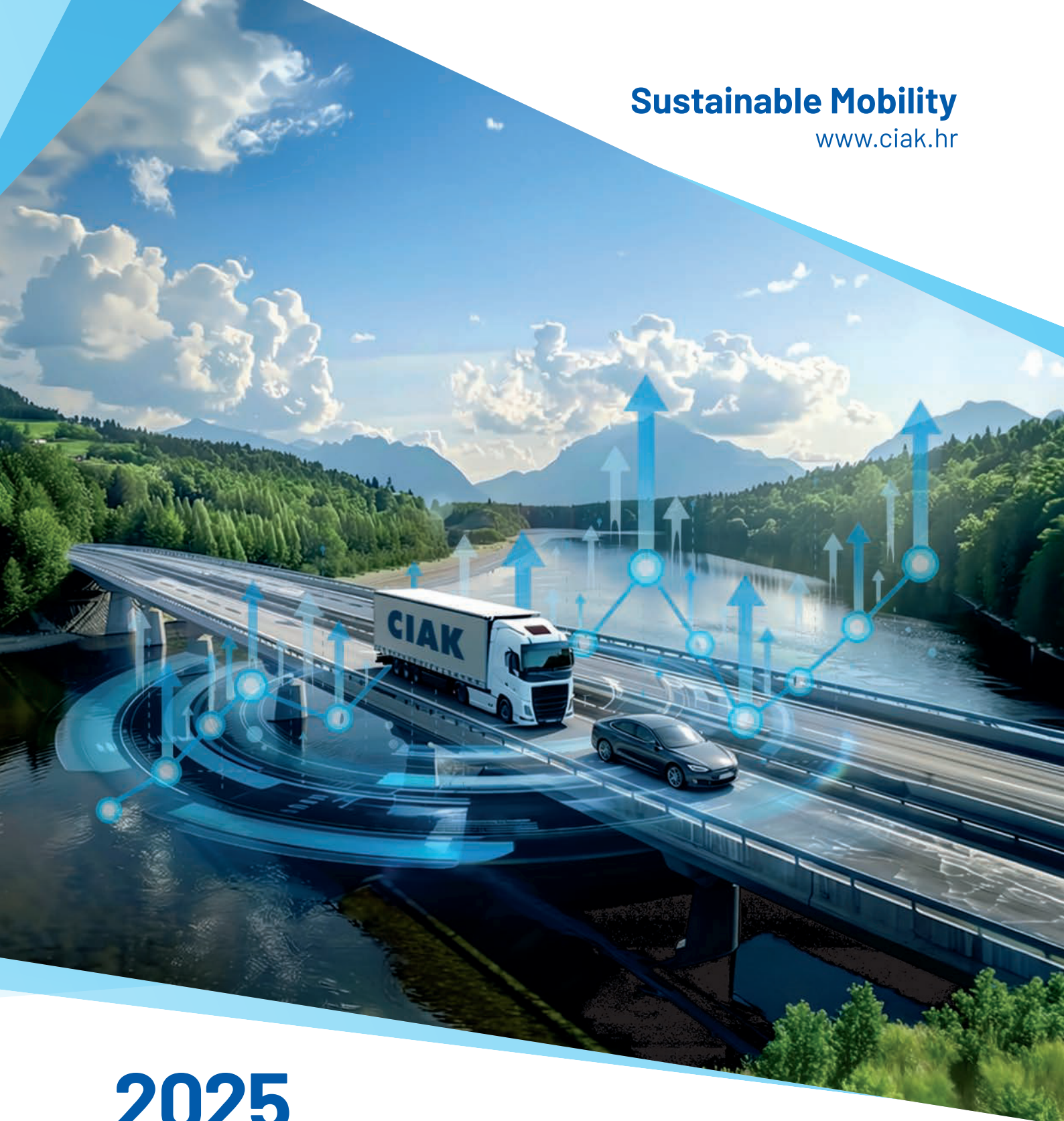


**Sustainable Mobility**

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# 2025

## Annual Report

Annual Report 2025 - CIAK Grupa d.d. and its subsidiaries

**CIAK**  
G R U P A

CIAMK

G R U P A

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

## MANAGEMENT REPORT

### Summary of financial results for 2025

CIAK Group's consolidated revenues in 2025 amounted to EUR 401 million or 12% higher than 2024. Reported consolidated EBITDA is to EUR 33.8 million and is 2% higher than in 2024.

Consolidated EBITDA excluding one-off items amounts to almost EUR 32 million and is 13% higher than in the previous year.

In 2025, further business and financial growth of CIAK Group continued, which is evident from the results showing the success of business expansion strategies from previous years.

After the acquisitions in the previous period, the focus in 2025 was on their integration and further market consolidation, with capital investments amounting to EUR 7.4 million.

In EUR thousands	I-XII 2025	I-XII 2024	%
Sales revenues	396,664	350,555	13
EBITDA (1)	33,809	33,242	2
<b>EBITDA without one-off items (2)</b>	<b>31,243</b>	<b>27,947</b>	<b>12</b>
Profit / (Loss) from operations	18,090	14,739	23
<b>Profit from operations without one-off items (2)</b>	<b>15,524</b>	<b>13,182</b>	<b>18</b>
Result from financial activities	(4,154)	(4,223)	(2)
Gross profit / (loss)	13,936	10,516	33
<b>Gross profit / (loss) of period without one-off items (2)</b>	<b>11,828</b>	<b>8,959</b>	<b>32</b>
Net profit / (loss)	11,280	9,232	22
<b>Net profit / (loss) of period without one-off items</b>	<b>9,173</b>	<b>7,675</b>	<b>20</b>
<b>Earnings per share (3)</b>	<b>0,57</b>	<b>0,47</b>	<b>22</b>
<b>Simplified free cash flow (4)</b>	<b>23,796</b>	<b>13,492</b>	<b>76</b>
Net debt (5)	79,231	87,384	(9)
Net gearing (%) (6)	49	53	(9)
<b>CAPEX</b>	<b>7,447</b>	<b>14,455</b>	<b>(48)</b>

<sup>(1)</sup> EBITDA (earnings before interest, taxes, value adjustment of fixed assets other than financial assets, depreciation and amortization) = EBIT (earnings before interest and taxes) + amortization + value adjustment of fixed assets other than financial assets

<sup>(2)</sup> In I - XII 2024, one-off items that had a positive impact on the realization were the effects resulting from acquisitions of companies of EUR 6.4 m, while a negative impact included a brand impairment of EUR 3.7 m, one-off costs of EUR 680.5 thousand and the value adjustments from previous periods of EUR 402.4 thousand. The profit from the sale of fixed assets of the companies had a positive impact of EUR 921 thousand and insurance compensation of EUR 2.6 million, while a negative impact included the costs of early termination of the contract of EUR 248 thousand, the release of the discount on the long-term liability for the purchase of subsidiaries EUR 458 thousand and EUR 707 thousand value adjustments of tangible assets.

<sup>(3)</sup> Earnings per share = net profit/number of shares

<sup>(4)</sup> Simplified Free Cash Flow = EBITDA excluding one-off items - CAPEX (capital expenditure)

<sup>(5)</sup> Net debt = Long-term and short-term financial liabilities - Cash and cash equivalents

<sup>(6)</sup> Gearing ratio = (Long-term and short-term financial liabilities - Loans and deposits given - Cash and cash equivalents) / (Long-term and short-term financial liabilities - Loans and deposits given - Cash and cash equivalent + equity)

## Statement by the president of the management board

---

CIAK Group continued to deliver good business results in 2025, above the previous year's realization.

Compared to last year, at the consolidated level, CIAK Group recorded a 12% increase in operating income, reaching a total of EUR 401 million, as well as a 2% increase in reported EBITDA, amounting to EUR 33.8 million. EBITDA excluding one-off items in 2025 amounted to EUR 31.2 million, representing a 12% increase compared to the previous year.

At the same time, consolidated net profit amounted to EUR 11.3 million, marking a 22% increase compared to the previous year. Net profit excluding one-time items amounted to EUR 9.2 million or 20% more than in the previous period.

The largest part of the growth relates to the organic growth of CIAK Group, driven by the continued realization of synergies and further development of acquisitions completed in previous periods.

At the same time, capital investments realized in 2025 amounted to EUR 7.4 million, representing a 48% decrease compared to the same period last year. This reflects a phase of optimization of investment activities following a more intensive investment cycle in the previous period. CIAK Group continues to focus on long-term business development and the stable delivery of business results.

The realization of all previous years so far represents a good foundation for further business development, while CIAK Group continues to maintain its focus on business consolidation and the optimization of business processes at the Group level. An optimal operating model, efficient management and the delivery of key business objectives and projects remain priorities in 2026.

**Ivan Leko**

*President of the  
management board*

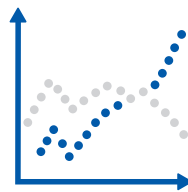


## Key business indicators

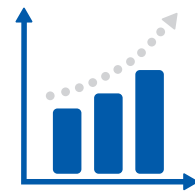
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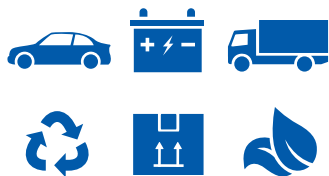
**401**  
mEUR  
of consolidated  
operating revenue



**33.8**  
mEUR  
consolidated  
EBITDA



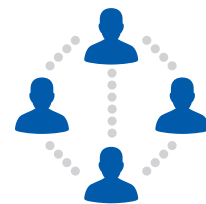
**7.4**  
mEUR  
of capital investments  
in 2025



**6**  
business  
segments

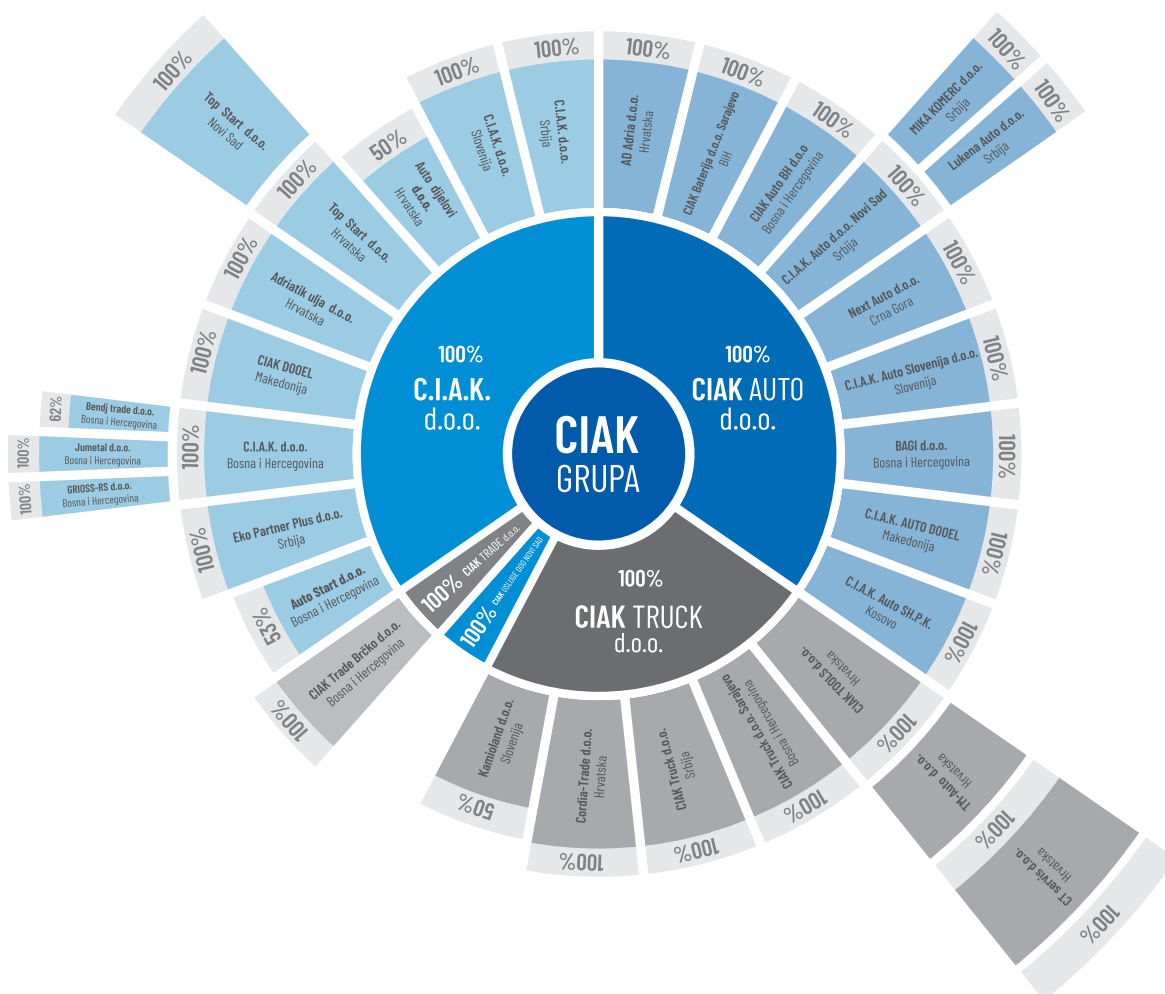


**7**  
countries



**3,476**  
employees as of  
31 December 2025

## Organizational structure of CIAK Group



### 4.1. HISTORY AND FOUNDATION

CIAK Group d.d., Zagreb (formerly Direkt d.o.o., the "Company") is a company established in the Republic of Croatia on January 14, 1999. The core business activities of the Company and its subsidiaries (collectively referred to as the "Group") include wholesale and retail of Auto parts and waste management and date back to 1994.

CIAK Group d.d., as the parent company, owns several subsidiaries as shown in the report item "Organizational structure of the Group", and the term "Group" hereinafter means CIAK Group d.d. as the parent company together with its subsidiaries.

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

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

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

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

## Corporate governance

### 5. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

#### MANAGEMENT BOARD

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

**IVAN LEKO**,  
President of the Management Board  
**DALIBOR BAGARIĆ**,  
Deputy President of the Management Board  
**DOMINIK LEKO**,  
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, the members of the Supervisory Board are:

**STJEPAN LJATIFI**, President  
**VJEKOSLAV MESAROŠ**, Deputy President  
**SLAVICA ZRINSKI**, Member  
**ŠTEFICA JAMBREK**, Member  
**DAMIR KOS**, Representative of the workers on the Supervisory Board  
**TOMISLAV KRPAN**, Member  
**MARKO VARGA**, Member

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

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

# 6

## Operating results

### 6.1. CONSOLIDATED PROFIT AND LOSS STATEMENT

In EUR thousands	I-XII 2025	I-XII 2024	%
<b>Sales revenues</b>	<b>396,664</b>	<b>350,555</b>	<b>13</b>
Other operating revenues	4,754	8,877	(46)
<b>Operating revenues</b>	<b>401,418</b>	<b>359,432</b>	<b>12</b>
Costs of raw materials and consumables	37,812	38,360	(1)
Amortization	222,608	193,784	15
Staff costs	15,719	14,765	6
Costs of goods sold	81,318	66,680	22
Other costs	24,475	24,209	1
Value adjustments of long-term assets (excluding financial assets)	0	3,738	(100)
Value adjustments of short-term assets (excluding financial assets)	1,751	3,232	(46)
Provisions for costs and risks	(355)	(76)	367
<b>Operating expenditures</b>	<b>383,328</b>	<b>344,693</b>	<b>11</b>
<b>Profit / (Loss) from operations</b>	<b>18,090</b>	<b>14,739</b>	<b>23</b>
Financial revenues	608	258	136
Financial expenditures	4,762	4,481	6
<b>Profit / (loss) from financial activities</b>	<b>(4,154)</b>	<b>(4,223)</b>	<b>(2)</b>
<b>Profit / (Loss) of the period</b>	<b>13,936</b>	<b>10,516</b>	<b>33</b>
<b>Net profit / (Loss) of the period</b>	<b>11,280</b>	<b>9,232</b>	<b>22</b>

The consolidated revenues of the CIAK Group in 2025 amounted to EUR 401 million or 12% more compared to 2024. Sales revenues increased compared to the previous year by 13% or EUR 46.1 million.

EBITDA excluding one-off items is EUR 31.2 million and is 12% higher than in 2024.

Financial costs realized in 2025 are EUR 281 thousand higher compared to 2024.

## 6.2. FINANCIAL POSITION REPORT

In EUR thousands	31 December 2025	31 December 2024	%
<b>Fixed assets</b>			
Intangible assets	11,963	11,091	8
Real estate, plant and equipment	75,934	77,051	(1)
Loans and deposits given	707	392	80
Investment in holdings, securities and other fixed financial assets	317	317	0
Receivables	181	74	145
Deferred tax assets	1,034	1,103	(6)
<b>Total fixed assets</b>	<b>90,136</b>	<b>90,028</b>	<b>0</b>
<b>Current assets</b>			
Inventories	140,730	135,430	4
Customer receivables	40,086	41,595	(4)
Other receivables	2,872	3,062	(6)
Loans and deposits given	1,139	1,426	(20)
Cash & cash equivalents	20,298	21,738	(7)
<b>Total current assets</b>	<b>205,125</b>	<b>203,251</b>	<b>1</b>
<b>Prepaid expenses and accrued revenues</b>	<b>13,854</b>	<b>10,225</b>	<b>35</b>
<b>Total assets</b>	<b>309,115</b>	<b>303,504</b>	<b>2</b>
<b>Equity and liabilities</b>			
<b>Equity and reserves</b>			
Initial equity	26,215	26,215	0
Capital reserves	24,505	24,505	0
Other reserves	1,046	769	36
Retained profit / (Loss brought forward)	19,129	14,675	30
Profit / (Loss) of the period	11,315	9,285	22
Minority interest	(101)	(66)	53
<b>Total equity</b>	<b>82,109</b>	<b>75,383</b>	<b>9</b>
<b>Provisions</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>Long-term liabilities</b>			
Non-current loans and borrowings and lease liabilities	70,202	84,178	(17)
Other long-term liabilities	11,274	11,181	1
Deferred tax liability	846	879	(4)
<b>Total long-term liabilities</b>	<b>82,322</b>	<b>96,238</b>	<b>(14)</b>
<b>Short-term liabilities</b>			
Loans from banks and other lenders and current lease liabilities	29,327	24,944	18
Liabilities to suppliers	92,413	86,025	7
Taxes and similar liabilities	12,604	11,566	9
Other short-term liabilities	3,943	3,001	31
Liabilities to employees	4,183	4,146	1
<b>Total short-term liabilities</b>	<b>142,470</b>	<b>129,682</b>	<b>10</b>
<b>Accruals and deferred income</b>	<b>2,211</b>	<b>2,198</b>	<b>1</b>
<b>Total liabilities</b>	<b>227,006</b>	<b>228,121</b>	<b>(0)</b>
<b>Total equity and liabilities</b>	<b>309,115</b>	<b>303,504</b>	<b>2</b>

The company's fixed assets are EUR 108 thousand higher compared to the final balance of the previous year and have not changed significantly since.

The cash and cash equivalents position are EUR 20.3 million as at 31 December 2025, and the company's inventories are EUR 5.3 million or 4% higher than at the end of the previous year.

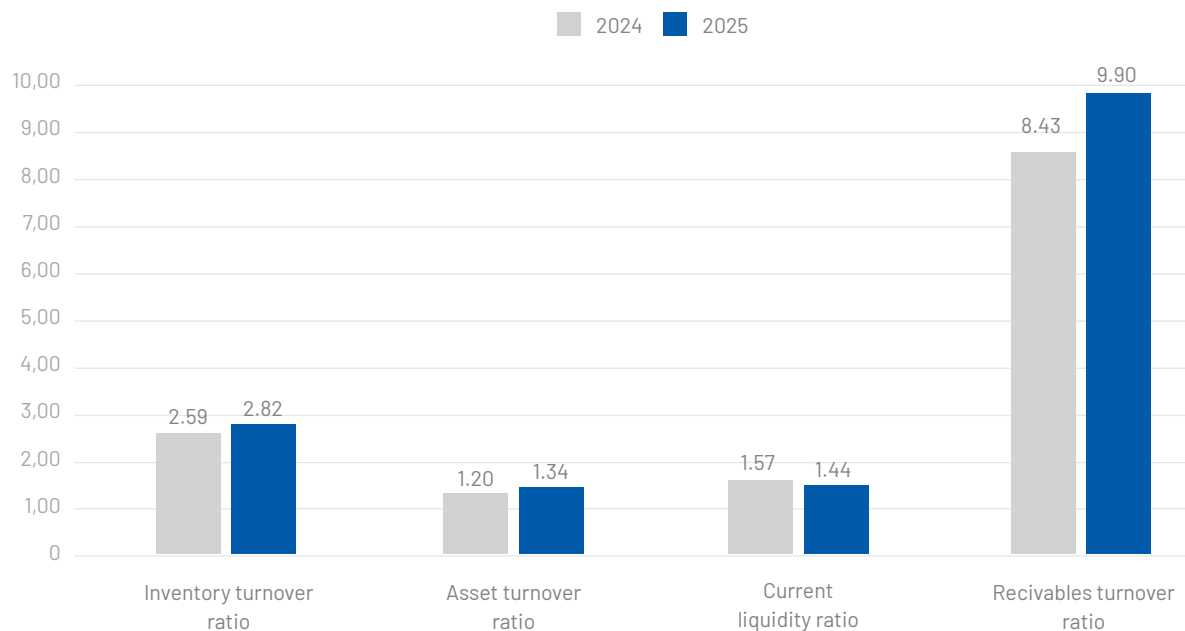
The company's working capital as at 31 December 2025 amounts to EUR 108.7 million.

### 6.3. FINANCIAL INDICATORS

The inventory turnover ratio is higher compared to the same period last year primarily as a result of stronger revenues growth compared to the average inventory stock growth. This indicates more efficient inventory management and a faster conversion of inventories into revenue.

The asset turnover ratio recorded incline in 2025 primarily due to the strong revenue growth with relatively stable assets level, which shows more efficient asset usage after the period of intensive investment activities.

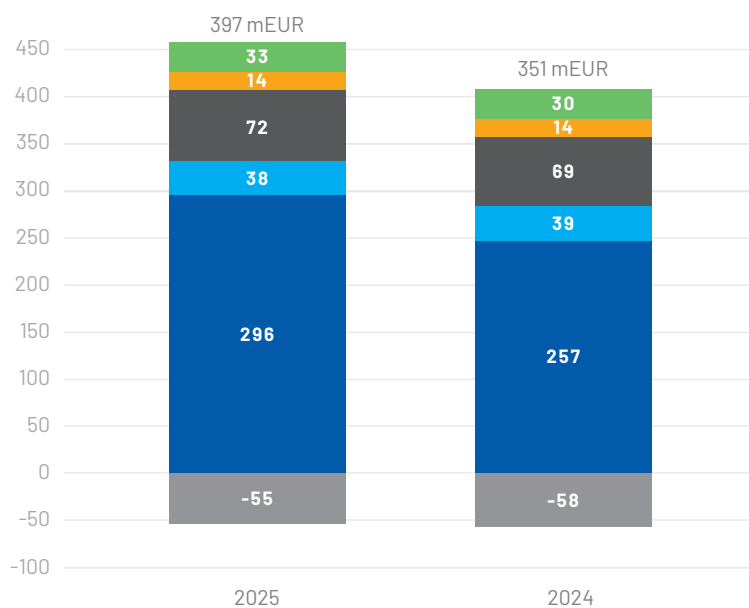
The receivables turnover ratio recorded an increase compared to the previous year, which indicates a stable collection of the Group's receivables during 2025.



The net debt as of 31 December 2025 amounts to EUR 79.2 million. The Net debt/EBITDA ratio is lower compared to the previous year and amounts to 2.34, primarily as a result of operational profitability growth. The stated amount of indebtedness is still significantly below the possible rates at the consolidated level.

## 6.4. REALIZATION BY BUSINESS SEGMENTS

**Breakdown of realized sales revenues by segment**



Revenues generated by operations in the Auto parts segment account for the most significant share of the Group's total sales revenues, i.e. 75%, while in the previous year they accounted for a total of 73%. Total sales revenues in the auto parts segment in 2025 amount to EUR 296 million and are EUR 38 million or 15% higher than in the previous year, which is an indicator of the successful integration of companies acquired in previous years and taking a more favourable market position in this segment, in accordance with the Group's strategic goals.

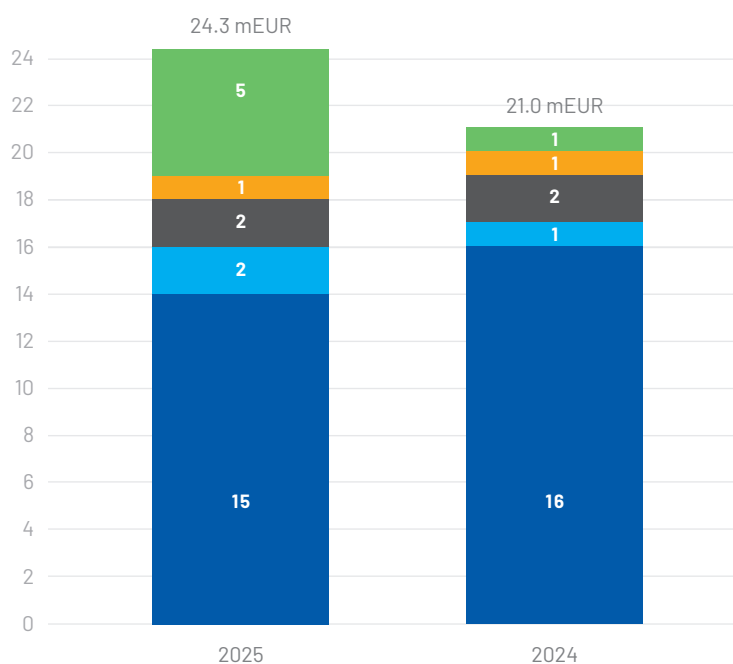
The operating profit of the Auto parts segment accounts for 60% of the Group's total operating profit before allocation of management and administration costs, i.e. a total of EUR 14.7 million.

In 2024 the amount of one-off positive effects resulting from acquisitions of companies is EUR 2.7 million within Auto parts segment. Considering above mentioned, Auto parts segment profit shows growth approx. EUR 1 million.

In Ecology segment one-off positive effect on profit in 2025 is EUR 1.9 million net, and it refers to insurance compensations and value adjustments of tangible assets.

Freight program segment's income is reduced by EUR 1 million due to disinvestment in part of service operations within the segment.

**Breakdown of operating profit by segment\***



- Inter-segment revenues
- Auto program - vehicles
- Truck program
- Batteries, oils and similar
- Wholesale
- Ecology

\*Realization shows operating profit without allocated management and administration costs

## Key events for the period up to 31 december 2025

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

During 2025, CIAK Group continued to achieve growth in its business activities, primarily because of acquisitions carried out in previous periods, in line with its strategic business plans.

In 2025, CIAK Group continued its development primarily through organic growth, to which companies acquired in 2024 also contributed, particularly in the IAM segment, i.e. the Auto parts segment. Previously acquired companies have been fully integrated into the Group's operational and management processes, thereby contributing to increased business volumes, strengthening synergies and further improving operational efficiency.

Mergers of certain Group member companies were also completed. In the Slovenian market, in July 2025, Potokar d.o.o., Ljubljana, Slovenia, was merged into the Group member C.I.A.K. AUTO trgovina d.o.o., Slovenia. The company SIM IMPEX Banja Luka d.o.o. was merged into CIAK Auto BH d.o.o. pursuant to a decision dated 30 December 2025. However, this decision will become legally effective, and the company will be removed from the court register in 2026.

Additionally, during the evening hours of 12 December 2025, a fire broke out involving materials at the waste management facility in Gubaševo bb, one of CIAK Group's five platforms

used for the proper management of hazardous and non-hazardous waste across Croatia.

The Gubaševo location was the most significant site of CIAK Group within the waste management segment, equipped with the most advanced equipment in Croatia for hazardous waste management (such as the German LOFT device), with recently installed rooftop solar panels ensuring the facility's energy self-sufficiency, as well as various other high-tech equipment. CIAK d.o.o., which is also engaged in waste management as a member of CIAK Grupa d.d., holds all valid permits and is subject to regular inspection controls.

Most importantly, there were no casualties and the Andrija Štampar Institute of Public Health confirmed that there was no negative environmental impact. The financial impact on the consolidated result and the Group's future operations is not considered significant, as the waste management segment accounts for less than 4% of the Group's revenue.

Thanks to its expanded organizational structure, diversified portfolio and stronger market presence, CIAK Group has further strengthened its competitive position and market share in certain Southeast European countries in which it operates.



## Markets, customers, products and services

CIAK Group maintains a high level of risk diversification and business sustainability through continuous operations in 6 segments (Auto parts, Batteries, oils, etc., Freight program, Recycling, Waste management and Wholesale). The two main business divisions are the IAM (Independent Aftermarket) division and the Ecology division.

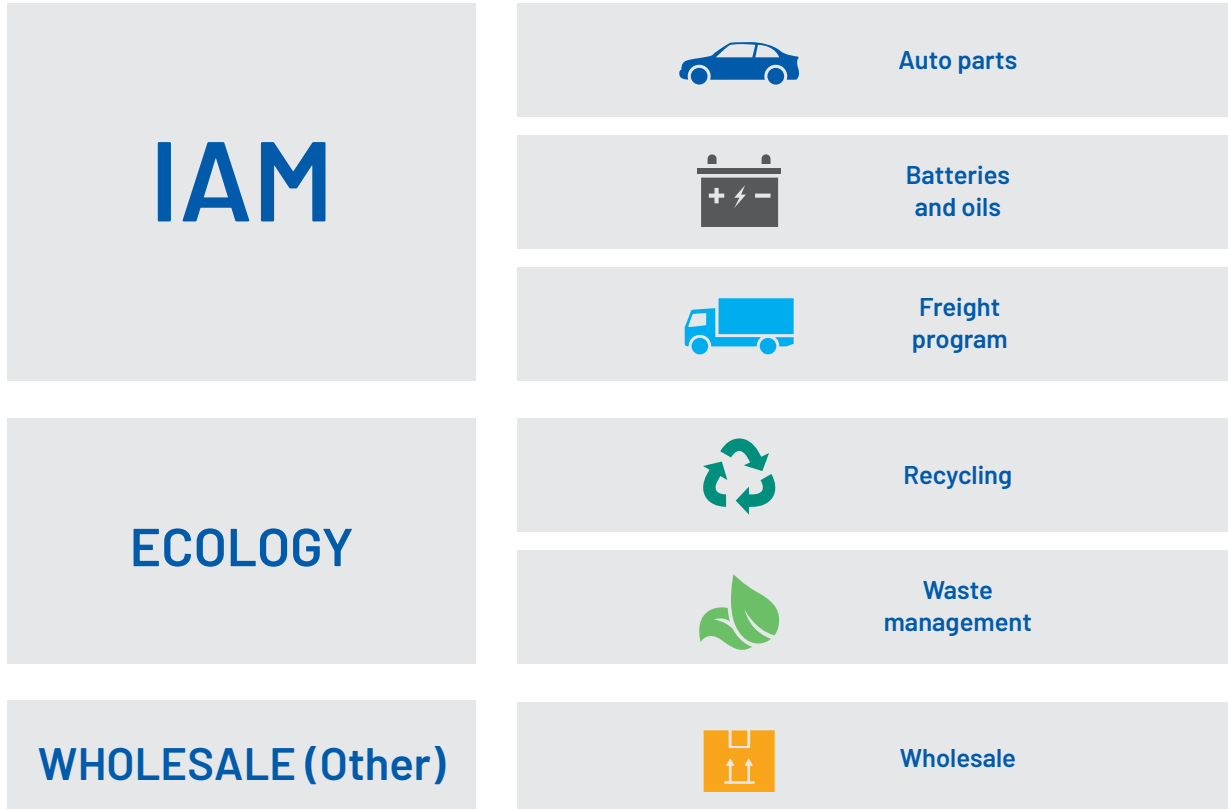
The strength of CIAK Group stems from long-term partnerships with key suppliers of the IAM sector as well as the strategy of consolidation of the still unconsolidated IAM markets, which is also recognized as the main trend within the EU region.

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



The Group carries out the majority of its business through its own companies on the markets of the Republic of Croatia, Bosnia and Herzegovina, the Republic of Serbia, the Republic of Slovenia, Montenegro, North Macedonia and Kosovo. This has laid a solid basis for further business development and the continuation of the strategy of consolidation of the independent aftermarket market in still insufficiently consolidated markets. In addition to these markets, thanks to the internationally recognized automotive industry fairs that CIAK Group has attended in the last two years, the impact of CIAK Group's export operations outside the market, where the members of the group are physically present through a network of business units, is increasingly noticeable, and further development of other foreign markets is expected with the primary goal of expanding the sale of its own brands in the battery and oil segment.

## Overview of Ciak Group Segments and Divisions



### 8.1. AUTO PARTS



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

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

Customers in this segment are predominantly legal entities and sole proprietors, with the largest share consisting of service centres, repair workshops, smaller resellers, and similar clients.

In the Republic of Croatia, the IAM market has experienced significant growth over the past nine years, driven by the increase

in used vehicles compared to new vehicles, resulting in an aging vehicle fleet and consequently higher demand for spare parts. In addition, disruptions in global supply chains have delayed the delivery of new vehicles, further contributing to the increase in used vehicles and the average age of the fleet.

In 2026, further organic growth is expected in the mature Croatian market, given the high level of consolidation, where CIAK Group, together with its subsidiaries, is one of the three leading competitors in domestic sales.

In other markets, following initial inorganic expansion through acquisitions in previous years, strong organic growth has continued across all markets in which CIAK Group operates. Accordingly, the Group recorded strong overall revenue growth in the Auto parts segment. Based on demographic trends and current market shares, further strong growth is expected in Serbia, Montenegro, and North Macedonia, along with stable growth in the more saturated markets of Bosnia and Herzegovina and Slovenia.

## 8.2. BATTERIES, OILS, ETC.



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

The Group is also the largest authorized distributor of numerous global battery manufacturers and the first company in Croatia to collect and recycle waste lead-acid batteries.

The most significant product is CIAK Starter batteries, which account for up to 35% of the Croatian battery market, giving the Group a strong market position. A key competitive advantage is the developed network of authorized battery service partners (350 locations) across the region.

Approximately 75% of total battery sales relate to private-label products, primarily CIAK Starter batteries, while the remainder relates to third-party brands. Suppliers in this segment are also significant customers in the Ecology division, where the Group supplies lead ingots as raw materials and procures finished batteries, representing an advanced example of a circular economy model.

Expansion of the sales network in the Auto parts segment has also significantly increased the sales potential of this segment. The Group has effectively leveraged this synergy and will continue to expand its market share across all markets through its own distribution channels in the independent aftermarket.



The Group has further strengthened its market presence and visibility by participating in leading international Auto parts aftermarket trade fairs, which serve as key platforms for product presentation, technological exchange, and relationship building. In 2025, the Group exhibited at Automechanika Dubai. It also participated in Automechanika Frankfurt 2024, one of the most important global industry events and is scheduled to exhibit at Automechanika Buenos Aires 2026, thereby expanding its presence in South American markets.

## 8.3. FREIGHT PROGRAM



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

In addition to Croatia, CIAK Group operates in Bosnia and Herzegovina and Serbia, while organic development in Montenegro, initiated in the previous year, continued strongly throughout 2025.

The Group opened this division in 2014 with the acquisition of three existing companies operating in the Republic of Croatia. In addition to these acquisitions, growth was also achieved organically, i.e. by establishing new companies. The Group currently has a leading market share in the Republic of Croatia and is among the few in the Republic of Croatia that combines both 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 generated from parts for buses and off-road machinery were represented to a lesser extent.

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

Direct import of all parts enables high-quality service and short procurement times. Customers are mainly legal entities and sole proprietors, including transport companies, fleet operators, repair workshops, and resellers.

Despite challenging European trends, particularly in key markets such as Germany, resulting in stable or declining revenues in this segment due to reduced transport volumes, CIAK Group as a market leader in Croatia, achieved growth in 2025.

## 8.4. RECYCLING

The recycling segment includes the processing of waste industrial batteries and accumulators. Companies outside Croatia are engaged only in collection, while recycling is performed within Croatia.

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

At the Recycling Centre for the Recovery of Accumulators and Batteries in Zabok, the Group produces processed lead alloys (ingots), plastics and acids, i.e. components for the production of new batteries, through the process of processing components of old batteries – including the processes of sorting and hydro separating 90-95% of the accumulators that are received at the entrance and melting of lead grids, paste and dust.

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

The business model is based on selling recycled raw materials to international battery manufacturers, who in turn supply finished batteries back to the Group under long-term agreements.

In its plants, CIAK Group uses state-of-the-art technology and state-of-the-art production methods, and all recycling processes are in accordance with industry and environmental standards. In addition, the Group is also engaged in the resale of surplus purchased batteries that cannot be recycled due to the current capacities of the Recycling Centre.

Battery buyback is done in two ways:

- (i) active (B2B) in collection stations and mechanic shops, end-users with a larger fleet, and,
- (ii) passive (B2C) through the "old for new" model, whereby the Group uses its own retail network and network of service partners, consisting of a total of 350 points of purchase, making it the largest purchase network in the region.

Revenues in this segment are largely externally influenced by the movement of 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 collecting, transporting, recovering and disposing of hazardous and non-hazardous waste, including the supervision of these procedures, as well as the subsequent maintenance of disposal sites, the activity of remediation of contaminated sites and industrial plants.

CIAK Group manages over 30,000 tonnes of waste annually, with total capacity exceeding 70,000 tonnes. It cooperates with more than 2,000 business entities. Waste is partially treated internally, while the remainder is transferred to specialized third parties or exported to foreign incineration facilities (for hazardous waste).

The Group's entry into the waste management market began in 2000 in the former waste management centre in Vojnić and was significantly developed with a greenfield investment for

the construction of a waste management centre at the location in Zabok.

CIAK Group establishes the only centre for CFCs in which it receives controlled substances and/or fluorinated greenhouse gases from refrigeration and air conditioning equipment, heat pumps, fire protection systems and fire extinguishers from authorized service providers. CIAK Group also established its own testing laboratory as a natural sequence of performing the activities of remediation of contaminated sites and industrial plants. Activities in this segment are regulated in detail by law and under the supervision of competent state authorities related to the adequacy of waste disposal.

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.

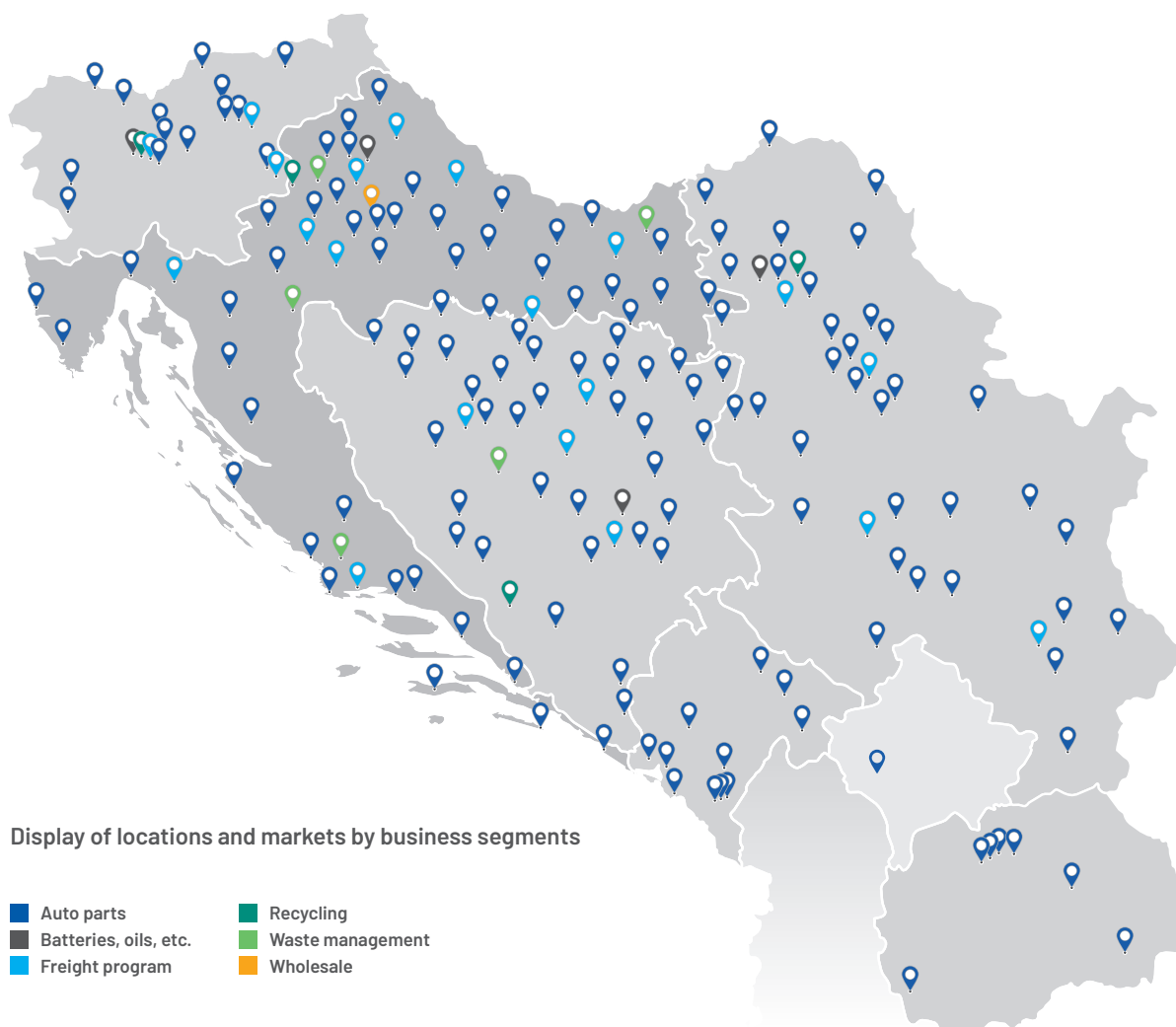
The Group has been present in this segment on the Croatian market since the beginning of 2000, and at that time it was primarily engaged in the wholesale of the range of car accessories.

