

20 21

Annual Report

CIANK

G R U P A

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MANAGEMENT REPORT

Summary of financial results for 2021

Consolidated incomes of CIAK Group achieved during 2021 are HRK 1.381 million or 43% higher compared with 2020. Reported EBITDA is HRK 142 million and is 77% 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 2021.

The organic growth of the CIAK Group contributed to the growth of reported EBITDA of 16.8 mHRK or 27% on an annual basis.

Comparing all of the above with 2019 as the pre-pandemic year as the reference year, the growth of the CIAK Group in EBITDA delivery is 47% and 2021 is the most successful year in history.

Capital and other investments in 2021 amount to almost HRK 230 million, which is mostly the result of the realized recapitalization of the company through the Initial public offering of shares at the end of 2020.

Therefore, the change in net debt and gearing indicators in the reporting period is planned and expected, and represents the effect of realized acquisitions and changes in balance sheet positions.

On the other hand, it also had a positive impact on profitability indicators.

In HRK thousands	I-XII 2020	I-XII 2021	%
Sales revenues	952,153	1,345,336	41
EBITDA ⁽¹⁾	80,039	141,681	77
EBITDA without one-off items ⁽²⁾	83,439	119,317	43
Profit / (Loss) from operations	44,893	90,942	103
Profit from operations without one-off items ⁽²⁾	48,293	68,578	42
Result from financial activities	(12,366)	(8,584)	(31)
Gross profit / (loss)	32,527	82,358	153
Gross profit / (loss) of period without one-off items	35,927	59,994	67
Net profit / (loss)	26,614	70,097	163
Net profit / (loss) of period without one-off items ⁽²⁾	30,014	47,733	59
Earnings per share ⁽³⁾	1.35	3.55	163
Simplified free cash flow ⁽⁴⁾	59,893	(110,390)	(284)
Net debt ⁽⁵⁾	67,785	336,847	397
Net gearing (%) ⁽⁶⁾	11	40	264
CAPEX	23,546	229,707	876

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

⁽²⁾ EBITDA, operating and net profit in I-XII 2021 were positively affected by HRK 22.4 million one-off items, which are related to the multi-year inventory write-off acquired through acquisition processes in previous periods, collected receivables from previous periods and consolidation effect of goodwill / badwill related to acquisitions in 2021

⁽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 equivalents

⁽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)

Statement by President of the Management Board

Looking at 2021, we can conclude that it was the year of the CIAK Group's business major step forward. The acquisition of six companies in four countries is a very important step in consolidating the regional market. Accordingly, the CIAK Group further strengthened its position in the regional market and provided the foundations for the next business development cycle of the CIAK Group. In addition, further development as well as organic growth of our basis companies has continued, resulting in the CIAK Group's best business year historically.

Consolidated revenues in 2021 grew by over 40% to 1,381 mHRK, while the CIAK Group's EBITDA grew by 77% to almost HRK 142 million.

The number of employees in 2021 increased by 735 or 58%, and now the CIAK Group employs almost 2,000 employees in six countries.

In parallel, we have significantly expanded and strengthened our base of business partners, customers and suppliers at the regional and global level.

These are great results, and we should congratulate to our associates and CIAK Group employees.

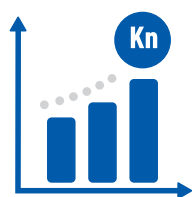
Consolidation and further development of business, achieving synergy effects at the Group level and optimizing business processes remain the focus of the day-to-day operations of the CIAK Group. This is not behind us and is still the focus of the CIAK Group's day-to-day operations. The environment in which we find ourselves remains unpredictable, input prices in the international and local markets are constantly rising and consequently creating pressure on all subsequent outputs of production and business activities. Therefore, it is very important to keep the focus on the optimal way of doing business, the level of management, and consequently on the delivery of key business goals and projects. With this approach, the CIAK Group will continue to operate in 2022.

Ivan Leko

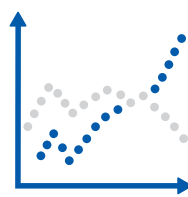
*President of the
Management Board*



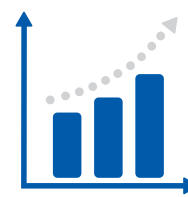
Key business indicators



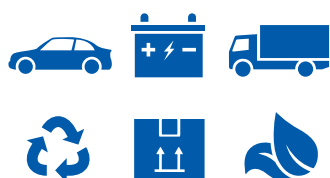
1,381
mHRK
consolidated
operating income



142
mHRK
consolidated
EBITDA



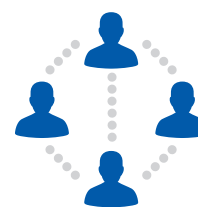
230
mHRK
capital investment
in 2021



6
business
segments



6
countries



2.028
employees on the date
31.12.2021.

4

Organizational structure of CIAK Group



4.1. 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 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.

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 Grupa 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 Grupa 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 04 January 2021.

Corporate governance

5.1. 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 2020	I-XII 2021	%
Sales revenues	952,153	1,345,336	41
Other operating revenues	14,345	35,261	146
Operating revenues	966,498	1,380,597	43
Costs of raw materials and consumables	107,782	175,608	63
Amortization	35,146	50,739	44
Staff costs	151,215	201,741	33
Costs of goods sold	551,710	761,820	38
Other costs	74,626	94,411	27
Value adjustments	2,666	5,405	103
Provisions for costs and risks	(1,540)	(69)	(96)
Operating expenditures	921,605	1,289,655	40
Profit / (Loss) from operations	44,893	90,942	103
Financial revenues	3,018	3,892	29
Financial expenditures	15,383	12,476	(19)
Profit / (loss) from financial activities	(12,366)	(8,584)	(31)
Profit / (Loss) of the period	32,527	82,358	153
Net profit / (Loss) of the period	26,614	70,097	163

Consolidated revenues of the CIAK Group in 2021 were HRK 1,380.6 million or 43% higher in comparison to the same period last year.

EBITDA without one-off items is HRK 119.3 million or 43% higher than in 2020.

Consolidated Net profit is HRK 70.1 million which is 163% higher in comparison to 2020.

Financial expenditures realized in 2021 decreased compared to 2020, where interest expenses decreased by 0.98 mHRK as a result of reduced financing costs, 2.6 mHRK lower exchange rates and other financial expenses, while in 2021. unrealized losses on financial assets in the amount of 0.7 mHRK.

6.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In HRK thousands	31.12.2020	31.12.2021	%
TOTAL ASSETS			
Fixed assets			
Intangible assets	6,238	57,702	825
Real estate, plant and equipment	202,466	326,747	61
Loans and deposits given	491	2,542	418
Investment in holdings, securities and other fixed financial assets	0	2,260	100
Receivables	1,381	2,072	50
Deferred tax assets	2,695	2,169	(20)
Total fixed assets	213,271	393,492	85
Current assets			
Inventories	319,331	536,920	68
Customer receivables	153,238	209,298	37
Other receivables	13,436	23,693	76
Loans and deposits given	12,376	11,436	(8)
Cash & cash equivalents	199,397	75,546	(62)
Total current assets	697,778	856,893	23
Prepaid expenses and accrued revenues	11,670	28,369	143
Total assets	922,719	1,278,754	39
EQUITY AND LIABILITIES			
Equity and reserves			0
Initial equity	197,520	197,520	0
Capital reserves	184,762	184,634	(0)
Other reserves	0	(2,800)	100
Retained profit / (Loss brought forward)	11,154	37,602	237
Profit / (Loss) of the period	26,447	69,694	164
Minority interest	3,829	8	(100)
Total equity	423,712	486,658	15
Provisions	281	911	224
Long-term liabilities			
Long-term liabilities for loans and deposits	187,526	301,717	61
Other long-term liabilities	819	295	(64)
Deferred tax liability	17	5,989	35,129
Total long-term liabilities	188,362	308,001	64
Short-term liabilities			
Liabilities for bank's and other creditor's loans	79,656	110,676	39
Liabilities to suppliers	172,556	288,458	67
Taxes and similar liabilities	25,609	48,446	89
Other short-term liabilities	19,711	18,823	(5)
Liabilities to employees	8,782	11,398	30
Total short-term liabilities	306,314	477,801	56
Accruals and deferred income	4,050	5,383	33
Total liabilities	499,007	792,096	59
Total equity and liabilities	922,719	1,278,754	39

Short-term trade payables increased to 288.5 mHRK on 31.12.2021, which is 115.9 mHRK or 67% more than on 31.12.2020.

The position of cash and cash equivalents is 75.6 mHRK on 31.12.2021, and decreased compared to 31.12.2020, when it was 199.4 mHRK. This is primarily the result of the finalization of the IPO process and the recapitalization of the CIAK Group at the end of 2020 and the realization of acquisitions during 2021.

Capital investments amounted to 229.7 mHRK in 2021, which is 876% more than in the same period last year.

Of the above 229.7 mHRK, 158.9 mHRK (69%) refers to the acquisition CAPEX, and 70.8 mHRK (31%) to investments in tangible and intangible fixed assets.

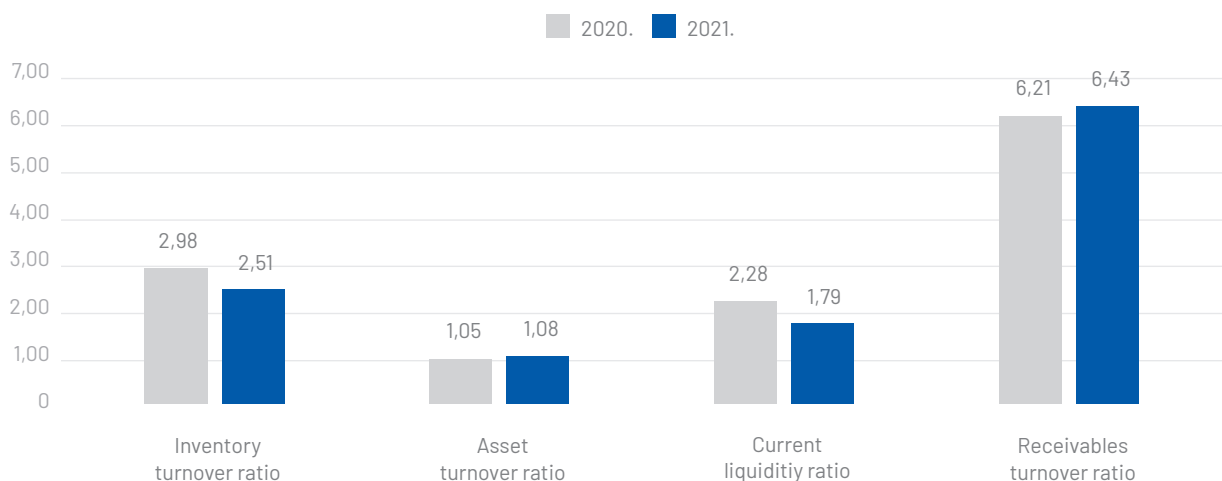
6.3. FINANCIAL INDICATORS

The inventory turnover ratio is slightly lower in comparison with the previous reporting period, which was primarily influenced by acquisitions and increased sales activities.

The asset turnover ratio growing 2021, primarily as a result of a higher percentage increase in revenue compared to asset growth.

Liquidity ratios recorded slightly lower values in 2021 compared to the previous year, due to the acquisition of new companies, which resulted in a reduction in short-term assets on the money item.

The receivables turnover ratio increased compared to the previous year, which indicates a stable collection of the Group's receivables during 2021, despite the instability in the external environment caused by Covid-19.



With the continuation of the planned acquisitions, net debt increased in the last quarter of 2021, and on 31.12.2021, amounts to 336.9 mHRK, but considering the growth of consolidated EBITDA, the Net Debt / EBITDA ratio is still at a very stable 2.38

and significantly below the possible rates at the consolidated level.

Gearing ratio on 31.12.2021, is 40% and reflects the stable level of capitalization of the company in relation to its indebtedness.

Key events for the period up to december 31, 2021

7.1. CIAK GROUP HAS SUCCESSFULLY COMPLETED 6 ACQUISITIONS IN 5 COUNTRIES

During 2021, the CIAK Group began the development cycle, ie the phase of expanding its business and sales network in accordance with strategic business plans. In less than 10 months, six acquisitions were concluded, mostly in the IAM segment, ie the auto parts segment. Thus, the CIAK Group further strengthened its position in the markets of Croatia, Serbia and Bosnia and Herzegovina, and entered new markets in Montenegro and Northern Macedonia. Only in 2021, the effect of realized acquisitions on consolidated revenues amounts to 243 mHRK and represents a growth of 26% compared to 2020.

By implementing these activities, the CIAK Group achieved key strategic goals in the first year after the successful implementation of the IPO and the recapitalization of the company. This achieved a very strong consolidating role of the CIAK Group in the regional market and set a solid basis for further development of the CIAK Group's business.



Markets, customers, products and services

The CIAK Group maintains a high diversification of risk and business sustainability through continuous operations in 6 segments. 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 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 realizes the majority of its operations through its own companies in the markets of the Republic of Croatia, Bosnia and Herzegovina, the Republic of Serbia and the Republic of Slovenia, and at the beginning of 2021 the Group's operations were expanded to the Montenegrin and North Macedonian market.

