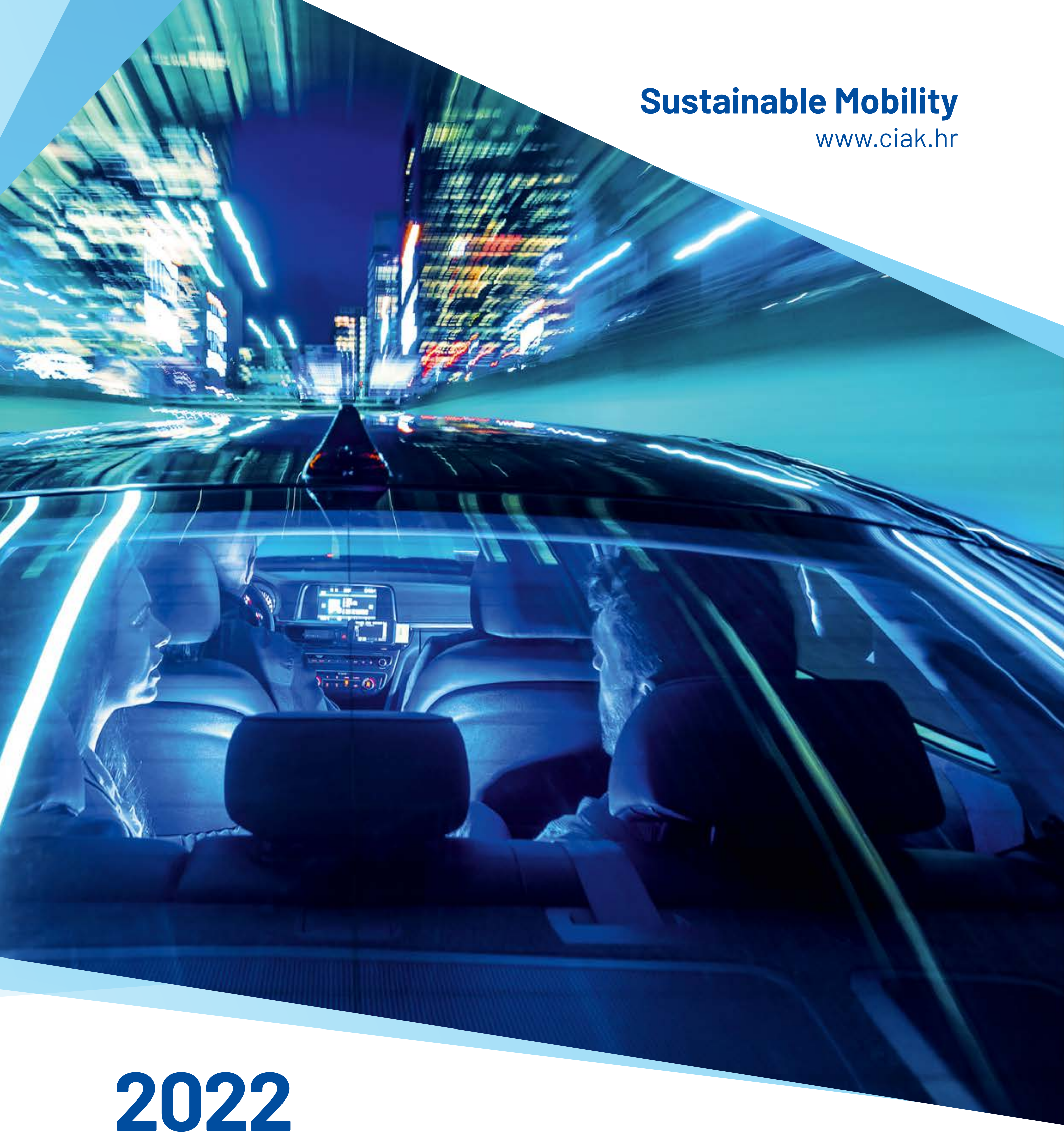
Sustainable Mobility

www.ciak.hr



2022
Annual Report

Annual Report 2022 – CIAK Grupa d.d. and its subsidiaries

CIAK GRUPA

CIAK
GRUPA

Contents

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

1

MANAGEMENT REPORT

Summary of financial results for 2022

Consolidated incomes of CIAK Group achieved during 2022 are HRK 1,716 million or 24% higher compared to 2021. Reported EBITDA is HRK 145 million and is 2% higher than in the same period last year, primarily as a result of a combination of organic growth of the CIAK Group and inorganic growth resulting from realized acquisitions in 2022.

Consolidated EBITDA excluding one-off items amounts to HRK 146 million and is 24% higher than the EBITDA excluding one-off items of the previous year.

CIAK Group achieved further growth in 2022, which was even more successful than the previous business year.

Capital and other investments in 2022 amount to HRK 68 million and are at almost the same levels compared to the previous year's investments.

The indicators of net debt and gearing in the reporting period are at almost the same levels as in the previous reporting period.

With the realized acquisitions and further business growth in 2022, the same reflects the stable consolidated balance sheet position of CIAK Group.

In HRK thousands	I.-XII. 2021.	I.-XII. 2022.	%
Sales revenues	1,345,336	1,706,484	27
EBITDA [1]	141,681	145,066	2
EBITDA without one-off items [2]	117,857	145,961	24
Profit / (Loss) from operations	90,942	73,807	(19)
Profit from operations without one-off items [2]	67,118	74,702	11
Result from financial activities	(8,584)	(11,812)	38
Gross profit / (loss)	82,358	61,995	(25)
Gross profit / (loss) of period without one-off items	58,534	63,182	8
Net profit / (loss)	70,097	46,136	(34)
Net profit / (loss) of period without one-off items [2]	46,272	47,323	2
Earnings per share [3]	3.55	2.35	(34)
Simplified free cash flow [4]	47,052	78,447	67
Net debt [5]	336,847	366,303	8
Net gearing (%) [6]	40	42	5
CAPEX	70,805	67,515	(5)

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

[2] EBITDA, operating and gross profit in I-XII 2022 were negatively affected by HRK 1.2 million one-off items, which are related to the principal and default interest costs of the litigation, and the subsequent customs costs of 2017; in I-XII 2021, EBITDA was positively affected by HRK 23.8 million one-off items, which are related to income from subsequently collected receivables of previous periods, consolidation effects based on company acquisitions, cassasconto from advance payments (post IPO approach to one part of group suppliers) and the multi-year inventory write-off acquired through acquisition processes in previous periods

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

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

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

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

[7] When converting the value from HRK to EUR, the following median exchange rates of Croatian National Bank (CNB) apply: for I-IX 2021 – 7.52 EUR/HRK; I-IX 2022 – 7.53 EUR/HRK. The results overview in EUR currency applies exclusively for reporting purposes and does not reflect the currency risk of the consolidated statement.

2

Statement by **President of the Management Board**

Ivan Leko

President of the Management Board

Business year 2022 continued to provide global challenges at all levels. From the very beginning of the year, the continuation of changes in the external environment is still visible, which in certain segments are intensifying even more and creating additional pressures on business, daily operational activities and ultimately the financial results of all market participants. This year, this is primarily reflected in growing inputs at all levels as a result of global inflation, growth in reference interest rates, and additional instability caused by events in Eastern Europe started at the beginning of the year. Despite all of the above, CIAK Group continues the trend of business growth and delivery of good business results.

CIAK Group's operating income at the consolidated level in 2022 amounts to HRK 1.72 billion and is 24% higher than the year before. On the other hand, the reported EBITDA for 2022 is HRK 145 million and is 2% higher than the previous year.

It is important to note that EBITDA without one-off items compared to 2021 is HRK 28 million or 24% higher.

Capital investments amount to almost HRK 70 million and are at the level of the previous year, which confirms the continuity of investments in the further development of CIAK Group.

At the end of the year, the number of CIAK Group employees was 2,339 in six countries, and compared to the previous year, it increased by over 15%. All the associates and employees of CIAK Group should be congratulated on the achieved results. Despite the mentioned results, in the existing environment it is important to maintain the optimality of business at the operational level. CIAK Group maintains its focus on this, as well as delivering the goals defined by CIAK Group's business plans. In parallel, the delivery of key projects at the CIAK Group level and the development of strategic markets continue with the aim of ensuring continuity in the delivery of results in the following periods.

3

Key business **indicators**

1.716
mHRK
consolidated operating income

145
mHRK
consolidated EBITDA

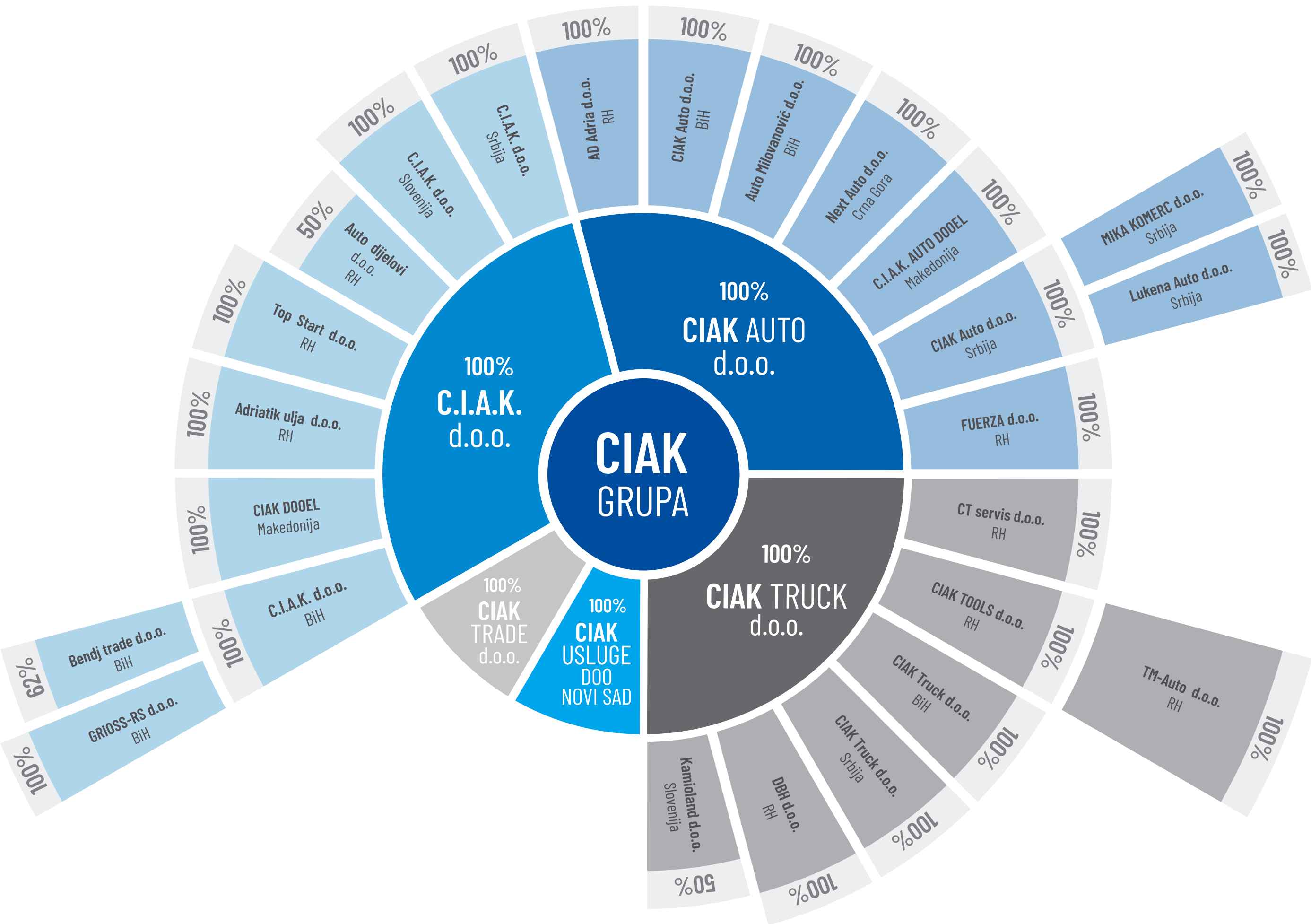
68
mHRK
capital investment in 2022

6
business segments

6
countries

2.339
employees on 31.12.2022

4 Organizational structure of **CIAK Group**



4.1. HISTORY AND INCORPORATION

CIAK Group d.d., Zagreb (formerly named Direkt d.o.o., “the Company”) is incorporated in the Republic of Croatia on 14 January 1999.

The main activities of the Company and its subsidiaries (together referred to as “the Group”) comprise wholesale and retail of automotive parts as well as waste management, and their beginnings of business date back to 1994.

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

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

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

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

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

Corporate governance

5. ADMINISTRATIVE, MANAGING AND SUPERVISORY AUTHORITIES

MANAGEMENT BOARD

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

IVAN LEKO, President of the Management Board

DOMINIK LEKO, Member of the Management Board

DALIBOR BAGARIĆ, Member of the Management Board

IVICA GREGURAŠ, Member of the Management Board

IVAN MILOŠ, Member of the Management Board

SUPERVISORY BOARD

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

STJEPAN LJATIFI, President
VJEKOSLAV MESAROŠ, Deputy President
SLAVICA ZRINSKI, Member
ĐURĐICA MEGLAJEC, Member
DAMIR KOS, representative of the workers on the Supervisory Board
ZVONKO MERKAŠ, Member
MARKO VARGA, Member

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

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

6

Operating results

6.1. CONSOLIDATED PROFIT & LOSS STATEMENT

In HRK thousands	I-XII 2021	I-XII 2022	%
Sales revenues	1,345,336	1,706,484	27
Other operating revenues	35,261	9,732	(72)
Operating revenues	1,380,597	1,716,216	24
Costs of raw materials and consumables	175,608	222,226	27
Amortization	50,739	71,259	40
Staff costs	201,741	286,578	42
Costs of goods sold	761,820	938,449	23
Other costs	94,411	112,362	19
Value adjustments	5,405	12,653	134
Provisions for costs and risks	(69)	(1,118)	1,520
Operating expenditures	1,289,655	1,642,409	27
Profit / (Loss) from operations	90,942	73,807	(19)
Financial revenues	3,892	4,092	5
Financial expenditures	12,476	15,904	27
Profit / (loss) from financial activities	(8,584)	(11,812)	38
Profit / (Loss) of the period	82,358	61,995	(25)
Net profit / (Loss) of the period	70,097	46,136	(34)

The consolidated revenues of the CIAK Group in 2022 amounted to HRK 1,716 million or 24% more compared to 2021. Sales revenues increased by 27% or 361 mHRK compared to the previous year.

EBITDA without one-off items amounts to HRK 146 million and is 24% higher than in 2021.

Financial expenditures realized in 2022 are higher in comparison to 2021 partly as a result of consolidation effects from inorganic growth which was not entirely covered by previous reporting period, and partly due to increase in interest expenditures.

CIAK GRUPA

6

6.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In HRK thousands	31.12.2021	31.12.2022	%
TOTAL ASSETS			
Fixed assets			
Intangible assets	57,702	66,258	15
Real estate, plant and equipment	326,747	360,895	10
Loans and deposits given	2,542	2,388	(6)
Investment in holdings, securities and other fixed financial assets	2,260	2,302	2
Receivables	2,072	1,909	(8)
Deferred tax assets	2,169	2,720	25
Total fixed assets	393,492	436,472	11
Current assets			
Inventories	536,920	636,508	19
Customer receivables	209,298	234,978	12
Other receivables	23,693	17,674	(25)
Loans and deposits given	11,436	3,397	(70)
Cash & cash equivalents	75,546	105,954	40
Total current assets	856,893	998,511	17
Prepaid expenses and accrued revenues	28,369	30,848	9
Total assets	1,278,754	1,465,831	15
EQUITY AND LIABILITIES			
Equity and reserves			
Initial equity	197,520	197,520	0
Capital reserves	184,634	184,634	0
Other reserves	(2,800)	259	(109)
Retained profit / (Loss brought forward)	37,602	70,603	88
Profit / (Loss) of the period	69,694	45,553	(35)
Minority interest	8	(93)	(1,263)
Total equity	486,658	498,476	2
Provisions	911	57	(94)
Long-term liabilities			
Long-term liabilities for loans and deposits	301,717	275,751	(9)
Other long-term liabilities	295	127	(57)
Deferred tax liability	5,989	5,875	(2)
Total long-term liabilities	308,001	281,753	(9)
Short-term liabilities			
Liabilities for bank's and other creditor's loans	110,676	196,506	78
Liabilities to suppliers	288,458	387,842	34
Taxes and similar liabilities	48,446	60,895	26
Other short-term liabilities	18,823	17,748	(6)
Liabilities to employees	11,398	15,446	36
Total short-term liabilities	477,801	678,437	42
Accruals and deferred income	5,383	7,108	32
Total liabilities	792,096	967,355	22
Total equity and liabilities	1,278,754	1,465,831	15

Long term assets of the Group is greater by 11% or HRK 43 million in comparison to final balance of the previous year, mostly due to the continuous realization of capital investments.