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.

Goods are mostly purchased directly from manufacturers, and the Group, through its own segment of battery and oil

distribution, is also the main distributor of private brands of batteries to large retail chains. Taking into account the increasing penetration in the garden program and the excellent assortment of its own brand, which has been significantly expanded in cooperation with the world's two largest manufacturers of garden equipment and garden and cordless tools, during 2024 the Group was additionally engaged and launched the business of this segment in Bosnia and Herzegovina through a separate company CIAK TRADE BiH and through the existing company CIAK in Serbia.

In 2025, these efforts resulted in a positive contribution of this segment to the Group's overall performance.



## The main business risks to which the group is exposed

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### 9.1. CURRENCY RISK MANAGEMENT

The Group's currency risk is related to possible significant changes in the exchange rate of foreign currencies that are significant for the Group's operations. This risk relates to the movement of the exchange rate of the Serbian dinar (RSD) and the North Macedonian dinar (MKD), since the Group operates on foreign markets (the Republic of North Macedonia and the Republic of Serbia) and most transactions with foreign customers and suppliers are denominated in these currencies.

To the extent possible, the Group applies a natural hedge based on the principle that the combination of currencies in the debt portfolio reflects the currency position of free cash flow. Through the sales price policy, the Group corrects possible negative impacts of exchange rate changes.

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

### 9.2. THE GROUP'S EXPOSURE TO INTEREST RATE RISK

The Group is exposed to the risk of changes in interest rates since it enters into loan agreements with fixed and variable interest rates. As at 31 December 2025, out of the total debt of the Group on which interest is accruing, a larger share of the Group's debt (principal) on which interest flows was contracted at variable rates. Most of these variable interest rates are linked to benchmark interest rates such as EURIBOR.

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



### 9.3. THE GROUP'S EXPOSURE TO CREDIT RISK

The sale of goods and services to customers on deferred payment creates a credit risk, a risk of non-payment or non-performance of contractual obligations by the Group's customers. Overdue receivables from customers have a negative impact on the Group's liquidity, and overdue corrected receivables also have a negative impact on the Group's financial result.

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

For the categorization of customers and the determination of credit conditions, data from official financial reports of customers are mainly used, and ratings from independent credit rating agencies are used. The exposure analysis is prepared on an ongoing basis, and the credit exposure is monitored and controlled through credit limits that are changed and reviewed at least once a year. The Group collects payment collateral from customers, wherever possible, for the purpose of minimizing possible credit risks due to non-performance of contractual obligations. Some customers, especially large buyers of certain segments of activity (e.g. ecology, recycling) are also suppliers of the Group where regular compensations are carried out. This minimizes credit risk in this part.

The Group operates with a large number of customers of different industries and sizes, which makes the risk dispersed, i.e. not concentrated on a smaller number of customers. Part of the sale of goods on deferral refers to state institutions and buyers in state ownership and ownership of local self-government, who do not submit payment security instruments.

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

The Group manages liquidity risk by maintaining adequate reserves and credit lines on an ongoing basis. Also, the Group continuously monitors and manages the maturity of customer receivables and liabilities to suppliers, continuously comparing the planned and realized cash flow. In addition, through working capital management and inventory level optimization, the company makes maximum use of liquidity potential.

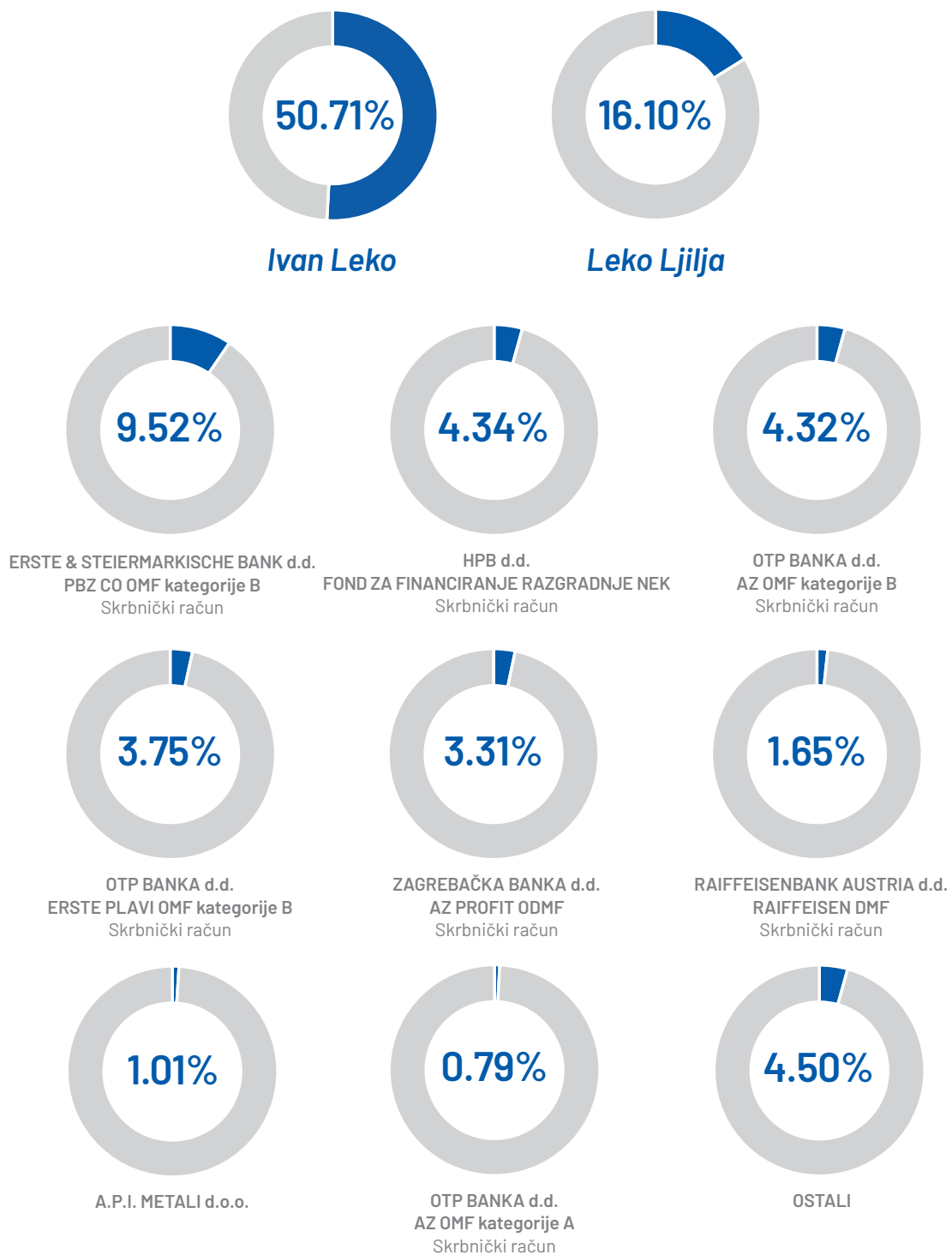
### 9.5. THE GROUP'S EXPOSURE TO PRICE RISK

The Company actively manages price risks through a strategic commercial policy and adjustment of sales prices. Each market has specialised teams responsible for continuously monitoring market conditions and managing relevant risks based on up-to-date information. These teams regularly analyse price movements, diversify supply channels and, where necessary, apply hedging strategies, including long-term supplier contracts and dynamic pricing policies, to ensure business stability and minimise the negative effects of market fluctuations.

Related to listed products, such as lead, there is a natural hedging between incoming and outgoing inputs. Since the cost of the input raw material is defined by the exchange prices on the London Metal Exchange (LME), the output prices are also determined by the same factor, thus eliminating commodity risk to a significant extent through natural hedging.

## Ownership structure

OWNERSHIP STRUCTURE - on 31 December 2025



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

### 11.1. IMPORTANT BUSINESS EVENTS AFTER THE CLOSURE OF THE FINANCIAL YEAR

After 31 December 2025, there were no significant changes in the Company's operations, i.e. there is no new information on estimates made as of the balance sheet date that would have a significant impact on the financial statements of CIAK Group d.d. for 2025.

### 11.2. CIAK GROUP'S SUBSIDIARIES

On 31 December 2025, CIAK Group had registered branches as shown in the presentation.

Company in the Group	Number of branches
CIAK TRUCK d.o.o. Novi Sad	4 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
C.I.A.K. d.o.o. Novi Sad	2 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
C.I.A.K. AUTO EKSPORT-IMPORT doool Skopje	10 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
C.I.A.K. Baterija d.o.o. Sarajevo	2 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
CIAK TRUCK d.o.o. Sarajevo	3 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
CIAK Auto BH d.o.o. Banja Luka	61 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
C.I.A.K. Auto d.o.o. Ljubljana	16 BUSINESS UNITS REGISTERED AS BRANCH OFFICES
C.I.A.K. Auto SH.P.K Đakovica	1 BUSINESS UNIT REGISTERED AS BRANCH OFFICE

### 11.3. REPURCHASE OF TREASURY SHARES

In 2025, the Group acquired 40,373 treasury shares with a nominal amount of EUR 53,584.18, representing 0.20% of the share capital. Repurchase was made based on trade outside the trading venue, through multiple transactions throughout the year.

On 31 December 2024, the Company owned 18,867 shares with a total nominal amount of EUR 25,040.81, or 0.096% of the Company's share capital, while on 31 December 2025 the Company owns 9,240 shares with a total nominal amount of EUR 12,263.59, representing 0.047% of the Company's share capital.

## Expected development of the group in the future

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### 12.1. MAKING ANNUAL BUSINESS PLANS

The Group makes its business plans for each business year and a business overview for the three-year period, for all areas of the Group's activities and individually at the level of each company or each market, and ultimately at the consolidated level.

During 2025, the Group is engaged in expanding its business and occupying a larger and better position in the market in goods and business volume, both domestic and foreign one.

The Group's strategy is to expand the range of products in the field of wholesale and business volume within the environmental business and production, as well as in the field of the Automotive segment in the coming years.

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

### 12.2. THE GROUP'S R&D ACTIVITIES

The Group pays special attention to the development and introduction of new technologies, as well as to additional training and training of high-quality and promising personnel who, through the engagement of funds for additional education, enable the acquisition of new knowledge necessary in the fight against the increasing competition.

Information on environmental protection and workers and information on key intangible resources can be found in the Sustainability Report, which is an integral part of the Annual Report.

## CORPORATE GOVERNANCE REPORT

The Management Board of CIAK Group d.d. (hereinafter: the Company) submits a Report on the application of the Code of Corporate Governance pursuant to Article 25 of the Corporate Governance Act, of the Accounting Act. Because the company's shares are listed on a regulated market, CIAK Group d.d. applies the Code of Corporate Governance prepared jointly by the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange and has been in force since January 1, 2025 (hereinafter: the Code) and which is reflected in the annual questionnaire, which it makes publicly

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

available by publication in accordance with regulations. The Code was published on the websites of the Zagreb Stock Exchange ([www.zse.hr](http://www.zse.hr)) and the Croatian Financial Services Supervisory Agency ([www.hanfa.hr](http://www.hanfa.hr)). Apart from the aforementioned code, the Company does not apply any other corporate governance codes due to the relatively short period of listing on the stock exchange.

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

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

### 1.1. SHAREHOLDERS AND THE INVESTMENT PUBLIC

Shares of CIAK Group d.d., under the ticker symbol CIAK-R-A, are traded on the Regular Market of the Zagreb Stock Exchange as well as outside the organized market.

All shareholders have the same position regardless of the number of shares, just as institutional and individual investors are treated equally. All shareholders have the right to be informed, and the notification is made through the Company's website [www.ciak.hr](http://www.ciak.hr) the "Investors" section, where quarterly, semi-annual and annual reports and other documents and acts of the Issuing Company are available. Furthermore, the prescribed information is published in Croatian and English through HINA and through the ZSE and HANFA (SRPI) Services.

At least once a year, the general meeting of the company is held, in which all shareholders and their proxies have the right to participate. The agenda of the General Meeting shall be published in the manner and within the deadlines set by the Companies Act, and decisions shall

be made by the prescribed majority of votes with the application of the principle of one share – one vote. An obligatory item on the agenda is the report of the Supervisory Board and the annual report on the state of the company, which reports are given to shareholders to discuss and ask questions before making a final decision. The rules of convening, holding and conducting during the General Assembly, as well as the manner of operation of the General Assembly and its authorizations, shareholder rights and realization of the same, are determined by a special internal act (Rules of Procedure of the General Assembly) published on the Company's website. The rules related to registering for participation in the assembly, the participation of assistants, the new date of the assembly in the absence of a quorum are contained in the invitation to the assembly itself, which is published through the announcement of the court register, HINA, ZSE and HANFA (SRPI). After the assembly, decisions are published through the above forms of publication, and the minutes are submitted to the competent court register.

### 1.2. ADMINISTRATIVE AND SUPERVISORY BODIES AND THEIR COMMITTEES

The internal acts of the Company (Memorandum of Association, Statute, Rules of Procedure of the Management Board, Rules of Procedure of the Supervisory Board, Rules of Procedure on the Work of the Audit Committee) determine the criteria for the appointment and election of the Management Board, the Supervisory and Audit Committee (composition, education, tasks and responsibilities, manner of work, holding of sessions and manner of decision-making), relationship with 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 a conflict of interest and possible membership of members in the management and supervisory boards of other companies shall be taken into account. When electing members, the Society invests special efforts in promoting the diversity of represented professions and achieving a balanced

representation of both sexes (e.g. 29% of women in the Supervisory Board) as well as the diversity of generational representation with an emphasis on knowledge of new technologies. The Company monitors and evaluates the work of the members of the Management Board and the Supervisory Board and rewards or penalizes them accordingly to the results achieved, all in accordance with the acts adopted at the General Assembly "Remuneration Policy of Management Board Members" and the Decision on the amount of remuneration for the work of the Supervisory Board members.

The Management Board and the Supervisory Board work at sessions, and the condition for making valid decisions is the existence of a quorum and an absolute majority of votes. During the business year 2025, the Management Board held 11 sessions and the Supervisory Board held 10 sessions.

### 1.3. INTERNAL AND EXTERNAL AUDIT OF THE COMPANY

The Management Board and the Supervisory Board are particularly attentive in identifying financial, operational, organizational and external risks in a timely manner and strive to ensure effective internal and external control systems.

The scope of work of the special Internal Audit Department is to research, examine and evaluate the effectiveness of the internal control system, protect the Company's assets, report on the findings and propose solutions to the Management Board. Reports are submitted to the Audit

Committee and the Management Board of the Company.

In accordance with the Audit Act, a special committee has been formed within the Supervisory Board - the Audit Committee, which has the task of supervising the correctness and integrity of the company's financial statements and accounting policies, ensuring the independence and sufficiency of the internal audit function, and supervising the implementation of measures determined as a result of external and internal audit and own supervision. 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, works at sessions, and during 2025 it held 6 sessions.

An independent audit firm has been selected as the external auditor by a decision of the General Assembly. An independent external auditor is in charge of auditing the statutory financial statements and verifying the Sustainability Report.

## 1.4. DEVIATIONS FROM THE CODE OF CORPORATE GOVERNANCE

- The Supervisory Board adopted the Rules of Procedure of the Supervisory Board on the categories of decisions and legal affairs that require the prior consent of the Supervisory Board and those on which the Management Board must consult the Supervisory Board before making a decision, but the document is not publicly available.
- By means of internal regulations that prescribe the disclosure of inside information, the Management Board informs about events that may significantly affect the financial position of the company, instead of the provision of the Code that the President of the Management Board should do so.
- The behaviour is prescribed by an internal rulebook given by the Supervisory Board for approval, but it has not been made public.
- No official conflict of interest policy is prescribed for members of the Management Board, nor has the Supervisory Board approved the Interest Management Policy, but it is prescribed by the Code of Business Ethics. A regular practice in such cases is the exclusion of individual members of the Management Board or the Supervisory Board from voting, which is confirmed by the Minutes from the session of the Management Board or the Supervisory Board.
- Transactions between the company and related parties are prescribed by the Companies Act, and these decisions, as well as the publication of the same, are fully aligned with the value/percentage thresholds defined by law.
- No audit is carried out or a report on related party transactions is published.
- The fair value of each tangible transaction is confirmed by an independent expert, but their reports are not publicly available documents.
- The Management Board and the Supervisory Board are not represented by 40% of the underrepresented sex.
- Information in accordance with Article 19. of the Code on the Selection of Members of the Supervisory Board at the General Assembly are partially publicly available, and all required information is provided upon request.
- Records of the attendance of the Supervisory Board members at the sessions are published in the Questionnaires, they are not part of the Annual Report.
- The Supervisory Board has not established a nomination committee or a remuneration committee.
- Some members of the Supervisory Board perform additional duties within the Company.
- The possibility of consulting members of the Supervisory Board from persons outside the Company at the expense of the Company exists at the request of the member and is applied in practice but is not regulated by a special ordinance of the Policy or any internal regulations.
- Once a year, the Supervisory Board evaluates only its effectiveness and composition, not the effectiveness and composition of its committees, nor the individual results of its members, nor is it included in the Annual Report of the Company.
- Management has not set a percentage of the underrepresented gender in senior management as a five-year target.
- When defining the profile of Management Board members, the Supervisory Board considered skills, knowledge, education, professional and practical experience, but did not consider age, gender or the balanced representation of both sexes.
- The prior consent of the Supervisory Board to the membership of the Members of the Management Board of the Company in the Supervisory Board or the Management Board of other such companies, as well as the holding of more than two positions in the Supervisory Board or the Management Board of such companies, is not defined by internal, but by other regulations.
- The remuneration policy prescribes that the Company may make relevant decisions in which a part of the remuneration of a member of the Management Board would be withheld or a refund requested, but it is not regulated by a special ordinance of the Policy or an internal regulation.
- The remuneration policy prescribes that the Company may make relevant decisions regarding the prohibition of including variable elements or other elements related to the performance of operations in the remuneration of the Supervisory Board, but it is not regulated by a special ordinance of the Policy or an internal regulation.
- Internal regulations adopted by the management prescribe a procedure for reporting violations of the law or the company's code of conduct, actual or suspected of committing the same or probable unethical behaviour, but they are not publicly available.
- On the company's website, all the information required by Article 76 of the Code, with the exception of internal regulations and policies that are not publicly available.

## 1.5. CONCLUSIVE

From all the above, it is clear that the Company has a transparent attitude towards investors. Material facts and inside information are regularly published on the official website of the Company. A calendar of important events and a shareholder structure are 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 an 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 comply with the new EU guidelines in terms of achieving sustainable corporate governance through the alignment of business activities with the achievement of the EU's overall environmental objectives set out in the "European Green Deal".

When making decisions on the company's strategy and business plan, the Management Board and the Supervisory Board consider the impact of the same on stakeholders, the environment and the community, as well as on the company's reputation, which they report on in more detail as part of the Sustainability Report.

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G R U P A



# 2025

## Sustainability Report

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Sustainability report 2025 - CIAK Grupa d.d.

## Introduction

During 2025, the Group continued to carry out activities aimed at improving environmental protection and promoting sustainable development. Business activities are carried out with preventive measures and supervision, and with continuous improvement of environmental standards, in accordance with applicable regulatory requirements. The Group continuously implements measures to actively promote sustainable development, including waste oil collection, used car tires, batteries, and other hazardous and non-hazardous waste in appropriate containers and prepared business facilities and premises. Certain subsidiaries of CIAK Group d.d., in addition to other registered activities, are also registered to perform waste management activities, and for these activities, they have the necessary permits issued by the competent regulatory authorities of the countries where the subsidiaries are based.

In accordance with the above principles of sustainable business, CIAK Group pays special attention to the protection of employee health and safety at work. The Group ensures a safe and supportive working environment for its employees, whereby identifying risks related to the work performed by workers and recognizing hazards present in the workplace are among the key priorities of business operations and corporate policies. Education, training, and exercises in the field of occupational health and safety are regularly carried out, and employees are provided with appropriate personal protective equipment, therefore contributing to the achievement of the global sustainable development goal number 3 – Health and Well-being.

The health and safety of employees is one of the fundamental areas regulated by the Group's Work Regulations. In addition to the provisions related to health and safety at work, the Labour



The Management Board of the Group and the directors of the subsidiaries are responsible for the implementation of the objectives and strategies of sustainable business in the Group, while the activities and information related to the implementation of decisions, objectives, and reporting are coordinated by the Human Resources Department, Occupational Safety Department, Environmental Protection Department, Quality Department, Internal Audit Department and Legal Department. The Controlling Department oversees non-financial reporting on sustainability issues, ensuring compliance with the relevant regulations governing this area.

In its relations with business partners, employees, and the social and business environment, the Group strives to act in accordance with the principles of good faith, good business practices, and applicable regulations. The Group strives to actively contribute to the United Nations Global Sustainable Development Goals (SDGs), adopted in 2015 under the 2030 Agenda for Sustainable Development. The identified significant impacts of the Group on individual objectives, as well as related risks and opportunities, are presented in Chapter SBM-3 – Significant Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Models, in line with the Group's Strategy and Business Operations.

Regulations also cover the issues of protection of workers' privacy, working hours, the right to use annual leave, salary supplements, and the duration of the employment contract. This framework contributes to the creation of fair and safe working conditions and contributes to the achievement of the global Sustainable Development Goal 8 – Decent work and economic growth.

During 2025, an additional step forward was made in the field of corporate governance and ethical business through the adoption of the CIAK Group's Code of Business Ethics. The Code defines the basic principles of responsible, professional, and ethical conduct of employees, members of management bodies, and business partners, which further strengthens the culture of integrity, transparency, and accountability in the Group's operations, compared to the previous reporting period.

In the field of environmental protection, the Group has identified operational activities that have a potential impact on the environment and is developing a process of systematic collection of data on the consumption of energy and other natural resources at the Group level. This system aims to enable the monitoring and analysis of consumption, which allows the Group to plan measures to reduce overall energy and resource consumption, as well as the associated greenhouse gas emissions. At the

same time, the possibilities of using renewable energy sources in facilities owned by the Group are continuously being considered, which contributes to the achievement of the global Sustainable Development Goal No. 13 – Climate Action.

One of the initiatives in the retail business is aimed at reducing the use of PVC bags, with the long-term goal of completely removing them from retail and business processes. Instead, a gradual transition to alternative, more environmentally friendly solutions is planned, further reducing the negative impact on the environment.

The main activities of the CIAK Group include wholesale and retail of spare parts in the independent aftermarket (IAM), as well as waste management activities. Waste management is carried out in accordance with the applicable legal regulations of the countries in which the Group members operate and includes the collection of waste oils, used car tires, batteries, and other hazardous and non-hazardous waste in appropriately prepared containers and facilities of the companies. All members of the CIAK Group are involved in the waste collection process.

Recycling of waste batteries is carried out in the company C.I.A.K. d.o.o., which collects waste lead-acid batteries from members of the CIAK Group, as well as from other legal and natural persons in the Republic of Croatia and neighbouring countries. In this way, the Group makes a significant contribution to the global Sustainable Development Goal No. 12 – Responsible Consumption and Production.

Within the Group, the Centre for Battery and Accumulator Recycling in Zabok operates within company C.I.A.K. d.o.o., within which the activities of collecting and recycling batteries take place. CIAK Group collects significant quantities of lead-acid batteries placed on the domestic market. In addition, the Group plans to carry out educational activities aimed at students, primary and secondary school pupils in the coming period, to raise awareness of the importance of proper disposal and recycling of batteries and encourage responsible behaviour of future generations towards the environment.

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**We recognize activities that have a positive impact on business sustainability and social responsibility as key in the Group's business strategy.**



## 1.1. GENERAL INFORMATION ABOUT THE REPORT

CIAK Group d.d. prepares the Sustainability Report on a consolidated basis for the Group companies as of 31.12.2025. The scope of the Sustainability Report is the same as in the Group's Financial Statements. The sustainability report has been prepared in accordance with the Corporate Reporting Directive (CSRD) and the Sustainability Reporting Standards (ESRS) in Commission Implementing Regulation (EU) 2023/2772 and the Accounting Act of the Republic of Croatia.

The double materiality assessment process includes the due diligence process described in international instruments, namely the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The assessment of the materiality of impacts and financial materiality used the criteria set out in ESRS 1 in Sections 3.4 and 3.5. The information provided in the Sustainability Report includes significant impacts, risks, and opportunities at the higher and lower levels of the value chain, with a focus on identifying them at the level of key activities through the value chain in each segment.

During the reporting period, the Group reviewed the methodology and results of the double materiality assessment from the previous year. The audit included an analysis of changes in the business model, regulatory environment, and stakeholder expectations. Based on the assessment, it was concluded that the identified significant ESG topics remain relevant and no new material topics were identified.

Also, during 2025, the Group did not set quantitative targets for reducing greenhouse gas emissions, but the primary focus was on improving the data collection system, including the systematic recording of energy consumption and other natural resources at the Group level. Such an approach enables quality monitoring of trends and provides a basis for future setting of operational and quantitative goals.

In line with its long-term sustainable development strategy, the Group plans to establish a transition plan by 2030 with the aim of reducing emissions in line with the Paris Agreement.

- SBM3 40e - Expected financial consequences
- E1\_9 - Expected financial implications of significant physical and transition risks and potential climate-related opportunities
- E2\_6 - Expected financial consequences of pollution-related impacts, risks, and opportunities

This Report refers to the reporting period of 2025. Some indicators and disclosures shall be based on currently available data, internal assessments, or secondary data sources, in parts related to the value chain or areas where data collection systems are not yet fully in place. The Group is continuously developing its approach in collecting and analysing data from the value chain. During the reporting period, further progress was made in setting up processes and identifying key stakeholders relevant to data collection.

Indicators related to Scope 3 greenhouse gas emissions are currently available (Greenhouse Gas emissions), while other indicators from the value chain are still not fully developed. In the reporting period, steps were taken towards more systematic data collection from key stakeholders, including suppliers, business partners, local communities, customers, and end-users.

Scope 3 greenhouse gas emissions are calculated using estimates based on relevant emission factors, using financial spending data or available volume data. The calculation methodology is continuously improved with the aim of increasing the accuracy and reliability of the data.

Despite the improvements made, the quantification of greenhouse gas emissions remains subject to a certain level of uncertainty, stemming from the limited availability of value chain data and assessment, and scientific limitations.

The Group plans to continue developing a system for data collection and validation to further improve the quality, completeness, and comparability of reported information.

Given the above circumstances, if significant errors, changes in methodology, or data availability are identified in future periods that may affect the published information, they will be updated and published in subsequent reporting periods.

Below is a list of parts of identified significant topics or subtopics that are expected to be gradually introduced into the scope of reporting in the coming periods:

- E5\_6 - Expected financial consequences of the impacts, risks, and opportunities related to resource use and the circular economy
- S1\_13 - Training and skills development
- S1\_15 - Work-life balance

## 1.2. ROLE OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY AUTHORITIES

The role of the Management Board and the Supervisory Board in the implementation of sustainable business in CIAK Group d.d. stems from legal obligations, internal acts such as the Statute and the Code, corporate governance, and social responsibility towards the environment and society. Sustainable business involves conducting business in a way that considers long-term economic, social, and environmental aspects.

The Management Board of CIAK Group d.d. may have a minimum of one and a maximum of five members of the Management Board. If the Management Board has more than one member, one of the members must be the President of the Management Board, who represents the company independently and individually, and the other members jointly with the President or another member of the Management Board. The Board of Directors currently consists of five members, namely:

**IVAN LEKO,**  
PRESIDENT OF THE MANAGEMENT BOARD

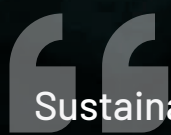
**DOMINIK LEKO,**  
MEMBER OF THE MANAGEMENT BOARD

**IVICA GREGURAŠ,**  
MEMBER OF THE MANAGEMENT BOARD

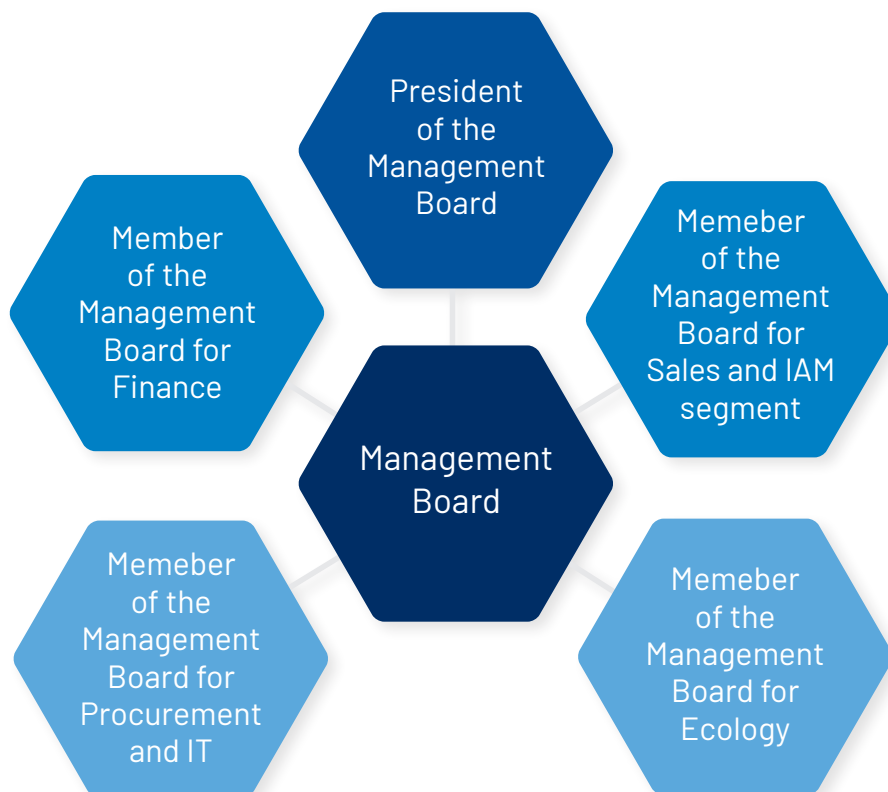
**DALIBOR BAGARIĆ,**  
DEPUTY PRESIDENT OF THE MANAGEMENT BOARD

**IVAN MILOŠ,**  
MEMBER OF THE MANAGEMENT BOARD

All members of the Group's Management Board are male. Some members of the Management Board also perform the functions of directors within the Group companies; therefore, their independence does not apply in these cases.



Sustainable business is about conducting business in a way that takes into account long-term economic, social, and environmental considerations.



Members of the Management Board of CIAK Group possess professional knowledge and skills in the field of sustainability factors, which are the product of their long careers and commitment to business process development. With its experience in the establishment and development of many Group companies, the Management Board has previously steered companies towards sustainable business models, which include strategic acquisitions and regional presence. The management has formal and practical knowledge of business analysis and business planning, including the sustainability of business operations. Extensive experience in commercial and sales activities is focused on optimizing resources, increasing the efficiency of companies, and increasing energy efficiency. Management plays a key role in managing financial risks and investments, including investments in projects that support long-term sustainability. Issues related to sustainability factors are considered as part of regular management activities and business planning, as an integral part of the business decision-making process. Through these activities, the members of the Management Board of CIAK Group continuously strive to integrate sustainability factors into business processes, thus contributing to the long-term competitiveness and socially responsible operations of the Group. Individual members of the Management Board, in addition to their function of a member of the Management Board, also perform executive functions in companies within the Group.

The Management Board is obliged and authorized to undertake all actions and make all decisions that it deems necessary for the successful management of the company's affairs.

In accordance with the Articles of Association, the management of the company's affairs includes decision-making for the purpose of realizing the business strategy, plans, and business programs, but also any real and legal action within the company and for its benefit. The Management Board manages the company's affairs at its own risk, ensuring the proper performance of all activities and professional affairs. Operational and strategic decisions made by the members of the Management Board must be implemented and executed at lower levels of management and the activities of other employees of the Group.

CIAK Group d.d. applies the Code of Corporate Governance jointly prepared by the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange. According to the Code of Corporate Governance, the duties of the Company's Management Board include key responsibilities for ensuring successful and sustainable operations. The Management Board must develop and implement the company's strategy and business plans, manage all business activities and resources, and ensure the realization of the company's core values and ethical principles. The Management Board is also responsible for the selection and appointment of

senior management members to ensure the company's expertise and effective management, as well as for implementing effective risk management systems and internal controls critical to minimizing potential threats to the business and ensuring stability.

Directors of subsidiaries, subsidiaries of the parent company, are responsible for making decisions independently or with prior consent, implementing strategies, managing operations, and ensuring compliance with the relevant legislation and policies of the parent company.

Within the framework of these responsibilities and powers, the Management Board plays a key role in managing and supervising the impacts, risks, and opportunities within the ESG (environmental, social, and governance) factors that are becoming increasingly important for the long-term sustainability and competitiveness of the company. In the context of ESG, the Management Board is responsible for defining and integrating ESG goals into strategic planning and business processes, as well as for ensuring that the company responsibly manages risks and takes advantage of opportunities arising from ESG factors.

**The Supervisory Board** consists of 7 members, of whom 4 members are employees of the company. Members of the supervisory board do not have an executive function. The Supervisory Board consists of one Chairman of the Supervisory Board, one Deputy Chairman of the Supervisory Board, and one employee representative. Members of the Supervisory Board are elected by the General Assembly of the company, while one member of the Supervisory Board has the right to be appointed by employees in accordance with the provisions of a special law governing work and labour relations.

The selection procedure of the Supervisory Board is based on the Companies Act and is aimed at ensuring objectivity, expertise, and accountability in the supervision of the company's operations.

The responsibilities and powers of the Supervisory Board arise from the Companies Act and the Articles of Association of the company. Members of the Supervisory Board have a key responsibility to protect the interests of the company and its shareholders. Sustainable business is becoming an increasingly important interest of the company and shareholders because it contributes to the long-term growth and stability of the company. Shareholders increasingly recognize sustainable business as the key to maintaining competitiveness in the market, attracting investments, and creating long-term value. Implicitly, the supervision of the management of sustainability factors (governance, environmental and social impacts of operations, and the risks and opportunities arising from them) falls within the scope of responsibility of the Supervisory Board.

The Supervisory Board has an important function of supervising the work of the Management Board and ensuring that the organization operates in accordance with legislation, ethical standards, and the interests of all stakeholders. According to the Articles of Association of CIAK Group d.d., within its competences, the Supervisory Board has the authority to appoint and recall the President and members of the Management Board of the company, convene the General Assembly of the company, and examine the financial statements that it determines together with the Management Board of the company. The Supervisory Board submits a written report on the performed supervision to the General Assembly and proposes the adoption of decisions in accordance with the applicable legislation. In addition, the Supervisory Board shall give its consent to the decisions of the Management Board when prescribed by law, the Articles of Association, or a special decision of the Supervisory Board. From the above, it follows that the Supervisory Board plays a significant role in ensuring the sustainable operations of the organization and overseeing the integration of sustainability into strategy and operational processes. The Supervisory Board must ensure that the members of the Management Board have the necessary knowledge and experience in conducting business in accordance with the principles of sustainability, provide key guidance and oversight of sustainable practices, promote ethical business, and ensure that the organization successfully balances economic, social, and environmental aspects of the business. In this way, the Supervisory Board not only contributes to the long-term sustainability of the organization but also to its responsibility towards society and the environment.

**Overseeing the setting of targets related to impacts, risks, and opportunities on sustainability factors** involves a multidisciplinary approach in which the different bodies of the organization (administrative, management, and supervisory) play a key role. The Management Board sets the direction and strategic goals for the sustainability of achievements, which it monitors through regular reporting cycles and *ad hoc* reports.

The Supervisory Board plays a key role in determining and monitoring the achievement of the company's goals through several key activities:

- **Management Evaluation:** The Supervisory Board evaluates and appoints the Management Board and may recommend corrective actions or changes to the strategy.
- **Setting goals and strategies:** The Supervisory Board works with the Management Board to define the company's strategic goals, including economic, environmental, and social aspects.
- **Regular reporting and meetings:** The Supervisory Board receives reports on progress, risks, and achievements at regular intervals.
- **Audits and internal controls:** Performs oversight of internal controls and engages external auditors to ensure compliance with legislation and achievement of objectives.



**Dedicated processes and controls to manage sustainability impacts, risks, and opportunities** are integrated into business functions. Sustainable practices are part of strategic planning. The Management Board and Directors of CIAK Group companies are responsible for identifying impacts on sustainability factors in business processes and at the level of activities of processes that can be influenced and managed, using the knowledge and input of expert departments. Procedures for identifying, assessing, and managing risks that may affect sustainability, such as environmental risks (e.g. pollution), regulatory risks, and social risks (reputational risks related to social responsibility), are implemented within the framework of regular duties and activities of organizational units of companies, such as the legal department, internal audit, human resources, or ecology department.

Dedicated controls include monitoring of impacts at the level of business segments where a significant impact on sustainability factors has been identified, through sustainability reporting or by conducting internal control activities over identified impacts.

**Expertise in the field of sustainability within an organization** is crucial for the implementation of sustainable business practices. At the Group level, knowledge and information related to sustainable development issues are continuously transferred to an increasing number of employees, primarily by central services. The Group has successful cooperation with external experts or consultants in the field of sustainability, to advise and continuously develop activities related to relevant topics. In accordance with the scope of activities, certain organizational

units have a key role in the implementation and monitoring of the application of sustainable practices. The legal department ensures that the organization operates in accordance with applicable legislation, while the internal audit conducts internal control activities to ensure that sustainable practices are properly implemented in the organization, including internal control of business processes. The Human Resources department is responsible for developing employees and fostering a culture of sustainability within the organization. Within the ecology department, the ecology business segment (waste management and recycling) contains specialized knowledge on environmental protection, resource management, and sustainable practices. All these departments within the organization have a significant role in providing professional information to the Management Board to make decisions based on relevant and timely information.

The skills and expertise of management and supervisory bodies are essential to manage significant impacts, risks, and opportunities around corporate sustainability, as they enable the organization to identify, analyse, assess, and respond to environmental, social, and economic challenges and opportunities.

The Management Board implements the goals and strategy of sustainability and continuously analyses the need for additional investment in training or training of employees, as well as the possibility of new employment or hiring external associates, if required by the specificity and scope of the strategy. This process ensures that the organization has the necessary expertise and resources to successfully implement its goals.

### 1.3. REPORTING ON SUSTAINABILITY MATTERS TO MANAGEMENT AND SUPERVISORY BODIES

Each member of the Management Board of the CIAK Group is responsible for integrating sustainability factors into the business strategy within their competence, ensuring compliance with long-term sustainability goals. The directors of companies within the Group have a key responsibility for implementing sustainable practices in day-to-day business activities, including reducing the negative impact on the environment, improving social conditions, and contributing to sustainable development goals. The Directors regularly report on the progress of these initiatives to the Management Board of the CIAK Group through direct meetings and periodic reports in accordance with the results achieved and the challenges identified. Management decisions also consider initiatives that contribute to reducing the environmental impact, such as investments in energy efficiency or the gradual introduction of lower-emission vehicles in the Group's logistics fleet.

The Management Board of CIAK Group is regularly informed about significant impacts, risks, and opportunities related to the impact on the environment, society (stakeholders), and the status of compliance with legislation and implemented standards, as well as the effectiveness of policies, measures, indicators, and target values. This includes business incidents as well as measures taken to manage the associated impacts, risks, and consequences. Notification is carried out through regular meetings, presentations, reports, and analyses prepared by professional departments and directors of companies within the Group. The key departments in this process are the legal department, internal audit, ecology, human resources, and the controlling department. These departments play a key role in shaping and implementing sustainability goals and in directing sustainable initiatives within the organization. The Supervisory Board also receives information on sustainability factors through meetings with the Management Board and regular

reports, which are complemented by specific information required for supervision. These channels enable the Supervisory Board to monitor sustainability progress, understand challenges, and support the long-term sustainability of the business.

