CIAK Grupa d.d.

Annual report
for 2023

CIAK Grupa d.d.

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CIAK GRUPA d.d.

MANAGEMENT REPORT

for 2023

Zagreb, March 2023

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1 BASIC INFORMATION ABOUT THE COMPANY

CIAK Grupa d.d., Zagreb (formerly Direkt d.o.o., "the Comapny) is a company establihed in the Republic of Croatia on 14 January 1999.

Basic business activities of the Company and its subsidiaries (jointly: “the Group”) comprise the wholesale and retail of car parts and waste management activities.

The Group’s head office is located in Zagreb, Croatia, at the address Savska opatovina 36.

By virtue of the Decision on Transformation of 27 December 2019, the Company was transformed from a limited liability company to a public limited company, which was registered with the Commercial Court in Zagreb on 2 January 2020, and the Company changed its company name to CIAK Grupa d.d.

On 29 December 2020, the Management Board of Zagreb Stock Exchange, Inc. adopted the decision on listing 19,751,989 ordinary shares of CIAK Grupa d.d., with head office in Zagreb, PIN: 28466564680 in the Official Market of the Zagreb Stock Exchange. The shares were listed without a nominal amount under the code CIAK, ISIN: HRCIAKRA0007.

The first day of trading in financial instruments determined by virtue of a decision of Zagreb Stock Exchange, Inc. was 4 January 2021.

2 OVERVIEW OF KEY PERFORMANCE INDICATORS

Evaluation of business performance is given based on the following basic financial statements: Statement of Comprehensive Income and Statement of Financial Position.

Basic financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU (“EU IFRS”).

Performance analysis was based on a comparison with performance in 2022.

Key business indicators		Actual I-XII 2023	Actual I-XII 2022	Difference 2023 vs. 2022	Difference %
EBIT	in EUR thousands	346	-613	959	-156%
EBITDA*	in EUR thousands	731	-373	1,104	-296%
Net profit/loss	in EUR thousands	6,310	4,130	2,181	53%
Capital expenditures	in EUR thousands	115	216	-101	-47%
Number of employees	number	96	90	6	7%
Free cash flow **	in EUR thousands	616	-589	1,205	-205%

** EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) = EBIT (Earnings Before Interest and Taxes) + Amortization*
***Free Cash Flow = EBITDA – CAPEX (capital expenditures)*

3 BASIC FINANCIAL STATEMENTS

3.1. Statement of Comprehensive Income

(in EUR thousands)

Statement of Comprehensive Income	Actual 2023	Actual 2022	Difference 2023 vs 2022	Difference %
Sales revenues	4,615	3,607	1,008	28%
Revenues from the use of own products and services	0	0	0	-
Other operating revenues	63	54	9	17%
OPERATING REVENUES	**4,677**	**3,661**	**1,016**	**28%**
Changes in inventories of work in progress and finished goods	0	0	0	-
Costs of raw materials and consumables	-74	-67	-7	10%
Amortization	-385	-240	-145	60%
Other material costs	0	0	0	-
Staff costs	-2,784	-2,926	142	-5%
Costs of good sold	0	0	0	-
Other operating costs	-1,068	-1,028	-40	4%
Value adjustments of short-term and long-term assets	0	0	0	-
Provisions for costs and risks	-21	-13	-8	62%
OPERATING EXPENDITURES	**-4,331**	**-4,274**	**-57**	**1%**
PROFIT / LOSS FROM OPERATIONS (EBIT)	**346**	**-613**	**959**	**-156%**
FINANCIAL REVENUES	6,145	4,789	1,356	28%
FINANCIAL EXPENDITURES	-27	-19	-8	42%
PROFIT / LOSS FROM FINANCIAL ACTIVITIES	**6,118**	**4,770**	**1,348**	**28%**
TOTAL REVENUES	**10,823**	**8,450**	**2,373**	**28%**
TOTAL EXPENDITURES	**-4,358**	**-4,293**	**-65**	**2%**
PRE-TAX PROFIT / LOSS OF THE PERIOD	**6,464**	**4,157**	**2,307**	**55%**
INCOME TAX	154	27	126	461%
PROFIT / LOSS OF THE PERIOD	**6,310**	**4,130**	**2,181**	**53%**
Other comprehensive profit / loss	0	0	0	-
COMPREHENSIVE INCOME / LOSS FOR THE PERIOD	**6,311**	**4,130**	**2,181**	**53%**

3.2. Statement of Financial Position

(in EUR thousands)

Statement of financial position	As at 31.12.2023.	%	As at 31.12.2022.	%
ASSETS				
RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID				
FIXED ASSETS	**56,768**	**90**	**53,475**	**89**
Intangible assets	72	0	27	0
Tangible assets	1,707	3	1,948	3
Fixed financial assests	54,982	87	51,423	86
Deferred tax assets	7	0	77	0
CURRENT ASSETS	**6,275**	**10**	**6,471**	**11**
Inventories	0	0	0	0
Customer receivables	3,574	6	2,306	4
Other receivables	184	0	94	0
Short-Term financial assets	350	1	1,550	3
Cash and cash equivalents	2,167	3	2,521	4
PREPAID EXPENSES AND ACCRUED INCOME	**4**	**0**	**9**	**0**
ASSETS	**63,047**	**100**	**59,955**	**100**
LIABILITIES				
CAPITAL AND RESERVES	**60,933**	**97**	**57,369**	**96**
Initial capital	26,215	42	26,215	44
Capital reserves	26,913	43	26,913	45
Other reserves	603	1	34	0
Retained profit or loss brought forward	892	1	77	0
Profit or loss for the business year	6,310	10	4,130	7
Minority (non-controlling) interest	0	0	0	0
PROVISIONS	**0**	**0**	**0**	**0**
LONG-TERM LIABILITIES	**936**	**1**	**936**	**2**
Liabilities for long-term loans	936	1	936	2
Deferred tax liability	0	0	0	0
SHORT-TERM LIABILITIES	**1,164**	**2**	**1,240**	**2**
Liabilities for short-term loans	129	0	309	1
Liabilities toward suppliers and other short-term liabilities	1,035	2	931	2
TOTAL LIABILITIES	**2,100**	**3**	**2,176**	**4**
ACCRUALS AND DEFERRED INCOME	**14**	**0**	**410**	**1**
LIABILITIES	**63,047**	**100**	**59,955**	**100**
NET CURRENT ASSETS / LIABILITIES	5,111		5,231	
NET ASSETS	60,933		57,369	

4 INFORMATION ABOUT EMPLOYEES

As at 31 December 2023, the Company had 96 employees (as at 31 December 2022: 90 employees).

The calculation and payment of salaries were made and the material benefits of the employees were granted in accordance with the relevant legal regulations and internal documents: Work Regulations, job classification and employment contracts.

Staff costs in 2023 amounted to EUR 2,784 thousand and were significantly lower than in the comparable period.

5 SIGNIFICANT BUSINESS EVENTS AFTER 2023

Events after the balance sheet date are presented in the Company’s financial statements.

6 MANAGEMENT REPORT

6.1. Future development of business operations

The Group adopts its business plans for each financial year, together with an overview of operations over a three-year period, for all areas of the Group's activity and individually at the level of each company and each market; the same is done at the consolidated level as well.

In 2023, the Group has been engaged in expanding its operations and obtaining a higher and better market position, both on the Croatian market and on foreign markets, and both in terms of goods sold and the overall volume of operations.

In the upcoming years, the Group's strategy involves expansion of product range in wholesales and the volume of operations in eco-activities and production, as well is in the automotive industry segment.

At the CIAK Group level, the long-term goal is to ensure stable and sustainable growth and development.