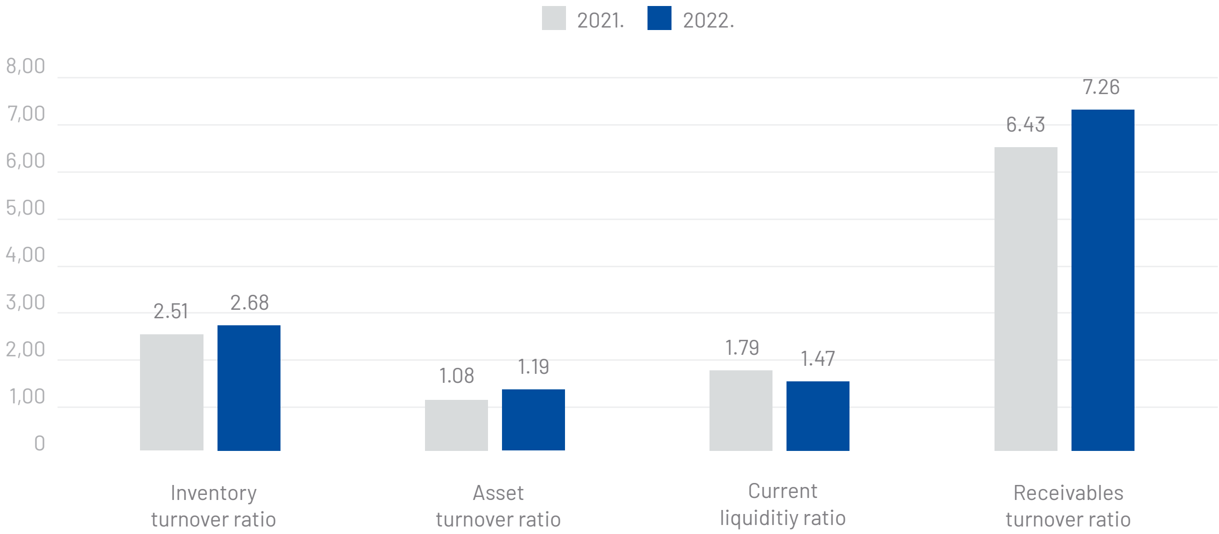
Cash and cash equivalent position is HRK 106 million on 31 December 2022 which is 40% more than it was on 31 December 2021, when it was amounted to HRK 75.5 million.

6.3. FINANCIAL INDICATORS

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

The asset turnover ratio is growing in 2022, primarily as the result of operations growth and higher sales revenues.

The receivables ratio is in growth compared to the previous year, which implies a stable collection of receivables during 2022 despite external environment .



With the continuation of the further realization of the planned acquisitions, the net debt did not increase significantly in 2022, and as of 31 December 2022 is HRK 366.3 million. The Net debt/EBITDA ratio is at almost the same level compared to the previous year and amounts to 2.53, which is significantly below the possible rates at the consolidated level.

Gearing ratio on 31 December 2022 is 42% and reflects a stable level of capitalization of the company in relation to its indebtedness.

CIAK GRUPA

Key events
for the period up to december 31, 2022

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

During 2022, CIAK Group continued the development cycle started in 2021, i.e. the phase of expanding its business and sales network in accordance with strategic business plans. The acquisitions realized during 2021 were successfully integrated, where the business of six acquired companies were successfully integrated into the operation of the CIAK Group.

In 2022, CIAK Group continued its development through organic and inorganic growth. Additionally, four companies in three countries were acquired in 2022, primarily in the IAM segment, i.e. the auto parts segment.

Organic growth and development of its own retail network in foreign markets was an additional focus of the Group in 2022, therefore business development continued through organic development and the opening of new branches in almost all markets where the Group is present.

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

8

Markets, customers, products and services

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

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

We have been following the stable development of the Ecology Division for over 20 years, thanks to well-laid foundations: gathering knowledge through cooperation with the largest European companies in the field of hazardous waste management and adhering to the highest standards of work.

The synergy effect with the IAM business division enables capillary access to raw materials throughout the region and an efficient segment of Battery Recycling.

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

8

OVERVIEW OF CIAK GROUP SEGMENTS AND DIVISIONS

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

8.1. CAR PARTS

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

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

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

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

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

8.2. BATTERIES OILS, ETC

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

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

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

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

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

8.3. FREIGHT PROGRAM

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

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

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

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

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

8.4. RECYCLING

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

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

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

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

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

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

Battery purchase is done in two ways:

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

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

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

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

8.5. WASTE MANAGAMENT

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

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

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

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

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

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

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

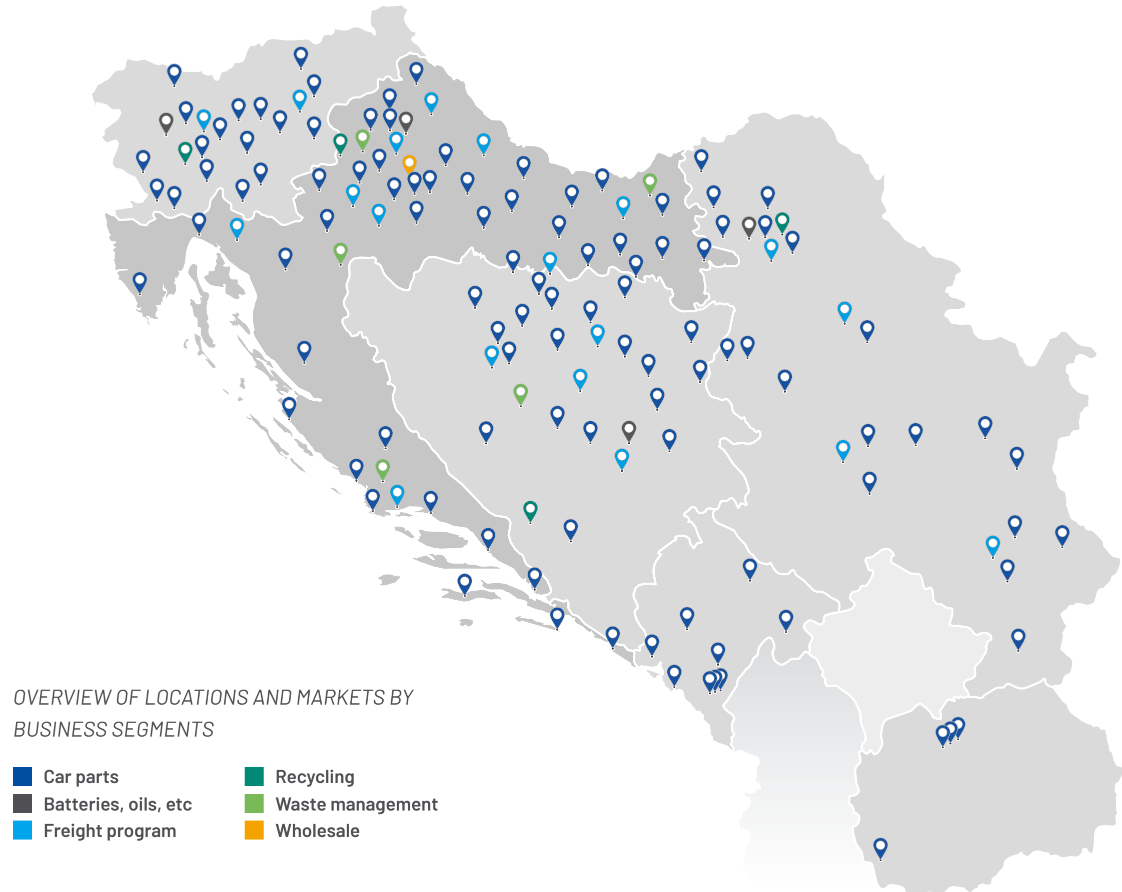
8.6. WHOLESALE

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

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

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

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



OVERVIEW OF LOCATIONS AND MARKETS BY BUSINESS SEGMENTS

Main risks and uncertainties to which the group is exposed

9.1. CURRENCY RISK MANAGEMENT

The Group's currency risk is associated with possible significant changes in the exchange rate of foreign currencies that are significant for the Group's operations. This risk relates to the movement of the exchange rate of the euro (EUR), the convertible mark (BAM), the Serbian dinar (RSD) and the North Macedonian denar (MKD) , due to the fact that the Group operates on foreign markets (Republic of Slovenia, Bosnia and Herzegovina, Montenegro, Republic of North Macedonia and the Republic of Serbia) and most transactions with foreign customers and suppliers is denominated in the specified currencies. A significant part of the Group's monetary liabilities to credit institutions is denominated in euros (EUR). As of 31 December 2022, the total share of the Group's monetary liabilities denominated in euros to credit institutions in relation to all monetary liabilities of the Group denominated in euros is approximately 85%.

On 01 January 2023. The Republic of Croatia joined the Monetary Union and introduced the euro as the national currency. This eliminated the currency risk denominated in euros, which was linked to the kuna.

The Group, as much as possible, applies natural risk protection based on the principle that the combination of currencies in the debt portfolio reflects the currency position of free cash flow and, in addition to credits and loans denominated in EUR, it also uses credits denominated in HRK. Through the sales price policy, the Group corrects possible negative effects of exchange rate changes.

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

9.2. THE GROUP'S EXPOSURE TO INTEREST RATE RISK

The Group is exposed to interest rate risk as it borrows at both fixed and variable interest rates. On 31 December 2022, of the total debt of the Group on which interest is accrued, the share of debt (principal) of the Group on which interest is accruing at variable rates is approximately 69%. Most of these variable interest rates are linked to reference interest rates such as EURIBOR.

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

9.3. THE GROUP'S EXPOSURE TO CREDIT RISK

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

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

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

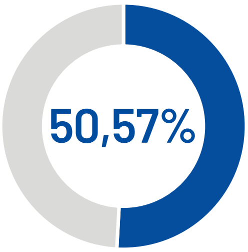
The Group operates with a large number of customers of various activities and sizes, which disperses the risk, i.e. it is not concentrated on a smaller number of customers. Part of the deferred sale of goods refers to state institutions and buyers in state ownership, and in the ownership of local self-government,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

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

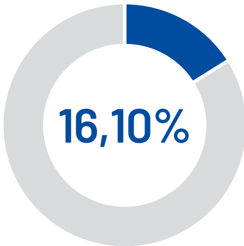
Group manages liquidity risk by maintaining and utilizing adequate reserves and credit facilities. Also, Group continuously monitors and manages of due dates of receivables and liabilities, continuously comparing planned and actual cash flows. Additionally, through working capital management and inventory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

Ownership structure

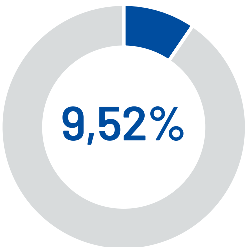
OWNERSHIP STRUCTURE - ON 31 DECEMBER 2022



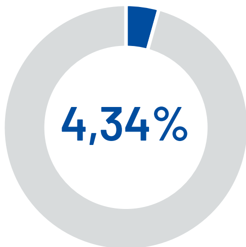
Ivan Leko



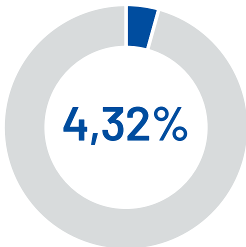
Ljilja Leko



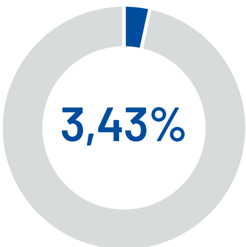
ERSTE & STEIERMARKISCHE BANK d.d.
PBZ CO OMF kategorije B
Skrbnički račun



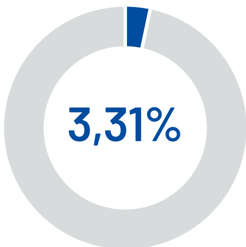
HPB d.d.
FOND ZA FINANCIRANJE RAZGRADNJE NEK
Skrbnički račun



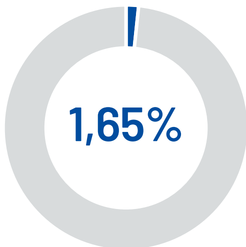
OTP BANKA d.d.
AZ OMF kategorije B
Skrbnički račun



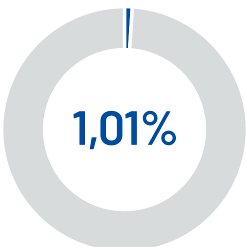
OTP BANKA d.d.
ERSTE PLAVI OMF kategorije B
Skrbnički račun



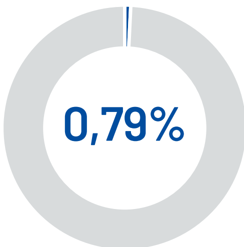
ZAGREBAČKA BANKA d.d.
AZ PROFIT ODMF
Skrbnički račun



RAIFFEISENBANK AUSTRIA d.d.
RAIFFEISEN DMF
Skrbnički račun



A.P.I. METALI d.o.o.



OTP BANKA d.d.
AZ OMF kategorije A
Skrbnički račun

11

Consolidated financial statements
of CIAK Grupa d.d.

11.1. CONSOLIDATED PROFIT & LOSS STATEMENT

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (ADP 002 to 006)	001	1,380,597,899	1,716,214,457
1 Income from sales with undertakings within the group	002	0	0
2 Income from sales (outside group)	003	1,345,335,227	1,706,483,265
3 Income from the use of own products, goods and services	004	0	0
4 Other operating income with undertakings within the group	005	0	0
5 Other operating income (outside the group)	006	35,262,672	9,731,192
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	1,289,655,682	1,642,406,781
1 Changes in inventories of work in progress and finished goods	008	0	0
2 Material costs (ADP 010 to 011)	009	937,428,613	1,160,675,241
a) Costs of raw material	010	175,608,163	222,226,316
b) Costs of goods sold	011	761,820,450	938,448,925
c) Other external costs	012	0	0
3 Staff costs (ADP 014 to 016)	013	201,741,182	286,578,767
a) Net salaries and wages	014	130,040,648	190,125,977
b) Tax and contributions from salaries expenses	015	59,997,083	76,702,385
c) Contributions on salaries	016	11,703,451	19,750,405
4 Depreciation	017	50,739,019	71,258,857
5 Other expenses	018	94,410,851	112,358,741
6 Value adjustments (ADP 020+021)	019	5,404,939	12,653,001
a) fixed assets other than financial assets	020	0	0
b) current assets other than financial assets	021	5,404,939	12,653,001
7 Provisions (ADP 023 to 028)	022	-68,922	-1,117,826
a) Provisions for pensions, termination benefits and similar obligations	023	0	0
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	0	0
d) Provisions for renewal of natural resources	026	0	0
e) Provisions for warranty obligations	027	-256,400	-3,157
f) Other provisions	028	187,478	-1,114,669
8 Other operating expenses	029	0	0
III FINANCIAL INCOME (ADP 031 to 040)	030	3,891,471	4,091,754
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0
4 Other interest income from operations with undertakings within the group	034	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0
6 Income from other long-term financial investments and loans	036	0	0
7 Other interest income	037	156,959	224,227
8 Exchange rate differences and other financial income	038	3,454,810	3,860,936
9 Unrealised gains (income) from financial assets	039	0	0
10 Other financial income	040	279,702	6,591
IV FINANCIAL EXPENDITURE (ADP 042 to 048)	041	12,475,764	15,904,218
1 Interest expenses and similar expenses with undertakings within the group	042	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0
3 Interest expenses and similar expenses	044	6,434,441	10,253,404
4 Exchange rate differences and other expenses	045	5,317,880	5,647,552
5 Unrealised losses (expenses) from financial assets	046	716,413	0
6 Value adjustments of financial assets (net)	047	0	0
7 Other financial expenses	048	7,030	3,262

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	049	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	053	1,384,489,370	1,720,306,211
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	1,302,131,446	1,658,310,999
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	82,357,924	61,995,212
1 Pre-tax profit (ADP 053-054)	056	82,357,924	61,995,212
2 Pre-tax loss (ADP 054-053)	057	0	0
XII INCOME TAX	058	12,261,341	15,859,222
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	70,096,583	46,135,990
1 Profit for the period (ADP 055-059)	060	70,096,583	46,135,990
2 Loss for the period (ADP 059-055)	061	0	0
DISCONTINUED OPERATIONS			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0
1 Pre-tax profit from discontinued operations	063	0	0
2 Pre-tax loss on discontinued operations	064	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0
TOTAL OPERATIONS			
XVI PRE-TAX PROFIT OR LOSS (ADP 055-062)	068	0	0
1 Pre-tax profit (ADP 068)	069	0	0
2 Pre-tax loss (ADP 068)	070	0	0
XVII INCOME TAX (ADP 058-065)	071	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0
1 Profit for the period (ADP 068-071)	073	0	0
2 Loss for the period (ADP 071-068)	074	0	0
APPENDIX to the P&L			
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076-077)	075	70,096,583	46,135,990
1 Attributable to owners of the parent	076	70,113,303	46,236,622
2 Attributable to minority (non-controlling) interest	077	-16,720	-100,632
STATEMENT OF OTHER COMPRHENSIVE INCOME			
I PROFIT OR LOSS FOR THE PERIOD	078	70,096,583	46,135,990
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080-087)	079	-419,000	-683,000
III Items that will not be reclassified to profit or loss (ADP 081 do 085)	080	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0
5 Other items that will not be reclassified	085	0	0
6 Income tax relating to items that will not be reclassified	086	0	0
IV Items that may be reclassified to profit or loss (ADP 088 do 095)	087	-419,000	-683,000
1 Exchange rate differences from translation of foreign operations	088	-419,000	-683,000
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0
6 Changes in fair value of the time value of option	093	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0
8 Other items that may be reclassified to profit or loss	095	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087 - 086 - 096)	097	-419,000	-683,000
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	69,677,583	45,452,990
APPENDIX to the Statement on comprehensive income			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	69,677,583	45,452,990
1 Attributable to owners of the parent	100	69,694,303	45,553,622
2 Attributable to minority (non-controlling) interest	101	-16,720	-100,632

