207**	**190**	**172**	**(3,315)**	**(2,746)**	**-**	**(2,746)**
As at 31 December 2023	**26,215**	**24,505**	**454**	**(34)**	**183**	**18,885**	**70,208**	**(37)**	**70,171**

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of EUR)	*Note*	2023	2022
Profit for the year		**7,000**	**6,123**
Income tax	*13*	2,590	2,105
Depreciation and amortization	*14, 15, 16*	11,080	9,458
Write-off of intangible assets		-	14
(Gain)/loss on disposal of property, plant and equipment		(912)	(324)
Impairment of trade and other receivables		2,348	416
Impairment of inventories		3,327	1,264
Write-off of liabilities		(188)	-
Net change in provisions		(5)	(113)
Unrealised exchange rate differences		(144)	(318)
Interest income	*11*	(28)	(30)
Interest expense	*12*	2,488	1,361
Bargain purchase gain		(147)	(42)
Other non-cash adjustments		439	18
		27,848	**19,932**
Changes in working capital:			
Trade and other receivables		(9,738)	(2,327)
Inventories		(12,221)	(12,504)
Trade and other payables		10,007	14,573
Cash generated from operations		**15,896**	**19,674**
Interest paid		(2,019)	(636)
Income taxes paid		(2,420)	(2,094)
Net cash from operating activities		**11,457**	**16,944**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		2,674	283
Net change in deposits		(48)	(111)
Purchase of property, plant, equipment and intangibles		(10,555)	(5,555)
Acquisition of subsidiaries net of cash acquired		(954)	(749)
Net cash used in investing activities		**(8,883)**	**(6,132)**
Cash flows from financing activities			
Dividends paid		(3,035)	(4,624)
Loans received		22,159	13,626
Loans repaid		(13,908)	(8,828)
Lease liabilities paid		(7,988)	(6,816)
Purchase of treasury shares		(159)	(134)
Net cash used in financing activities		**(2,931)**	**(6,776)**
Net increase of cash and cash equivalents		(357)	4,036
Cash and cash equivalents at beginning of year		14,063	10,027
Cash and cash equivalents at the end of year	*21*	**13,706**	**14,063**

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

NOTE 1 – GENERAL INFORMATION

History and incorporation

CIAK Grupa d.d., Zagreb (formerly named Direkt d.o.o., "the Company") is incorporated in the Republic of Croatia on 14 January 1999. The principal activities of the Company and its subsidiaries (together referred to as "the Group") comprise wholesale and retail of automotive parts as well as waste management.

The Group is headquartered in Zagreb, Croatia, Savska Opatovina 36.

By the decision on legal transformation of 27 December 2019, the Company was transformed from a limited liability company into a joint stock company which was registered at the Commercial Court in Zagreb on 2 January 2020 and the Company changed its name to CIAK Grupa d.d.

The shareholder structure is shown in note 23.

Corporate governance and management

General Assembly

The General Assembly of the Company consists of the shareholders of CIAK Grupa d.d.

Supervisory Board

The members of the Supervisory Board since the date it was formed and until the date of these financial statements were as follows:

President	Stjepan Ljatifi
Deputy President	Vjekoslav Mesaroš
Member	Slavica Zrinski
Member	Đurđica Meglajec (mandate expired 27 December 2023)
Member	Štefica Jambrek (appointed 28. December 2023)
Member	Damir Kos
Member	Zvonko Merkaš
Member	Marko Varga

Management Board

The Management Board members of the Company are as follows:

President of the Management Board	Ivan Leko
Member of the Management Board	Dominik Leko
Member of the Management Board	Dalibor Bagarić
Member of the Management Board	Ivica Greguraš
Member of the Management Board	Ivan Miloš

In 2023, the auditors of the financial reports of the Company and its affiliated companies provided services worth 179 thousand euros (2022: 165 thousand euros). Services in 2023 refer to the costs of audits and reviews of financial reports, as well as audits of financial reports prepared for statutory purposes while in 2022 they also refer to permissible non-audit services related to business advisory in the amount of 3 thousand euros.

NOTE 2 – BASIS OF PREPARATION

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS"). The separate financial statements the Company is required to prepare in accordance with EU IFRS are published separately and issued simultaneously with these consolidated financial statements.

(ii) Basis of measurement

The consolidated financial statements of the Group have been prepared on the historical cost basis, except where stated otherwise (see note 5).

(iii) Functional and presentation currency

The items included in the Company's financial statements are expressed in the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in euros (rounded to the nearest thousand), which represents the Company's functional and presentation currency.

Change of functional and presentation currency

Given that the Republic of Croatia introduced the euro as its functional currency as of 1 January 2023, in accordance with the Law on the Introduction of the Euro as an Official Currency, the Company, for the purposes of preparing its financial statements for the year ended 31 December 2023, changed the presentation currency from HRK to euros. The financial statements for the year ended 31 December 2023 are the first to be prepared in euros. From 1 January 2023, the euro is also the functional currency of the Company.

Although the change in the functional and reporting currency in the financial statements represents a change in accounting policy, the Company did not disclose a third statement of financial position in the financial statements for the year ended 31 December 2023 in accordance with International Accounting Standard 8 (IAS) Accounting Policies, Changes in Accounting Estimates and Errors, given that it determined that the change in the functional and presentation currency does not have a significant impact on the Company's financial statements due to the stable HRK/EUR exchange rate in past years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied to all the years presented in these consolidated financial statements.

3.1 Basis of consolidation

(i) Group structure and scope of consolidation

As at the reporting dates, the Company held the following ownership interests in controlled entities:

			2023		2022	
Company		**Country**	***DOI%**	***EOI%**	***DOI%**	***EOI%**
C.I.A.K. auto d.o.o.		HR	100%	100%	100%	100%
C.I.A.K. Auto d.o.o.		BiH		100%		100%
AD Adria d.o.o.		HR		100%		100%
C.I.A.K. Auto Srbija d.o.o.		RS		100%		100%
Lukena Auto d.o.o.		RS		100%		100%
Auto Milovanović d.o.o.		BiH		100%		100%
Bagi d.o.o.		BiH		100%		0%
Lukena Auto d.o.o.		MKD		100%		100%
Next Auto		CG		100%		100%
Mika komerc d.o.o.		RS		100%		100%
Fuerza d.o.o.	**	HR		0%		100%
Potokar d.o.o.	***	SLO		100%		0%
C.I.A.K. d.o.o.		HR	100%	100%	100%	100%
C.I.A.K. d.o.o.		RS		100%		100%
Top start Srbija d.o.o.	******	RS		100%		0%
EKO PARTNER PLUS d.o.o.	******	RS		100%		0%
C.I.A.K. d.o.o.		SLO		100%		100%
C.I.A.K. d.o.o. Grude		BiH		100%		100%
Grioss RS d.o.o.		BiH		100%		100%
Bendj trade d.o.o.		BiH		62%		62%
Top start d.o.o.		HR		100%		100%
Autodijelovi d.o.o.		HR		50%		50%
Adriatik ulja d.o.o.		HR		100%		100%
Ciak Makedonija		MKD		100%		100%
CIAK Truck d.o.o.		HR	100%	100%	100%	100%
Trgometal d.o.o.		HR		100%		100%
TM Auto d.o.o.	*****	HR		50%		100%
Cordia Trade d.o.o.		HR		100%		100%
C.I.A.K. Truck Srbija d.o.o.		RS		100%		100%
C.I.A.K. Truck Servis		HR		100%		100%
C.I.A.K. Truck		BiH		100%		100%
DBH d.o.o.	**	HR		0%		100%
C.I.A.K. trade d.o.o.		HR	100%	100%	100%	100%
CIAK USLUGE d.o.o. NOVI SAD		RS	100%	100%	100%	100%
C.I.A.K. Truck (Kamioland)	****	SLO		50%		50%

**DOI = direct ownership interest of parent company / EOI = effective ownership interest of parent company.*
***Merged with another company.*
**** Acquired in 2023.*
*****Accounted for as equity investee*
******Sold minority stake in the company*
*******Newly founded company*

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date that control ceases.