6.2. Research and development activities

The Group pays special attention to developing and implementing new technologies and to additional training and education of good-quality, ambitious staff who will benefit from resources being allocated especially for their additional training, thus giving them the opportunity to acquire new knowledge necessary in the context of ever-increasing competition.

6.3. Environmental protection

No environmental incidents were reported in 2023 in the Group. The Group continually works on improving environmental protection and sustainable development. In this context, the Group collects waste oils, used-up motor vehicle tires, batteries and other hazardous and non-hazardous waste and disposes them into dedicated tanks and storage halls. Some of Group affiliates are registered (among other things) for the performance of waste management activities and possess the required permits issued by competent ministries of the countries of their establishment.

6.4. Treasury shares buyback

In 2023, the Company acquired 23,750 treasury shares in the nominal amount of EUR 31,521.67, representing 0.12% of share capital. The acquisition was made based on off-premises trading, by multiple transactions performed during the year.

As at 31 December 2022, the Company had 40,750 of shares in the nominal amount of EUR 54,084.54, i.e. 0.21% of the Company's share capital, while as at 31 December 2023 it had 5,000 shares in the nominal amount of EUR 6,636.14, which accounted for 0.025% of the Company's share capital.

6.5. Branch offices

As at 31 December 2023, the Group and the companies owned by it had the following registered branch offices:

Društvo u Grupi	Broj podružnica
CIAK TRUCK d.o.o. Novi Sad	5 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
C.I.A.K. d.o.o. Novi Sad	2 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
C.I.A.K. AUTO EKSPORT-IMPORT dooel Skopje	6 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
C.I.A.K. AUTO d.o.o. Sarajevo	3 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
CIAK TRUCK d.o.o. Sarajevo	3 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
AUTO-MILOVANOVIĆ d.o.o. Banja Luka	28 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
C.I.A.K. d.o.o. Grude	2 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
Potokar d.o.o. Ljubljana	15 BUSINESS UNITS REGISTERED AS BRANCH OFFICES

6.6. Financial risk management

The Management Board bears complete responsibility for establishing and monitoring the Company's risk management framework. The Company has not used any derivative financial instruments to actively hedge against financial risks, but the Management Board carefully monitors the Company's operating risks, which includes the introduction of levels of authorisation and responsibility.

Details pertaining to financial risk management are provided in the relevant Note to the financial statements, under the heading: Financial risk management.

6.7. Statement on Application of Corporate Governance Code

The Management Board of CIAK Grupa d.d. (hereinafter: “the Company”) submits the Statement on Application of Corporate Governance Code in accordance with Article 22 of the Accounting Act. Considering the fact that the Company’s shares are listed on a regulated market, the Company applies the Corporate Governance Code, a document prepared jointly by the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange, effective as of 1 January 2020 (hereinafter: “the Code”). The Code is published on the Zagreb Stock Exchange website (www.zse.hr) and the website of the Croatian Financial Services Supervisory Agency (www.hanfa.hr).

By applying the recommendations stipulated by the Code, the Company has adhered to all basic principles of corporate governance laid down in the Code:

business transparency,

clear procedures of the Supervisory Board, Management Board and other governing bodies,

avoidance of conflicts of interest,

effective internal controls,

effective responsibility system.

In relation to every stakeholder of corporate governance, this means the following:

1. Shareholders and the investment public

All shareholders have the same position regardless of the number of shares, just as institutional and individual investors are treated equally.

All shareholders have information rights and information can be obtained at the Company’s website www.ciak.hr, under “Investors”.

The Company’s General Assembly, which can be attended by all shareholders and their proxies, is convened at least once a year. The General Assembly agenda is issued in the manner and within the time limit stipulated by the Companies Act. Decisions are adopted by a required majority vote on a ‘one share, one vote’ basis. A report of the Supervisory Board and an annual Company report represent a mandatory item on the agenda and shareholders may discuss and ask questions about them before reaching a final decision. The rules on convening, holding and conduct during a General Assembly meeting are defined in a special internal document (Rules of Procedure of the General Assembly), which is published on the Company’s website.

2. Governing and supervisory bodies and employees

The Company’s internal documents (Articles of Association, Rules of Procedure of the Management Board, Rules of Procedure of the Supervisory Board) define the criteria for appointing and electing Management and Supervisory Board members (composition, education, duties and responsibilities, mode of operation, manner of holding meetings and decision-making), as well as the relationship with other bodies and related persons. When appointing members of the Management Board (five members) and Supervisory Board (seven members, one of whom is an employee representative), potential conflicts of interest and their membership in management and supervisory boards of other companies are taken into account. The Company monitors and evaluates the Management and Supervisory Board members’ performance and awards or penalises them based on their results. This is done in accordance with the documents “Remuneration Policy for Management Board Members” and “Decision on Remuneration of Supervisory Board Members”, which are adopted at General Assembly meetings.

3. Internal and external audit

Internal auditors examine compliance with regulations, guidelines and instructions, while an independent external auditor assesses the adequacy of financial statements in relation to the Company's actual performance.

In accordance with the Audit Act, the Supervisory Board has established the Audit Committee, whose task is to monitor the integrity of the Company's financial data and to assess the quality of the internal control and risk management system at least once a year. Members of the Audit Committee are accounting and audit experts independent of the Company, who are appointed from among the Supervisory Board members. The Audit Committee performs its duties independently.

By virtue of a decision of the General Assembly, an independent audit company has been appointed as an external auditor.

Based on the aforementioned facts, it is apparent that the Company has a transparent relationship with investors. Material facts and inside information is available on the Company's official website on a regular basis, along with a calendar of important events and the shareholder structure. The Company's website is available in Croatian and English and it has a contact form for requesting relevant information from the Company's Management Board or authorised person in charge of investor relations. Special investor conferences are also organised from time to time. The Management Board is responsible for good-quality and transparent relations within the Company.

The Company also makes every effort to comply with the most recent EU guidelines on achieving sustainable corporate governance by adjusting its operations to meet the EU's general environmental goals defined in the European Green Deal".

CIAK Grupa d.d.

Statement of the Management Board's Responsibility

In accorThe Management Board is required to prepare the separate financial statements for each financial year which give a true and fair view of the financial position of the Company 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 Company 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 separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. After making enquiries, the Management Board has a reasonable expectation that the Company 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 separate 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 separate financial statements in electronic form in accordance with the ESEF Regulation.

The consolidated financial statements of the Company and its subsidiaries (“the Group”) are published separately and issued simultaneously with the annual separate financial statements.

The Management report and the Corporate Governance Statement as well as the attached separate financial statements in electronic form in accordance with the ESEF Regulation together constitute the Company'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:

(Handwritten signature)	*(Handwritten signature)*	*(Handwritten signature)*
Ivan Leko *President of the Management Board*	**Dominik Leko** *Member of the Management Board*	**Dalibor Bagarić** *Member of the Management Board*
(Handwritten signature)	*(Handwritten signature)*	
Ivica Greguraš *Member of the Management Board*	**Ivan Miloš** *Member of the Management Board*	*(Stamp of CIAK Grupa d.d., Zagreb)*

CIAK Grupa d.d.
Savska Opatovina 36
10000 Zagreb, Hrvatska

KPMG

Izvješće neovisnog revizora dioničarima društva CIAK GRUPA d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of CIAK GRUPA d.d. ("the Company"), which comprise the separate statement of financial position of the Company as at 31 December 2023, and the separate statements of comprehensive income, cash flows and changes in equity of the Company 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 unconsolidated financial position of the Company as at 31 December 2023 and of its unconsolidated financial performance and its unconsolidated 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 Company 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.

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.

