



AUTOHRVATSKA

ANNUAL REPORT

2023

AUTOHRVATSKA

Annual
Report
2023







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Bogdan Tihava

Chairman of the Board of Directors

Dear ladies and gentlemen,

It is my pleasure, and an honour to inform you on another successful business year.

In the first year of our five-year Growth and Development Plan for Auto Hrvatska Business Group, we've achieved strong results with a net profit of EUR 12 million based on realized consolidated revenue of EUR 242 million.

Taking into consideration these financial results, achieved business outcome is one of our best annual performances since the founding of the joint-stock company.

Successful result was achieved by adequately adjusting and increasing the price of vehicles, spare parts and maintenance services.

Our 783 employees working at 28 sites across North Macedonia, Bosnia and Herzegovina, Croatia and Slovenia helped attain an increase of EUR 20 million in revenue and EUR 4 million in profit compared to 2022. Since the success of companies like ours is not measured only in revenues and profits, I would like to highlight continued synergistic efforts of most organizational units and functions.

We've continued making significant progress with regard to corporate responsibility, environmental responsibility and social responsibility with the aim of ensuring long-term sustainability.

Special emphasis was placed increasing satisfaction of Business Group's human resources, continuing the development of digital tools, consolidating financial stability and continuing to invest in new Sales and Service centres as well as renovating outdated sites.

In the preceding reporting period, Auto Hrvatska Business Group delivered 4,113 new and used passenger and light commercial vehicles to the market,

868 new and used trucks,

80 new and used buses,

65 trailers,

58,000 passenger and cargo tires,

56 million spare parts delivered or installed in our service centres.

We've performed 277,000 hours of mechanical, electrical, body and paint work in our service workshops.

Insurance premiums totalling EUR 1.5 million have been secured.

We've financed EUR 52 million worth of personal and commercial vehicles through leasing companies.

Facility management, encompassing the rental of both internal and external spaces, covers a total of 58,250 square meters.

Among the ten affiliated companies of Auto Hrvatska Business Group, two reported negative financial results, which they plan to recoup in the future.

Personal vehicle program achieved its best financial result in history, setting the stage for continued quality improvements, process standardization, and growing the importer role in collaboration with our Chinese partner Dongfeng Motor.

Various marketing activities in Zadar marked the 60th anniversary of cooperation with the VW Group.

Additionally, our economic program celebrated 30 years of cooperation with MAN Truck & Bus, alongside numerous loyal partners, with a series of activities held throughout the past year.

Our leading position in truck sales on the Croatian market has been maintained for the eighteenth consecutive year thanks to significant improvements in

service quality, process standardization, productivity, competitiveness, and competence across thirteen service centres.

Joint affairs organization closely monitored all core business activities of the Business Group, emphasizing the preservation of company culture and human resource management.

Members of the Board of Directors and executive directors held 22 meetings during the past mandate period, ensuring active coordination and guiding management and employees with timely decisions. These joint sessions fostered a positive atmosphere for making unified decisions, standardizing procedures, and realizing synergistic effects.

Members of the Board of Directors and executive directors actively participated in member assemblies, drawing conclusions for necessary improvements in collaboration with company directors.

Dear shareholders, ahead of the regular assembly, the Board of Directors and executive directors reviewed and accepted the Report of executive directors and the Assembly Agenda, including all proposed decisions for adoption.

At the same meeting, they also accepted the Independent Auditor's Report on the performed audit and confirmed its alignment with financial statements for the past year.

Company Assembly adopted a decision establishing an Audit Committee consisting of: Tajana Bokulić, Jelica Matić, and Igor Brigljević, with Mrs. Tajana Bokulić appointed as Chairwoman at the Committee's constituent session. In 2023, the Audit Committee held three sessions,

affirming the independence of the authorized auditor, proposing the appointment of an auditor for the current year, accepting the Independent Auditor's Report, and recommending the financial statements for 2023 to the Board of Directors.

In addition to the Audit Committee's continuous oversight of operations and financial report examination, the Board of Directors receives ongoing quality and professional support from the Internal Audit and Controlling departments, which report directly to the Board.

By inspecting and monitoring the company's affairs, the Board of Directors members confirm that Auto Hrvatska joint-stock company operates in accordance with assembly decisions, Articles of Association, accepted acts, legal regulations, and maintains a commitment to social responsibility, sustainability, environmental protection, and ethical business conduct.

Executive directors' report on the state of the company provides essential and objective insights into the company's operations over the past year, with the Board of Directors expressing no objections to the report.

The financial reports for the previous year have been accurately compiled based on the business records, reflecting the true financial and business situation of the company. Executive directors and the Board of Directors jointly proposed the adoption of a decision on profit usage, expressing the Board's position on the profit usage proposal.