(iii) Business combinations

The Group uses the acquisition method of accounting to account for business combinations (other than business combinations under common control). The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed in the statement of comprehensive income as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of consideration transferred, the amount of any non-controlling interest in the acquiree and acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of bargain purchase, the difference is recognised directly in the statement of comprehensive income.

(iv) Non-controlling interests

Non-controlling interests are initially measured by their proportionate share of recognised net assets of the acquiree at the acquisition date. Changes in the Group's share in the subsidiary that do not result in loss of control are accounted for as transactions to owners.

(v) Loss of control over subsidiaries

When the Group loses control of a subsidiary, the subsidiary's assets and liabilities and all related non-controlling interests and other equity items are derecognised. Gains or losses are recognized in the income statement. Retained share in the former subsidiary is measured at fair value when control is lost.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains arising from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment loss, if any.
For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.
A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.
On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.3 Non-current assets held for sale

Non-current assets and disposal groups (which may include both non-current and current assets and liabilities directly associated with those assets) are classified in the statement of financial position as 'held for sale' if it is highly probable that their carrying amount will be recovered principally through a sale transaction within twelve months after the reporting date rather than through continuing use. Non-current assets classified as held for sale in the current period's consolidated statement of financial position are not reclassified in the comparative consolidated statement of financial position.

Held-for-sale property, plant and equipment or disposal groups as a whole are generally measured at the lower of their carrying amounts and fair values less costs to sell or distribute. Held-for-sale property, plant and equipment are not depreciated.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer and specific criteria have been met for each of the Group's activities as described below.

Revenue is recognised net of value-added tax, volume rebates, trade discounts and returns.

(i) Revenue from wholesale and retail of merchandise

The Group sells trade goods of third parties (for which the Group is a distributor) as part of its wholesale and retail activities. Revenue is recognised when the Group has delivered the products to the customer, there is no continuing management involvement over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery does not occur until the products have been shipped to the specified location, the control has been transferred to the customer and either of the following has occurred: the customer has accepted the products in accordance with the contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied. The most common parity is the CIP, where the control is transferred to the customer at the moment the goods are delivered and the delivery note is confirmed upon the transfer of goods.

Products are sold with volume discounts and customers have a right to return products in case of defects. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

Sales are recorded based on the price specified in the sales contracts, net of estimated volume rebates and trade discounts and returns. The volume discounts are assessed based on contracts with customers. No element of financing is deemed present in the sales.

Retail sales are usually in cash or by credit card.

(ii) Revenue from services

The Group generates revenue from services primarily through sales of services such as waste management and vehicle related services (repairs and similar). Revenue from waste management services is recognised at a point in time when the services is completed (generally when the waste has been collected for processing or delivered for processing to third parties as is the case with special and hazardous waste). Revenues from vehicle related services are recognised over time, by reference to stage of completion calculated on the basis of the actual services provided as a proportion of the total services to be provided and are mostly rendered within a very short timeframe of one to several days.

(iii) Finance income

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised when the right to receive payment is established.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Leases - Group as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in separate line items in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Foreign currency transactions

(i) Transactions and balances in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and items that are measured in terms of historical cost of a foreign currency are not retranslated.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into functional currency at foreign exchange rates ruling at the date of transaction.

(ii) Group companies

Income and expense items and cash flows of foreign operations are translated into the Company's and Group's presentation currency at rates approximating the foreign exchange rates ruling at the dates of transactions and their assets and liabilities are translated at the exchange rates ruling at the year end. All resulting exchange differences are recognised in a separate component of equity. The applicable foreign exchange rates for relevant currencies are included within currency risk disclosures.

3.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions associated with them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate

3.8 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the General Assembly of the Company's shareholders.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in sales of related products or services (business segment) or in sales of products and services within a particular economic environment (geographical segment) and is subject to risks and rewards that are different from those of other segments.

At the consolidated level, the Group internally monitors and reports the following segments:

– Auto program – vehicles
– Truck program
– Batteries, oils and similar
– Wholesale
– Ecology

The Group identifies operating segments on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (Director or the Management Board of the Company) in order to allocate resources to the segments and to assess their performance. Details on the operating segments are disclosed in note 6 to the consolidated financial statements. Comparative information is presented using the comparability principle.

3.10 Taxation

(i) Income tax

Income tax expense comprises current and deferred tax. Tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in the statement of other comprehensive income or in equity.

Income tax for the current year is calculated on the basis of the tax laws enacted at the balance sheet date in countries where the Company and its subsidiaries operate and earn taxable profit.

(ii) Deferred tax assets and liabilities

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax assets for deductible temporary differences arising from investments in subsidiaries, and interests in joint arrangements, are only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilised, while liabilities are recognised only to the extent that the entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax asset recognised on the basis of tax losses carried forward is recognised in accordance with tax legislation of the country where the company operates for the period envisaged by the law and is discharged at the expiry of this period if it is not used until then.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Property, plant and equipment

Property, plant and equipment are included in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Land and assets under construction are not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 to 40 years
Plant and equipment	2 to 10 years
Transport assets	4 to 10 years

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date and when necessary.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 3.13).

Gains and losses on disposals are determined as the difference between the income from the disposal and the asset's carrying amount, and are recognised in profit or loss within other income/expenses.

3.12 Intangible assets

Intangible assets are included in the consolidated statement of financial position at cost less accumulated amortisation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives estimated at 5 years.

Brands

Brands arising on an acquisition of a business is carried at fair value as established at the date of acquisition of the business, less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the brand over its estimated useful life. Brands with an indefinite useful life are not amortized, but are tested annually for impairment at the cash-generating unit level.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (apart from inventories and deferred taxes) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the "cash-generating unit" ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is expensed immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized as income immediately.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Inventories

Inventories of raw materials and spare parts are stated at the lower of cost, determined using the weighted average cost method, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business.

The cost of work-in-progress and finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Merchandise is carried at the lower of purchase cost and selling price (less applicable taxes and rebates).

Group annually makes an estimate of inventory value based on turnover of each individual item. Based on that calculation Group recognises loss allowance for items that fall short of expected turnover rate for that type of product.

Allowance for items with lower turnover than expected based on historical experience is accounted as deduction from book value of Inventory and recognised in the income statement.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less. Bank overdrafts are included within current liabilities on the consolidated statement of financial position.

3.16 Share capital

Share capital consists of ordinary shares. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds of those transactions. Any excess of the fair value of the consideration received over the par value of the shares issued is presented in the notes as a share premium.

In case the Group purchases its own share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income tax) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

3.17 Employee benefits

(i) Short-term employee benefits

The Group recognises a provision for employee bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Pension obligations and post-employment benefits

In the normal course of business, the Group makes payments to mandatory pension funds operated by third parties on behalf of its employees as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Group is not obliged to provide any other post-employment benefits with respect to these pension schemes and they are therefore treated as defined contribution plans.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources 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 and adjusted to reflect the current best estimate. Where the effect of discounting is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as the discount rate. Where discounting is used, the reversal of such discounting in each year is recognized as a financial expense and the carrying amount of the provision increases in each year to reflect the passage of time.

3.19 Financial instruments

A. <u>Financial assets</u>

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- FVOCI (fair value through other comprehensive income) – debt investment;
- FVOCI – equity investment;
- or FVTPL (fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

A. <u>Financial assets (continued)</u>

(ii) Classification and subsequent measurement (continued)

A financial assets is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Trade receivables are held in the business model of holding for the purpose of collection.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

A. Financial assets (continued)

(ii) Classification and subsequent measurement (continued)

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, relevant for the purpose of classifying financial assets at amortised cost, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing the main criterion, i.e. whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The structure of the Group's financial assets is simple and primarily relates to trade receivables without a significant financial component, loans given and short-term deposits in banks at fixed interest rates, while forward contracts are of insignificant amount. This significantly reduces the complexity of the assessment whether the financial assets meet the criterion of 'solely payments of principal and interest'.