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, 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.

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

The business is mostly focused on retail customers, and the company has established a call center and a web store through which online orders are enabled.

In the Republic of Croatia, the IAM market has grown significantly in the last five 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. Accordingly, and organic growth and market expansion, the Group's revenue growth in the auto parts segment has occurred.

Due to level of consolidation of the IAM market in the Republic of Croatia, further growth and approximation to the standard of consolidated western markets is expected.

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 is also present as a leader in the markets of the Republic of 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 25-30% 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 75-80% of sales of the main product group, ie 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.



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, ie 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 Center for Accumulators and Batteries in Zabok, the Group produces processed lead alloys (ingots) through the process of processing components of old batteries - including the sorting and hydroseparation processes of 90-95% of batteries) and plastic and acid, or 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 Center.

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 (ii) 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.

8.5. WASTE MANAGEMENT



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 Center in Vojnić, and is significantly developing with the greenfield investment for the construction of a Waste Management Center at the Zabok site.

The CIAK Group is establishing the only freon center 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

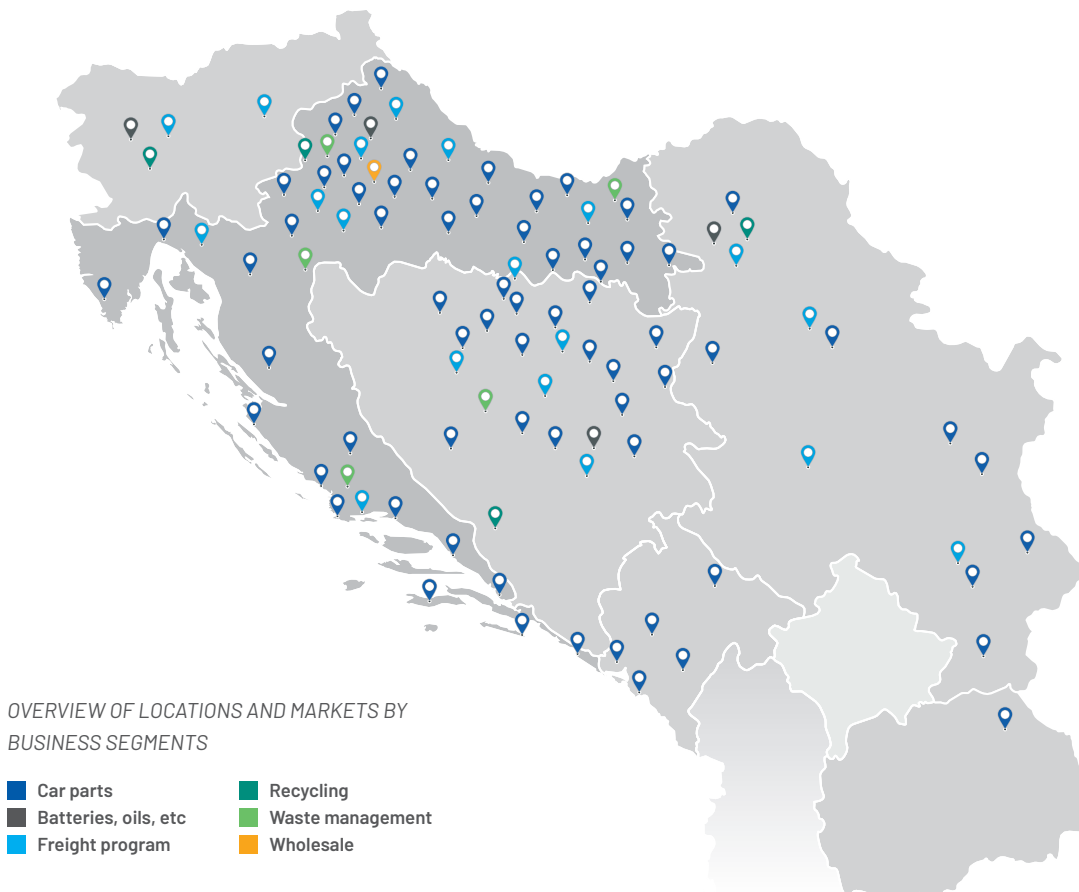


Wholesale (other) as a business segment includes wholesale of car supplies, textiles and garden program.

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.



Main risks and uncertainties to which the group is exposed

9.1. CURRENCY RISK MANAGEMENT

The Group is mainly exposed to the currency risk of changes in the exchange rate of HRK against EUR, BAM and RSD, due to the fact that it operates in foreign markets (Slovenia, Bosnia and Herzegovina and Serbia) and most transactions with foreign customers and suppliers are denominated in these currencies. Loans and borrowings are partly denominated in EUR, so the Group is also exposed to currency risk in relation to EUR. On 31 Dec 2021, the total share of the Group's monetary liabilities denominated in euro against credit institutions in relation to all monetary liabilities of the Group denominated in euro is approximately 58%.

In general, natural hedging is applied to manage the currency risk to which the Group is exposed, based on the principle that the combination of currencies in the debt portfolio should reflect the currency position of the company's free cash flow (natural hedge). Furthermore, the Group applies the portfolio approach when selecting the combination of currencies in the debt portfolio, therefore in addition to loans and borrowings denominated in EUR, the Group contracts loans and borrowings denominated in HRK.

Through the sales price policy, the Group corrects possible negative effects of exchange rate changes.

9.2. 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 Dec 2020, 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 89%. Most of these variable interest rates are linked to reference interest rates such as EURIBOR.

The Group does not speculate with interest rate movements, so it primarily chooses a variable interest rate. The Group actively manages interest rate risk exposures by continuously monitoring market interest rate movements and negotiating with commercial banks. In 2021, the Group refinanced one part of the existing loan portfolio with the new long term loan, which significantly reduced the costs and financing terms in 2021 and in the remaining years of loan repayment.



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.

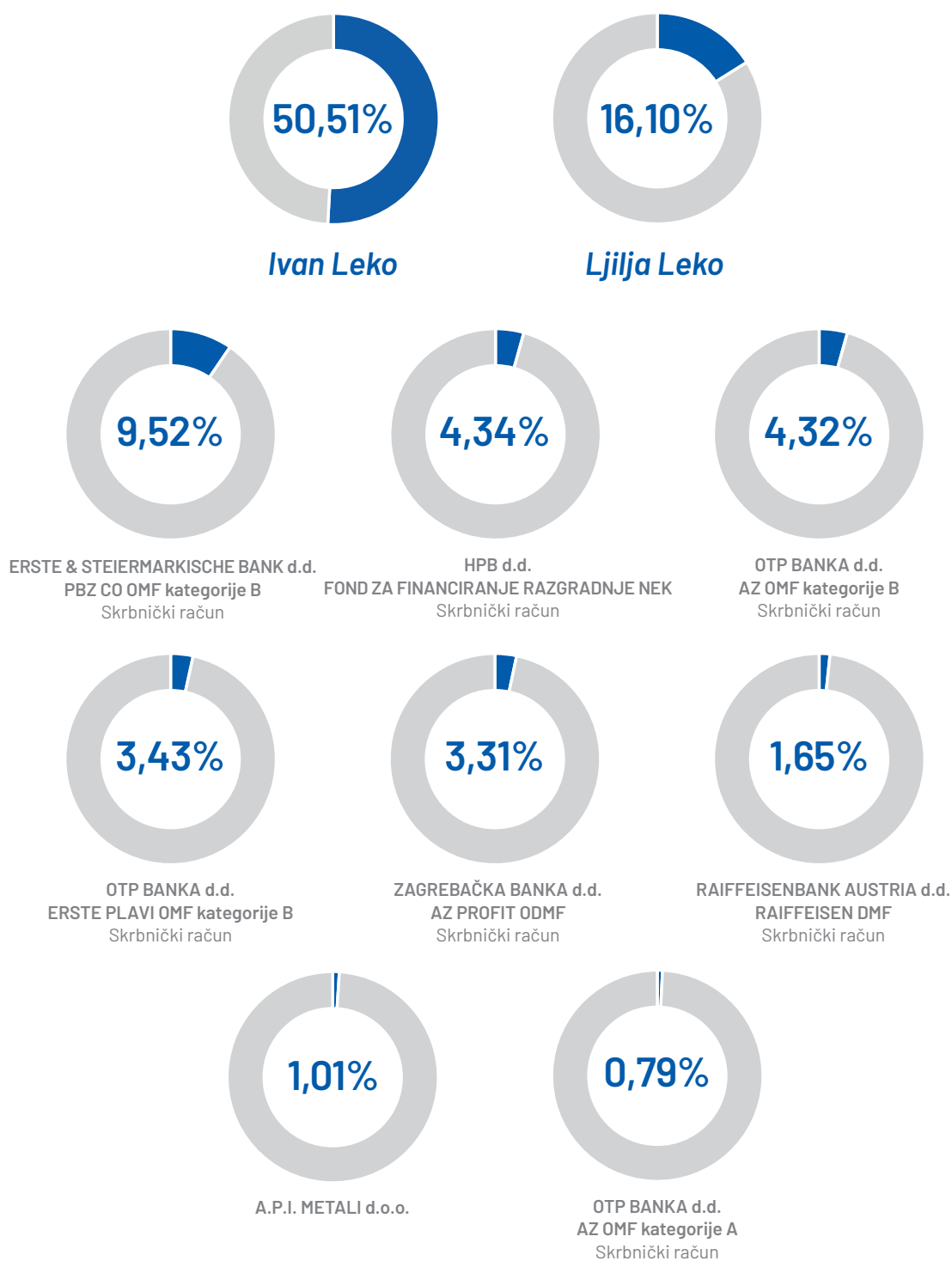
The Group operates with a large number of customers of various activities and sizes, which disperses the risk, i.e. it is not concentrated on a smaller number of customers. Part of the sale of deferred goods refers to state institutions and buyers in state ownership, and in the ownership of local self-government, 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 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 - DECEMBER 31. 2021.



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	966,498,403	1,380,597,899
1 Income from sales with undertakings within the group	002	0	0
2 Income from sales (outside group)	003	952,153,365	1,345,335,227
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	14,345,038	35,262,672
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	921,605,776	1,289,655,682
1 Changes in inventories of work in progress and finished goods	008	0	0
2 Material costs (ADP 010 to 012)	009	659,492,303	937,428,613
a) Costs of raw material	010	107,782,146	175,608,163
b) Costs of goods sold	011	551,710,157	761,820,450
c) Other external costs	012	0	0
3 Staff costs (ADP 014 to 016)	013	151,215,445	201,741,182
a) Net salaries and wages	014	92,659,256	130,040,648
b) Tax and contributions from salaries expenses	015	47,958,846	59,997,083
c) Contributions on salaries	016	10,597,343	11,703,451
4 Depreciation	017	35,145,959	50,739,019
5 Other expenses	018	74,626,505	94,410,851
6 Value adjustments (ADP 020+021)	019	2,665,744	5,404,939
a) fixed assets other than financial assets	020	0	0
b) current assets other than financial assets	021	2,665,744	5,404,939
7 Provisions (ADP 023 to 028)	022	-1,540,180	-68,922
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	-256,400
f) Other provisions	028	-1,796,580	187,478
8 Other operating expenses	029	0	0
III FINANCIAL INCOME (ADP 031 to 040)	030	3,017,643	3,891,471
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	309,187	156,959
8 Exchange rate differences and other financial income	038	2,574,221	3,454,810
9 Unrealised gains (income) from financial assets	039	0	0
10 Other financial income	040	134,235	279,702
IV FINANCIAL EXPENDITURE (ADP 042 to 048)	041	15,383,341	12,475,764
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	7,410,690	6,434,441
4 Exchange rate differences and other expenses	045	7,669,245	5,317,880
5 Unrealised losses (expenses) from financial assets	046	0	716,413
6 Value adjustments of financial assets (net)	047	0	0
7. Other financial expenses	048	303,406	7,030

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	969,516,046	1,384,489,370
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	936,989,117	1,302,131,446
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	32,526,929	82,357,924
1 Pre-tax profit (ADP 053-054)	056	32,526,929	82,357,924
2 Pre-tax loss (ADP 054-053)	057	0	0
XII INCOME TAX	058	5,913,366	12,261,341
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	26,613,563	70,096,583
1 Profit for the period (ADP 055-059)	060	26,613,563	70,096,583
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	26,613,563	70,096,583
1 Attributable to owners of the parent	076	26,493,572	70,113,303
2 Attributable to minority (non-controlling) interest	077	119,991	-16,720
STATEMENT OF OTHER COMPREHENSIVE INCOME			
I PROFIT OR LOSS FOR THE PERIOD	078	26,613,563	70,096,583
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080-087)	079	-65,467	-419,000
III Items that will not be reclassified to profit or loss (ADP 081 do 085)	080	-65,467	-419,000
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	-65,467	-419,000
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	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	-65,467	-419,000
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	26,548,096	69,677,583
APPENDIX to the Statement on comprehensive income			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	26,548,096	69,677,583
1 Attributable to owners of the parent	100	26,381,695	69,694,303
2 Attributable to minority (non-controlling) interest	101	166,401	-16,720