<table>
<tr><td colspan="2">CARRYING VALUE OF INVESTMENTS IN SUBSIDIARIES</td></tr>
<tr><td colspan="2">As at 31 December 2023, investments in subsidiaries in the separate financial statements amounted to EUR 39,361 thousand (31 December 2022: EUR 29,861 thousand)

Please refer to notes 3a) Investment in subsidiaries, 15 Investment in subsidiaries and 24 Key accounting estimates and judgments to the financial statements.</td></tr>
<tr><td>Key audit matter</td><td>How our audit addressed the matter</td></tr>
<tr><td>In accordance with the relevant financial reporting standards, the Company is required to perform an impairment test for assets for which impairment indicators were identified.

Due to the magnitude of investments in subsidiaries (as well as total exposure toward these entities, calculated as the sum of the carrying amounts of the investments and related loans and receivables, net of related liabilities), identification of the impairment indicators for any such subsidiaries at the reporting date and testing for potential impairment requires significant management judgement.</td><td>Our audit procedures in this area included, among others:

• evaluating, against the relevant requirements of the financial reporting standards, the process of management's identification of impairment indicators, considering factors such as unfavourable developments in the industry, negative or insufficient net assets, changing laws and regulations, declining financial performance compared to available industry data such as relevant market multiples (assisted by our valuation specialists), existence of any overdue loans and receivables and/or rolling of existing facilities, and changing business models;</td></tr>
</table>

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Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

<table>
<tr><th colspan="2">CARRYING VALUE OF INVESTMENTS IN SUBSIDIARIES (CONTINUED)</th></tr>
<tr><th>Key audit matter</th><th>How our audit addressed the matter</th></tr>
<tr><td>Where impairment indicators are identified for a certain exposure, the Company tests the impairment by determining the recoverable amount of the assets and comparing it with their carrying values. The recoverable amounts are determined, with the assistance from external and internal appraisers, as fair values of the underlying subsidiaries, measured using appropriate valuation techniques, e.g. discounted cash flow models of the underlying entity, supplemented, where available, by comparable valuation multiples or prices achieved in actual market transaction for comparable entities.

The determination of the recoverable amount requires making a number of assumptions and judgements, in particular those relating to the selection and application of valuation models, future cash flow projections and the appropriateness of used valuation multiples, and comparable transactions. Future cash flow projections are subject to significant variability due to changing market conditions and environment. Key assumptions relate to discount rate used and cash flows growth rate in the residual period. A minor change in these assumptions may have a significant impact on the recoverable amount.

As a result, this area required our significant judgment and increased attention in the course of our audit and consequently we considered it to be a key audit matter.</td><td>When impairment indicators are identified, we:

• assess the appropriateness of valuation methodology applied for impairment testing against the relevant requirements of financial reporting standards. As part of the above, we identify the relevant methods, assumptions and sources of data, and assessed whether such methods, assumptions, data and their application are appropriate in the context of the said requirements;

• assisted by our own valuation specialists, challenge the key assumptions used by management in its impairment testing, which specifically involves:

o evaluating the historical accuracy of management budgeting by comparing historical cash flow projections with actual outcomes;

o challenging the key assumptions applied (such as discount rates and growth rates in the residual period) by reference to publicly available external sources and data on historical financial performance;

o analysing sensitivity of the impairment test results to changes in key assumptions and considering whether the level of key assumptions indicates management bias;

• evaluate the adequacy and completeness of disclosures in the financial statements with respect to impairment testing against the relevant requirements of the financial reporting standards.</td></tr>
</table>

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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 Company, 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 Article 21 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 the 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 Article 21 of the Accounting Act;
- 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company 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.

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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 separate financial statements of CIAK GRUPA d.d. for the year ended 31 December 2023. Our total uninterrupted period of engagement is fiveyears, covering the periods 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.

Izvješće neovisnog revizora dioničarima društva CIAK GRUPA d.d. *(nastavak)*

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 separate financial statements of the Company as at and for the year ended 31 December 2023, as included in the attached electronic file “ciakgrupadd-2023-12-31-hr.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 separate financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the separate 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 separate 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 Company’s ESEF reporting, as a part of the financial reporting process.

Auditors' Responsibilities

Our responsibility is to express an opinion on whether the separate 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.

Izvješće neovisnog revizora dioničarima društva CIAK GRUPA d.d. *(nastavak)*

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 separate financial statements of the Company presented in human-readable format;
- evaluating the completeness of the Company's tagging of the separate 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 separate 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 separate financial statements of the Company 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 conclusion 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

Igor Gošek
Member of the Management Board,
Croatian certified auditor

CIAK Grupa d.d.

Statement of Comprehensive Income
for 2023.

(in thousand of EUR)	***Note***	**2023**	**2022**
Sales revenue	*4*	4,615	3,607
Other income	*5*	63	54
Material costs	*6*	(74)	(67)
Employee-related costs	*7*	(2,784)	(2,926)
Amortisation	*12,13,14*	(385)	(240)
Other operating expenses	*8*	(1,089)	(1,041)
Operating profit		**346**	**(613)**
Finance income	*9*	6,145	4,789
Finance expenses	*10*	(27)	(19)
Net finance costs		**6,118**	**4,770**
Profit before tax		**6,464**	**4,157**
Income tax	*11*	(154)	(27)
Net profit for the year		**6,310**	**4,130**

CIAK Grupa d.d.

Statement of Financial Position

for the year ended 31 December 2023.

(in thousand of EUR)	***Note***	**31 December 2023**	**31 December 2022**
ASSETS			
Non-current assets			
Intangible assets	*12*	72	27
Property, plant and equipment	*13*	1,548	1,528
Investment property	*14*	159	420
Investment in subsidiaries	*15*	39,361	29,861
Financial assets	*16*	15,621	21,562
Deferred tax assets	*11*	7	77
Total non-current assets		**56,768**	**53,475**
Current assets			
Financial assets	*16*	350	1,550
Trade and other receivables	*17*	3,667	2,349
Income tax receivable		95	60
Cash and cash equivalents	*18*	2,167	2,521
Total current assets		**6,279**	**6,480**
Total assets		**63,047**	**59,955**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*19*	26,215	26,215
Capital reserves	*19*	26,913	26,913
Legal reserves	*19*	454	248
Treasury shares	*19*	(34)	(225)
Reserves for treasury shares	*19*	183	11
Retained earnings	*19*	7,202	4,207
Total equity		**60,933**	**57,369**
Non-current liabilities			
Borrowings and loans	*20*	936	936
Total non-current liabilities		**936**	**936**
Current liabilities			
Borrowings and loans	*20*	129	309
Trade and other payables	*21*	1,049	1,341
Total current liabilities		**1,178**	**1,650**
Total liabilities		**2,114**	**2,586**
Total equity and liabilities		**63,047**	**59,955**

CIAK Grupa d.d.

Cash Flow Statement

for the year ended 31 December 2023.

(in thousand of EUR)	***Note***	**2023**	**2022**
Cash flows from operating activities			
Profit for the year		6,310	4,130
Income tax		154	27
Amortisation		385	240
Loss on disposal of non-current tangible assets		-	2
Interest and dividend income		(6,145)	(4,787)
Interest expense		27	16
Foreign exchange differences (unrealised)		-	2
Other non cash adjustments		416	2
		1,147	**(368)**
Changes in working capital			
Trade and other payables		1,925	1,678
Trade and other receivables		906	(2,619)
		3,978	**(1,309)**
Interest paid		(11)	(2)
Income taxes paid		(119)	(391)
Net cash from / (used) in operating activities		**3,848**	**(1,702)**
Cash flows from investing activities			
Cash receipts from interest		204	515
Cash receipts from repayment of granted loans		28,992	13,123
Purchase of property, plant, equipment		(116)	(194)
Loans granted		(29,851)	(9,230)
Establishment of a subsidiary		-	(1)
Net cash from / (used) in investing activities		**(771)**	**4,213**
Cash flows from financing activities			
Loans received		98	836
Loans repaid		-	(66)
Lease liabilities paid		(335)	(166)
Dividends paid		(3,035)	(4,624)
Purchase of treasury shares		(159)	(134)
Net cash from / (used) in financing activities		**(3,431)**	**(4,154)**
Net (decrease) / increase of cash and cash equivalents		(354)	(1,643)
Cash and cash equivalents at beginning of year		2,521	4,164
Cash and cash equivalents at the end of year		**2,167**	**2,521**

CIAK Grupa d.d.