The Group's management and supervisory bodies carefully consider impacts, risks, and opportunities when overseeing strategy, significant transactions, and risk management. Through the processes of regular reporting and analysis, it is ensured that the Group's decisions are aligned with the long-term goals of sustainability and responsible business, as well as the balance of the company's short-term goals and the implementation of long-term sustainable business guidelines.

In the reporting period, the management and supervisory bodies of CIAK Group dealt with key impacts, risks, and opportunities in the field of sustainable business. Options for the implementation of energy efficiency measures to reduce financial and negative environmental impacts were discussed. Further development of waste management and recycling activities is a priority, with a particular focus on reducing pollution and responsible waste disposal, thus contributing to the Group's global sustainability goals. In addition, steps have been taken in the implementation of ISO quality standards in the operations of certain Group companies, which enable raising the level of services and increasing the environmental friendliness of products. New partnerships with suppliers have been developed to meet the needs of consumers and ensure environmentally friendly products on the market. New requirements have been introduced in reporting processes that allow for more thorough monitoring of the impact of operations on sustainability factors, thus improving transparency and long-term sustainable development of the Group.

“Further development of waste management and recycling activities remains a priority, with special emphasis on responsible waste management and continuous improvement of safety and environmental standards.”

## 1.4. INTEGRATING SUSTAINABILITY RESULTS INTO INCENTIVE SCHEMES

In accordance with the applicable legislation and guidelines of supervisory institutions, the CIAK Group applies the Ordinance governing the remuneration of Management Board members, which consists of a fixed and variable part. In the context of further development of the sustainability strategy and the planned establishment of a transition plan, the Group is considering the possibility of linking part of the variable remuneration of members of management bodies to the achievement of goals related to sustainability issues and climate impacts. In the coming periods, the definition of appropriate strategic ESG goals for the members of the Management Board will be considered to strengthen the alignment of the remuneration system with the Group's long-term ESG strategy.

## 1.5. DUE DILIGENCE

Due diligence is the process by which companies identify, prevent, mitigate, and describe how they manage the actual and potential negative impacts of operations on the environment and people. Due diligence is a continuous practice that responds to changes and can lead to adjustments to the company's strategy, business model, activities, business relationships, procurement, and sales. This process is described in international instruments, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The outcome of a company's sustainability due diligence process is the basis for assessing its significant impacts, risks, and opportunities.

The due diligence process within the double materiality analysis is based on a previously conducted assessment, whereby no significant changes in operations were identified during the reporting period that would require a re-implementation of the entire process. However, through regular monitoring and risk management activities, the potential negative impacts of business on the environment and society, as well as the effectiveness of existing measures, are continuously considered.

Potentially negative environmental impacts are related to the nature of the Group's activities, primarily waste management and recycling. In the process of assessing the materiality of the impacts, the local community and other relevant stakeholders were involved in assessing the significance of these impacts and defining further necessary measures. The identified environmental risks were assessed as potential and of a low level, given that the Group, in addition to being legally binding, also implements additional preventive measures aimed at preventing emissions, proper waste disposal, and incident prevention.

During the reporting period, additional attention was paid to improving emergency precautions and preparedness, including cooperation with public services and the implementation of emergency exercises, to minimize possible negative impacts on the environment, employees, and the local community.

## 1.6. RISK MANAGEMENT AND INTERNAL CONTROLS

The CIAK Group's Sustainability Report is a synthesis of data collected from four key sources, providing a comprehensive view of the Group's operations in the context of sustainability. These sources include the Double Materiality Analysis Study, CIAK Group's draft of sustainability strategy, internal documents (regulations and policies), and databases for generating quantitative data. In the reporting process, activities and responsible persons are clearly defined, while risks that may affect the final report are carefully identified. Potential risks include the omission of key information for the materiality assessment, incomplete data collection, or inaccuracy of calculations. To prevent these risks, a working group for ESG matters has been formed. The ESG group includes employees of central departments and is responsible for communication with other employees within their area of activity and controlling the accuracy of the collected data.

The ESG project group is organized according to the thematic areas of the ESRS standard as follows:

- **ESG Project Manager** – in charge of coordinating the entire process and for the topics ESRS 1, ESRS 2, and ESRS E1 (Climate Change). Within the E1 theme, the Group collaborated with external expert consultants to calculate greenhouse gas (GHG) emissions and methodological compliance with regulatory requirements.
- **Department of Ecology** – responsible for the topics ESRS E2 (Pollution) and ESRS E5 (Circular Economy), including environmental monitoring, waste management, and compliance with environmental regulations.
- **Human Resources Department** – in charge of the topics ESRS S1 (Own Workforce) and ESRS S4 (End Users/Consumers – in the part related to employees and work practices), including working conditions, employee rights, development, and organizational culture.
- **Legal and Internal Audit** – responsible for the ESRS G1 (Business Conduct) topic, including regulatory compliance, ethical standards, and internal control systems.
- **Occupational Safety Department** – responsible for areas related to occupational health and safety, including the implementation of internal and external inspections, monitoring of regulatory compliance, and the management of relevant certificates and permits.

Since 2025, a representative of the Accounting Department has also been included in the project group to establish systematic monitoring of energy consumption and other natural indicators, as well as for automation of processes and integration of ESG data into financial and non-financial reporting.

Such a cross-functional structure enables an integrated approach to managing ESG topics, ensures expertise in individual areas, and contributes to the quality identification and management of significant impacts, risks, and opportunities of the Group.

In the case of new business events, including acquisitions, it is important to immediately identify whether new sustainability impacts arise and, if so, to conduct an additional assessment to determine the need to update the double materiality analysis, adjust the sustainability strategy, and disclose them in the sustainability report. Key steps in risk management within the sustainability reporting process include monitoring changes and defining responsibilities to ensure that the Sustainability Report's material documents are updated. Also, all internal documents that serve as a source of qualitative data must be structured in a way that allows easy connection to the Sustainability Report. If there are changes or additions to these documents, the department in charge of preparing the Sustainability Report must be informed about these changes on time so that it can implement them in the reporting structure.

In all cycles of new impact analyses and phases of sustainability reporting, the Management Board is informed about the identified risks, the responsible persons, and the measures taken to reduce or eliminate these risks.

## 1.7. STRATEGY AND REVIEW OF THE GROUP'S BUSINESS MODEL

Due to the need to make business decisions and assess operations, the business of CIAK Group is divided into several segments. A segment is an identifiable component or part of the Group that is engaged in the sale of related products and services and is subject to risks and rewards that differ from those applicable to other segments. Based on such a business organization, the Group makes decisions on the allocation of resources to individual business segments and evaluates their efficiency.

The Group's business is divided into five segments:

- distribution of auto parts;
- distribution of batteries, oil, etc.;
- freight program;
- ecology (waste management and recycling);
- wholesale.



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



Customers from the segment of distribution of auto parts are mostly legal entities and crafts, and the largest percentage of customers are service centres, mechanic shops, smaller resellers, etc. The business is mostly focused on retail customers, and the company has established a call centre and a web store for online orders. In addition to the above, customers have e-mail inquiries, and the possibility to communicate via social networks such as Facebook and Instagram, as well as other sales and service tools.

**The battery and oil distribution business segment** includes the sale of accumulators, industrial batteries, oils, lubricants, and other automotive supplies such as blades, additives, etc. (consumables). A significant part of sales in this segment relates to sales within the Group.



In this segment, sales are organized through the following sales channels:

- wholesale to unrelated companies in the IAM market;
- wholesale to legal entities and crafts that are mainly end users of products;
- wholesale to companies that have petrol stations; and
- retail through a subsidiary specializing in the trade of batteries

**The freight business segment** includes the purchase and sale of truck and commercial vehicle parts in the IAM market. Buyers of this segment are mostly legal entities and craftsmen, such as road carriers, large fleet customers, mechanic workshops, smaller dealers, etc.



These segments make up the IAM group of segments. Processes within the IAM Group segments begin with procurement, where suppliers are selected attentively, defining procurement conditions, and monitoring compliance of products with legal and industry standards. The next key step is transport and distribution, where timely and safe transport of products to warehouses or points of sale is ensured. Logistics processes include warehousing and inventory management to ensure the continued availability of items and goods in the market.

Through centralized management, CIAK Group coordinates all activities, from operational to strategic, including business decision-making, regulatory compliance, and providing technical support to customers. Sales activities in the IAM Group are divided into retail, which is focused on end users, and wholesale, which deals with the supply of services and large business entities such as fleet customers. This division allows adaptation to different customer needs and specific market segments.

CIAK Group's sustainability goals in the IAM segment are focused on reducing the negative impact on the environment and improving social responsibility. Where applicable, the Group optimizes energy resources and acts with the aim of reducing greenhouse gas emissions. Also, within the framework of standard business processes, the implementation of activities related to battery recycling is a priority. Also, the Group companies encourage social responsibility by emphasizing the importance of applying sustainable and ethical practices in the supply chain, initiating activities that educate partners, and continuously engaging in the community. Through these goals, it contributes to global sustainability goals and ensures the long-term sustainability of the business.



**The ecology segment** refers to two sub-segments - recycling and waste management.

The recycling business segment takes place in a subsidiary company, which operates on the Croatian market. In the recycling process, lead ingots, i.e., components to produce new batteries, are produced.

Lead ingots are purchased by foreign customers as raw materials for the production process of new batteries. Based on the agreements that established a multi-year cooperation, the Group is also a partner and supplier in the battery and oil segment.

The waste management business segment takes place in the markets of Croatia, Bosnia and Herzegovina, Serbia, and Slovenia, where there are larger storage capacities in the markets of Croatia and Bosnia and Herzegovina. The waste management process includes the activity of collecting, transporting, recovering, and disposing of hazardous and non-hazardous waste, including the supervision of these processes, the remediation of contaminated sites, and the cleaning and maintenance of industrial plants. Part of the collected waste is handed over to authorized processors in the country or abroad, and part is processed at the locations of the company C.I.A.K. d.o.o. After treatment, part of the waste is handed over for further recovery/disposal procedures to authorized processors in the country or abroad. In this sub-segment, the Group generates revenues from customers for whom it disposes of waste and, to a lesser extent, from customers for whom the collected waste serves as an energy source in the production process (such as cement plants, power plants, etc.).

The main activities of these segments include the collection of waste accumulators and batteries, and all types of waste from various locations. After collection, the transport of waste to recycling centres or waste management facilities is carried out in accordance with strict safety and environmental standards. The next step is the process of recovery/recycling or disposal of waste.

Centralized management within the CIAK Group in this segment includes ensuring compliance with legal regulations, obtaining the necessary permits, and reporting to the competent authorities. In these segments, educational campaigns are also carried out with the aim of raising awareness of the importance of recycling among the local community, schools, and business partners.

One of the key goals of the Group is to improve the capacities for the collection and recycling of batteries by installing new equipment that will enable an increase in capacity, which will increase the number of recycled batteries and consequently reduce the environmental risks associated with improper disposal of batteries to prevent soil and groundwater pollution.

CIAK Group is profiled on the market as a significant collector and processor of hazardous and non-hazardous waste in Croatia. The Group sees further development of its business in the creation of long-term partnerships with service users and cooperation with European hazardous waste management companies, which operate in accordance with EU environmental regulations and high operational standards in waste recovery processes.



**The wholesale business segment** includes the wholesale of automotive supplies, textiles, and garden products. The key customers in the observed business segment are large retail chains in the Republic of Croatia.

Procurement in this segment is focused on the selection of reliable suppliers and negotiating conditions that ensure quality and more favourable delivery costs. After procurement, the transport and distribution phase follows, where a combination of our own logistics capacities and partner logistics companies is used to ensure the timely delivery of products to large customers.

Warehousing and logistics form an important part of the process, with a focus on organizing warehouse spaces and managing inventory to meet customer needs. Centralized management within the CIAK Group enables the coordination of all activities of this segment, including technical support, business decision-making, and monitoring of sales performance.

Wholesale activities are focused on fleet customers, service stations, and retail chains, with an emphasis on maintaining long-term business relationships, providing technical support, and adapting to the specific needs of customers.

The Group operates in the markets of the Republic of Croatia, Bosnia and Herzegovina, the Republic of Serbia, the Republic of Slovenia, Montenegro, the Republic of North Macedonia, and the Republic of Kosovo.

**Number of employees by segments on 31 December.**

Industry Segment	Number of employees (HC)	
	2024	2025
Batteries, oils, and the like	197	213
Auto program - passenger cars	2,609	2,678
Ecology	188	170
Freight program	239	219
Corporate functions	143	153
Wholesale	33	43
<b>Total employees</b>	<b>3,409</b>	<b>3,476</b>

**Number of employees by markets on 31 December.**

Tržište	Number of employees	
	2024	2025
Croatia	1,579	1,533
Serbia	825	865
Bosnia and Herzegovina	624	650
Montenegro	199	234
Slovenia	132	123
Macedonia	46	67
Kosovo	4	4
<b>Total employees</b>	<b>3,409</b>	<b>3,476</b>

**Prihodi po segmentima. (u 000 EUR)**

Auto program - passenger cars		Batteries, oils, etc.		Freight program		Ecology		Wholesale		Corporate functions		Intersegmental eliminations		Total operating revenue of the Group	
2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
265,708	297,049	69,495	72,779	39,176	38,972	30,308	34,950	13,768	13,721	6,509	6,073	(65,532)	(62,126)	359,432	401,418

Reported operating revenues are linked to Note 6 of the Financial Statements.

## 1.8. GROUP STAKEHOLDERS

CIAK Group is a dynamic and innovative business organization that operates in various industries with the aim of providing high-quality products and services. With a focus on sustainability and social responsibility, the Group connects with all its stakeholders – customers, employees, suppliers, shareholders, and local communities – to develop business strategies that respond to their needs and market challenges.

CIAK Group d.d. operates in an environment that includes various internal and external stakeholders who influence the strategic and operational decisions of the company. Below is an overview of the key stakeholders:

Shareholders and investors are key to the formation of the Group's corporate goals because their interests impose the goal of continuous growth of the company's value and responsible management of business risks, including the establishment of sustainable business. Shareholders and investors are crucial in securing capital and expect consistent returns on their investments. CIAK Group, as a joint-stock company whose shares are listed on the Zagreb Stock Exchange, regularly communicates financial results and provides the public with the availability of all information, the publication of which is prescribed, as well as all key business decisions it makes.

Suppliers are looking for stable demand for products, timely payments, and long-term relationships. Automotive parts manufacturers, battery manufacturers, and waste management equipment suppliers form the backbone of the company's operations. CIAK Group relies on on-time delivery and high-quality assortment to meet customer needs and meet safety standards.

CIAK Group's customers differ by segments, and the Group's business is conducted according to B2B and B2C sales types. The interests of CIAK Group's customers are focused on quality, reliability, and efficiency, with an increasing emphasis on environmentally friendly products and services. In the segment of sales of auto parts and sales of the freight program, customers are looking for parts for vehicle repairs, with an emphasis on the availability

and breadth of the assortment in accordance with market needs. In the segment of battery and oil sales, the technical characteristics and quality of products can have the greatest impact on demand. In waste management, legal entities are looking for solutions for efficient waste disposal. In recycling, battery manufacturers want a favourable production input and environmentally friendly options, with a long-term partnership with the CIAK Group, which is the customer of their batteries. In wholesale, retail chains are looking for competitive and reliable products for distribution. Customers in all segments expect quality products and services that meet their needs at the best price, regular availability, and timely delivery, with a guarantee of the realization of their rights in after-sales activities.

Employees' interests include job security, adequate wages, professional development opportunities, and safe working conditions. With operations throughout Southeast Europe, human capital is a major factor in CIAK Group's business. Employee satisfaction and skills development directly affect customer service, operational efficiency, and overall productivity.

The government and regulatory bodies require CIAK Group to comply with environmental laws, taxes, and other relevant regulations, and contribute to employment and trade compliance. CIAK Group operates in a strictly regulated sector, especially in environmental protection services and waste management. The competent authorities monitor the company's compliance with positive legislation on waste management, recycling, and the handling of hazardous materials.

Local communities and environmental groups are included under the list of types of stakeholders due to the CIAK Group's environmental impact and waste management practices, and contributions to the local economy. The activity(s) of waste management and recycling operations can have an environmental and social impact on local communities.

The Group actively engages with stakeholders to ensure the implementation of responsible and sustainable business practices.

## COOPERATION WITH KEY STAKEHOLDERS

CIAK Group d.d. maintains long-term and stable relationships with key stakeholders at all levels of the value chain, creating mutual benefits through responsible business and high-quality standards.

### Cooperation with suppliers

The Group requires high-quality standards from its suppliers, including compliance with environmental and safety standards, thereby ensuring competitive and reliable products. In addition, it regularly collaborates on innovation and market adaptation, developing new technologies and improving existing products. The model of cooperation with battery suppliers also includes the purchase of lead from the recycling process, which achieves environmental and economic benefits.

**Purpose:** To ensure high standards of quality, environmental friendliness, and safety, and to develop innovative solutions that meet market requirements.

**Outcome:** Creating long-term, reliable business relationships that enable competitiveness in the market. Environmental initiatives, such as lead recycling, bring economic and environmental benefits to reduce the negative impact on the environment.

### CIAK Auto Fleet Management and Academy

Through the CIAK Auto Fleet Management program, the Group provides high-quality spare parts and services according to the latest standards. With the establishment of the CIAK Auto Academy in 2017, the Group provides professional training for car mechanics and mechatronics, and since 2022, education has been available online.

**Purpose:** To provide quality spare parts and services according to the latest industry standards and to invest in the professional development of customers, thereby increasing their expertise and efficiency.

**Outcome:** Increasing the quality of services, partner expertise, and competitiveness in the market. Online education provides access to a wider audience, thereby expanding the impact and educational standards in the industry.

### Sustainable business and responsible waste management

Cooperation with customers through small battery purchase centres enables safe and responsible management of waste batteries while reducing the negative impact on the environment and creating the possibility of reusing materials.

**Purpose:** To encourage responsible management to reduce the negative impact on the environment and enable the reuse of materials.

**Outcome:** Significant contribution to sustainable business, reduction of environmental footprint, and creation of circular economic value. This approach strengthens the company's image as a responsible business entity.

### Cooperation with employees

CIAK Group encourages daily and open communication with employees to invest in their development, which increases productivity and loyalty. The "INTRANET" provides access to important information, and the ONBOARDING process facilitates the adaptation of new employees.

**Purpose:** To increase employee engagement, motivation, and productivity through open communication and investment in their professional development.

**Outcome:** Employee loyalty increases. Their higher motivation and professional development result in better work performance and a lower turnover rate. Transparency and support strengthen organizational culture.

### Cooperation with public services and regulatory authorities

The group cooperates with public services through exercises to prepare for emergencies, thereby improving the speed of response and efficiency to protect health and the environment. It also cooperates with regulatory bodies through legally required reports and inspections.

**Purpose:** To ensure compliance with regulatory requirements and increase efficiency in crises, as well as in the protection of health and the environment.

**Outcome:** Improved safety and compliance. A faster response in emergencies allows the company to remain responsible towards society and the environment, thus reducing the risk of legal and environmental incidents.

### Engaging with the community and stakeholders

The Group is actively involved in socially responsible projects, such as the collection of packaging waste from plant protection products, and cooperation with shareholders takes place through regular reports and the work of the General Assembly.

**Purpose:** To engage in socially responsible projects that have a positive impact on the community and to ensure transparency in communication with shareholders.

**Outcome:** Strengthening relations with the local community and shareholders, which contributes to a positive image of the company and its long-term stability. Activities related to environmental protection and social initiatives raise social responsibility and encourage the engagement of all stakeholders.



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With a focus on sustainability and social responsibility, the Group connects with all its stakeholders – customers, employees, suppliers, shareholders, and local communities – to develop business strategies that respond to their needs and market challenges.

## INCORPORATING STAKEHOLDER VIEWS INTO CIAK GROUP'S OPERATIONS

CIAK Group recognizes the importance of including the views of its key stakeholders – customers, suppliers, employees, shareholders, and the local community – in the development of its business strategy. This approach enables the Group to develop sustainable business models that not only meet market needs but also respond to environmental and social challenges, thereby ensuring long-term competitiveness and contributing to the sustainable development of society and the environment.

### Customers

CIAK Group regularly conducts market research to collect feedback on the needs and satisfaction of its customers. This approach enables the group to work on improving the range and quality of service, adapted to changing market requirements and legal regulations. Also, the company's marketing and sales strategies are based on analyses of customer attitudes, which ensures accurate communication and effective promotion of the assortment.

### Suppliers

CIAK Group maintains long-term partnerships with suppliers, with the aim of ensuring the stability of the supply chain, the quality of the product range, and competitiveness in the market. Cooperation with suppliers is based on compliance with contractual obligations, applicable legal regulations, and mutual business communication aimed at efficient management of procurement processes.

### Employees

Employees are key stakeholders in the CIAK Group, and their involvement in strategic decision-making is reflected through surveys, team meetings, and creative workshops. The Group regularly develops training and professional development programs, ensuring that employees have the necessary skills to face new market challenges. Also, management maintains a transparent dialogue with employees, which allows strategic goals to be in line with their needs and organizational culture.

### Shareholders

CIAK Group regularly informs shareholders about business results, strategic plans, and financial indicators, ensuring transparency and trust. The Group aligns its business strategy with the interests of its shareholders, with an emphasis on long-term return on investment through business diversification, expansion into new markets, and optimization of operations.

### Local community

CIAK Group actively contributes to the development of the local community by supporting social initiatives, such as donations, educational programs, and environmental actions. The Group consults with local authorities and organisations to better understand their needs and include them in its strategic plans. Long-term relationships with local stakeholders enable better integration into the local economy and community stability.

The management and supervisory bodies of the CIAK Group are informed of the views and interests of the affected stakeholders regarding the company's sustainability-related impacts through regular meetings and reports of expert departments within the Group. These mechanisms ensure that administrative, management, and supervisory authorities are informed on time about the needs and interests of stakeholders, thus enabling decision-making in line with sustainability principles.

## 1.9. SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES

CIAK Group d.d. analysed activities within different business segments to identify key effects, risks, and opportunities. The analysis is the basis for the further development of the sustainability strategy of CIAK Group d.d.

When defining corporate goals and strategy, CIAK Group considers the effects of its business activities on sustainability factors, including environmental, social, and economic aspects. Based on the identified impacts, the Group is gradually integrating sustainability goals into its strategic guidelines and business processes. The goal is to ensure that business processes are focused on reducing the negative impact on the environment, responsible management of resources, and strengthening social responsibility. In this context, sustainability goals are being developed as an important component of the future business model, in which sustainable practices will be systematically applied in all business segments. CIAK Group continues to develop and formalize its sustainability strategy, with the aim of establishing an integrated approach that will support

sustainability and growth in the long term, while balancing business and sustainability goals.

In accordance with the requirements of ESRS 1 3.3 point 39 and 3.4 point 43, a detailed analysis was carried out to identify and assess the impacts, risks, and opportunities in the Group's value chain, to determine their materiality. The focus of the analysis was placed on areas of activity where these impacts, risks, and opportunities were considered likely to arise, based on the nature of the activities concerned, business relationships, geographical features, or other factors. The identified effects on the environment or people can be actual or potential, positive or negative. CIAK Group d.d. implements the requirements of all positive processes that regulate it, quality certificates, and additional measures to establish sustainable business and development, which is why most of the negative effects remain at the level of potential in the event of certain extraordinary circumstances.

### IMPACTS, RISKS AND OPPORTUNITIES

The key aspects of the Group's environmental impact have been identified within the Ecology business segment, which includes waste management and recycling, and at the level of the logistics

and distribution process. A certain impact was also identified in the IAM segment through trading activity in the auto parts industry.

### CLIMATE CHANGE AND ENERGY EFFICIENCY

Significant activities of the Group in terms of impact on climate change and energy efficiency management were identified as the activity of installing solar panels at the level of the most energy-intensive business segments and in locations where the infrastructure of facilities allows it, as well as the activity of measuring energy consumption for the purpose of optimizing its consumption at the locations of the largest company of the Group and in terms of the operational processes of the company that consumes the most energy (CIAK Auto d.o.o. RH and CIAK d. o.o. RH).

To make a credible assessment of the environmental impact, and subsequently the risks and opportunities for the Group, it is important to understand recycling and waste management processes. The recycling process is carried out by the company C.I.A.K. d.o.o. on the Croatian market. Other waste management procedures (storage, certain recovery procedures, and transport of waste) are performed by other companies of the CIAK Group, which operate in the ecology segment in the domestic and foreign markets.

The recycling process includes the jobs and activities of recycling lead-acid batteries and accumulators. Recycling takes place at the

Battery and Accumulator Recycling Centre in Zabok and includes sorting and recovery of old batteries during the production of lead ingots.

The waste management process includes the collection, transport, recovery, and disposal of hazardous and non-hazardous waste, including the remediation of contaminated sites and the cleaning and maintenance of industrial plants. Part of the collected waste is handed over to authorized processors in the country or abroad, and part is processed at the locations of C.I.A.K. d.o.o. After treatment, part of the waste is handed over for further recovery/disposal procedures to authorized processors in the country or abroad.

To reduce and control emissions generated in the operational part of the process, many legal and internal measures are applied.

CO2 emissions are monitored in the ecology segment at the level of the recycling process. Greenhouse gas emissions, including CO2, are monitored in the company C.I.A.K. d.o.o., Recycling Center in Zabok, in accordance with regulations. For CO2 and GHG emissions to be within the legally defined or accepted values, many measures have been implemented in accordance with applicable regulations and environmental permits, as well as internal measures that include the procurement of high-efficiency technology, the

implementation of management standards that provide guidelines for harmonizing all activities with environmental standards and improving the sustainability of processes (ISO standards), emission control and monitoring. The emission monitoring system contributes to systematic controls, i.e., enables quality monitoring and reporting on emissions and air quality parameters of the plant.

CO<sub>2</sub> emissions are also generated at the level of the logistics and distribution process in all business segments. Measures to check the correctness of vehicles and reduce emissions from vehicles include several legal regulations and preventive actions, successfully integrated into the business processes of companies. All vehicles used by the Group for the performance of activities undergo regular technical inspections, during which the amount of exhaust gases is tested. The Euro standards, which regulate the maximum permissible gas emissions for vehicles, define the criteria for exhaust gas testing at a roadworthiness test. The Group, guided by the principle of a good businessman, regularly modernizes its fleet and procures new vehicles manufactured in accordance with Euro 5 and Euro 6 standards.

The implemented measures significantly contribute to the reduction of CO<sub>2</sub> and other greenhouse gas emissions.

The positive impact of the battery recycling process in the context of climate change stems from the reduction of the need for mining

and processing of raw materials used in the production of new batteries, which requires large amounts of energy and leads to more realized greenhouse gas emissions, while recycling the raw material has a positive impact on these aspects.

Through the installation of solar panels in locations where the structure of the building allows it, the positive effects are multiple. Solar panels produce clean, renewable energy, reducing dependence on fossil fuels and greenhouse gas emissions. The activity contributes to decarbonization, climate change mitigation, and sustainable use of resources with renewable energy sources.

Measuring energy consumption at the level of significant companies of the Group provides the possibility to manage consumption and influence the reduction of greenhouse gas emissions.

The identified financial risks refer to the possibility of incurring expenditure for the maintenance, acquisition, or upgrade of assets to ensure compliance with relevant regulations or internal decisions that contribute to the creation of positive impacts on the climate and the environment.

The financial opportunity arises from the possibility of implementing measures to reduce greenhouse gas emissions and contribute to energy efficiency, which can also be reflected in the Group's financial result.

## POLLUTION

The waste management and recycling process has been identified as a significant activity through which the Group influences the latter sustainability factor.

In the segment of ecology, there are environmental effects in terms of emissions to water and air, while emissions to air are primarily related to the recycling process. Water from this production process is disposed of as waste, and there are no direct discharges from the production process, while the polluted substances that can be found in potentially contaminated rainwater from asphalt surfaces must be within the set limit values. To keep the emissions in these processes within the legal limit values and values set by the environmental permit, as well as to protect the employees participating in the process, many technological, operational, and regulatory measures have been implemented. These measures include adequate securing of space, the application of modern technologies to reduce emissions, the development of appropriate control and monitoring infrastructures, and effective training and management, as well as occupational

safety measures. By applying these environmental and employee protection measures, the impact on the environment and employees is minimal, and the risks arising from this impact are significantly mitigated. The implemented procedures and physical restrictions contribute to the reduction of greenhouse gases, pollution prevention, and employee safety.

Exercises are carried out with the competent authorities to test the procedures and speed of action in accordance with the regulations to minimize the impact on people and employees in the event of emergencies.

In waste transport activities, there is a risk of extraordinary occurrences in the event of certain extraordinary circumstances, such as traffic accidents. The transport of waste involves a risk to drivers and the environment in certain extraordinary circumstances, when it comes to hazardous types of waste, and requires special attention and appropriate measures to reduce these risks. Depending on the type of waste, transport conditions, and legislative regulations, procedures are carefully planned and implemented to ensure the safety of

drivers, the public, and the environment. The transport of waste is regulated through several key laws and regulations, including the ADR (Accord européen relatif au transport international des marchandises Dangereuses par Route), an international regulation governing the transport of dangerous goods by road, which also applies in the markets where the Group performs these activities.

However, management activities have a significant positive impact on the environment as it allows waste (such as batteries, chemicals, oils, electronics) to be properly disposed of, which prevents soil, water, and air pollution. Waste management through recycling reduces the need to mine new raw materials, which also reduces global industrial pollution. The Group annually manages a significant amount of hazardous and non-hazardous waste, possesses the necessary premises, equipment, and human resources for the efficient implementation of waste management activities, thus contributing to the reduction of the negative impact on the environment. The company cooperates with many economic entities, from which it takes over, transports, and disposes of hazardous and non-hazardous waste daily.

The Group contributes to the reduction of pollution through the remediation of contaminated sites. The remediation of contaminated sites contributes to the preservation of the

## CIRCULAR ECONOMY

The CIAK EcoCycle program includes several business activities that represent a positive example of the implementation of the principles of the circular economy. The process of collecting old batteries affects the proper management of waste lead-acid batteries. It is an example of a circular economy and shows the coherence of environmental, economic, and development goals. Points of sale sell new and take back old waste batteries. Also, new batteries are installed in vehicle maintenance services and car repair shops, and old ones are taken out. The batteries collected at the recycling centre are used to obtain lead, which can be used as a raw material to produce new batteries.

The development of this closed system for recycling batteries reduces the amount of waste, thereby reducing the negative impact on the environment and contributing to the conservation of natural resources. In addition, sustainable circular waste management is promoted. Lead-acid battery manufacturers are also buyers of recycled lead. The Group sells lead-acid ingots for batteries to its suppliers as an input raw material, and buys new, finished batteries from them, which is an example of the application of the principles of the circular economy. Recycling batteries prevents hazardous substances from spilling into the environment. Waste recycling reduces the amount of waste that ends up in landfills. Recycled materials can be reused in production, which reduces energy costs and greenhouse gas

emissions. CIAK Group has all the necessary permits, as well as the ISO 14001 certificate, which ensures that the process is carried out in accordance with environmental and safety standards and environmental legislation. Through this, the potential negative impact on the environment and human health is minimized.

By establishing a system for the collection and treatment of waste accumulators and high-efficiency batteries, the Group recovers a significant share of old batteries placed on the domestic market, thus significantly reducing the amount of waste that ends up in landfills. The Accumulator and Battery Recycling Centre in Zabok uses the best available techniques to perform its activities.

Financial risk is the potential investment required to maintain or replace used equipment or assets due to a potential change in regulatory requirements.

In the European Union, Regulation (EU) 2023/1542 on batteries and waste batteries applies, which prescribes obligations for the collection and recycling of batteries and accumulators. The Regulation also amends Directive 2008/98/EC and Regulation (EU) 2019/1020 and repeals Directive 2006/66/EC. It requires retailers to collect and recycle batteries and accumulators from the observed range in an appropriate manner, thereby reducing the amount of hazardous waste placed on the market. This represents an opportunity to grow revenues from the recycling

emissions. CIAK Group has all the necessary permits, as well as the ISO 14001 certificate, which ensures that the process is carried out in accordance with environmental and safety standards and environmental legislation. Through this, the potential negative impact on the environment and human health is minimized.

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Financial risk is the potential investment required to maintain or replace used equipment or assets due to a potential change in regulatory requirements.

of batteries and batteries of other retailers that do not have a recycling process as part of their business.

Recycling our own products contributes positively to the Group's reputation and contributes to the implementation of recommendations related to the implementation of the circular economy. This can have a positive impact on the Group's reputation, financing opportunities, and the development of partnerships, as well as the strengthening of the Companies' brands within the Group.

## OWN WORKFORCE

CIAK Group employs employees who perform various tasks, from production, warehouse, and transport activities to administrative and office work. Through these activities, the Group has an impact on various aspects of the working life of its employees.

CIAK Group actively influences the working hours, working conditions, work-life balance, professional development, income, and adequate salary of its employees through various initiatives and policies. Every year, during the business planning process, the scope of work and human resource capacities are considered to adjust the number of employees to the needs of the business and ensure that all operational activities are carried out within regular working hours. By employing an optimal number of employees, the ability to perform work tasks within regular working hours is ensured, which results in better working conditions and greater employee satisfaction. The onboarding process is continuously evolving depending on the requirements of the job and includes an assigned mentor with appropriate knowledge and experience to new employees, which facilitates their adaptation to the work environment and culture of the Group. Through the intranet, employees are provided with quick and easy access to the information they need for their daily work, including forms, procedures, and information about benefits.

CIAK Group pays salaries to employees in accordance with applicable regulations and offers various benefits, including financial rewards according to performance, occasional benefits, grants (e.g., support for the birth of a child, support for the death of a family member), and additional fees for personal expenses such as mobile phone costs or benefits when using banking products. The group also provides flexibility in working hours, offering days off for family commitments or the first day of school, thus contributing to the employee's work-life balance.

Professional development of employees is encouraged by providing opportunities for additional education and information on important topics such as occupational safety, business ethics, and environmental protection. Employees have access to resources for personal and professional growth, and the Group regularly conducts internal training.

Financial opportunities arise from the requirements of legislation that sets increasingly stringent obligations for the separation, storage, and recycling of waste. Companies within the Group in the segment of ecology that provide these services (recycling, disposal of hazardous waste, transport of waste) can take advantage of the growing demand generated in the markets. Companies can conclude long-term contracts with other companies for waste management and reduce waste disposal costs at the Group level by providing intragroup services.

In addition, the CIAK Group provides the opportunity to use health check-ups and benefits for inclusion in sports activities to preserve the health of employees.

These measures confirm the Group's commitment to ensuring adequate working conditions, fostering the professional development of the individual, and maintaining a balance between the business and private obligations of its employees.

The following activities have been identified as significant impacts of the Group's own workforce: annual employee planning, development of a structured and centralized approach to employment, internal training and education, and scholarships for employees and their children.

The financial risks for these activities relate to the potential increase in personnel costs. The financial opportunity is reflected in the reduction of employee turnover, which consequently affects the stability of business activities and lowers investments in the training of new employees, i.e., the replacement of employees in workplaces. Business planning includes the assessment of the need for new employment at the level of relevant organizational units, which enables timely and proactive action in the event of an increase in the volume of work. This has a positive effect on the work-life balance of employees, better work performance, and potentially a more significant contribution to the financial results of companies. Internal training of employees contributes to reducing the number of errors and accidents in the workplace, which can have a positive impact on the absence of extraordinary events, i.e., company expenses. In addition, learning new skills enables employees to actively and timely adapt to new technologies or markets, or regulatory requirements, which allows companies to maintain competitiveness and innovation and to act proactively, considering external influences. Investing in the development of employees' skills and knowledge can increase productivity, efficiency, and quality of work, which can lead to higher revenues and profitability for companies.

## CONSUMERS AND END-USERS

The effects of the CIAK Group on consumers and end users are manifested through several aspects of business, starting with the quality of products and services, their development in accordance with market needs, providing relevant information for an informed purchase decision, meeting delivery deadlines, monitoring user experience, and protecting customers' personal data.

Consumer relations are partially regulated, which significantly affects the process of managing consumer relations. The current regulation defines the guidelines and obligations that companies must ensure to protect the rights of consumers, their interests, and personal data. The application of these rules further contributes to the satisfaction of consumers and end users.

In addition to respecting all legal obligations, CIAK Group achieves additional positive effects on consumers and end users through long-term business relationships, joint growth, and development. As a provider of waste collection and disposal services, the Group has a significant impact on the business of its clients by enabling them to comply with environmental regulations and efficiently manage waste. By cooperating with CIAK Group, clients ensure timely and responsible waste disposal and optimization of collection, recycling, and disposal processes, which can result in

cost reduction. The Group's expertise and focus on sustainability can contribute to strengthening the market position of clients, given the growing importance of environmentally friendly practices.

The Group also sells products resulting from the battery recycling process to battery manufacturers who are also the Group's suppliers in the IAM segment, thus achieving mutually beneficial cooperation.

As a form of cooperation with customers in the IAM segment, the CIAK Auto Academy was formed, through which customers are presented with the latest technologies, proper use and replacement of parts, changes in the Group's assortment, and current market trends. The CIAK Auto Academy has been recognized as a significant activity of the Group in relation to consumers and end users.

The development and implementation of this activity require certain investments for the Group, but customer education contributes to a better perception of the value of products and services of the companies in the automotive segment, which, in the long run, can contribute to the strengthening of business relationships and a potential increase in sales.

## BUSINESS CONDUCT

The Group's business conduct is focused on the development of responsible, transparent, and ethical business practices that benefit all stakeholders – from employees to end users and local communities.

The Group applies the principles of the Code of Corporate Governance as a reference framework for improving ethical business standards and transparency. Compliance with the Code is continuously improved through the development of internal policies, procedures, and management practices.

Regular business activities include obtaining essential business permits, such as environmental permits and waste management permits, ensuring compliance with environmental standards and relevant regulations. The development of the corporate governance system and decision-making process at the level of subsidiaries allows for the alignment of operations and the efficiency of operational activities. The Group also actively develops policies and policies that define clear guidelines for conducting business activities, which ensure consistency in all business segments at the Group level.

Special emphasis is placed on supplier relationship management to create long-term, stable partnerships. Defining clear and ethical conditions of cooperation with suppliers contributes to mutual trust and business sustainability. Through these activities, the Group confirms its focus on strengthening corporate responsibility, ethical business, and sustainable development.

Financial risk represents the cost of implementing regulatory requirements, standards, and governance systems, as well as the potential risk of non-compliance with applicable regulations, including fines or failure to obtain permits necessary for operations, which may have a direct impact on the Group's revenues. The level of compliance with corporate governance principles can also affect the Group's reputation and investor perception.

Financial opportunities arising from these activities include strengthening reputation, better access to sources of financing, developing new partnerships, and improving business processes and decision-making, which can have a positive impact on financial results.

## SUSTAINABILITY GOALS AND STRATEGY

CIAK Group's environmental goals include further development of its business in the waste management and recycling segments, which have been recognized as key business areas in the context of the implementation of European circular economy policies and waste reduction, including the objectives of the European Green Deal, the Circular Economy Action Plan and the relevant legislative framework such as the Waste Framework Directive and the Batteries Regulation. Given the growth of the global population and increasing urbanization, the amount of waste is constantly increasing, putting significant pressure on existing waste management systems. At the same time, increased environmental awareness and stricter legal regulations are driving the growth of this sector, as businesses and communities increasingly demand responsible waste management and efficient recycling. Due to these challenges, the demand for waste management and recycling services is constantly growing, making business development in these areas a strategic priority for CIAK Group. Through innovation and implementation of sustainable practices, the Group strives to respond to market demands and, at the same time, contribute to the reduction of the negative impact on the environment, thus achieving long-term business sustainability.

The goal of the CIAK Group is to increase the collection and recycling capacities of batteries, which significantly reduces the environmental risks associated with improper disposal of batteries and prevents soil and groundwater pollution.

CIAK Group annually manages significant quantities of hazardous and non-hazardous waste as part of its waste management activities, with the aim of further developing long-term partnerships with service consumers and partnerships with European hazardous waste management companies operating in accordance with European Union regulations on environmental protection and high operational standards in further waste treatment procedures.

In the coming periods, the Group will consider the timing of the adoption of the strategy, based on the analysis of the collected data and information relevant to sustainability issues. Operational management and professional departments have a key responsibility to regularly monitor the requirements of positive regulations and legal regulations to ensure the timely fulfilment of all legal obligations, including positive regulations in the field of environmental protection. This means not only aligning business processes with current legislation, but also constantly monitoring changes in legislation to respond quickly and efficiently to new requirements. At the same time, key business processes must be directed towards the best industry practices, which enable business optimization and meet the requirements of customers and suppliers.