11.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	393,491,881	436,472,546
I INTANGIBLE ASSETS (ADP 004 to 009)	003	57,702,139	66,257,953
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	55,228,268	56,491,567
3 Goodwill	006	0	4,304,867
4 Advance payments for purchase of intangible assets	007	48,926	46,656
5 Intangible assets in preparation	008	360,378	462,030
6 Other intangible assets	009	2,064,567	4,952,833
II TANGIBLE ASSETS (ADP 011 to 019)	010	326,746,507	360,895,220
1 Land	011	42,451,120	58,609,496
2 Buildings	012	64,610,056	59,216,924
3 Plant and equipment	013	42,739,213	46,150,110
4 Tools, working inventory and transportation assets	014	17,903,691	16,274,201
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	664,162	90,000
7 Tangible assets in preparation	017	19,042,254	24,977,863
8 Other tangible assets	018	139,336,011	155,576,626
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	4,802,266	4,690,201
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	0	0
5 Investment in other securities of companies linked by virtue of participating interest	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	2,542,140	2,387,846
9 Other investments accounted for using the equity method	029	2,260,126	2,302,355
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	2,071,672	1,909,299
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	2,071,672	1,909,299
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	2,169,297	2,719,873
C) CURRENT ASSETS (ADP 038+046+053+063)	037	856,892,642	998,511,167
I INVENTORIES (ADP 039 to 045)	038	536,919,107	636,506,951
1 Raw materials	039	26,945,179	34,647,296
2 Work in progress	040	0	0

CIAK GRUPA

11

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
3 Finished goods	041	0	0
4 Merchandise	042	501,667,603	594,965,766
5 Advance payments for inventories	043	6,685,492	4,725,207
6 Fixed assets held for sale	044	1,620,833	2,168,682
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	232,991,304	252,652,669
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interest	048	0	0
3 Customer receivables	049	209,298,210	234,978,437
4 Receivables from employees and members of the undertaking	050	545,241	683,293
5 Receivables from government and other institutions	051	16,718,598	11,094,751
6 Other receivables	052	6,429,255	5,896,188
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	11,435,806	3,397,303
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc, to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057	0	0
5 Investment in other securities of companies linked by virtue of participating interest	058	0	0
6 Loans, deposits etc, given to companies linked by virtue of participating interest	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	11,435,806	3,397,303
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	75,546,425	105,954,244
D) PREPAID EXPENSES AND ACCRUED INCOME	064	28,369,451	30,847,858
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1,278,753,974	1,465,831,571
F) OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 do 070+076+077+083+086+089)	067	486,657,693	498,476,320
I INITIAL (SUBSCRIBED) CAPITAL	068	197,519,890	197,519,890
II CAPITAL RESERVES	069	184,634,250	184,634,250
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	-2,800,000	258,214
1 Legal reserves	071	0	1,864,164
2 Reserves for treasury shares	072	0	80,000
3 Treasury shares and holdings (deductible item)	073	-2,800,000	-1,685,950
4 Statutory reserves	074	0	0
5 Other reserves	075	0	0
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	37,600,852	70,602,625
1 Retained profit	084	37,600,852	70,602,625
2 Loss brought forward	085	0	0

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	69,694,303	45,553,622
1 Profit for the business year	087	69,694,303	45,553,622
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	8,398	-92,281
B) PROVISIONS (ADP 091 to 096)	090	911,457	56,997
1 Provisions for pensions, termination benefits and similar obligations	091	0	0
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	911,457	56,997
6 Other provisions	096	0	0
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	308,000,660	281,752,732
1 Liabilities towards undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc, to companies within the group	099	0	0
3 Liabilities towards companies linked by virtue of participating interest	100	0	0
4 Liabilities for loans, deposits etc, of companies linked by virtue of participating interest	101	0	0
5 Liabilities for loans, deposits etc.	102	90,802,691	86,909,993
6 Liabilities towards banks and other financial institutions	103	210,914,044	188,840,629
7 Liabilities for advance payments	104	0	5,534
8 Liabilities towards suppliers	105	284,187	121,579
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	10,707	0
11 Deferred tax liability	108	5,989,031	5,874,997
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	477,801,444	678,437,448
1 Liabilities towards undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc, to companies within the group	111	0	0
3 Liabilities towards companies linked by virtue of participating interest	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113	0	0
5 Liabilities for loans, deposits etc.	114	28,379,665	37,336,956
6 Liabilities towards banks and other financial institutions	115	82,295,399	159,168,222
7 Liabilities for advance payments	116	1,963,951	3,466,232
8 Liabilities towards suppliers	117	288,457,743	387,842,625
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	11,398,242	15,446,444
11 Taxes, contributions and similar liabilities	120	48,446,390	60,894,881
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	16,860,054	14,282,088
E) ACCRUALS AND DEFERRED INCOME	124	5,382,720	7,108,074
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	1,278,753,974	1,465,831,571
G) OFF-BALANCE SHEET ITEMS	126	0	0

11.3. CONSOLIDATED STATEMENT OF CASH FLOW

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	82,357,924	61,995,212
2 Adjustments (ADP 003 to 010):	002	37,617,183	88,189,653
a) Depreciation	003	50,739,019	71,258,856
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	1,095,111	-2,333,406
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	3,133,023	12,653,000
d) Interest and dividend income	006	-156,959	-224,227
e) Interest expenses	007	6,434,441	10,253,404
f) Provisions	008	630,583	-854,460
g) Exchange rate differences (unrealised)	009	609,548	-2,391,854
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-24,867,583	-171,660
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	119,975,107	150,184,865
3 Changes in the working capital (ADP 013 to 016)	012	-66,322,348	-1,943,118
a) Increase or decrease in short-term liabilities	013	96,037,827	109,804,021
b) Increase or decrease in short-term receivables	014	-47,077,543	-17,533,174
c) Increase or decrease in inventories	015	-115,282,632	-94,213,965
d) Other increase or decrease in the working capital	016	0	0
II Cash from operations (ADP 011+012)	017	53,652,759	148,241,747
4 Interest paid	018	-5,178,853	-4,794,198
5 Income tax paid	019	-3,551,842	-15,779,632
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	44,922,064	127,667,917
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	599,875	2,131,340
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	0	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	1,989,326	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	2,589,201	2,131,340
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-61,234,236	-41,856,211
2 Cash payments for the acquisition of financial instruments	029	-3,050,000	0
3 Cash payments for loans and deposits for the period	030	0	-837,000
4 Acquisition of a subsidiary, net of cash acquired	031	-138,332,222	-5,640,177
5 Other cash payments from investment activities	032	-670,032	0
IV UTotal cash payments from investment activities (ADP 028 to 032)	033	-203,286,490	-48,333,388
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-200,697,289	-46,202,048
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	130,292,354	102,661,533
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	130,292,354	102,661,533
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-65,405,223	-66,516,852
2 Dividends paid	041	0	-34,843,238
3 Cash payments for finance lease	042	-32,363,475	-51,353,543
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	-599,000	-1,005,950
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-98,367,698	-153,719,583
C) NET CASH FLOW FROM FINANCING ACTIVITIES	046	31,924,656	-51,058,050
1 Unrealised exchange rate differences in cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	048	-123,850,569	30,407,819
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	199,396,994	75,546,425
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	75,546,425	105,954,244

11.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Item	ADP code	Attributable to owners of the parent								
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)
1	2	3	4	5	6	7	8	9	10	11
Previous period										
1 Balance on the first day of the previous business year	01	197,519,890	184,762,638	0	0	0	0	0	0	0
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0
4. Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	197,519,890	184,762,638	0	0	0	0	0	0	0
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	09	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	12	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	-128,388	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	2,800,000	0	0	0	0
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	197,519,890	184,634,250	0	0	2,800,000	0	0	0	0
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	-128,388	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	-128,388	0	0	0	0	0	0	0
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	2,800,000	0	0	0	0

CIAK GRUPA

Item	ADP code	Attributable to owners of the parent								
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holding (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)
1	2	3	4	5	6	7	8	9	10	11
Current period										
1 Balance on the first day of the current business year	28	197,519,890	184,634,250	0	0	2,800,000	0	0	0	0
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0
4. Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	197,519,890	184,634,250	0	0	2,800,000	0	0	0	0
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	36	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	39	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	2,200,000	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	0	1,005,950	0	0	0	0
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	48	0	0	0	-2,120,000	-2,120,000	0	0	0	0
22 Carryforward per annual plan	49	0	0	1,864,164	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 31 to 50)	51	197,519,890	184,634,250	1,864,164	80,000	1,685,950	0	0	0	0
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0	0	0	2,200,000	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53	0	0	0	2,200,000	0	0	0	0	0
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	1,864,164	-2,120,000	-1,114,050	0	0	0	0

Item	ADP code	Attributable to owners of the parent							Minority (non-controlling) interest	Total capital and reserves
		Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period										
1 Balance on the first day of the previous business year	01	0	0	0	0	11,152,077	26,447,162	419,881,767	3,828,938	423,710,705
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0
4. Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	0	0	0	0	11,152,077	26,447,162	419,881,767	3,828,938	423,710,705
5 Profit/loss of the period	05	0	0	0	0	0	69,694,303	69,694,303	-16,720	69,677,583
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	09	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	12	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	1,613	0	-126,775	-3,803,820	-3,930,595
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/ holdings	18	0	0	0	0	0	0	-2,800,000	0	-2,800,000
19 Payments from members/ shareholders	19	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	26,447,162	-26,447,162	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	0	0	0	0	37,600,852	69,694,303	486,649,295	8,398	486,657,693
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	0	0	0	1,613	0	-126,775	-3,803,820	-3,930,595
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	1,613	69,694,303	69,567,528	-3,820,540	65,746,988
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	26,447,162	-26,447,162	-2,800,000	0	-2,800,000

Item	ADP code	Attributable to owners of the parent							Minority (non-controlling) interest	Total capital and reserves
		Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Current period										
1 Balance on the first day of the current business year	28	0	0	0	0	37,600,852	69,694,303	486,649,295	8,398	486,657,693
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0
4. Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	0	0	0	0	37,600,852	69,694,303	486,649,295	8,398	486,657,693
5 Profit/loss of the period	32	0	0	0	0	0	45,764,622	45,764,622	-100,632	45,663,990
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	-47	-47
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	36	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	39	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	0	-2,198,345	0	1,655	0	1,655
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	0	0	0	-1,005,950	0	-1,005,950
19 Payments from members/ shareholders	46	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	-34,961,021	0	-34,961,021	0	-34,961,021
21 Other distributions and payments to members/shareholders	48	0	0	0	0	2,120,000	0	2,120,000	0	2,120,000
22 Carryforward per annual plan	49	0	0	0	0	67,830,139	-69,694,303	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 31 to 50)	51	0	0	0	0	70,391,625	45,764,622	498,568,601	-92,281	498,476,320
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I. OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (AOP 33 to 41)	52	0	0	0	0	-2,198,345	0	1,655	-47	1,608
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (AOP 32 to 52)	53	0	0	0	0	-2,198,345	45,764,622	45,766,277	-100,679	45,665,598
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (AOP 42 to 50)	54	0	0	0	0	34,989,118	-69,694,303	-33,846,971	0	-33,846,971

12

Unconsolidated financial statements of CIAK Grupa d.d.

12.1. UNCONSOLIDATED PROFIT & LOSS STATEMENT

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (ADP 002 to 006)	001	17,582,996	27,574,309
1 Income from sales with undertakings within the group	002	17,519,888	27,154,506
2 Income from sales (outside group)	003	26,571	22,005
3 Income from the use of own products, goods and services	004	0	0
4 Other operating income with undertakings within the group	005	1,575	42
5 Other operating income (outside the group)	006	34,962	397,756
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	17,061,668	32,191,450
1 Changes in inventories of work in progress and finished goods	008	0	0
2 Material costs (ADP 010 to 011)	009	310,802	503,523
a) Costs of raw material	010	310,802	503,523
b) Costs of goods sold	011	0	0
c) Other external costs	012	0	0
3 Staff costs (ADP 014 to 016)	013	11,847,655	22,047,207
a) Net salaries and wages	014	6,554,839	11,053,976
b) Tax and contributions from salaries expenses	015	4,053,159	6,477,476
c) Contributions on salaries	016	1,239,657	4,515,755
4 Depreciation	017	75,341	1,806,997
5 Other expenses	018	4,821,814	7,734,967
6 Value adjustments (ADP 020+021)	019	0	0
a) fixed assets other than financial assets	020	0	0
b) current assets other than financial assets	021	0	0
7 Provisions (ADP 023 to 028)	022	6,056	98,756
a) Provisions for pensions, termination benefits and similar obligations	023	0	0
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	0	0
d) Provisions for renewal of natural resources	026	0	0
e) Provisions for warranty obligations	027	0	0
f) Other provisions	028	6,056	98,756
8 Other operating expenses	029	0	0
III FINANCIAL INCOME (ADP 031 to 040)	030	38,517,931	36,082,312
1 Income from investments in holdings (shares) of undertakings within the group	031	26,981,718	30,679,161
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	4,604,891	5,385,003
4 Other interest income from operations with undertakings within the group	034	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	186	13,662
6 Income from other long-term financial investments and loans	036	0	0
7 Other interest income	037	598	2,271
8 Exchange rate differences and other financial income	038	14,119	2,215
9 Unrealised gains (income) from financial assets	039	0	0
10 Other financial income	040	6,916,419	0
IV FINANCIAL EXPENDITURE (ADP 042 to 048)	041	33,824	144,048
1 Interest expenses and similar expenses with undertakings within the group	042	4,200	44,885
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	1,884	16,091
3 Interest expenses and similar expenses	044	692	73,784
4 Exchange rate differences and other expenses	045	27,048	9,288
5 Unrealised losses (expenses) from financial assets	046	0	0
6 Value adjustments of financial assets (net)	047	0	0
7. Other financial expenses	048	0	0

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	049	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	053	56,100,927	63,656,621
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	17,095,492	32,335,498
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	39,005,435	31,321,123
1 Pre-tax profit (ADP 053-054)	056	39,005,435	31,321,123
2 Pre-tax loss (ADP 054-053)	057	0	0
XII INCOME TAX	058	2,123,177	206,245
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	36,882,258	31,114,878
1 Profit for the period (ADP 055-059)	060	36,882,258	31,114,878
2 Loss for the period (ADP 059-055)	061	0	0
DISCONTINUED OPERATIONS			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0
1 Pre-tax profit from discontinued operations	063	0	0
2 Pre-tax loss on discontinued operations	064	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0
TOTAL OPERATIONS			
XVI PRE-TAX PROFIT OR LOSS (ADP 055-062)	068	0	0
1 Pre-tax profit (ADP 068)	069	0	0
2 Pre-tax loss (ADP 068)	070	0	0
XVII INCOME TAX (ADP 058-065)	071	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0
1 Profit for the period (ADP 068-071)	073	0	0
2 Loss for the period (ADP 071-068)	074	0	0
APPENDIX to the P&L			
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076-077)	075	0	0
1 Attributable to owners of the parent	076	0	0
2 Attributable to minority (non-controlling) interest	077	0	0
STATEMENT OF OTHER COMPRHENSIVE INCOME			
I PROFIT OR LOSS FOR THE PERIOD	078	36,882,258	31,114,878
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)	079	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0
5 Other items that will not be reclassified	085	0	0
6 Income tax relating to items that will not be reclassified	086	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	0	0
1 Exchange rate differences from translation of foreign operations	088	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0
6 Changes in fair value of the time value of option	093	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0
8 Other items that may be reclassified to profit or loss	095	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087 - 086 - 096)	097	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	36,882,258	31,114,878
APPENDIX to the Statement on comprehensive income			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	0	0
1 Attributable to owners of the parent	100	0	0
2 Attributable to minority (non-controlling) interest	101	0	0

12

CIAK GRUPA

12.2. UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	408,333,749	402,916,990
I INTANGIBLE ASSETS (ADP 004 to 009)	003	27,900	212,678
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	27,900	133,649
3 Goodwill	006	0	0
4 Advance payments for purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	79,029
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	10,299,398	14,676,889
1 Land	011	0	11,044,642
2 Buildings	012	0	0
3 Plant and equipment	013	311,312	262,954
4 Tools, working inventory and transportation assets	014	21,667	45,773
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	0	0
7 Tangible assets in preparation	017	9,966,419	0
8 Other tangible assets	018	0	161,754
9 Investment property	019	0	3,161,766
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	398,006,451	387,447,089
1 Investments in holdings (shares) of undertakings within the group	021	199,305,009	224,982,441
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	198,701,442	162,446,648
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	0	0
5 Investment in other securities of companies linked by virtue of participating interest	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	18,000
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	0	580,334
C) CURRENT ASSETS (ADP 038+046+053+063)	037	42,856,898	48,749,921
I INVENTORIES (ADP 039 to 045)	038	2	0
1 Raw materials	039	2	0
2 Work in progress	040	0	0