At the end of November last year, the Board of Directors adopted the Business Plan for 2024, aligned with the Growth and Development Plan 2023-2027,

aiming to improve work quality and maintain competitive pricing of goods and services.

The first two and a half months of operations in the current year are proceeding according to plan, with several measures and activities underway for future periods.

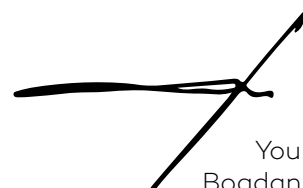
I want to extend my gratitude to our employees and management for their daily dedication to excellence, their round-the-clock availability to all our vehicle and service users, and their ongoing efforts to improve quality and productivity.

I also wish to thank my fellow executive directors for their trust and collaboration in achieving the operational and strategic goals of Auto Hrvatska Business Group.

Dear shareholders, I appreciate your continued trust.

As we embark on new projects, I wish you all personal and collective success in the ongoing work, growth, and development of our organization.

Sincerely,
on behalf of the members of the Board of Directors,



Yours truly,
Bogdan Tihava

**Velimir Marović**

Chief Executive Officer

**Dear partners, employees and shareholders,
dear readers,**

We present to you the integrated financial and non-financial business report of Auto Hrvatska Business Group for 2023, which also announces the sustainability strategy we will develop in 2024.

In 2023, Auto Hrvatska Business Group continued its revenue growth trend, surpassing one of the historically best results from 2022. Consolidated revenue reached EUR 242 million, up from EUR 222 million. This success is attributable to our 783 employees operating in four countries: Croatia, Bosnia and Herzegovina, North Macedonia, and Slovenia, across 28 locations. Our success is built on the dedication of our outstanding employees who provide first-class solutions for purchasing a wide range of vehicles and equipment, as well as maintaining them, all while engaging in socially responsible business practices and environmental protection. Our service employees alone completed

277,000 working hours last year, demonstrating their commitment to providing the fastest and highest quality service possible. The importance we place on selecting and nurturing relationships with our partners is evidenced by last year's anniversaries of cooperation with renowned European suppliers. We celebrated 60 years of collaboration with Volkswagen and Audi and, 30 years with MAN Truck & Bus.

Last year also marked the beginning of activities aligned with our new five-year Growth and Development Plan, which focuses on diversifying our business through territorial and programmatic expansion, enhancing our reputation in the automotive industry, increasing profitability, becoming one of the most desirable employers, and achieving higher levels of automation and digitization. In the first year of this plan, we opened new Peugeot sales and service centres in Poreč and Osijek, marking the first time Auto Hrvatska Business Group has had a personal program presence throughout the entire Republic of Croatia, a milestone previously achieved with our economic program. We extended our cooperation with Chinese partner Dongfeng Motor through an exclusive partnership for their brand Forthing. For the 18th consecutive year, we maintained our leading position in the Croatian market as the seller of new MAN trucks. We are also pleased with the recovery of tourism after the pandemic, having contracted significant quantities of new MAN and Neoplan buses for our markets in 2024. The new Isuzu business program brand, in its first year of operation, has already built a reference list of esteemed customers in production, distribution, and utility sectors. In the joint business segment, we maintained positive liquidity, smoothly transitioned to the euro, and achieved high real estate occupancy levels. We have launched several new projects and activities aimed at further organizing our business. These include continuing the systematization of workplaces, enhancing information security, introducing new CRM functionalities, and implementing the Jenz network for internal social communication.

Recognizing the dynamic nature of the labour market, we emphasize becoming the most desirable employer as a key aspect of our five-year plan. Our primary

focus is continuous investment in our development and the satisfaction of our employees, who consistently demonstrate competence, motivation, and loyalty. We regularly conduct employee satisfaction surveys and have observed increasing levels of satisfaction. Concurrently, we invest in improving areas that receive lower evaluations. Last year, Auto Hrvatska Business Group was ranked among the top four large companies in the "Best Employer" survey conducted by Pulser. In 2023, we saw a significant increase in new employees, with 147 new team members joining us, surpassing our growth plans.

Highlighting our commitment to community, we initiated the Santa Claus Truck project over 10 years ago. This non-commercial travelling show for children visited 11 cities and held 19 performances in 17 days last year, including visits to SOS villages Ladimirevci and Lekenik. The main goal of this tour was to promote humanity and love while reminding children about responsible behaviour in traffic.

Our excellent corporate culture, sustainable development principles, and clear corporate governance reaffirm our core values: focusing on customers' needs, building trust and long-term relationships with all stakeholders, maintaining reliability and stability based on our long-standing tradition, and encouraging innovation, teamwork, and employee initiative.