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	213,270,817	393,491,881
I INTANGIBLE ASSETS (ADP 004 to 009)	003	6,238,439	57,702,139
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	3,744,936	55,228,268
3 Goodwill	006	0	0
4 Advance payments for purchase of intangible assets	007	0	48,926
5 Intangible assets in preparation	008	481,013	360,378
6 Other intangible assets	009	2,012,490	2,064,567
II TANGIBLE ASSETS (ADP 011 to 019)	010	202,465,770	326,746,507
1 Land	011	23,132,960	42,451,120
2 Buildings	012	57,962,123	64,610,056
3 Plant and equipment	013	38,481,987	42,739,213
4 Tools, working inventory and transportation assets	014	10,353,474	17,903,691
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	0	664,162
7 Tangible assets in preparation	017	2,120,080	19,042,254
8 Other tangible assets	018	70,415,146	139,336,011
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	491,022	4,802,266
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	491,022	2,542,140
9 Other investments accounted for using the equity method	029	0	2,260,126
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	1,380,389	2,071,672
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	1,380,389	2,071,672
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	2,695,197	2,169,297
C) CURRENT ASSETS (ADP 038+046+053+063)	037	697,776,840	856,892,642
I INVENTORIES (ADP 039 to 045)	038	319,328,899	536,919,107
1 Raw materials	039	8,861,161	26,945,179
2 Work in progress	040	0	0

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	306,269,124	501,667,603
5 Advance payments for inventories	043	3,778,188	6,685,492
6 Fixed assets held for sale	044	420,426	1,620,833
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	166,675,343	232,991,304
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	153,237,551	209,298,210
4 Receivables from employees and members of the undertaking	050	260,641	545,241
5 Receivables from government and other institutions	051	9,889,533	16,718,598
6 Other receivables	052	3,287,618	6,429,255
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	12,375,604	11,435,806
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	12,375,604	11,435,806
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	199,396,994	75,546,425
D) PREPAID EXPENSES AND ACCRUED INCOME	064	11,670,417	28,369,451
E) TOTAL ASSETS (ADP 001+002+037+064)	065	922,718,074	1,278,753,974
F) OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 do 070+076+077+081+084+087)	067	423,710,705	486,657,693
I INITIAL (SUBSCRIBED) CAPITAL	068	197,519,890	197,519,890
II CAPITAL RESERVES	069	184,762,638	184,634,250
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	0	-2,800,000
1 Legal reserves	071	0	0
2 Reserves for treasury shares	072	0	0
3 Treasury shares and holdings (deductible item)	073	0	-2,800,000
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	11,152,077	37,600,852
1 Retained profit	084	11,152,077	37,600,852
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	26,447,162	69,694,303
1 Profit for the business year	087	26,447,162	69,694,303
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	3,828,938	8,398
B) PROVISIONS (ADP 091 to 096)	090	281,169	911,457
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	281,169	911,457
6 Other provisions	096	0	0
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	188,362,646	308,000,660
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	31,428,243	90,802,691
6 Liabilities towards banks and other financial institutions	103	156,098,133	210,914,044
7 Liabilities for advance payments	104	0	0
8 Liabilities towards suppliers	105	686,182	284,187
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	133,086	10,707
11 Deferred tax liability	108	17,002	5,989,031
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	306,313,786	477,801,444
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	17,246,578	28,379,665
6 Liabilities towards banks and other financial institutions	115	62,409,855	82,295,399
7 Liabilities for advance payments	116	1,725,305	1,963,951
8 Liabilities towards suppliers	117	172,555,757	288,457,743
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	8,782,181	11,398,242
11 Taxes, contributions and similar liabilities	120	25,609,102	48,446,390
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	17,985,008	16,860,054
E) ACCRUALS AND DEFERRED INCOME	124	4,049,768	5,382,720
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	922,718,074	1,278,753,974
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	32,526,929	82,357,924
2 Adjustments (ADP 003 to 010):	002	49,547,631	37,617,183
a) Depreciation	003	35,145,959	50,739,019
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	1,214,952	1,095,111
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	3,133,023
d) Interest and dividend income	006	-309,187	-156,959
e) Interest expenses	007	8,363,622	6,434,441
f) Provisions	008	258,997	630,583
g) Exchange rate differences (unrealised)	009	2,149,066	609,548
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	2,724,222	-24,867,583
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	82,074,560	119,975,107
3 Changes in the working capital (ADP 013 to 016)	012	-60,596,394	-66,322,348
a) Increase or decrease in short-term liabilities	013	-2,973,970	96,037,827
b) Increase or decrease in short-term receivables	014	-33,718,663	-47,077,543
c) Increase or decrease in inventories	015	-23,903,761	-115,282,632
d) Other increase or decrease in the working capital	016	0	0
II Cash from operations (ADP 011+012)	017	21,478,166	53,652,759
4 Interest paid	018	-7,439,414	-5,178,853
5 Income tax paid	019	-7,678,006	-3,551,842
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	6,360,746	44,922,064
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	676,993	599,875
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	1,054,810	1,989,326
6 Other cash receipts from investment activities	026	2,559,053	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	4,290,856	2,589,201
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-19,078,809	-61,234,236
2 Cash payments for the acquisition of financial instruments	029	0	-3,050,000
3 Cash payments for loans and deposits for the period	030	-4,746,763	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	-138,332,222
5 Other cash payments from investment activities	032	0	-670,032
IV U Total cash payments from investment activities (ADP 028 to 032)	033	-23,825,572	-203,286,490
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-19,534,716	-200,697,289
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	035	63,455,990	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	154,403,921	0
3 Cash receipts from credit principals, loans and other borrowings	037	64,009,941	130,292,354
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	281,869,852	130,292,354
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-104,243,238	-65,405,223
2 Dividends paid	041	0	0
3 Cash payments for finance lease	042	0	-32,363,475
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	0	-599,000
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-104,243,238	-98,367,698
C) NET CASH FLOW FROM FINANCING ACTIVITIES	046	177,626,614	31,924,656
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	164,452,644	-123,850,569
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	34,944,350	199,396,994
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	199,396,994	75,546,425

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	134,063,900	32,282,500	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	134,063,900	32,282,500	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	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	63,455,990	152,480,138	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	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	184,762,638	0	0	0	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	63,455,990	152,480,138	0	0	0	0	0	0	0

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	184,762,638	0	0	0	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	184,762,638	0	0	0	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	-128,388	0	0	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	-2,800,000	0	0	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	0	0	0	0	0	0
22 Carryforward per annual plan	49	0	0	0	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	-2,800,000	0	0	0	0	0	0
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 06 to 14)	52	0	-128,388	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 05+25)	53	0	-128,388	0	0	0	0	0	0	0
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	-2,800,000	0	0	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 do 17)	19	20 (18+19)
Previous period										
1 Balance on the first day of the previous business year	01	0	0	0	0	-18,254,329	29,471,873	177,563,944	3,662,537	181,226,481
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	-18,254,329	29,471,873	177,563,944	3,662,537	181,226,481
5 Profit/loss of the period	05	0	0	0	0	0	26,447,162	26,447,162	119,991	26,567,153
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	620,629	620,629	46,410	667,039
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	215,936,128	0	215,936,128
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	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	28,785,777	-29,471,873	-686,096	0	-686,096
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	10,531,448	27,067,791	419,881,767	3,828,938	423,710,705
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	620,629	620,629	46,410	667,039
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	27,067,791	27,067,791	166,401	27,234,192
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	28,785,777	-29,471,873	215,250,032	0	215,250,032

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 do 17)	19	20 (18+19)
Current period										
1 Balance on the first day of the current business year	28	0	0	0	0	11,152,077	26,447,162	419,881,767	3,828,938	423,710,705
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	11,152,077	26,447,162	419,881,767	3,828,938	423,710,705
5 Profit/loss of the period	32	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	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	1,613	0	-126,775	-3,803,820	-3,930,595
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	-2,800,000	0	-2,800,000
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	0	0	0	0	0	0
22 Carryforward per annual plan	49	0	0	0	0	26,447,162	-26,447,162	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	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 FOR THE CURRENT PERIOD, NET OF TAX (AOP 33 do 41)	52	0	0	0	0	1,613	0	-126,775	-3,803,820	-3,930,595
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (AOP 32+52)	53	0	0	0	0	1,613	69,694,303	69,567,528	-3,820,540	65,746,988
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (AOP 42 do 50)	54	0	0	0	0	26,447,162	-26,447,162	-2,800,000	0	-2,800,000

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	10,734,812	17,582,996
1 Income from sales with undertakings within the group	002	9,753,425	17,519,888
2 Income from sales (outside group)	003	591,266	26,571
3 Income from the use of own products, goods and services	004	0	0
4 Other operating income with undertakings within the group	005	1,239	1,575
5 Other operating income (outside the group)	006	388,882	34,962
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	10,550,966	17,061,668
1 Changes in inventories of work in progress and finished goods	008	0	0
2 Material costs (ADP 010 to 012)	009	609,776	310,802
a) Costs of raw material	010	261,510	310,802
b) Costs of goods sold	011	348,266	0
c) Other external costs	012	0	0
3 Staff costs (ADP 014 to 016)	013	8,033,894	11,847,655
a) Net salaries and wages	014	4,423,350	6,554,839
b) Tax and contributions from salaries expenses	015	2,939,619	4,053,159
c) Contributions on salaries	016	670,925	1,239,657
4 Depreciation	017	16,297	75,341
5 Other expenses	018	1,738,485	4,821,814
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	152,514	6,056
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	152,514	6,056
8 Other operating expenses	029	0	0
III FINANCIAL INCOME (ADP 031 to 040)	030	1	38,517,931
1 Income from investments in holdings (shares) of undertakings within the group	031	0	26,981,718
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	4,604,891
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	186
6 Income from other long-term financial investments and loans	036	0	0
7 Other interest income	037	1	598
8 Exchange rate differences and other financial income	038	0	14,119
9 Unrealised gains (income) from financial assets	039	0	0
10 Other financial income	040	0	6,916,419
IV FINANCIAL EXPENDITURE (ADP 042 to 048)	041	50,740	33,824
1 Interest expenses and similar expenses with undertakings within the group	042	49,932	4,200
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	1,884
3 Interest expenses and similar expenses	044	525	692
4 Exchange rate differences and other expenses	045	283	27,048
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	10,734,813	1,384,489,370
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	10,601,706	1,302,131,446
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	133,107	82,357,924
1 Pre-tax profit (ADP 053-054)	056	133,107	82,357,924
2 Pre-tax loss (ADP 054-053)	057	0	0
XII INCOME TAX	058	0	12,261,341
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	133,107	70,096,583
1 Profit for the period (ADP 055-059)	060	133,107	70,096,583
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	70,096,583
1 Attributable to owners of the parent	076	0	70,113,303
2 Attributable to minority (non-controlling) interest	077	0	-16,720
STATEMENT OF OTHER COMPREHENSIVE INCOME			
I PROFIT OR LOSS FOR THE PERIOD	078	133,107	36,882,258
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 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	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	133,107	36,882,258
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

12.2. 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	239,362,189	408,333,749
I INTANGIBLE ASSETS (ADP 004 to 009)	003	543	27,900
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	543	27,900
3 Goodwill	006	0	0
4 Advance payments for purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	56,637	10,299,398
1 Land	011	0	0
2 Buildings	012	0	0
3 Plant and equipment	013	16,890	311,312
4 Tools, working inventory and transportation assets	014	32,067	21,667
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	0	0
7 Tangible assets in preparation	017	7,680	9,966,419
8 Other tangible assets	018	0	0
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	239,305,009	398,006,451
1 Investments in holdings (shares) of undertakings within the group	021	199,305,009	199,305,009
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	40,000,000	198,701,442
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	0
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	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	178,601,100	42,856,898
I INVENTORIES (ADP 039 to 045)	038	22	2
1 Raw materials	039	0	2
2 Work in progress	040	0	0

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	22	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	696,053	6,443,538
1 Receivables from undertakings within the group	047	391,590	6,185,251
2 Receivables from companies linked by virtue of participating interest	048	0	0
3 Customer receivables	049	26,875	53,875
4 Receivables from employees and members of the undertaking	050	1,289	17,109
5 Receivables from government and other institutions	051	141,272	121,522
6 Other receivables	052	135,027	65,781
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	0	5,042,191
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	5,042,191
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	177,905,025	31,371,167
D) PREPAID EXPENSES AND ACCRUED INCOME	064	2,305	342,650
E) TOTAL ASSETS (ADP 001+002+037+064)	065	417,965,594	451,533,297
F) OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 do 070+076+077+081+084+087)	067	400,816,308	434,770,179
I INITIAL (SUBSCRIBED) CAPITAL	068	197,519,890	197,519,890
II CAPITAL RESERVES	069	202,906,538	202,778,150
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	13,395	-2,779,949
1 Legal reserves	071	13,395	20,051
2 Reserves for treasury shares	072	0	0
3 Treasury shares and holdings (deductible item)	073	0	-2,800,000
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	243,378	369,830
1 Retained profit	084	243,378	369,830
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	133,107	36,882,258
1 Profit for the business year	087	133,107	36,882,258
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	0
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	0	0
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	16,906,330	16,629,612
1 Liabilities towards undertakings within the group	110	10,887,870	8,699,829
2 Liabilities for loans, deposits, etc. to companies within the group	111	1,460,000	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	0
6 Liabilities towards banks and other financial institutions	115	0	0
7 Liabilities for advance payments	116	0	0
8 Liabilities towards suppliers	117	236,768	306,477
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	487,662	663,678
11 Taxes, contributions and similar liabilities	120	402,863	4,564,892
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	3,431,167	2,394,736
E) ACCRUALS AND DEFERRED INCOME	124	242,956	133,506
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	417,965,594	451,533,297
G) OFF-BALANCE SHEET ITEMS	126	0	0