Statement of Changes in Equity

for the year ended 31 December 2023..

(in thousand of EUR)	Share capital	Capital reserves	Legal reserves	Reserves for treasury shares	Retained earnings	Treasury shares	Total capital
As at 1 January 2022	**26,215**	**26,913**	**3**	**-**	**4,944**	**(372)**	**57,703**
Profit for the year	-	-	-	-	4,130	-	4,130
Dividend paid	-	-	-	-	(4,640)	-	(4,640)
Transfers	-	-	245	292	(537)	-	-
Allotment of treasury shares	-	-	-	(281)	310	281	310
Purchase of treasury shares	-	-	-	-	-	(134)	(134)
As at 31 December 2022	**26,215**	**26,913**	**248**	**11**	**4,207**	**(225)**	**57,369**
As at 1 January 2023	**26,215**	**26,913**	**248**	**11**	**4,207**	**(225)**	**57,369**
Profit for the year	-	-	-	-	6,310	-	6,310
Dividend paid	-	-	-	-	(3,035)	-	(3,035)
Transfers	-	-	206	522	(728)	-	-
Allotment of treasury shares	-	-	-	(350)	448	350	448
Purchase of treasury shares	-	-	-	-	-	(159)	(159)
As at 31 December 2023	**26,215**	**26,913**	**454**	**183**	**7,202**	**(34)**	**60,933**

CIAK Grupa d.d.

Notes (integral part of financial statements)

1. General information and principal activity of the Company

CIAK Grupa d.d. (formerly Direkt d.o.o.) (hereinafter: "the Company") is a public limited company registered in the Republic of Croatia, with the Commercial Court in Zagreb, registration number: 080286194, PIN: 28466564680.

The Company's primary activity: business and management consultancy.

Corporate governance and management

Company's General Assembly

Company's General Assembly includes the shareholders of CIAK Grupa d.d.

Supervisory Board of the Company

Members of the Supervisory Board from the date of its forming to the date of these financial statements:

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

Management Board

Directors of the Company and Members of the Management Board in 2023, until the date of these financial statements:

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 their affiliated companies provided services worth 47 thousand euros (2022: 39 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 relate to permitted non-audit services related to business advisory in the amount of 3 thousand euros.

Notes *(continued)*

2. Basis of preparation

a) Declaration of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

b) Basis of presentation

The financial statements have been prepared under the historical cost principle, unless otherwise stated. Currently, there are no identifiable assets and liabilities measured at fair value.

c) 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.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS adopted in the European Union requires the management to exercise its judgement, estimates and assumptions which affect the application of policies and declared amounts of assets, liabilities, income and expenses.

The results achieved might differ from such estimates. Estimates and assumptions related thereto are continually challenged. Changes in accounting estimates are recognised in the period when the estimate was changed if they affect only the relevant period; they are recognised in all future periods if the changes also affect those periods.

3. Significant accounting policies

Significant accounting policies have been consistently applied to the periods covered by these financial statements.

a) Investment in subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Investments in subsidiaries are carried at cost, less accumulated impairment losses.**3. Signt accounting policies (continued)**

b) Financial assets

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to a financial 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.

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 Company 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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured 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.

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

Notes (continued*)*

3. Significant accounting policies (continued)

b) Financial assets (continued)

Classification and subsequent measurement (continued)

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

For the purposes of this assessment, which is relevant for classifying financial asset as measured 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, 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.

The structure of the Company's financial assets is simple and primarily pertains to trade receivables (mainly from affiliated companies) and investments in equity shares in Group companies. That simplifies and minimises the complexity of assessment whether such financial assets meet the criterion of 'payments solely of principal and interest'. Furthermore, the Company does not have separate business models for managing financial assets in the manner defined by IFRS 9 since they are managed, for practicality, as part of regular operations.

Subsequent measurement and recognition of gains and losses

The table below provides an overview of key features of the accounting policy that the Company applies with respect to subsequent measurement of financial assets and recognition of gains and losses per each type of financial asset relevant for the Company:

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 losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. When the Company enters into transactions whereby it transfers financial assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

3. Significant accounting policies (continued)

c) Financial liabilities

Recognition and initial measurement

Debt securities issued are initially recognised when they are incurred. All other financial liabilities are initially recognised when the Company becomes a party to a financial instrument.

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

Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost. 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 at derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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.

d) Shareholders’ equity

Shareholders’ equity consists of shares at nominal value in EUR

3. Significant accounting policies (continued)

e) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses.

Purchase cost includes expenditure directly attributable to the acquisition of the item. Purchase cost of a self-built asset includes the cost of materials and direct labour, and other costs associated with bringing the asset to its intended working condition, as well as the cost of disassembling and removing parts and rehabilitating the site where it was located. Purchased software that is an integral functional part of an asset is capitalised as part of that asset.

Where individual items of property, plant and equipment have different useful life, they are presented as separate items of property, plant and equipment.

Gains or losses from the sale of items of property, plant and equipment are determined by comparing sales proceeds with the net carrying amount of the property, plant and equipment sold, and are recognized in the net amount within other income or expense through profit or loss. If revalued equipment is sold, the relevant amount included in the revaluation reserve is transferred to retained earnings.

Subsequent costs

Subsequent costs incurred through replacing part of the property, plant and equipment are included in the item's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs of regular maintenance of property, plant and equipment are recognised in profit or loss when they are incurred.

Depreciation

Depreciation is presented in profit or loss, and calculated using the linear method through estimated useful life of individual items of property, plant and equipment. Land and assets in preparation are not depreciated. Estimated useful life for individual assets is as follows:

Vehicles	5 years
Computers and IT equipment	2 years
Intangible assets	4 years
Furniture and AC units	4 years

Notes (continued)

3. Significant accounting policies (continued)

f) Intangible assets

Intangible assets acquired by the Company, with definite useful life, are carried at cost less accumulated amortisation and impairment losses.

Subsequent costs

Subsequent costs are capitalised only if they increase future economic benefits associated with the item. All other costs are charged to the profit or loss during the financial period in which they are incurred.

Amortisation

Amortisation is recognised in profit or loss, and calculated using the linear method over the expected useful life of individual items of intangible assets as of the date they are available for use.

g) Impairment of non-derivative financial assets

Recognition of loss allowances

The Company recognises provisions for loss allowances pertaining to financial assets at an amount equal to lifetime expected credit losses ("ECLs").

Provisions for ECLs pertaining to trade receivables are always measured at an amount equal to lifetime ECLs of the relevant asset.

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

The Company assumes that the credit risk related to a financial asset is significantly increased if the financial asset is more than 120 days past due and generally considers that a financial asset is unrecoverable if the borrower is unlikely to pay its credit obligations to the Company, without recourse by the Company to actions such as realising security (if any is held) or if the financial asset is more than 360 days past due.

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 Company is exposed to credit risk.

3. Significant accounting policies (continued)

g) Impairment of non-derivative financial assets (continued)

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset. There were no ECLs in the reporting period.

Credit impaired financial assets

At each reporting date, the Company assesses whether there is any basis for credit impairment of financial assets. A financial asset is credit-impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of the financial asset.

Examples of evidence that a financial asset needs to be credit-impaired includes the following:

- Significant financial problems of the borrower or issuer;
- A breach of contract, such as failure to pay by due date;
- Probability that the borrower will enter into bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the Statement of Financial Position

Loss allowances for ECLs of financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off of financial assets

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset, either in whole or in part. The Company generally expects no significant recovery from the amounts written off.