CIAK GRUPA

12

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
3 Finished goods	041	0	0
4 Merchandise	042	0	0
5 Advance payments for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	6,443,538	18,079,863
1 Receivables from undertakings within the group	047	6,185,251	17,303,970
2 Receivables from companies linked by virtue of participating interest	048	0	0
3 Customer receivables	049	53,875	71,394
4 Receivables from employees and members of the undertaking	050	17,109	101,762
5 Receivables from government and other institutions	051	121,522	577,822
6 Other receivables	052	65,781	24,915
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	5,042,191	11,678,475
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	5,042,191	11,678,475
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057	0	0
5 Investment in other securities of companies linked by virtue of participating interest	058	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	0	0
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	31,371,167	18,991,583
D) PREPAID EXPENSES AND ACCRUED INCOME	064	342,650	70,635
E) TOTAL ASSETS (ADP 001+002+037+064)	065	451,533,297	451,737,546
F) OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 do 070+076+077+081+084+087)	067	434,770,179	432,250,087
I INITIAL (SUBSCRIBED) CAPITAL	068	197,519,890	197,519,890
II CAPITAL RESERVES	069	202,778,150	202,778,150
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	-2,779,949	258,214
1 Legal reserves	071	20,051	1,864,164
2 Reserves for treasury shares	072	0	80,000
3 Treasury shares and holdings (deductible item)	073	-2,800,000	-1,685,950
4 Statutory reserves	074	0	0
5 Other reserves	075	0	0
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	369,830	578,955
1 Retained profit	084	369,830	578,955
2 Loss brought forward	085	0	0

CIAK GRUPA

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	36,882,258	31,114,878
1 Profit for the business year	087	36,882,258	31,114,878
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	0	0
1 Provisions for pensions, termination benefits and similar obligations	091	0	0
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	0	0
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	0	7,054,051
1 Liabilities towards undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	099	0	5,800,000
3 Liabilities towards companies linked by virtue of participating interest	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101	0	0
5 Liabilities for loans, deposits etc.	102	0	1,254,051
6 Liabilities towards banks and other financial institutions	103	0	0
7 Liabilities for advance payments	104	0	0
8 Liabilities towards suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	16,629,612	9,340,502
1 Liabilities towards undertakings within the group	110	8,699,829	1,002,938
2 Liabilities for loans, deposits, etc. to companies within the group	111	0	0
3 Liabilities towards companies linked by virtue of participating interest	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113	0	0
5 Liabilities for loans, deposits etc.	114	0	2,281,275
6 Liabilities towards banks and other financial institutions	115	0	0
7 Liabilities for advance payments	116	0	0
8 Liabilities towards suppliers	117	306,477	617,059
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	663,678	800,636
11 Taxes, contributions and similar liabilities	120	4,564,892	3,384,969
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	2,394,736	1,253,625
E) ACCRUALS AND DEFERRED INCOME	124	133,506	3,092,906
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	451,533,297	451,737,546
G) OFF-BALANCE SHEET ITEMS	126	0	0

CIAK GRUPA

12

12.3. UNCONSOLIDATED STATEMENT OF CASH FLOW

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	39,005,435	31,321,123
2 Adjustments (ADP 003 to 010):	002	-38,449,751	-34,112,381
a) Depreciation	003	75,341	1,806,997
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	17,034
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	-6,916,419	1,853
d) Interest and dividend income	006	-31,586,609	-36,066,435
e) Interest expenses	007	4,200	118,669
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	-26,264	9,501
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	555,684	-2,791,258
3 Changes in the working capital (ADP 013 to 016)	012	-5,918,906	-7,085,235
a) Increase or decrease in short-term liabilities	013	-220,757	12,644,369
b) Increase or decrease in short-term receivables	014	-5,698,169	-19,729,604
c) Increase or decrease in inventories	015	20	0
d) Other increase or decrease in the working capital	016	0	0
II Cash from operations (ADP 011+012)	017	-5,363,222	-9,876,493
4 Interest paid	018	-50,000	-11,361
5 Income tax paid	019	0	-2,943,216
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-5,413,222	-12,831,070
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	4,229,952	3,881,028
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	114,695,000	98,877,681
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	118,924,952	102,758,709
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-379,040	-1,460,114
2 Cash payments for the acquisition of financial instruments	029	-3,050,000	0
3 Cash payments for loans and deposits for the period	030	-256,017,548	-69,542,587
4 Acquisition of a subsidiary, net of cash acquired	031	0	-7,000
5 Other cash payments from investment activities	032	0	0
IV UTotal cash payments from investment activities (ADP 028 to 032)	033	-259,446,588	-71,009,701
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-140,521,636	31,749,008
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	0	6,300,000
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	0	6,300,000
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	0	-500,000
2 Dividends paid	041	0	-34,843,238
3 Cash payments for finance lease	042	0	-1,248,334
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	-599,000	-1,005,950
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-599,000	-37,597,522
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	-599,000	-31,297,522
1 Unrealised exchange rate differences in cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	048	-146,533,858	-12,379,584
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	177,905,025	31,371,167
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	31,371,167	18,991,583

12.4. UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Item	ADP code	Attributable to owners of the parent								
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)
1	2	3	4	5	6	7	8	9	10	11
Previous period										
1 Balance on the first day of the previous business year	01	197,519,890	202,906,538	13,395	0	0	0	0	0	0
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0
4, Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	197,519,890	202,906,538	13,395	0	0	0	0	0	0
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	09	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	12	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	-128,388	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	2,800,000	0	0	0	0
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0
22 Transfer to reserves according to the annual schedule	22	0	0	6,656	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	197,519,890	202,778,150	20,051	0	2,800,000	0	0	0	0
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	0	0
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	-128,388	6,656	0	2,800,000	0	0	0	0

CIAK
GRUPA

12

Item	ADP code	Attributable to owners of the parent								
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holding (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)
1	2	3	4	5	6	7	8	9	10	11
Current period										
1 Balance on the first day of the current business year	28	197,519,890	202,778,150	20,051	0	2,800,000	0	0	0	0
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0
4. Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	197,519,890	202,778,150	20,051	0	2,800,000	0	0	0	0
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	36	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	39	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	2,200,000	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	0	1,005,950	0	0	0	0
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	48	0	0	0	-2,120,000	-2,120,000	0	0	0	0
22 Carryforward per annual plan	49	0	0	1,844,113	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 31 to 50)	51	197,519,890	202,778,150	1,864,164	80,000	1,685,950	0	0	0	0
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0	0	0	2,200,000	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53	0	0	0	2,200,000	0	0	0	0	0
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	1,844,113	-2,120,000	-1,114,050	0	0	0	0

Item	ADP code	Attributable to owners of the parent							Minority (non-controlling) interest	Total capital and reserves
		Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period										
1 Balance on the first day of the previous business year	01	0	0	0	0	3,938	372,547	400,816,308	0	400,816,308
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0
4. Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	0	0	0	0	3,938	372,547	400,816,308	0	400,816,308
5 Profit/loss of the period	05	0	0	0	0	0	36,882,258	36,882,258	0	36,882,258
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	09	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	12	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	365,892	-372,547	-6,655	0	-6,655
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	-128,388	0	-128,388
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	-2,800,000	0	-2,800,000
19 Payments from members/ shareholders	19	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	6,656	0	6,656
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	0	0	0	0	369,830	36,882,258	434,770,179	0	434,770,179
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	0	0	0	365,892	-372,547	-6,655	0	-6,655
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	365,892	36,509,711	36,875,603	0	36,875,603
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	0	0	-2,921,732	0	-2,921,732

Item	ADP code	Attributable to owners of the parent							Minority (non-controlling) interest	Total capital and reserves
		Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Current period										
1 Balance on the first day of the current business year	28	0	0	0	0	369,830	36,882,258	434,770,179	0	434,770,179
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0
4. Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	0	0	0	0	369,830	36,882,258	434,770,179	0	434,770,179
5 Profit/loss of the period	32	0	0	0	0	0	31,114,878	31,114,878		31,114,878
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	36	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	39	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	0	-2,200,000	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	0	0	0	-1,005,950	0	-1,005,950
19 Payments from members/ shareholders	46	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	-34,961,020	-34,961,020	0	-34,961,020
21 Other distributions and payments to members/shareholders	48	0	0	0	0	2,332,000	0	2,332,000	0	2,332,000
22 Carryforward per annual plan	49	0	0	0	0	77,125	-1,921,238	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 31 to 50)	51	0	0	0	0	578,955	31,114,878	432,250,087	0	432,250,087
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I. OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (AOP 33 to 41)	52	0	0	0	0	-2,200,000	0	0	0	0
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (AOP 32 to 52)	53	0	0	0	0	-2,200,000	31,114,878	31,114,878	0	31,114,878
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (AOP 42 to 50)	54	0	0	0	0	2,409,125	-36,882,258	-33,634,970	0	-33,634,970

13

Sustainability at CIAK Group

13.1. ENVIRONMENTAL PROTECTION

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

13.2. SUSTAINABLE DEVELOPMENT STRATEGY IN CIAK GROUP

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

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

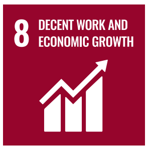
The SDGs are rooted in our everyday business and actions, specifically relating to following:

SDG 3

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

SDG 7

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



SDG 8

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

SDG 12

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

SDG 13

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

13

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

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

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

The CIAK Group further plans to offset CO2 emissions, which inevitably arise from fleet operations, e.g., by afforestation measures in the region. In our wholesale and retail operations, we are continuously reducing the use of PVC bags, with the aim of completely eliminating their use in retail and for receiving goods in our warehouses by 2025. Instead, we will use alternative materials that are more environmentally friendly. Eliminating the use of PVC bags in our sales operations will allow us to meet UN and EU targets for plastic bags and support SDG 12. We are a proud ISO 50001-certificate holder.

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

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

Furthermore, in order to educate Croatian citizens about the importance and possibilities of recycling batteries, our goal is to introduce this topic to as many students, primary school and high school students by 2025. This way we want to increase awareness on this issue and enable young generations to act responsibly towards the environment.

CIAK GRUPA

13.3. CIAK GROUP'S EMPLOYEES

The greatest value of CIAK Group are its employees, and theirs safety, needs, motivations, satisfaction and protection were also managements priority during the 2022. Paying great importance to responsible and ethical based behaviour in business, the Group respects the principles of ethics in all its business relations and acts in accordance with the principles of responsibility, truthfulness, efficiency, transparency and quality.

CIAK Grupa treats business partners, employees and the entire social and business environment in good faith, respecting good business practices. We enable the equality of employees on a daily basis, accepting their diversity, providing them with equal opportunities for employment, promotion, education and rewards.

Broj zaposlenika CIAK Grupe na 31.12.2022. godine iznosi 2339, što je 311 zaposlenika više u odnosu na 31.12.2021.

Personnel costs in 2022 amount to HRK 287 million or 42% more than the previous year.

	2021.	2022.
Net wages costs	130.041	190,126
Tax and contribution costs	59,997	76,702
Other personnel costs	11,703	19,750
Personnel costs	**201,741**	**286,578**

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

THE MOST IMPORTANT HUMAN RESOURCE MANAGEMENT ACTIVITIES DURING 2022:

New ways of internal communication

During 2022 we continued on developing internal communication at the level of the entire group, which includes an internal newsletter with the aim of timely and accurate transmission of information to employees of all companies within the CIAK Group. In addition to corporate information related to changes in operations and business expansion, the newsletter also informs employees about the benefits and internal training that we have established during the year.

Workshops CIAK Auto d.o.o.

In 2022, workshops were also launched for CIAK AUTO d.o.o. with the aim of speeding up operational processes between business units and central services. At the workshops, the current challenges faced by the business units are solved together, and communication between the operational and central departments is strengthened. The workshops were held in 5 regions and will continue in the first half of 2023. Further activities will be decided according to the final evaluation of the workshops.

Recognition of employee effort

In 2022, the CIAK Group employed over 300 people in Croatia, both in central services and in sales, logistics and distribution, and continues to continuously improve and reward its employees, recognizing their hard work, collegiality and the will to progress.

Onboarding

During 2022, the CIAK Group continued to develop the ONBOARDING process for all new employees. The above-mentioned process accelerates, and therefore facilitates, the adaptation of new employees and introduces them to the functioning of the company in which they are employed in a warm and collegial manner.

CIAK GRUPA

13

13.4. KEY PERFORMANCE INDICATORS OF ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

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

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

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

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

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

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

Within the Taxonomy-eligible activity Manufacture of batteries, there is an environmentally sustainable battery recycling activity as one of the activities in CIAK Grupa. Turnover from recycling activities account for 6% of CIAK Group's consolidated turnover*.

Environmentally sustainable activity Collection and transport of non-hazardous waste in source segregated fractions accounts for 5.1% of CIAK Group's consolidated turnover.

Total turnover of environmentally sustainable activities within the CIAK Grupa account for 11.1% of CIAK Group's consolidated turnover.

Economic activities (1)	NKD 2007 (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria	
				Climate change mitigation (5)	Climate change adaptation (6)
		Valuta: HRK	%	%	%
A, TAXONOMY-ELIGIBLE ACTIVITIES					
A.1. Environmentally sustainable activities (Taxonomy-aligned)					
Manufacture of batteries	27,20	101,784,604	6,0	100	100
Collection and transport of non-hazardous waste in source segregated fractions	38,11	87,793,883	5,1	100	100
Turnover of environmentally sustainble activities (Taxonomy-aligned) (A.1.)		189,578,487	11,1		
A.2. Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned)					
Turnover of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)		0	0,0		
Total (A.1. + A.2.)		189,578,487	11,1		
B, TAXONOMY-NON-ELIGIBLE ACTIVITIES					
Turnover of taxonomy-non-eligible activities (B)		1,516,904,778	88,9		
Total (A+B)		1,706,483,265	100,0		

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

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

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

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

Within the Taxonomy-eligible activity Manufacture of batteries, there is an environmentally sustainable battery recycling activity as one of the activities of the CIAK Grupa. OpEx from recycling activities account for 13.6% of CIAK Group's consolidated OpEx*.

Environmentally sustainable activity Collection and transport of non-hazardous waste in source segregated fractions account for 24.6% of CIAK Group's consolidated OpEx.

Total OpEx of environmentally sustainable activities within the CIAK Group account for 38.2% of CIAK Group's consolidated OpEx.

Economic activities (1)	NKD 2007 (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria	
				Climate change mitigation (5)	Climate change adaptation (6)
		Currency: HRK	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES					
A.1. Environmentally sustainable activities (Taxonomy-aligned)					
Manufacture of batteries	27,20	13,034,243	13.6	100	100
Collection and transport of non-hazardous waste in source segregated fractions	38,11	23,597,641	24.6	100	100
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		36,631,884	38.2		
A.2. Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned)					
OpEx of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)		0	0,0		
Total (A.1. + A.2.)		36,631,884	38.2		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES					
OpEx of taxonomy-non-eligible activities (B)		59,391,589	61.8		
Total (A+B)		96,023,473	100.0		

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

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

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

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

Within the Taxonomy-eligible activity Manufacture of batteries, there is an environmentally sustainable battery recycling activity as one of the activities of the CIAK Grupa. CapEx from recycling activities account for 1.1% of CIAK Grupa's consolidated CapEx.*

Environmentally sustainable activity Collection and transport of non-hazardous waste in source segregated fractions accounts for 23.2% of CIAK Grupa's consolidated CapEx.

Total CapEx of environmentally sustainable activities within the CIAK Grupa account for 24,2% of CIAK Grupa's consolidated CapEx.

Economic activities (1)	NKD 2007 (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria	
				Climate change mitigation (5)	Climate change adaptation (6)
		Currency: HRK	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES					
A.1. Environmentally sustainable activities (Taxonomy-aligned)					
Manufacture of batteries	27,20	1,370,987	1,1	100	100
Collection and transport of non-hazardous waste in source segregated fractions	38,11	30,239,206	23,2	100	100
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		31,610,192	24,2		
A.2. Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned)					
CapEx of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)			0,0		
Total (A.1. + A.2.)		31,610,192	24,2		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES					
CapEx of taxonomy-non-eligible activities (B)		98,956,351	75,8		
Total (A+B)		130,566,544	100,0		

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

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

13.5. CIAK AUTO AKADEMIJA

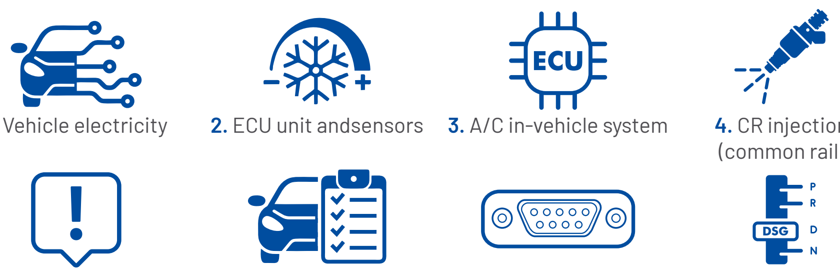
With the development of technology in the automotive industry, the complexity of vehicles has increased, and thus their maintenance. In order for an independent aftermarket to remain competitive with knowledge and customer service in relation to authorized service networks, continuous education of mechanics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

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

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

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

Tematski seminari podijeljeni su u nekoliko koraka (tema):



1. Vehicle electricity

2. ECU unit andsensors

3. A/C in-vehicle system

4. CR injection (common rail)

5. Complaints – what and how

6. Workshop – what and how

7. CAN/LIN-bus data network

8. DSG clutch OAM gearbox

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

13.6. CERTIFICATES AND ASSOCIATIONS

13.6.1. CERTIFICATES

CIAK GROUP HAS 7 DIFFERENT QUALITY CERTIFICATES:

a. ISO 9001:2015

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

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

b. ISO 50001:2018

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

c. ISO 45001:2018 i ISO 45001:2015

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

d. ISO 39001:2012

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

CIAK GRUPA

e. SCCP:2011

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

ISO SCC**
BUREAU VERITAS
Certification

f. HRN EN ISO/IEC 17025:2007

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

17025 HAA
1731

13.6.2. ASSOCIATIONS

AD INTERNATIONAL

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

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

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

AD International in number:

23 partners

48 countries

600 wholesale distributers

3.000 outlets

10.000 service stations in the ADI network

13.7. NEW PRODUCT

13.7.1. TOOLS AND SERVICE EQUIPMENT

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

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

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

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

Our ultimate goal has always been, and continues to be, to satisfy our customers with a large selection, unsurpassed quality and affordability of the sales range in a professional and affordable manner with continuous growth and development of the company. Novelty in 2022 is the expansion of the network to other companies in the Auto parts segment within our region.