A key element of the strategy includes equipment modernization in each iteration of procurement, which reduces maintenance costs and increases efficiency. Modernization of equipment and infrastructure also contributes to increasing process safety, plant resilience, and reducing the risk of emergencies, which further protects employees, the environment, and business continuity. Reliable equipment that efficiently performs tasks such as crushing, separating, or sorting waste reduces the need to transport large quantities of waste, thereby reducing fuel consumption and gas emissions associated with transportation. Capital investments are considered in the business planning process.

Through business processes aligned with legal requirements and relevant industry practices, the Group strives to improve business efficiency while reducing emissions and energy consumption.

The focus of operational management and employees in professional departments is the identification of business locations where it is possible to implement quality standards, such as ISO standards and advanced technologies that optimize processes and/or reduce energy consumption. To achieve energy efficiency, the strategy is to implement solar systems where the infrastructure of buildings allows, in accordance with business capabilities, as well as the application of additional energy-saving measures, such as the modernization of heating systems and LED lighting.

Through the Group's communication channels with key partners, useful feedback is obtained for the development of our services and offer, and through the application of transparent and correct business practices, long-term relationships with customers are developed.

With such a strategy, CIAK Group not only achieves its business goals but also actively contributes to the preservation of the environment, reducing emissions and waste, and promoting sustainable practices in the industry.

The contribution of CIAK Group's operations in the ecology segments to the United Nations Sustainable Development Goals (SDGs) was determined through internal mapping of the Group's key business activities in the field of waste management and recycling to relevant SDG goals and sub-goals, taking into account the results of the double materiality analysis, as well as the broader context of the Group's business model and its role in the waste management and circular economy sector. In this context, the following sustainable development goals have been identified, to which the Group's operations contribute most significantly:

THE CONTRIBUTION OF CIAK GROUP'S OPERATIONS IN THE ENVIRONMENTAL SEGMENTS TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS) IN THIS CONTEXT INCLUDE:



**GOAL 12: RESPONSIBLE PRODUCTION AND CONSUMPTION**

Waste management and recycling directly contributes to reducing waste, increasing resource efficiency, and promoting sustainable consumption patterns. Recycling waste reduces the need for new raw materials and reduces pressure on natural resources.



**GOAL 11: SUSTAINABLE SETTLEMENTS AND COMMUNITIES**

Efficient waste management and recycling play a key role in creating cleaner and more sustainable cities and communities, reducing pollution and improving quality of life.



**GOAL 13: FIGHTING CLIMATE CHANGE**

Proper waste management, including recycling, reduces greenhouse gas emissions associated with landfilling, which contributes to climate change mitigation.



**GOAL 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE**

Encouraging innovation in recycling processes and the development of new technologies for waste treatment contributes to sustainable industrial production and strengthening infrastructure that is more resilient to environmental challenges.

“CIAK Group's sustainability goals in the field of business conduct are based on the integration of ethical, legal and socially responsible practices into all aspects of business.”

Sustainability goals in terms of their own workforce focus on the long-term well-being of employees, fostering work-life balance, and creating a work environment that promotes equality, health, and professional development. The goal is optimal employment at the level of all business processes in order not only to ensure business efficiency, but also to reduce overtime hours and achieve harmony between the quantity and complexity of work tasks and the number of employees. The goal is also to recruit talent and retain them to minimize the costs of introducing new employees into business processes through the development of an onboarding system that filters the best employees for suitable job positions in accordance with market capabilities. The Group is committed to equality and diversity, encouraging a greater proportion of women in business and ensuring fair wages and fair conditions for all employees. In addition, the emphasis is on professional development to increase the number of employees who participate in training and programs aimed at improving skills. Professional development of employees has a significant impact on the financial results because it contributes to increasing the efficiency and productivity of the workforce, which is directly reflected in business results. In addition, investing in professional development promotes employee satisfaction, reduces workforce turnover, and attracts talented professionals, which contributes to business stability and competitive advantage in the market. The Group also strives to increase employee satisfaction, reduce stress and burnout through the implementation of wellbeing initiatives, flexible work arrangements, and support for work-life balance.

CIAK Group, to achieve its sustainability goals in terms of its own workforce, focuses on several key areas that ensure employee well-being and business efficiency. Through the business planning process, the Group considers the volume of work and human resource capacities to ensure optimal employment, reduce stress and excessive working hours, and ensure that operational activities can be carried out within working hours. Also, new hires are planned according to the needs and capacities of the business. In the process of onboarding, new employees receive mentorship, and management is continuously focused on building good communication with

employees and encouraging cooperation, which ensures efficiency in the execution of tasks and employee safety in the workplace.

The recruitment process clearly defines the requirements of the position and considers the qualifications of the candidates, thus guaranteeing equality in selection and ensuring the selection of the best candidates. The Group also organizes specialized internal training for operational processes, ensuring that employees have the necessary knowledge and skills. Employees who play a key role in the management system and the provision of services prepare for their responsibilities in advance so that their knowledge is at the appropriate level. Also, employees have access to external education as agreed with the manager.

In addition to regular income in accordance with applicable regulations, employees are offered additional benefits such as performance-based incentives, occasional allowances and support (e.g., for the birth of a child or in the event of the death of a family member), as well as additional benefits for personal expenses such as mobile services and housing benefits.

Occasionally, based on the assessment of business results, additional fees are paid. To ensure a work-life balance, the Group continuously encourages the use of annual leave, and employees are provided with flexible working hours, including days off for family obligations and the first day of school. For the smooth and efficient performance of work, employees are provided with modern IT tools and means of transport.

The Group also monitors the organizational climate and employee satisfaction by conducting periodic surveys, and communication channels such as the Intranet and periodic meetings of the management team with team members allow for an effective exchange of information and feedback that serves to further improve working conditions. These strategies ensure that sustainable workforce goals are achieved, employee professional satisfaction is increased, and business efficiency is improved.



THE CIAK WORKFORCE SUSTAINABILITY GOALS GROUP DIRECTLY CONTRIBUTES TO SEVERAL KEY UN SUSTAINABLE DEVELOPMENT GOALS, INCLUDING:



### GOAL 3: ENSURE HEALTH AND WELL-BEING FOR ALL AT ALL AGES

CIAK Group ensures optimal employment and work-life balance for its employees and contributes to a better quality of life for employees, which is in line with the goal of ensuring health and well-being. Using flexible working hours and days off for family commitments or important life events, such as the first day of school, contributes to work-life balance, boosting employees' mental health and well-being.



### GOAL 10: REDUCE INEQUALITIES, ENSURING A FAIR AND LEVEL PLAYING FIELD

The Group focuses on equality in employment, thereby contributing to the reduction of inequalities within the organization. The recruitment process is based on clearly defined job requirements and qualifications, which ensures that all candidates have equal opportunities in the selection process.



### GOAL 8: PROMOTE PRODUCTIVE, DECENT WORK

The Group continuously invests in the development of its employees, organizing internal and external trainings that enable their professional growth and development. This ensures not only the improvement of employee skills and knowledge, but also the achievement of high efficiency in business

The Group's sustainability goals in terms of impact on consumers and end users focus on creating value through responsible business practices, transparent information about the range and services, and improving the customer experience.

CIAK Group, for achieving sustainability goals in terms of impact on consumers and end users, is focused on addressing consumer needs, informing about all key aspects, and creating a quality user experience.

The Group continuously aligns its offer and quality of services with the needs of its consumers, while ensuring a timely supply of supplies so that partners have access to an adequate assortment for the smooth running of their own business.

The speed of delivery and service of goods is essential to ensure the timely supply to customers and the successful business of end users. The Group's strategy is based on setting realistic deadlines at the stage of agreeing on the terms. This approach allows the Group to stay in line with its capacities and guarantee efficiency in meeting its obligations to customers.

The Group actively monitors the regulations that prescribe consumer information and the structure of the content of product declarations in the markets in which the Group operates, ensuring high standards of transparency, safety, and protection of consumer interests. The entire range of services offered by the Group meets the applicable legal standards and enables consumers to obtain accurate, clear, and relevant information. Consumers can obtain information on the origin of services, business methods, environmental certificates, and other important data, thus ensuring a transparent partnership for the Group.

In addition, the Group provides effective customer support systems, enabling a quick response to complaints, inquiries, and customer needs. Continuous collection of feedback from consumers allows us to improve services and increase customer satisfaction, thus building trust and long-term relationships.

In terms of security, CIAK Group ensures that all business locations meet safety standards, including conducting regular

inspections of installations, equipment, and devices in accordance with applicable legislation, which further protects the interests and safety of end users.

The protection of consumers' and end-users' personal data is a key responsibility of the Group, which complies with all the requirements of the General Data Protection Regulation (GDPR), thereby protecting the privacy and confidentiality of its users' data. All end users and customers can submit inquiries or complaints through the call centre or at points of sale.

In marketing communications, the Group applies the practice of truthfulness, avoids belittling the competition, and actively promotes socially responsible projects and activities. In addition, it uses green marketing approaches and educates consumers about sustainable practices, which encourages responsible behaviour and sustainability.

Through all these measures, CIAK Group not only improves the quality of its services for consumers and end users but also actively contributes to sustainability and social responsibility, thus strengthening its position in the market and creating long-term, mutually beneficial relationships with customers and partners.

CIAK Group's sustainability goals in the field of business conduct are based on the integration of ethical, legal, and socially responsible practices in all aspects of business. The specific goal is to align business processes with legal requirements and industry standards, with a clear definition of roles and responsibilities, which include responsibility for business results, implementation of business policies, business supervision, and stakeholder reporting. The Group strives to ensure the application of existing regulations and the development of new policies that will ensure compliance with applicable laws and standardization of operations, and at the same time support a business strategy that includes sustainable development. The policies implemented by CIAK Group should include strategically important stakeholders, such as employees, customers, suppliers, local communities, and investors, to ensure an integrated approach to sustainability at all levels of business and achieve long-term success.

CIAK Group's strategy in the field of business conduct is based on the development of internal organization and the implementation and development of management standards, regulations, and policies to ensure legality, ethics, and standardization of business, while addressing the interests of all stakeholders. The Group's business processes are aligned with applicable legal requirements, industry standards, and best practices, with clearly defined roles and responsibilities that include responsibility for business results, implementation

of business policies, business supervision, and stakeholder reporting.

Internal acts, such as the Statute and the Rules of Procedure, define the criteria for the appointment and election of members of the Management Board and the Supervisory Board, their tasks, responsibilities, and method of work. CIAK Group has established a corporate governance framework based on the principles of business transparency, defined procedures for the work of the Supervisory Board and the Management Board, conflict of interest management, internal controls, and an accountability system.

In addition, in 2025, the Group adopted a Code of Business Conduct that provides a framework of ethical standards and principles for all employees, thus supporting consistent and responsible conduct in all business segments. The Group has also developed internal acts governing decision-making processes, with the aim of strengthening transparency and accountability in business. Policies have been established that define the approach to relations with key stakeholders and contribute to the application of ethical business practices.

For specific areas requiring expertise, including regulatory requirements, the Group has established specialised functions and employed appropriate experts, as well as outsourcing if necessary. The Department of Ecology plays an important role in aligning business processes with applicable environmental requirements and practices, and in the procedures for obtaining the necessary permits. The Quality Management Department coordinates the implementation of the management system and certification procedures. The Human Resources Department monitors the application of relevant legal requirements in the field of work and the implementation of internal acts. Through the supervision of business processes, the internal audit function conducts regular checks of compliance with internal regulations and applicable regulations.

This approach enables the Group to further develop its management system with the aim of improving compliance with applicable legislation, industry standards, and good business practices, while strengthening accountability to key stakeholders and long-term business sustainability.

Through all its processes, CIAK Group implements measures and corrective actions to prevent potentially negative effects, so that in the event of the realization of negative effects, they are resolved without negative consequences and with the satisfaction of all stakeholders involved. The Group continuously improves internal procedures and monitoring systems to ensure that operational and environmental risks are identified and controlled on time.

Positive effects on the environment are manifested through the reduction of pollution and through proper waste management and the reduction of waste and the saving of natural resources.

In terms of their own workforce, time management, employee mentoring, secure workplaces, adequate wages, and employee training are key factors in increasing employee satisfaction and contributing to wider social and economic well-being. Together, they create a work environment where employees are motivated, productive, and loyal.

Respect for consumer rights and transparency in information increases customer loyalty. Respecting the views of consumers allows the assortment to be adapted to market demands, thus increasing their satisfaction.

A business that is based on responsible business conduct, a code of ethics, a developed corporate governance system, and transparent practices has a key impact on the satisfaction of stakeholders and the long-term success of the company. A clear division of responsibilities in corporate governance contributes to a stable business environment. Responsible business in accordance with all positive regulations and industry standards creates trust among stakeholders. A transparent procurement policy and compliance with contractual conditions with suppliers ensure long-term and reliable business relationships.

The combination of all these factors contributes to strengthening trust among stakeholders, improving the company's reputation, and contributing to long-term sustainability, creating a positive social impact and a responsible market.

The negative effects on sustainability factors arise from the nature of certain segments in which CIAK Group operates (waste management and recycling), although, as previously described, the positive effects of these are far greater. While these impacts may be present, the Group is taking many measures to significantly reduce the risks. This includes compliance with applicable legislation and the implementation of internal initiatives aimed at reducing the negative impact. In this way, the effects are reduced to minimal levels or remain at the level of potential risks. On the other hand, the positive effects are the result of the integration of activities that support sustainable business development, which is integrated into the Group's business strategy, thus ensuring long-term sustainability and contribution to the community and the environment.

The Group integrates activities into its business processes that ensure the fulfilment of the goals defined by the strategy. The strategy and its resilience to challenges in terms of responding to identified significant impacts, risks, and opportunities are subject to revision throughout reporting cycles.

## ASSESSMENT OF SIGNIFICANT IMPACTS, RISKS, AND OPPORTUNITIES

CIAK Group has carried out the process of assessing the impact of its business activities on people and the environment through systematic analyses of the governing body and expert departments, to identify and reduce risks, as well as identify opportunities for sustainable development. The procedure is based on the analysis of all business activities and relationships with stakeholders at the level of all business segments – from the production of car parts and batteries to waste management and recycling, including all markets.

No new double materiality assessment was carried out in the reporting period, as there were no significant changes in the business model, scope of activities, or value chain that could

materially affect the previously identified significant topics. The results of the last analysis are still considered relevant and represent the basis for defining goals, measures, and monitoring sustainability impacts.

The Group actively collaborates with key stakeholders and external experts to understand environmental and social impacts, all to identify priority negative impacts. Through this process, CIAK Group prioritizes those impacts that have a high significance and probability of occurrence, and makes strategic decisions based on clear quantitative and qualitative criteria for determining the significance of impacts and the need for further actions.



The double materiality analysis for the CIAK Group was carried out using a methodological procedure developed with the support of external consultants in cooperation with the CIAK Group's ESG working group, divided into four phases:

### Introduction

The first phase included defining the working group and responsible persons, filling out the ESG self-assessment questionnaire, and analysing the company's environment. It was completed with the submission of answers to the questionnaire and the completion of the desk analysis of ESG criteria.

### Interviews and analyses

In the second phase, interviews with those responsible were conducted to analyse the impacts, risks, and opportunities, with the identification of stakeholders and the definition of value chains. It was completed with the analysis of responses and the identification of stakeholders.

### Identification

In the third phase, the identification of impacts, risks, and opportunities was carried out to define significant topics. The identified stakeholders assessed the materiality and indicated the financial risks and opportunities of these topics. The phase ended with the analysis of the responses and the definition of significant topics. When assessing materiality, the materiality and financial materiality thresholds were considered. If at least one of the above significances is assessed as significant, the activity is defined as significant.

### Finalization

During the fourth phase, the results of the double materiality assessment process were presented, after which the Group commented on the acceptance of the identified significant topics. As a conclusion of the phase, the final report of the significance assessment was submitted.

**The working group** consists of Group employees from various functional areas, including controlling, ecology, human resources, and legal affairs, as well as internal audit and occupational safety.

Acting in accordance with positive regulations, standards, and the interests of all stakeholders (including the interests of the environment and natural systems) is not an option but an imperative to ensure long-term stable business. Therefore, this is integrated into the process of regular planning and management of the CIAK Group and includes the identification of relevant regulations and key interests and their addressing in accordance with the Group's objectives through policies and measures. With the introduction of the annual sustainability reporting obligation, the Group will carry out the above-described procedure at regular intervals and exceptionally in the event of significant changes in the business, regulatory framework, or value chain that may significantly affect the assessment of the materiality of certain topics.

## 1.10. DISCLOSURE REQUIREMENTS

CIAK Group previously assessed double materiality, and in the reporting period, its results were reviewed and confirmed as still relevant. Through the analysis of dual materiality (DMA), the Group, applying the criteria from ESRS 1 (section 3.2), identified significant impacts, risks, and opportunities. In doing so, the Group analyses the environmental, social, and economic impacts of its business activities and assesses their impact on business and stakeholders. This analysis identifies key sustainability factors, considering severity, likelihood, and long-term effects. By applying consistent assessment methodologies, the Group identifies which information is material for reporting and ensures the transparency of sustainability reporting.

### List of disclosure requirements fulfilled in the preparation of the Sustainability Report based on the results of the materiality assessment

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E1 climate change	GOV-3 Integrating sustainability results into incentive schemes	62
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G1 business conduct	GOV-1 – The role of administrative, supervisory and management bodies	89
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List of data points in cross-sectoral and thematic standards arising from other EU legislation

Request for Disclosure and Related Data Point	Reference to the Regulation on Publication of Information on Sustainable Finance	Reference to Third Pillar	Reference to Rules on Reference Values	Reference to European Climate Law	Request for Disclosure in the CIAC Group's Sustainability Report
ESRS 2 GOV-1 Gender diversity in governance, point 21, sub-point (d)	Indicator No. 13 from Table 1 in Annex I.		Delegated Regulation (EU) 2020/1816, Annex II.		GOV-1
ESRS 2 GOV-1 Percentage of Independent Board Members Point 21, sub-point €			Delegated Regulation (EU) 2020/1816, Annex II.		GOV-1
ESRS 2 GOV-4 Statement of Due Diligence point 30.	Indicator No. 10 from Table 3 of Annex I.				GOV-4
ESRS 2 SBM-1 Participation in fossil fuel and energy-related activities point 40(d)(i)	Indicator no. 4 of Table 1 of Annex I.	Regulation (EU) No 575/2013, Article 449a Commission Implementing Regulation (EU) 2022/2453, Table 1: Qualitative information on environmental risk and Table 2: Qualitative information on social risk	Delegated Regulation (EU) 2020/1816, Annex II.		Not applicable
ESRS 2 SBM-1 Participation in fossil fuel and energy-related activities point 40(d)(i)	Pokazatelj br. 9 iz tablice 2 iz Priloga I.		Delegirana uredba (EU) 2020/1816, Prilog II.		Not applicable
ESRS 2 SBM-1 Participation in activities related to the production of chemicals point 40(d)(ii)	Indicator no. 9 from Table 2 of Annex I.		Delegated Regulation (EU) 2020/1816, Annex II.		Not applicable
ESRS 2 SBM-1 Sudjelovanje u aktivnostima povezanim s uzgojem i proizvodnjom duhana točka 40. podtočka (d) iv.			Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1816, Article 12(1), Annex II		Not applicable
ESRS E1-1 Transition plan to achieve climate neutrality by 2050, paragraph 14.				Regulation (EU) 2021/1119, Article 2(1)	E1-1
ESRS E1-1 Companies excluded from Paris Agreement benchmarks point 16(g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Book of Positions – Transition Climate Change Risk: Credit Quality of Exposures by Sector, Emissions and Residual Maturity	Delegated Regulation (EU) 2020/1818, Article 12(1), points (d) to (g), and Article 12(2)		Not applicable
ESRS E1-4 Greenhouse gas emission reduction targets point 34	Indicator no. 4 of Table 2 of Annex I.	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Book of Positions – Transition Risk of Climate Change: Compliance Indicators	Delegated Regulation (EU) 2020/1818, Article 6		ESRS E1-4
ESRS E1-5 Fossil energy consumption broken down by source (only sectors with a significant climate impact) paragraph 38.	Indicator no. 5 from Table 1 and indicator no. 5 from Table 2 of Annex I.				ESRS E1-5
ESRS E1-5 Energy Consumption and Energy Source Mix, Item 37.	Indicator no. 5 from Table 1 of Annex I.				E1-5
ESRS E1-5 Energy intensity related to activities in sectors with a significant impact on the climate Paragraphs 40 to 43					E1-5
ESRS E1-6 Gross GHG emissions from scope 1, 2, 3 and total GHG emissions point 44.		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Book of Positions – Transition Climate Change Risk: Credit Quality of Exposures by Sector, Emissions and Residual Maturity	Delegated Regulation (EU) 2020/1818, Articles 5(1), 6 and 8(1)		E1-6

Request for Disclosure and Related Data Point	Reference to the Regulation on Publication of Information on Sustainable Finance	Reference to Third Pillar	Reference to Rules on Reference Values	Reference to European Climate Law	Request for Disclosure in the CIAC Group's Sustainability Report
ESRS E1-6		Regulation (EU) No 575/2013, Article 449a Commission Implementing Regulation (EU) 2022/2453, Template 3: Position Book – Transition Climate Change Risk: Compliance Indicators	Delegated Regulation (EU) 2020/1818, Article 8(1)		E1-6
Gross greenhouse gas intensity points 53 to 55					
ESRS E1-7				Regulation (EU) 2021/1119, Article 2(1)	Not applicable
Greenhouse gas removals and carbon credits, paragraph 56.					
ESRS E1-9			Delegated Regulation (EU) 2020/1818, Delegated Regulation (EU) 2020/1816, Annex II.		Right to gradual implementation.
Exposure of the reference portfolio to physical risks related to climate change, paragraph 66.					
ESRS E1-9		Regulation (EU) No 575/2013, Article 449a Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47. Template 5: Book of Positions – Physical Risk of Climate Change: Exposures Subject to Physical Risk.			Right to gradual implementation.
Breakdown of monetary amounts according to acute and chronic physical risk, point 66(a)					
ESRS E1-9					
Location of significant assets exposed to significant physical risk point 66(c)					
ESRS E1-9 Breakdown of the book value of real estate of enterprises by energy efficiency classes, point 67(c).		Regulation (EU) No 575/2013, Article 449a Commission Implementing Regulation (EU) 2022/2453, point 34, template 2: Position book – Transition risk of climate change: Loans with real estate as collateral – Energy efficiency of collateral			Right to gradual implementation.
ESRS E1-9			Delegated Regulation (EU) 2020/1818, Annex II.		Right to gradual implementation.
Degree of exposure of the portfolio to climate-related opportunities, paragraph 69.					
ESRS E2-4	Annex I, indicator no. 8 Table 1, Annex I, Indicator No. 2 Table 2, Annex I, Indicator No. 1 Table 2, Annex I, Indicator No. 3 Table 2				E2-4
Quantity of each pollutant listed in Annex II Regulation on E-PRTR (European Pollutant Release and Transfer Register) discharged into air, water and soil, point 28.					
ESRS E3-1	Indicator no 7. of Table 2 of Annex I.				Not significant
Water and marine resources, point 9.					
ESRS E3-1	Indicator no 8. of Table 2 of Annex I.				Not significant
Specific policy, point 13.					
ESRS E3-1	Indicator no 12. of Table 2 of Annex I.				Not significant
Sustainable oceans and seas, point 14.					
ESRS E3-4	Indicator no 6. of Table 2 of Annex I.				Not significant
Total amount of water recycled and reused, point 28(c)					
ESRS E3-4	Indicator no 6. of Table 2 of Annex I.				Not significant
Total water consumption in m3 per net income from own operations, item 29.					
ESRS 2- IRO 1 - E4 point 16. subpoint (a), subsection i.	Indicator no 7. of Table 2 of Annex I.				Not significant
ESRS 2- IRO 1 - E4 point 16. point (b)	Indicator no 10. of Table 2 of Annex I.				Not significant
ESRS 2- IRO 1 - E4 point 16. point (c)	Indicator no 14. of Table 2 of Annex I.				Not significant

Request for Disclosure and Related Data Point	Reference to the Regulation on Publication of Information on Sustainable Finance	Reference to Third Pillar	Reference to Rules on Reference Values	Reference to European Climate Law	Request for Disclosure in the CIAC Group's Sustainability Report
ESRS E4-2 Sustainable land/agricultural practices or policies, point 24(b)	Pokazatelj br. 11 iz tablice 2 Priloga I.				Not significant
ESRS E4-2 Sustainable ocean/sea practices or policies point 24(c)	Pokazatelj br. 12 iz tablice 2 Priloga I.				Not significant
ESRS E4-2 Policies to tackle deforestation, paragraph 24(d)	Pokazatelj br. 15 iz tablice 2 Priloga I.				Not significant
ESRS E5-5 Non-recycled waste, point 37(d)	Pokazatelj br. 13 iz tablice 2 Priloga I.				E5-5
ESRS E5-5 Hazardous waste and radioactive waste, point 39.	Indicator no. 9 from Table 1 of Annex I.				E5-5
ESRS 2 – SBM3 – S1 Risk of forced labour, point 14(f)	Indicator no. 13 from Table 3 of Annex I.				SBM3 – S1
ESRS 2 – SBM3 – S1 Risk of child labour, point 14(g)	Indicator no. 12 from Table 3 of Annex I.				SBM3 – S1
ESRS S1-1 Commitments in the field of human rights policy, paragraph 20.	Indicator no. 9 from Table 3 and indicator no. 11 from Table 1 of Annex I.				S1-1
ESRS S1-1 Due diligence policies on matters covered by core conventions 1 to 8 of the International Labour Organization, paragraph 21.			Delegated Regulation (EU) 2020/1816,  Annex II		S1-1
ESRS S1-1 Procedures and measures to prevent trafficking in human beings, paragraph 22	Indicator no. 11 from Table 3 of Annex I.				S1-1
ESRS S1-1 Accident prevention policy or management system, paragraph 23.	Indicator no. 1 of Table 3 of Annex I.				S1-1
ESRS S1-3 Complaints mechanism, paragraph 32(c)	Indicator no. 5 of Table 3 of Annex I.				S1-3
ESRS S1-14 Number of deaths and number and rate of accidents at work, point 88(b) and (c)	Indicator no. 2 from Table 3 of Annex I.		Delegated Regulation (EU) 2020/1816,		Not significant
ESRS S1-14 Number of days lost due to injuries, accidents, deaths or illnesses, point 88(e)	Indicator no. 3 of Table 3 of Annex I.				Not significant
ESRS S1-16 Unmatched gender pay gap paragraph 97, point (a)	Indicator no. 12 from Table 1 of Annex I.		Delegated Regulation (EU) 2020/1816,		S1-16
ESRS S1-16 Excessive pay gap between directors and employees point 97(b)	Indicator no. 8 from Table 3 of Annex I.				S1-16
ESRS S1-17 Cases of discrimination, paragraph 103(a)	Indicator no. 7 from Table 3 of Annex I.				S1-17
ESRS S1-17 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD guidelines, point 104, subpoint (a).	Indicator no. 10 from Table 1 and Indicator no. 14 from Table 3 of Annex I.		Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1818,		S1-17

Request for Disclosure and Related Data Point	Reference to the Regulation on Publication of Information on Sustainable Finance	Reference to Third Pillar	Reference to Rules on Reference Values	Reference to European Climate Law	Request for Disclosure in the CIAC Group's Sustainability Report
ESRS 2 – SBM3 – S2					
High risk of child labor or forced labor in the value chain, point 11, subpoint (b).	Indicators No. 12 and 13 from Table 3 of Annex I.				Not significant
ESRS S2-1					
Obligations in the area of human rights policy, point 17.	Indicator No. 9 from Table 3 and Indicator No. 11 from Table 1 of Annex I.				Not significant
"ESRS S2-1 Policies relating to workers in the value chain, point 18."	Indicators No. 11 and 4 from Table 3 of Annex I.				Not significant
ESRS S2-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines, point 19.	Indicator no. 10 from Table 1 of Annex I.		Commission Delegated Regulation (EU) 2020/1816, Commission Delegated Regulation (EU) 2020/1818, Annex II, Article 12, Paragraph 1.		Not significant
ESRS S2-1			Delegated Regulation (EU) 2020/1816,  Annex II		Not significant
Policies on due diligence regarding issues covered by the fundamental conventions from 1 to 8 of the International Labour Organization, point 19.					
ESRS S2-4					
Pitanja ljudskih prava i incidenti povezani s višim i nižim razinama lanca vrijednosti točka 36.	Indicator no. 14 from Table 3 of Annex I.				Not significant
ESRS S3-1					
Obligations in the area of human rights protection policy, point 16.	Indicator No. 9 from Table 3 of Annex I. and Indicator No. 11 from Table 1 of Annex I.				Not significant
ESRS S3-1			Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1818, Annex II, Article 12, paragraph 1.		Not significant
Non-compliance with the UN Guiding Principles on Business and Human Rights, ILO principles, and OECD guidelines, point 17.	Indicator no. 10 from Table 1 of Annex I.				
ESRS S3-4					
Questions and incidents related to human rights, item 36.	Indicator no. 14 from table 3 of Annex I.				Not significant
ESRS S4-1 Policies related to consumers and end-users, point 16.	Indicator no. 9 from Table 3 and indicator no. 11 from Table 1 of Annex I.				S4-1
ESRS S4-1			Commission Delegated Regulation (EU) 2020/1816, Commission Delegated Regulation (EU) 2020/1818, Annex II, Article 12, paragraph 1."		S4-1
Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, point 17.	Indicator no. 10 from Table 1 of Annex I.				
ESRS S4-4					
Human rights-related issues and incidents, point 35.	Indicator no. 14 from Table 3 of Annex I.				S4-4
ESRS G1-1					
United Nations Convention against Corruption, point 10, subpoint (b)	Indicator no. 15 from Table 3 of Annex I.				G1-1
ESRS G1-1					
Whistleblower protection, point 10, subpoint (d)	Indicator no. 6 from Table 3 of Annex I.				G1-1
ESRS G1-4					
Monetary fines for violations of anti-corruption and anti-bribery regulations, point 24, subpoint (a).	Indicator No. 17 from Table 3 of Annex I.		Commission Delegated Regulation (EU) 2020/1816, Annex II.		Not significant
ESRS G1-4					
Anti-corruption and anti-bribery standards, point 24, subpoint (b).	Indicator No. 16 from Table 3 of Annex I.				Not significant

## Climate change

CIAK Group's operations take place in the markets of the countries that are signatories to the Paris Agreement, the objectives of which are integrated into its policies and regulations. The Group continuously monitors the relevant laws of these markets and regulations of the European Union, including those related to the environment, and implements their requirements in business processes. Through the application of the provisions of the agreement, regulatory regulations, and the sustainability strategy, the transition is gradually being implemented with the aim of reducing CO<sub>2</sub> emissions and using resources more efficiently. The operations of all subsidiaries are aligned with European and global environmental and sustainability goals, and by the end of this reporting period, the need for the adoption of a formal transition plan has not been identified.

In this reporting year, the Group's focus was on automation and the establishment of a data collection system, which enables the monitoring of consumption trends with the aim of more clearly defining reduction targets in future reporting periods. As part of fiscalization 2.0 and the introduction of eInvoices, systematic monitoring of operational data has been established, which enables the analysis of energy consumption for the purpose of defining future measures.

In accordance with regulatory requirements, the Group will continue with the necessary measurements and analyses in the coming periods and plans to adopt a formal transition plan by 2030.

Data analysis and calculation have established that the sources of CO<sub>2</sub> emissions in the operational processes of the CIAK Group are generated in the segment of ecology, in the recycling process, and in the logistics and distribution process at the level of all business segments. The Group regularly conducts all measurements in accordance with the requirements of environmental regulations and confirms compliance with them.

In the recycling process, the Group implements measures to reduce CO<sub>2</sub> emissions, which include the procurement of high-efficiency technology, the implementation of management standards that provide guidelines for the compliance of all activities with environmental standards, the improvement of process sustainability (ISO standards), and control and monitoring. The monitoring system contributes to systematic controls, i.e., it enables quality monitoring and reporting on emissions and air quality parameters of the plant.

In logistics and distribution processes, greenhouse gas emissions are reduced by ensuring the roadworthiness of vehicles in accordance with Euro standards through regular technical inspections. Measures to check the correctness of vehicles and

reduce emissions from vehicles include several legal regulations and preventive actions, successfully integrated into the business processes of companies. All vehicles used by the Group for the performance of activities undergo regular technical inspections, during which the amount of exhaust gases is tested.

These impacts have been identified as significant in terms of scale and scope at the Group level, but their impact on the environment at the local and global level is limited, which is facilitated by the implemented measures.

The Group's additional impact on reducing CO<sub>2</sub> emissions and increasing energy efficiency was achieved by installing solar panels in locations where the infrastructure allows it. The location where the solar panels were installed refers to the Group's company, which operates on the Croatian market as the most important company in the ecology segment. This activity of the Group indirectly contributes to the reduction of CO<sub>2</sub> emissions as well as the increase in energy efficiency and has been identified as significant in terms of the Group's impact on climate change and energy efficiency.

In terms of energy efficiency, CIAK Group carries out the activity of measuring electricity consumption according to the requirements of the ISO 50001 standard at locations with significant energy consumption, including companies operating in the ecology segment (CIAK d.o.o. RH and CIAK d.o.o. RS) and in the IAM segment (CIAK Auto d.o.o.). Consumption monitoring makes it possible to optimize energy consumption, identify areas of high consumption, and take measures to reduce energy losses. By monitoring consumption in this reporting year, trends are established that will enable a clearer definition of CO<sub>2</sub> emission reduction targets in future periods. By setting targets and monitoring progress, the Group reduces operating costs and implements more energy-efficient solutions. Reducing electricity consumption also reduces CO<sub>2</sub> emissions, which contributes to reducing the Group's carbon footprint and business sustainability.

The Group's indirect positive effect on the reduction of CO<sub>2</sub> emissions stems from the battery recycling process, which reduces the need to mine raw materials and thus reduces the CO<sub>2</sub> emissions that occur as a consequential effect in the process of obtaining raw materials to produce new batteries.

Financial risks related to the Group's identified significant impacts on climate change and energy efficiency include the potential incurrence of expenditure for the purpose of maintaining, acquiring, or upgrading assets to ensure compliance with relevant regulations or internal decisions that contribute to the creation of positive impacts on the climate and the environment.

Financial opportunities arise from the reduction of operating costs through optimization of energy efficiency, reduction of energy costs, and improvement of operational performance. In addition, sustainable business has a positive impact on the Group's reputation, which can have a positive impact on the Group's reputation and financing conditions.

The Group's transition risk management is an integral part of business planning and risk management, whereby the specific challenges of the markets in which the Group operates are considered. The Group is active in the markets of countries that have signed the Paris Agreement, where reduced emissions and protecting the environment have been set as national goals. Measures to achieve the objectives of the said Agreement have been implemented to a certain extent in the positive regulations of the signatory countries. Therefore, the Group's approach to managing environmental risks in terms of climate change and energy efficiency is based on ensuring the compliance of business processes with the relevant regulations.

In addition, through the analysis of the Group's business segments, no business activity or assets have been identified that would pose a high risk in terms of transition risks. Consequently, no

scenario analysis has been carried out regarding limiting global warming to 1.5 °C outside the standard short-, medium- and long-term business planning process, as the Group's transition plan has not yet been adopted. The Group plans to adopt a transition plan by 2030, which will also include a formal assessment of transition risks. In the context of logistics fleet emissions, the Group believes that this is a common challenge of the entire economy, and not a specific risk of the Group.

In the process of analysing operations, risks, and opportunities, they were also considered in the context of significant activities of the Group. In terms of solar panels, although they are recognized as an important initiative, their installation is limited to locations owned by the Group, where the conditions for the profitability of the investment are met. In the coming periods, one of the goals is to further monitor consumption and emissions to establish trends and enable a clearer definition of emission reduction targets.

In accordance with the new regulations and measurement results, the Group will consider the need to develop a formal transition plan.



**The Group continuously monitors the relevant laws of these markets and regulations of the European Union, including those related to the environment, and integrates their requirements into its business processes."**



In the reporting period, one extraordinary event was recorded – on the night of December 12 to 13, 2025, there was a fire at the waste management plant in Gubaševo. The competent services conducted an inspection and determined that all safety procedures and management systems (fire, electricity, environmental) were in accordance with the applicable procedures, and the employees reacted on time. Analyses by the Teaching Institute of Public Health "Dr. Andrija Štampar" showed that there was no presence of dangerous chemical compounds or harmful substances in the air outside the fire site. The incident has led to a further intensification of preventive measures and controls, including staff training and equipment checks, thus reducing the likelihood of similar events in the future. We estimate that the Company's exposure to physical risks remains low, and the event did not have a significant impact on the Group's overall business.

Transition risks related to climate change and energy efficiency for the CIAK Group can manifest themselves in several key areas. Given the growing regulation in the field of environmental protection, it is possible to increase legal obligations related to the reduction of CO2 emissions and the improvement of energy efficiency, which may require the implementation of new technologies and the adaptation of business processes. However, the Group does not expect significant investments to be assessed, nor are investments recognized as a significant risk in the event of extraordinary changes in the law, given that the regulations for the level of companies of public interest are already known.

Increasing energy costs, especially in segments with higher consumption, such as recycling, also represent a form of transition risk. To reduce these costs and increase competitiveness, the Group has implemented ISO standards for certain companies, with the most important being the implementation of ISO 50001 (Energy Management Systems).

Significant activities of the Group identified in the process of dual materiality analysis (e.g., installation of solar panels and measurement of energy consumption) are of a transitional nature and imply certain costs and infrastructure constraints in terms of further development and maintenance. However, the benefits of energy savings compensate for any costs that may be incurred.

CIAK Group continuously monitors relevant legislative changes, implements innovations, and ensures compliance with the requirements of the implemented management standards. In doing so, it aims to minimise the risks associated with the sustainability transition and adapt to new market conditions.

The Group's draft sustainability strategy is aligned with the business strategy, which is set for the long term and

revised as part of short- and medium-term planning. The sustainability strategy, focused on the development of business in the segment of waste management and recycling, is based on the identified trends in the environment in which the Group operates, whereby, based on the applicable environmental policies, opportunities for business growth and capacity increase are recognized. The basis of the strategy is continuous monitoring of upcoming regulatory changes, coordinated action with applicable regulations in the field of environmental protection and energy efficiency, and implementation of management standards and best industry practices in business processes. Such an approach contributes to the resilience of the strategy to transition risks, while the Group's significant effects in terms of environmental impact result from this way of doing business.

In line with business developments, the Group will gradually consider the implementation of environmental and energy efficiency management standards (ISO 14001 and ISO 50001) in other companies, when their relevance or need is determined. In the coming periods, the Group plans to analyse the profitability of installing solar panels at business locations owned by the Group, where spatial and infrastructural conditions allow it.

This approach enables the gradual alignment of the Group's operations with regulatory requirements and environmental goals, while preserving long-term growth and reducing the negative impact on the environment.

Environmental policies have been developed for companies whose environmental impact is recognized as significant in the form of management system policies, and their development is based on implemented management standards. For the companies of the Group operating in the segment of ecology – C.I.A.K d.o.o. RH and CIAK d.o.o. BiH – as well as for the Group's most important company in terms of size and revenue, CIAK Auto d.o.o. RH policies have been established that define the approach to environmental protection and responsible use of resources. The policies implemented in the companies of the CIAK Group d.o.o. of the Republic of Croatia in the segment of ecology, as well as in C.I.A.K. Auto d.o.o. of the Republic of Croatia in the IAM segment, prescribe procedures for the identification and assessment of environmental aspects, based on which environmental protection goals are defined and procedures for their achievement are determined. Environmental aspects also include air emissions at the level of CIAK d.o.o. of the Republic of Croatia in the recycling process, where the prescribed procedures also refer to the reduction or prevention of these emissions, which makes a positive contribution to climate change mitigation. Policy implemented in the company CIAK d.o.o. In the segment of ecology, BiH

emphasizes the importance of planning, supervision, and control of all processes related to environmental protection, which ensures efficient management of environmental issues and the achievement of defined environmental protection goals. The policies also define objectives and procedures in the field of energy efficiency and resource management. The policies implemented at the level of CIAK d.o.o. of the Republic of Croatia and CIAK Auto d.o.o. of the Republic of Croatia comprehensively describe the energy efficiency management system and prescribe the obligation to consider opportunities for improving energy performance and operational control when designing new, modified or renovated plants, equipment, systems and processes that can have a significant impact on the energy performance of companies. Within the framework of these policies, companies undertake to comply with national and international standards and all relevant legal and other regulations in the field of environmental protection and energy efficiency. During their development, relevant interested stakeholders were identified and an approach to the integration of their interests into the business of CIAK Group was defined. The policies are available to all interested parties and are communicated to all employees and other persons working for or on behalf of the companies covered by these policies.