A financial asset not classified as at FVTPLA is assessed at each reporting date to determine whether there is any objective evidence on value impairment. Objective evidence that a financial asset is impaired included the following:

- Defaulting on obligations or late payments by the debtor;
- Restructuring the amount of liabilities owed to the Company under the terms that the Company would not normally consider;
- Indications that the borrower or issuer could enter into bankruptcy;
- Adverse changes in debtor’s or issuer’s payment status;
- Disappearance of an active market for a security because of financial difficulties; or

3. Significant accounting policies (continued)

g) Impairment of non-derivative financial assets (continued)

h) The existence of available data indicating a measurable decrease in expected cash flows from a particular group of financial assets.

h) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to assess whether there is any indication that an asset may be impaired. If there is such an indication, then the asset's recoverable amount is calculated.

In order to test for impairment, the asset is grouped into the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or cash-generating units.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. An asset’s value in use is based on estimated future cash flows 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then allocated to the other assets of the cash-generating unit to reduce the carrying amount of each asset in the cash-generating unit on the pro rata basis.

i) Employee benefits

Mandatory contributions to the pension fund

All contributions made to the mandatory pension fund are recorded as expense in profit or loss for the period when they are incurred.

Long-term employee benefits

The Company recognises a liability for long-term employee benefits (statutory termination benefits and service awards) evenly over the period in which the benefit is earned based on actual years of service. The long-term employee benefit liability is determined using assumptions regarding the likely number of employees to whom the benefit will be payable, estimated benefit cost and the discount rate.

Short-term employee benefits

Liabilities for providing short-term employee benefits are not discounted and are recognised as expense in profit or loss in the period in which the benefit is earned by the employee.

Notes (continued)

3. Significant accounting policies (continued)

j) Revenue recognition

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over goods or services to a customer. The transfer of control over goods or services may take place continuously (revenue recognition on a progress towards completion basis) or on a specific date recognition on completion). Before revenue is recognised, the Company identifies both the contract and the various performance obligations contained in the contract. The number of performance obligations depends on the type of contract and activities. Most of the Company's contracts involve only one performance obligation. Revenue recognition under IFRS 15 for the following revenue streams:

Revenue from services

The Company generates revenue from services through sales under business cooperation agreements, under which the Company invoices bookkeeping and accounting services to related companies, as well as services of operational management of cash assets, controlling services, system, software and IT support, and other administrative services. Revenue from services is recognized over the period of performance of those services, according to the degree of completion calculated based on the share of actually performed services in the total services to be rendered.

Leases

Revenues from leases are recognised in the period in which the services were rendered, by using the straight-line method over the term of the lease agreement.

Notes (continued)

3. Significant accounting policies (continued)

k) Leases - The Company as the lessee

At the time of concluding a contract, the Company determines whether the 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 asset for a period of time in exchange for consideration. In order to determine whether a contract conveys the right to control the use of an asset, the Company uses the definition of leases under IFRS 16.

When concluding or amending a contract that contains a lease component, the Company allocates he consideration under the contract to each lease component on the basis of its relative stand-alone price.

The Company recognizes a right-of-use assets and a lease liability on the lease commencement date. Right-of-use assets are initially measured at cost, which comprises the initial measurement of he lease liability, adjusted by any lease payments made at or before the commencement date, increased by any initial direct costs incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

Right-of-use assets are subsequently depreciated by using the straight-line method, from the lease ommencement date to lease expiry date, unless ownership of the underlying asset transfers to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option. In such case, the right-of-use asset will be depreciated from the lease commencement date to the end of the useful life of the underlying asset, which will be determined on the same basis as for similar property or equipment. In addition, right-of-use assets are regularly value impaired to account for any impairment losses, or value-adjusted due to subsequent measurement of lease liabilities.

Lease liability is initially measured at the present value of lease payments that are not paid by that date, by discounting using the interest rate implicit in the lease or, if that rate cannot be readily determined, by using the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by using the interest rate applicable in various external sources of financing and makes certain adjustments that reflect the lease terms and types of leased assets.

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 indexor rate as at the lease commencement date;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, lease payments for optional extensions of the lease term if the Company is reasonably certain to use the extension option, and payments of penalties for early termination of the lease, unless the Company is reasonably certain that it will not terminate the lease early.

Notes (continued)

3. Significant accounting policies (continued)

k) Leases - The Company as the lessee (continued)

Lease liability is measured at amortised cost by using the effective interest rate method. It is remeasured when there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, if there is a change in the amounts expected to be payable under residual value guarantees, if the Company changes its estimates regarding it using the purchase, extension or termination option, or if there are changes in lease payments that are in substance fixed.

When the lease liability is remeasured as indicated above, appropriate adjustments are made to the carrying amount of the right-of-use assets, or they are recognized in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The Company recognizes right-of-use assets that do not meet the definition of investment property on separate items in the Statement of Financial Position.

Short-term leases and leases for which the underlying asset is of low value

The Company has elected not to apply this rule on leases for which the underlying asset is of low value or for short-term leases, including IT equipment. For such leases, the Company recognizes expenses on a straight-line basis over the lease term.

Property under operating sub-lease is recognized by the Company as investment property if the subleased asset meets the definition of investment property.

l) Investment property

Investment property is treated as non-current investment, unless the asset is intended for sale in the upcoming year and the buyer has been identified, in which case it is classified under current assets. Investment property is disclosed at historical cost less accumulated depreciation and value impairment provisioning, if required. Subsequent expenses are capitalized only when it is likely that the Group will not derive any economic benefit from it and when the expenses can be reliably measured. All other repair and maintenance costs are recognized in the income statement when incurred.

m) Net finance income/(expenses)

Finance income and expenses includes the accrued interest on loans and default interest, as well as gains and losses from exchange rate differences.

Interest revenues are recognised through profit or loss by applying the accrued income method and using the effective interest rate.

Finance costs comprise default interest and losses resulting from exchange rate differences. Costs of leases are recognised through profit or loss using the effective interest rate method.

3. Significant accounting policies (continued)

n) Provisions

Provisions are recognised when the Company has a currently applicable legal or other obligation which is a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the sum required to settle it can be made. The sum to be provisioned for is estimated by discounting expected future cash flows to their present value using the discount rate before tax which reflects the current market-based estimate of the time value of money and the risks specific to the relevant liability.

o) Income tax

Tax expense for the year comprises current and deferred tax. Income tax is recognised in the income statement, except the amount of income tax that relates to items recognised in equity, in which case the income tax expense is recognised in other comprehensive income.

Current tax represents the expected tax liability calculated based on taxable profit for the year using the tax rate applicable on the reporting date and any adjustments of the tax liability made in previous periods.

Deferred tax is recognised using the liability method and it takes into consideration temporary differences arising between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognised for the following temporary differences: initial recognition of goodwill, initial recognition of an asset or liability in a transaction that does not represent a business combination and has no impact either on the carrying value of profit or taxable profit, and differences that pertain to investment in subsidiaries and companies under common control when it is unlikely that the situation will change in the future. Deferred tax is assessed based on tax rates that are expected to be applied to temporary differences once these change, in accordance with the acts applicable on the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Deferred tax assets are reduced by the sum that is no longer likely to be used as a tax relief.

p) New standards and interpretations that have not yet been adopted

Certain standards, amendments and interpretations of existing standards that may be applied have been published, but they are not compulsory for the period ended 31 December 2023. These were not implemented in the preparation of these financial statements. These standards are not expected to have a significant impact on the Company’s financial statements.