Subsequent measurement and gains and losses

The table below provides an overview of key provisions of the accounting policy used by the Group for subsequent measurement of financial assets and recognition of gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

B. Financial liabilities

(i) Recognition and initial measurement

Debt securities are initially recognised when they are originated. All other financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

C. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

D. Impairment of non-derivative financial assets

Recognition of impairment losses

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if early warning indicators have been activated in accordance with the Group's policy or contractual terms of the instrument.

The Group considers a financial asset to be fully or partially in default if:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due based on historical experience of average market participant.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. Regular external trade receivables that are not past due and uncollected receivables past due up to 360 days from the maturity date are impaired using the percentage that reflects the expectations of the non-collection of trade receivables (ECL). The percentage of impairment is determined on the basis of the average of the previous three-year period (historical rate) separately for each of the Group's companies. The calculation of the historical rate is adjusted for extraordinary and specific circumstances, if required.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a significant delay of payment by the borrower;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off of financial assets

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount of a financial asset upon the legal statute of limitation and it generally expects no recovery of the amount written off.

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with EU IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of EU IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed more detail below.

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(i) Recoverability of trade and other receivables

The recoverable amount of trade and other receivables is estimated at present value of future cash flows discounted at the market interest rate at the measurement date. Short-term receivables with no stated interest rate are measured by the amount of original invoice if the effect of discounting is not significant.

The Group regularly reviews the ageing structure of trade receivables and monitors the average collection period. In cases where debtors with extended payment periods are identified, the Group reduces the related credit limits and payment days for future transactions and, in cases where it deems it necessary, imposes restrictions on future transactions until the outstanding balance is repaid either entirely or in part. In cases where the Group identifies receivables toward debtors which have entered into pre-bankruptcy or bankruptcy proceedings, an impairment loss is immediately recognised in full.

By applying the percentage that reflects expectations on the non-collection of trade receivables (expected credit loss), the Group impairs undue regular external trade receivables and past due uncollected receivables up to 360 days from the maturity date.

In the process of regulating the collection of overdue debts, the Group actively negotiates with the respective debtors taking into account expectations of future business relations, significance of exposure to an individual debtor, possibilities of compensation, exercise of instruments of security (if any) or seizure of assets, etc.

(ii) Recoverability of goodwill and intangible assets with indefinite useful life

Group regularly annually tests goodwill and intangible assets with indefinite useful life and goodwill for impairment as stated in note 3.13. Goodwill and intangible assets with indefinite useful life are tested individually.

Goodwill and brands are allocated to the following segments:

	Brand	Goodwill	Brand	Goodwill
	2023		2022	
	(in thousands of EUR)		*(in thousands of EUR)*	
Batteries, oils and similar	-	149	-	149
Freight program	-	191	-	191
Car program	6,528	344	6,528	231
	6,528	**684**	**6,528**	**571**

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(ii) Recoverability of goodwill and intangible assets with indefinite useful life (continued)

Goodwill

The recoverable amount of goodwill is determined using the discounted cash flow method (DCF method) whereby the Group calculates the present value of future cash flows of cash-generating units attributable to goodwill. The DCF method used to determine the recoverable amount of goodwill also implies a terminal growth rate after a five-year discrete period of 2,5%. Cash flows created from such plans are discounted using a discount rate that reflects the risk of the respective asset, approximated by weighted average cost of capital for the relevant market and industry segment and ranged from 9% (goodwill related to Croatian market) to 15% (goodwill related to Bosnian market).

As a result of the conducted goodwill impairment test, the Group had no goodwill impairment expense during 2023. The sensitivity analysis of the assumptions does not indicate material differences in the outcome of impairment testing compared to amounts recognised for goodwill in the statement of financial position.

Brands

Brands refer to the acquired rights to use trademarks and brand names that the Group allocates to business segments in accordance with the internal categorization of products to which a specific brand refers, whereby the value of the brand is fully allocated to a specific segment.

The Group annually performs an impairment test for brands to assess whether the recoverable amount of the brands indicates a potential impairment of the book value, whereby the primary focus is given to those brands where the deviation of the recoverable amount compared to the book value indicates a significant sensitivity to the key assumptions used in the impairment tests. The calculation of the recoverable amount is based on the five-year sales plans of the products that make up each brand, which the Group developed taking into account the corporate sales and marketing strategy, trends in the markets where individual brands are sold (such as expected trends in the subject gross social product, market share of relevant products and categories) and competitor analysis.

Cash flows generated from such plans are discounted using an after-tax discount rate that reflects the risk of the asset in question and which, for purposes of calculating the impairment test, is approximated by the weighted average cost of capital (WACC) related to the primary sales market of the particular brand and industry.

To calculate the recoverable value of the brands as of 31 December 2023, the group applied the income approach - the relief from royalty method.

The basis of the relief from royalty method states that the value of an intangible asset is equal to the amount that the owner would pay for a license over that asset if he did not own it, that is, the value is equal to the discounted after-tax savings in a situation of non-payment of royalties, i.e. fees for the use of trademarks.

When calculating the recoverable value of brands, rates were used that are equal to the weighted average cost of capital after tax (WACC) for a particular market and industry and are within the range of 13% to 14% (2022: in the range of 15.7% to 16.6%), while the applied terminal growth rate for all brands is 2,5% (in 2022 in the range 3%).

As a result of the brand impairment test, the Group had no brand impairment expense during 2023.

An increase in the weighted average cost of capital by 50 basis points with an unchanged terminal growth rate would not result in an impairment of brands. A decrease in the terminal growth rate with an unchanged rate of the weighted average cost of capital by 50 basis points would not result in a decrease in value.

NOTE 5 – DETERMINATION OF FAIR VALUES

The Group has an established control framework with respect to fair value measurement which assumes the overall responsibility of the Management Board and finance department in relation to the monitoring of all significant fair value measurements, consultation with external experts and the responsibility to report, with respect the above, to those charged with corporate governance.

Fair values are measured using information collected from third parties in which case the Board and the finance department assess whether the evidence collected from third parties support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy where such valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1* - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2* - inputs other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3* - input variables for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more significant inputs are not based on observable market data, the fair value estimate is included in level 3.

The Group has no significant amounts measured at fair value in the financial statements, except for the amounts recognized during the first consolidation of companies acquired through business combinations, the measurement methods of which are detailed in note 31.

NOTE 6 – SALES REVENUE AND SEGMENT REPORTING

	2023	2022
	(in thousands of EUR)	
Revenue from products	263,160	213,443
Waste management services	9,513	8,312
Revenue from other services	5,042	4,254
Other	126	480
	277,841	**226,489**

Other sales revenues are mostly comprised of revenues from marketing and leasing activities.

For management purposes, the Group is organised in business units based on the similarity in the nature of individual product groups and the nature of the distribution and sales channel and has identified reportable segments in accordance with quantitative thresholds for segment reporting. The reportable segments of the Group are as follows:

- Auto program – vehicles
- Truck program
- Batteries, oils and similar
- Wholesale
- Ecology

The reportable segments are part of the internal financial reporting to the Management Board which was identified as the chief operating decision maker. The Management Board reviews the internal reports regularly and assesses the segment performance, and uses those reports in making operating decisions.

Segment revenues and results

Set out below is an analysis of the Group's revenue and results by its reportable segments, presented in accordance with IFRS 8 *Operating segments* and a reconciliation of segment profits to profit or loss before tax as presented in the consolidated statement of comprehensive income. The revenue presented below relates to third-party sales and revenues between segments. Intra-segment revenues are eliminated on consolidation.