13.7.2. FLEET DEPARTMENT

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

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

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

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

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

CIAK Auto Fleet Management offers:

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

13

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

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

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

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

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

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

CIAK CAR SERVICE HEADQUARTERS NETWORK MAP

13.8. EcoCycle

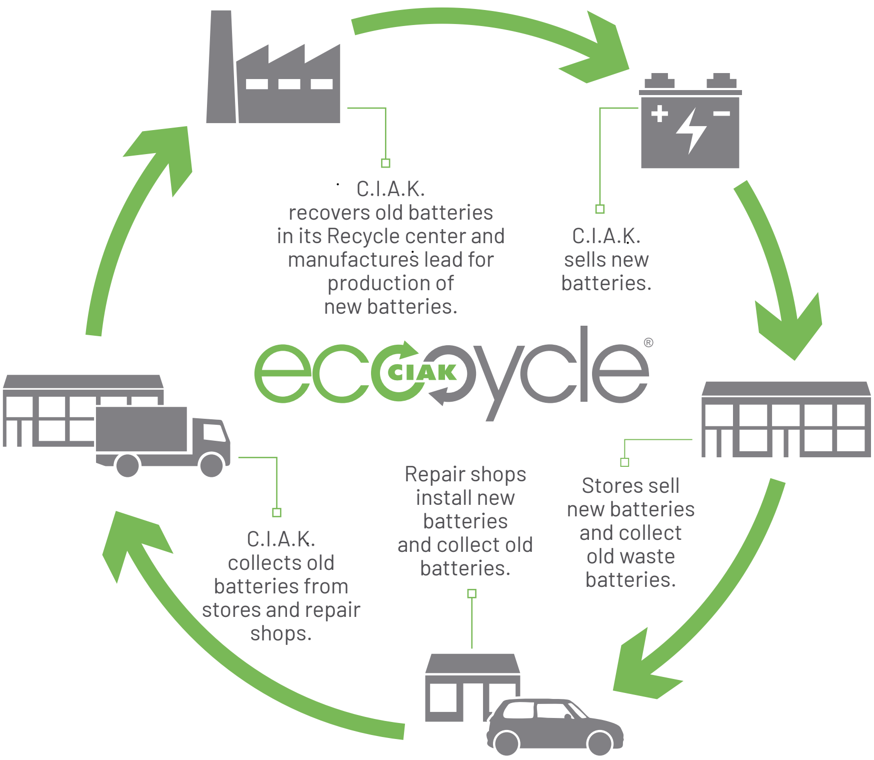
The CIAK Group, in addition to being the leading distributor, collector and recycler of batteries in the region since 1994, has also proven to be a socially and environmentally responsible partner through the CIAK EcoCycle program; a business model that describes the circular economy. The CIAK Group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

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

Battery purchase is done in two ways:

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

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



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

13

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

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

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

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

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

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

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

HAZARDOUS WASTE

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

NON-HAZARDOUS WASTE

We provide waste management services for over 2000 partners

CIAK LABORATORY

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

EXPERT CONSULTING AND ENVIRONMENTAL PROTECTION

Obligation to conduct environmental impact studies is defined by environmental laws

REMEDIATION OF CONTAMINATED SITES

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

CLEANING AND MAINTENANCE OF INDUSTRIAL PLANTS

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

CIAK GRUPA

14

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

14.1. IMPORTANT BUSINESS EVENTS AFTER CLOSURE OF BUSINESS YEAR

Business mergers

For financial statements with a balance sheet date of 31 December 2022, realized acquisitions in 2023 are an event that does not require reconciliation, given that they have an effect on operations and financial statements in 2023.

In February, 2023 CIAK Group finalized the acquisition transaction of the company Potokar d.o.o., Ljubljana, Slovenia. The Potokar company is one of the independent automotive aftermarket distributors (IAM) in Slovenia, generating turnover of more than 7 million EUR present at 18 locations throughout Slovenia with a portfolio of over 40,000 references. Company Potokar was one of the pioneers of automotive aftermarket in Slovenia, family company focused on partnership values that always had strong emphasis on business development and education of both employees and their loyal partners. Its brand name Potokar and core values of the company will continue to be nurtured by local team led by Mr. Peter Potokar as CEO, with even more strength and dedication for expansion of its offering on the market of Slovenia thanks to the support of CIAK Group.

Taking into consideration CIAK Group core business, company Potokar d.o.o. is one of the logical steps in further strengthening the growth of CIAK Group. As a family company, Potokar d.o.o. is also in business culture and business expertise very similar to the company CIAK Auto, therefore we expect to fully utilize the synergies of these two groups and enable the company for an even better result in the coming years, while also utilizing all positive aspects of Potokar to further strengthen CIAK Auto market position in Adria region.

With this transaction CIAK Group continues to be one of the leading IAM companies in Adria region, strongly present in the passenger car spare parts distribution networks in Croatia, Montenegro, Serbia, Bosnia and Hercegovina, North Macedonia and now Slovenia as a new market for CIAK Group.

Changing the functional currency

The Government of the Republic of Croatia adopted the Decision on the announcement of the introduction of the euro as the official currency in the Republic of Croatia (published in "Narodne novine" No. 85/22). With the aforementioned decision, the euro becomes the official monetary unit and legal tender in the Republic of Croatia on 1 January 2023. The fixed conversion rate is set at HRK 7.53450 for one euro. The introduction of the euro as the official currency in the Republic of Croatia represents a change in the functional value that will be calculated prospectively and does not represent an event after the balance sheet date that requires reconciliation

14.2. CIAK GROUP'S SUBSIDIARIES

On 31 December 2022, CIAK Group had registered subsidiaries as set out in presentation.

Name of the subsidiary	
C.I.A.K. AUTO d.o.o. Sarajevo	3 BUSINESS UNITS REGISTERED AS SUBSIDIARY
C.I.A.K. d.o.o. Grude	2 BUSINESS UNITS REGISTERED AS SUBSIDIARY
CIAK TRUCK d.o.o. Sarajevo	3 BUSINESS UNITS REGISTERED AS SUBSIDIARY
AUTO MILOVANOVIĆ d.o.o. Banja Luka	26 BUSINESS UNITS REGISTERED AS SUBSIDIARY
LUKENA AUTO d.o.o. Beograd	4 BUSINESS UNITS REGISTERED AS SUBSIDIARY
CIAK TRUCK d.o.o. Novi Sad	5 BUSINESS UNITS REGISTERED AS SUBSIDIARY
C.I.A.K. d.o.o. Novi Sad	2 BUSINESS UNITS REGISTERED AS SUBSIDIARY
C.I.A.K. AUTO EKSPORT-IMPORT dooel Skopje	4 BUSINESS UNITS REGISTERED AS SUBSIDIARY

14.3. REPURCHASE OF TREASURY SHARES

In 2022, the Group acquired 23,750 treasury shares with a nominal amount of HRK 237,500, which represent 0.12% of the share capital. Repurchase was made on the basis of trading outside the trading venue, through multiple transactions throughout the year.

On 31 December 2021 the Company owned 70,000 shares with a total nominal amount of HRK 700,000, i.e. 0.35% of the Company's share capital, while on 31 December 2022 the Company owns 40,750 shares with a total nominal amount of HRK 407,500, which represent 0.20% of the Company's share capital.

15

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

15.1. MAKING ANNUAL BUSINESS PLANS

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

During the year 2022 the Group is engaged in expanding its business and taking bigger and better position in the market, both domicile and foreign one.

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

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

15.2. GROUP'S R&D ACTIVITIES

The Group pays special attention to the development and introduction of new technologies, also to additional training and improvement of quality and perspective personnel which by engaging funds for additional education enables the acquisition of new knowledge necessary in struggling with increasing competition.

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

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

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

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

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

16.1. SHAREHOLDERS AND THE INVESTMENT PUBLIC

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

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

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

16.2. ADMINISTRATIVE AND SUPERVISORY BODIES AND EMPLOYEES

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

16.3. INTERNAL AND EXTERNAL AUDIT OF THE COMPANY

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

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

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

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

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

Independent Auditors' Report and consolidated financial statements

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

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

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

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

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

Management report, Corporate Governance Statement, consolidated financial statement in electronic form in accordance with the ESEF Regulation as well as the attached consolidated financial statements together constitute the Group's Annual Report and were approved and signed by the Management Board on 5 April 2023 for submission to the Supervisory Board and signed below by:

Ivan Leko *President of the Management Board*	**Dominik Leko** *Member of the Management Board*	**Dalibor Bagarić** *Member of the Management Board*
Ivica Greguraš *Member of the Management Board*	**Ivan Miloš** *Member of the Management Board*	CIAK Grupa d.d. ZAGREB

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of CIAK Grupa d.d. ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of comprehensive income, cash flows and changes in equity of the Group for the year then ended, and notes, comprising significant accounting policies and other explanatory information (further referred to as "the financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

Basis for Opinion

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

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

KPMG

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

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

<table>
<tr><th colspan="2">Revenue recognition</th></tr>
<tr><td colspan="2">Revenue recognized in profit or loss for 2022 amounts to HRK 1,706,484 thousand (2021: HRK 1,345,336 thousand). Please refer to Note 3.4 Revenue recognition within Significant accounting policies and Note 6 Revenue to the financial statements.</td></tr>
<tr><th>Key audit matter</th><th>How we addressed the matter</th></tr>
<tr><td>The Group's core activities include wholesale and retail sales of automotive parts and accessories, waste disposal services and other related services. Revenue is a key measure used to evaluate the performance of the Group.

The applicable financial reporting standard governing the accounting for revenue, IFRS 15 Revenue from Contracts with Customers, requires management to identify all goods or services provided to customers and determine whether to account for each such good or service as a separate performance obligation, as well as to determine an appropriate revenue recognition pattern (point-in-time vs over time).

Given the nature of customer contracts or contract equivalents, the Group recognises most of its revenue (wholesale and retail sales) at a point in time when the performance obligation relevant to the contract is executed and when control over the products transfers to the customer which is typically upon delivery to the customer.

For waste disposal services, revenue is recognised in part over time as the performance obligation is performed, and in part upon completion, i.e. upon fulfilment of the performance obligation, depending on the specifics of a relevant contract. Revenue from other related services is generally recognised over time.

Due to the above factors, accounting for revenues requires management to exercise significant judgment. Consequently, this area required our increased attention in the audit and is considered by us to be a key audit matter.</td><td>Our audit procedures performed in this area included:
• Assessing the accounting policy for recognition of revenue and its compliance the requirements of the revenue standard;
• Evaluating the design and implementation of controls over the revenue cycle;
• For a sample of contracts or contract equivalents with customers in force during the reporting period:
- challenging the identification of performance obligations included therein;
- critically assessing the determination of revenue recognition pattern (point-in-time vs over time);
- critically evaluating the revenue amounts recognized by comparing a sample of revenue transactions to outgoing invoices (taking into account on-invoice rebates), goods delivery notes and general ledger entries and other relevant source documentation, with particular attention paid to amounts recognised at or around the reporting date;
• For a sample of customers, obtaining external confirmations of amounts due as at the reporting date, and inquiring as to the reasons for any significant differences as compared to the Group's accounting records;
• Inspecting journal entries posted to revenue accounts focusing on unusual and irregular items;
• Assessing the adequacy of revenue recognition – related disclosures against the relevant requirements of the financial reporting standards.</td></tr>
</table>

Key Audit Matters (continued)

Carrying amount of brands

As at 31 December 2022, intangible assets of the Group included brands with indefinite useful lives with a carrying amount of HRK 49,191 thousand *(2021: HRK 49,191 thousand).* During 2022 and 2021, the Group did not recognize any impairment losses with respect to brands.

Please refer to Note 3.12 *Intangible assets* within *Significant* accounting policies, Note 4.(iii) T*esting for impairment of goodwill and intangible assets with indefinite useful life* and Note 14 *Intangible assets* to the financial statements.

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

KPMG

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

Report on the Audit of the Financial Statements (continued)

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

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

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG

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

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

We were appointed by those charged with governance on 9 June 2022 to audit the consolidated financial statements of CIAK Grupa d.d. for the year ended 31 December 2022. Our total uninterrupted period of engagement is four years, covering the years ending 31 December 2019 to 31 December 2022.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 6 April 2023;
- 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.

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

KPMG

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

Report on Compliance with the ESEF Regulation

In accordance with the requirements of Article 462 paragraph 5 of the Capital Market Act, we are required to express an opinion on compliance of the consolidated financial statements, as included in the consolidated Annual report, with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management and Those Charged with Governance

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

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

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

Auditors' Responsibilities

Our responsibility is to express an opinion on whether the consolidated financial statements included in the consolidated Annual report 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.

KPMG

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

Report on Compliance with the ESEF Regulation (continued)

Auditors' Responsibilities (continued)

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. Our procedures included, among other things:

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

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

Opinion

In our opinion, the consolidated financial statements of the Group as at and for the year ended 31 December 2022 have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

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

6 April 2023

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

(in thousands of HRK)	*Note*	2022	2021
Operating revenues	*6*	1,706,484	1,345,336
Bargain purchase	*31*	317	22,105
Other income	*7*	9,415	13,156
Material expenses	*8*	(1,160,675)	(937,428)
Employee expenses	*10*	(286,578)	(201,741)
Depreciation and amortisation	14,15,16	(71,259)	(50,739)
Other operating expenses	*9*	(123,897)	(99,747)
Operating profit		**73,807**	**90,942**
Finance income	*11*	4,092	3,892
Finance costs	*12*	(15,904)	(12,476)
Net finance expense		**(11,812)**	**(8,584)**
Profit before tax		**61,995**	**82,358**
Income tax	*13*	(15,859)	(12,261)
Net profit for the year		**46,136**	**70,097**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign operations - foreign translation differences		(683)	(419)
Total comprehensive income		**45,453**	**69,678**
Profit attributable to:			
Equity holders of the parent		46,237	70,114
Non-controlling interests		(101)	(17)
Total comprehensive income attributable to:			
Equity holders of the parent		45,554	69,695
Non-controlling interests		(101)	(17)
Earnings per share (in HRK):			
Basic		2.35	3.56
Diluted		2.35	3.55

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

(in thousands of HRK)	***Note***	**31.12.2022**	**31.12.2021**
ASSETS			
Non-current assets			
Intangible assets and goodwill	*14*	66,258	57,702
Property, plant and equipment	*15*	205,318	187,411
Right of use assets	*16*	155,577	139,335
Equity-accounted investees	*17*	2,302	2,260
Financial assets	*18*	2,388	2,542
Trade and other receivables	*20*	1,909	2,073
Deferred tax assets	*13*	2,720	2,169
Total non-current assets		**436,472**	**393,492**
Current assets			
Inventories	*19*	634,339	535,299
Financial assets	*18*	207	6,034
Trade and other receivables	*20*	285,256	263,595
Income tax receivable		1,434	3,167
Cash and cash equivalents	*21*	105,954	75,546
Non-current assets held for sale	*22*	2,169	1,621
Total current assets		**1,029,359**	**885,262**
Total assets		**1,465,831**	**1,278,754**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	*23*	197,520	197,520
Capital reserves	*24*	184,634	184,634
Legal reserves		1,864	-
Treasury shares	*25*	(1,686)	(2,800)
Reserves for treasury shares	*25*	80	-
Retained earnings		116,157	107,296
Attributable to equity holders of the parent		**498,569**	**486,650**
Non-controlling interests	*26*	(93)	8
Total shareholders' equity		**498,476**	**486,658**
Non-current liabilities			
Borrowings	*27*	275,751	301,717
Provisions	*28*	57	911
Trade and other payables	*29*	127	295
Deferred tax liability	*13*	5,875	5,989
Total non-current liabilities		**281,810**	**308,912**
Current liabilities			
Trade and other payables	*29*	481,328	363,932
Income tax payable		7,711	8,576
Borrowings	*27*	196,506	110,676
Total current liabilities		**685,545**	**483,184**
Total liabilities		**967,355**	**792,096**
Total equity and liabilities		**1,465,831**	**1,278,754**