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	133,107	39,005,435
2 Adjustments (ADP 003 to 010):	002	66,844	-38,449,751
a) Depreciation	003	16,297	75,341
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	0
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	-6,916,419
d) Interest and dividend income	006	0	-31,586,609
e) Interest expenses	007	50,547	4,200
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	0	-26,264
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	199,951	555,684
3 Changes in the working capital (ADP 013 to 016)	012	-185,064	-5,918,906
a) Increase or decrease in short-term liabilities	013	-1,512,719	-220,757
b) Increase or decrease in short-term receivables	014	1,327,655	-5,698,169
c) Increase or decrease in inventories	015	0	20
d) Other increase or decrease in the working capital	016	0	0
II Cash from operations (ADP 011+012)	017	14,887	-5,363,222
4 Interest paid	018	-13,030	-50,000
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	1,857	-5,413,222
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	0	4,229,952
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	114,695,000
6 Other cash receipts from investment activities	026	58,056	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	58,056	118,924,952
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-25,584	-379,040
2 Cash payments for the acquisition of financial instruments	029	0	-3,050,000
3 Cash payments for loans and deposits for the period	030	-40,000,000	-256,017,548
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV U Total cash payments from investment activities (ADP 028 to 032)	033	-40,025,584	-259,446,588
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-39,967,528	-140,521,636
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	217,859,911	0
3 Cash receipts from credit principals, loans and other borrowings	037	0	0
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	217,859,911	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	0	0
2 Dividends paid	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	0	-599,000
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	0	-599,000
C) NET CASH FLOW FROM FINANCING ACTIVITIES	046	217,859,911	-599,000
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	177,894,240	-146,533,858
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	10,785	177,905,025
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	177,905,025	31,371,167

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	134,063,900	50,426,400	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	134,063,900	50,426,400	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	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	63,455,990	152,480,138	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	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	202,906,538	13,395	0	0	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	63,455,990	152,480,138	13,395	0	0	0	0	0	0

Item	ADP code	Attributable to owners of the parent									Fair value of financial assets through other comprehensive income (available for sale)
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holding (deductible item)	Statutory reserves	Other reserves	Revaluation reserves		
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	202,906,538	13,395	0	0	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	202,906,538	13,395	0	0	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	0	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	-128,388	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	-2,800,000	0	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	0	0	0	0	0	0	
22 Carryforward per annual plan	49	0	0	6,656	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	20,051	-2,800,000	0	0	0	0	0	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY											
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 06 to 14)	52	0	0	0	0	0	0	0	0	0	
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 05+25)	53	0	0	0	0	0	0	0	0	0	
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	-128,388	6,656	-2,800,000	0	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 do 17)	19	20 (18+19)
Previous period										
1 Balance on the first day of the previous business year	01	0	0	0	0	57,823	267,908	184,816,031	0	184,816,031
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	57,823	267,908	184,816,031	0	184,816,031
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	-53,885	104,639	50,754		50,754
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	215,936,128		215,936,128
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	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	13,395	0	13,395
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	3,938	372,547	400,816,308	0	400,816,308
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	-53,885	104,639	50,754	0	50,754
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	-53,885	104,639	50,754	0	50,754
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	0	0	215,949,523	0	215,949,523

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 do 17)	19	20 (18+19)
Current period										
1 Balance on the first day of the current business year	28	0	0	0	0	3,938	372,547	400,816,308	0	400,816,308
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	3,938	372,547	400,816,308	0	400,816,308
5 Profit/loss of the period	32	0	0	0	0	0	36,882,258	36,882,258		36,882,258
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	365,892	-372,547	-6,655	0	-6,655
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	-128,388	0	-128,388
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	-2,800,000	0	-2,800,000
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	0	0	0	0	0	0
22 Carryforward per annual plan	49	0	0	0	0	0	0	6,656	0	6,656
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	369,830	36,882,258	434,770,179	0	434,770,179
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY										
I. OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (AOP 33 do 41)	52	0	0	0	0	365,892	-372,547	-6,655	0	-6,655
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (AOP 32+52)	53	0	0	0	0	365,892	36,509,711	36,875,603	0	36,875,603
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (AOP 42 do 50)	54	0	0	0	0	0	0	-2,921,732	0	-2,921,732

12. Sustainability at CIAK Group

13.1. ENVIRONMENTAL PROTECTION

During 2021, there were no environmental incidents in CIAK Grupa. 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, Occupational Safety Department, Environmental Protection Department, and the Quality Department.

The Group seeks to actively contribute to the United Nation's 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



SDG 7

AFFORDABLE AND CLEAN ENERGY



SDG 8

DECENT WORK AND ECONOMIC GROWTH



SDG 12

RESPONSIBLE CONSUMPTION AND PRODUCTION



SDG 13

CLIMATE ACTION

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 labor code, which also covers the privacy of workers, working hours, vacations, and holidays, pay benefits and the termination of employment contracts (SDG 8).

On the environmental side, we address the operational areas where we have direct impact. 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 neighboring countries (SDG 12).

CIAK d.o.o. operates recycling centers in Zabok and is the leading collector and recycler of batteries in Croatia and the neighboring 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.



13.3. CIAK GRUPA EMPLOYEES

The greatest value of the CIAK Group are its employees, and their safety, needs, motivation, satisfaction and protection were a priority for management during 2021. Giving great importance to responsible and ethically based business behavior, in all its business relations, the Group respects the principles of ethics and acts in accordance with the principles of responsibility, truthfulness, efficiency, transparency and quality.

CIAK Grupa treats business partners, employees and the entire social and business environment in good faith, respecting good business practices.

We enable the equality of employees on a daily basis, accepting their diversity, providing them with equal opportunities for employment, promotion, education and rewards.

Number of Ciak Grupa employees as of December 31, 2021. is 2028, which is 735 employees more than on 31.12.2020.

Personnel costs in 2021 amount to 201.7 mHRK or 33% more than the previous year.

	2020.	2021.
Net wages costs	92,659	130,041
Tax and contribution costs	47,959	59,997
Other personnel costs	10,597	11,703
Personnel costs	151,215	201,741

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

THE MOST IMPORTANT HUMAN RESOURCE MANAGEMENT ACTIVITIES DURING 2021:

New ways of internal communication

During 2021, intensive efforts were made to establish continuous internal communications at the level of the entire Group, and an internal newsletter was launched with the aim of timely and accurate transfer 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.

Recognizing employee effort

In 2021, CIAK Grupa employed over 300 employees in Croatia, both in central services and in sales, logistics and distribution, and continuously improves and rewards its employees by recognizing their efforts, collegiality and willingness to progress.

Internal education

During 2021, we established internal trainings with an emphasis on the gaining and widening of technical knowledge of employees in order to make work easier for employees and thus speed up business processes. This will continue to be implemented in the coming years.

Onboarding

In 2021, the CIAK Group introduced the ONBOARDING process for all new employees. This process speeds up, and thus facilitates, the adjustment for new employees and introduces them in a warm and collegial way to the functioning of the Company in which they are employed.

13.4. KEY PERFORMANCE INDICATORS OF ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

Pursuant to Article 21.a i 24.a of the Accounting Act, we publish information on the proportion of Taxonomy-eligible and Taxonomy-non-eligible economic activities in the CIAK Grupa'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.

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 Grupa'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 8.2% of CIAK Grupa's consolidated turnover*.

Environmentally sustainable activity Collection and transport of non-hazardous waste in source segregated fractions accounts for 6.1% of CIAK Grupa's consolidated turnover.

Total turnover of environmentally sustainable activities within the CIAK Grupa account for 14.3% of CIAK Grupa's consolidated turnover.

Economic activities (1)	NKD 2007 (2)	Absolute turnover (3) Currency: HRK	Proportion of turnover (4) %	Substantial contribution criteria	
				Climate change mitigation (5) %	Climate change adaptation (6) %
A. TAXONOMY-ELIGIBLE ACTIVITIES					
A.1. Environmentally sustainable activities (Taxonomy-aligned)					
Manufacture of batteries	27,20	109,833,977	8,2	100	100
Collection and transport of non-hazardous waste in source segregated fractions	38,11	81,897,216	6,1	100	100
Turnover of environmentally sustainable activities (Taxonomy-aligned)(A.1.)		191,731,193	14,3		
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.)		191,731,193	14,3		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES					
Turnover of taxonomy-non-eligible activities (B)		1,153,604,034	85,7		
Total (A+B)		1,345,335,277	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 Grupa'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 9.7% of CIAK Grupa's consolidated OpEx*.

Environmentally sustainable activity Collection and transport of non-hazardous waste in source segregated fractions accounts for 20.8% of CIAK Grupa's consolidated OpEx.

Total OpEx of environmentally sustainable activities within the CIAK Grupa account for 30.5% of CIAK Grupa'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	6,388,484	9,7	100	100
Collection and transport of non-hazardous waste in source segregated fractions	38,11	13,639,323	20,8	100	100
OpEx of environmentally sustainable activities (Taxonomy-aligned)(A.1.)		20,027,806	30,5		
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.)		20,027,806	30,5		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES					
OpEx of taxonomy-non-eligible activities (B)		45,615,719	69,5		
Total (A+B)		65,643,525	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 1.2% of CIAK Grupa's consolidated CapEx.*

Environmentally sustainable activity Collection and transport of non-hazardous waste in source segregated fractions accounts for 2.6% of CIAK Grupa's consolidated CapEx.

Total CapEx of environmentally sustainable activities within the CIAK Grupa account for 3.8% 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	1,948,022	1,2	100	100
Collection and transport of non-hazardous waste in source segregated fractions	38,11	4,280,121	2,6	100	100
CapEx of environmentally sustainable activities (Taxonomy-aligned)(A.1.)		6,228,143	3,8		
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	0,0		
Total (A.1. + A.2.)		6,228,143	3,8		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES					
CapEx of taxonomy-non-eligible activities (B)		155,973,703	96,2		
Total (A+B)		162,201,845	100,0		

* according to the definition and calculation of the EU taxonomy

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

13.5. CIAK AUTO ACADEMY

With the development of technology in the automotive industry, the complexity of vehicles has increased, and thus their maintenance. In order for an independent aftermarket to remain competitive with knowledge and customer service in relation to authorized service networks, continuous education of mechanics becomes the key to success. CIAK Auto Academy recognizes the importance of this segment of support for your business, and for several years we have been holding trainings together with our partner suppliers such as TMD Friction, Valea, Bilstein Group, ZF Friedrichshafen and others. Through 140 seminars held at more than 30 locations in Croatia we have brought the latest technologies of our suppliers closer. Seeing the interest in deeper knowledge, we decided to take it a step further - to start the CIAK Auto Academy.

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

Thematic seminars are divided into several steps (topics):



1. Vehicle electricity



2. ECU unit and sensors



3. A/C in-vehicle system



4. CR injection
(common rail)



5. Complaints -
what and how



6. Workshop management -
what and how

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

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.



e. SSCP:2011

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



f. HRN EN ISO/IEC 17025:2007

The ISO/IEC 17025:2007 certificate covers testing carried out by standard methods, non-standard methods and laboratory-developed methods.

The certificate is applicable to all organizations conducting tests and/or calibrations. This includes, for example, first, second and third party laboratories, and laboratories where testing and/or calibration are part of product inspection and certification.

ISO/IEC 17025:2007 is applicable to all laboratories regardless of the number of staff or the scope of testing and/or calibration activities. ISO/IEC 17025:2007 is used by laboratories in the development of their quality management system, administrative and technical operations. Laboratory users, regulatory bodies and accreditation bodies may also use it to confirm or recognize the competence of a laboratory.



13.6.2. ASSOCIATIONS

AD INTERNATIONAL

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

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

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



ADI NETWORK OF PARTNER BRANCHES IS DIVIDED INTO 3 CATEGORIES:

AD Garage

AD Garage offers a complete service for almost all car brands. The parts and products installed in the AD Garage network have been carefully selected by national and international teams to guarantee top quality. The local AD distributor is a one-stop shop for AD Garage that guarantees uninterrupted delivery of premium parts and products, technical support of any kind, and advice on technical equipment, diagnostics and garage management in general.

AD Garage is "value for money" - a solution for private drivers, professional drivers or fleet managers.