(in thousands of EUR)	**Segment revenues**		**Segment Earnings**	
	2023	**2022**	**2023**	**2022**
Auto program - vehicles	198,875	153,488	10,509	9,795
Truck program	38,273	36,424	1,542	1,067
Batteries, oils and similar	53,880	49,219	2,529	2,587
Wholesale	11,125	9,022	1,015	629
Ecology	25,467	23,293	1,170	999
	327,620	**271,446**	**16,765**	**15,077**
Inter-segment revenues	(49,779)	(44,957)	-	-
	277,841	**226,489**	**16,765**	**15,077**
Finance income			245	543
Finance expenses			(2,711)	(2,111)
Central administration and other costs			(4,709)	(5,282)
Profit before tax			**9,590**	**8,227**

NOTE 6 – SALES REVENUE AND SEGMENT REPORTING (CONTINUED)

Segment revenues and results (continued)

The segment “Auto program – vehicles” operates as a retail channel for sales of auto parts in the "Independent Aftermarket" (IAM), i.e. market for repair and maintenance of vehicles. Typical products are brakes, filters, wipers, shock absorbers, lights, suspension parts, batteries, tires, oils, antifreeze, accessories, etc.

Truck program operates as wholesale of truck parts in the IAM. Typical products are brakes, filters, wipers, shock absorbers, lights, suspension parts, batteries, tires, oils, antifreeze, accessories, etc.

Generators, oils and similar includes the wholesale of batteries, industrial batteries, oils, lubricants and other automotive equipment such as brooms, additives, etc. through several sales channels: wholesale in the IAM, wholesale to products end users, wholesale to gas stations and retail.

Wholesale segment relates to wholesale to large retail chains which includes sales of car supplies (e.g. car cosmetics, windshield washer fluid, steering wheel covers, batteries, etc.), textiles (bedding, towels, blankets, etc.), garden program (mowers, trimmers, flaxers, saws) to retail chains.

Ecology comprises two sub-segments: recycling and waste management. The recycling operations relate to the recycling of accumulators and industrial batteries at the Recycling Center in Zabok, which is the only closed system for recycling accumulators and batteries in Croatia. Waste management includes the collection, treatment and disposal of hazardous and non-hazardous waste (e.g. motor oils, filters, grease, etc.), remediation of contaminated sites, maintenance of industrial plants, consulting services related to hazardous waste, etc.

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs, other income, other expenses, finance expenses, and income tax expense.

Geographical information

The Group expanded its operations through acquisitions and now operates in six principal geographical areas by which it reports third-party sales:

	2023	2022
	(in thousands of EUR)	
Croatia	172,009	146,085
Serbia	44,416	31,143
Bosnia and Herzegovina	33,389	29,644
Slovenia	7,070	672
Montenegro	17,576	16,271
North Macedonia	3,381	2,674
	277,841	**226,489**

NOTE 6 – SALES REVENUE AND SEGMENT REPORTING (CONTINUED)

Geographical information (continued)

Non-current assets (intangible assets, property, plant and equipment and right of use assets) based on the geographical areas are presented as follows:

	2023	2022
	(in thousands of EUR)	
Croatia	35,192	43,787
Serbia	7,600	3,401
Bosnia and Herzegovina	12,887	7,568
Slovenia	1,429	4
Montenegro	6,472	1,677
North Macedonia	540	256
	64,120	**56,693**

NOTE 7 – OTHER INCOME

	2023	2022
	(in thousands of EUR)	
Income from damage claims (i)	1,204	325
Gain from sale of non-current assets	912	324
Rent income	164	135
Subsidies	335	90
Write-off of liabilities	188	26
Other	880	350
	3,683	**1,250**

(i) During 2023, fire occurred in a tyre warehouse in Stupnik. Warehouse was damaged and inventory was destroyed. Location had fire insurance which resulted in a significant increase in income from damage claims.

NOTE 8 – MATERIAL COSTS

	2023	2022
	(in thousands of EUR)	
Cost of goods sold	153,382	124,554
Raw materials and consumables used	32,564	29,494
	185,946	**154,048**

NOTE 9 – OTHER OPERATING EXPENSES

	2023	2022
	(in thousands of EUR)	
Transport and logistics	3,359	2,872
Impairment of receivables	2,348	416
Impairment of inventories	2,135	1,264
Vehicle and similar repairs	2,093	1,407
Maintenance	1,678	1,495
Inventory surpluses / shortfalls	1,192	247
Banking and similar charges	1,020	549
Entertainment	1,003	602
Rent expense	1,436	820
Advertising and similar costs	939	885
Vehicle costs	830	739
Intellectual services	769	838
Taxes, fees and similar charges	762	706
Telecommunications and postal services	671	525
Daily subsistence allowances and other travel expenses	645	744
Insurance	561	449
Utilities and fees	410	409
Office materials	388	306
Increase/(decrease) in provisions	350	(148)
Membership fees, fees and similar charges	208	201
Security services	166	119
Penalties, penalties and damages	126	51
Authors fee	102	97
Donations	84	27
Legal expenses	32	74
Other	884	751
	24,191	**16,445**

NOTE 10 – EMPLOYEE EXPENSES

	2023	2022
	(in thousands of EUR)	
Net salaries	32,205	25,234
Taxes and contributions	12,858	10,180
Other employee' costs	3,335	2,621
	48,398	**38,035**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 11 – FINANCE INCOME

	2023	2022
	(in thousands of EUR)	
Interest income	28	30
Positive FX difference	215	512
Other finance income	1	1
	244	**543**

NOTE 12 – FINANCE EXPENSES

	2023	2022
	(in thousands of EUR)	
Interest expenses and similar	2,488	1,361
Negative FX difference	216	750
Other finance costs	6	-
	2,710	**2,111**

NOTE 13 – INCOME TAX

Income tax expense consists of:

	2023	2022
	(in thousands of EUR)	
Current income tax	2,522	1,922
Additional income tax	-	269
Deferred tax	68	(87)
	2,590	**2,104**

NOTE 13 – INCOME TAX (continued)

A reconciliation of tax expense per the statement of comprehensive income and taxation at the statutory rate is detailed in the table below:

	2023	2022
	(in thousands of EUR)	
Profit before taxation	**9,590**	**8,228**
		-
Income tax at 18%	1,726	1,481
Non-taxable income	-	(4)
Non-deductible expenses	741	287
Temporary differences and tax losses not recognised as deferred tax assets	10	10
Utilisation of tax losses previously not recognised as deferred tax asset	-	(7)
Effect of a change in the tax rate on deferred tax assets and liabilities	113	69
	-	268
Income tax	**2,590**	**2,104**
Effective tax rate	27%	26%

In its financial statements, the Group did not recognized deferred tax assets on tax losses, since it is not certain that the tax losses will be used by the companies to which they relate. Unutilized tax losses (net) at the reporting date were as follows:

	2023	2022
	(in thousands of EUR)	
Tax losses expiring at 31 December 2024	9	9
Tax losses expiring at 31 December 2025	12	12
Tax losses expiring at 31 December 2026	50	50
Tax losses expiring at 31 December 2027	209	209
Tax losses expiring at 31 December 2028	460	-
	740	**280**

NOTE 13 – INCOME TAX (continued)

Deferred tax assets

(in thousands of EUR)	PPE	Trade and other receivables	Inventory	Trade and other payables	Total
At 1 January 2022	**35**	**140**	**49**	**63**	**287**
Business combinations	2	-	-	-	2
Net increase/(decrease)	75	10	(26)	13	72
As at 31 December 2022	**112**	**150**	**23**	**76**	**361**
At 1 January 2023	**112**	**150**	**23**	**76**	**361**
Business combinations	-	4	-	-	4
Net increase/(decrease)	(75)	(7)	52	(40)	(70)
As at 31 December 2023	**37**	**147**	**75**	**36**	**295**