CIAK Group implements measures to reduce greenhouse gas (GHG) emissions and increase energy efficiency with a focus on processes and societies that have the greatest impact on the environment and energy consumption. In the segment of ecology, at the level of the battery recycling process of the company C.I.A.K. d.o.o. of the Republic of Croatia, emissions into the air are regularly monitored, and the application of advanced technology, implementation of management standards in the field of environmental protection and energy efficiency and best industry practices precedes the obtaining of an environmental permit, which ensures compliance with applicable regulations. The installation of solar panels at the location of CIAK d.o.o. was one of the Group's measures aimed at increasing the share of energy consumption from renewable energy sources and reducing CO2 emissions. The Group is focused on identifying opportunities for future projects in the field of renewable energy use, including considering the installation of solar panels at locations owned by the Group where the infrastructural and economic prerequisites for the implementation of such projects are met.

Energy consumption is continuously monitored and managed in the companies C.I.A.K. d.o.o. of the Republic of Croatia and CIAK Auto d.o.o. of the Republic of Croatia, which play a key role in the implementation of energy efficiency measures within the Group. Effective implementation of environmental

measures and energy efficiency improvements requires appropriate investments in infrastructure, technology, and employee training.

In terms of reducing CO2 emissions at the level of the logistics and distribution process, the Group ensures that all Group vehicles comply with the technical emission requirements, while the optimization of logistics routes contributes to the reduction of overall fuel consumption and related emissions.

In the context of long-term planning, the Group has not yet adopted a transition plan or specific measures for its implementation; the capital expenditures and operating costs that would be estimated on this basis have not been defined. However, environmental protection and energy efficiency are already integrated into business planning, and resources are allocated in accordance with identified needs. Financial resources are allocated for the implementation of measures to manage the impacts, risks, and opportunities related to climate change and energy efficiency, including investments in infrastructure, technology, and employee training, in accordance with the capabilities and priorities defined in accordance with the business and environmental objectives of the Group and individual Group companies.

In terms of the impact on climate change, the CIAK Group did not adopt quantitative targets for reducing greenhouse gas emissions in the observed reporting period. However, the Group continuously monitors and analyses emissions as part of its key business processes, especially in the battery recycling segment, to understand its environmental footprint. Concerning the change in energy performance, the Group sets measurable targets for improving energy efficiency, where the effects are measured in relation to the data on the energy base, i.e., the initial energy consumption. Based on this data, further improvements are made in energy efficiency management and process optimization. Business areas such as logistics, where there are certain emissions, have not been identified as key areas that the Group can significantly influence. However, the Group actively monitors market trends and new technologies that can enable the reduction of these emissions, especially in the context of regulations and market opportunities. If solutions appear on the market that are in line with its goals, the Group will additionally devote itself to measuring emissions in this segment and implementing new procedures. In addition, once relevant industry benchmarks are available for the targets under the new regulatory framework in FY2026, the Group will consider defining and setting appropriate targets and, if necessary, aligning them with applicable requirements and standards.

## 2.1. POWER CONSUMPTION

The Group lists the amounts of electricity and heat consumption shown below.

Power consumption	MWh	
	2024	2025
Consumption of thermal energy from natural gas	8,703	24,553
Thermal energy consumption from liquefied petroleum gas (LPG)	50	50
Consumption of energy from vehicle fuels	29,302	27,715
Consumption of thermal energy from fossil fuels	38,055	52,319
Electricity consumption	7,997	6,831
Electricity consumption from renewable sources - produced	43	34
Electricity consumption - purchased	7,954	6,797
Total power consumption	46,052	59,150

Total energy consumed

**6,797 mWH**

Total energy consumed from own sources

**34,00 mWH**

The sources of electricity generated by the CIAK Group correspond to the publicly available average percentage ratios of the markets in which the Group operates, given that the Group purchases electricity from market operators in each of the countries in which it is present.

The presented data on energy consumption from own sources refer to electricity produced from solar panels in a company operating in the ecology segment of the market of the Republic of Croatia.

The quantities of electricity and heat consumption used for heating presented in this report were calculated based on financial data, where the conversion was carried out using publicly available statistical data. For electricity and natural gas, Eurostat data were used, which provides uniform and comparable statistical data. Statistical data for all markets in which the Group operates were analysed, and the average achievements of all markets were used for the conversion. These data were used as input parameters for the calculation of emissions.

Data on the consumption of thermal energy from natural gas includes the consumption of energy from fossil fuels in production facilities and the consumption of thermal energy from natural gas for heating business premises. In addition to the above, most of the heat energy consumption refers to fuel consumption using the Group's fleet.

Energy intensity per net income	MWh/tEUR	
	2024	2025
Total energy consumption per net income	0.13	0.15

Data on financial achievements in the observed period are contained in notes 6, 31, and 7 of the Group's financial statements. Net revenue refers to the Group's total operating revenues in 2025.

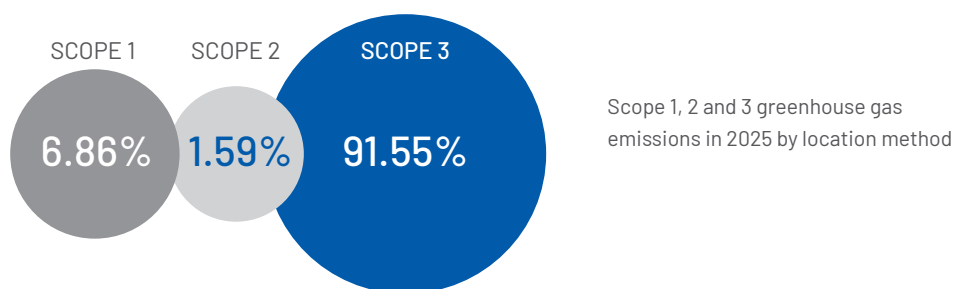
## 2.2. GREENHOUSE GAS EMISSIONS

The Group identifies an opportunity to contribute to environmentally sustainable goals through activities that increase energy efficiency. By systematically analysing and measuring the activities of business processes that create a significant impact on greenhouse gas emissions, the Group creates the preconditions for setting goals for reducing environmental impact, i.e., reducing greenhouse gas emissions in scope 1, 2, and 3.

The initial data collection for the calculation of emissions of all three bands was carried out for the achievements of 2024, which will be observed as baseline values in the coming periods. In the reporting year 2025, the Group's focus was on improving and establishing a data collection system, with the aim of easier monitoring and spotting emission trends and creating a quality basis for defining emission reduction targets.

Emission trends in the coming periods will reflect the efficiency and effectiveness of the measures that the Group is considering or implementing in its business processes to reduce greenhouse gas (GHG) emissions. The Group plans to adopt emission reduction targets as part of a transition plan, which is planned to be adopted by 2030.

The most significant part of the Group's emissions is generated by greenhouse gas emissions generated in scope 3, i.e., a total of 91.6% of total emissions according to the location method, i.e. 90.9% of total emissions according to the market method.



**Scope 1 emissions** are generated using our own fleet and in the Group's production facilities.

98% of emissions generated by production facilities are related to the combustion of natural gas. In this context, the Group identifies opportunities for a more significant impact on the reduction of Scope 1 emissions generated by fuel combustion when using its own fleet, which accounts for 60% of the total emissions of the observed scope.

Planned measures that would contribute to the reduction of greenhouse gas emissions generated in the operational business and under the direct action of the Group include the purchase of more energy-efficient vehicles when replacing or expanding the fleet, regular vehicle maintenance, and optimization of delivery routes. These measures are continuously implemented in all Group companies, and the most significant effects of a positive impact on climatic conditions and the environment can potentially be achieved in the IAM segment, if it is in line with business goals and logistical capabilities. The limitations of more energy-efficient vehicles continue to influence lower business efficiency and a cost-optimal approach to business in certain segments.

The calculated **Scope 2 emissions** refer exclusively to emissions resulting from the purchase of electricity. A more significant opportunity for optimizing emissions is manifested in the selection of suppliers that provide a higher degree of electricity production from renewable energy sources. At the locations where the Group performs business activities, electricity consumption is reduced by purchasing more energy-efficient appliances. The Group is considering measures to raise employees' awareness of the importance of contributing to the reduction of energy consumption to achieve positive effects on the climate and the environment. Part of the Group's electricity consumption refers to its own electricity produced from renewable sources.

According to the location method, electricity consumption affects the generation of 19% of scope 1 and 2 emissions generated by the Group's operating operations, while according to the market method, this share is 28%.

Greenhouse gas emissions	tCO <sub>2</sub> e		Shares by location method		Shares by market method	
	2024	2025	2024	2025	2024	2025
Scope 1 greenhouse gas emissions	9,052	12,565	6,3%	6,9%	6,2%	6,8%
Scope 2 greenhouse gas emissions by location method	3,324	2,912	2,3%	1,6%		
Scope 2 greenhouse gas emissions by market method	6,007	4,275			4,1%	2,3%
Significant Scope 3 greenhouse gas emissions	131,000	167,771	91,4%	91,6%	89,7%	90,9%
1. Purchased goods and services	118,541	132,698				
2. Capital goods	1,661	1,412				
3. Fuels and energy-related activities not covered by Scope 1 and Scope 2	1,200	2,906				
4. Transport and distribution - "inbound flow"	2,303	308				
5. Waste generated in own operations	3,621	483				
6. Business trips	33	47				
7. Employee arrival at work	2,752	2,488				
8. Leased fixed assets - "input flow"	n.p.	n.p.				
9. Transport and distribution - "output flow"	n.p.	n.p.				
10. Processing of sold products						
11. Use of sold products	887	27,430				
12. Disposal of products sold at the end of their life						
13. Leased fixed assets - "output flow"	n.p.	n.p.				
14. Franchise	n.p.	n.p.				
15. Investments	n.p.	n.p.				
<b>Total greenhouse gas emissions by location method</b>	<b>143,376</b>	<b>183,248</b>				
<b>Total greenhouse gas emissions by market method</b>	<b>146,058</b>	<b>184,611</b>				

\*Emission factors from the remaining energy mix were used for the calculation of Scope 2 according to the market method

Greenhouse gas intensity per net income	tCO <sub>2</sub> e/tEUR	
	2024	2025
Total greenhouse gas emissions (location method) per net income	0.40	0.46
Total greenhouse gas emissions (market method) per net income	0.41	0.47

The set limits for calculating emissions include Scope 1, Scope 2, and Scope 3 according to the GHG protocol. To calculate emissions, data on the Group's activities in 2025 were collected.

Scope 2 emissions include indirect greenhouse gas emissions resulting from the operation of the electricity system that provides electricity supply at the company's sites and are linked to the way electricity is generated in the grid. The amounts of electricity consumption presented in this report are calculated based on financial data, where the conversion was carried out using publicly available Eurostat statistics. Statistical data for all markets in which the Group operates were analysed, and the average achievements of all markets were used for the conversion. These data were used as input parameters for the calculation of emissions.

### Scope 3 emissions

The most significant part of the Ciak Group's greenhouse gas emissions is generated by Scope 3 emissions, of which the most significant emissions occur in the categories of the company's value chain input stream.

Given that the initial data collection for the purpose of calculating emissions was carried out in the previous reporting year, in the reporting year 2025, the Group focused on improving and further establishing the data collection system to increase the reliability, comparability, and quality of the input data. This creates the preconditions for clearer monitoring of emission trends and a better basis for defining emission reduction targets in the following reporting periods.

Below are explanations of the applied methodologies and assumptions for the collection of input data for the calculation of Scope 3 emissions.

Summary assumptions of the used methodologies for the calculation of Scope 3 emissions by emission categories defined by the GHG protocol.

1. **Purchased goods and services** – the calculation refers to emissions generated in the process of procurement of raw materials in the Company's key production processes and emissions arising from the procurement of the most significant goods in the Group's product range, based on the estimated dominant material contained in the observed groups of goods. The calculation of emissions in 2025 includes emissions resulting from the purchase of lead-acid components, batteries, car parts, oils, greases, and antifreezes in the production process, as well as from the purchase of services that account for the largest share of total procurement, i.e., that are identified as relevant to the Group's total carbon footprint. For the purchased services, financial data on the value of procurement expressed in euros was collected.
2. **Capital goods** – the calculation includes a significant amount of tangible goods purchased in the observed period. The method is cost-based, and the collected are structured according to the category of goods (e.g. furniture, electronics, cars, etc.)
3. **Fuel and energy input** – thcollected data in scopes 1 and 2 were used, and the emission calculation was carried out using the corresponding emission factors of fuel and energy input flow.
4. **Inbound transport and distribution of goods** – for the calculation, data on the number of arrivals and estimated length of routes for the most important Group suppliers were collected. For the calculation, data on the type of transport, the route of transport, the total distance travelled per route, and the total mass of cargo transported per route were collected.
5. **Waste generated in operations** – the calculation refers to emissions generated due to the generation of waste in operations on the Croatian market and includes waste from operations related to paper and plastic packaging and written off quantities of goods and materials generated in the Group's activities related to the sale of goods.
6. **Business travel** – the calculation refers to emissions resulting from business travel by plane, bus, and private vehicle. It is assumed that most emissions generated by vehicles for business travel are covered by the calculation of Scope 1 and 2 emissions.
7. **Employee arrivals** – input data for the calculation of emissions of the observed category were collected through a questionnaire and extrapolated to all employees of the Group
8. **Outbound transport and distribution** – The Outbound Logistics Flow Group predominantly uses its own fleet, and emissions are included in the calculation of scopes 1 and 2.
9. **Processing, use and disposal of products** – observing the output stream of the value chain, the Group does not place electronic goods on the market and has not identified significant effects that would affect the number of emissions in this part. The calculated emission refers to the emissions resulting from the placement of packaging of a significant category of goods in the Group's assortment and includes emissions related to the disposal and treatment of products sold by the organization.
10. The calculation in the categories **of leased assets, franchises and investments** is not applicable to the Group.

The Group identifies an opportunity in the management of greenhouse gas emissions, the development of collection methodologies, and the expansion of the scope of calculations in significant emission categories that arise in the input and output value chain. As expected, the categories of input activities in the value chain may have the most significant impact on emission reductions. In the coming periods, the Group will primarily focus on the analysis of emissions generated in this part and will consider the possibility of defining target values to reduce the Group's total emissions.

## Pollution

CIAK Group d.d. is a long-standing market player in all business segments, with elaborate processes that enable the identification, monitoring, and management of risks in accordance with applicable legislation and internal goals. The Group's experience and an expert ESG working group formed by employees of relevant departments in the field of environmental impact management, employees and the business environment have enabled a thorough analysis of business activities and business locations, which effectively identified key impacts, risks, and opportunities related to environmental pollution.

A special focus is placed on the ecology segment, where the measurement of emissions into water and air is integrated into regular business processes, thus ensuring compliance with applicable environmental standards and legislation. The waste management segment, which is subject to strict regulations and represents an activity of public interest in terms of environmental impact, has received significant attention when assessing the Group's environmental impact.

With a focus on these key business segments, the Group conducted a comprehensive analysis of all companies in the markets in which it operates last year, including a stakeholder survey through the dual materiality process. This year, the double materiality procedure was not repeated, since there were no significant changes in the business that would affect the identification of key issues. Nevertheless, the Group continues to apply the due diligence process, ensuring that the previously established conclusions are relevant and that significant environmental impacts, including pollution, are adequately addressed, to improve environmental practices and the long-term sustainability of the business.

In the ecology segment, there are environmental impacts in terms of emissions into water and air, where emissions into the air are primarily related to the recycling process on the Croatian market. Polluted water from the recycling production process is disposed of as waste, which prevents direct discharges into the environment. Pollutants that can be found in potentially contaminated stormwater from asphalt surfaces must be within the set limit values, thus ensuring compliance with environmental standards and environmental protection. The Group takes measures that minimize these negative effects, ensuring that emissions remain within legally permissible values and values defined by environmental permits.

The effects of the recycling and waste management process on the environment and the reduction of pollution were primarily identified as positive. The recycling activity reduces the need for the mining of new raw materials, thereby reducing the industrial pollution associated with the sourcing of raw materials, while the waste management activity contributes to the reduction of pollution caused by improper disposal through proper waste disposal.

CIAK Group's waste management operations also include the remediation of contaminated sites, which contributes to the reduction

of soil, water, and air pollution and the restoration of biodiversity and water quality. The Group's activities in the ecology segment, especially in the recycling and waste management process, are recognized as key to achieving sustainability, as they have a direct and positive impact on the environment. In this reporting year, site remediation was not carried out, but the Group plans to continue these activities in future reporting periods.

As business in the waste management segment is a highly regulated activity, changes in regulations may require certain measures that require investments in infrastructure improvement, changes in business practices, or the procurement of environmentally friendly technologies. CIAK Group has relevant permits and certificates for performing waste management activities. The activity contributes to minimizing pollution and harmful emissions, reduces the need to use new resources, and is an example of implemented circular economy processes. This can have a positive impact on the price of the Group's securities, the possibility of more favourable lending, the creation of new partnership relationships, and a better reputation of the Group, which represents a financial opportunity for the Group.

The identified significant effects of the Group in terms of pollution arise from the segment of ecology, especially from the sub-segments of waste management and recycling, and their significance was determined at the level of CIAK d.o.o. RH. The Group company has established a Management System Policy that prescribes mandatory monitoring of relevant regulations in the field of environmental protection, including keeping an updated list of applicable legislation and other requirements applicable to the company's activities. In this way, the policy focuses on the application of the requirements of the environmental permit, which additionally requires the compliance of the Group's business processes with high industry standards of environmental protection. An environmental permit requires that relevant processes within the Group are aligned with environmentally friendly practices, including emission reduction, optimization of resource consumption, and responsible waste management. It has an impact on mitigating the negative effects of pollution by setting limit values for pollutants, monitoring and reporting obligations, and requirements for the use of available techniques.

The policy includes a process for identifying and evaluating environmental aspects, as well as setting specific environmental targets. As part of the monitoring process, the requirements for measuring and analysing the environmental impact are emphasized. The policy also requires the application of established procedures for monitoring and evaluating environmental aspects.

The management system defined within the said policy has been established and documented to the extent that it enables systematic and efficient management of the company's impact on the environment.

CIAK Group implements pollution reduction measures in accordance with the environmental permits issued for each location, subject to obtaining a permit. In accordance with the applicable regulations of the Republic of Croatia, measures are applied based on the best available techniques. The implemented measures are continuously implemented through business, with regular control of pollutants into the environment according to the dynamics prescribed in the environmental permit. At the locations of companies where required by regulations, Civil Protection Operational Plans have been established, which include preventive measures to prevent sudden events. The Group ensures compliance with applicable regulations, regularly conducts monitoring, and takes corrective actions as needed, thereby reducing the negative impact on the environment.

CIAK Group aligns its operations with applicable legal regulations and environmental permits that define target values for air and water pollutants. Emissions to air and water are regularly controlled to ensure compliance with the prescribed limits. These controls enable companies to actively manage their environmental impact, ensuring that polluting effects are minimized and that they contribute to the preservation of the environment through responsible business and the implementation of sustainable environmental practices.

The Group publishes the quantities of pollutants for the previous (base) reporting year, as well as for the reporting year 2025. The presentation of these data establishes a basis for monitoring trends and comparisons in future reporting periods.

C.I.A.K. d.o.o. Hrvatska			
	2024	2025	Change (%)
Pollutants	In kilograms		
Total suspended matter	179.79	218.9	22%
Chemical oxygen demand by dichromate (as O <sub>2</sub> )(CODCr)	195.74	34.5	-82%
Biochemical oxygen demand after five days (BOD <sub>5</sub> )	5.86	5.51	-6%
Total organic carbon (TOC)(as total C or COD/3)	25.72	44.12	72%
Sulphur oxides expressed as SO <sub>2</sub>	1,761.71	3,669.08	108%
Oxides of nitrogen expressed as NO <sub>2</sub>	11,314.83	313.16	-97%
Carbon monoxide (CO)	1,929.22	592.43	-69%
Carbon dioxide (CO <sub>2</sub> )	903,041.73	1,296,722.53	44%
Sulphides (S <sub>2</sub> -)	0.2	0.16	-20%
Sulphates (SO <sub>4</sub> <sup>2-</sup> )	21.46	18.72	-13%
Halogenated organic compounds (such as AOX)(9)	0.27	0.23	-15%
Phenols (as total C)(13)	0.11	0.22	100%
Total aromatic hydrocarbons	0.03	0.02	-33%
Highly volatile lipophilic substances (total oils and fats)	38.75	35.69	-8%
Total hydrocarbons	4.47	5.17	16%
Cadmium and its compounds (as Cd)(19)	0.13	0.008	-94%
Chrome 6+ (Cr <sub>6</sub> <sup>+</sup> )	0.33	0.06	-82%
Copper and its compounds (as Cu)(19)	1.07	3.12	192%
Mercury and its compounds (as Hg)(19)	0.01	0.03	200%
Nickel and its compounds (as Ni)(19)	0.33	0.03	-91%
Lead and its compounds (as Pb)(19)	66.21	80.46	22%
Zinc and its compounds (as Zn)(19)	0.91	0.02	-98%
Iron (Fe)	0.49	0.03	-94%
Particulate matter	8.07	15.07	87%

The total amount of pollutants in 2025 increased by 59% compared to 2024. The increase is primarily due to a larger volume of production activities, as higher production volumes also result in higher emissions.

“CIAK Group's waste management processes also include the remediation of contaminated sites, which contributes to the reduction of soil, water and air pollution and the restoration of biodiversity and water quality. The Group's activities in the environmental segment, especially in the recycling and waste management process, are recognized as key to achieving sustainability, as they have a direct and positive impact on the environment.”

## Resource use and circular economy

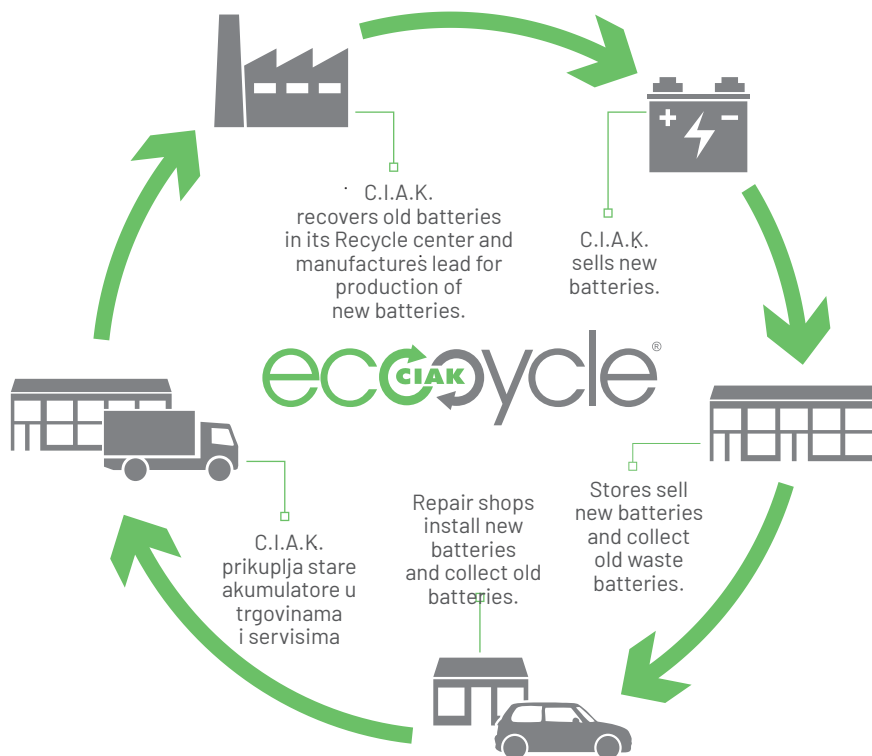
### 4. ECOCYCLE

CIAK Group, in addition to being the leading distributor, collector, and recycler of batteries in the region since 1994, has also proven itself as a socially and environmentally responsible partner through the CIAK EcoCycle program, a business model that describes the circular economy. CIAK Group produces, sells, collects, and then recycles old batteries and accumulators, and maximizes the utilization of the obtained raw material for the next production cycle. CIAK EcoCycle is an outstanding example of the 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 up in such a way that the obtained raw materials are sold after the recycling process to foreign customers who are also battery manufacturers. Subsequently, such buyers of raw materials sell finished new batteries to the Group as suppliers of the battery and oil distribution segment, based on contracts that have established multi-year cooperation.

#### Battery buyback is done in two ways:

- active (B2B) in collection stations and mechanic shops, end users who have a larger vehicle fleet, and
- passive (B2C) through the "old for new" model, whereby the Group uses its own retail network and network of service partners, which consists of a total of 120 (one hundred and twenty) points of sale, making it the largest purchase network in the region.



Sustainable circular economy in Croatia - CIAK EcoCycle (VIDEO)

# 4

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. CIAK Group manages over 40 thousand tons of hazardous and non-hazardous waste per year. The Group has experience in managing all types and categories of waste, with a maximum capacity of over 70 thousand tons per year.

The company has established cooperation with many economic entities from which it takes over, transports, processes, and disposes of hazardous and non-hazardous waste daily. Part of the collected waste is handed over to authorized processors in the country or abroad, and part is processed at the locations of the company C.I.A.K. d.o.o. After treatment, part of the waste is handed over for further recovery/disposal procedures to authorized processors in the country or abroad.

The Group's entry into the waste management market took place in 2000 in the former waste management centre in Vojnić, and it has developed significantly with a greenfield investment for the construction of a waste management centre at the location in Zabok. Greenfield's investment in the Battery and Battery Recycling Centre is an example of harmonizing the company's economic and development goals with environmental ones. C.I.A.K. d.o.o. has established the only centre for freons in which it receives controlled substances and/or fluorinated greenhouse gases from refrigeration and air-conditioning equipment, from authorized service technicians. Also, CIAK Group has established its own testing laboratory as a natural sequence of performing the activity of remediation of contaminated sites and industrial plants.

The Centre for Hazardous and Non-Hazardous Waste Management in Zabok was purpose-built for these purposes and has all the permits prescribed by the competent Ministry. At all locations, there are also vehicles, adequately equipped for logistics procedures with hazardous and non-hazardous waste. In addition to infrastructure and logistics, employees with many years of work experience in this sector are an advantage, from waste handling in the warehouse,

through administrative and commercial tasks, to expert engineers. The Accumulator and Battery Recycling Centre in Zabok processes a significant number of lead-acid batteries in Croatia.

To consistently implement strategic and planning documents for the management of waste batteries and accumulators and the organization of the waste accumulator and battery management system in accordance with legal regulations, the Group recovers significant quantities of batteries from the Croatian market and stands out as an example of the implementation of processes that have a positive impact on sustainability.

In addition to collecting and processing and using modern environmentally friendly technologies in battery processing, on the principles of sustainable circular management, CIAK Group is also working on raising awareness and educating users through its projects to increase the amount of waste batteries handed over for treatment and reduce the amount of those that end up inappropriately discarded, thus endangering the health of humans, animals and plants.

In the plants, recycling is carried out in accordance with industry standards and environmental regulations. The plants occupy the leading share in the waste management market and have all the necessary permits to perform their activities, issued by the competent Ministry of Environmental Protection.

The significant impact of the CIAK Group in the field of circular economy is reflected in the business activities that form an integral part of the CIAK EcoCycle program. The program focuses on the collection and recycling of old lead-acid batteries. This program represents an outstanding example of a circular economy because it successfully integrates environmental, economic, and development goals. Points of sale sell new batteries to customers and take over old ones, while vehicle maintenance services and car repair shops also take over old batteries when replacing worn-out ones. The collected batteries are then sent to a specialized recycling centre, where lead is extracted from them, which is resold as a raw material for the production of new batteries.



### 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 significant number of 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

This closed system has a positive effect on reducing the amount of waste in landfills, reducing the need to use new resources, and thus contributes to the preservation of natural raw materials such as lead.

CIAK Group has the necessary permits and certificates, including ISO 14001, which guarantees that the processes are carried out in accordance with environmental standards and legislation, thus further contributing to the sustainability of its activities.

The Group has conducted a detailed review of its assets and activities to identify actual and potential impacts, risks, and opportunities that could be identified in circular economy processes. Methodologies were used that include business process analysis with inputs from an expert ESG working group, which focused on key areas in which effects are expected.

In addition, the Group conducted consultations with key stakeholders through meetings, consultations, and surveys, ensuring the active involvement of stakeholders in identifying significant impacts, considering their knowledge of the business and interaction with the Group.

CIAK Group's approach to circular economy policies is based on cooperation with environmentally conscious suppliers who adhere to environmentally responsible standards and support sustainable business practices. This approach is particularly evident in the IAM segment, where batteries are purchased from suppliers who use recycled lead from the CIAK Group's recycling process.

Waste management procedures include the use of criteria and assessment methods to determine which waste goes to recycling and which must be disposed of in another way. This process involves cooperation with authorized waste disposal companies and recycling centres, ensuring proper waste treatment in accordance with applicable legislation and environmental standards.

CIAK Group, as a distributor of batteries, actively integrates the principles of the circular economy into its business practices. Through responsible battery lifecycle management, the Group ensures that batteries placed on the market are properly recycled through clearly defined and described procedures. Customers can return used batteries and treat them in accordance with the latest environmental standards. This approach is not only aligned with current legislation but also represents a key element of the Group's commitment to reducing waste, fostering the reuse of resources, and contributing to sustainable development.

CIAK Group implements measures related to the use of resources and the circular economy through the opening of retail collection and handover locations for batteries, which enables customers to return worn-out batteries. Also, in its offer, the Group promotes the sales activity of replacing "old for new", which encourages customers to return old batteries. These measures contribute to increasing the amount of collected batteries and create a positive effect by actively encouraging the process of proper disposal through the recycling

process, ensuring safe and environmentally friendly disposal and reuse of resources.

The goal of the CIAK Group is primarily to increase the number of collected batteries by expanding the network of locations for the handover of old batteries and their retail purchase, as well as to increase the business in the recycling process within the existing capacities. The long-term plan includes improving battery collection and recycling capacity by installing new equipment, which will increase capacity, which will significantly reduce the environmental risks associated with improper disposal of batteries and prevent soil and groundwater pollution.

CIAK Group annually manages large quantities of hazardous and non-hazardous waste. The Group focuses on further development of its business in the field of waste management, building long-term partnerships with service users and cooperation with European hazardous waste management companies, which operate in accordance with the environmental regulations of the European Union and high operational standards in waste recovery processes.

At the points of sale of CIAK Group member companies, it is possible to collect waste lead-acid batteries free of charge without the obligation to buy new ones. Documentation is kept for the collected batteries in accordance with the regulations. In retail stores, a receipt is issued for the collection of batteries and the payment of a fee for the handover of old batteries, which ensures transparency of the process and compliance with legal obligations.

The company C.I.A.K. takes waste batteries from the retail outlets of CIAK Group members, as well as from other legal and natural persons in Croatia, and hands them over to the Battery and Battery Recycling Centre. The company C.I.A.K. d.o.o. in Slovenia, as an authorized collector, takes over waste lead-acid batteries from legal and natural persons in Slovenia and exports the quantities taken over to Croatia, to the Accumulator and Battery Recycling Centre in Zabok. Similarly, the company C.I.A.K. d.o.o. in Bosnia and Herzegovina takes over waste lead-acid batteries and exports part of the quantities taken over to the Republic of Croatia, also to the Accumulator and Battery Recycling Centre.

The Accumulator and Battery Recycling Centre in Zabok receives lead-acid batteries collected in the Republic of Croatia, as well as imported quantities from abroad, which ensures responsible and environmentally friendly management of waste batteries through the recycling process, in accordance with applicable legislation.

In 2025, CIAK Group carried out collection activities of waste accumulators in recycling and waste management activities and removed significant quantities from the markets where it operates, which are considered hazardous waste according to the classification, representing a significant positive impact on the environment. The collected quantities are mostly used as inflows in the circular economy process and are recycled as part of the types of waste management.

# 4

## 4.2. WASTE MANAGEMENT

The Group manages waste generated in all business processes responsibly and reduces the amount of waste that does not go into the recycling process. At all relevant business locations of the Group, there are containers for sorting batteries, as well as appropriate containers for separating municipal waste and packaging. CIAK Group hands over most of the waste generated from regular operations to the Group company C.I.A.K. d.o.o. for further management processes, thus ensuring proper waste management in accordance with applicable regulations and environmental standards.

A significant part of paper, cardboard, and plastic packaging is handed over to partners authorized for the management of this

type of waste, of which the largest part is handed over to partners who perform recycling services and other packaging recovery procedures.

The largest part of the presented quantities of hazardous waste generated from the operations of the Group companies refers to collected waste batteries, which are significantly recycled at the Group level. The Group hands over a significant part of packaging waste generated from operations for recycling and other recovery processes, and in this part, there is a significant positive impact on the conservation of resources and contribution to the circular economy.

	Display of total quantities of waste inflows and outflows	Total amount of waste		Share according to the disposal procedure in the total quantities of disposed waste		Total amount of hazardous waste		Share according to the disposal procedure in the total quantities of disposed waste	
		2024	2025	2024	2025	2024	2025	2024	2025
	Total amount of waste inflow*	38,307	40,866			32,211	33,152		
		000 t		%		000 t		%	
Amount of waste according to waste management procedures	Recycling	22,348	23,747	56%	58%	16,123	18,432	54%	60%
	Other recovery procedures	6,144	7,451	15%	18%	2,734	3,020	9%	10%
	Incineration	4,774	5,145	12%	13%	4,740	5,056	16%	16%
	Landfill	1,477	1,393	4%	3%	1,300	1,088	4%	4%
	Reuse	0	0	0%	0%	0	0	0%	0%
	Other disposal methods	5,191	3,176	13%	8%	5,191	3,173	17%	10%
	Total amount of waste outflow**	39,934	40,913			30,087	30,769		

\*The Group's waste inflows include inflows included in waste management activities, which also include the inflow of resources in the circular economy process

\*\*The Group's waste outflows include outflows included in the activities of waste management activities, which also include the quantities of inflows in the circular economy process, all quantities of plastic and paper packaging, and the quantities of sludge, debris, and fracture generated during operations.

Waste generated in the Group's own operations accounts for a smaller proportion of the total amount of waste presented in this report.

The included data on the amount of waste disposal generated from operations refers to the Croatian market.

In the coming periods, the Group will expand the scope of data collection on business waste to other markets in which it operates.

87% of the waste generated in the business and the raw material collected for further recycling in 2025 was handed over to the company C.I.A.K. d.o.o. for waste management procedures. The company sends a significant part of the total collected waste and raw materials to the recycling process (58%), while as much as 60% of the total quantities of hazardous waste is recovered from this procedure. In line with its strategic sustainability goals, the company plans to increase its recycling capacity.

Data on waste management procedures are presented based on data from companies that carry out waste management activities.

In the process of production of lead-acid ingots and recycling of lead-acid batteries, a semi-finished product is created in the form of a lead residue that can be subsequently used in the re-production process. Considering the existing permits, the Group can store semi-finished products of lead residues up to a certain level in accordance with regulatory provisions until permits are obtained for the implementation of the lead residue exploitation project. In accordance with the regulations, lead residue is considered hazardous waste since it contains lead, which can be used in the production process. Above the defined levels determined by the relevant permits and until the implementation of the project, the Group places the surplus of semi-finished lead residues through its contractual partners, and the output quantities of this semi-finished product are included in the presentation of the Group's outflows.

Companies operating in the waste management segment have a significant impact on the environment by collecting and managing more than 40 thousand tons of waste per year, which is an improvement compared to the previous reporting period. All received waste is processed through management procedures, guided by the approach of environmental sustainability, and trying to make the share of the recycling process in the overall waste management procedures the most significant.

A significant part of these quantities refers to hazardous waste, which is disposed of to the smallest extent by the disposal process, while the highest share of the output amount of waste in the total management procedures is recycled (60%). In 2025, the Group carried out a total of over 30 thousand tons of hazardous waste management activities through recovery or disposal procedures. The companies are continuously working on further modernization of the plant and the use of procedures that minimize the impact on the environment. Through its hazardous waste management activities, the Group contributes greatly to environmental objectives.

The data presented in the report, as well as all other relevant data, are collected regularly in accordance with legal regulations in companies that perform waste management activities.

No radioactive waste management activities are created or carried out at the Group level.



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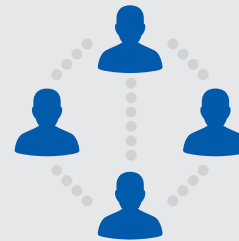
The basic principles of CIAK Group employee management include ensuring a safe and healthy working environment for all employees, their development and education, and maintaining a balance between employees' private and business lives.”

## Own workforce

The greatest value of the CIAK Group is its employees, and their safety, needs, motivation, satisfaction, and protection were a priority for the management during 2025 as well. Attaching great importance to responsible and ethically based conduct in business, the Group respects the principles of ethics in all its

business relationships and acts in accordance with the principles of responsibility, truthfulness, efficiency, transparency, and quality. Every day, we enable the equality of employees, accepting their diversity, providing them with equal opportunities for employment, promotion, education, and reward.

On 31 December 2025  
 CIAK Group had **3,476**  
 employees, which is **67**  
 employees more than on  
 31 December 2024



Given the diversity of segments in which CIAK Group operates and the regional distribution of subsidiaries, it is very important to strive for simplification of communication channels and processes, transparency, and availability of information. Accordingly, communication channels have been created that reflect this strategy and enable a quick and easy flow of information between all employees of the Group.

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

During 2024, the Group continued to develop the "onboarding" process for all new employees. This process accelerates and thus facilitates adaptation to new employees and introduces them to the functioning of the Company in which they are employed in a warm and collegial way.

In 2025, CIAK Group has employed over 300 workers in all areas of business in Croatia and continues to improve and reward its employees by recognizing their efforts, collegiality, and willingness to progress.

The basic principles of CIAK Group employee management include ensuring a safe and healthy working environment for all employees, their development and education, and maintaining a balance between private and business life of employees. CIAK Group continuously

invests in its employees through various channels of education, rewards, and communication, acting in accordance with positive business practices of employee management.

CIAK Group employs a significant number of employees who perform various business activities, including production, transport, sales, warehousing, and administrative activities. Given the diverse operational processes within the Group, the analysis of the impact on the workforce began with a segmented approach, the conclusions of which were subsequently consolidated at the Group level. In this way, it is ensured that the analysis covers all employees and their specific roles within the organization.

The impact on employees' rights prescribed by law was analysed, including the right to adequate working hours and rest, the right to a safe and healthy working environment, the right to fair remuneration, the right to parental leave and family protection, and the right to protection from discrimination. The impact on rights that are not explicitly regulated by law, such as the right to working conditions that enable personal and professional development, and the right to professional development, was also analysed.

CIAK Group has conducted a comprehensive analysis of its organizational structure and internal acts, considering key aspects of human rights accountability, evaluation of existing policies and procedures, and the effectiveness of mechanisms for reporting violations.

The responsibility of the CIAK Group in the exercise of the human rights of employees in the workplace arises from the nature of the relationship between the employer and the employee. Therefore, as an employer, the Group actively implements policies and initiatives that have a positive impact on working hours, access to employment and working conditions, work-life balance, income and adequate salary, and professional development of employees.

CIAK Group ensures that the human rights of employees are respected through the Work Regulations. The activities of the local and central human resources team are focused on the well-being and realization of all rights that employees have. The ordinance defines the rights of employees, including the right to respect working hours, a safe working environment, a salary corresponding to the work performed, annual leave, sick leave, and work-life balance. It also ensures the right to privacy, equality in employment, and prevents discrimination based on gender, age, ethnicity, and other personal characteristics. The Central Human Resources Department oversees the implementation of these policies, providing employees with legal certainty and equality in employment relations.

CIAK Group has also implemented all measures in accordance with the regulations on occupational safety through the development and application of the Ordinance on Occupational Safety, which covers in detail the specifics of processes within different business segments by applying adequate protection measures. The Ordinance covers risk assessment, employer obligations regarding workplace safety, employee training, and the use of protective equipment, which ensures the protection of the health and safety of all employees.

During the reporting period, a total of 31 injuries at work were recorded, which, in relation to the total number of employees, indicates a relatively low level of injuries and confirms the effectiveness of existing occupational safety measures. At the same time, the Group is continuously working on its further improvement with the aim of further reducing risk and ensuring the highest safety standards.

By implementing these measures, CIAK Group actively contributes to the realization of human rights of employees, ensuring a safe and healthy working environment, the right to protection from injuries and accidents, and the right to be informed about safety standards. These measures protect the basic human rights of employees, including the right to life, health, and decent work.

CIAK Group continuously ensures respect for the human rights of employees, not only through the development and implementation of internal acts and measures in accordance with the applicable legislation, but also through additional activities arising from the draft of the Group's sustainability strategy in terms of managing its own workforce.