Notes (continued*)*

4. Sales revenue

	2023	2022
	(in thousand of EUR)	
Revenue from services	4,119	3,395
Sub-lease income	298	164
Other	198	48
	4,615	**3,607**

Revenue from services pertains to revenue under business cooperation agreements, under which the Company invoices bookkeeping and accounting services to related companies, as well as services of operational management of cash assets, controlling services, system, software and IT support, and other administrative services.

5. Other income

	2023	2022
	(in thousand of EUR)	
Income from damage claims	12	8
Other income	51	31
Internal usage of own services	-	15
	63	**54**

Income from used own services pertains to use of internal resource services for the Company's own requirements, recognized as actual expense

6. Material costs

	2023	2022
	(in thousand of EUR)	
Raw materials and consumables used	74	67
	74	**67**

7. Employee expenses

	2023	2022
	(in thousand of EUR)	
Net salaries	1,425	1,467
Taxes and contributions	1,055	860
Other employee' costs	304	599
	2,784	**2,926**

As at 31 December 2023, the Company had 96 employees (31 December 2022: 90 employees). Average number of employees in 2023 was 93 (in 2022: 84).

8. Other operating expense

	2023	2022
	(in thousand of EUR)	
Rent expense	184	213
Intellectual services	179	366
Vehicle costs	84	47
Telecommunications and postal services	83	32
Maintenance	80	84
Entertainment	71	71
Taxes, fees and similar charges	28	47
Daily subsistence allowances and other travel expenses	27	18
Banking and similar charges	26	30
Advertising and similar costs	26	9
Vehicle and similar repairs	20	15
Authors fee	17	-
Office materials	13	9
Utilities and fees	8	6
Insurance	7	2
Transport and logistics	4	-
Membership fees, fees and similar charges	2	-
Penalties, penalties and damages	2	-
Donations	-	5
Other costs	228	87
	1,089	**1,041**

Notes (continued*)*

9. Finance income

	2023	2022
	(in thousand of EUR)	
Dividends income	5,691	4,072
Interest income	454	715
Foreign exchange gains	-	2
	6,145	**4,789**

Interest income refers to interest on loans granted to related companies.

10. Finance expenses

	2023	2022
	(in thousand of EUR)	
Interestand similar expenses	21	8
Discount of lease liability	6	8
Foreign exchange losses	-	3
	27	**19**

11. Income tax

	2023	2022
	(in thousand of EUR)	
Current income tax	84	104
Deferred tax	70	(77)
	154	**27**

Notes (continued*)*

11. Income tax (continued)

Adjustment of accounting income and taxable income is as follows:

Profit before taxation	**6,464**	**4,156**
Income tax at 18%	1,164	748
Non-deductible expenses	86	13
Non-taxable income	(1,096)	(734)
Income tax	**154**	**27**
Effective tax rate	**2.38%**	**0.65%**

Income tax rate applicable in the calculation of deferred tax is 18%, according to the tax regulations that are currently in effect. As at 31 December 2023 company has no tax losses.

In accordance with the legal regulations of the Republic of Croatia, the Tax Administration may at any time inspect the Company's financial books and records within a period of three years after the expiry of the financial year in which the relevant tax liability has been presented, and it can also impose additional tax liabilities and fines. As far as the Management Board is aware, there are no circumstances that could lead to potentially significant liabilities in that respect.

Movement of deferred tax assets is presented below:

(in thousand of EUR)	**PPE and leases**	**Trade and other payables**	**Total**
At 1 January 2022	-	-	-
Net increase/(decrease)	5	72	77
As at 31 December 2022	**5**	**72**	**77**
At 1 January 2023	5	72	77
Net increase/(decrease)	2	(72)	(70)
As at 31 December 2023	**7**	**-**	**7**

12. Non-current intangible assets

(in thousand of EUR)	Software	Investments in progress	Total
Cost			
At 1 January 2022	4	-	4
Additions	-	26	26
Transfers	15	(16)	(1)
As at 31 December 2022	**19**	**10**	**29**
At 1 January 2023	19	10	29
Additions	-	53	53
Transfers	63	(63)	-
As at 31 December 2023	**82**	**-**	**82**
Accumulated amortisation			
At 1 January 2022	1	-	1
Charge for the year	1	-	1
As at 31 December 2022	**2**	**-**	**2**
At 1 January 2023	2	-	2
Charge for the year	8	-	8
As at 31 December 2023	**10**	**-**	**10**
Carrying amount			
As at 1 January 2023	**17**	**10**	**27**
Carrying amount			
As at 31 December 2023	**72**	**-**	**72**

13. Non-current tangible assets

(in thousand of EUR)	Land and buildings	Plant and equipment	Transport assets	Assets under construction	Total
Cost					
At 1 January 2022	-	51	7	1,323	1,381
Additions	-	-	-	168	168
Transfers	1,466	19	6	(1,491)	-
New contracts	-	-	22	-	22
Disposals	-	-	(7)	-	(7)
As at 31 December 2022	**1,466**	**70**	**28**	**-**	**1,564**
At 1 January 2023	1,466	70	28	-	1,564
Additions	-	-	-	63	63
Transfers	-	32	27	(59)	-
As at 31 December 2023	**1,466**	**102**	**55**	**4**	**1,627**
Accumulated amortisation					
At 1 January 2022	-	10	4	-	14
Charge for the year	-	25	1	-	26
New contracts	-	-	1	-	1
Disposals	-	-	(5)	-	(5)
As at 31 December 2022	**-**	**35**	**1**	**-**	**36**
At 1 January 2023	-	35	1	-	36
Charge for the year	-	34	9	-	43
As at 31 December 2023	**-**	**69**	**10**	**-**	**79**
Carrying amount					
As at 1 January 2023	**1,466**	**35**	**27**	**-**	**1,528**
Carrying amount					
As at 31 December 2023	**1,466**	**33**	**45**	**4**	**1,548**

Right of use assets are included within transport assets in the net amount of EUR 17 thousand (2022: EUR 21 thousand).

14. Investment property

(in thousand of EUR)	**Land and buildings**	**Total**
Cost		
At 1 January 2022	-	-
New contracts	632	632
As at 31 December 2022	**632**	**632**
At 1 January 2023	632	632
New contracts	-	-
Modifications	(111)	(111)
As at 31 December 2023	**521**	**521**
Accumulated amortisation		
At 1 January 2022	-	-
Charge for the year	212	212
As at 31 December 2022	**212**	**212**
At 1 January 2023	212	212
Charge for the year	334	334
Modifications	(184)	(184)
As at 31 December 2023	**362**	**362**
Carrying amount		
As at 1 January 2023	**420**	**420**
Carrying amount		
As at 31 December 2023	**159**	**159**

Considering that the Company subleases right-of-use assets to related companies under operating sub-leases, the assets are disclosed as investment property and their fair value does not significantly differ from the disclosed carrying amount.

Notes (continued)

15. Investment in subsidiaries

Company name	% ownership share in 2023	31 December 2023 '000 EUR	31 December 2022 '000 EUR
C.I.A.K. auto d.o.o., Hrvatska	100%	5,028	1,028
C.I.A.K. d.o.o., Hrvatska	100%	21,734	17,734
CIAK Truck d.o.o., Hrvatska	100%	10,461	8,961
C.I.A.K. trade d.o.o., Hrvatska	100%	2,137	2,137
CIAK USLUGE D.O.O NOVI SAD	100%	1	1
Total		**39,361**	**29,861**

The company made a decision in 2023 to increase its investment in 3 subsidiary companies. The investment was increased through the conversion of a given loan into equity.

16. Financial assets

a) Non-current financial assets

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Loans, deposit etc. given to associated companies	15,619	21,560
Deposits	2	2
	15,621	**21,562**

b) Current financial assets

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Loans, deposit etc. given to associated companies	100	1,550
Loans given	250	-
	350	**1,550**

Financial assets amount to 15,971 thousand euros (2022: 23,112 thousand euros) and pertain to loans provided to related entities. The interest rate on the loans is 2.4% annually (2022: 2.68%), with the maturity of short-term loans during 2024 and long-term loans until December 31, 2025.