Deferred tax liabilities

(in thousands of EUR)	PPE	Intangible assets	Trade and other receivables	Total
At 1 January 2022	68	709	18	795
Net increase/ (decrease)	-	-	(15)	(15)
As at 31 December 2022	**68**	**709**	**3**	**780**
At 1 January 2023	68	709	3	780
Business combinations	-	-	-	-
Net increase/ (decrease)	-	-	(2)	(2)
As at 31 December 2023	**68**	**709**	**1**	**778**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 14 – INTANGIBLE ASSETS AND GOODWILL

(in thousands of EUR)	Brands	Software	Leasehold improvements	Goodwill	Investments in progress	Total
Cost						
At 1 January 2022	6,529	1,637	952	-	54	9,171
Additions	-	6	63	-	836	905
Business combinations	-	3	-	571	-	574
Transfers	-	346	476	-	(822)	-
Disposals and write offs	-	(27)	(65)	-	-	(93)
As at 31 December 2022	**6,529**	**1,964**	**1,426**	**571**	**67**	**10,557**
Accumulated amortisation						
At 1 January 2022	-	835	678	-	-	1,513
Business combinations	-	1	-	-	-	1
Charge for the year	-	163	165	-	-	329
Disposals and write offs	-	(4)	(75)	-	-	(79)
As at 31 December 2022	**-**	**995**	**768**	**-**	**-**	**1,763**
Cost						
At 1 January 2023	6,529	1,964	1,426	571	67	10,557
Additions	-	-	-	-	789	789
Business combinations	-	46	-	113	6	165
Transfers	-	671	166	-	(837)	-
Disposals and write offs	-	-	(17)	-	-	(17)
Foreign exchange differences	-	1	1	-	-	2
As at 31 December 2023	**6,529**	**2,682**	**1,576**	**684**	**25**	**11,496**
Accumulated amortisation						
At 1 January 2023	-	995	768	-	-	1,763
Business combinations	-	28	-	-	-	28
Charge for the year	-	267	179	-	-	446
Disposals and write offs	-	-	(4)	-	-	(4)
As at 31 December 2023	**-**	**1,290**	**943**	**-**	**-**	**2,233**
Net book value at 1 January 2023.	**6,529**	**969**	**658**	**571**	**67**	**8,794**
Carrying amount						
As at 31 December 2023	**6,529**	**1,392**	**633**	**684**	**25**	**9,263**

Testing for impairment of goodwill and intangible assets with indefinite useful life is disclosed in Note 4.

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

(in thousands of EUR)	Land and buildings	Plant and equipment	Transport assets	Investments in progress	Total
Cost					
At 1 January 2022	20,527	13,707	5,821	2,616	42,671
Additions	6	1,308	510	3,981	5,804
Business combinations	-	642	50	-	692
Transfers	2,141	1,046	74	(3,262)	-
Disposals and write offs	-	(312)	(285)	(8)	(605)
As at 31 December 2022	**22,674**	**16,391**	**6,170**	**3,327**	**48,562**
Accumulated depreciation and impairments					
At 1 January 2022	6,318	8,035	3,445	-	17,798
Business combinations	-	484	150	-	634
Charge for the year	718	1,928	807	-	3,454
Disposals and write offs	-	(181)	(392)	-	(573)
As at 31 December 2022	**7,036**	**10,266**	**4,010**	**-**	**21,312**
Cost					
At 1 January 2022	22,674	16,391	6,170	3,327	48,562
Additions	-	-	-	9,695	9,695
Business combinations	-	132	124	-	256
Transfers	3,844	3,853	2,024	(9,721)	-
Disposals and write offs	(1,676)	(607)	(827)	-	(3,110)
Transfer From ROA	-	-	1,303	-	1,303
As at 31 December 2023	**24,842**	**19,769**	**8,794**	**3,301**	**56,706**
Accumulated depreciation and impairments					
At 1 January 2022	7,036	10,266	4,010	-	21,312
Business combinations	-	106	95	-	201
Charge for the year	354	2,446	1,213	-	4,013
Disposals and write offs	(283)	(417)	(661)	-	(1,361)
Transfer From ROA	-	-	1,053	-	1,053
As at 31 December 2023	**7,107**	**12,401**	**5,710**	**-**	**25,218**
Net book value at 1 January 2023	**15,638**	**6,125**	**2,160**	**3,327**	**27,250**
As at 31 December 2023	**17,735**	**7,368**	**3,084**	**3,301**	**31,488**

Assets under construction mainly relate to buildings and plant and equipment.

Assets under mortgage

Land and buildings with a carrying value of EUR 6,964 thousand (2022: EUR 6,761 thousand) are under mortgage and collateral for bank loans.

NOTE 16 – RIGHT OF USE ASSETS

(in thousands of EUR)	Land and buildings	Plant and equipment	Transport assets	Total
Cost				
At 1 January 2022	19,423	2,370	4,947	26,739
Additions	5,800	212	2,357	8,368
Business combinations	113	-	95	208
Modifications	5	-	-	5
Disposals and write offs	(1,899)	(257)	(659)	(2,814)
As at 31 December 2022	**23,441**	**2,325**	**6,740**	**32,506**
Accumulated depreciation and impairments				
At 1 January 2022	4,709	1,206	2,331	8,246
Business combinations	-	-	22	22
Charge for the year	4,356	302	1,017	5,675
Modifications	(217)	-	-	(217)
Disposals and write offs	(1,259)	(218)	(392)	(1,869)
As at 31 December 2022	**7,590**	**1,290**	**2,977**	**11,857**
Cost				
At 1 January 2023	23,441	2,325	6,740	32,506
Additions	4,812	209	2,288	7,309
Business combinations	1,393	-	11	1,404
Modifications	(2,835)	(830)	(174)	(3,839)
Transfer to PPE	-	-	(1,303)	(1,303)
As at 31 December 2023	**26,811**	**1,704**	**7,562**	**36,077**
Accumulated depreciation and impairments				
At 1 January 2023	7,590	1,290	2,977	11,857
Charge for the year	5,185	251	1,185	6,621
Modifications	(3,780)	(776)	(161)	(4,717)
Transfer to PPE	-	-	(1,053)	(1,053)
As at 31 December 2023	**8,995**	**765**	**2,948**	**12,708**
Net book value at 1 January 2023	**15,851**	**1,035**	**3,763**	**20,649**
As at 31 December 2023	**17,816**	**939**	**4,614**	**23,369**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 17 – EQUITY ACCOUNTED INVESTEES

	2023
	(in thousands EUR)
As at 1 January	306
Share of profit/(loss) of joint venture	9
Foreign exchange differences	-
As at 31 December	**315**

A s at 1 January 2021, the Group no longer has control over Kamioland d.o.o. However, through ownership of 50%, the Group retained a significant influence over the company. As of 1 January 2021 Kamioland d.o.o. is accounted as equity accounted investee.

NOTE 18 – FINANCIAL ASSETS

	2023	**2022**
	(in thousands of EUR)	
Deposits	390	344
	390	**344**
Short term	27	27
Long term	365	317
	392	**344**

Deposits relate to deposits at commercial banks with maturity more than three months that carry a variable interest rate up to 0,01%

NOTE 19 – INVENTORIES

	2023	2022
	(in thousands of EUR)	
Raw materials and supplies	4,163	4,545
Trade goods and merchandise	89,406	78,057
Small inventory	53	54
Advances for inventories	1,188	627
Security downpayment	988	909
	95,798	**84,192**

Movements in write-down of inventory is recognized in other operating operations within profit or loss. In 2023 it is amounted to 2,135 thousands of EUR (2022: 1,264 thousands of EUR).