AD Carrosserie

AD Carrosserie (AD Body shop) has - in addition to technical and mechanical competence - an adequate offer to insurance companies and fleet owners, as well as private car owners, who are looking for a reliable multi-brand solution to repair their car after a collision.

AD Truckdrive

Ad Truckdrive is an AD network for the distribution of parts and services to transport companies, fleets and owners of heavy trucks, trailers and light commercial vehicles.

ADI Croatia in numbers	Croatian statistics
Number of partners	1 - CIAK Auto
Number of outlets	53
Central warehouses in m2	4,000 m2
Group warehouses in m2	18,000 m2
Number of employees	730
Number of service vehicles	220



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.

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.



13.7.2. FLEET DEPARTMENT

CIAK Auto Fleet Management is a national network of service centers organized by CIAK Auto. CIAK Auto Fleet Management brings together over 90 independent service centers, 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.

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 services.

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.



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



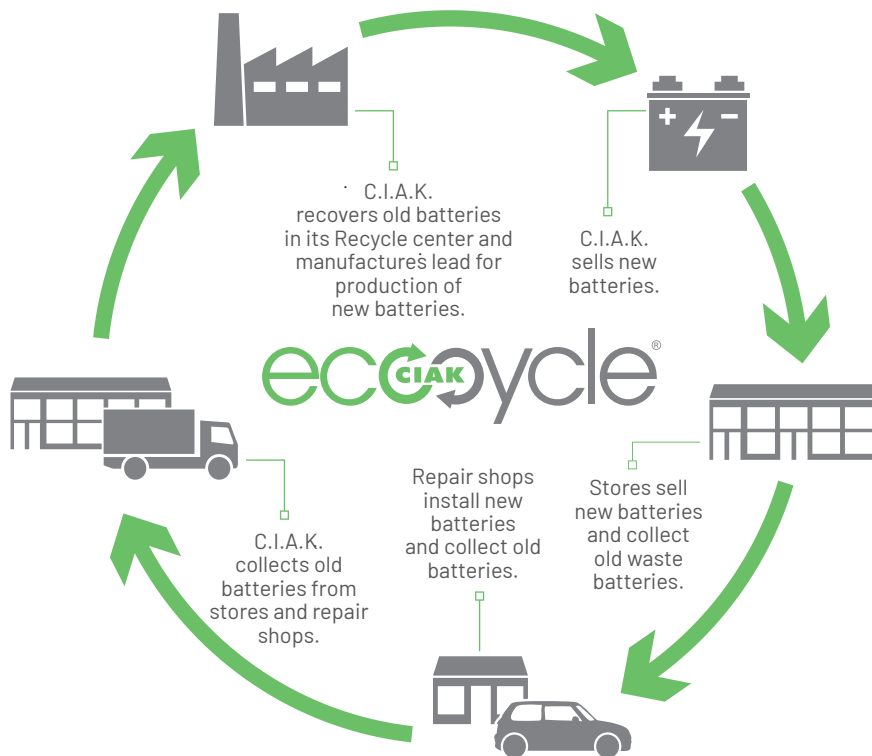
13.8. EcoCycle

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)

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 Center in Vojnić, and was significantly developed by a Greenfield investment for the construction of a Waste Management Center at a location in Zabok. Greenfield's investment in the Battery and Battery Recycling Center 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 Center 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 Center 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 Center for the Recovery of Batteries in Zabok processes 95% of lead-acid batteries in Croatia. The recycling center in Zabok is the only center 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

Overview of other announcements, events, evaluations and data

14.1. IMPORTANT BUSINESS EVENTS AFTER CLOSURE OF BUSINESS YEAR

On 24. February 2022. Russian federation started a military action against Republic of Ukraine. As a result, EU decided to introduce a sanctions package which made normal business operation with Russia impossible.

Ciak Group has no business relationship with companies from either Russian Federation or Republic of Ukraine, due to Group not providing either products or services to those markets and companies from those markets not providing the Group with either products or services. Group mainly operates in markets where it is present: Croatia, Slovenia, Serbia Bosnia and Herzegovina, Montenegro and North Macedonia, out of which 70-75% of business is conducted in Croatia.

Group suppliers are located in the EU for most segments of our business (Car segment, truck segment and Ecology) while Wholesale segment is supplied by suppliers from Asia. In accordance with above, situation in Ukraine has no direct impact on the Group.

However, the situation will likely have an impact on the global level which will indirectly impact the economy as a whole e.g. further increase in price of materials, energy, increase in interest rates etc.

Group implements an active approach for:

- Commodity risk- active approach in managing sale prices in order to minimise the effect of rising material cost.
- Currency risk- active approach when managing net cash flows, both on the side of currency where profit is generated and currencies in which debt and other payables are denominated. Group portfolio is mostly in HRK or EUR which are also the main currencies of profit and therefore currency risk is not material (natural hedge was established in the greatest manner possible).
- Interest rate risk- Active approach when managing short and mid term debt. In 2022. The share of debt with fixed interest rate was increased with the intention of further increase.
- Operating expenses- continued optimisation of operating expenses with a goal to neutralise the effect of increase of other costs.

In accordance with above, Group believes that it will be able to successfully respond to all indirect negative effects that these events might cause in the future.

14.2. CIAK GROUP SUBSIDIARIES

On 31 December 2021, CIAK Group had registered subsidiaries as set out in presentation.

Name of the subsidiary	
LUKENA- AVTODELOVI eksport-import DOOEL Skopje	3 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
LUKENA-AUTO PREDUZEĆE ZA PROIZVODNJU, TRGOVINU I USLUGE DOO, BEOGRAD (ZEMUN)	7 BUSINESS UNITS REGISTERED AS SUBSIDIARY
C.I.A.K. AUTO d.o.o. Sarajevo	3 BUSINESS UNITS REGISTERED AS SUBSIDIARY
CIAK TRUCK d.o.o. Sarajevo	3 BUSINESS UNITS REGISTERED AS SUBSIDIARY
AUTO-MILOVANOVIĆ d.o.o.	22 BUSINESS UNITS REGISTERED AS SUBSIDIARY
CIAK C.I.A.K. d.o.o. Grude	2 BUSINESS UNITS REGISTERED AS SUBSIDIARY

14.3. REPURCHASE OF OWN SHARES

In 2021, the Group acquired 70,000 treasury shares with a nominal value of HRK 700,000, representing 0.35% of the share capital. Repurchase was made on the basis of trading outside the trading venue, on 15 December 2021, at an average price of HRK 40.00 per share. Prior to the repurchase, the Company owned 0 shares with a total nominal value of HRK 0, representing 0% of the Company's share capital, while after the repurchase the Company owns 70,000 shares with a total nominal value of HRK 700,000.00, representing 0.35% 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 2021 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 January 1, 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 31 March 2022 for submission to the Supervisory Board and signed below by:



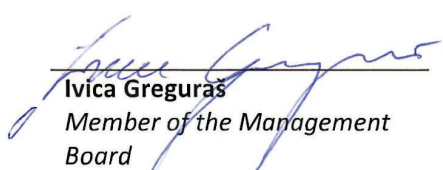
Ivan Leko
President of the Management Board



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 2021, 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 2021 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.



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

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

Revenue recognition	
Revenue recognized in profit or loss for 2021 amounts to HRK 1,345,336 thousand (2020: HRK 952,153 thousand). Please refer to the Note 3.4 <i>Revenue recognition</i> within <i>Significant</i> accounting policies and Note 6 <i>Revenue</i> in the financial statements.	
Key audit matter	How we addressed the matter
<p>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.</p> <p>The applicable financial reporting standard governing the accounting for revenues, IFRS 15 <i>Revenue from Contracts with Customers</i>, 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).</p> <p>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 transfer to the customer which is typically upon delivery to the customer.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures performed in this area included:</p> <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> challenging the identification of performance obligations included therein; critically assessing the determination of revenue recognition pattern (point-in-time vs over time); critically evaluating the revenue amounts recognized by comparing a sample of revenue transactions to the outgoing invoices (taking into account on-invoice rebates), goods delivery notes and general ledger entries and other relevant source documentation, with particular attention paid to amounts recognised at or around the reporting date; 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.



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

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Business combinations	
<p>As at 31 December 2021 the fair value of net assets acquired in business combinations during the year amounted to HRK 172,457 thousand, and the gain on a bargain purchase recognised in profit or loss for the year then ended amounted to HRK 22,105 thousand. Please refer to the Note 3.1 (iii) <i>Business Combinations</i> within <i>Significant accounting policies</i> and Note 31 <i>Business Combinations</i> in the financial statements.</p>	
Key audit matter	How we addressed the matter
<p>As discussed in the Note 31 <i>Business combinations</i>, during 2021, the Group concluded share purchase agreements for acquisition of controlling stakes in six entities. The total purchase price amounted to HRK 150,352 thousand.</p> <p>With respect to business acquisitions, IFRS 3 <i>Business combinations</i> imposes a number of requirements, including those to determine the acquisition consideration, identify all of the assets acquired and liabilities assumed in the combination, and to measure and recognize the identifiable assets and liabilities at their acquisition-date fair values.</p> <p>Complying with the above requirements in the context of the acquisitions required significant judgement and complex assumptions, in particular as regards the following:</p> <ul style="list-style-type: none"> - Identification of all of the assets acquired, with main focus on intangible assets (primarily brands), and - Measurement of brands acquired with respect to which the Group applied the relief from royalty method to determine fair value, with key assumptions such as discount rate, royalty rate, growth rate and terminal growth rate. <p>As a result, the Group recognized also a gain on a bargain purchase of HRK 22,105 thousand mainly as a result of recognition of fair values of intangible assets with indefinite lives (brands) in the amount of HRK 49,191 thousand.</p> <p>Due to the above factors, the business combinations, and valuation of brands, was associated with an increased risk of material misstatement and required our increased attention in the course of the audit, and was considered by us to be a key audit matter.</p>	<p>Our audit procedures performed in this area included:</p> <ul style="list-style-type: none"> • evaluating, based on analysis of the purchase agreements as well as the criteria defined in IFRS 10 <i>Consolidated Financial Statements</i>, the assessment made by management with regard to the control over entities acquired; • assessing the completeness of the assets acquired and liabilities assumed as a result of the acquisitions, based on inspection of the share purchase agreements, our understanding of the acquirees' operations and inspection of the acquirees' accounting records; • assisted by our own valuation specialists, we challenged the recognized acquisition-date fair values of significant assets acquired and liabilities assumed in the acquisitions, which included: <ul style="list-style-type: none"> ○ assessment of the methods and models applied to fair valuations of specific assets and liabilities, by reference to the relevant requirements of the financial reporting standards and market practice; ○ testing the integrity of the model for fair value measurement of brands, including 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; • assessing the accuracy and completeness of the disclosures on the acquisitions made in the notes in the consolidated financial statements against the relevant requirements of the financial reporting standards.



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.



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.



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 24 June 2021 to audit the consolidated financial statements of CIAK Grupa d.d. for the year ended 31 December 2021. Our total uninterrupted period of engagement is three years, covering the years ending 31 December 2019 to 31 December 2021.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 31 March 2022;
- 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.



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

Report on Compliance with the ESEF Regulation

In accordance with the requirements of Article 462 paragraph 5 of Capital Market Act, we are required to express an opinion on compliance of the consolidated financial statements, 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.