- A structured and centralized approach to employment in the CIAK Group ensures that the human rights of employees are respected by providing equal opportunities to all candidates registered for open competitions. The process is based on a clear job description and the selection of candidates according to qualifications and job

requirements, thus guaranteeing equality and impartiality. This approach respects human rights such as the right to equality, the right to work, and freedom from discrimination.

- Through the annual analysis of the volume of business activities and human resources capacities and the planning of the number of employees in the planning process, the Group ensures the compliance of all operations with regular working hours, thus protecting the human rights of employees to fair working conditions and the right to rest.
- The process of introducing new employees is adapted to the specifics of the workplace, with the assignment of a mentor who ensures a smooth transition and adaptation to the work environment and corporate culture. This process promotes the right to professional development and education, as well as the right to access information, as mentors provide employees with crucial information to get off to a successful start.
- Through the Intranet, employees have quick and easy access to the information needed for their daily business activities, which contributes to their right to information and freedom of expression.
- The Group ensures timely payment of wages and offers a variety of benefits, including performance-based incentives, cash support for specific situations such as childbirth and death, and additional compensation for personal expenses, ensuring the right to fair remuneration for work performed and social security.
- By providing flexibility in working hours, where applicable in accordance with the responsibilities of the workplace, and the possibility of using days off for family obligations, the Group contributes to the work-life balance of employees, thereby supporting human rights to family life and equality in employment.
- Employees have access to resources for professional growth with regular organization of internal training, which ensures the right to education and personal development.
- In addition, CIAK Group encourages employees to undergo regular health check-ups and engage in sports activities, thus ensuring the right to health and well-being in the workplace. For the use of these services, the Group provides benefits to employees.

Through all these activities, CIAK Group actively contributes to the realization and protection of human rights of employees with a significant impact on the right to equal treatment and opportunities, the right to fair working conditions, the right to fair remuneration, and the right to education and personal development of employees.

Risks for CIAK Group in the context of the implementation of activities that have a positive impact on the human rights of employees include a potential increase in operating costs.

On the other hand, these activities bring significant opportunities, including reducing employee turnover, increasing loyalty, improving employee performance and innovation, especially through continuous investment in employee professional development. A high employee

retention rate directly affects business processes and operational efficiency, leading to improved business results. Also, the development of employee expertise reduces the need for external associates, which reduces the cost of using external services.

Indirect opportunities also include doing business without penalties and legal disputes in the field of labour law.

CIAK Group has established the Labour Regulations as a key policy for managing the impacts, risks, and opportunities related to its own workforce, covering all employees. This policy ensures compliance with applicable legislation and respect for certain human rights in the field of labour relations. Through the Labour Regulations, the Group applies the principles of the UN Guiding Principles on Business and Human Rights and the relevant guidelines of the International Labour Organization, in particular through provisions governing the prohibition of discrimination, the protection of workers' dignity, the protection of health and safety at work, the right to fair working conditions, the protection of privacy and personal data, and the mechanisms for exercising rights and obligations arising from the employment relationship.

The Ordinance covers key aspects of employment relations, including the rights and obligations of employees, safety at work, maximum working hours, wages, work-life balance, recruitment and termination procedures, and the prevention of any discrimination. The abuse of child labour is prohibited, and special rights are guaranteed to mothers and pregnant women. The group strongly supports the prevention and suppression of all forms of trafficking activities.

The Rules of Procedure also contain the described mechanisms for filing reports or complaints, or a possible report on human rights violations.

The Management Board is responsible for the implementation of the Rules of Procedure in the CIAK Group, and with the support of the Human Resources Department, it participates in the implementation, training of staff, and monitoring of compliance. Also, managers and team leaders ensure that the guidelines of the Rulebook are applied within their teams, thus guaranteeing compliance with policies and legislation at all levels of management.

The Ordinance on Safety at Work in the CIAK Group defines guidelines and measures to ensure the health and safety of employees in the work environment. This document includes a list of mandatory documentation and activities, including risk assessments, preventive measures, procedures in the event of accidents or injuries, and employee education on safety standards. It also defines the obligations of the employer and the employee to minimize hazards and maintain safety in the workplace.

The responsibility for the implementation of the Ordinance on Occupational Safety and Health lies with the Management Board of the CIAK Group, while the implementation of specific measures is delegated to the Group's management staff.

CIAK Group recognizes parents who care for children as a particularly vulnerable group and provides them with all the rights guaranteed

by law, including the right to parental leave, flexible working hours, and return to work in accordance with the Labor Regulations. The Group also applies discretionary measures, such as working from home, flexible working hours, and days off for children's needs (first day of school or nursery) to facilitate work-life balance. Through these initiatives, CIAK Group not only ensures compliance with legal norms but also actively promotes work-life balance and supports the professional development of parents in the organization.

Cooperation with our own workforce is key to achieving business goals and sustainable business. The basis of cooperation with employees is daily communication between employees and operational management, which enables the collection of important inputs for making business decisions. These inputs can come from the initiative of employees or through a proactive approach of operational management, which encourages employee engagement to improve the business. The hierarchical structure of the Group is not deep, which allows for flexibility and fast, direct communication between top and bottom management, whereby feedback can be quickly used for change proposals and decision-making by the Group.

Cooperation with employees takes place through all phases of the business cycle, from setting goals to monitoring their realization.

In the phase of setting strategic goals, specifically in the market research process, employees who are actively involved in the relevant processes to achieve these goals provide key inputs. Live meetings with employees are the main channel for communication at this stage. In the final stages of defining the plan, the Management Board transmits information to the lower management through written communication. This phase is carried out at least once a year when setting the Group's strategic and operational objectives.

In the implementation phase of goals and strategies, employees at all levels of the hierarchy not only actively carry out the implementation but also remain key to the continuous collection of information that allows decisions to be made about the continuation of the implementation or the necessary adjustments. Information is collected through regular reporting, either in writing or orally, by lower and middle management, continuously during implementation.

In the phase of monitoring the implementation of the strategy and the achievement of goals, information is collected at all levels of management, so that the best and most strategically appropriate decision can always be made. This phase includes regular pre-set reports, ad hoc reports, and meetings at set intervals, continuously throughout the year or as an identified need.

Communication between the Group's Management Board and employees takes place mostly through the directors of the companies, who collect business-relevant information and ensure that it reaches the Management Board. All employees can communicate directly with Management when there is a need for it, and Management also encourages direct communication with employees, where applicable.

In the context of workforce management, the human resources department analyses the information received from employees to evaluate the need to adopt measures to guide employees, train employees, improve the work environment, and guide management in workforce management. Human resources collect this information through direct communication with employees and through employee satisfaction surveys.

The effectiveness of collaboration with the workforce is measured through business KPIs and human resources KPIs to assess whether the collaboration, in addition to contributing to stable processes in effective business management, has also led to a work environment in which employees feel valued and included. Evaluation is carried out in formal and informal ways, by monitoring employee turnover by company or department, by direct communication with management and employees during their working life and during exit interviews, and by conducting employee satisfaction surveys.

The Group's business strategy includes goals related to the impact on employees, which are defined qualitatively in the observed reporting period. In this reporting year, the Group did not establish quantitative targets in its own workforce, but focused on establishing a reliable system for collecting, processing, and monitoring relevant data. In this context, an internal BI model has been developed that provides a centralized and structured insight into the key performance indicators related to the S1 category, which ensures greater transparency, consistency, and comparability of data. Access to said data is limited exclusively to the human resources department, given the confidential nature of the information.

Based on the analysis of the collected data from the first reporting year and further activities related to the development of the sustainability strategy, the Group will consider the possibilities and the need to define quantitative goals in this area of activity in the coming periods. When defining them, data from the first reporting year will be used as base values.

In the context of managing human rights impacts in labour relations, CIAK Group recognizes the importance of cooperation with employees when developing measures that ensure that their rights are respected. Employees are involved in the decision-making process through regular meetings and periodic conversations with superiors and, where necessary, with the human resources department, ensuring that measures are based on their actual needs and experiences. Transparency and open communication are key in this process. In the observed reporting period, monitoring and evaluation of the implemented measures were carried out primarily through direct employee feedback, while formal employee satisfaction surveys were not conducted. The Group is considering the introduction of structured tools, including surveys, in the coming reporting periods.

In addition, support is provided to employees through advisory services and a system of anonymous reports, which further protects their rights. Through this approach, CIAK Group contributes to the creation of an inclusive and motivating work environment, which has a positive impact on employee productivity.

The Rules of Procedure and the Rules on the Procedure for Internal Reporting of Irregularities in the CIAK Group define measures to remedy the negative effects on employees who express concerns or report potential irregularities. The Rules on the Internal Whistleblowing Procedure ensure the protection of employees who report irregularities, including the prohibition of any retaliation, discrimination, or negative consequences for employees who report undesirable practices. This approach allows employees to report irregularities in a secure environment. The policy also guarantees the confidentiality of reports, thereby protecting the identity of the employee reporting irregularities, ensuring the security and privacy of the whistleblower.

CIAK Group provides effective channels for reporting employee concerns to preserve the safety and integrity of the work environment. Employees have their own representative in the Supervisory Board of the company, through whom they can present any issues that are identified as relevant. Through regular open meetings with management and with the support of the human resources department, employees can voice their concerns. These meetings provide an opportunity for transparency and quick resolution of problems, thereby creating trust and strengthening cooperation.

Also, there are personal data protection officers who ensure that all reported data is processed in accordance with applicable legislation and best privacy practices.

CIAK Group employees are informed about the channels for reporting concerns when signing the Employment Contract, which allows them to gain insight into the internal acts and regulations that define the procedures for reporting irregularities. The documents are available for inspection by employees. The human resources department regularly informs employees about any relevant changes or facts relevant to them. Management conducts regular periodic interviews with employees to maintain an open dialogue and transparent communication. Depending on the nature of the employee's concerns, the Human Resources Department and, in certain cases, the Legal Department are responsible for monitoring the resolution of open issues. Through periodic surveys and exit interviews, the Human Resources Department monitors compliance with procedures and evaluates the effectiveness of the channels for reporting concerns.

If the existence of irregularities affecting the working environment or the human rights of employees is established, the Labour Regulations and the Regulations on Whistleblowing define appropriate remedial measures. These measures may include correcting irregularities or undesirable practices, conducting education and training for employees to prevent similar problems in the future, introducing new procedures or policies to improve the working climate and ensure an ethical working space, and conducting internal investigations in cases of serious irregularities or reports involving violence, discrimination, or mobbing. Also, sanctions can be taken against responsible persons if it is determined that work norms or legal obligations towards employees have been violated.

Employee performance management measures are primarily focused on the evaluation of the organizational climate, management, and work organization through interviews with employees and through periodic employee satisfaction surveys, in accordance with the possibilities and needs in all Group companies. This forms the basis for the development of organizational culture and the evolution of the organization in accordance with the needs of employees and the market.

In the recruitment process, the Group ensures the cooperation of the management of the companies or heads of departments with the human resources department to implement a transparent and quality selection process, which provides candidates with relevant information and ensures the selection of appropriate employee profiles for the Group.

An important measure includes a centrally coordinated process of short- and medium-term planning of the number of employees, in which it is crucial to align the planned changes in terms of one's own workforce with the planned development of the business, which contributes, among other things, to the reduction of overtime hours and the reduction of the workload of employees through the carefully planned scope of work delegated to them.

The continuous introduction of specific IT solutions is a measure aimed at improving the efficiency and organization of employees' work. In the observed reporting year, special emphasis was placed on the development and use of analytical tools, including a BI model that enables faster access to relevant management and operational data. This enables employees to plan and monitor business activities more efficiently, reduce administrative burden, and make decisions more accurately. These solutions contribute to better organization of working time, increased process efficiency, and greater safety of employees when performing work tasks.

At CIAK Group, the measure of adjusting financial benefits based on actual work performance and employee contributions enables the Group to direct rewards and benefits towards actual achievements, creating a motivating environment that fosters productivity. Employees who achieve high results receive an adjustment to their financial income, including bonuses and other benefits, which further motivates them to achieve better results. While companies within the Group have autonomy in managing teams, all performance-based remuneration decisions are made in coordination with the responsible persons of the parent company and the Group.

An additional measure of managing the effects related to the workforce is the continuous education of employees, adapted to the business needs and personnel possibilities in each member state of the Group. The need to participate in training is identified through conversations between employees and superiors, considering business priorities and the available budget, and is referred for approval to directors and, in certain cases, to the human resources department.

The Human Resources Department directs operational management in identifying key areas of employee development and necessary training, given that operational management, as involved in operational processes daily and in continuous interaction with employees, has the best insight into the development needs of the workforce. In the observed reporting year, trainings related to ESG and sustainability were conducted, including the participation of employees in workshops and educational programs organized by relevant institutions and professional entities. This further strengthens the internal competencies needed to monitor regulatory requirements and develop a Group-wide sustainability management system.

Training managers in the field of employee management, developing communication skills, and educating managers on methods of providing regular feedback to employees are measures implemented with the aim of improving communication at all levels, minimizing operational errors, and optimizing employee guidance in performing tasks, defining expectations, and setting deadlines. Education is coordinated, if necessary, by the central human resources department.

The CIAK Group's Work Regulations are a key document that regulates employment relations, rights, and obligations of employees and ensures compliance with applicable legislation. It ensures that the rights of employees guaranteed by law are respected and provides a standardized approach to workforce management. The Ordinance covers key aspects of employment relations, including employee rights and obligations, safety at work, regular working hours, wages, work-life balance, recruitment and termination procedures, prevention of discrimination, and mechanisms for filing complaints or reports of human rights violations.

The implementation and updating of the regulations, as well as the instruction of employees in their rights and obligations, are extremely important for compliance with the requirements of positive regulations. These procedures represent a key measure for managing the positive impact on the human rights of employees with whom an employment relationship is established.

CIAK Group monitors the effectiveness of the implemented measures through regular reports on business results and the achievement of key performance indicators defined at the level of the human resources department for certain key indicators. Communication with employees takes place through meetings, individual conversations, and occasional surveys, which collect feedback on satisfaction and challenges in the implementation of measures. Based on this data, the Group adjusts its strategy and measures regarding the management of its own workforce on time.

## 5. CIAK GROUP EMPLOYEES

The presented collected data refer to the number and characteristics of the Group's employees as of 31.12. The data include the number of employees, while, as part of regular business processes, the collection of data on FTE and HC achievements is carried out monthly at the Group level.

The presented data are in accordance with note 10 of the Group's annual financial report.

### Number of employees by gender as of 31.12.

Gender	Number of employees	
	2024	2025
Men	2,960	3,014
Women	449	462
Other	0	0
Not reported	0	0
<b>Total employees</b>	<b>3,409</b>	<b>3,476</b>



### Number of employees per market at 31.12.

The figure below provides an overview of the number of employees by country in which the Group operates and contains data for all countries where the Group employs more than 50 employees, representing more than 10% of the Group's employees.

Country	Number of employees		Share in the total number of employees	
	2024	2025	2024	2025
Croatia	1,579	1,533	46%	44%
Serbia	825	865	24%	25%
Bosnia and Herzegovina	624	650	18%	19%
Montenegro	199	234	6%	7%
Slovenija	132	123	4%	4%
Macedonia	46	67	1%	2%
Kosovo	4	4	0%	0%
<b>Total employees</b>	<b>3,409</b>	<b>3,476</b>	<b>100%</b>	<b>100%</b>

### Number of employees by gender and type of contract as at 31.12.

2024				
Women	Men	Other	Not published	Total
Number of employees				
449	2,960	0	0	3,409
Number of full-time employees				
366	2,427	0	0	2,793
Number of temporary employees				
83	533	0	0	616

2025				
Women	Men	Other	Not published	Total
Number of employees				
462	3,014	0	0	3,476
Number of full-time employees				
407	2,519	0	0	2,926
Number of temporary employees				
55	495	0	0	550

**Number of employees by age groups at 31.12.**

In 2025, the number of employees whose employment with the Group has been terminated is 640. The number shown refers to all employee deregistrations in the observed period.

In the observed period, the turnover rate is 17.4% and is calculated as the ratio of the number of departures to the total number of employees of the Group as at 31.12.2025.

Age group	Number of employees		Share of employees	
	2024	2025	2024	2025
<30	926	818	27,2%	23,5%
30-50	1,962	1,980	57,6%	57,0%
>50	521	678	15,3%	19,5%
<b>Total employees</b>	<b>3,409</b>	<b>3,476</b>	<b>100%</b>	<b>100%</b>

The highest management level within the CIAK Group consists of the Management Board of the Group and the directors of the companies operating within the Group, who are appointed based on relevant experience and level of knowledge of the industry and business processes of individual companies. The Group's management is responsible for strategic management and decision-making at all levels of the organization. In accordance with the process of making key decisions, the management of subsidiaries is obliged to inform or seek the consent of a certain Member or the Management Board when making significant business decisions.

The number of employed men at the management level of the CIAK Group as of 31.12.2025 is 29 (91%) and women 3 (9%).

In the CIAK Group, employee salaries and remuneration are aligned with market conditions and legislation of the countries in which the companies operate. The Group regularly monitors market trends to ensure that salaries and benefits match the skills, experience, and contributions of employees, while respecting all legal obligations. Such an approach makes it possible to maintain competitiveness and employee satisfaction.

In the CIAK Group, the average salaries of female employees do not deviate significantly from the average salaries of male employees.

For the purpose of calculating the indicators, the monthly gross earnings and remuneration in 2025 are collected below. The data collected contains values for individual Group companies.

**Gender Pay Gap\***

# 7,6%

*\*Defined as the difference between the average gross monthly earnings, unadjusted for hours worked, of male and female employees, expressed as a percentage of the average earnings of male employees*

**Ratio of the highest paid employee of the Group to the average salary of the Group employee\***

# 6,33

*\*The ratio of the total annual compensation of the highest paid person to the median of the total annual compensation for all employees (excluding the highest paid person)*

The ratio of the highest-paid employee in the Group to the average salary of the Group's employees in the reporting year was 6.33, representing a decrease compared to the previous year, when it was 6.90. The change is primarily due to the variability of the structure of jobs and functions within the Group and changes in the composition of employees during the year. At the same time, an increase in employee salaries at the Group level was recorded in the reporting year.

**The group had no fines, sanctions, or compensation paid in connection with the employment relationship.** Accordingly, no amounts of money related to such incidents or complaints were recorded.

## Consumers and end-users

### 6. CIAK AUTO ACADEMY

With the development of technology in the automotive industry, the complexity of vehicles has increased, and thus the maintenance of them. For the independent aftermarket to remain competitive in terms of knowledge and services to customers in relation to authorized service networks, continuous education of mechanics becomes the key to success.







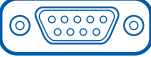

CIAK Auto Academy recognizes the importance of this segment of supporting your business, and for several years, we have been holding training sessions together with our supplier partners such as TMD Friction, Vale, Bilstein Group, ZF Friedrichshafen, and others. Through 140 seminars at more than 30 locations in Croatia, we have brought the latest technologies of our suppliers closer. Recognizing the interest in deeper knowledge, we decided to take a step further – launch the CIAK Auto Academy.

CIAK Auto Academy was founded at the end of 2017. For this purpose, we purchased a vehicle of the Euro V standard 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 has been prepared according to all European standards of knowledge seminars with the support of Eura! An organization that

is part of the AD International group. We have 8 different topics at our disposal that round off the complete vehicle according to the principle of working according to the methodology and didactics of modern mechatronics. The development of cars has risen to a level where it is increasingly difficult for a "classic mechanic" to catch up, and it is necessary to approach the issue with a little more prior knowledge of the electrics themselves and an understanding of the operation of individual assemblies. The goal of the CIAK Auto Academy is to bring the knowledge closer to our B2B customers as much as possible.

In 2022, the online internship of the CIAK Auto Academy will start operating. The task of the online part of the academy is to create digital educational content primarily for mechanics (B2B segment). At the same time, the online Academy is becoming a kind of knowledge base of CIAK Auto and its partners. Both parts of the CIAK Auto Academy are independent, but their work is intertwined. The CIAK Auto Academy project started in Croatia and has been extended to all Group companies in the region, primarily in the auto parts segment.

Seminars are thematically divided into several steps (themes):

- |   |   |
|---|---|
|  |  |
| 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 – what and how  |
|  |  |
| 7. CAN/LIN-bus data network   | 8. DSG clutch OAM gearbox   |



CIAK Auto Academy is a unified set of lectures focused on the professional development of car mechanics and mechatronics, where both the theoretical and practical part of the classes take place at locations throughout Croatia, but also in all countries where the group operates, with over 1,500 participants per year.

During the reporting year 2025, more than 150 professional seminars were held through the CIAK Auto Academy programs, and more than 2,000 certificates were issued, whereby the Group continuously contributes to the development of professional competencies in the aftermarket sector.

In accordance with ESRS 2, CIAK Group identifies all relevant consumers on whom its business, range of products, goods, and services may have a significant impact. The Group actively manages customer relations, considering their specific needs and requirements in different business segments.

The effects of the CIAK Group on consumers and end users are manifested through several key aspects, including the quality of the assortment and services, and their development in accordance with customer needs. The Group ensures reliable supply and availability of goods, respects agreed delivery times, thus enabling timely delivery, and provides transparent information through various channels, which enables customers to make purchasing decisions based on complete information. These effects result from the Group's approach, which, in addition to compliance with applicable regulations and monitoring their changes, also includes proactively addressing consumer needs, in accordance with the Code of Business Ethics, adopted in this 2025 reporting year, which further improved the customer protection policy compared to last year. The Code ensures that all members of the CIAK Group offer original and safe products of high quality. In addition, the Group pays special attention to customer experience, after-sales activities, and data protection of its customers.

The largest percentage of customers in the auto parts distribution segment is legal entities and craftsmen, including service centres, mechanic shops, and smaller resellers. The Group regularly consults its customers in this segment, integrating them into the development of the product range and business processes. The availability of products, new technologies, and their application is crucial for these customers. Through the CIAK Auto Academy, an additional significant activity of the Group in terms of impact on consumers, the Group provides education that provides customers with information about new technologies and market trends, helping them meet market needs and maintain a competitive advantage.

The development and execution of educational activities, such as the CIAK Auto Academy, require certain financial investments, which do not pose a financial risk for the Group because the costs of conducting workshops are planned as part of the regular business planning process. The financial opportunity is manifested in the fact that educated customers, who better understand the value of the relevant assortment and services of the automotive segment, can significantly contribute to increasing sales and strengthening

business relationships, which in the long run achieves a return on spent funds and creates a competitive advantage.

Customers in the freight distribution segment are also legal entities and craftsmen, including hauliers, large fleet customers, mechanic workshops, and smaller resellers. Timely delivery of products is critical for these customers, as delays in delivery can cause business downtime, decreased productivity, and increased operating costs. CIAK Group ensures high-quality service and timely delivery, thus minimizing the business risks of its customers.

CIAK Group, as a distributor of batteries, sells products to both members of the Group and external customers, and pays great attention to the quality and safety of products. All batteries are subject to strict quality controls, ensuring a high level of performance and longevity, which is key to making the purchase decision for this part of the vehicle range. When purchasing a battery, the customer receives a Product Notice with the product, which contains instructions for use and handling of the product and instructions for disposal after loss of function or wear and tear.

End users are provided with information about products, their potential effects on health and the environment, and how to use them, directly by the company's employees orally, then through documentation that accompanies the goods (warranty cards, instructions for use, marketing materials, etc.), but there are also info phones for consumers. Wholesale companies inform their customers through brochures, presentations, and training (CIAK AUTO Academy).

CIAK Group generates revenues in the ecology segment, especially in the sub-segment of waste management, from customers who dispose of waste or use the collected waste as an energy source. The Group provides waste collection and disposal services, helping clients comply with environmental regulations and optimize waste management costs. Through cooperation with CIAK Group, companies avoid the risk of fines, reduce costs, and manage waste in an environmentally friendly way.

Lead buyers, who are also manufacturers of batteries, are a key group of consumers from a sustainability perspective. Their work has a direct impact on the quality and availability of recycled materials, which enables the further development of sustainable business solutions.

CIAK Group cooperates with large retail chains in Croatia in the wholesale segment. For these customers, timely delivery of products is essential to meet end-consumer demand. The Group consistently respects the agreed delivery dates, thus ensuring the stability of business relationships.

Customer relationships in all segments are carefully regulated to ensure compliance with applicable legislation and standards. The Group actively monitors changes in laws and regulations, enabling timely adaptation of operations. All products are clearly marked with technical specifications, instructions for use, installation, maintenance and safety guidelines and are compliant with environmental standards and recycling regulations.

CIAK Group ensures that products subject to safety regulations meet the relevant standards and have the CE marking, which confirms compliance with European legislation. The after-sales service includes clear terms of warranty, complaints and servicing, which ensures full support to customers at the time of the occurrence of such needs.

Employees are educated and trained to be able to provide professional support to customers, improve their shopping experience, and contribute to the quality of the post-sales process.

Customer relations are based on mutual trust, with special emphasis on agreeing on delivery times, specifications, and requirements related to quality, environmental protection, health and safety of workplaces, energy efficiency, and road safety. This approach enables the continuous maintenance of long-term, stable, and mutually beneficial business relationships.

The management system policy of CIAK Group d.d. clearly regulates customer relations through the obligation to provide services and deliver products that are in accordance with relevant internal, national, and international standards. The Group places special emphasis on meeting customer requirements, with priority on quality, occupational health and safety, environmental protection, and energy efficiency. All processes within the company are subject to established procedures that ensure consistency and high standards in meeting customer expectations.

The policy also emphasizes the importance of long-term cooperation with customers based on mutual trust, transparency, and harmonization of specific requirements. Through continuous professional development of employees, CIAK Group strives to maintain a high quality of services and responsibility for the execution of tasks.

In line with the UN Principles on Business and Human Rights, the Management System Policy promotes responsible business conduct, respect for human rights, and ensuring safe and healthy working conditions. The Group actively ensures the transparency of information, the security of its products and services, and the right to the protection of customer privacy. In addition, the Policy ensures responsible business practices that include fairness, timely delivery of products, and compliance with legislation and customer rights, including protection through clear warranty and complaint terms.

In its operations, the CIAK Group strives to align its practices with the UN Guiding Principles on Business and Human Rights, the provisions of the Declaration of Fundamental Rights at Work of the International Labour Organization, and the OECD Guidelines for Multinational Enterprises. No case of non-compliance with the principles contained in those documents has been recorded.

This policy is available to all interested parties and communicated to all those who work for and on behalf of CIAK Grupa d.d.

Companies within the CIAK Group cooperate with end consumers daily, providing them with information about products, their effects on health and the environment, and how to use them. The information is

provided to users orally as well as through documentation, including warranty cards, instructions for use, and marketing materials. Consumers can also obtain additional information through information hotlines.

For wholesale companies, communication with customers takes place through brochures, presentations, and training. For specific products, such as tires or batteries, additional information sheets are created to accompany the product, providing details about its performance, conditions of use, and safety risks. These documents help users make informed decisions about products that suit their needs.

Cooperation with end consumers and business users takes place through different phases of the business process, to ensure their well-being, satisfaction, and consideration of feedback. In retail, the Group cooperates mostly with the end users of the Group's assortment, while in business relations with legal users, communication is achieved through their proxies and representatives. Cooperation includes defining and, if necessary, revising the contractual conditions for jobs, which is the basis for long-term cooperation to mutual satisfaction.

CIAK Group has developed long-term partnerships with business entities, especially in the segments of ecology and waste management, where waste disposal is carried out based on long-term contracts. In the recycling segment, customers are also suppliers of batteries, while in the IAM sector, smaller business entities, such as those with large fleets, such as trucks and buses, are regular customers. Cooperation with these customers is crucial in the development of the assortment. In all segments, cooperation with customers begins at the stage of product sales, with specifics at the segment level in the form of the need to conclude contracts or one-off purchases, and takes place until post-sales activities.

The functions and key roles in the company responsible for cooperation with consumers include sales, marketing, and customer support departments. This team ensures that the results of the cooperation are considered in all strategic and operational activities of the company, thus enabling the alignment of business objectives with the interests and needs of end users.

In the event of negative effects on consumers due to failures in the cooperation phases, the company takes corrective action in accordance with the applicable legislation, the terms of the contract (where applicable), or the commercial communication with the consumer. Depending on the situation, appropriate steps are taken to eliminate irregularities, nullify or reduce the potential negative impact on end-users, and ensure the protection of their rights and interests.

Consumers and end-users can raise their concerns or complaints through a variety of channels, including customer service hotlines and email addresses. The company undertakes to process the received complaints in a quick and efficient manner and to provide an appropriate solution in the shortest possible time, ensuring transparency in the process of remediation of negative effects.

In retail outlets, electronically or in writing to the company's headquarters, consumers can file a complaint about the purchased

product, which initiates the complaint procedure. The consumer will receive a response to each complaint received within 15 days at the latest, i.e., within the legal deadline. If the complaint is justified, appropriate steps are taken in agreement with the consumer, such as replacing the product or reimbursing the amount paid, if the reason for the complaint cannot be eliminated in any other way. Every consumer is familiar with the measures as they are based on applicable legislation, contract provisions, and policies that are available to stakeholders on the Group's website or upon request.

CIAK Group's measures to achieve positive effects on customers and end users include several key aspects. Providing clear and relevant information at the level of all sales channels and acting in accordance with the transparent communication policy at all stages of cooperation enables customers to make responsible, informed decisions, thus ensuring long-term partnerships and customer loyalty. With the establishment of web sales, products and information about them have become available to all categories of end users, including people with disabilities. The quality of services and products is continuously improved through innovation and high-quality standards with the aim of achieving customer satisfaction. For this purpose, the Group uses customer feedback and internal analyses. The management staff and other employees ensure that all deadlines and customer requirements are met. The Group also educates customers in the IAM segment through the CIAK Auto Academy on new technologies, making it easier for customers to adapt to new market demands, launch new product ranges, and develop long-term partnerships. Customer support via phone and e-mail has also been developed, which resolves inquiries and complaints, and builds trust and long-term relationships. The protection of personal data within the Group's system ensures the secure storage and use of data in accordance with the provisions of the GDPR. Concerning specific measures, the Group aims to simplify the treatment of waste batteries for all final consumers. The Group companies have a developed network of business units that provide retail purchase services for used batteries, and most of the Group's business locations have containers for the disposal of small batteries. In total, during 2025, more than 883 tons of used batteries were collected as part of the retail purchase of the Group's Croatian companies, according to the data from the e-ONTO forms, which ensures responsible waste management and contribution to the recycling process.

User feedback is collected regularly, which allows for continuous improvement of the offer and improvement of this business function. These measures enable the provision of high-quality services, transparency, responsible business, and contribution to sustainability. The effectiveness of these measures is monitored through regular monthly reports and calculations of key performance indicators at the request of management. Effectiveness is also monitored through regular interactions and feedback from customers.

In the event of exceptional negative effects on consumers, CIAK Group defines the procedures and necessary measures according to the guidelines of the Legal Department and in accordance with the

applicable regulations and contractual regulations, if a contract has been concluded with the customer. The Group's approach is based on monitoring relevant regulations and their amendments and timely adaptation of internal processes, with regular feedback from customers that serves as a basis for upgrading processes and developing successful cooperation. Although the effects of cooperation with consumers are manifested in different ways in different business segments, the risk of damage in exceptional situations remains the same. Although no negative impact on consumers has been identified so far, nor have serious problems and cases related to consumer human rights been reported, the Group takes appropriate measures to minimize or completely avoid the occurrence of negative effects on end consumers and partners. Partners with specific characteristics who may be exposed to a higher risk of harm have not been identified within the Group. The risks arising from the effects on consumers relate to the incurrence of costs and their growth to address the needs of consumers. These risks are not identified as material, and they are managed through an annual budgeting process. Risks are monitored as part of regular reporting, and the necessary measures to amend the budget are adopted if necessary. As part of annual budgeting, resources are allocated to manage significant impacts on consumers. Resources include human resources allocated to sales and post-sales activities, expenditures for the development of information materials, and investments in the education of business partners, employees, and customers. All significant effects are analysed in the process of adopting a business plan, and the measures that are implemented are based on the requirements of positive regulations that are primarily considered when developing measures. In addition, measures are developed based on the specific needs of customers at the level of each segment, and in exceptional cases, measures can be developed for individual customers when such a need arises.

CIAK Group implements a consistent and continuous approach to customer relations to maintain high standards of service and product quality, consumer satisfaction, and ethical business. CIAK Group regularly monitors the effectiveness of its activities through the evaluation of key indicators, consumer feedback, and internal analysis, thus ensuring long-term positive effects on consumer satisfaction. This approach makes it possible to maintain flexibility in responding to changes in the market and in consumer behaviour and allows for the adaptation and improvement of policies without the need to identify quantitative targets, but with a clear focus on long-term sustainability and responsibility towards consumers.

The Group's consumer relations goals are aligned with the Group's business strategy and business plans. Although they are not currently quantified, the Group plans to consider the need and possibilities of adopting specific quantitative targets in the coming periods. The success of the measures used is assessed by analysing the Group's business results, as well as by collecting consumer feedback. When considering the adoption of specific objectives or the monitoring of the effectiveness of the measures implemented, the Group shall make use of the achievements of previous years or planned outputs, where applicable.



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The expertise of the management and supervisory bodies of CIAK Group d.d. is based on many years of experience in corporate governance and a high level of experience in the Group's business activities, which aims to apply best practices in all aspects of business."

## Business conduct

**The management and supervisory bodies of the CIAK Group have a key responsibility for the design, implementation, and supervision of business conduct within the organization.** Each body, within its competences, is responsible for drafting, publishing, and implementing internal acts that define business conduct, with special emphasis on the documents Rules on Key Decisions (PKO) and Rules of Procedure that regulate internal rules of business conduct.

In this reporting year, the Group adopted the Code of Business Ethics, which regulates in detail the issues of ethical behaviour, the procedures for reporting and detecting unethical behaviour, and defines the procedures for resolving it. Special attention is paid to the following areas: ethical values and principles, human rights and dignity, health and the environment, product quality assurance, loyalty to the Company and the Company's assets, protection of trade secrets and business information, avoidance of conflicts of interest, receiving and giving gifts, corruption zero tolerance, community relations, investor relations and reports, relations with the international community and how to deal with non-compliance with the Code of Ethics.

Effective management and supervision are essential to verify the application of responsible business conduct in accordance with the guidelines set and encouraged by the Group. Managing authorities are responsible for developing and aligning business strategies with the principles of sustainable and ethical business, while supervisory authorities exercise control over the application of these strategies and their compliance with applicable legislation. This dualistic approach enables effective monitoring and implementation of business policies, which has a positive impact on the level of social and environmental responsibility of the Group.

The expertise of the management and supervisory bodies of CIAK Group d.d. is based on many years of experience in corporate governance and relevant experience in the Group's activities, which contributes to quality and responsible business management. A deep understanding of business processes, legislative frameworks, and ethical guidelines enables the development of policies and guidelines that not only meet regulatory requirements but also set high ethical standards for the entire organization. The relevant experience of the members of the Supervisory Bodies enables effective supervision of operations, insisting on adherence to and application of internally defined business guidelines, as well as external regulations. The expertise and experience of these bodies play a key role in identifying potential non-compliances and ensuring timely action, minimizing or eliminating potential business risks, and ensuring the long-term trust of all Group stakeholders.

CIAK Group applies the principles of the Code of Corporate Governance of the Zagreb Stock Exchange (ZSE) and HANFA as a reference framework for improving corporate governance. Compliance with individual recommendations of the Code is continuously evolving through the improvement of internal practices, policies, and management processes.

The Code of Corporate Governance contributes to the development of corporate culture by setting guidelines for responsible, transparent, and ethical business within the organization. The recommendations of the Code, such as a clear division of responsibilities between the Supervisory Board and the Management Board, encourage the development of professionalism, trust, and cooperation.

Fostering transparency in reporting to shareholders and other stakeholders contributes to strengthening open communication and responsible decision-making. By emphasizing the importance of risk management and protecting shareholder rights, the Code directs the organization towards making informed decisions and strengthening business standards.

The Code also promotes ethical guidelines and social responsibility, which contribute to the development of an organizational culture focused on integrity, regulatory compliance, and long-term sustainable practices. The CIAK Group continues its activities aimed at further harmonization with the recommendations of the Code.

CIAK Group has developed a Management System Policy for Group members that applies ISO standards. The CIAK Group's management system policy directs business activities through a clear definition of obligations in terms of quality, environmental protection, occupational health and safety, and energy efficiency. Employees actively participate in achieving defined goals, which increases their engagement and motivation. The policy encourages cooperation with stakeholders and business transparency, building trust and long-term relationships.

CIAK Group d.d. currently does not have a separate policy dedicated exclusively to corruption and bribery issues. The assessment of exposure to these risks is based on the characteristics of the Group's business model, business structure, and the regulatory framework in which the Group operates, with the risk of corruption and bribery assessed as low. However, the Labor Regulations and the Code of Business Ethics recognize behaviours that can be considered corruption or bribery as serious violations of work obligations.

For proven cases, the sanction provided is the termination of employment in the company. The group has zero tolerance for the behaviours described.

The Group protects whistleblowers through the implementation of the Rulebook on the Internal Whistleblowing Procedure, which provides mechanisms for reporting irregularities in the organization and the protection of persons who report such irregularities. According to this Ordinance, two confidential persons, male and female, have been appointed to ensure balance and trust in the reporting process.

The Ordinance regulates in detail the procedure for reporting irregularities, which includes clear steps for reporting, the protection of whistleblowers from possible retaliation or discrimination, and the procedure for resolving reports. Confidential persons are responsible for receiving reports, processing them properly, and ensuring the confidentiality of data. Also, the Ordinance includes measures that ensure that reports of irregularities are treated with seriousness, that the anonymity of the whistleblower is not jeopardized, and that an objective procedure is carried out and a verdict is made based on correct facts.

The Group does not have specific processes in place to promptly, independently, and objectively investigate incidents of business conduct, including cases of corruption and bribery, as no such cases have been recorded in practice so far. However, if such cases occur, they could be resolved according to the guidelines of the existing Ordinance on the Internal Reporting Procedure.

Training of members of the management and supervisory body is organized according to the proposal of the Human Resources Department or at the proposal of a member of the Management Board. Members of management and supervisory bodies have acquired relevant knowledge in the field of corporate governance and business conduct through many years of professional experience. To promote positive practices of improving corporate culture and awareness of the importance of business behaviour, it is planned to educate the Management Board and the highest management staff on an annual basis, which will carry out the transfer of acquired knowledge to lower management levels, ensuring the transfer of principles to all employees of the organization.

## 7.1. SUPPLIER RELATIONSHIP MANAGEMENT

**CIAK Group manages supplier relationships with a special focus on sustainable development, environmental protection, and compliance with applicable legislation.** In accordance with the General Conditions of Procurement, when selecting suppliers, the Group requires that the purchased goods meet the regulations on environmental and health protection defined for the European Union market. The supplier is also liable for damages resulting from the delivery of environmentally questionable goods or inappropriate packaging, thereby ensuring high environmental standards in business relationships.

CIAK Group also conducts a detailed compliance check when establishing a business relationship with a new supplier. By using the NAMSCAN platform, which enables the verification of the identity of natural and legal persons, checks are carried out on politically exposed persons (PEPs), sanctions lists, and anti-money laundering (AML) measures. This process ensures that all suppliers with which the Group does business meet high standards of compliance and ethical operations, minimizing risks and strengthening trust in business relationships.

The relationship with suppliers is based on mutual trust, with special emphasis on the importance of harmonizing agreed deadlines, specifications, and quality level requirements, identifying approaches to environmental protection, occupational health and safety, ensuring energy efficiency, and road safety. The

Group strives to maintain long-term, partnership relationships with all suppliers who share the same values and business standards.

CIAK Group's payment system regularly processes payment proposals according to contracts with suppliers and defined maturity dates, in accordance with defined internal procedures. The process is carried out with strict adherence to operational payment system security measures, which ensure the timely settlement of due obligations to suppliers.

The average payment time to suppliers in 2025 was 88 days. Deviations from the agreed payment currencies can be up to 21 days, depending on the agreed commercial and overall business relationships with suppliers.

Parallel to the contracted payment currencies, they can vary and range up to 180 days for suppliers from the largest business segments. The most important supplier contracts, due to long-term partnerships, have a contracted deferral of payment for a greater number of days than the standard conditions defined by the general procurement processes.

As part of the internal act "General Terms and Conditions of Procurement", the Group has stated general guidelines for the Group's actions to prevent late payments. **The Group has no ongoing litigation related to late payment to suppliers.**

## 7.2. KEY INDICATORS FOR ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES (EU TAXONOMY)

In accordance with Article 8. Pursuant to Article 10 of the Regulation on the establishment of a framework to facilitate sustainable investment (EU) 2020/852 and supplementary delegated acts (EU Taxonomy), the Group is required to disclose the proportion of revenues (Turnover), CapEx and OpEx in a reporting period that is eligible for the EU Taxonomy and aligned with the Taxonomy concerning the environmental objectives of climate change mitigation and adaptation, sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution, and the protection and restoration of biodiversity and ecosystems. The Taxonomy Regulation is a key component of the European Commission's action plan to reorient capital flows towards a sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with the EU's

climate goals, as the Taxonomy is a classification system for environmentally sustainable economic activities.