In accordance with accounting policies, the Group analyses the expected turnover per item based on historical sales information and, based on the results of the analysis, recognizes a decrease in the value of inventories to the estimated net realizable value.

The Group is actively using its presence on multiple markets to optimize inventory management.

In other markets e.g. Serbia, Bosnia and Hercegovina and Montenegro, average age of vehicles is significantly higher than in Croatia and therefore demand for some slow moving parts is also higher.

NOTE 20 – TRADE AND OTHER RECEIVABLES

	2023	2022
	(in thousands of EUR)	
Trade receivables	41,455	34,533
Impairment of receivables	(4,744)	(3,307)
Net trade receivables	**36,711**	**31,226**
Interest receivables	56	49
Receivables for taxes and contributions	1,370	1,282
Advances given	228	283
Receivables from employees	150	91
Loans receivable	1,498	638
Accrued rebates	4,990	3,400
Prepayments	1,552	694
Other receivables	613	450
	47,167	**38,113**
Short term	46,867	37,860
Long term	300	253
	47,167	**38,113**

NOTE 20 – TRADE AND OTHER RECEIVABLES (continued)

During 2023, within other operating expenses the Group recognised impairment allowances in the amount of EUR 2,350 thousand (2022: EUR 416 thousand) with respect to trade receivables and other receivables.

Movement in the accumulated impairment allowance for trade and other receivables was as follows:

	2023	2022
	(in thousands of EUR)	
At 1 January	3,307	2,873
Net Increase/decrease	2,419	598
Amounts collected	(69)	(182)
Business combinations	132	244
Written off as uncollectable	(1,045)	(226)
At 31 December	**4,744**	**3,307**

Ageing analysis of gross trade receivables:

	2023	2022
	(in thousands of EUR)	
Not due	23,055	18,786
0-90 days	9,956	7,974
91-180 days	2,218	2,541
181-360 days	1,656	1,618
More than 360 days	4,570	3,614
	41,455	**34,533**

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased. Loss rates are based on actual credit loss experience over three years.

Trade receivables in original currency (net amount):

	2023.	2022.
	(in thousands of EUR)	-
EUR	26,545	22,089
BAM	3,755	3,559
RSD	5,631	4,333
MKD	780	751
USD	-	494
	36,711	**31,226**

NOTE 21 – CASH AND CASH EQUIVALENTS

	2023	2022
	(in thousands of EUR)	
Cash at hand	357	154
Cash with banks	13,349	13,909
	13,706	**14,063**

Cash with banks relates to transaction accounts at commercial banks that carry an average interest rate around 0,11%. The table below summarises cash and cash equivalents by currency:

	2023	2022
	(in thousands of EUR)	
EUR	10,749	11,207
RSD	1,068	1,437
BAM	1,485	1,321
MKD	286	78
Other currencies	118	20
	13,706	**14,063**

NOTE 22 – NON-CURRENT ASSETS HELD FOR SALE

	2023	2022
	(in thousands of EUR)	
Land and buildings	359	288
	359	**288**

Non-current assets held for sale relates to smaller items of Plant and Equipment.

NOTE 23– SHARE CAPITAL AND EARNINGS PER SHARE

Share capital

Share capital on the 31 December 2023 amounts to EUR 26,215 thousand and consists of 19,746,989 shares outstanding (2022: 19,658,239). Nominal share price is EUR 1.33 per share.

The ownership structure at the reporting dates was as follows:

	2023.		2022.	
Ownership structure	**Number of shares**	**% of ownership**	**Number of shares**	**% of ownership**
Ivan Leko	10,000,694	50.64%	9,977,250	50.75%
Ljilja Leko	3,180,140	16.10%	3,180,140	16.18%
Others	6,566,155	33.25%	6,500,849	33.07%
Total	**19,746,989**	**100.00%**	**19,658,239**	**100.00%**

Earnings per share

	2023	2022
	(in thousands of EUR)	
Profit attributable to owners	7,025	6,137
Shares outstanding as at 31. December	19,746,989	19,658,239
Average weighted number of shares	19,679,864	19,673,338
Basic earnings per share	**0.36**	**0.31**
Diluted earnings per share	**0.36**	**0.31**

NOTE 24 – CAPITAL RESERVES

Capital reserves refer to capital gains on sold issued shares.

NOTE 25 – TREASURY SHARES

During 2023, the Group purchased 23,750 shares in the amount of EUR 159 thousands (2022: 23,750 shares in the amount of EUR 134 thousand). As at 31 December 2023 treasury shares amount to EUR 34 thousands. During 2023, the Group awarded its own shares in the amount of EUR 350 thousand to Group employees based on a discretionary decision of the General Assembly.

NOTE 26 – NON-CONTROLLING INTERESTS

Group has non-controlling interests arising from ownership interest in subsidiaries Autodijelovi d.o.o. (Croatia) and Bendj trade d.o.o. (Bosnia and Herzegovina). In 2021. Due to loss of control of Kamioland, is now accounted through equity accounting Summary financial information for these companies are as follows:

31 December 2023	**TM AUTO d.o.o.**	**BENDJ TRADE d.o.o.**	**AUTO DIJELOVI d.o.o.**
(in thousands of EUR)			
Non-controlling interest	**50%**	**38%**	**50%**
Non-current assets	47	268	-
Current assets	543	-	238
Non-current Liabilities	(240)	-	(10)
Current liabilities	(433)	(31)	(207)
Net assets	**(83)**	**237**	**21**
	-	-	
Statement of comprehensive income	-	-	
Revenues	1,700	-	379
Profit	53	(3)	(43)
Total comprehensive income	**53**	**(3)**	**(43)**
Statement of cash flows			
Increase/ (decrease) of cash	**(16)**	**-**	**(9)**

The movement in non-controlling interest was as follows:

	2023	**2022**
	(in thousands of EUR)	
As at 1 January 2022	(12)	1
Gain/ (Loss) attributable to the Group	(25)	(13)
As at 31 December 2022	**(37)**	**(12)**
Consists of:		
TM AUTO d.o.o.	**-**	**-**
Auto Dijelovi d.o.o.	**(31)**	**(8)**
Bendj trade d.o.o.	**(6)**	**(4)**

NOTE 27 – LOANS AND BORROWINGS

	2023	2022
	(in thousands of EUR)	
Non-current borrowings		
Bank borrowings	37,028	21,814
Other loans	206	113
Lease liabilities	17,247	14,671
	54,481	**36,598**
Current borrowings		
Bank borrowings	12,834	19,498
Other loans	338	467
Interest liabilities	123	84
Lease liabilities	6,644	6,031
	19,939	**26,080**
Total borrowings	**74,420**	**62,678**

The Group's borrowings contain covenants which obligate the Group to comply with (such as DSCR). which is calculated as the ratio of consolidated gross financial debt and consolidated EBITDA (operating profit before interest, depreciation and taxes) In case the specified ratios are breached, the loans would be considered matured in full and payable on the bank's request. At the reporting dates, the Group was in compliance with the covenants.

Bank loans in the amount of EUR 49,861 thousand (2022: EUR 41,312 thousand) are insured through mortgages on land, buildings, plant and equipment amounting to EUR 6,964 thousand (2022: EUR 6,761 thousand) as stated in note 15.