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 2021 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

[1 April 2022]*

*The final date will be determined when the Annual report in ESEF format will be published.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2021**

<i>(in thousands of HRK)</i>	Note	2021.	2020.
Operating revenues	6	1,345,336	952,153
Bargain purchase	31	22,105	-
Other income	7	13,156	14,345
Material expenses	8	(937,428)	(659,492)
Employee expenses	10	(201,741)	(151,215)
Depreciation and amortisation	14,15,16	(50,739)	(35,146)
Other operating expenses	9	(99,747)	(75,752)
Operating profit		90,942	44,893
Finance income	11	3,892	3,018
Finance costs	12	(12,476)	(15,383)
Net finance expense		(8,584)	(12,366)
Profit before tax		82,358	32,527
Income tax	13	(12,261)	(5,913)
Net profit for the year		70,097	26,614
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign operations - foreign translation differences		(419)	(65)
Total comprehensive income		69,678	26,548
Profit attributable to:			
Equity holders of the parent		70,114	26,494
Non-controlling interests		(17)	120
Total comprehensive income attributable to:			
Equity holders of the parent		69,695	26,382
Non-controlling interests		(17)	166
Earnings per share (in HRK):			
Basic		3.56	1.34
Diluted		3.55	1.96

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2021**

<i>(in thousands of HRK)</i>	Note	31 Dcember 2021	31 December 2020
ASSETS			
Non-current assets			
Intangible assets	14	57,702	6,238
Property, plant and equipment	15	187,411	132,050
Right of use assets	16	139,335	70,416
Equity-accounted investees	17	2,260	-
Financial assets	18	2,542	491
Trade and other receivables	20	2,073	1,381
Deferred tax assets	13	2,169	2,695
Total non-current assets		393,492	213,271
Current assets			
Inventories	19	535,299	318,908
Financial assets	18	6,034	5,701
Trade and other receivables	20	263,595	181,900
Income tax receivable		3,167	3,119
Cash and cash equivalents	21	75,546	199,397
Non-current assets held for sale	22	1,621	423
Total current assets		885,262	709,448
Total assets		1,278,754	922,719
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	23	197,520	197,520
Reserves	24	184,634	184,762
Treasury shares		(2,800)	-
Retained earnings		107,296	37,601
Attributable to equity holders of the parent		486,650	419,883
Non-controlling interests	26	8	3,829
Total shareholders' equity		486,658	423,712
Non-current liabilities			
Borrowings	27	301,717	187,526
Provisions	28	911	281
Trade and other payables		295	819
Deferred tax liability	13	5,989	17
Total non-current liabilities		308,912	188,643
Current liabilities			
Trade and other payables	29	363,932	230,038
Income tax payable		8,576	669
Borrowings	27	110,676	79,657
Total current liabilities		483,184	310,364
Total liabilities		792,096	499,007
Total equity and liabilities		1,278,754	922,719

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2021**

<i>(in HRK thousands)</i>	Share capital	Capital reserves	Treasury shares	Retained earnings	Total	Non-controlling interests	Total
As at 1 January 2020	134,064	32,282	-	11,219	177,565	3,663	181,228
<i>Comprehensive income</i>							
Profit for the year	-	-	-	26,494	26,494	120	26,614
Foreign exchange differences	-	-	-	(112)	(112)	46	(65)
Other comprehensive income	-	-	-	(112)	(112)	46	(65)
Total comprehensive income	-	-	-	26,382	26,382	166	26,548
<i>Transactions with owners and transfers recognised directly in equity</i>							
Allocation from retained earnings and capital reserves	63,456	152,480	-	-	215,936	-	215,936
Total transactions with owners recognised directly in equity	63,456	152,480	-	-	215,936	-	215,936
As at 31 December 2020	197,520	184,762	-	37,601	419,883	3,829	423,712
<i>Comprehensive income</i>							
Profit for the year	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	70,114	70,114	(17)	70,097
Other comprehensive income	-	-	-	(419)	(419)	-	(419)
Total comprehensive income	-	-	-	(419)	(419)	-	(419)
<i>Transactions with owners and transfers recognised directly in equity</i>							
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

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 2021**

<i>(in thousands of HRK)</i>	Note	2021	2020
Profit for the year		70,097	26,548
Income tax	13	12,261	5,913
Depreciation and amortization	14, 15, 16	50,739	35,144
Write off of property, plant and equipment		1,195	1,523
Write off of intangible assets		3	609
(Gain)/loss on disposal of property, plant, equipment and intangibles		(103)	(917)
Impairment of trade and other receivables		(3,521)	1,358
Impairment of Inventories		6,654	1,308
Net change in provisions		630	259
Unrealised exchange rate differences		(609)	2,216
Interest income	11	(157)	(309)
Interest expense	12	6,435	8,364
Bargain purchase		(22,105)	-
Loss of control		(1,544)	-
Other non cash adjustments		-	58
		119,975	82,074
Changes in working capital:			
Trade and other receivables		(47,077)	(2,974)
Inventories		(115,282)	(33,719)
Trade and other payables		96,037	(21,980)
Cash generated from operations		53,653	23,401
Interest paid		(5,180)	(7,440)
Income taxes paid		(3,551)	(7,678)
Net cash from operating activities		44,922	8,283
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment		600	677
Net change in deposits		1,989	(907)
Purchase of property, plant, equipment		(61,235)	(19,079)
Purchase of financial assets		(3,050)	-
Acquisition of subsidiary net of cash		(138,332)	-
Cash flows from losing control in subsidiaries		(670)	-
Loans given		-	(4,747)
Proceeds of loans given		-	1,962
Interests received		-	1,524
Proceeds of sale of joint ventures		-	1,035
Net cash used in investing activities		(200,698)	(19,535)
Cash flows from financing activities			
Receipts related to the issuance of shares		-	215,936
Loans received		130,292	64,010
Loans repaid		(65,405)	(77,655)
Lease liabilities paid		(32,363)	(26,587)
Purchase of treasury shares		(599)	-
Net cash from financing activities		31,925	175,704
Net (decrease)/increase of cash and cash equivalents		(123,851)	164,452
Cash and cash equivalents at beginning of year		199,397	34,945
Cash and cash equivalents at the end of year	21	75,546	199,397

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 2021**

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 Supervisory Board was formed on 27 December 2019. 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 2021**
NOTE 2 – BASIS OF PREPARATION
(i) Statement of compliance

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

(ii) Basis of measurement

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

(iii) Functional and presentation currency

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:

Company	Country	2021.		2020.	
		*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%
Lukena Auto d.o.o.	** MKD		100%		0%
Next Auto	** CG		100%		0%
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 Truck d.o.o.	HR	100%	100%	100%	100%
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%
C.I.A.K. trade d.o.o.	HR	100%	100%	100%	100%
C.I.A.K. Truck (Kamionland)	*** SLO		50%		50%

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

**The companies acquired during 2021.

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

During 2021, Company prepared consolidated financial statements in accordance with EU IFRS.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 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 operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date that control ceases.

(iii) Business combinations

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

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

(iv) Non-controlling interests

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

(v) Loss of control over subsidiaries

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

(vi) Transactions eliminated on consolidation

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 3.14).

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

3.12 Intangible assets

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

Computer software

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**

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 3.14).

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

3.12 Intangible assets

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

Computer software

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**3.12 Intangible assets (continued)***Brand*

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 depreciation. These costs are amortised over their useful lives. Brands with indefinite useful life are tested annually for impairment and not depreciated.

3.13 Impairment of non-financial assets

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 is accounted as deduction from book value of Inventory and 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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) Deferred tax assets recognition

The deferred tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. In determining future taxable profits and the amount of tax benefits that are probable in the future, management makes judgements and applies estimation based on previous years taxable profits and expectations of future income that are believed to be reasonable under the existing circumstances.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)
(ii) Recoverability of trade and other receivables

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

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

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

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

(iii) 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.

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

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

Brand	2021.	2020.
	<i>(in thousands of HRK)</i>	
Auto Milovanović	28,166	-
Next Auto	21,025	-
	49,191	-

The Group estimated the fair values of these brands when acquiring the companies in question during 2021. This assessment was also considered relevant for reporting purposes as at 31 December 2021, since Management estimate that there were no significant changes in circumstances and / or adverse changes in the operations of the companies concerned. Details regarding the methods of estimating the value of brands in business acquisitions are presented in Note 31 *Business Combinations*.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 6 – SALES REVENUE

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Revenue from products	1,262,566	877,529
Waste management services	58,448	49,461
Revenue from other services	15,793	17,453
Other	8,529	7,710
	1,345,336	952,153

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.

<i>(in thousands of HRK)</i>	Segment revenues		Segment Earnings	
	2021.	2020.	2021.	2020.
Auto program - vehicles	823,078	530,181	68,113	35,565
Truck program	223,886	163,041	5,748	4,838
Batteries, oils and similar	314,189	275,763	18,968	7,448
Wholesale	60,544	50,611	5,515	4,174
Ecology	177,455	142,159	9,693	6,995
	1,599,152	1,161,755	108,037	59,020
Inter-segment revenues	(253,816)	(209,602)	-	-
	1,345,336	952,153	108,037	59,020
Finance income			3,891	3,018
Finance expenses			(12,476)	(15,358)
Central administration and other costs			(17,094)	(14,153)
Profit before tax			82,358	32,527

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
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)

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Croatia	970,313	787,071
Serbia	133,265	92,706
Bosnia and Herzegovina	141,145	48,308
Slovenia	7,367	24,068
Montenegro	86,204	-
North Macedonia	7,042	-
	1,345,336	952,153

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
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:

<i>(in thousands of HRK)</i>	2021.	2020.
	<i>(in thousands of HRK)</i>	
Croatia	239,421	176,712
Serbia	29,184	10,602
Bosnia and Herzegovina	86,529	19,414
Slovenia	50	1,976
Montenegro	28,769	-
North Macedonia	495	-
	384,448	208,704

NOTE 7 – OTHER INCOME

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Income from damage claims	1,561	623
Rent income	848	606
Subsidies	466	9,989
Gain from sale of non-current assets	242	917
Write-off of liabilities	643	23
Income from collection of impaired receivables	6,916	-
Other income	2,480	2,187
	13,156	14,345

Subsidies refer to cash grants received from the government as a financial support during Coronavirus (Covid -19) outbreak.

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 in the amount of the surplus value of the purchased land over the acquisition price.

NOTE 8 – MATERIAL COSTS

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Cost of goods sold	761,820	551,710
Raw materials and consumables used	175,608	107,782
	937,428	659,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021
NOTE 9 – OTHER OPERATING EXPENSES

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Transport and logistics	20,517	14,415
Vehicle and similar repairs	8,152	6,452
Maintenance	9,005	5,550
Advertising and similar costs	4,840	3,893
Rent expense	4,903	4,152
Vehicle costs	4,494	3,756
Intellectual services	4,425	3,912
Daily subsistence allowances and other travel expenses	4,285	2,835
Banking and similar charges	3,422	1,308
Entertainment	3,418	2,631
Taxes, fees and similar charges	3,342	2,189
Telecommunications and postal services	3,165	1,827
Insurance	2,581	2,716
Utilities and fees	2,298	2,557
Inventory surpluses / shortfalls	2,083	2,361
Write-off of receivables	4,809	1,889
Office materials	1,543	1,269
Membership fees, fees and similar charges	1,358	1,112
Security services	849	876
Authors fee	767	372
Impairment	596	1,358
Legal expenses	552	392
Penalties, penalties and damages	460	111
Donations	159	95
Damage compensation	-	3
Increase/(decrease) in provisions	(69)	(1,540)
Other costs	7,793	9,265
	99,747	75,752

NOTE 10 – EMPLOYEE EXPENSES

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Net salaries	130,041	92,659
Taxes and contributions	59,997	47,959
Other employee' costs	11,703	10,597
	201,741	151,215

As at 31 December 2021, the number of staff employed by the Group was 2,028 (2020: 1,296). Other employee costs primarily relate to transport costs and bonuses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 11 – FINANCE INCOME

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Interest income	157	309
Postive FX difference	3,455	2,574
Other finance income	280	134
	3,892	3,018

NOTE 12 – FINANCE EXPENSES

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Interest expenses and similar	6,435	7,411
Negative FX difference	5,318	7,669
Other finance costs	7	303
Unrealised losses (expenses) from financial assets	716	-
	12,476	15,383

NOTE 13 – INCOME TAX

Income tax expense consists of:

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Current income tax	12,226	2,789
Deferred tax	35	3,124
	12,261	5,913

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

	2021.	2020.
	<i>(in thousands of HRK)</i>	
	-	-
Profit before taxation	82,358	32,527
	-	-
Income tax at 18%	14,824	5,855
Non-taxable income	(4,845)	(4,676)
Non-deductible expenses	3,175	3,457
Temporary differences and tax losses not recognised as deferred tax assets	16	(1,340)
Utilisation of tax losses previously not recognised as deferred tax asset	(186)	2,175
Effect of a change in the tax rate on deferred tax assets and liabilities	(723)	442
Income tax	12,261	5,913
Effective tax rate	15%	18%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021
NOTE 13 – INCOME TAX (continued)

Group didn't recognise deferred tax asset on tax losses because it is not certain that the tax losses will be utilised by the companies to which they relate. Unused tax losses (net) at the reporting date were as follows:

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Tax losses expiring at 31 December 2022	13	13
Tax losses expiring at 31 December 2024	262	262
Tax losses expiring at 31 December 2025	500	500
Tax losses expiring at 31 December 2029	171	171
Tax losses expiring at 31 December 2030	100	100
	1,046	1,046

Deferred tax assets

<i>(in thousands of HRK)</i>	Trade and other		Trade and		
	PPE	receivables	Inventory	other payables	Total
Cost					
At 1 January 2021	72	1,081	1	1,541	2,695
Business combinations	16	-	-	-	16
Net Increase/ (decrease)	177	(21)	374	(1,072)	(542)
As at 31 December 2021	265	1,060	375	469	2,169

Deferred tax liabilities

<i>(in thousands of HRK)</i>	PPE	Intangible assets	Inventories	Trade and other	
				receivables	Total
Cost					
At 1 January 2021	-	-	-	17	17
Business combinations	513	5,340	626	-	6,479
Net Increase/ (decrease)	-	-	(626)	119	(507)
As at 31 December 2021	513	5,340	-	136	5,989

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 14 – INTANGIBLE ASSETS

<i>(in thousands of HRK)</i>	Brand	Software	Leasehold improvements	Investments in progress	Total
Cost					
At 1 January 2020	-	7,164	5,105	214	12,483
Additions	-	7	37	3,113	3,157
Transfers	-	694	2,097	(2,791)	-
Disposals and write offs	-	-	(568)	(54)	(622)
As at 31 December 2020	-	7,865	6,671	481	15,017
Accumulated amortisation					
At 1 January 2020	-	3,432	3,869	-	7,301
Charge for the year	-	696	793	-	1,489
Disposals and write offs	-	(8)	(3)	-	(11)
As at 31 December 2020	-	4,120	4,659	-	8,779
Carrying amount					
As at 31 December 2020	-	3,745	2,012	481	6,238
Cost					
At 1 January 2020	-	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 2020	-	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
Carrying amount					
As at 31 December 2021	49,191	6,037	2,065	409	57,702

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

<i>(in thousands of HRK)</i>	Land and buildings	Plant and equipment	Transport assets	Assets under construction	Total
Cost					
At 1 January 2020	115,117	78,100	26,389	1,931	221,537
Additions	16	706	666	14,534	15,922
Transfers	4,987	6,672	2,691	(14,350)	-
Disposals and write offs	-	(2,484)	(668)	-	(3,152)
As at 31 December 2020	120,120	82,994	29,078	2,115	234,307
Accumulated depreciation and impairments					
At 1 January 2020	34,516	38,210	17,452	-	90,178
Charge for the year	4,551	7,381	1,897	-	13,829
Disposals and write offs	-	(983)	(614)	-	(1,597)
Exchange rate	(43)	(95)	(10)	(5)	(153)
As at 31 December 2020	39,024	44,513	18,725	(5)	102,257
Carrying amount	-	-	-	-	-
As at 31 December 2020	81,096	38,481	10,353	2,120	132,050
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
Carrying amount	-	-	-	-	-
As at 31 December 2021	107,061	42,739	17,904	19,707	187,411

Assets under construction relate to buildings, plant and equipment and land acquired at auction at the end of 2021 in exchange for a receivable that was entitled to a lien on the property as presented in Note 7.