In accordance with the prescribed regulations, the Group has identified taxonomically eligible activities as part of its business activities: battery production (classified under NACE code C27.2 in accordance with the statistical classification of economic activities established by Regulation (EC) No. 1893/2006 and the collection and transport of hazardous and non-hazardous waste in fractions separated at source (classified under NACE code E38.11 according to the statistical classification of economic activities established by Regulation (EC) No 1893/2006).

In the following, the Group publishes the key performance indicators prescribed by the regulation.

Financial year (2025)																
KPI (1)	Total (2)	Proportion of Taxonomy eligible activities (3)	Taxonomy aligned activities (4)	Proportion of Taxonomy aligned activities (5)	Environmental objective of Taxonomy aligned activities							Proportion of enabling activities (12)	Proportion of transitional activities (13)	Not assessed activities considered non-material (14)	Taxonomy aligned activities in previous financial year (N-1) (15)	Proportion of Taxonomy aligned activities in previous financial year (N-1) (16)
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)						
Text	000 EUR	%	000 EUR	%	%	%	%	%	%	%	%	%	%	000 EUR	%	
Turnover	32,494	8.2														
CapEx	1,058	6.4														
OpEx	2,906	16.3														

According to Article 3. Regulation (EU) 2020/852, which defines that economic activities qualify as taxonomically aligned if they contribute substantially to one or more environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Furthermore, economic activities must not significantly harm any of the other environmental objectives (DNSH = do no significant harm) and must be carried out in accordance with minimum

safeguards, in terms of human and consumer rights, the fight against corruption and bribery, taxation, and fair competition.

The Group has identified activities that are taxonomically acceptable for the environmental objective of climate change mitigation according to the EU Taxonomy.

The identified eligible activities of the Group are not aligned. In the coming periods, the activities necessary to confirm taxonomic alignment for taxonomically eligible activities will be carried out.

**Share of revenues from taxonomy-eligible products or services**

The table below shows the share of revenues of taxonomically eligible and taxonomically non-eligible economic activities in the consolidated revenues of the CIAK Group.

The share of revenues is calculated as the ratio of net revenues generated from products or services, including intangible assets, generated by the performance of taxonomically eligible activities, to the total consolidated sales revenues generated by the Group.

Within the eligible activity of Battery Production, the activity of battery recycling is listed. Revenues of the battery recycling business in CIAK Group companies account for 4.4% of CIAK Group's consolidated revenues. Most of the presented revenues are generated in the profit centres of the company C.I.A.K. d.o.o., in the segment of recycling activities.

Environmentally sustainable activity collection and transport of hazardous and non-hazardous waste in fractions that are separated at source accounts for 3.8% of CIAK Group's consolidated revenues. The observed revenues include revenues generated by the Group companies that perform waste management activities, and the most significant part refers to the generated revenue on the Croatian market.

Total revenues of environmentally friendly activities within the CIAK Group account for 8.2% of the consolidated revenues of the CIAK Group.

Reported KPI (Turnover)													
Financial year (2025)													
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover) (3)	Taxonomy aligned KPI (monetary value of Turnover) (4)	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover) (5)	Environmental objective of Taxonomy aligned activities						Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned in Taxonomy eligible (14)
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)			
Text		%	EUR	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Battery production	27.20	4.4											
Collection and transportation of hazardous and non-hazardous waste in fractions that are separated at source	38.11	3.8											
<b>Total alignment by objective</b>													
<b>Total KPI (revenues)</b>		8.2											

Reported operating revenues are linked to Note 6 of the Financial Statements. The financial statement does not contain data on achievements at the level of individual activities within the defined reporting segment of the business.

### Share of operational expenditure for taxonomically eligible products or services

The table below shows the share of operating expenses of taxonomically eligible and taxonomically non-eligible economic activities in the consolidated operating expenses of the CIAK Group.

The observed operating expenses, in accordance with the regulations, include direct non-capitalised costs related to research and development, building renovation measures, short-term rental, maintenance and repair, and any other direct expenditure for the day-to-day servicing of property, plant and equipment performed by the company or the third party entrusted with these tasks, which are necessary for the proper functioning of those assets.

Within the eligible activity of battery production, the activity of battery recycling is listed. Operating expenses of the recycling activity

account for 9.4% of the consolidated operating expenses of the CIAK Group. The taxonomically eligible activity collection and transport of hazardous and non-hazardous waste in fractions separated at source accounts for 6.9% of the consolidated operating expenses of the CIAK Group. Within the observed operating expenditures, the most significant part refers to the expenditures of the company C.I.A.K., in recycling activities, i.e., in places of ecological costs, if we observe the waste management activity.

Total operating expenses of environmentally sustainable activities within the CIAK Group account for 16.3% of the consolidated operating expenses of the CIAK Group.

Reported KPI (OpEx)													
Financial year (N)													
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible OpEx) (3)	Taxonomy aligned KPI (monetary value of OpEx) (4)	Taxonomy aligned KPI (Proportion of Taxonomy aligned OpEx) (5)	Environmental objective of Taxonomy aligned activities						Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned in Taxonomy eligible (14)
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)			
Text		%	EUR	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	
Battery production	27.20	9.4											
Collection and transportation of hazardous and non-hazardous waste in fractions that are separated at source	38.11	6.9											
<b>Total alignment by objective</b>													
<b>Total KPI (operating expenses)</b>		16.3											

The observed operating expenses are contained in notes 8 and 9 of the financial statement. The presented costs, which are viewed as expenses in the context of the calculation of performance indicators in accordance with the regulations, are prepared at the level of accounts and cost centers, and consequently, the exact amounts cannot be identified in the Group's financial statement.

**Share of capital expenditure for products or services related to taxonomy-eligible activities**

This performance indicator shows the share of capital expenditures of taxonomically eligible and taxonomically non-eligible economic activities in the consolidated capital expenditures of the CIAK Group. Capital investments are observed as increases in tangible and intangible assets in the financial year, before their depreciation and remeasurements, including increases resulting from revaluations and impairments, for the relevant financial year and excluding changes in fair value. Total capital investments also refer to investments in assets with the right to use in the observed period. Leases that do not lead to the recognition of right-of-use assets are not accounted for as capital expenditure. Investments also include changes in assets resulting from business combinations.

Capital expenditures of the recycling activity account for 4.6% of the consolidated capital expenditures of the CIAK Group.

Environmentally sustainable activity collection and transport of hazardous and non-hazardous waste in fractions separated at source accounts for 1.8% of CIAK Group's consolidated capital expenditures.

Total capital expenditure of environmentally sustainable activities within the CIAK Group accounts for 6.4% of the consolidated capital expenditure of the CIAK Group.

Reported KPI (CapEx)													
Financial year (N)													
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible CapEx) (3)	Taxonomy aligned KPI (monetary value of CapEx) (4)	Taxonomy aligned KPI (Proportion of Taxonomy aligned CapEx) (5)	Environmental objective of Taxonomy aligned activities						Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned in Taxonomy eligible (14)
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)			
Text					%	%	%	%	%	%	(E where applicable)	(T where applicable)	
Battery production	27.20	4.6											
Collection and transportation of hazardous and non-hazardous waste in fractions that are separated at source	38.11	1.8											
<b>Total alignment by objective</b>													
<b>Total KPI (CapEx)</b>		6.4											

The observed total capital expenditures of the Group are also contained in notes 14, 15, and 16 of the financial statements. The representation at the level of defined activities, i.e., taxonomically eligible investments, was calculated on the basis of the Group's operational reports.

# 8

## Certificates and associations

### 8.1. CERTIFICATES

CIAK Group has various quality certificates:

#### ISO 14001:2015

ISO 14001:2015 is an international standard that helps organizations establish and maintain an environmental management system. The goal is to reduce the negative impact of business activities on the environment, through systematic monitoring, reduction of waste, emissions and resource consumption. The standard also places emphasis on compliance with legislation and continuous improvement of the organization's environmental performance. The implementation of ISO 14001 helps organizations reduce costs, improve their image and attract investments, while contributing to sustainability and environmental protection.



#### 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 interested parties in the organization.



The ISO 9001 quality management system has become imperative in today's industry, and the need for it arises for several reasons. It is this system with its widespread 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 realized according to the requirements for the quality management system defined in the ISO 9001 standard, regardless of the type of product or service, the quality management system also brings far more significant benefits. These advantages are mostly outlined in increasing employee satisfaction and reducing employee turnover, reducing the number of non-conformities, saving time and thus reducing costs, full compliance with legal requirements and obligations, etc.

#### ISO 50001:2018

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



#### ISO 45001:2018

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 the potential risk of accidents, reduces the number of sick days, fully complies with legal regulations and fully improves the business and image of the company.



#### ISO 39001:2012

ISO 39001:2012 certification specifies the requirements for a road safety management system (RTS) to enable an organization that interacts with the road traffic system to reduce the fatalities and serious injuries associated with traffic accidents that it may affect. The requirements in ISO 39001:2012 include the development and implementation of an appropriate RTS policy, the development of RTS objectives and action plans, which consider the legal and other requirements to which the organization is subscribed, and information about the elements and criteria related to the RTS that the organization identifies as controllable and influential.



**SCCP:2011**

SCCP:2011 is a certification for manufacturers, contractors and service providers. This certificate certifies that the organization and employees apply an occupational safety, health and environmental management system. The certificate allows you to work in extremely dangerous conditions.



**HRN EN ISO/IEC 17025:2017**

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

The certificate is applicable to all organizations that carry out tests and/or calibrations. This includes, for example, first-, second- and third-party laboratories, and laboratories where testing and/or calibration forms 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 uses laboratories in the development of their quality management system, administrative and technical operations. It can also be used by laboratory users, regulatory bodies and accreditation bodies to certify or recognise the competence of laboratories.



**8.2. ASSOCIATIONS**

**AD International**



AD Adria is a proud member of AD International, a group that brings together over 600 wholesale distributors from 48 countries in Europe, North America, and Central Asia, to exchange information and improve 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! Tsar. Eure! Car encompasses high-quality technical training for professional mechanics and is supported by leading auto parts manufacturers. CIAK Auto Academy is the implementation of the successful Euro! Car concept in Croatia, to raise the level of knowledge of the complete independent aftermarket.

**AD International u brojkama**



**23**

partners



**48**

countries



**600**

wholesale distributors



**3.000**

outlets



**10.000**

service stations in the ADI network

## New products

### 9.1. TOOLS & SERVICE EQUIPMENT

Especially listening to the needs of customers and mechanics during the many years of our operation, we have provided an extremely wide range of products with fast delivery of service equipment and tools. Thus, the wide selection includes vulcanizing equipment, two-column truck cranes, scissor car cranes, four-post car cranes, workshop furniture, diagnostic testers, compressors, pneumatic guns, hydraulic presses, special sets of tools for the engine phase, precise measuring instruments, welding equipment, various cordless and electric tools, and many others.

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

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 assortment, as well as professional technical support and quality education. In addition to the already considerable number of over 1,500,000 items available through our network of branches and delivery, it is also worth mentioning the commendable work of the CIAK Auto Academy. It is through this program that we have been providing our mechanic partners with superior knowledge of diagnostic devices and tools for several years, through professional seminars and individual education, so that they can offer users of our services the highest quality knowledge in step with new technologies.

We have gathered a team of dedicated sales and technical experts who strive to exceed the expectations of each customer daily. We have created a positive working environment that will enable colleagues in sales to succeed in their given endeavour and thus achieve personal satisfaction and professional growth.

Our goal has always been and continues to be to satisfy our customers with a large selection, unsurpassed quality, and affordability of the sales assortment professionally and affordably, with continuous growth and development of the company.



## 9.2. FLEET DEPARTMENT

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

CIAK Auto Fleet Management and service partners provide their customers with maintenance of all brands of vehicles, passenger cars and light commercial vehicles, as well as the availability of high-quality spare parts for the first installation that have the IATF 16949 certificate. In addition to the existing network in the Republic of Croatia, the foundation for the growth of CA Fleet Management solutions in the Serbian market has been laid.

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

- Trained and trained service teams.
- With the latest equipment and tools,
- warranty on installed spare parts for a period of 2 years,
- A high-quality and fast service,
- The possibility of online ordering,
- ecological waste disposal,
- records of works on the vehicle.

Vehicle maintenance and repair is a very demanding job, but also a great responsibility. In order 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 Centres throughout Croatia,
- fully equipped workshops,
- qualified personnel,
- installation of original spare parts and original installation parts that have IATF 16949 certification,
- standardized services according to the licensed AUTODATA program,
- Towing service and roadside assistance from 0-24 hours.

**AUTOMOTIVE MECHANICS:** includes regular service maintenance according to the service intervals prescribed by the vehicle manufacturer, all other repairs of the engine group, transmission, suspension, braking system, exhaust system.

**AUTOELECTRICS:** 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.

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

**VULCANIZATION:** sale of tires and rims, assembly and balance, wheel alignment.

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

**MAP OF THE HEADQUARTERS OF THE CIAK CAR SERVICE NETWORK WITHIN THE REPUBLIC OF CROATIA**



# *ANNUAL FINANCIAL STATEMENTS*



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 31 DECEMBER 2025**

<i>(in thousands of EUR)</i>	<b>Note</b>	<b>2025</b>	<b>2024</b>
Sales revenue	6	396,664	350,555
Bargain purchase	31	-	6,378
Other income	7	4,754	2,498
Material expenses	8	(260,420)	(232,144)
Employee expenses	10	(81,318)	(66,680)
Depreciation and amortisation	14,15,16	(15,719)	(14,765)
Brand Impairment	14	-	(3,738)
Other operating expenses	9	(25,871)	(27,365)
<b>Operating profit</b>		<b>18,090</b>	<b>14,739</b>
Finance income	11	608	258
Finance costs	12	(4,762)	(4,481)
<b>Net finance expense</b>		<b>(4,154)</b>	<b>(4,223)</b>
<b>Profit before tax</b>		<b>13,936</b>	<b>10,516</b>
Income tax	13	(2,656)	(1,284)
<b>Net profit for the year</b>		<b>11,280</b>	<b>9,232</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign operations - foreign translation differences		(16)	(240)
<b>Total comprehensive income</b>		<b>11,264</b>	<b>8,992</b>
<b>Profit attributable to:</b>			
Equity holders of the parent		11,315	9,285
Non-controlling interests		(35)	(53)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		11,299	9,045
Non-controlling interests		(35)	(53)
<b>Earnings per share (in EUR):</b>			
Basic		0.57	0.47
Diluted		0.57	0.47

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 31 DECEMBER 2025**
*(in thousands of EUR)*

	<i>Note</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets and goodwill	14	11,963	11,091
Property, plant and equipment	15	39,331	37,902
Right of use assets	16	36,603	39,149
Equity-accounted investees	17	317	317
Trade and other receivables	20	650	288
Deferred tax assets	13	1,034	1,103
Financial assets	18	238	178
<b>Total non-current assets</b>		<b>90,136</b>	<b>90,028</b>
<b>Current assets</b>			
Inventories	19	140,413	135,194
Trade and other receivables	20	57,249	55,414
Income tax receivable		668	811
Financial assets	18	34	83
Cash and cash equivalents	21	20,298	21,738
Non-current assets held for sale	22	317	236
<b>Total current assets</b>		<b>218,979</b>	<b>213,476</b>
<b>Total assets</b>		<b>309,115</b>	<b>303,504</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	23	26,215	26,215
Reserves	24	24,505	24,505
Legal reserves		1,046	769
Treasury shares	25	(59)	(126)
Reserves for treasury shares	25	59	126
Retained earnings		30,444	23,960
<b>Attributable to equity holders of the parent</b>		<b>82,210</b>	<b>75,449</b>
Non-controlling interests	26	(101)	(66)
<b>Total shareholders' equity</b>		<b>82,109</b>	<b>75,383</b>
<b>Non-current liabilities</b>			
Borrowings	27	70,202	84,178
Provisions	28	3	3
Trade and other payables	29	11,274	11,181
Deferred tax liability	13	846	879
<b>Total non-current liabilities</b>		<b>82,325</b>	<b>96,241</b>
<b>Current liabilities</b>			
Trade and other payables	29	114,011	106,714
Income tax payable		1,343	222
Borrowings	27	29,327	24,944
<b>Total current liabilities</b>		<b>144,681</b>	<b>131,880</b>
<b>Total liabilities</b>		<b>227,006</b>	<b>228,121</b>
<b>Total equity and liabilities</b>		<b>309,115</b>	<b>303,504</b>

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 2025**

<i>(in EUR thousands)</i>	Share capital	Capital reserves	Legal reserves	Treasury shares	Reserves for treasury shares	Retained earnings	Total	Non-controlling interests	Total
<b>As at 1 January 2024</b>	<b>26,215</b>	<b>24,505</b>	<b>454</b>	<b>(34)</b>	<b>183</b>	<b>18,885</b>	<b>70,208</b>	<b>(37)</b>	<b>70,171</b>
<i>Comprehensive income</i>									
Profit for the year	-	-	-	-	-	9,285	9,285	(53)	9,232
Foreign exchange differences	-	-	-	-	-	(240)	(240)	-	(240)
Other comprehensive income	-	-	-	-	-	(240)	(240)	-	(240)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,045</b>	<b>9,045</b>	<b>(53)</b>	<b>8,992</b>
<i>Transactions with owners and transfers recognised directly in equity</i>									
Transfer to reserves for treasury shares	-	-	-	-	-	(74)	(74)	24	(50)
Transfer to reserves	-	-	315	-	-	(315)	-	-	-
Share based payment	-	-	-	83	(57)	(26)	-	-	-
Purchase of treasury shares	-	-	-	(175)	-	-	(175)	-	(175)
Payment of dividend	-	-	-	-	-	(3,555)	(3,555)	-	(3,555)
<b>Total transactions with owners recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>(92)</b>	<b>(57)</b>	<b>(3,970)</b>	<b>(3,804)</b>	<b>24</b>	<b>(3,780)</b>
<b>As at 31 December 2024</b>	<b>26,215</b>	<b>24,505</b>	<b>769</b>	<b>(126)</b>	<b>126</b>	<b>23,960</b>	<b>75,449</b>	<b>(66)</b>	<b>75,383</b>
<b>As at 1 January 2025</b>	<b>26,215</b>	<b>24,505</b>	<b>769</b>	<b>(126)</b>	<b>126</b>	<b>23,960</b>	<b>75,449</b>	<b>(66)</b>	<b>75,383</b>
<i>Comprehensive income</i>									
Profit for the year	-	-	-	-	-	11,315	11,315	(35)	11,280
Foreign exchange differences	-	-	-	-	-	(16)	(16)	-	(16)
Other comprehensive income	-	-	-	-	-	(16)	(16)	-	(16)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,299</b>	<b>11,299</b>	<b>(35)</b>	<b>11,264</b>
<i>Transactions with owners and transfers recognised directly in equity</i>									
Transfer to reserves	-	-	277	-	-	(277)	-	-	-
Share based payment	-	-	-	336	(67)	5	274	-	274
Purchase of treasury shares	-	-	-	(269)	-	-	(269)	-	(269)
Payment of dividend	-	-	-	-	-	(4,543)	(4,543)	-	(4,543)
<b>Total transactions with owners recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>277</b>	<b>67</b>	<b>(67)</b>	<b>(4,815)</b>	<b>(4,538)</b>	<b>-</b>	<b>(4,538)</b>
<b>As at 31 December 2025</b>	<b>26,215</b>	<b>24,505</b>	<b>1,046</b>	<b>(59)</b>	<b>59</b>	<b>30,444</b>	<b>82,210</b>	<b>(101)</b>	<b>82,109</b>

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 2025**

<i>(in thousands of EUR)</i>	<b>Note</b>	<b>2025</b>	<b>2024</b>
<b>Profit for the year</b>		<b>11,280</b>	<b>9,232</b>
Income tax	13	2,656	1,284
Depreciation and amortization	14, 15, 16	15,719	14,765
Impairment of brand		-	3,738
Bargain purchase gain		-	(6,378)
Income from damage claims		(2,600)	-
(Gain)/loss on disposal of property, plant, equipment and intangibles		(870)	(689)
Write off of non-current assets		707	-
Impairment of trade and other receivables		1,120	865
Impairment of Inventories		631	2,367
Write off of liabilities		(85)	(31)
Unrealised exchange rate differences		(5)	(263)
Interest income	11	(113)	(50)
Interest expense	12	4,382	4,137
Other non-cash adjustments		209	(2)
		<b>33,031</b>	<b>28,975</b>
<b>Changes in working capital:</b>			
Trade and other receivables		(30,463)	(3,894)
Inventories		(5,850)	(30,144)
Trade and other payables		34,273	25,070
<b>Cash generated from operations</b>		<b>30,991</b>	<b>20,007</b>
Interest paid		(2,639)	(2,894)
Income taxes paid		(1,271)	(3,003)
<b>Net cash from operating activities</b>		<b>27,081</b>	<b>14,110</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant, equipment		755	1,541
Net change in deposits		(10)	160
Purchase of property, plant, equipment		(4,542)	(11,390)
Cash outflows for the acquisition of subsidiaries, net of cash acquired		-	526
<b>Net cash used in investing activities</b>		<b>(3,797)</b>	<b>(9,163)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(3,356)	(3,555)
Loans received		17,592	71,522
Loans repaid		(24,685)	(53,881)
Lease liabilities paid		(14,006)	(10,826)
Purchase of treasury shares		(269)	(175)
<b>Net cash from / (used in) financing activities</b>		<b>(24,724)</b>	<b>3,085</b>
<b>Net increase / (decrease) of cash and cash equivalents</b>		<b>(1,440)</b>	<b>8,032</b>
Cash and cash equivalents at beginning of year		21,738	13,706
<b>Cash and cash equivalents at the end of year</b>	21	<b>20,298</b>	<b>21,738</b>

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 2025**

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**NOTE 1 – GENERAL INFORMATION**

**History and incorporation**

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

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

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

The shareholder structure is shown in note 23.

**Corporate governance and management**

*General Assembly*

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

*Supervisory Board*

The members of the Supervisory Board during the reporting periods until the date of these financial statements were as follows:

President	Stjepan Ljatifi (since 10 January 2024)
Deputy President	Vjekoslav Mesaroš (since 14 June 2024)
Member	Slavica Zrinski (since 28 December 2023)
Member	Štefica Jambrek (since 28 December 2023)
Member	Damir Kos (since 28 April 2024)
Member	Tomislav Krpan (since 2 August 2025)
Member	Marko Varga (since 2 August 2025)
Member	Zvonko Merkaš (until 1 <sup>st</sup> August 2025)

*Management Board*

The Management Board members of the Company are as follows:

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

During 2025, the Company’s auditors of and their related entities provided services to the Company and its subsidiaries related to the statutory audit of the consolidated and separate financial statements and other assurance services with respect to sustainability reporting and reporting on remuneration of Management and Supervisory Board members totalling EUR 290 thousand (2024: EUR 294 thousand as well as permissible non-audit services related to business consulting in the amount of 41 thousand euros).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**NOTE 2 – BASIS OF PREPARATION***(i) Statement of compliance*

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

*(ii) Basis of measurement*

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

*(iii) Functional and presentation currency*

The items included in the Group's financial statements are expressed in the currency of the primary economic environment in which the Group operates (functional currency) and translated into EUR which represents the Group's presentation currency. The predominant functional currency related to the Group's operations is also EUR.

*(iv) Going concern principle*

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue its operations in the foreseeable future.

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**
**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	2025		2024	
		*DOI%	*EOI%	*DOI%	*EOI%
<b>C.I.A.K. auto d.o.o.</b>	HR	100%	100%	100%	100%
CIAK Baterija d.o.o. Sarajevo	BiH		100%		100%
AD Adria d.o.o.	HR		100%		100%
C.I.A.K. Auto Srbija d.o.o.	RS		100%		100%
Lukena Auto d.o.o.	RS		100%		100%
CIAK Auto BH d.o.o.	BiH		100%		100%
Bagi d.o.o.	BiH		100%		100%
Lukena Auto d.o.o.	MKD		100%		100%
Next Auto	CG		100%		100%
Mika komerc d.o.o.	RS		100%		100%
Potokar d.o.o.	*** SLO		0%		100%
C.I.A.K. Auto Slovenija d.o.o.	SLO		100%		100%
Sim Impex d.o.o.	BiH		100%		100%
Ars Parts d.o.o.	RS		100%		100%
CIAK Auto SH.P.K	KOS		100%		100%
<b>C.I.A.K. d.o.o.</b>	HR	100%	100%	100%	100%
C.I.A.K. d.o.o.	RS		100%		100%
Top start Srbija d.o.o.	RS		100%		100%
EKO PARTNER PLUS d.o.o.	RS		100%		100%
C.I.A.K. d.o.o.	SLO		100%		100%
C.I.A.K. d.o.o. Sarajevo	BiH		100%		100%
Jumetal d.o.o.	BiH		100%		100%
Grioss RS d.o.o.	BiH		100%		100%
Bendj trade d.o.o.	BiH		62%		62%
Top start d.o.o.	HR		100%		100%
Autodijelovi d.o.o.	HR		50%		50%
Adriatik ulja d.o.o.	HR		100%		100%
Ciak Makedonija	MKD		100%		100%
<b>CIAK Truck d.o.o.</b>	HR	100%	100%	100%	100%
Trgometal d.o.o.	HR		100%		100%
TM Auto d.o.o.	HR		100%		100%
Cordia Trade d.o.o.	HR		100%		100%
C.I.A.K. Truck Srbija d.o.o.	RS		100%		100%
C.I.A.K. Truck Servis	HR		100%		100%
C.I.A.K. Truck	BiH		100%		100%
<b>C.I.A.K. trade d.o.o.</b>	HR	100%	100%	100%	100%
<b>C.I.A.K. trade d.o.o. Brčko</b>	BiH		100%		100%
<b>CIAK USLUGE d.o.o. NOVI SAD</b>	RS	100%	100%	100%	100%
<b>C.I.A.K. Truck (Kamioland)</b>	** SLO		50%		50%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.1 Basis of consolidation (continued)**

*(i) Group structure and scope of consolidation (continued)*

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

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

\*\*\*Company was merged into C.I.A.K. Auto Slovenija d.o.o.

*(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  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment loss, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**3.3 Non-current assets held for sale**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**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  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.5 Leases - Group as a lessee (continued)***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.

**3.6 Foreign currency transactions***(i) Transactions and balances in foreign currencies*

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

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

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

*(ii) Group companies*

Income and expense items and cash flows of foreign operations are translated into the Company's and Group's presentation currency at rates approximating the foreign exchange rates ruling at the dates of transactions and their assets and liabilities are translated at the exchange rates ruling at the year end. All resulting exchange differences are recognised in a separate component of equity. The applicable foreign exchange rates for relevant currencies are included within currency risk disclosures. Exchange differences arising from monetary items (e.g. long-term intercompany loans) that form part of the Company's net investment in a foreign operation are recognised in other comprehensive income and accumulated in equity, in accordance with IAS 21. Cumulative amounts recognised in equity are reclassified to profit or loss upon disposal of the foreign operation.

**3.7 Government grants**

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

**3.8 Dividends**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**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  
 FOR THE YEAR ENDED 31 DECEMBER 2025**


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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**
**3.11 Property, plant and equipment**

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

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

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

Buildings	40 years
Plant and equipment	10 years
Transport assets	4 to 5 years

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

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

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

**3.12 Intangible assets**

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

*Computer software*

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

*Brands*

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.13 Impairment of non-financial assets**

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2025**


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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**
**3.14 Inventories**

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

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

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

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

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

**3.15 Cash and cash equivalents**

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

**3.16 Share capital**

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

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

**3.17 Employee benefits**
*(i) Short-term employee benefits*

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

*(ii) Pension obligations and post-employment benefits*

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.18 Provisions**

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

**3.19 Financial instruments****A. 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  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**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  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**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:

<b>Financial assets at amortised cost</b>	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.
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**(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  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**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  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**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  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**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.

**3.20 New standards and interpretations that have not yet been adopted**

- **Application of new and revised International Financial Reporting Standards**

A number of new standards, amendments to existing standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Standards Interpretations Board, but have not yet entered into force for the accounting period ending 31 December 2025 and/or have not been adopted by the European Union and as such were not applied in the preparation of these financial statements. Most of the new standards, changes to existing standards and interpretations adopted by the European Union, which are not yet in use, will not have a significant impact on the Group's consolidated financial statements.

Except for the changes below, the Group has consistently applied the accounting policies as set out in the Notes below to all periods presented in these financial statements.

**Effective standards, amendments to standards and implementations – adopted in 2025**

- Effective from 1 January 2025 the following standards, amendments or interpretations came into force:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023);

The amendments to IAS 21 introduce requirements for assessing when a currency is exchangeable into another currency and when it is not. If a currency is determined to be non-exchangeable, entities are required to estimate the spot exchange rate. The amendments also introduce additional disclosure requirements. These changes apply to annual reporting periods beginning on or after 1 January 2025, with early application permitted.

Adoption of these standards and amendments has not determined substantial effects on the amounts recognized in balance sheet or income statement or impact on disclosure of accounting policies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.20 New standards and interpretations that have not yet been adopted (continued)****Standards, amendments to standards and interpretations issued but not yet effective**

The standards, amendments to standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: Disclosures: Classification and measurement of Financial Instruments (issued on 30 May 2024; effective date 1 January 2026);
- Annual Improvements to IFRS Accounting Standards – Volume 11 (issued on 18 July 2024; effective date 1 January 2026);
- Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: Disclosures: Nature-dependent electricity contracts (issued on 18 December 2024; effective date 1 January 2026);
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024; effective date 1 January 2027);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024; effective date 1 January 2027); This standard is not applicable to the Group's consolidated financial statements.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Disclosures: Translation to Hyperinflationary Presentation Currency (issued on 13 November 2025; effective date 1 January 2027);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Disclosure: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014; effective date to be determined);

The Group is still in the process of assessing the impact of IFRS 18 and the related amendments, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash-flows, other disclosures of MPMs and the grouping of financial information.

Other amendments and standards are not expected to significantly affect the Group's consolidated financial statements.

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**
*(i) Recoverability of trade and other receivables*

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

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

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

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

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

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

Goodwill and brands are allocated to the following segments:

	<b>Brand</b>	<b>Goodwill</b>	<b>Brand</b>	<b>Goodwill</b>
	<b>2025</b>		<b>2024</b>	
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Batteries, oils and similar	-	149	-	149
Freight program	-	191	-	191
Car program	7,073	591	7,073	591
Ecology	-	63	-	63
	<b>7,073</b>	<b>994</b>	<b>7,073</b>	<b>994</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)***(iii) Testing for impairment of goodwill and intangible assets with indefinite useful life**Goodwill*

The recoverable amount of goodwill is determined using the discounted cash flow method (DCF method) whereby the Group calculates the present value of future cash flows of cash-generating units attributable to goodwill. The DCF method used to determine the recoverable amount of goodwill also implies a terminal growth rate after a five-year discrete period of 3,5%. Cash flows created from such plans are discounted using a discount rate that reflects the risk of the respective asset, approximated by weighted average cost of capital for the relevant market and industry segment and ranged from 9% (2024: 10% (goodwill related to Croatian market) to (2024: 14%) 14% (goodwill related to Bosnian market).

As a result of the conducted goodwill impairment test, the Group had no goodwill impairment expense during 2025 and 2024. The sensitivity analysis of the assumptions does not indicate material differences in the outcome of impairment testing compared to amounts recognised for goodwill in the statement of financial position.

*Brands*

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

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

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

To calculate the recoverable value of the brands the group applied the income approach - the relief from royalty method.

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

In determining the recoverable amount of brands, royalty rates ranging from 1.7% to 2.6% (2024: 1.7% to 2.6%) were applied. The discount rates used, representing the post-tax weighted average cost of capital (WACC) for the relevant markets and industries, ranged from 13% to 14% (2024: 12% to 13%). A terminal growth rate of 2.5% (2024: 2.5%) was applied to all brands.

As a result of the impairment test performed on other brands, the Group did not recognize any impairment losses during 2025. In 2024, however, the Company's Management decided to fully impair the value of the Auto Milovanović brand in the amount of EUR 3,738 thousand as part of the strategic and operational reorganization of the subsidiary.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**

*Brands (continued)*

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

**NOTE 5 – DETERMINATION OF FAIR VALUES**

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

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

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

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

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

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

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

The Group does not have significant amounts related to items measured at fair value in the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**NOTE 6 – SALES REVENUE AND SEGMENT REPORTING**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Revenue from products	378,583	333,291
Waste management services	13,068	11,451
Revenue from other services	4,209	5,452
Other	804	361
	<b>396,664</b>	<b>350,555</b>

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 6 – SALES REVENUE AND SEGMENT REPORTING (CONTINUED)**
**Segment revenues and results (continued)**

(in thousands of EUR)	Segment revenues		Segment Earnings	
	2025	2024	2025	2024
Auto program - vehicles	295,835	257,401	14,690	16,480
Batteries, oils and similar	71,554	68,599	1,789	1,898
Truck program	37,660	38,818	1,715	626
Ecology	32,587	30,077	5,094	849
Wholesale	13,675	13,692	1,012	1,147
	<b>451,311</b>	<b>408,587</b>	<b>24,300</b>	<b>21,000</b>
Inter-segment revenues	(54,647)	(58,032)	-	-
	<b>396,664</b>	<b>350,555</b>	<b>24,300</b>	<b>21,000</b>
Finance income			608	258
Finance expenses			(4,761)	(4,481)
Central administration and other costs			(6,211)	(6,261)
<b>Profit before tax</b>			<b>13,936</b>	<b>10,516</b>

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 Centre 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 6 – SALES REVENUE AND SEGMENT REPORTING (CONTINUED)**

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 operates in seven principal geographical areas by which it reports third-party sales:

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Croatia	200,706	196,996
Serbia	85,175	67,362
Bosnia and Herzegovina	60,665	43,805
Montenegro	28,988	21,383
Slovenia	15,308	17,111
North Macedonia	5,707	3,893
Kosovo	115	5
	<b>396,664</b>	<b>350,555</b>

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

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Croatia	45,223	46,175
Bosnia and Herzegovina	18,427	18,512
Serbia	12,079	11,901
Montenegro	7,868	7,434
Slovenia	3,341	3,280
North Macedonia	888	821
Kosovo	71	19
	<b>87,897</b>	<b>88,142</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**


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**NOTE 7 – OTHER INCOME**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Income from damage claims	2,971	440
Subsidies	327	238
Gain from sale of non-current assets	163	689
Rent income	136	167
Write-off of liabilities	85	31
Other	1,072	933
	<b>4,754</b>	<b>2,498</b>

Income from damage claims includes an amount of EUR 2.6 million relating to insurance compensation for damage caused by a fire in December 2025.