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

CIAK GRUPA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

(in HRK thousands)	Share capital	Capital reserves	Legal reserves	Treasury shares	Reserves for treasury shares	Retained earnings	Total	Non-controlling interests	Total
As at 1 January 2021	197,520	184,762	-	-	-	37,601	419,883	3,829	423,712
Comprehensive income									
Profit for the year	-	-	-	-	-	70,114	70,114	(17)	70,097
Foreign exchange differences	-	-	-	-	-	(419)	(419)	-	(419)
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(419)**	**(419)**	**-**	**(419)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**69,695**	**69,695**	**(17)**	**69,678**
Transactions with owners and transfers recognised directly in equity									
Loss of control	-	-	-	-	-	-	-	(3,804)	(3,804)
Other changes in Equity	-	(128)	-	-	-	-	(128)	-	(128)
Purchase of treasury shares	-	-	-	(2,800)	-	-	(2,800)	-	(2,800)
Total transactions with owners recognised directly in equity	**-**	**(128)**	**-**	**(2,800)**	**-**	**-**	**(2,928)**	**(3,804)**	**(6,732)**
As at 31 December 2021	**197,520**	**184,634**		**(2,800)**	**-**	**107,296**	**486,650**	**8**	**486,658**
Comprehensive income									
Profit for the year	-	-	-	-	-	46,237	46,237	(101)	46,136
Foreign exchange differences	-	-	-	-	-	(683)	(683)	-	(683)
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(683)**	**(683)**	**-**	**(683)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**45,554**	**45,554**	**(101)**	**45,453**
Transactions with owners and transfers recognised directly in equity									
Transfer to reserves for treasury shares	-	-	-	-	2,200	(2,200)	-	-	-
Share award	-	-	-	2,120	(2,120)	2,332	2,332	-	2,332
Purchase of treasury shares	-	-	-	(1,006)	-	-	(1,006)	-	(1,006)
Transfer to legal reserves	-	-	1,864	-	-	(1,864)	-	-	-
Dividend paid	-	-	-	-	-	(34,961)	(34,961)	-	(34,961)
Total transactions with owners recognised directly in equity	**-**	**-**	**1,864**	**1,114**	**80**	**(36,693)**	**(33,635)**	**-**	**(33,635)**
As at 31 December 2022	**197,520**	**184,634**	**1,864**	**(1,686)**	**80**	**116,157**	**498,569**	**(93)**	**498,476**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

(in thousands of HRK)	*Note*	2022	2021.
Profit for the year		**46,136**	**70,097**
Income tax	*13*	15,859	12,261
Depreciation and amortization	*14, 15, 16*	71,259	50,739
Write off of property, plant and equipment		-	1,195
Write off of intangible assets		109	3
(Gain)/loss on disposal of property, plant, equipment and intangibles		(2,443)	(103)
Impairment of trade and other receivables		3,131	(3,521)
Impairment of Inventories		9,522	6,654
Net change in provisions		(854)	630
Unrealised exchange rate differences		(2,393)	(609)
Interest income	*11*	(224)	(157)
Interest expense	*12*	10,253	6,435
Bargain purchase		(317)	(22,105)
Loss of control		-	(1,544)
Other non cash adjustments		145	-
		150,183	**119,975**
Changes in working capital:			
Trade and other receivables		(17,533)	(47,077)
Inventories		(94,213)	(115,282)
Trade and other payables		109,804	96,037
Cash generated from operations		**148,241**	**53,653**
Interest paid		(4,795)	(5,180)
Income taxes paid		(15,779)	(3,551)
Net cash from operating activities		**127,667**	**44,922**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,131	600
Net change in deposits		(837)	1,989
Purchase of property, plant, equipment		(41,856)	(61,235)
Purchase of financial assets		-	(3,050)
Acquisition of subsidiary net of cash		(5,640)	(138,332)
Cash flows from losing control of subsidiaries		-	(670)
Net cash used in investing activities		**(46,202)**	**(200,698)**
Cash flows from financing activities			
Dividends paid		(34,843)	-
Loans received		102,662	130,292
Loans repaid		(66,516)	(65,405)
Lease liabilities paid		(51,354)	(32,363)
Purchase of treasury shares		(1,006)	(599)
Net cash from / (used) in financing activities		**(51,057)**	**31,925**
Net increase of cash and cash equivalents		30,408	(123,851)
Cash and cash equivalents at beginning of year		75,546	199,397
Cash and cash equivalents at the end of year	*21*	**105,954**	**75,546**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 – GENERAL INFORMATION

History and incorporation

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

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

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

The shareholder structure is shown in note 23.

Corporate governance and management

General Assembly

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

Supervisory Board

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

President	Stjepan Ljatifi (appointed 27 December 2019)
Deputy President	Vjekoslav Mesaroš (appointed 6 May 2020)
Member	Slavica Zrinski (appointed 27 December 2019)
Member	Đurđica Meglajec (appointed 27 December 2019)
Member	Damir Kos (appointed 6 May 2020)
Member	Zvonko Merkaš (appointed 1 August 2021)
Member	Marko Varga (appointed 1 August 2021)

Management Board

The Company formed a Management Board consisting of multiple members on 27 April 2020. The Management Board members of the Company are as follows:

President of the Management Board	Ivan Leko (appointed 27 April 2020)
Member of the Management Board	Dominik Leko (sole Director of the Company until 27 April 2020)
Member of the Management Board	Dalibor Bagarić (appointed 27 April 2020)
Member of the Management Board	Ivica Greguraš (appointed 27 April 2020)
Member of the Management Board	Ivan Miloš (appointed 27 April 2020)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 2 – BASIS OF PREPARATION

(i) Statement of compliance

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

(ii) Basis of measurement

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

(iii) Functional and presentation currency

These financial statements are prepared in the Croatian kuna ("HRK"), which is also the functional currency, rounded to the nearest thousand.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

(i) Group structure and scope of consolidation

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

			2022		2021	
Company		**Country**	***DOI%**	***EOI%**	***DOI%**	***EOI%**
C.I.A.K. auto d.o.o.		HR	100%	100%	100%	100%
C.I.A.K. Auto d.o.o.		BiH		100%		100%
AD Adria d.o.o.		HR		100%		100%
C.I.A.K. Auto Srbija d.o.o.		RS		100%		100%
Lukena Auto d.o.o.	**	RS		100%		0%
Auto Milovanović d.o.o.	**	BiH		100%		0%
Ciak auto d.o.o. (Lukena Auto d.o.o.)	**	MKD		100%		0%
Next Auto d.o.o.	**	CG		100%		0%
Mika komerc d.o.o.	***	RS		100%		100%
Fuerza d.o.o.	***	HR		100%		100%
C.I.A.K. d.o.o.		HR	100%	100%	100%	100%
C.I.A.K. d.o.o.		RS		100%		100%
C.I.A.K. d.o.o.		SLO		100%		100%
C.I.A.K. d.o.o. Grude		BiH		100%		100%
Grioss RS d.o.o.		BiH		100%		100%
Bendj trade d.o.o.		BiH		62%		62%
Top start d.o.o.		HR		100%		100%
Autodijelovi d.o.o.		HR		50%		50%
Adriatik ulja d.o.o.		HR		100%		100%
Ciak Makedonija (Euroguma trade d.o.o.)	***	MKD		100%		0%
CIAK Truck d.o.o.		HR	100%	100%	100%	100%
Ciak tools d.o.o.(Trgometal d.o.o.)	**	HR		100%		0%
TM Auto d.o.o.	**	HR		100%		0%
Cordia Trade d.o.o.	**	HR		100%		0%
C.I.A.K. Truck Srbija d.o.o.		RS		100%		100%
C.I.A.K. Truck Servis		HR		100%		100%
C.I.A.K. Truck		BiH		100%		100%
DBH d.o.o.	***	HR		100%		100%
C.I.A.K. trade d.o.o.		HR	100%	100%	100%	100%
CIAK USLUGE d.o.o.		RS	100%	100%	100%	100%
C.I.A.K. Truck (Kamioland)	****	SLO		50%		50%

**DOI = direct ownership interest of parent company / EOI = effective ownership interest of parent company.*

***The companies acquired during 2021.*

**** The companies acquired during 2022.*

***** Company accounted as equity accounted investees as of 1. January 2021*

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(ii) Subsidiaries

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

(iii) Business combinations

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

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

(iv) Non-controlling interests

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

(v) Loss of control over subsidiaries

When the Group loses control of a subsidiary, the subsidiary's assets and liabilities and all related no controlling interests and other equity items are derecognised. Gains or losses are recognized in the incon statement. Retained share in the former subsidiary is measured at fair value when control is lost.

(vi) Transactions eliminated on consolidation

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Goodwill

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

3.3 Non-current assets held for sale

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue recognition

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

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

(i) Revenue from wholesale and retail of merchandise

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

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

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

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

Retail sales are usually in cash or by credit card.

(ii) Revenue from services

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

(iii) Finance income

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Leases - Group as a lessee

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

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

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Foreign currency transactions

(i) Transactions and balances in foreign currencies

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

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

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

(ii) Group companies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Croatian kuna ("HRK"), which is also the Company's functional currency.

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

When a foreign operation is sold, such exchange differences are released in profit or loss as part of the gain or loss on sale of foreign operations.

3.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions associated with them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.8 Dividends

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Segment reporting

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

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

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

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

3.10 Taxation

(i) Income tax

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

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

(ii) Deferred tax assets and liabilities

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

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Taxation (continued)

(iii) Tax exposure

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(iv) Value added tax (VAT)

The Tax Authorities require the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the consolidated statement of financial position on a net basis. Where a provision has been made for impairment of receivables, impairment loss is recorded for the gross amount receivable, including VAT.

3.11 Property, plant and equipment

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 3.12a).

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Intangible assets

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

Computer software

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

Brands

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

3.12a Impairment of non-financial assets

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

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Inventories

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

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

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

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

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

3.15 Cash and cash equivalents

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

3.16 Share capital

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

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

3.17 Employee benefits

(i) Short-term employee benefits

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

(ii) Pension obligations and post-employment benefits

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Provisions

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

Provisions for restructuring costs are recognized when the Group has a detailed formal plan for the restructuring that has been communicated to parties concerned.

3.19 Financial instruments

A. Financial assets

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

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

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

A. Financial assets (continued)

(ii) Classification and subsequent measurement (continued)

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

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

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

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

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

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

Business model assessment

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

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

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

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

A. Financial assets (continued)

(ii) Classification and subsequent measurement (continued)

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

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

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

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

Subsequent measurement and gains and losses

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Derecognition

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

B. Financial liabilities

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

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

(iii) Derecognition

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

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

C. Offsetting

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

D. Impairment of non-derivative financial assets

Recognition of impairment losses

The Group recognises loss allowances for ECLs on:

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

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

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

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

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

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

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

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

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

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

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

Measurement of ECLs

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

Credit-impaired financial assets

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

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

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

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

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

Write-off of financial assets

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

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.
Judgments made by management in the application of EU IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed more detail below.

(i) Recoverability of trade and other receivables

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

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

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(i) Recoverability of trade and other receivables (continued)

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

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

(ii) Brands useful life

Expected useful life for all brands is considered indefinite, except in circumstances where factors point to a definite useful life. Existence of such indications is considered annually.

(iii) Testing for impairment of goodwill and intangible assets with indefinite useful life

Group regularly annually tests goodwill and intangible assets with indefinite useful life and goodwill for impairment as stated in note 3.12a. Goodwill and intangible assets with indefinite useful life are tested individually.
Goodwill and brands are allocated for the purposes of impairment testing to cash-generating units within business segments, and their net book value on the reporting date is as follows:

	2022		**2021**	
	(in thousands of HRK)		*(in thousands of HRK)*	
	Brand	**Goodwill**	**Brand**	**Goodwill**
Accumulators and oil	-	1,126	-	-
Truck program	-	1,441	-	-
Auto program	49,191	1,738	49,191	-
	49,191	**4,305**	**49,191**	**-**

The recoverable amount of cash-generating units is determined by value in use or fair value calculations that are based on cash flow projections based on financial plans approved by the Management Board and covering a five-year period.

Goodwill

Goodwill was recognized as a resukt of the acquisitions of subsidiaries Euroguma trade d.o.o. (later renamed to Ciak dooel), DBH d.o.o., Mika komerc d.o.o. during 2022. The Group annually performs an impairment test to assess whether the recoverable amount of goodwill indicates a potential impairment of the book value. The calculation of the recoverable value of goodwill is based on the five-year business plans of the subsidiary developed by the Group, taking into account the corporate sales and marketing strategy, trends in the relevant market (such as expected trends in gross domestic product, market share of relevant products and categories) and competitor analysis.

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(iii) Testing for impairment of goodwill and intangible assets with indefinite useful life

Goodwill (continued)

The recoverable amount calculation also implies a terminal growth rate of cash flows after a five-year period of 3%. Cash flows created from such plans are discounted using an after-tax discount rate that reflects the risk of the respective asset, which for the purposes of the goodwill impairment test is equal to the weighted average cost of capital after tax for the relevant market and industry and amounts to 11.7% to 13.9%.

As a result of the conducted goodwill impairment test, the Group had no goodwill impairment expense during 2022.

The sensitivity analysis of the assumptions indicates the need to reduce the value of goodwill in the event of an increase in the rate of weighted average cost of capital by 50 basis points or a decrease in the terminal growth rate (with an unchanged rate of weighted average cost of capital) by 50 basis points.

Brands

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

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

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

To calculate the recoverable value of the brands as of 31 December 2022, the group applied the income approach - the relief from royalty method.

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

When calculating the recoverable value of brands, rates were used that are equal to the weighted average cost of capital after tax (WACC) for a particular market and industry and are within the range of 15.7% to 16.6% (2021: in the range of 13.8% to 15.8%), while the applied terminal growth rate for all brands is 3% (in 2021 in the range 1.4% to 2%).

As a result of the brand impairment test, the Group had no brand impairment expense during 2022.

An increase in the weighted average cost of capital by 50 basis points with an unchanged terminal growth rate would result in a decrease in value in the amount of HRK 579 thousand. A decrease in the terminal growth rate with an unchanged rate of the weighted average cost of capital by 50 basis points would result in a decrease in value in the amount of HRK 1,303 thousand.

NOTE 5 – DETERMINATION OF FAIR VALUES

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

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

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

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

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

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

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

NOTE 6 – SALES REVENUE

	2022	2021
	(in thousands of HRK)	
Revenue from products	1,608,183	1,262,566
Waste management services	62.630	58,448
Revenue from other services	32,051	15,793
Other	3,620	8,529
	1,706,484	**1,345,336**

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

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

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

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

Segment revenues and results

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

	Segment revenues		**Segment profit**	
(in thousands of HRK)	**2022**	**2021**	**2022**	**2021**
Auto program - vehicles	1,156,455	823,078	73,798	68,113
Truck program	274,439	223,886	8,041	5,748
Batteries, oils and similar	370,840	314,189	19,490	18,968
Wholesale	67,975	60,544	4,737	5,515
Ecology	175,500	177,455	7,531	9,693
	2,045,209	**1,599,152**	**113,596**	**108,037**
Inter-segment revenues	(338,725)	(253,816)	-	-
	1,706,484	**1,345,336**	**113,596**	**108,037**
Finance income			4,943	3,891
Finance expenses			(16,756)	(12,476)
Central administration and other costs			(39,788)	(17,094)
Profit before tax			**61,995**	**82,358**

NOTE 6 – SALES REVENUE (CONTINUED)

Segment revenues and results (continued)

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

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

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

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

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

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

Geographical information

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

(in thousands of HRK)	**2022**	**2021**
Croatia	1,100,678	970,313
Serbia	234,648	133,265
Bosnia and Herzegovina	223,352	141,145
Slovenia	5,060	7,367
Montenegro	122,596	86,204
North Macedonia	20,150	7,042
	1,706,484	**1,345,336**

NOTE 6 – SALES REVENUE (CONTINUED)

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

(in thousands of HRK)	2022	2021
	(in thousands of HRK)	
Croatia	329,913	239,421
Serbia	25,621	29,184
Bosnia and Herzegovina	57,022	86,529
Slovenia	31	50
Montenegro	12,638	28,769
North Macedonia	1,928	495
	427,153	**384,448**

NOTE 7 – OTHER INCOME

	2022	2021
	(in thousands of HRK)	
Income from damage claims	2,445	1,561
Gain from sale of non-current assets	2,443	242
Rent income	1,017	848
Subsidies	677	466
Write-off of liabilities	199	643
Reversal of impaired receivables	-	6,916
Other income	2,634	2,480
	9,415	**13,156**

During 2021, the Group acquired a receivable containing mortgage right on land. In a subsequent transaction, the Group purchased the land at auction in exchange for receivables and recognized income from the collection of receivables in the amount of HRK 6,916 thousand, i.e. in the amount of the surplus value of the purchased land over the acquisition price.

NOTE 8 – MATERIAL COSTS

	2022	2021
	(in thousands of HRK)	
Cost of goods sold	938,449	761,820
Raw materials and consumables used	222.226	175,608
		-
	1,160,675	**937,428**

NOTE 9 – OTHER OPERATING EXPENSES

	2022	2021
	(in thousands of HRK)	
Transport and logistics	21,641	20,517
Vehicle and similar repairs	11,266	9,005
Maintenance	10,604	8,152
Advertising and similar costs	9.522	4,809
Rent expense	6,666	4,840
Vehicle costs	6,312	4,425
Intellectual services	6,177	4,903
Daily subsistence allowances and other travel expenses	5.609	4.285
Banking and similar charges	5.571	4,494
Entertainment	5,322	3,342
Taxes, fees and similar charges	4.535	3,418
Telecommunications and postal services	4.135	3,422
Insurance	3,958	3,165
Utilities and fees	3,382	2,581
Inventory surpluses / shortfalls	3.131	596
Write-off of receivables	3,082	2,298
Office materials	2,308	1,543
Membership fees, fees and similar charges	1.864	2,083
Security services	1,511	1,358
Authors fee	898	849
Impairment	728	767
Legal expenses	557	552
Penalties, penalties and damages	383	460
Donations	206	159
Damage compensation	-	-
Increase/(decrease) in provisions	(1.118)	(69)
Other costs	5,647	7,793
	123,897	**99,747**

NOTE 10 – EMPLOYEE EXPENSES

	2022	2021
	(in thousands of HRK)	
Net salaries	190,126	130,041
Taxes and contributions	76,702	59,997
Other employee' costs	19,750	11,703
		-
	286,578	**201,741**

As at 31 December 2022, the number of staff employed by the Group was 2,339 (2021: 2,028). Average number of employees in 2022 was 2,177 (2021: 1,855). Other employee costs primarily relate to transport costs and bonuses.