17. Trade and other receivables

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Trade receivables	14	10
Impairment of receivables	(1)	-
Net trade receivables	**13**	**10**
Receivables from associated companies	3,561	2,297
Receivables from employees	50	14
Receivables for taxes and contributions	14	16
Interest receivables	1	-
Prepayments	4	9
Other receivables	24	3
	3,667	**2,349**

As at 31 December, the ageing structure of the Company's trade receivables was as follows:

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Not due	1,280	1,680
0-90 days	1,607	420
91-180 days	499	199
181-360 days	155	4
More than 360 days	33	4
	3,574	**2,307**

18. Cash and cash equivalents

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Cash at hand	1	-
Cash with banks	2,166	2,521
	2,167	**2,521**

19. Capital and reserves

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Share capital	26,215	26,215
	26,215	**26,215**

Shareholders’ equity as at 31 December 2023 was determined in the nominal amount of EUR 26,215 thousand and it comprised 19,571,989 shares (nominal value per share is EUR 1.33). The Company’s ordinary shares were listed in the Official Market of the Zagreb Stock Exchange under the code CIAK, on 29 December 2019, pursuant to the decision of the Management Board of the Zagreb Stock Exchange of 29 December 2019.

The Company’s ownership structure on the reporting dates was as follows:

	2023		2022	
Ownership structure	**No. of shares**	**% ownership**	**No. of shares**	**% vlasništva**
Ivan Leko	10,000,694	50.64%	9,989,438	50.57%
Ljilja Leko	3,180,140	16.10%	3,180,140	16.10%
Other	6,566,155	33.25%	6,582,411	33.33%
Total	**19,746,989**	**100.00%**	**19,751,989**	**100.00%**

Reserves of the Company were as follows:

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Capital reserves	26,913	26,913
Legal reserves	454	247
Treasury shares	(34)	(224)
Reserves for treasury shares	183	11
	27,516	**26,947**

Legal reserves have been formed based on allocation of generated profits according to General Assembly decisions. In 2023, the Company purchased 23,750 of its treasury shares, worth a total of EUR 159 thousand (2022: 23,750 treasury shares worth EUR 134 thousand) allocated treasury shares worth EUR 350 thousand to Group employees. As at 31 December 2023 treasury shares are worth EUR 34 thousand.

20. Loans and borrowings

a) Non-current loans and borrowings

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Loans received from related parties	868	770
Lease liabilities	68	166
	936	**936**

a) Current loans and borrowings

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Lease liabilities	113	303
Interest liabilities	16	6
	129	**309**
Total loans and borrowings	**1,065**	**1,245**

Loans received from related parties mature in 2025.

Maturity of lon term lease liabilities are as follows:

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Between 1 and 2 years	40	99
Between 2 and 5 years	28	67
	68	**166**

Notes (continued)

21. Trade and other payables

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Taxes, contributions and other duties payable	438	449
Trade payables	273	199
Salaries and other benefits to employees	147	106
Liability for unused holiday	55	34
Accrued expenses	14	411
Advances received	4	9
Payable for purchase of shares	1	1
Obligations based on profit sharing	-	17
Other payables	117	115
	1,049	**1,341**

As at 31 December 2023, of the total trade payables, EUR 112 thousand pertained to liabilities owed to related companies (31 December 2022: EUR 135 thousand)

22. Related party transactions

Parties are considered to be related if one of the parties has the power to exercise control over the other party, if it is under common control or if it has significant influence over the other party's operations. Related parties include CIAK Group member companies and the majority shareholder’s related parties.

	2023	2022
	(in thousand of EUR)	
Revenue from sale and other income		
Ad adria d.o.o.	1	1
CIAK Truck d.o.o.	636	489
C.I.A.K. auto d.o.o.	2,330	1,865
C.I.A.K. d.o.o.	1,006	819
C.I.A.K. trade d.o.o.	195	168
Adriatik ulja d.o.o.	3	2
Autodijelovi d.o.o.	22	18
Top start d.o.o.	134	110
C.i.a.k. auto d.o.o. Novi Sad	1	11
C.i.a.k. d.o.o. Novi Sad	-	2
Ciak tools d.o.o.	123	65
Tm auto d.o.o.	11	23
C.I.A.K. auto d.o.o. BiH	2	5
Lukena d.o.o. Srbija	2	5
Next auto d.o.o.	6	20
CIAK TRUCK d.o.o. Srbija	-	21
C.I.A.K. AUTO DOOEL Makedonija	43	-
POTOKAR D.O.O.	106	-
Revenue relating to shareholder and their related parties	38	7
	4,659	**3,631**

	2023	2022
	(in thousand of EUR)	
Costs of goods sold and other operating expenses		
C.I.A.K. auto d.o.o.	103	97
C.I.A.K. d.o.o.	285	331
Ciak tools d.o.o.	1	1
C.I.A.K. auto d.o.o. Makedonija	-	4
Costs relating to shareholder and their related parties	348	227
	737	**660**

22. Related party transactions (continued)

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Trade and other receivables		
Autodijelovi d.o.o.	11	-
Top start d.o.o.	54	8
CIAK Truck d.o.o.	364	552
C.I.A.K. auto d.o.o.	2,082	1,005
C.I.A.K. d.o.o.	554	553
C.I.A.K. trade d.o.o.	113	89
C.i.a.k. auto d.o.o. Novi Sad	25	11
Ciak truck d.o.o. Novi Sad	-	1
Cordia-trade d.o.o.	1	-
Next auto d.o.o.	60	31
Ciak tools d.o.o.	141	30
Dbh d.o.o.	-	4
Tm auto d.o.o.	11	10
C.I.A.K. auto d.o.o. BiH	-	1
Lukena d.o.o. Srbija	-	1
C.I.A.K. auto d.o.o. Makedonija	44	-
C.I.A.K. d.o.o. Makedonija	1	-
POTOKAR D.O.O.	102	-
Receivables from shareholder and their related parties	28	438
	3,591	**2,734**

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Loans granted		
C.I.A.K. auto d.o.o.	4,894	9,271
C.I.A.K. d.o.o.	6,052	9,359
Next auto d.o.o.	1,736	1,450
CIAK Truck d.o.o.	706	2,181
C.I.A.K. trade d.o.o.	164	242
Ciak truck d.o.o. Novi Sad	100	100
Auto dijelovi d.o.o.	10	10
Ciak tools d.o.o.	967	103
Dbh d.o.o.	-	205
C.i.a.k. auto d.o.o. Novi Sad	850	-
Tm auto d.o.o.	240	189
	15,719	**23,110**

Notes (continued)

22. Related party transactions (continued)

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Trade and other payables		
C.I.A.K. d.o.o.	68	53
C.I.A.K. auto d.o.o.	38	29
C.I.A.K. trade d.o.o.	-	35
Ciak tools d.o.o.	-	1
Autodijelovi d.o.o.	-	3
Top start d.o.o.	-	6
Adriatik ulja d.o.o.	4	7
C.i.a.k. d.o.o. Novi Sad	1	1
Tm auto d.o.o.	1	-
Liabilities owed to shareholder and their related parties	182	452
	294	**587**

	31 December 2023	31 December 2022
	(in thousand of EUR)	
Borrowings and loans		
Top start d.o.o.	884	770
	884	**770**

22. Related party transactions (continued)

	2023	2022
	(in thousand of EUR)	
Financial income		
C.I.A.K. d.o.o.	1,849	1,287
C.I.A.K. auto d.o.o.	2,997	2,960
C.I.A.K. trade d.o.o.	326	430
CIAK Truck d.o.o.	890	67
Next auto d.o.o.	38	32
Ciak truck d.o.o. Novi Sad	2	3
Ciak tools d.o.o.	13	3
Dbh d.o.o.	-	4
C.i.a.k. auto d.o.o. Novi Sad	13	-
C.I.A.K. d.o.o. Makedonija	1	-
Tm auto d.o.o.	5	2
	6,134	**4,788**

Financial costs	2023	2022
	(in thousand of EUR)	
Top start d.o.o.	19	6
Next auto d.o.o.	-	2
Financial costs relating to shareholder and their related parties	4	7
	23	**8**

/i/ Transactions with key members of management and members of the Supervisory Board:

Earnings of key members of management in 2023 amounted to EUR 298 thousand, and these include regular salary, salary in kind and bonuses (2022: EUR 277 thousand) and pertained to two members of the Management Board (2022: two members of the Management Board).