**NOTE 8 – MATERIAL COSTS**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Cost of goods sold	222,608	193,784
Raw materials and consumables used	37,812	38,360
	<b>260,420</b>	<b>232,144</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 9 – OTHER OPERATING EXPENSES**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Transport and logistics	4,105	4,799
Vehicle and similar repairs	2,729	2,925
Maintenance	1,672	2,003
Rent expense	1,510	617
Entertainment	1,493	1,395
Banking and similar charges	1,489	2,030
Advertising and similar costs	1,438	1,109
Insurance	1,161	883
Taxes, fees and similar charges	1,148	928
Impairment of receivables	1,120	865
Intellectual services	1,035	1,099
Vehicle costs	1,035	863
Telecommunications and postal services	977	834
Utilities and fees	858	682
Inventory surpluses / shortfalls	845	546
Impairment of inventories	631	2,367
Daily subsistence allowances and other travel expenses	586	565
Office materials	524	488
Penalties, penalties and damages	332	131
Membership fees, fees and similar charges	325	248
Security services	262	219
Authors fee	203	283
Donations	80	62
Legal expenses	43	59
Increase/(decrease) in provisions	(218)	(76)
Other	488	1,441
	<b>25,871</b>	<b>27,365</b>

**NOTE 10 – EMPLOYEE EXPENSES**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Net salaries	56,136	44,643
Taxes and contributions	20,789	17,487
Other employee' costs	4,393	4,550
	<b>81,318</b>	<b>66,680</b>

As at 31 December 2025, the number of staff employed by the Group was 3,476 (2024: 3,409). Other employee costs primarily relate to employee transport costs and bonuses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 11 – FINANCE INCOME**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Postive FX difference	482	200
Interest income	113	50
Other finance income	13	8
	<b>608</b>	<b>258</b>

**NOTE 12 – FINANCE EXPENSES**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Interest expenses and similar	4,383	4,137
Negative FX difference	308	335
Other finance costs	71	9
	<b>4,762</b>	<b>4,481</b>

**NOTE 13 – INCOME TAX**

Income tax expense consists of:

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Current income tax	2,620	1,608
Deferred tax	36	(324)
	<b>2,656</b>	<b>1,284</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 13 – INCOME TAX (continued)**

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

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
<b>Profit before taxation</b>	<b>13,936</b>	<b>10,516</b>
Income tax at 18%	2,508	1,893
Non-taxable income	(338)	(1,148)
Non-deductible expenses	582	800
Temporary differences and tax losses not recognised as deferred tax assets	(76)	(5)
Utilisation of tax losses previously not recognised as deferred tax asset	-	-
Foreign withholding tax paid	22	-
Effect of a change in the tax rate on deferred tax assets and liabilities	(42)	(256)
Income tax	<b>2,656</b>	<b>1,284</b>
Effective tax rate	19%	12%

The Group recognized deferred tax assets in its financial statements based on tax losses only for the subsidiary in Slovenia. For the remaining portion of carried-forward losses, the Group did not recognize deferred tax assets, as it is not probable that those tax losses will be utilized by the entities to which they relate. Unutilized tax losses (net) as at the reporting date were as follows:

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Tax losses expiring at 31 December 2026	16	50
Tax losses expiring at 31 December 2027	87	209
Tax losses expiring at 31 December 2028	114	460
Tax losses expiring at 31 December 2029	1,631	148
Tax losses expiring at 31 December 2030	690	1,136
	<b>2,538</b>	<b>2,003</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 13 – INCOME TAX (continued)**
*Deferred tax assets*

<i>(in thousands of EUR)</i>	PPE	PPE MSFI 16	Trade and other receivables	Inventory	Tax losses	Trade and other payables	Total
At 1 January 2024	37	-	147	75	-	36	295
Business combinations	-	-	164	39	604	4	811
Net increase/(decrease)	(27)	-	26	2	-	(4)	(3)
<b>As at 31 December 2024</b>	<b>10</b>	<b>-</b>	<b>337</b>	<b>116</b>	<b>604</b>	<b>36</b>	<b>1,103</b>
At 1 January 2025	10	-	337	116	604	36	1,103
Net increase/(decrease)	9	13	24	(101)	-	(14)	(69)
<b>As at 31 December 2025</b>	<b>19</b>	<b>13</b>	<b>361</b>	<b>15</b>	<b>604</b>	<b>22</b>	<b>1,034</b>

*Deferred tax liabilities*

<i>(in thousands of EUR)</i>	PPE	Intangible assets	Trade and other receivables	Total
At 1 January 2024	68	709	1	778
Business combinations	-	428	-	428
Net increase/ (decrease)	-	(374)	47	(327)
<b>As at 31 December 2024</b>	<b>68</b>	<b>763</b>	<b>48</b>	<b>879</b>
At 1 January 2025	68	763	48	879
Net increase/ (decrease)	(33)	-	-	(33)
<b>As at 31 December 2025</b>	<b>35</b>	<b>763</b>	<b>48</b>	<b>846</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 14 – INTANGIBLE ASSETS AND GOODWILL**

<i>(in thousands of EUR)</i>	<b>Brand</b>	<b>Goodwill</b>	<b>Software</b>	<b>Leasehold improvements</b>	<b>Investments in progress</b>	<b>Total</b>
<b>Cost</b>						
At 1 January 2024	6,529	684	2,682	1,576	25	11,496
Additions	-	-	64	5	1,309	1,378
Business combinations	4,282	310	613	137	31	5,373
Transfers	-	-	514	525	(1,039)	-
Disposals and write offs	-	-	(7)	(20)	(28)	(55)
Foreign exchange differences	-	-	(1)	-	-	(1)
<b>As at 31 December 2024</b>	<b>10,811</b>	<b>994</b>	<b>3,865</b>	<b>2,223</b>	<b>298</b>	<b>18,191</b>
<b>Accumulated amortisation</b>						
At 1 January 2024	-	-	1,290	943	-	2,233
Business combinations	-	-	354	112	-	466
Charge for the year	-	-	451	237	-	688
Brand impairment	3,738	-	-	-	-	3,738
Disposals and write offs	-	-	(7)	(18)	-	(25)
Loss of control	-	-	-	-	-	-
<b>As at 31 December 2024</b>	<b>3,738</b>	<b>-</b>	<b>2,088</b>	<b>1,274</b>	<b>-</b>	<b>7,100</b>
<b>Cost</b>						
At 1 January 2025	10,811	994	3,865	2,223	298	18,191
Additions	-	-	134	82	1,614	1,830
Transfers	-	-	1,611	235	(1,846)	-
Disposals and write offs	-	-	(429)	(57)	-	(486)
Foreign exchange differences	-	-	(2)	(5)	-	(7)
<b>As at 31 December 2025</b>	<b>10,811</b>	<b>994</b>	<b>5,179</b>	<b>2,478</b>	<b>66</b>	<b>19,528</b>
<b>Accumulated amortisation</b>						
At 1 January 2025	3,738	-	2,088	1,274	-	7,100
Charge for the year	-	-	669	148	-	817
Disposals and write offs	-	-	(316)	(44)	-	(360)
Foreign exchange differences	-	-	8	-	-	8
<b>As at 31 December 2025</b>	<b>3,738</b>	<b>-</b>	<b>2,449</b>	<b>1,378</b>	<b>-</b>	<b>7,565</b>
<b>Net book value at 1 January 2025</b>	<b>7,073</b>	<b>994</b>	<b>1,777</b>	<b>949</b>	<b>298</b>	<b>11,091</b>
<b>Net book value at 31 December 2025</b>	<b>7,073</b>	<b>994</b>	<b>2,730</b>	<b>1,100</b>	<b>66</b>	<b>11,963</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 15 – PROPERTY, PLANT AND EQUIPMENT**

<i>(in thousands of EUR)</i>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Transport assets</b>	<b>Investments in progress</b>	<b>Total</b>
<b>Cost</b>					
At 1 January 2024	24,842	19,769	8,794	3,301	56,706
Additions	-	189	76	13,095	13,360
Business combinations	1,196	3,529	1,243	-	5,968
Transfers	4,009	7,210	681	(11,900)	-
Disposals and write offs	-	(1,791)	(564)	-	(2,355)
Transfer From ROA	-	-	(245)	(2,980)	(3,225)
<b>As at 31 December 2024</b>	<b>30,047</b>	<b>28,906</b>	<b>9,985</b>	<b>1,516</b>	<b>70,454</b>
<b>Accumulated depreciation and impairments</b>					
At 1 January 2024	7,107	12,401	5,710	-	25,218
Business combinations	408	2,670	500	-	3,578
Charge for the year	814	3,301	1,200	-	5,315
Disposals and write offs	-	(1,096)	(463)	-	(1,559)
Transfer to ROA	249	418	(667)	-	-
<b>As at 31 December 2024</b>	<b>8,578</b>	<b>17,694</b>	<b>6,280</b>	<b>-</b>	<b>32,552</b>
<b>Cost</b>					
At 1 January 2025	30,047	28,906	9,985	1,516	70,454
Additions	610	825	1,195	5,075	7,705
Transfers	2	3,465	1,758	(5,225)	-
Transfers between categories	-	132	35	(99)	68
Disposals and write offs	(1,064)	(6,441)	(120)	-	(7,625)
<b>As at 31 December 2025</b>	<b>29,595</b>	<b>26,887</b>	<b>12,853</b>	<b>1,267</b>	<b>70,602</b>
<b>Accumulated depreciation and impairments</b>					
At 1 January 2025	8,578	17,694	6,280	-	32,552
Charge for the year	308	2,716	1,300	-	4,324
Disposals and write offs	(786)	(4,741)	(145)	-	(5,672)
Transfers between categories	1	623	(557)	-	67
<b>As at 31 December 2025</b>	<b>8,101</b>	<b>16,292</b>	<b>6,878</b>	<b>-</b>	<b>31,271</b>
<b>Net book value at 1 January 2025</b>	<b>21,469</b>	<b>11,212</b>	<b>3,705</b>	<b>1,516</b>	<b>37,902</b>
<b>Net book value as at 31 December 2025</b>	<b>21,494</b>	<b>10,595</b>	<b>5,975</b>	<b>1,267</b>	<b>39,331</b>

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

*Assets under mortgage*

Land and buildings with a fair value of EUR 6,465 thousand (2024: EUR 7,438 thousand) are under mortgage and collateral for bank loans.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 16 – RIGHT OF USE ASSETS**

<i>(in thousands of EUR)</i>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Transport assets</b>	<b>Total</b>
<b>Net book value at 1 January 2024</b>	<b>17,816</b>	<b>939</b>	<b>4,614</b>	<b>23,369</b>
Additions	9,228	261	382	9,871
Business combinations	2,128	3	535	2,666
Modifications	8,859	(3)	(50)	8,806
Charge for the year	(7,050)	(205)	(1,507)	(8,762)
Disposals and write offs	-	-	(26)	(26)
Transfer to PPE	-	54	3,171	3,225
<b>As at 31 December 2024</b>	<b>30,981</b>	<b>1,049</b>	<b>7,119</b>	<b>39,149</b>
<b>Net book value at 1 January 2025</b>	<b>30,981</b>	<b>1,049</b>	<b>7,119</b>	<b>39,149</b>
Additions	6,985	677	1,364	9,026
Modifications	(266)	1	(724)	(989)
Charge for the year	(8,498)	(257)	(1,823)	(10,578)
Transfer to PPE	7	11	(19)	(1)
Foreign exchange differences	(4)	-	-	(4)
<b>As at 31 December 2025</b>	<b>29,205</b>	<b>1,481</b>	<b>5,917</b>	<b>36,603</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 17 – EQUITY ACCOUNTED INVESTEEES**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands EUR)</i>	<i>(in thousands EUR)</i>
As at 1 January	317	315
Share of profit/(loss) of joint venture	-	2
As at 31 December	<b>317</b>	<b>317</b>

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

**NOTE 18 – FINANCIAL ASSETS**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Deposits	271	261
	<b>271</b>	<b>261</b>
Short term	34	83
Long term	237	178
	<b>271</b>	<b>261</b>

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 2025**
**NOTE 19 – INVENTORIES**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Trade goods and merchandise	134,218	128,718
Raw materials and supplies	3,968	3,544
Security downpayment	1,192	1,182
Advances for inventories	976	1,697
Small inventory	59	53
	<b>140,413</b>	<b>135,194</b>

Movements in write-down of inventory is recognized in other operating operations within profit or loss. In 2025 it is amounted to 631 thousands of EUR (2024: 2,367 thousands of EUR).

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

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

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

**NOTE 20 – TRADE AND OTHER RECEIVABLES**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Trade receivables	46,158	47,321
Impairment of receivables	(5,891)	(5,652)
Net trade receivables	<b>40,267</b>	<b>41,669</b>
Accrued rebates	11,688	8,049
Prepayments	2,166	2,177
Loans receivable	1,575	1,556
Receivables for taxes and contributions	786	1.282
Advances given	446	254
Receivables from employees	102	118
Interest receivables	64	48
Other receivables	805	549
	<b>57,899</b>	<b>55,702</b>
Short term	57,249	55,414
Long term	650	288
	<b>57,899</b>	<b>55,702</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 20 – TRADE AND OTHER RECEIVABLES (continued)**

During 2025, within other operating expenses the Group recognised impairment allowances in the amount of EUR 1,120 thousand (2023: EUR 865 thousand) with respect to trade receivables and other receivables.

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

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
At 1 January	5,652	4,744
Net Increase/decrease	1,452	974
Amounts collected	(332)	(109)
Business combinations	-	365
Written off as uncollectable	(881)	(322)
At 31 December	<b>5,891</b>	<b>5,652</b>

Ageing analysis of gross trade receivables:

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Not due	25,478	27,328
0-90 days	11,790	11,698
91-180 days	1,737	2,064
181-360 days	2,006	1,486
More than 360 days	5,147	4,745
	<b>46,158</b>	<b>47,321</b>

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

Trade receivables in original currency (net amount):

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
EUR	25,281	27,600
BAM	8,112	6,168
RSD	6,310	7,327
MKD	563	574
Other currencies	1	-
	<b>40,267</b>	<b>41,669</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**NOTE 21 – CASH AND CASH EQUIVALENTS**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Cash with banks	15,468	14,471
Overnight bank deposits	4,180	6,500
Cash register	650	767
	<b>20,298</b>	<b>21,738</b>

Cash with banks relates to transaction accounts at commercial banks that carry an average interest rate around 0.11% (2024: 0.11%).

The average realized interest rate on overnight deposits largely follows the EURIBOR, with occasional minor deviations.

The table below summarises cash and cash equivalents by currency:

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
EUR	12,777	15,564
RSD	4,330	3,143
BAM	3,004	2,932
MKD	147	92
Other currencies	40	7
	<b>20,298</b>	<b>21,738</b>

**NOTE 22 – NON-CURRENT ASSETS HELD FOR SALE**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Land and buildings	317	236
	<b>317</b>	<b>236</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 23– SHARE CAPITAL AND EARNINGS PER SHARE**
*Share capital*

Share capital on the 31 December 2025 amounts to EUR 26,215 thousand and consists of 19,742,749 shares outstanding (2024: 19,733,122). Nominal share price is EUR 1.33 per share.

The ownership structure at the reporting dates was as follows (total number of shares reduced by treasury shares):

Ownership structure	2025		2024	
	Number of shares	% of ownership	Number of shares	% of ownership
Ivan Leko	10,015,327	50.73%	10,006,913	50.71%
Ljilja Leko	3,180,140	16.11%	3,180,140	16.12%
Others	6,547,282	33.16%	6,546,069	33.17%
<b>Total</b>	<b>19,742,749</b>	<b>100.00%</b>	<b>19,733,122</b>	<b>100.00%</b>

*Earnings per share*

	2025	2024
	<i>(in thousands of EUR)</i>	
Profit attributable to owners	11,315	9,285
Shares outstanding as at 31. December	19,742,749	19,733,122
Average weighted number of shares	19,797,797	19,741,263
Basic earnings per share	<b>0.57</b>	<b>0.47</b>
Diluted earnings per share	<b>0.57</b>	<b>0.47</b>

**NOTE 24 – CAPITAL RESERVES**

Capital reserves refer to capital gains on sold issued shares.

**NOTE 25 – TREASURY SHARES**

During 2025, the Group purchased 40,373 shares in the amount of EUR 269 thousands (2024: 26,221 shares in the amount of EUR 176 thousand). As at 31 December 2025 treasury shares amount to EUR 59. During 2025, the Group awarded its own shares in the amount of EUR 336 thousand to Group employees based on a discretionary decision of the General Assembly.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 26 – NON-CONTROLLING INTERESTS**

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

31 December 2025 (in thousands of EUR)	<b>BENDJ TRADE</b>	
	<b>d.o.o.</b>	<b>AUTO DIJELOVI d.o.o.</b>
<b>Non-controlling interest</b>	<b>48%</b>	<b>50%</b>
Non-current assets	268	-
Current assets	1	257
Non-current Liabilities	-	(10)
Current liabilities	(35)	(282)
	-	-
<b>Net assets</b>	<b>234</b>	<b>(35)</b>
	-	-
<b>Statement of comprehensive income</b>	-	-
Revenues	-	352
Profit	2	(55)
<b>Total comprehensive income</b>	<b>2</b>	<b>(55)</b>
	-	-
<b>Statement of cash flows</b>	-	-
Increase/ (decrease) of cash	<b>1</b>	<b>4</b>

The movement in non-controlling interest was as follows:

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
As at 1. January	(66)	(37)
Gain attributable to the Group	(35)	(53)
Purchase of minority stake in TM AUTO	-	24
<b>As at 31. December</b>	<b>(101)</b>	<b>(66)</b>
Consists of		
Auto Dijelovi d.o.o.	<b>(94)</b>	<b>(59)</b>
Bendj trade d.o.o.	<b>(7)</b>	<b>(7)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 27 – LOANS AND BORROWINGS**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
<b>Non-current borrowings</b>		
Bank borrowings	43,613	54,149
Other loans	104	116
Lease liabilities	26,485	29,913
	<b>70,202</b>	<b>84,178</b>
<b>Current borrowings</b>		
Bank borrowings	17,073	13,709
Other loans	344	320
Interest liabilities	34	39
Lease liabilities	11,876	10,876
	<b>29,327</b>	<b>24,944</b>
<b>Total borrowings</b>	<b>99,529</b>	<b>109,122</b>

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

Bank loans in the amount of EUR 60,686 thousand (2024: EUR 67,858 thousand) are insured through mortgages on land, buildings, plant and equipment amounting to EUR 6,465 thousand (2024: EUR 7,438 thousand) as stated in note 15.

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

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Between 1 and 2 years	9,555	9,510
Between 2 and 5 years	25,284	27,391
Over 5 years	8,878	17,364
	<b>43,717</b>	<b>54,265</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 27 – LOANS AND BORROWINGS (CONTINUED)**

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

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Between 1 and 2 years	9,812	9,641
Between 2 and 5 years	12,621	15,185
Over 5 years	4,052	5,087
	<b>26,485</b>	<b>29,913</b>

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

Borrowings:

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
EUR	56,735	64,080
BAM	3,208	4,047
RSD	1,095	-
MKD	96	167
	<b>61,134</b>	<b>68,294</b>

Leases:

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
EUR	26,977	28,897
BAM	7,886	7,976
RSD	3,414	3,916
MKD	84	-
	<b>38,361</b>	<b>40,789</b>

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

	<b>2025</b>		<b>2024</b>	
	Fixed	Variable	Fixed	Variable
	<i>(in thousands of EUR)</i>			
Borrowings	<b>3,717</b>	<b>57,417</b>	<b>3,735</b>	<b>64,559</b>

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

	<b>2025</b>	<b>2024</b>
	EUR	
Average weighted interest rate	3.49%	4.51%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 27 – LOANS AND BORROWINGS (CONTINUED)**

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

<i>(in thousands of EUR)</i>	<b>Loans and borrowings</b>	<b>Leases</b>	<b>Total</b>
<b>At 1. January 2024</b>	<b>50,406</b>	<b>23,891</b>	<b>74,297</b>
<i>Cash transactions:</i>			
Loans received	71,522	-	71,522
Loans repayments	(53,881)	-	(53,881)
Lease repayments	-	(10,826)	(10,826)
<b>Total cash transactions</b>	<b>17,641</b>	<b>(10,826)</b>	<b>6,815</b>
<i>Non - cash transactions:</i>			
Effect of change in exchange rates	(3)	(17)	(20)
Business combinations	250	3,008	3,258
Unwinding of discount	-	1,141	1,141
Modifications	-	7,603	7,603
New lease contracts	-	15,989	15,989
<b>Total non - cash transactions</b>	<b>247</b>	<b>27,724</b>	<b>27,971</b>
<b>At 31. December 2024</b>	<b>68,294</b>	<b>40,789</b>	<b>109,083</b>
<b>At 1. January 2025</b>	<b>68,294</b>	<b>40,789</b>	<b>109,083</b>
<i>Cash transactions:</i>			
Loans received	17,592	-	17,592
Loans repayments	(24,685)	-	(24,685)
Lease repayments	-	(14,006)	(14,006)
<b>Total cash transactions</b>	<b>(7,093)</b>	<b>(14,006)</b>	<b>(21,099)</b>
<i>Non - cash transactions:</i>			
Effect of change in exchange rates	(4)	(3)	(7)
Unwinding of discount	-	1,290	1,290
Modifications	(63)	(67)	(130)
New lease contracts	-	10,358	10,358
<b>Total non - cash transactions</b>	<b>(67)</b>	<b>11,578</b>	<b>11,511</b>
<b>At 31. December 2025</b>	<b>61,134</b>	<b>38,361</b>	<b>99,495</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 28 – PROVISIONS**

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

**NOTE 29 – TRADE AND OTHER PAYABLES**

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Trade payables	93,048	87,024
Taxes, contributions and other duties payable	11.262	11.343
Payable for purchase of shares	10.640	10,270
Salaries and other benefits to employees	4.183	4.146
Accrued expenses	2,211	2,198
Obligations based on profit sharing	1.189	1
Advances received	982	1,285
Liability for unused holiday	675	884
Other payables	1,097	744
	<b>125,287</b>	<b>117,895</b>
Short-term portion	114,012	106,714
Long-term portion	11,275	11,181
	<b>125,287</b>	<b>117,895</b>

Within trade payables, the amount of EUR 11,194 thousand (2024: EUR 7,911 thousand) refers to the liability for supplier chain financing arrangement (reverse factoring).

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

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

Long term liabilities for the purchase of shares were discounted to their present value as follows:

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Undiscounted payable for purchase of shares	12,045	12,134
Discount	(1,405)	(1,864)
	<b>10,640</b>	<b>10,270</b>

The cost of unwinding the discount is included in interest expenses presented in Note 12 and amounts to EUR 458 thousand in 2025.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 29 – TRADE AND OTHER PAYABLES (continued)**

The maturity of non-current trade and other payables is as follows:

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Between 1 and 2 years	264	270
Between 2 and 5 years	11,011	10,911
	<b>11,275</b>	<b>11,181</b>

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

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
EUR	108,525	107,748
RSD	8,550	5,378
BAM	4,348	2,067
MKD	856	1,085
Other currencies	3,008	1,617
	<b>125,287</b>	<b>117,895</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 30 – RISK MANAGEMENT**
**Financial risk management**

Categories of financial instruments are as follows:

	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
<b>Financial assets</b>		
Long-term loans	1,575	1,556
Long-term deposits	271	261
Trade receivables	40,267	41,669
Other receivables	13,343	9,928
Cash and cash equivalents	20,298	21,738
<b>Total financial assets</b>	<b>75,754</b>	<b>75,152</b>
<b>Financial liabilities at amortised cost</b>		
Loans and borrowings	61,134	68,294
Lease liabilities	38,361	40,789
Trade payables	93,048	87,024
Other liabilities	30,582	28,702
<b>Total financial liabilities</b>	<b>223,125</b>	<b>224,809</b>

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 30 – RISK MANAGEMENT (continued)**
**Fair value of financial instruments (continued)**

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

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

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

**Liquidity risk management**

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

**Liquidity risk analysis**

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

<i>as at 31 December 2025</i>	<b>Net book value</b>	<b>Contracted cash flow</b>	Up to one year	1 - 5 years	over 5 years
	<i>(thousands of EUR)</i>				
<i>Non-interest bearing liabilities:</i>					
Trade payables	<b>93,048</b>	93,048	81,773	11,275	-
Other payables	<b>30,582</b>	31,987	19,942	12,045	-
	<b>123,630</b>	<b>125,035</b>	101,715	23,320	-
<i>Interest bearing liabilities:</i>					
Loans and borrowings	<b>61,134</b>	67,442	17,741	38,859	10,842
Lease liabilities	<b>38,361</b>	40,830	12,095	24,683	4,052
	<b>99,495</b>	<b>108,272</b>	29,836	63,542	14,894
<b>Total liabilities</b>	<b>223,125</b>	<b>233,307</b>	131,551	86,862	14,894
<i>Non-interest bearing assets:</i>					
Trade receivables	<b>40,267</b>	40,267	39,617	650	-
Other receivables	<b>13,343</b>	13,343	13,343	-	-
Cash and cash equivalents	<b>20,298</b>	20,298	20,298	-	-
	<b>73,908</b>	<b>73,908</b>	<b>73,258</b>	<b>650</b>	-
Financial assets	<b>1,846</b>	1,853	1,609	244	-
	<b>1,846</b>	<b>1,853</b>	<b>1,609</b>	<b>244</b>	-
<b>Total assets</b>	<b>75,754</b>	<b>75,761</b>	<b>74,867</b>	<b>894</b>	-
<b>Net liquidity position</b>	<b>(147,371)</b>	<b>(157,545)</b>	<b>(56,684)</b>	<b>(85,968)</b>	<b>(14,894)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 30 – RISK MANAGEMENT (continued)**

<i>as at 31 December 2024</i>	Net book value	Contracted cash flow	Up to one year	1 - 5 years	over 5 years
	<i>(thousands of EUR)</i>				
<i>Non-interest bearing liabilities:</i>					
Trade payables	87,024	87,024	87,024	-	-
Other payables	28,702	30,566	18,432	12,134	-
	<b>115,726</b>	<b>117,590</b>	105,456	12,134	-
<i>Interest bearing liabilities:</i>					
Loans and borrowings	68,294	79,552	14,384	42,876	22,292
Lease liabilities	40,789	44,378	11,064	27,274	6,040
	<b>109,083</b>	<b>123,930</b>	25,448	70,150	28,332
<b>Total liabilities</b>	<b>224,809</b>	<b>241,520</b>	<b>130,904</b>	<b>82,284</b>	<b>28,332</b>
<i>Non-interest bearing assets:</i>					
Trade receivables	41,669	41,669	41,381	288	-
Other receivables	9,928	9,928	9,928	-	-
Cash and cash equivalents	21,738	21,738	21,738	-	-
	<b>73,335</b>	<b>73,335</b>	<b>73,047</b>	<b>288</b>	-
Financial assets	1,817	1,823	1,640	183	-
	<b>1,817</b>	<b>1,823</b>	<b>1,640</b>	<b>183</b>	-
<b>Total assets</b>	<b>75,152</b>	<b>75,158</b>	<b>74,687</b>	<b>471</b>	-
<b>Net liquidity position</b>	<b>(149,657)</b>	<b>(166,362)</b>	<b>(56,217)</b>	<b>(81,813)</b>	<b>(28,332)</b>

As of the reporting date, the Group operates a network of more than 200 retail locations, the majority of which are leased, resulting in a significant lease obligation. Furthermore, due to the specific nature of the business, which requires a high level of stock availability in each retail unit within the network, maintaining a substantial inventory level is essential. Given the above, sales conditions and the structure of cash inflows are largely driven by the sale of goods without deferred payment, which has a significant direct positive impact on the company's liquidity position.

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

***Interest rate risk management***

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

***Interest rate sensitivity analysis***

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 30 – RISK MANAGEMENT (continued)**

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

<i>as at 31 December 2025</i>	<b>Contractual cash flows</b>	from 1 to 5		
		up to 1 year	years	over 5 years
		<i>(thousands of EUR)</i>		
At currently applicable interest rates	<b>108,272</b>	29,836	63,542	14,894
At currently applicable interest rates + 50 basis points	<b>110,492</b>	29,908	64,422	16,162
<b>Effect of increase of interest rate by 50 basis points</b>	<b>(2,220)</b>	<b>(72)</b>	<b>(880)</b>	<b>(1,268)</b>

<i>as at 31 December 2024</i>	<b>Contractual cash flows</b>	from 1 to 5		
		up to 1 year	years	over 5 years
		<i>(thousands of EUR)</i>		
At currently applicable interest rates	<b>123,930</b>	25,448	70,150	28,332
At currently applicable interest rates + 50 basis points	<b>125,658</b>	25,509	71,135	29,014
<b>Effect of increase of interest rate by 50 basis points</b>	<b>(1,728)</b>	<b>(61)</b>	<b>(985)</b>	<b>(683)</b>

**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.

	<b>Liabilities</b>		<b>Assets</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<i>(thousands of EUR)</i>		<i>(thousands of EUR)</i>	
Bosnia and Hercegovina (BAM)	7,556	6,114	11,116	9,100
Serbia (RSD)	9,645	5,378	10,640	10,470
North Macedonia (MKD)	952	1,252	710	666

**Foreign currency sensitivity analysis**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 30 – RISK MANAGEMENT (continued)**

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
BAM	0.511	0.511
RSD	0.009	0.009
MKD	0.016	0.016

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

	<u>BAM exposure</u>		<u>RSD exposure</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<i>(thousands of EUR)</i>		<i>(thousands of EUR)</i>	
Increase/ (decrease of net result)	36	30	10	51
	<u>MKD exposure</u>			
	<u>2025</u>	<u>2024</u>		
	<i>(thousands of EUR)</i>			
Increase/ (decrease of net result)	(2)	(6)		

**Market risk management**
***Credit risk management***

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 31– BUSINESS COMBINATIONS**

During 2024, the Group successfully completed several acquisitions. In all acquisitions Group acquired 100% of shares outstanding. Overview of acquisitions is listed below:

Company	Segment	Date of acquisition	% of ownership
CIAK AUTO SLOVENIJA d.o.o. (ex Stahlgruber trgovina d.o.o.)	Auto program	30.4.2024	100%
ARS PARTS D.O.O.	Auto program	31.5.2024	100%
Jumetal d.o.o.	Ecology	31.8.2024	100%
SIM IMPEX d.o.o. BiH	Auto program	30.9.2024	100%

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

*Net assets of acquired companies*

Fair value of assets and liabilities was as follows:

<i>(in thousands of EUR)</i>	Note	SIM IMPEX d.o.o.*	CIAK AUTO SLOVENIJA d.o.o.*	Other business combinations	Total
Intangible assets	14	4,572	25	-	4,597
Property, plant and equipment	15	1,537	691	162	2,390
Right of use assets	16	1,332	1,334	-	2,666
Deferred tax assets	13	159	652	-	811
Inventories		9,300	2,264	55	11,619
Trade and other receivables		2,215	1,321	230	3,766
Income tax receivable		94	-	3	97
Financial assets		29	-	-	29
Cash and cash equivalents		1,400	860	50	2,310
Loans	27	-	-	(250)	(250)
Lease liabilities	27	(1,659)	(1,349)	-	(3,008)
Deferred tax liability	13	(428)	-	-	(428)
Trade and other payables		(5,777)	(810)	(210)	(6,797)
<b>Net identifiable assets acquired</b>		<b>12,774</b>	<b>4,988</b>	<b>40</b>	<b>17,802</b>
Cash			1,388	350	1,738
Payable for purchase of shares	29		9,996	-	9,996
<b>Total acquisition cost</b>			<b>11,384</b>	<b>350</b>	<b>11,734</b>
<b>Goodwill</b>				<b>310</b>	<b>310</b>
<b>Bargain purchase</b>			<b>6,378</b>		<b>6,378</b>
<i>Period from acquisition date till 31. December 2024</i>					
Revenue		6,904	9,251	629	16,784
Profit / (loss)		<b>131</b>	<b>(611)</b>	<b>(25)</b>	<b>(505)</b>

\* Since the acquisition of Sim Impex d.o.o. and CIAK Auto d.o.o., Slovenia was a related transaction, the resulting gain from a bargain purchase was calculated based on the allocation of the purchase price to the net acquired assets of both companies as a single unit. The acquisition dates differ due to obtaining competition-related approvals in Bosnia and Herzegovina.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2025**
**NOTE 31– BUSINESS COMBINATIONS (continued)**

In the event that all acquisitions happened on 1 January 2024, consolidated revenues and profits of the Group would amount to:

<b>Revenue up to acquisition date</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>
Revenue of acquired companies up to acquisition date	21,612
Consolidated revenue stated in FS	352,128
<b>Total revenues had all business combinations occurred at 1. January 2024</b>	<b>373,740</b>
<b>Profit/ (loss) up to the acquisition date</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>
Net profit of acquired companies up to acquisition date	(1,559)
Net profit for the Group	9,232
<b>Profit/ (loss) had all business combinations occurred at 1. January 2024</b>	<b>7,673</b>

*Methods used in determining fair values of assets*

<b>Caption</b>	<b>Methods used</b>
PPE	The fair value 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	It consists of brands. The fair value of the brands is based on a report by an independent valuation expert who assessed them using the relief-from-royalty method. In determining the brand value, the valuator applied a royalty rate of approximately 1.74% to the operating cash flows of the acquired companies, projected over a three-year period, with a terminal growth rate of 2% and discounted using a discount rate of 13%, 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 lease liabilities with approximately market interest rates. The increase in long-term liabilities upon acquisition is the result of recognizing a deferred tax liability due to temporary differences arising from the initial recognition of the acquired net assets at fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

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

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

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

<b>Sales Revenue</b>	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Majority shareholder and parties related to majority shareholder	1,008	594
Equity-accounted investees	58	98
	<b>1,066</b>	<b>692</b>
	<hr/>	
<b>Cost of goods sold and other operating expenses</b>	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Majority shareholder and parties related to majority shareholder	1,765	1,394
Equity-accounted investees	54	92
	<b>1,819</b>	<b>1,486</b>
	<hr/>	
<b>Trade and other receivables</b>	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Majority shareholder and parties related to majority shareholder	541	708
Equity-accounted investees	27	33
	<b>568</b>	<b>741</b>
	<hr/>	
<b>Trade and other payables</b>	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Majority shareholder and parties related to majority shareholder	4,427	2,469
Equity-accounted investees	1	3
	<b>4,428</b>	<b>2,472</b>
	<hr/>	
<b>Borrowings</b>	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Majority shareholder and parties related to majority shareholder	3,805	4,644
Equity-accounted investees	-	-
	<b>3,805</b>	<b>4,644</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**NOTE 32 – RELATED PARTY TRANSACTIONS (continued)**

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

<b>Key management remuneration</b>	<b>2025</b>	<b>2024</b>
	<i>(in thousands of EUR)</i>	
Salaries, severance payments, bonuses	1,047	1,051
	<b>1,047</b>	<b>1,051</b>

Key management of the Group comprises the Management Board and consisted of 5 persons (2024: 5 persons).

Total remuneration paid to Supervisory Board members in 2025 amounted to EUR 150 thousand for seven members of the Supervisory Board (2024: EUR 131 thousand for seven members of the Supervisory Board). As at 31 December 2025, the Supervisory Board had seven members.

**NOTE 33 – EVENTS AFTER THE REPORTING DATE**

During the first quarter of 2026, there was an escalation of the armed conflict in the Middle East, which caused disruptions in global energy and logistics flows. The Group has no direct business relationships with entities from the mentioned region and therefore has no direct exposure to those markets. However, the geopolitical situation may have indirect effects on operations, particularly through potential disruptions in supply chains and fluctuations in energy prices and transportation costs. Given the dynamic nature of the situation, the Group continues to monitor developments and take appropriate risk management measures.

## 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 publishing, in accordance with the Accounting act and other laws and regulations governing the preparation of financial statements in Croatia, of the following:


- Management Report, which includes the Sustainability Report;
- Corporate Governance Report; and
- Annual consolidated financial statements in single electronic reporting format.


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

The Management report which includes the Sustainability Report, and the Corporate Governance Report, as well as the annual consolidated financial statements in single electronic reporting format were approved and signed by the Management Board on 30 March 2026 for submission to the Supervisory Board.

  
\_\_\_\_\_  
**Ivan Leko**  
*President of the Management Board*

  
\_\_\_\_\_  
**Dominik Leko**  
*Member of the Management Board*

  
\_\_\_\_\_  
**Dalibor Bagarić**  
*Member of the Management Board*

  
\_\_\_\_\_  
**Ivica Greguras**  
*Member of the Management Board*

  
\_\_\_\_\_  
**Ivan Miloš**  
*Member of the Management Board*

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



## Independent Auditor's Limited Assurance Report on the Sustainability Report

### To the Shareholders of CIAK Grupa d.d.

#### Limited assurance conclusion

We have performed a limited assurance engagement on whether the Consolidated Sustainability Report of CIAK Grupa d.d. ("the Company") and its subsidiaries (collectively, "the Group"), included in the *Sustainability Report* section of the Group's Management Report as of and for the year ended 31 December 2025 ("the Sustainability Report"), has been prepared in accordance with the Croatian Accounting Law ("the Accounting Law").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Group's Sustainability Report as of and for the year ended 31 December 2025 is not prepared, in all material respects, in accordance with the Accounting Law, including:

- Compliance with the European Sustainability Reporting Standards ("ESRS"), including that the process carried out by the Group to identify the information reported in the Sustainability Report ("the Process") is in accordance with the description set out in the *Significant Impacts, Risks and Opportunities* section thereof; and
- Compliance of the disclosures in the *Key indicators of environmentally sustainable economic activities (EU Taxonomy)* section of the Sustainability Report with the reporting requirements of Article 8 of Regulation (EU) 2020/852 ("the Taxonomy Regulation").

Our conclusion on the Sustainability Report does not extend to any other information that accompanies or contains the Sustainability Report and our limited assurance report thereon. We have not performed any assurance procedures as part of this engagement with respect to such other information. However, we audited the Group's consolidated financial statements as of and for the year ended 31 December 2025 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, forming part of the other information, and our auditor's report thereon is also included with the other information.

#### Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics of Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA code), together with the ethical requirements that are relevant to our assurance engagements on the Sustainability Reports in Croatia.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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



## Independent Auditor's Limited Assurance Report on the Sustainability Report (continued)

### **Responsibilities for the Sustainability Report**

The Management Board of the Company is responsible for designing, implementing and maintaining a process to identify the information reported in the Sustainability Report in accordance with the ESRS and for disclosing this Process in the *Significant Impacts, Risks and Opportunities* section of the Sustainability Report. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- Identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- Assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Developing methodologies and making assumptions that are reasonable in the circumstances.

The Management Board of the Company is further responsible for the preparation of the Sustainability Report in accordance with the Accounting Law, including:

- Compliance with the ESRS;
- Preparing the disclosures in the *Key indicators of environmentally sustainable economic activities (EU taxonomy)* section of the Sustainability Report, in compliance with Article 8 of the Taxonomy Regulation;
- Designing, implementing and maintaining such internal controls that the Management Board of the Company determines are necessary to enable the preparation of the Sustainability Report such that it is free from material misstatement, whether due to fraud or error; and
- Selecting and applying appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

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

### **Inherent limitations in preparing the Sustainability Report**

There are inherent limitations regarding the measurement or evaluation of the sustainability matters presented in the Sustainability Report subject to limited assurance, which have been set out below:

- As described in the *General information about the report and basis of preparation section*, greenhouse gas emissions quantification is subject to inherent uncertainty as a result of both scientific and estimation uncertainty.
- Certain metrics reported within the Sustainability Statement may be subject to inherent limitations.
- In reporting forward-looking information in accordance with the ESRS, Management Board is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.
- In determining the disclosures in the Sustainability Report, Management Board interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.



## Independent Auditor's Limited Assurance Report on the Sustainability Report (continued)

### **Our responsibilities**

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Report is free from material misstatement, whether due to fraud or error, and reporting our limited assurance conclusion to the Company's shareholders. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Report as a whole.

Our responsibilities in relation to the Process for reporting the Sustainability Report, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in the *Significant impacts, Risks and Opportunities* section.

Our other responsibilities in respect of the Sustainability Report include:

- Obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Report but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures focused on disclosures in the Sustainability Report where material misstatements are likely to arise. 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 control.

### **Summary of the work we performed as the basis for our conclusion**

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Report. We designed and performed our procedures to obtain evidence about the Sustainability Report that is sufficient and appropriate to provide a basis for our conclusion.

The nature, timing and extent of our procedures depended on our understanding of the Sustainability Report and other engagement circumstances, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Report. We exercised professional judgment and maintained professional skepticism throughout the engagement.

In conducting our limited assurance engagement, with respect to the Process, the procedures we performed included:

- Obtaining an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (including stakeholder engagement, business plans and strategy documents); and
  - inspecting the Group's internal documentation of its Process.
- Evaluating whether the evidence obtained from our procedures about the Process was consistent with the description of the Process set out in the *Significant Impacts, Risks and Opportunities* section.



## Independent Auditor's Limited Assurance Report on the Sustainability Report (continued)

### Summary of the work we performed as the basis for our conclusion (continued)

In conducting our limited assurance engagement with respect to the Sustainability Report, the procedures we performed included:

- Obtaining an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Report by performing inquiries of the relevant personnel and inspecting the Group's internal documentary evidence;
- Evaluating whether material information identified by the Process is included in the Sustainability Report;
- Evaluating whether the structure and the presentation of the Sustainability Report is in accordance with the ESRS;
- Performing inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Report;
- Performing substantive assurance procedures on a sample basis on selected disclosures in the Sustainability Report;
- Obtaining evidence on the methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;
- Obtaining an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Report;
- Evaluating whether the standardized reporting templates required by the Taxonomy Regulation were appropriately used to present the key performance indicators;
- Assessing whether the taxonomy disclosures are reconciled, where relevant, with the Group's consolidated financial statements; and
- Performing substantive assurance procedures on selected taxonomy disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

**KPMG Croatia d.o.o. za reviziju**

Croatian Certified Auditors

Eurotower, 17th floor

Ivana Lučića 2a

10000 Zagreb

Croatia

**31 March 2026**



*This is an English translation of the Independent Auditor's Report on the financial statements originally issued in Croatian. In the event of any differences, the Croatian original prevails. This report should be read in conjunction with the complete set of consolidated financial statements issued in Croatian to which it relates. The accompanying English financial statements are a convenience translation and are not the audited financial statements.*

# Independent Auditor's 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 Parent Company") and its subsidiaries ("the Group"), which comprise:

- the consolidated statement of financial position as at 31 December 2025;

and, for the year from 1 January 2025 to 31 December 2025:

- the consolidated statement of comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;

and

- notes, comprising material accounting policies and other explanatory information (hereinafter "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 2025, 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 ("ISAs") and Regulation (EU) No. 537/2014 of the European Parliament and of the Council. Our responsibilities under those standards are further described in the Auditor's 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 audits of the financial statements of public interest entities in the Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

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

### Revenue recognition

Revenue recognized in profit or loss for 2025 amounts to EUR 396,664 thousand (2024: EUR 350,555 thousand). Please refer to the Note 3.4 *Revenue recognition* within *Significant accounting policies* and Note 6 *Revenue and segment reporting* in the financial statements.

The key audit matter	How the matter was addressed in our audit
<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 transfers 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"> <li>• Assessing the accounting policy for recognition of revenue and its compliance the requirements of the revenue standard;</li> <li>• Evaluating the design and implementation of controls over the revenue cycle;</li> <li>• For a sample of contracts or contract equivalents with customers in force during the reporting period: <ul style="list-style-type: none"> <li>– challenging the identification of performance obligations included therein;</li> <li>– critically assessing the determination of revenue recognition pattern (point-in-time vs over time);</li> <li>– 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;</li> </ul> </li> <li>• Inspecting journal entries posted to revenue accounts focusing on unusual and irregular items;</li> <li>• Assessing the adequacy of revenue recognition – related disclosures against the relevant requirements of the financial reporting standards.</li> </ul>

## Other Information

Management is responsible for the other information. The other information comprises the Management Report (together with Sustainability Statement) and the Corporate Governance Report 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.

We have performed a limited assurance engagement on the Consolidated Sustainability Statement that forms part of the other information and provided a separate unmodified assurance practitioner's conclusion thereon that is included within the other information.

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 regard to the Management Report and the Corporate Governance Report, we also performed procedures prescribed by applicable legal requirements and we report that:

- the information given in the Management Report and the Corporate Governance Report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Report and the Corporate Governance Report have been prepared, in all material respects, in accordance with applicable legal requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 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 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.

## Auditor's 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 auditor's 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 scepticism 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 control.
- 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 control.
- 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 auditor's 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 auditor's 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 control 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 auditor's 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

### Information Required by Regulation (EU) No. 537/2014 of the European Parliament and the Council

#### *Appointment of Auditor and Period of Engagement*

We have been appointed to audit the annual financial statements of the Group by resolution of those charged with governance dated 17 June 2025. Our period of total uninterrupted engagement is seven years, covering the periods ended 31 December 2019 to 31 December 2025.

#### *Consistency with Additional Report to Audit Committee*

We confirm that our audit opinion is consistent with the additional report to the Audit Committee.

#### *Non-audit Services*

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament of the Council and Article 44 of the Audit Act were provided and that we remained independent in conducting the audit.

### 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 whether the financial statements of the Group as at and for the year ended 31 December 2025, as included in the attached electronic file *ciakgrupadd-2025-12-31-0-en*, have been prepared, in all material respects, in accordance 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 financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the financial statements in the applicable XHTML format and their publication;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- creating and properly anchoring extension elements where no suitable element exists;
- performing block-tagging where required;
- ensuring consistency between digitised information and the 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.



### *Auditor's Responsibilities*

Our responsibility is to express an opinion on whether the financial statements have been prepared, in all material respects, in accordance 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.

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

Our procedure included, among others:

- obtaining an understanding of the Group's ESEF preparation process;
- evaluating the design and implementation of relevant controls over the iXBRL tagging process;
- assessing the XHTML structure and the completeness of tagging;
- evaluating the appropriate application of core taxonomy elements, the creation and anchoring of extension elements, and the application of block-tagging where required; and, where relevant,
- assessing consistency between machine-readable and human-readable versions and the signed audited financial statements.

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

### *Opinion*

In our opinion, based on the procedures performed and evidence obtained, the financial statements of the Group as at and for the year ended 31 December 2025 presented in ESEF format and contained in the aforementioned attached electronic file, have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

31 March 2026

## **KPMG Croatia d.o.o. za reviziju**

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# 2025

## Annual Report

Annual Report 2025 - CIAK Grupa d.d. and its subsidiaries

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**CIAK**  
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