NOTE 11 – FINANCE INCOME

	2022	2021
	(in thousands of HRK)	
Positive FX difference	3,861	3,455
Interest income	224	157
Other finance income	7	280
	4,092	**3,892**

NOTE 12 – FINANCE EXPENSES

	2022	2021
	(in thousands of HRK)	
Interest expenses and similar	10,253	6,435
Negative FX difference	5,648	5,318
Other finance costs	3	7
Unrealised losses (expenses) from financial assets	-	716
		-
	15,904	**12,476**

NOTE 13 – INCOME TAX

Income tax expense consists of:

	2022	2021
	(in thousands of HRK)	
Current income tax	14,482	12,226
Additional income tax	2,030	-
Deferred tax	(653)	35
	-	-
	15,859	**12,261**

NOTE 13 – INCOME TAX (continued)

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

	2022	2021
	(in thousands of HRK)	
Profit before taxation	**61,995**	**82,358**
		-
Income tax at 18%	11,159	14,824
Non-taxable income	(27)	(4,845)
Non-deductible expenses	2,161	3,175
Temporary differences and tax losses not recognised as deferred tax assets	72	16
Utilisation of tax losses previously not recognised as deferred tax asset	(53)	(186)
Effect of a change in the tax rate on deferred tax assets and liabilities	517	(723)
Additional profit tax*	2,030	-
	-	
Income tax	**15,859**	**12,261**
Effective tax rate	26%	15%

In accordance with the Law on Additional Income Tax, which is in force from 23 December 2022, the tax base for the additional tax is the positive difference between the taxable profit from the 2022 tax period and the average taxable profit from the four previous tax periods increased by 20%. The tax rate of additional profit tax is 33%.

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

	2022	2021
	(in thousands of HRK)	
Tax losses expiring at 31 December 2022	-	13
Tax losses expiring at 31 December 2024	67	262
Tax losses expiring at 31 December 2025	94	500
Tax losses expiring at 31 December 2026	379	-
Tax losses expiring at 31 December 2027	1,578	-
Tax losses expiring at 31 December 2029	-	171
Tax losses expiring at 31 December 2030	-	100
	2,118	**1,046**

NOTE 13 – INCOME TAX (continued)

Deffered tax assets

(in thousands of HRK)	PPE and leases	Trade and other receivables	Inventory	Trade and other payables	Total
Cost					
At 1 January 2022	265	1,060	375	469	2.169
Business combinations	12	-	-	-	12
Net increase/(decrease)	564	72	(198)	101	539
As at 31 December 2022	**841**	**1,132**	**177**	**570**	**2,720**

Deferred tax liabilities

(in thousands of HRK)	PPE	Intangible assets	Trade and other receivables	Total
At 1 January 2022	513	5,340	136	5.989
Net increase/ (decrease)	-	-	(114)	(114)
As at 31 December 2022	**513**	**5,340**	**22**	**5,875**

NOTE 14 – INTANGIBLE ASSETS AND GOODWILL

(in thousands of HRK)	Goodwill	Brand	Software	Leasehold improvements	Investments in progress	Total
Cost						
At 1 January 2021	-	-	7,865	6,671	481	15,017
Additions	-	-	662	-	1,768	2,430
Business combinations	-	49,191	2,230	407	-	51,828
Transfers	-	-	1,648	192	(1,840)	-
Disposals and write offs	-	-	(38)	-	-	(38)
Loss of control	-	-	(35)	(100)	-	(135)
As at 31 December 2021	**-**	**49,191**	**12,332**	**7,170**	**409**	**69,102**
Accumulated amortisation						
At 1 January 2021	-	-	4,120	4,659	-	8,779
Business combinations	-	-	1,293	-	-	1,293
Charge for the year	-	-	917	581	-	1,498
Disposals and write offs	-	-	-	(135)	-	(135)
Loss of control	-	-	(35)	-	-	(35)
As at 31 December 2021	**-**	**-**	**6,295**	**5,105**	**-**	**11,400**
Cost						
At 1 January 2022	-	49,191	12,332	7,170	409	69,102
Additions	-	-	43	478	6,296	6,817
Business combinations	4,304	-	21	-	-	4,325
Transfers	-	-	2,607	3,590	(6,197)	-
Disposals and write offs	-	-	(207)	(492)	-	(699)
As at 31 December 2022	**4,304**	**49,191**	**14,796**	**10,745**	**508**	**79,545**
Accumulated amortisation						
At 1 January 2022	-	-	6,295	5,105	-	11,400
Business combinations	-	-	4	-	-	4
Charge for the year	-	-	1,231	1,246	-	2,477
Disposals and write offs	-	-	(31)	(562)	-	(594)
As at 31 December 2022	**-**	**-**	**7,499**	**5,789**	**-**	**13,287**
Carrying amount						
As at 1 January 2022	**-**	**49,191**	**6,037**	**2,065**	**409**	**57,702**
As at 31 December 2022	**4,304**	**49,191**	**7,298**	**4,957**	**508**	**66,258**

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

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

(in thousands of HRK)	Land and buildings	Plant and equipment	Transport assets	Assets under construction	Total
Cost					
At 1 January 2021	120,120	82,994	29,078	2,120	234,312
Additions	-	-	1,485	65,603	67,088
Business combinations	8,676	10,624	7,828	-	27,128
Transfers	25,867	13,607	8,542	(48,016)	-
Disposals and write offs	-	(2,336)	(3,072)	-	(5,408)
Loss of control	-	(1,613)	-	-	(1,613)
As at 31 December 2021	**154,663**	**103,276**	**43,861**	**19,707**	**321,507**
Accumulated depreciation and impairments					
At 1 January 2021	39,024	44,513	18,725	-	102,262
Business combinations	3,506	7,299	5,114	-	15,919
Charge for the year	5,072	11,425	4,623	-	21,120
Disposals and write offs	-	(1,708)	(2,505)	-	(4,213)
Loss of control	-	(992)	-	-	(992)
As at 31 December 2021	**47,602**	**60,537**	**25,957**	**-**	**134,096**
Cost					
At 1 January 2022	154,663	103,276	43,861	19,707	321,507
Additions	43	9,856	3,839	29,993	43,731
Business combinations	-	4,836	375	-	5,211
Transfers	16,134	7,882	559	(24,575)	-
Disposals and write offs	-	(2,351)	(2,146)	(57)	(4,554)
As at 31 December 2022	**170,840**	**123,499**	**46,488**	**25,068**	**365,895**
Accumulated depreciation and impairments					
At 1 January 2022	47,602	60,537	25,957	-	134,096
Business combinations	-	3,649	1,129	-	4,778
Charge for the year	5,412	14,527	6,082	-	26,021
Disposals and write offs	-	(1,364)	(2,954)	-	(4,318)
As at 31 December 2022	**53,014**	**77,349**	**30,214**	**-**	**160,577**
Carrying amount					
As at 1 January 2022	**107,061**	**42,739**	**17,904**	**19,707**	**187,411**
As at 31 December 2022	**117,826**	**46,150**	**16,274**	**25,068**	**205,318**

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

Assets under mortgage

Land and buildings with a carrying value of HRK 50,939 thousand (2021: HRK 50,880 thousand) are under mortgage and collateral for bank loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 16 – RIGHT OF USE ASSETS

(in thousands of HRK)	Land and buildings	Plant and equipment	Transport assets	Total
Cost				
At 1 January 2021	86,327	18,378	29,415	134,120
New contracts	83,964	505	8,215	92,684
Business combinations	20,691	-	-	20,691
Modifications and contract terminations	(42,665)	(1,029)	(358)	(44,052)
Loss of control	(1,978)	-	-	(1,978)
As at 31 December 2021	**146,339**	**17,854**	**37,272**	**201,465**
Accumulated depreciation and impairments				
At 1 January 2021	42,778	8,008	12,918	63,704
Business combinations	605	-	-	605
Charge for the year	21,036	2,106	4,979	28,121
Modifications and contract terminations	(28,044)	(1,029)	(335)	(29,408)
Loss of control	(892)	-	-	(892)
As at 31 December 2021	**35,483**	**9,085**	**17,562**	**62,130**
Cost				
At 1 January 2022	146,339	17,854	37,272	201,465
New contracts	43,698	1,595	17,759	63,052
Business combinations	848	-	716	1,564
Modifications	36	-	-	36
Contract terminations	(14,307)	(1,933)	(4,963)	(21,203)
As at 31 December 2022	**176,615**	**17,516**	**50,784**	**244,915**
Accumulated depreciation and impairments				
At 1 January 2022	35,483	9,085	17,562	62,130
Business combinations	-	-	162	162
Charge for the year	32,819	2,278	7,664	42,761
Modifications	(1,633)	-	-	(1,633)
Contract terminations	(9,482)	(1,644)	(2,956)	(14,082)
As at 31 December 2022	**57,187**	**9,720**	**22,431**	**89,338**
Carrying amount				
As at 1 January 2022	**110.856**	**8,769**	**19,710**	**139,335**
As at 31 December 2022	**119,428**	**7,797**	**28,353**	**155,577**

CIAK GRUPA

NOTE 17 – EQUITY ACCOUNTED INVESTEES

	2022
	(in thousands of HRK)
As at 1 January	2,260
Share in profit	67
Exchange differences	(25)
As at 31 December	**2,302**

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

NOTE 18 – FINANCIAL ASSETS

	2022	2021
	(in thousands of HRK)	
Deposits	2,595	8,576
	2,595	**8,576**
Short term	207	6,034
Long term	2,388	2,542
	2,595	**8,576**

Deposits relate to deposits at commercial banks with maturity more than three months that carry a variable interest rate up to 0,01% (2021: 0.01%).

NOTE 19 – INVENTORIES

	2022	2021
	(in thousands of HRK)	
Raw materials and supplies	34,241	26,407
Trade goods and merchandise	588.117	501,668
Small inventory	407	539
Advances for inventories	4,725	6,685
Inventory deposits	6,849	-
		-
	634,339	**535,299**

NOTE 19 – INVENTORIES (CONTINUED)

Movements in write-down of inventory is recognized in other operating operations within profit or loss. In 2022 it is amounted to 9,522 thousands of HRK (2021: 4,809 thousands of HRK).

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

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

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

Group expects further synergic effects to occur due to acquisitions on other markets.

NOTE 20 – TRADE AND OTHER RECEIVABLES

	2022	**2021**
	(in thousands of HRK)	
Trade receivables	260,186	231,386
Impairment of receivables	(24,917)	(21,645)
Net trade receivables	**235,269**	**209,741**
		-
Interest receivables	366	350
Receivables for taxes and contributions	9.660	13,552
Advances given	2,136	3,599
Receivables from employees	683	545
Loans receivable	4,809	7,031
Accrued rebates	25,620	22,814
Prepayments	5,228	5,556
Other receivables	3,394	2,480
		-
	287,165	**265,668**
Short term	285,256	263,595
Long term	1,909	2,073
	287,165	**265,668**

NOTE 20 – TRADE AND OTHER RECEIVABLES (continued)

During 2022, within other operating expenses the Group recognised impairment allowances in the amount of HRK 3,131 thousand (2021: HRK 596 thousand) with respect to trade receivables and other receivables.

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

	2022	2021
	(in thousands of HRK)	
At 1 January	21,645	15,224
Net Increase/decrease	4,502	3,731
Amounts collected	(1,371)	(3,135)
Business combinations	1,836	6,476
Written off as uncollectable	(1,695)	(651)
		-
At 31 December	**24,917**	**21,645**

Ageing analysis of gross trade receivables:

	2022	2021
	(in thousands of HRK)	
Not due	141,545	122,971
0-90 days	60,079	72,832
91-180 days	19,147	9,413
181-360 days	12,189	8,705
More than 360 days	29,580	17,465
	262,540	**231,386**

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

Trade receivables in original currency (net amount):

	2022	2021
	(in thousands of HRK)	
HRK	124,992	123,598
EUR	41,427	33,641
BAM	26,816	24,376
RSD	32,650	27,227
MKD	5,662	899
USD	3,722	-
	235,269	**209,741**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 21 – CASH AND CASH EQUIVALENTS

	2022	2021
	(in thousands of HRK)	
Cash register	1,159	1,204
Cash with banks	104,795	74,342
	105,954	**75,546**

Cash with banks relates to transaction accounts at commercial banks that carry an average interest rate around 0,01%. The table below summarises cash and cash equivalents by currency:

	2022	2021
	(in thousands of HRK)	
HRK	70,057	57,473
EUR	14,385	5,323
RSD	10,825	4,583
BAM	9,954	5,512
MKD	589	876
Other	144	1,779
		-
	105,954	**75,546**

NOTE 22 – NON-CURRENT ASSETS HELD FOR SALE

	2022	2021
	(in thousands of HRK)	
Land and buildings	2,169	1,621
	2,169	**1,621**

Non-current assets held for sale relates to smaller items of real-estate.

NOTE 23– SHARE CAPITAL AND EARNINGS PER SHARE

Share capital

At the end of December 2019, the Company was transformed into a joint-stock company. After the restructuring, an inter-ownership transaction was carried out, whereby Ivan Leko retained the majority ownership and control over the Company/Group and is the ultimate owner of the parent company.

NOTE 23– SHARE CAPITAL AND EARNINGS PER SHARE (CONTINUED)

During 2020 share equity of the Company has been increased by HRK 63,456 thousand via issuance of new shares. Furthermore, this transaction resulted with additional capital gain on issued shares in the amount of HRK 154,404 thousand. Transaction costs related to issue of shares amounted to HRK 1,923 thousand and were presented as a reduction of capital reserves.

Share capital on the 31 December 2022 amounts to HRK 197,520 thousand and consists of 19,751,989 shares (2021: 19,751,989). Nominal share price is 10 HRK per share. Regular shares of the Group were listed on the Zagreb Stock exchange as at 29 December 2020.

The ownership structure at the reporting dates was as follows:

	2022		2021	
Ownership structure	**Number of shares**	**% of ownership**	**Number of shares**	**% of ownership**
Ivan Leko	9,989,438	50.57%	9,977,250	50.51%
Ljilja Leko	3,180,140	16.10%	3,180,140	16.10%
Others	6,582,411	33.33%	6,594,599	33.39%
Total	**19,751,989**	**100.00%**	**19,751,989**	**100.00%**

Earnings per share

	2022	2021
	(in thousands of HRK)	
Profit attributable to owners	46,237	70,114
Shares outstanding as at 31. December	19,658,239	19,681,989
Average weighted number of shares	19,673,338	19,748,921
Basic earnings per shar	**2.35**	**3.56**
Diluted earnings per share	**2.35**	**3.55**

NOTE 24 – CAPITAL RESERVES

During 2020, capital reserves were increased for the amount of HRK 152,480 thousands, which is related to the capital reserves increase after the issuance of new shares which was disclosed in more details in Note 23.

NOTE 25 – TREASURY SHARES

During 2022, the Group purchased 23,750 shares in the amount of HRK 1,005 thousands (2021: 70,000 shares in the amount of HRK 2,800 thousand). As at 31 December 2022 treasury shares amount to HRK 1,686 thousands (2021: HRK 2,800 thousand).

During 2022, the Group awarded its own shares in the amount of HRK 2,120 thousand to Group employees.

NOTE 26 – NON-CONTROLLING INTERESTS

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

31 December 2022	AUTO DIJELOVI d.o.o.	BENDJ TRADE d.o.o.
(in thousands of HRK)		
Non-controlling interest	**50%**	**38%**
Non-current assets	2	2.021
Current assets	1,907	2
Non-current Liabilities	(75)	-
Current liabilities	(1,328)	(209)
	-	-
Net assets	**506**	**1.814**
Statement of comprehensive income		
Revenues	2,919	-
Loss	(179)	(24)
Total comprehensive loss	**(6)**	**(28)**
Statement of cash flows		
Increase/ (decrease) of cash and cash equivalents	**55**	**(2)**

The movement in non-controlling interest was as follows:

	2022.	**2021.**
	(in thousands of HRK)	
	-	-
As at 1. January 2022	8	3.829
Loss of control	-	(3.804)
Share in loss for the year	(101)	(17)
As at 31 December 2022	**(93)**	**8**
Relates to:		
Auto Dijelovi d.o.o.	**(61)**	**28**
Bendj trade d.o.o.	**(32)**	**(20)**

NOTE 27 – LOANS AND BORROWINGS

	2022	2021
	(in thousands of HRK)	
Non-current borrowings		
Bank borrowings	164,360	197,958
Other loans	853	193
Lease liabilities	110,538	103,566
	275,751	**301,717**
Current borrowings		
Bank borrowings	146,911	73,270
Other loans	3,521	4,164
Interest liabilities	634	366
Lease liabilities	45,440	32,876
	196,506	**110,676**
		-
Total borrowings	**472,257**	**412,393**

The Group's borrowings contain covenants which obligate the Group to comply with (such as DSCR).