The maturity of non-current bank borrowings and other loans is as follows:

	2023	2022
	(in thousands of EUR)	
Between 1 and 2 years	23,958	6,830
Between 2 and 5 years	13,276	12,635
Over 5 years	-	2,462
	37,234	**21,927**

NOTE 27 – LOANS AND BORROWINGS (CONTINUED)

The maturity of non-current lease liabilities is as follows:

	2023	2022
	(in thousands of EUR)	
Between 1 and 2 years	5,893	4,606
Between 2 and 5 years	9,056	6,935
Over 5 years	2,298	3,130
	17,247	**14,671**

The carrying amounts of the Group's borrowings are denominated in the following currencies:

Borrowings:

	2023.	2022.
	(in thousands of EUR)	
EUR	48,177	40,550
BAM	1,851	724
MKD	275	526
RSD	103	92
	50,406	**41,892**

Leases:

	2023.	2022.
	(in thousands of EUR)	
EUR	18,441	16,250
BAM	5,450	4,452
	23,891	**20,702**

An overview of borrowings by fixed and variable interest rates is as follows:

	2023		2022	
	Fixed	**Variable**	**Fixed**	**Variable**
	(in thousands of EUR)			
Borrowings	**11,667**	**38,737**	**6,719**	**35,174**

The average weighted cost of debt on the Group's interest-bearing liabilities was as follows:

	2023		2022	
	HRK	EUR	HRK	EUR
Average weighted interest rate	-	3.9%	0.94%	1.97%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 27 – LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movements in liabilities with cash flows from financing activities:

(in thousands of EUR)	**Loans and borrowings**	**Leases**	**Total**
At 1 January 2022	**36,576**	**18,109**	**54,685**
Cash transactions:			
Loans received	13,626	-	13,626
Loans repayments	(8,828)	-	(8,828)
Lease repayments	-	(6,816)	(6,816)
Total cash transactions	**4,798**	**(6,816)**	**(2,018)**
Non - cash transactions:			
Effect of change in exchange rates	(183)	(49)	(232)
Business combinations	701	186	887
Unwinding of discount	-	473	473
New lease contracts	-	10,102	10,102
Termination of lease contract	-	(1,303)	(1,303)
Total non - cash transactions	**518**	**9,409**	**9,927**
At 31 December 2022	**41,892**	**20,702**	**62,594**
At 1 January 2023	**41,892**	**20,702**	**62,594**
Cash transactions:			
Loans received	22,159	-	22,159
Loans repayments	(13,908)	-	(13,908)
Lease repayments	-	(7,988)	(7,988)
Total cash transactions	**8,251**	**(7,988)**	**263**
Non - cash transactions:			
Effect of change in exchange rates	54	46	100
Business combinations	209	1,397	1,606
Unwinding of discount	-	430	430
Modifications	-	938	938
New lease contracts	-	8,366	8,366
Total non - cash transactions	**263**	**11,177**	**11,440**
At 31 December 2023	**50,406**	**23,891**	**74,297**

NOTE 28 – PROVISIONS

As part of contracts with its suppliers, Group has contracts with its suppliers which include estimated amounts of returns with right of reimbursement from suppliers. The Group's assessment is that additional provisions for the warranty period for the stated reason are not necessary because in previous periods the cost did not exceed the contracted amounts for reimbursement from suppliers and therefore the Group did not incur costs of product returns. For the stated reason, the Group does not have material amounts of recognized provisions on the stated basis.

NOTE 29 – TRADE AND OTHER PAYABLES

	2023	2022
	(in thousands of EUR)	
Trade payables	59,990	51,654
Taxes, contributions and other duties payable	8,610	7,059
Salaries and other benefits to employees	2,724	2,050
Advances received	715	461
Accrued expenses	1,925	943
Payable for purchase of shares	202	210
Liability for unused holiday	892	382
Obligations based on profit sharing	-	17
Other payables	797	1,124
	75,855	**63,900**
Current	74,684	63,883
Non-current	1,171	17
	75,855	**63,900**

Within trade payables, the amount of EUR 6,209 thousand (2022: EUR 5,787 thousand) refers to the liability for supplier chain financing arrangement (reverse factoring).

The group has concluded agreements on reverse factoring for the management of its working capital. According to the contracts, the Group transfers its payables to suppliers to factoring companies, which pay the payables to suppliers on behalf of the Group, and the Group repays the payables to factoring companies with an extended maturity of up to 180 days. Given that the extended maturities do not exceed the market conditions common to the business sectors in which the Group operates, the Group presents the aforementioned liabilities within working capital.

At reporting dates the carrying amounts of trade and other payables approximate their fair values due to the short-term nature of those liabilities.

NOTE 29 – TRADE AND OTHER PAYABLES (CONTINUED)

The structure of trade and other payables with respect to currency denomination as at the reporting dates was as follows

	2023.	2022.
	(in thousands of EUR)	
		-
EUR	69,331	54,237
RSD	4,270	4,376
BAM	1,296	4,111
MKD	487	267
Other	462	909
	75,846	**63,900**

NOTE 30 – RISK MANAGEMENT

Financial risk management

Categories of financial instruments are as follows:

	2023	2022
	(in thousands of EUR)	
Financial assets		
Long-term loans	1,498	638
Long-term deposits	390	344
Trade receivables	36,711	31,226
Other receivables	613	450
Cash and cash equivalents	13,706	14,063
Total financial assets	**52,918**	**46,721**
Financial liabilities at amortised cost		
Loans and borrowings	50,406	41,977
Lease liabilities	23,891	20,702
Trade payables and other liabilities	63,629	54,392
Total financial liabilities	**137,926**	**117,071**

Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices,
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models, based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value of financial instruments (continued)

Financial instruments held to maturity in the ordinary course of business are recorded at the lower of cost and net amount less the portion repaid. Fair value is determined as the amount at which a financial instrument can be exchanged between willing and knowledgeable parties in an arm's-length transaction, except in the event of forced sale or liquidation. The fair value of financial instruments is the one quoted on the securities market or obtained using the discounted cash flow method.

As at the reporting dates, the carrying amounts of cash and cash equivalents, short-term deposits, receivables, short-term liabilities, accrued expenses, short-term borrowings and other financial instruments approximate their fair value due to the short-term nature of those assets and liabilities and due to the fact that a majority of short term assets and liabilities are at variable interest rates.

As at the reporting dates, the carrying amounts of borrowings arising from bank and other loans approximates their fair values as the majority of these borrowings bear variable interest rates or fixed interest rate approximating current market interest rates.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Management Board, which has built an appropriate liquidity risk management framework to manage the Group’s short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by monitoring the net current asset position and by addressing any expected current liquidity deficits.

Liquidity risk analysis

The following tables detail the contractual maturity of the Group’s financial liabilities and financial assets presented in the consolidated statement of financial position at each reporting period end. The tables have been drawn up based on the undiscounted cash flows until maturity and include cash flows from both interest and principal. Ultimate responsibility for liquidity risk management rests with the Management Board which has built an appropriate liquidity risk management framework to manage the short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by monitoring the net current asset position and by addressing any working capital requirements

as at 31 December 2023	**Net book value**	**Contracted cash flow**	Up to one year	1 - 5 years	over 5 years
			(thousands of EUR)		
Non-interest bearing liabilities:					
Trade and interest payables	**63,620**	63,620	62,449	1,171	-
	63,620	**63,620**	62,449	1,171	-
Interest bearing liabilities:					
Loans and borrowings	**50,406**	54,607	13,469	41,138	-
Lease liabilities	**23,891**	25,610	6,743	16,203	2,664
	74,297	**80,217**	20,212	57,341	2,664
Total liabilities	**137,917**	**143,837**	82,661	58,512	2,664
Non-interest bearing assets:					
Trade and other receivables	**47,167**	47,167	46,867	300	-
Cash and cash equivalents	**13,706**	13,706	13,706	-	-
	60,873	**60,873**	**60,573**	**300**	**-**
Financial assets	**390**	403	27	376	-
	390	**403**	**27**	**376**	**-**
Total assets	**61,263**	**61,276**	**60,600**	**676**	**-**
Net liquidity position	**(76,654)**	**(82,561)**	**(22,061)**	**(57,836)**	**(2,664)**