Assets under mortgage

Land and buildings with a carrying value of HRK 50,880 thousand (2020: HRK 40,749 thousand) are under mortgage and collateral for bank loans.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 16 – RIGHT OF USE ASSETS

<i>(in thousands of HRK)</i>	Land and buildings	Plant and equipment	Transport assets	Total
Cost				
At 1 January 2020	79,692	11,107	28,656	119,455
Additions	24,961	3,902	3,095	31,958
Transfers	(3,369)	3,369	-	-
Disposals and write offs	(14,957)	-	(2,336)	(17,293)
As at 31 December 2020	86,327	18,378	29,415	134,120
Accumulated depreciation and impairments				
At 1 January 2020	33,978	4,845	10,143	48,966
Charge for the year	13,937	1,903	3,986	19,826
Transfers	(1,260)	1,260	-	-
Disposals and write offs	(3,877)	-	(1,211)	(5,088)
As at 31 December 2020	42,778	8,008	12,918	63,704
Carrying amount	-	-	-	-
As at 31 December 2020	43,549	10,370	16,497	70,416
Cost				
At 1 January 2021	86,327	18,378	29,415	134,120
Additions	83,964	505	8,215	92,684
Bussiness combinations	20,691	-	-	20,691
Disposals and write offs	(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
Bussiness combinations	605	-	-	605
Charge for the year	21,036	2,106	4,979	28,121
Disposals and write offs	(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
Carrying amount	-	-	-	-
As at 31 December 2021	110,856	8,769	19,710	139,335

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 17 – EQUITY ACCOUNTED INVESTEES

	2021.
	<i>(in thousands of HRK)</i>
As at 1 January	-
Loss of control effect	2,245
Share of profit of joint venture	15
As at 31 December	2,260

From 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.

Overview of loss of control:

	2021.
	<i>(in thousands of HRK)</i>
Long term assets	1,793
Short term assets	10,024
Long term liabilities	(3,262)
Short term liabilities	(4,050)
Net assets	4,505
NCI	3,804
Fair value	2,245
Loss of control effect recognised in PnL	1,544

NOTE 18 – FINANCIAL ASSETS

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Deposits	8,576	6,192
	8,576	6,192
Short term	6,034	5,701
Long term	2,542	491
	8,576	6,192

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 19 – INVENTORIES

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Raw materials and supplies	26,407	7,294
Trade goods and merchandise	501,668	306,269
Small inventory	539	1,567
Advances for inventories	6,685	3,778
	535,299	318,908

Movements in write-down of inventory is recognized in other operating operations within profit or loss. In 2021 it is amounted to 4,809 thousands of HRK (2020: 1,308 thousands of HRK).

In accordance with accounting policies, the Group analyses 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.

Group is actively using its presence on multiple markets to optimise inventory management process.

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 completed in 2021 primarily on other markets.

NOTE 20 – TRADE AND OTHER RECEIVABLES

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Trade receivables	231,386	169,842
Impairment of receivables	(21,645)	(15,224)
Net trade receivables	209,741	154,618
Interest receivables	350	343
Receivables for taxes and contributions	13,552	6,770
Advances given	3,599	554
Receivables from employees	545	261
Loans receivable	7,031	6,674
Accrued rebates	22,814	10,589
Prepayments	5,556	1,082
Other receivables	2,480	2,391
	265,668	183,281
Short term	263,595	181,901
Long term	2,073	1,380
	265,668	183,281

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021
NOTE 20 – TRADE AND OTHER RECEIVABLES (continued)

During 2021, within other operating expenses the Group recognised impairment allowances in the amount of 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:

	2021.	2020.
	<i>(in thousands of HRK)</i>	
At 1 January	15,224	18,217
Net Increase/decrease	3,731	2,202
Amounts collected	(3,135)	(844)
Business combinations	6,476	-
Written off as uncollectable	(651)	(4,351)
At 31 December	21,645	15,224

Ageing analysis of gross trade receivables:

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Not due	122,971	90,827
0-90 days	72,832	46,681
91-180 days	9,413	7,400
181-360 days	8,705	4,353
More than 360 days	17,465	20,581
	231,386	169,842

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):

	2021.	2020.
	<i>(in thousands of HRK)</i>	
HRK	123,598	99,094
EUR	33,641	25,313
BAM	24,376	10,950
RSD	27,227	19,261
MKD	899	-
	209,741	154,618

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 21 – CASH AND CASH EQUIVALENTS

	2021.	2020.
	<i>(in thousands of HRK)</i>	
	-	-
Cash register	1,204	469
Cash with banks	74,342	198,928
	75,546	199,397

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:

	2021.	2020.
	<i>(in thousands of HRK)</i>	
HRK	57,473	192,785
EUR	5,323	3,618
RSD	4,583	1,838
BAM	5,512	1,146
MKD	876	-
Other	1,779	10
	75,546	199,397

NOTE 22 – NON-CURRENT ASSETS HELD FOR SALE

	2021.	2020.
	<i>(in thousands of HRK)</i>	
	-	-
Land and buildings	1,621	423
	1,621	423

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 transformation, as transaction between owners was performed, during which Ivan Leko retained majority ownership and control over the Company/Group.

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 2021 amounts to HRK 197,520 thousand and consists of 19,751,989 shares (2020: 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 23– SHARE CAPITAL AND EARNINGS PER SHARE (CONTINUED)

The ownership structure at the reporting dates was as follows:

Ownership structure	2021.		2020.	
	Number of shares	% of ownership	Number of shares	% of ownership
Ivan Leko	9,977,250	50.51%	10,049,000	50.88%
Ljilja Leko	3,180,140	16.10%	3,180,140	16.10%
Others	6,594,599	33.39%	6,522,849	33.02%
Total	19,751,989	100.00%	19,751,989	100.00%

Earnings per share

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Profit attributable to owners	70,114	26,494
Shares outstanding as at 31. December	19,681,989	19,751,989
Average weighted number of shares	19,748,921	13,514,324
Basic earnings per shar	3.56	1.34
Diluted earnings per share	3.55	1.96

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 2021, Group purchased 70,000 shares at price of 40 HRK per share. As at 31. December 2021. Treasury shares amount to 2,800 thousands of HRK.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
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 over Kamioland, it is now accounted through equity accounting. Summary financial information for these companies are as follows:

2021. (in thousands of HRK)	AUTO DIJELOVI		
	d.o.o.	BENDJ TRADE d.o.o.	
Non-controlling interest	50%	38%	
Non-current assets	-	2,016	
Current assets	1,579	4	
Non-current Liabilities	-	-	
Current liabilities	(113)	(186)	
Net assets	1,466	1,834	
Statement of comprehensive income			
Revenues	3,340	-	
Profit	(6)	(28)	
Total comprehensive income	(6)	(28)	
Statement of cash flows			
Increase/ (decrease) of cash	(105)	2	
31 December 2020 (in thousands of HRK)	Kamioland Autodijelov Bendj trade		
	d.o.o.	i d.o.o.	d.o.o.
Non-controlling interest	50.0%	50.0%	38.0%
Statement of financial position			
Non-current assets	1,808	115	2,021
Current assets	10,010	1,572	1
Current liabilities	(3,198)	(269)	(156)
Non-current liabilities	(3,262)	-	-
Net assets	5,358	1,418	1,866
Statement of comprehensive income for the period			
Sales revenue	20,254	3,114	-
Profit after tax	193	64	(17)
Total comprehensive income for the period	193	64	(17)
Statement of cash flows			
Net increase / (decrease) in cash and cash equivalents	512	154	1

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 26 – NON-CONTROLLING INTERESTS (CONTINUED)

The movement in non-controlling interest was as follows:

	2021.	2020.
	<i>(in thousands of HRK)</i>	
	-	-
As at 1. January 2021.	3,829	3,663
Loss of control	(3,804)	-
Exchange rate difference	-	46
	(17)	120
As at 31. December 2021.	8	3,829
Consists of		
Kamioland	-	3,804
Auto Dijelovi d.o.o.	28	32
Bendj trade d.o.o.	(20)	(7)

NOTE 27 – LOANS AND BORROWINGS

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Non-current borrowings		
Bank borrowings	197,958	143,949
Other loans	193	494
Lease liabilities	103,566	43,083
	301,717	187,526
Current borrowings		
Bank borrowings	73,270	55,728
Other loans	4,164	2,347
Interest liabilities	366	645
Lease liabilities	32,876	20,937
	110,676	79,657
	-	-
Total borrowings	412,393	267,183

The Group's borrowings contain covenants which obligate the Group to comply with a specified Debt service coverage ratio (DSCR) calculated as the ratio of consolidated financial debt and consolidated EBITDA (Earnings before tax, interest, depreciation and amortisation). In case the specified ratio is breached, the loan would be considered matured in full and payable on the bank's request. At the reporting dates, the Group was in compliance with this covenant.

Bank loans in the amount of HRK 228,844 thousand (2020: HRK 140,762 thousand) are insured through mortgages on land, buildings, plant and equipment amounting to HRK 50,880 thousand (2020: HRK 40,749 thousand) as stated in note 15.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 27 – LOANS AND BORROWINGS (CONTINUED)

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

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Between 1 and 2 years	52,207	39,225
Between 2 and 5 years	117,170	89,440
Over 5 years	28,774	15,778
	198,151	144,443

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

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Between 1 and 2 years	27,284	17,199
Between 2 and 5 years	48,164	24,625
Over 5 years	28,118	1,259
	103,566	43,083

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

Loans and borrowings	2021.	2020.
	<i>(in thousands of HRK)</i>	
HRK	4,357	5,495
EUR	266,877	189,786
BAM	4,350	7,237
Total	275,584	202,518

Leases	2021.	2020.
	<i>(in thousands of HRK)</i>	
HRK	12,854	33,009
EUR	86,899	31,011
BAM	33,735	-
Total	133,488	64,020

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 27 – LOANS AND BORROWINGS (CONTINUED)

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

	2021.		2020.	
	Fixed	Variable	Fixed	Variable
	<i>(in thousands of HRK)</i>			
Non current borrowings	2,445	195,706	35,033	109,410
Current borrowings	26,501	50,933	26,643	31,432
	28,946	246,639	61,676	140,842

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

	2021.		2020.	
	HRK	EUR	HRK	EUR
Average weighted interest rate	2.00%	1.33%	2.88%	1.94%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 27 – LOANS AND BORROWINGS (CONTINUED)

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

<i>(in thousands of HRK)</i>	Loans and borrowings	Leases	Total
At 1 January 2020	214,332	65,591	279,923
<i>Cash transactions:</i>			
Loans received	64,010	-	64,010
Loans repayments	(77,655)	-	(77,655)
Finance lease repayments	-	(26,587)	(26,587)
Total cash transactions	(13,645)	(26,587)	(40,232)
<i>Non - cash transactions:</i>			
Effect of change in exchange rates	1,831	226	2,057
Unwinding of discount	-	953	953
New lease contracts	-	31,958	31,958
Termination of lease contract	-	(12,205)	(12,205)
Other non cash transactions	-	4,084	4,084
Total non - cash transactions	1,831	25,016	26,847
At 31 December 2020	202,518	64,020	266,538
At 1. January 2020	202,518	64,020	266,538
<i>Cash transactions:</i>			
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
<i>Non - cash transactions:</i>			
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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 28 – PROVISIONS
At 31 December 2020

Non-current	281
Current	-
	281

Increase/(decrease) in provisions	(259)
Business combinations	889
Utilised during the year	-

At 31 December 2020	911
----------------------------	------------

At 31 December 2020

Non-current	911
Current	-
	911

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

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Trade payables	288,742	173,374
Taxes, contributions and other duties payable	39,881	24,940
Salaries and other benefits to employees	11,398	8,782
Advances received	1,964	1,725
Accrued expenses	5,383	4,050
Payable for purchase of shares	3,382	10,388
Liability for unused holiday	3,795	1,977
Other payables	9,683	5,620
	364,228	230,857

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
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:

	2021.	2020.
	<i>(in thousands of HRK)</i>	
HRK	142,487	100,494
EUR	197,228	118,131
RSD	9,417	7,663
BAM	10,378	3,296
MKD	996	-
Other	3,722	1,272
	364,228	230,857

NOTE 30 – RISK MANAGEMENT
Financial risk management

Categories of financial instruments are as follows:

	2021.	2020.
	<i>(in thousands of HRK)</i>	
Financial assets		
Long-term loans	7,031	6,674
Long-term deposits	8,576	6,192
Trade receivables	209,741	154,618
Other receivables	2,481	14,958
Cash and cash equivalents	75,546	199,397
Total financial assets	303,375	381,839
Financial liabilities at amortised cost		
Lease liabilities	136,442	64,020
Loans and borrowings	275,584	203,163
Trade payables and other liabilities	309,154	195,158
Total financial liabilities	721,180	462,341

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021
NOTE 30 – RISK MANAGEMENT (CONTINUED)

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.