In case the specified ratios are breached, the loans would be considered matured in full and payable on the bank's request. At the reporting dates, the Group was in compliance with the covenants.

Bank loans in the amount of HRK 256,173 thousand (2021: HRK 228,844 thousand) are insured through mortgages on land, buildings, plant and equipment amounting to HRK 50,939 thousand (2021: HRK 50,880 thousand) as stated in note 15.

NOTE 27 – LOANS AND BORROWINGS (CONTINUED)

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

	2022	2021
	(in thousands of HRK)	
Between 1 and 2 years	51,464	52,207
Between 2 and 5 years	95,201	117,170
Over 5 years	18,548	28,774
	165,213	**198,151**

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

	2022	2021
	(in thousands of HRK)	
Between 1 and 2 years	34,705	27,284
Between 2 and 5 years	52,249	48,164
Over 5 years	23,584	28,118
	110,538	**103,566**

The carrying amounts of the Group's borrowings are denominated in the following currencies (in HRK thousand):

Loans and borrowings	**2022.**	**2021.**
	(in thousands of HRK)	
HRK	79,053	4,357
EUR	226,487	266,877
BAM	5,454	4,350
MKD	3,960	-
RSD	691	-
Total	**315,645**	**275,584**

Leases	**2022.**	**2021.**
	(in thousands of HRK)	
HRK	12,618	12,854
EUR	109,813	86,899
BAM	33,547	33,735
Total	**155,978**	**133,488**

NOTE 27 – LOANS AND BORROWINGS (CONTINUED)

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

	2022		2021	
	Fixed	**Variable**	**Fixed**	**Variable**
	(in thousands of HRK)			
Non-current borrowings	18,139	147,074	2,445	195,706
Current borrowings	32,487	117,945	26,501	50,933
	50,626	**265,019**	**28,946**	**246,639**

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

	2022.		2021.	
	HRK	EUR	HRK	EUR
Average weighted interest rate	0.94%	1.97%	2.00%	1.33%

NOTE 27 – LOANS AND BORROWINGS (CONTINUED)

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

(in thousands of HRK)	Loans and borrowings	Leases	Total
At 1 January 2021	**202,518**	**64,020**	**266,538**
Cash transactions:			
Loans received	130,292	-	130,292
Loans repayments	(65,405)	-	(65,405)
Lease repayments	-	(32,363)	(32,363)
Total cash transactions	**64,887**	**(32,363)**	**32,524**
Non - cash transactions:			
Effect of change in exchange rates	689	(1,002)	(313)
Business combinations	9,844	20,777	30,621
Unwinding of discount	-	1,467	1,467
New lease contracts	-	100,185	100,185
Loss of control	(2,354)	(1,461)	(3,815)
Termination of lease contract	-	(15,181)	(15,181)
Total non - cash transactions	**8,179**	**104,785**	**112,964**
At 31. December 2021	**275,584**	**136,442**	**412,026**
At 1. January 2022	**275,584**	**136,442**	**412,026**
Cash transactions:			
Loans received	102,662	-	102,662
Loans repayments	(66,516)	-	(66,516)
Lease repayments	-	(51,354)	(51,354)
Total cash transactions	**36,146**	**(51,354)**	**(15,208)**
Non - cash transactions:			
Effect of change in exchange rates	(1.363)	(372)	(1,735)
Business combinations	5,278	1,402	6,680
Unwinding of discount	-	3,565	3,565
New lease contracts	-	76,115	76,115
Termination of lease contract	-	(9,820)	(9,820)
Total non - cash transactions	**3,915**	**70,890**	**74,805**
At 31. December 2022	**315,645**	**155,978**	**471,623**

NOTE 28 – PROVISIONS

	Warranty
At 1 January 2022	
Non-current	911
Current	-
	911
	-
Increase/(decrease) in provisions	(854)
	-
At 31 December 2022	**57**
At 31 December 2022	
Non-current	57
Current	-
	57

Group has contracts with its suppliers which include estimated amounts of returns. Group has estimated that further provisions for warranty are unnecessary due to prior period costs not exceeding contracted estimated amounts

NOTE 29 – TRADE AND OTHER PAYABLES

	2022	2021
	(in thousands of HRK)	
Trade payables	389,187	288,742
Taxes, contributions and other duties payable	53,184	39,881
Salaries and other benefits to employees	15,446	11,398
Advances received	3,472	1,964
Accrued expenses	7,108	5,383
Payable for purchase of shares	1.583	3,382
Liability for unused holiday	2,876	3,795
Obligations based on profit sharing	129	-
Other payables	8,470	9,683
	481,455	**364,228**

Within the trade payables, the amount of HRK 43,603 thousand (2021: HRK 18,696 thousand) refers to the liability for supplier chain financing arrangement (reverse factoring).

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

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

NOTE 29 – TRADE AND OTHER PAYABLES (CONTINUED)

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

	2022	2021
	(in thousands of HRK)	
HRK	155,968	142,487
EUR	252,674	197,228
RSD	32,968	9,417
BAM	30,971	10,378
MKD	2,010	996
Other	6,864	3,722
	481,455	**364,228**

NOTE 30 – RISK MANAGEMENT

Financial risk management

Categories of financial instruments are as follows:

	2022	2021
	(in thousands of HRK)	
Financial assets		
Long-term loans	4,809	7,031
Long-term deposits	2,595	8,576
Trade receivables	235,269	209,741
Other receivables	3,394	2,481
Cash and cash equivalents	105,954	75,546
Total financial assets	**352,021**	**303,375**
Financial liabilities at amortised cost		
Lease liabilities	155,978	136,442
Loans and borrowings	316,279	275,584
Trade payables and other liabilities	409.820	309,154
Total financial liabilities	**882,077**	**721,180**

NOTE 30 – RISK MANAGEMENT (continued)

Fair value of financial instruments

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

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

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

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

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

Liquidity risk management

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

Liquidity risk analysis

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

NOTE 30 – RISK MANAGEMENT (CONTINUED)

as at 31 December 2022	**Net book value**	**Contracted cash flow**	Up to one year	1 - 5 years	over 5 years
			(thousands of HRK)		
Non-interest bearing liabilities:					
Trade and interest payables	**409,820**	409,820	409,820	-	-
	409,820	**409,820**	409,820	-	-
Interest bearing liabilities:					
Loans and borrowings	**316,279**	326,451	151,929	154,044	20,478
Lease liabilities	**155,978**	163,129	45,892	91,198	26,039
	472,257	**489,580**	**197,821**	**245,242**	**46,517**
	882,077	**899,400**	**607,641**	**245,242**	**46,517**

as at 31 December 2021	**Net book value**	**Contracted cash flow**	Up to one year	1 - 5 years	over 5 years
			(thousands of HRK)		
Non-interest bearing liabilities:					
Trade and interest payables	**364,593**	364,593	364,593	-	-
	364,593	**364,593**	364,593	-	-
Interest bearing liabilities:					
Loans and borrowings	**275,585**	288,097	78,205	178,123	31,769
Lease liabilities	**136,442**	143,467	33,203	79,219	31,045
	412,027	**431,564**	111,408	257,342	62,814
	776,620	**796,157**	476,001	257,342	62,814

Interest rate risk management

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

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate changes at the reporting date. For variable rate liabilities, the analysis is prepared by calculating the effect of a reasonably possible increase in interest rates on variable rate debt on the expected contractual cash flows of such debt compared to those calculated using the interest rates applicable at the current reporting period end date. A 100 basis point increase/decrease is used when reporting interest rate risk internally to key management personnel and represents the Management Board's assessment of the reasonably possible change in interest rates.

NOTE 30 – RISK MANAGEMENT (CONTINUED)

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

as at 31 December 2022	**Contractual cash flows**	up to 1 year	from 1 to 5 years	over 5 years
		(thousands of HRK)		
At currently applicable interest rates	**489,580**	197,821	245,242	46,517
At currently applicable interest rates + 50 basis points	**496,188**	198,793	249,490	47,906
Effect of increase of interest rate by 50 basis points	**(6,608)**	**(972)**	**(4,248)**	**(1,388)**

as at 31 December 2021	**Contractual cash flows**	up to 1 year	from 1 to 5 years	over 5 years
		(thousands of HRK)		
At currently applicable interest rates	**431,564**	111,408	257,341	62,813
At currently applicable interest rates + 50 basis points	**434,774**	111,599	259,575	63,600
Effect of increase of interest rate by 50 basis points	**(3,210)**	**(191)**	**(2,234)**	**(787)**

Currency risk management

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

	Liabilities		**Assets**	
	2022.	**2021.**	**2022.**	**2021.**
	(thousands of HRK)		(thousands of HRK)	
EU (EUR)	588,974	551,004	55,812	38,964
Bosnia and Hercegovina (BAM)	69.972	48,463	36,770	29,888
Serbia (RSD)	32,968	9,417	43,475	31,810
North Macedonia (MKD)	2,010	996	6,251	1,775

Foreign currency sensitivity analysis

The Group is primarily exposed to currency risk arising from changes in the exchange rate of the kuna against convertible mark (BAM) and the Serbian dinar (RSD) as it is operating on foreign markets (B&H and Serbia) and, other than in euro, records most transactions with foreign customers in these currencies. Loans and borrowings are partly denominated in EUR and partly denominated in Croatian kuna, however, since the EUR was introduced as the official currency in Croatia as of 1 January 2023, this risk has been eliminated.

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

	31.12.2022	**31.12.2021**
EUR	7.5345	7.517174
BAM	3.85233	3.84347
RSD	0.0654	0.0641
MKD	0.1244	0.1218

NOTE 30 – RISK MANAGEMENT (CONTINUED)

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

	RSD exposure		BAM exposure	
	2022	2021	2022	2021
	(thousands of HRK)		(thousands of HRK)	
Increase/ (decrease of net result	105	224	(332)	(186)

	MKD exposure	
	2022	2021
	(thousands of HRK)	
Increase/ (decrease of net result	42	8

Market risk management

Credit risk management

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

Total exposure to credit risk at the reporting date is as follows is set out in note 20 to the financial statements. The Group does not have a significant credit exposure that is not covered by security instruments, or not reflected in the estimates of indications of impairment as at the reporting dates.

NOTE 31– BUSINESS COMBINATIONS

During 2022, the Group successfully completed several acquisitions. Overview of acquisitions is listed below:

Company	Segment	Date of acquisition	Ownership
Ciak dooel, Makedonija (before Euroguma trade d.o.o.)	Accumulators and oil	31.1.2022	100%
DBH d.o.o., Hrvatska	Truck program	28.2.2022	100%
Mika komerc , Srbija	Auto program	28.2.2022	100%
Fuerza d.o.o., Hrvatska	Auto program	31.3.2022	100%

During IPO process, Group stated that one of the key goals is strengthening its position in the regional markets and consolidating of still unconsolidated markets in the region.

Overview of acquisition price is as follows:

Company	Consideration	Amount ('000 HRK)
Ciak dooel, Makedonija (before Euroguma trade d.o.o.)	Cash	1,730
DBH d.o.o., Hrvatska	Cash	1,959
Mika komerc , Srbija	Cash	3,231
Fuerza d.o.o., Hrvatska	Cash	80
Total		**7,000**

NOTE 31– BUSINESS COMBINATIONS (continued)

Net assets of acquired companies

Fair value of assets and liabilities was as follows:

(in thousands of HRK)	Note	Ciak dooel, Macedonia (before Euroguma trade d.o.o.)	DBH d.o.o., Croatia	Mika komerc d.o.o., Serbia	Fuerza d.o.o., Croatia	Total
Intangible assets	14	-	8	-	9	**17**
Property, plant and equipment	15	77	167	70	119	**433**
Right of use assets	16	372	458	573	-	**1,402**
Deferred tax assets		-	-	12	-	**12**
Inventories		2,041	2,314	1,270	1,874	**7,500**
Trade and other receivables		3,027	2,686	69	1,089	**6,871**
Income tax receivable		6	12	-	-	**18**
Financial assets		29	-	2	-	**31**
Cash and cash equivalents		454	96	636	174	**1,360**
Loans	27	(3,216)	(2,032)	-	(30)	**(5,278)**
Lease liabilities	27	(372)	(458)	(573)	-	**(1,402)**
Income tax payable		-	(78)	(26)	(49)	**(153)**
Trade and other payables		(1,816)	(2,655)	(539)	(2,789)	**(7,799)**
Net identifiable assets acquired		**604**	**518**	**1,493**	**397**	**3,011**
Acquisition cost		1,730	1,959	3,231	80	**7,000**
Goodwill		**1,126**	**1,441**	**1,738**	-	**4,305**
Bargain purchase		**-**	**-**	**-**	**317**	**317**
Period form acquisition date till 31 December 2022						
Revenue		5,456	8,277	6,518	2,338	22,589
Profit / (loss)		**(254)**	**271**	**304**	**189**	**510**

NOTE 31– BUSINESS COMBINATIONS (continued)

In the event that all acquisitions happened on 1. January 2022., consolidated revenues and profits of the Group would amount to:

Revenue up to the acquisition date	2022 *(thousands of HRK)*
Ciak dooel, Macedonia (before Euroguma trade d.o.o.)	701
DBH d.o.o., Croatia	1,333
Mika komerc , Serbia	1,108
Fuerza d.o.o., Croatia	2,203
Presented consolidated revenue	1,706,484
Total revenues had all business combinations occurred at 1 January 2022	**1,711,829**

Profit/ (loss) up to the acquisition date	2022 *(thousands of HRK)*
Ciak dooel, Macedonia (before Euroguma trade d.o.o.)	69
DBH d.o.o., Croatia	(156)
Mika komerc , Serbia	(4)
Fuerza d.o.o., Croatia	99
Presented Group net profit	46,136
Profit had all business combinations occurred at 1 January 2022	**46,144**

Methods used in determining fair values of assets

Caption	Methods used
PPE	The fair value of plant and equipment is determined using the amortized replacement cost method. Amortized replacement cost is the estimated amount that reflects both the physical depreciation and the functional and economic obsolescence of the asset being estimated.
Inventory	The fair value of inventories acquired in a business combination is based on the estimated selling price in the ordinary course of business, less the estimated cost of selling the inventory.
Current Receivables and current payables	Current receivables and payables were where recognised at nominal value reduced for impaired amount and are approx. equal to their fair values due to their short term nature.
Long term payables	Long-term liabilities are recognized at amortized cost and are approximately equal to their fair value as they relate mainly to loans with approximately market interest rates. The increase in long-term acquisition liabilities is a result of the recognition of a deferred tax liability as a result of temporary time differences arising on the initial recognition of acquired net assets at fair value.

NOTE 32 – RELATED PARTY TRANSACTIONS

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

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

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

Sales revenue	**2022**	**2021**
	(thousands of HRK)	
Majority shareholder and parties related to majority shareholder	1,532	911
Equity-accounted investees	798	689
	2,330	**1,600**

Cost of goods sold and other operating expenses	**2022.**	**2021.**
	(thousands of HRK)	
Majority shareholder and parties related to majority shareholder	8,771	2,969
Equity-accounted investees	715	613
	9,486	**3,582**

Trade and other receivables	**2022**	**2021**
	(thousands of HRK)	
Majority shareholder and parties related to majority shareholder	3,467	1,919
Equity-accounted investees	251	-
	3,718	**1,919**

Trade and other payables	**2022**	**2021**
	(thousands of HRK)	
Majority shareholder and parties related to majority shareholder	28,151	14,701
Equity-accounted investees	10	-
	28,161	**14,701**

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

Key management renumeration	**2022**	**2021**
	(thousands of HRK)	
Salaries, severance payments, bonuses	17,394	8,788
	17,394	**8,788**

Key management of the Group comprises the Management Board and executive directors and consisted of 34 persons (2021: 21 persons).

NOTE 33 – SUBSEQUENT EVENTS

Business combinations

After the balance sheet date, the realized acquisition in 2023 is a non-adjusting event, given that it has an effect on operations and financial statements in 2023.

In February 2023, the Group finalized the acquisition of Potokar d.o.o., one of the companies in the independent aftermarket segment (so-called "IAM") on the Slovenian market, with revenue exceeding 7 million euros at 18 locations spread throughout Slovenia with an assortment of over 40,000 items.

With this transaction, the Group continues to be one of the leading companies in the independent aftermarket segment in the Adria region, with a strong presence in the distribution of automotive spare parts program in Croatia, Montenegro, Serbia, Bosnia and Herzegovina, North Macedonia and now Slovenia.

Change of functional currency

The Government of the Republic of Croatia adopted the Decision on the announcement of the introduction of the euro as the official currency in the Republic of Croatia (published in "Official Gazette" No. 85/22). With the aforementioned decision, the euro becomes the official monetary unit and legal currency in the Republic of Croatia on 1 January 2023. The fixed conversion rate is set at HRK 7.53450 for one euro. The introduction of the euro as the official currency in the Republic of Croatia represents a change in the functional currency that will be calculated prospectively and does not represent an adjusting subsequent event.

BILJEŠKE

2022
Annual Report

Annual Report 2022 – CIAK Grupa d.d. and its subsidiaries

CIAK Grupa d.d.

Savska Opatovina 36
10090 Zagreb

+385 1 34 63 521
+385 1 34 63 522
+385 1 34 63 523
+385 1 34 63 524
+385 1 34 63 516 (Fax)

ciak@ciak.hr

www.ciak.hr

Investor Relations

investitori@ciak.hr