NOTE 30 – RISK MANAGEMENT (continued)

as at 31 December 2022	**Net book value**	**Contracted cash flow**	Up to one year	1 - 5 years	over 5 years
			(thousands of EUR)		
Non-interest bearing liabilities:					
Trade and interest payables	**54,392**	54,392	54,392	-	-
	54,392	**54,392**	54,392	-	-
Interest bearing liabilities:					
Loans and borrowings	**41,977**	43,327	20,164	20,445	2,718
Lease liabilities	**20,702**	21,651	6,091	12,104	3,456
	62,679	**64,978**	26,255	32,549	6,174
Total liabilities	**117,071**	**119,370**	**80,647**	**32,549**	**6,174**
Non-interest bearing assets:					
Trade and other receivables	**38,113**	38,113	37,860	253	-
Cash and cash equivalents	**14,063**	14,063	14,063	-	-
	52,176	**52,176**	**51,923**	**253**	**-**
Financial assets	**344**	354	27	327	-
	344	**354**	**27**	**327**	**-**
Total assets	**52,520**	**52,530**	**51,950**	**580**	**-**
Net liquidity position	**(64,551)**	**(66,840)**	**(28,697)**	**(31,969)**	**(6,174)**

As of the reporting date, the Group operates more than 200 retail locations within its network, the majority of which are leased, resulting in significant lease obligations. Furthermore, due to the nature of the business which requires high levels of inventory for each sales unit within the network, maintaining a substantial level of Inventories is necessary. Due to the aforementioned, the sales terms and the structure of cash inflows largely consist of selling goods without deferred payment, which has a significant direct positive impact on the liquidity position of the company.

Taking into account these facts, as well as the inventory turnover achieved by the Group, the Management considers the Group's net liquidity to be satisfactory.

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and variable interest rates. Changes and projections of interest rates are monitored continuously as the majority of the Group's borrowings are at variable interest rates.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate changes at the reporting date. For variable rate liabilities, the analysis is prepared by calculating the effect of a reasonably possible increase in interest rates on variable rate debt on the expected contractual cash flows of such debt compared to those calculated using the interest rates applicable at the current reporting period end date. A 50 basis point increase/decrease is used when reporting interest rate risk internally to key management personnel and represents the Management Board's assessment of the reasonably possible change in interest rates.

NOTE 30 – RISK MANAGEMENT (continued)

The estimated effect of the reasonably possible change in interest rates on the Group's result before tax for the reporting periods is as follows:

as at 31 December 2023	**Contractual cash flows**	up to 1 year	from 1 to 5 years	over 5 years
		(thousands of EUR)		
At currently applicable interest rates	**80,217**	20,212	57,341	2,664
At currently applicable interest rates + 50 basis points	**80,993**	20,261	58,003	2,729
Effect of increase of interest rate by 50 basis points	**(776)**	**(49)**	**(662)**	**(65)**

as at 31 December 2022	**Contractual cash flows**	up to 1 year	from 1 to 5 years	over 5 years
		(thousands of EUR)		
At currently applicable interest rates	**64,978**	26,255	32,549	6,174
At currently applicable interest rates + 50 basis points	**65,856**	26,384	33,113	6,358
Effect of increase of interest rate by 50 basis points	**(878)**	**(129)**	**(564)**	**(184)**

Currency risk management

The Group performs certain transactions in foreign currencies and is therefore exposed to risks of changes in exchange rates. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows.

	Liabilities		**Assets**	
	2023	**2022**	**2023**	**2022**
	(thousands of EUR)		(thousands of EUR)	
Bosnia and Hercegovina (BAM)	3,147	9,287	5,240	4,880
Serbia (RSD)	4,373	4,376	6,699	5,770
North Macedonia (MKD)	762	267	1,066	830

Foreign currency sensitivity analysis

The Group is primarily exposed to currency risk arising from changes in the exchange rate of the EUR against convertible mark (BAM), the Serbian dinar (RSD), and Macedonian dinar (MKD) as it is operating on foreign markets (B&H, Serbia and North Macedonia) and, other than in euro, records most transactions with foreign customers in these currencies. Loans and borrowings are partly denominated in EUR and partly denominated in local currencies.

NOTE 30 – RISK MANAGEMENT (continued)

The currency risk analysis is based on the official exchange rates for the currencies analysed above which were as follows:

	31 December 2023	31 December 2022
BAM	0.510	0.510
RSD	0.009	0.009
MKD	0.016	0.016

The following table details the Group's sensitivity to a 1% increase in EUR against the BAM, RSD and MKD as the estimated reasonably possible increase in the exchange rate of the respective currencies. The sensitivity analysis includes only outstanding monetary assets and monetary liabilities in foreign currency and their translation at the end of the period based on the percentage change in currency exchange rates. A negative number below indicates a decrease in profit where EUR changes against the relevant currency for the percentage specified above. For an inversely proportional change of EUR against the relevant currency, there would be an equal and opposite impact on the profit.

	BAM exposure		RSD exposure	
	2023	2022	2023	2022
	(thousands of EUR)		*(thousands of EUR)*	
Increase/ (decrease of net result	21	(44)	23	14

	MKD exposure	
	2023	2022
	(thousands of EUR)	
Increase/ (decrease of net result	3	6

Market risk management

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Total exposure to credit risk at the reporting date is as follows is set out in note 29 to the financial statements. The Group does not have a significant credit exposure that is not covered by security instruments, or not reflected in the estimates of indications of impairment as at the reporting dates.

NOTE 31– BUSINESS COMBINATIONS

During 2023, the Group successfully completed two minor business acquisitions related to the companies Potokar (acquisition date February 28, 2023) and Bagi d.o.o. (acquisition date May 31, 2023), where a 100% stake was acquired.

The total consideration for the purchase of these two companies amounted to 1,128 thousand euros and was paid in cash. The total consideration for the acquisitions, net of cash acquired, amounted to 954 thousand euros. The book value of the net acquired assets was 1,162 thousand euros, and the Group recognized goodwill in the amount of 113 thousand euros and a bargain purchase gain of 147 thousand euros in these transactions.

The mentioned business combinations did not have a significant impact on the Group's operations and financial position for the day and the year ended December 31, 2023.

NOTE 32 – RELATED PARTY TRANSACTIONS

The Group is in a related party relationship with its majority shareholder Ivan Leko, who is the ultimate owner of the Company and parties related to him or entities under his control or significant influence. The Group also has a related party relationship with key management personnel and Supervisory Board members, their close family members and entities controlled, jointly controlled by them and/or their close family members, in accordance with the definitions contained in International Accounting Standard 24 *Related Party Disclosures* ("IAS 24").

Transactions between the Company and its subsidiaries are eliminated through consolidation and are not presented in this note. The list of subsidiaries is disclosed in note 3 to the financial statements.

Transactions with the owner and his related parties and entities under his control or significant influence:

Sales Revenue	**2023**	**2022**
	(in thousands of EUR)	
Majority shareholder and parties related to majority shareholder	2,539	203
Equity-accounted investees	97	106
	2,636	**309**

Cost of goods sold and other operating expenses	**2023**	**2022**
	(in thousands of EUR)	
Majority shareholder and parties related to majority shareholder	1,421	1,164
Equity-accounted investees	90	95
	1,511	**1,259**

Trade and other receivables	**2023**	**2022**
	(in thousands of EUR)	
Majority shareholder and parties related to majority shareholder	548	460
Equity-accounted investees	59	33
	607	**493**

Trade and other payables	**2023**	**2022**
	(in thousands of EUR)	
Majority shareholder and parties related to majority shareholder	4,051	3,736
Equity-accounted investees	57	1
	4,108	**3,737**

Transactions with key management and Supervisory Board members and their related parties:

Key management remuneration	**2023**	**2022**
	(in thousands of EUR)	
Salaries, severance payments, bonuses	858	740
	858	**740**

Key management of the Group comprises the Management Board and consisted of 5 persons (2022: 5 persons).

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2023
Annual Report

Annual Report 2023 – CIAK Grupa d.d. and its subsidiaries

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