<i>as at 31 December 2021</i>	Net book	Contracted	Up to one year	1 - 5 years	over 5 years
	value	cash flow			
	<i>(thousands of HRK)</i>				
<i>Non-interest bearing liabilities:</i>					
Trade and interest payables	364,593	364,593	364,593	-	-
	364,593	364,593	364,593	-	-
<i>Interest bearing liabilities:</i>					
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

<i>as at 31 December 2020</i>	Net book	Contracted	Up to one year	1 - 5 years	over 5 years
	value	cash flow			
	<i>(thousands of HRK)</i>				
<i>Non-interest bearing liabilities:</i>					
Trade and interest payables	231,503	231,503	231,503	-	-
	231,503	231,503	231,503	-	-
<i>Interest bearing liabilities:</i>					
Loans and borrowings	202,518	206,872	59,323	131,432	16,117
Lease liabilities	64,020	65,396	21,387	42,723	1,286
	266,538	272,268	80,710	174,155	17,403
	498,040	503,771	312,213	174,155	17,403

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 30 – RISK MANAGEMENT (CONTINUED)
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.

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:

<i>as at 31 December 2021</i>	Contractual cash flows	up to 1 year	from 1 to 5 years	over 5 years
	<i>(thousands of HRK)</i>			
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)

<i>as at 31 December 2020</i>	Contractual cash flows	up to 1 year	from 1 to 5 years	over 5 years
	<i>(thousands of HRK)</i>			
At currently applicable interest rates	272,268	80,710	174,155	17,403
At currently applicable interest rates + 50 basis points	274,225	80,908	175,656	17,661
Effect of increase of interest rate by 50 basis points	(1,957)	(198)	(1,501)	(258)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021
NOTE 30 – RISK MANAGEMENT (CONTINUED)
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	
	2021.	2020.	2021.	2020.
	(thousands of HRK)		(thousands of HRK)	
EU (EUR)	551,004	338,928	38,964	28,931
Bosnia and Hercegovina (BAM)	48,463	10,533	29,888	12,096
Serbia (RSD)	9,417	7,663	31,810	21,099
North Macedonia (MKD)	996	-	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 the Euro (EUR), convertible mark (BAM) and the Serbian dinar (RSD) as it is operating on foreign markets (Slovenia, B&H and Serbia) and records most transactions with foreign customers in these currencies. Loans and borrowings are partly denominated in EUR and partly denominated in Croatian kuna, also giving rise to currency risk exposure in relation to the Euro.

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:

	31.12.2021	31.12.2020
EUR	7.517174	7.5369
BAM	3.84347	3.8536
RSD	0.0641	0.0647
MKD	0.1218	0.1222

The following table details the Group's sensitivity to a 1% increase in Croatian kuna against the Euro, 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.

	EUR exposure		BAM exposure	
	2021.	2020.	2021.	2020.
	(thousands of HRK)		(thousands of HRK)	
Increase/ (decrease of net result)	(5,120)	(3,100)	(186)	88

	RSD exposure		MKD exposure	
	2021.	2020.	2021.	2020.
	(thousands of HRK)		(thousands of HRK)	
Increase/ (decrease of net result)	224	196	8	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 30 – RISK MANAGEMENT (CONTINUED)
Credit risk management

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

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

NOTE 31– BUSINESS COMBINATIONS

During 2021 the Group successfully completed several acquisitions. In all acquisitions Group acquired 100% of shares. Overview of acquisitions is presented below:

Company	Segment	Date of acquisition	Ownership
Trgometal d.o.o.	Truck program	28.2.2021	100%
Next Auto d.o.o.	Auto program	28.2.2021	100%
TM Auto d.o.o.	Truck program	31.5.2021	100%
Lukena Auto d.o.o.	Auto program	30.6.2021	100%
Lukena Avtodelovi d.o.o.	Auto program	30.6.2021	100%
Auto Milovanović d.o.o.	Auto program	30.6.2021	100%

Overview of acquisition price is as follows:

Company	Consideration	Amount (‘000 HRK)
Trgometal d.o.o.	Cash	11,373
Next Auto d.o.o.	Cash	30,328
TM Auto d.o.o.	Cash	750
Lukena Auto d.o.o.	Cash	11,986
Lukena Avtodelovi d.o.o.	Cash	6,742
Auto Milovanović d.o.o.	Cash	89,173
Total		150,352

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.

In less than 10 months, Group successfully completed six acquisitions, mostly in IAM segment, i.e. Autoprogram - vehicles. Subsequently Group further strengthened its position Croatian, Bosnian and Serbian markets and entered Montenegro and Macedonian market.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 31– BUSINESS COMBINATIONS (continued)
Net assets of acquired companies

Fair value of assets and liabilities acquired was as follows:

(in thousands of HRK)	Note	Auto				Trgometal		Total	
		Milovanović d.o.o.	Next Auto d.o.o.	Lukena Auto d.o.o.	Lukena Avtodelovi d.o.o.	Trgometal d.o.o.*	TM auto d.o.o.*		
Intangible assets	14	1,215	110	2	1	15	1	16	1,344
Brand		28,166	21,025	-	-	-	-	-	49,191
Property, plant and equipment	15	3,488	2,274	466	405	4,341	235	4,576	11,209
Right of use assets	16	4,128	9,516	577	-	1,758	4,107	5,865	20,086
Deffered tax assets		-	16	-	-	-	-	-	16
Inventories		60,617	22,956	13,093	7,495	8,375	837	9,212	113,373
Trade and other receivables		11,225	9,079	2,083	983	16,984	1,899	18,883	42,253
Income tax receivable		475	-	248	64	5	-	5	792
Financial assets		721	758	42	-	2,861	-	2,861	4,382
Cash and cash equivalents		9,461	943	1,080	346	176	14	190	12,020
Loans	27	(2,179)	(2,625)	(1,139)	-	(3,301)	(600)	(3,901)	(9,844)
Lease liabilities	27	(4,819)	(9,516)	(577)	-	(1,758)	(4,107)	(5,865)	(20,777)
Income tax payable		(2,288)	(587)	(129)	-	(31)	-	(31)	(3,035)
Deffered tax liability		(3,443)	(2,523)	-	-	(513)	-	(513)	(6,479)
Trade and other payables		(8,896)	(10,989)	(2,459)	(899)	(16,097)	(2,734)	(18,831)	(42,074)
Net identifiable assets acquired		97,871	40,437	13,287	8,395	n/p		12,467	172,457
Acquisition cost		89,173	30,328	11,986	6,742	n/p		12,123	150,352
Bargain purchase		8,698	10,109	1,301	1,653	n/p		344	22,105

Period from acquisition date till 31. December 2021.

Revenue	76,665	86,204	15,076	7,043	42,678	5,771	48,449	233,437
Profit / (loss)	3,442	8,991	752	477	(4)	175	171	13,833

*Due to acquisition of Trgometal d.o.o. and TM Auto d.o.o. being a joint transaction, resulting bargain purchase was calculated based on paid consideration and net acquired assets of both companies in total.

Purchase price for Auto Milovanović was paid in cash under condition that liabilities toward ex-owner of HRK 22,879 thousand are waived and transfer of property through dividend payment of HRK 8,226 thousand. These transactions were excluded from calculation because they do not represent net assets acquired on acquisition date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 31– BUSINESS COMBINATIONS (continued)

In the event that all acquisitions happened on 1 January 2021, consolidated revenues and profits of the Group would amount to:

	2021
	<i>(thousands of HRK)</i>
Revenue up to the acquisition date	
Trgometal	9,866
Next Auto	9,825
TM Auto	3,914
Lukena Auto	16,742
Lukena Avtodelovi	5,726
Auto Milovanović d.o.o.	64,495
Consolidated revenue stated in FS	1,345,336
Total revenues had all business combinations occurred at 1. January 2021.	1,455,904
	2021
	<i>(thousands of HRK)</i>
Profit/ (loss) up to the acquisition date	
Trgometal	11
Next Auto	537
TM Auto	437
Lukena Auto	354
Lukena Avtodelovi	208
Auto Milovanović d.o.o.	(477)
Sadašnja neto dobit CIAK Grupe	70,097
Profit/ (loss) had all business combinations occurred at 1. January 2021.	71,167

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 31– BUSINESS COMBINATIONS (continued)
Methods used in determining fair values of assets

Caption	Methods used
PPE	Comparative method for real estate and land: fair value is based on comparison with the achieved prices in the sale of similar real estate in a relatively recent period of time based on data from the appraisers, specialized press, real estate agencies, the Central Bureau of Statistics and other available sources. 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.
Intangible assets	Relates to brands. Fair value of brands based on the report of an independent expert appraiser who assessed the brands using the royalty relief method. In estimating the value of brands, the appraiser applied a royalty rate of approximately 2.3% to the cash flows from the operations of acquired companies projected for a three-year period with a terminal growth rate of 1.4-1.8% and discounted using a discount rate in the range from 14% to 16% (depending on the geographic market).
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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2021**
NOTE 32 – RELATED PARTY TRANSACTIONS

The Group is in a related party relationship with its majority shareholder 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	2021.	2020.
	<i>(thousands of HRK)</i>	
Majority shareholder and parties related to majority shareholder	911	1,970
Equity-accounted investees	689	-
	1,600	1,970

Cost of goods sold and other operating expenses	2021.	2020.
	<i>(thousands of HRK)</i>	
Majority shareholder and parties related to majority shareholder	2,969	2,266
Equity-accounted investees	613	-
	3,582	2,266

Trade and other receivables	2021.	2020.
	<i>(thousands of HRK)</i>	
Majority shareholder and parties related to majority shareholder	1,919	1,770
Equity-accounted investees	-	-
	1,919	1,770

Trade and other payables	2021.	2020.
	<i>(thousands of HRK)</i>	
Majority shareholder and parties related to majority shareholder	14,701	21,138
Equity-accounted investees	-	-
	14,701	21,138

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

Key management remuneration	2021.	2020.
	<i>(thousands of HRK)</i>	
Salaries, severance payments	8,788	6,473
	8,788	6,473

Key management of the Group comprises the Management Board and executive directors and consisted of 21 persons (2020: 26 persons).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 33 – SUBSEQUENT EVENTS

On 24 February 2022. Russian federation started a military action against Republic of Ukraine. As a result, EU decided to introduce a sanctions package which made normal business operation with Russia impossible.

The Group has no business relationship with companies from either Russian Federation or Republic of Ukraine, due to Group not providing either products or services to those markets and companies from those markets not providing the Group with either products or services.

Group mainly operates in markets where it is present: Croatia, Slovenia, Serbia Bosnia and Herzegovina, Montenegro and North Macedonia, out of which 70-75% of business is conducted in Croatia.

Group suppliers are located in the EU for most segments of our business (Car segment, truck segment and Ecology) while Wholesale segment is supplied by suppliers from Asia.

In accordance with above, situation in Ukraine has no direct impact on the Group.

However, the situation will likely have an impact on the global level which will indirectly impact the economy as a whole e.g. further increase in price of materials, energy, increase in interest rates etc.

Group implements an active approach for:

- Commodity risk- active approach in managing sale prices in order to minimise the effect of rising material cost.
- Currency risk- active approach when managing net cash flows, both on the side of currency where profit is generated and currencies in which debt and other payables are denominated. Group portfolio is mostly in HRK or EUR which are also the main currencies of profit and therefore currency risk is not material (natural hedge was established in the greatest manner possible).
- Interest rate risk- Active approach when managing short and mid term debt. In 2022. The share of debt with fixed interest rate was increased with the intention of further increase.
- Operating expenses- continued optimisation of operating expenses with a goal to neutralise the effect of increase of other costs.

In accordance with above, Group believes that it will be able to successfully respond to all indirect negative effects that these events might cause in the future.

2021

Annual Report

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