Total remuneration paid to Supervisory Board members in 2023 amounted to EUR 118 thousand for seven members of the Supervisory Board (2022: EUR 91 thousand for seven members of the Supervisory Board). As at 31 December 2023, the Supervisory Board had seven members.

23. Financial risk management

When using its financial instruments, the Company is exposed to the following risks:

• Credit risk

• Liquidity risk

• Market risk

This Note provides information about the Company's exposure to each of the above mentioned risks, but also about the Company's objectives, policies and procedures intended to assess and manage the risks that the Company is exposed to and to manage the Company's capital.

The Management Board bears complete responsibility for establishing and monitoring the Company's risk management framework. There are no formal procedures for risk management (the Company has not used any derivative financial instruments to actively hedge against financial risks), but the Management Board carefully monitors the Company's operating risks, which includes the introduction of levels of authorisation and responsibility. i) i*) Credit risk*

Credit risk is the risk that a Company's customer or counterparty to a financial instrument will default under its obligations and cause the Company to incur financial losses. A significant extent of credit risk arises from trade receivables and loans granted.

Trade and other receivables

Exposure to credit risk is affected mainly by individual characteristics of each customer. Customer demographics, including the risk inherent in the industry and country in which the customer operates, has lesser impact on credit risk.

The Company has a credit granting policy which requires each customer to undergo a credit rating procedure (at individual level) before the actual determination of terms and conditions of payment and the delivery terms applying to the customer.

The Company value-adjusts trade receivables against expected losses and does the same with respect to other receivables and investments.

ii) Liquidity risk

Liquidity risk reflects the Group's inability to meet financial obligations as they mature. The Company's approach to liquidity management is ensuring, to the greatest possible extent, that it remains sufficiently liquid in order to be able to fulfil its liabilities in time, both under normal and under extraordinary circumstances, without the Company suffering any unacceptable losses or reputational damage.

The Company makes sure that it has sufficient cash to settle its operating costs and financial liabilities. The tables provided below show contractual due dates of financial assets and financial liabilities. The tables have been compiled based on non-discounted cash flows until maturity and they include cash flows pertaining to principal amount and interest:

Notes (continued*)*

23. Financial risk management (continued)

As at 31 December 2023 (in thousand of EUR)	**Net carrying amount**	**Contracted cash flows**	Up to 1 year	1 - 2 years	2 - 5 years
Non-interest-bearing assets:					
Cash and cash equivalents	2,167	2,167	2,167	-	-
Trade and other receivables	3,667	3,665	3,665	-	-
	5,834	**5,832**	**5,832**	-	-
Interest-bearing assets:					
Loans given	15,969	17,012	361	16,651	-
	15,969	**17,012**	**361**	**16,651**	**-**
Non-interest-bearing liabilities:					
Trade and other payables	1,049	1,048	1,048	-	-
	1,049	**1,048**	**1,048**	**-**	**-**
Interest-bearing liabilities:					
Liabilities towards associated companies	868	925	-	925	-
Lease liabilities	181	188	116	72	-
	1,049	**1,113**	**116**	**997**	**-**

As at 31 December 2022 (in thousand of EUR)	**Net carrying amount**	**Contracted cash flows**	Up to 1 year	1 - 2 years	2 - 5 years
Non-interest-bearing assets:					
Cash and cash equivalents	2,521	2,521	2,521	-	-
Trade and other receivables	2,349	2,349	2,349	-	-
	4,870	**4,870**	**4,870**	-	-
Interest-bearing assets:					
Loans given	23,110	24,182	2,105	22,078	-
	23,110	**24,182**	**2,105**	**22,078**	**-**
Non-interest-bearing liabilities:					
Trade and other payables	1,342	1,342	1,342	-	-
	1,342	**1,342**	**1,342**	**-**	**-**
Interest-bearing liabilities:					
Liabilities towards associated companies	776	813	19	794	-
Lease liabilities	469	487	314	104	69
	1,245	**1,300**	**333**	**898**	**69**

23. Financial risk management (continued)

iii) Market risk

Market risk is the risk that a change in market prices, such as exchange rate or interest rate fluctuations, will impact the Company's revenues or the value of its financial instruments.

The objective behind market risk management is to manage and control exposure to market risk to keep it within acceptable parameters, while optimising returns.

Currency risk

The Company is not exposed to currency risk.

Interest rate risk

The Company is not exposed to interest rate risk.

24. Significant accounting estimates and judgements

The Company makes estimates and assumptions about uncertain events, including estimates and assumptions about the future. Such accounting estimates and assumptions are regularly reviewed based on past experiences and other factors, such as expected course of future events that would be reasonably expected in certain circumstances, but nevertheless represent sources of uncertainty for estimate purposes. Estimates and assumptions involving significant risks that could lead to material adjustments of the value of assets and liabilities in the upcoming financial year are given below.

Recoverability of investments in subsidiaries

At the end of each reporting period, the Company carries out the process of identification of indicators that would imply that the value of investments in subsidiaries (presented in note 15) is potentially impaired, and if such indicators are identified, the Company conducts an assessment of the recoverable amount of the investment via impairment testing.

In the course of the process of identification of impairment indicators, the Company considers a number of factors. Depending on the circumstances, one factor alone or several in combination may result in an indication of impairment. Unfavorable trends in the industry, such as the recent COVID 19 pandemic or macroeconomic disturbances due to the war in Ukraine, which led to an increase in energy prices and inflation, generally result in the implementation of impairment tests if a significant impact on the operating results of subsidiaries is noticeable. In addition to the above, the Company monitors the key performance indicators of subsidiaries, the most important of which are realized operating margins and net assets of subsidiaries. Operating margins of subsidiaries are annually compared with available market valuation mulitples similar companies in the industry to determine if they deviate significantly, which would indicate the need to perform a detailed impairment test. Additionally, negative or insufficient net assets of a subsidiary also typically indicate the need to perform an impairment test.

24. Significant accounting estimates and judgements (continued)

Recoverability of investments in subsidiaries (continued)

When the Company concludes that one factor alone or a combination of factors results in an indication of impairment for a specific investment, a detailed impairment test and assessment of the recoverable amount of the investment is prepared. Generally, the discounted cash flow method (DCF method), based on the assumption that the value of the company is represented by the present value its future net cash flows, is applied to assess the recoverable amount of the investment. When calculating the recoverable amount, the Company generally applies a terminal growth rate to cash flows after a five-year discrete period and discounts such cash flows using a discount rate that reflects the risk of the asset in question, approximated by the weighted average cost of capital (WACC) related to the primary sales market of individual subsidiary and industry. Impairment tests are also tested for sensitivity to changes in key variables such as the discount rate, growth rate, and similar.

During 2023, the Company did not conclude that indicators of impairment existed related to its investments in subsidiaries, based on which it would be necessary to conduct detailed impairment tests.

25. Events after the balance sheet date (subsequent events)

There have been no significant events after the balance sheet date.