As the longest-standing company in the automotive industry operating through 10 affiliated companies in four countries, we bear significant social and economic responsibility. In addition to achieving excellent business results, we are committed to continuous efforts and investment in our relationships with people and nature.

The unpredictability of natural disasters, compounded by economic and social instability, presents additional business challenges. The automotive industry is at the forefront of major changes, with significant resources invested in finding sustainable solutions and alternative fuels. Our role is to prepare timely and respond effectively to these changes. Accordingly, we are developing additional activities aimed at

environmental goals, including decarbonization and reducing CO₂ emissions, increasing the use of repaired parts, and enhancing waste management practices. Technological development, digitization, and innovation are key factors driving our continuous improvements and adaptations. Maintaining strong relationships with key partners and suppliers, particularly in the context of decarbonization and the circular economy, remains a crucial element of our strategic sustainability.

Our employees are the most important actors in our comprehensive change process, successfully responding to all challenging situations and the changes we have faced. Their knowledge and competencies are our greatest assets.

In our commitment to sustainability and social responsibility, Auto Hrvatska Business Group has been significantly investing in the education of its employees and users for years. We equip sales and service centres with the latest technologies and capacities, exchange knowledge and experience with various related institutions and suppliers, and significantly increase investment in our energy independence, which now stands at 15% from renewable sources.

A tradition spanning more than seven decades has taught us valuable lessons about identity, adaptability, social responsibility, and the need for continuous investment in excellence to achieve stability, long-term success, and sustainability.

On behalf of the Board of Directors, executive directors, and management of Auto Hrvatska Business Group, I would like to express my gratitude to all employees for their dedicated work, to our customers and partners for their cooperation and trust, and to the shareholders for their trust and patience.



Sincerely,
Velimir Marović



ABOUT THE REPORT

Auto Hrvatska Business Group has been publishing the Corporate Social Responsibility Report since 2014. In 2023, we took significant steps to understand the new sustainability reporting framework, which became a legal obligation on January 1, 2024, and must be reported for 2024.

Our practices related to non-financial reporting have improved, including additional activities for calculating CO₂ emissions for 2023 and classifying our business activities according to the criteria of acceptability and compliance based on the EU Taxonomy Regulation.

All other data required by Article 250a of the Companies Act, which should be included in the Annual Report on the state of the company, can be found in the attached Annual Report for 2023. This report includes a general report, a non-financial report, consolidated and non-consolidated financial statements, and an Independent Auditor's Report as of December 31, 2023.

Unless otherwise stated, all information and data provided in the report pertain to activities and projects realized between January 1 and December 31, 2023. The report covers the activities of all member companies of Auto Hrvatska Business Group. The non-financial part of the report was prepared according to GRI standards. The Report contains a transparent overview of non-financial information on the impact that the business-related activities of the Auto Hrvatska Business Group have on society, the economy, and the environment.

Certain topics discussed in this report, including forward-looking statements, are subject to risks and uncertainties. Readers are cautioned that such statements are not guaranteed, and future actions and developments may differ significantly from those described or implied. We expressly disclaim any obligation to update forward-looking statements after the publication of the report.

Contact information for questions about the report and its contents:

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Vjekoslava Heinzela 70, 10000 Zagreb

Corporate communications
Email: korporativne.komunikacije@autohrvatska.hr





1

BASIC DATA

Auto Hrvatska Business Group continues its trend of growth and development, as evidenced by an increase in the number of employees from 718 in 2022 to 783 in 2023, an expansion in the number of locations, and a rise in total revenues from EUR 222 million to EUR 242 million during the same period. The company's capital and asset sources also exhibit a growth trend, ensuring a strong financial position and enabling planned capital investments. Although capitalization is growing slightly, it remains consistent with achievements recorded over a longer period. Financial and business trends confirm that Auto Hrvatska Business Group is laying the groundwork for further enhancements in practices focused on sustainability and social responsibility.

Organisation Size

Organization size in millions of EUR / 2021/2022/2023			
	2021	2022	2023
Total Consolidated Revenue	171.21	222.30	242.18
Total Consolidated Expenditure	164.58	212.64	227.55
Capital	64.05	70.41	79.81
Asset Sources	92.38	111.55	120.16
Capitalisation	69.3%	63.1%	66.4%
Number of employees on 31 Dec.	702	718	783

CONTRACTED INSURANCE PREMIUMS

2021	EUR 1.1 MILLION
2022	EUR 1.2 MILLION
2023	EUR 1.5 MILLION

TRAILERS

2021	54
2022	93
2023	65



RENTING

2021	83,600 m²
2022	61,500 m²
2023	58,250 m²



HIRED EMPLOYEES

2021	702
2022	718
2023	783



SPARE PARTS

2021	EUR 35.8 MILLION
2022	EUR 48.9 MILLION
2023	EUR 55.8 MILLION



TIRES SOLD

2021	54,000
2022	49,450
2023	58,000

The most prominent associations of which Auto Hrvatska Business Group is a member are as follows:

- Croatian Chamber of Economy
- Croatian Chamber of Economy – Zagreb Chamber
- German-Croatian Chamber of Industry and Commerce
- American Chamber of Commerce in Croatia
- Motor Vehicle Trade Association at the CCE
- Group of Importers of Heavy Goods Vehicles at the CCE
- Croatian Chamber of Civil Engineers
- Croatian Association of Corporate Treasurers
- Croatian Association of Drivers and Auto Mechanics (HUVA)
- International Controller Verein Croatia
- Croatian Association for the Development and Application of Hydrogen Fuel Cells
- Green Building Council Croatia
- Auto Hrvatska Sports and Recreational Association
- HAVK Mladost (water polo club)
- GNK Dinamo (football club)

TRUCKS SOLD

2021	909
2022	760
2023	868

SOLD WORK HOURS OF SERVICE PERSONNEL

2021	261,000
2022	262,000
2023	277,000

SITES

2021 -	26
2022 -	27
2023 -	28

BUSES SOLD

2021	69
2022	143
2023	80

CARS SOLD

2021	3,227
2022	3,471
2023	4,113

FINANCING THROUGH LEASING

2021	EUR 40 MILLION
2022	EUR 44 MILLION
2023	EUR 52 MILLION

Shares

Auto Hrvatska d.d. shares, traded under the stock symbol AUHR, are listed on the Regular Market of the Zagreb Stock Exchange. Company's share capital totals EUR 7,800,000.00 and is distributed across 600,000 shares, with each founder's share having a nominal value of EUR 13.00.

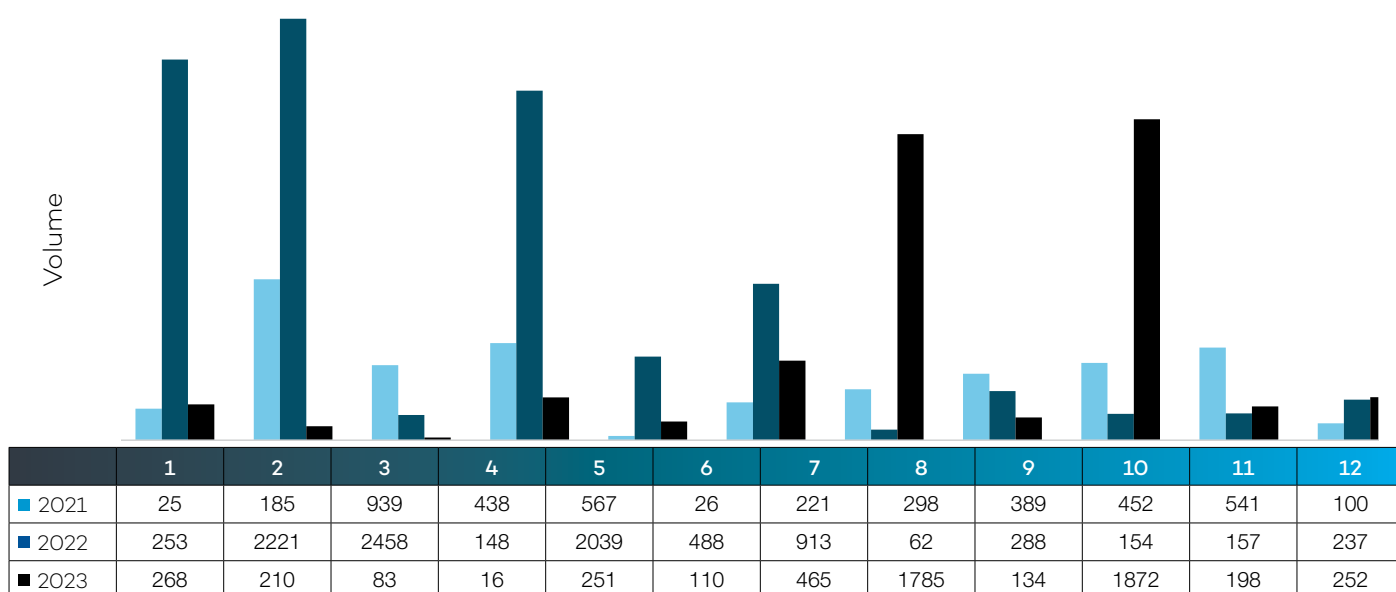
All shares are ordinary shares and issued as book-entry securities. Parent company owns 100% of all members within Auto Hrvatska Business Group.

	2021	2022	2023
Volume	4,181	9,418	5,644

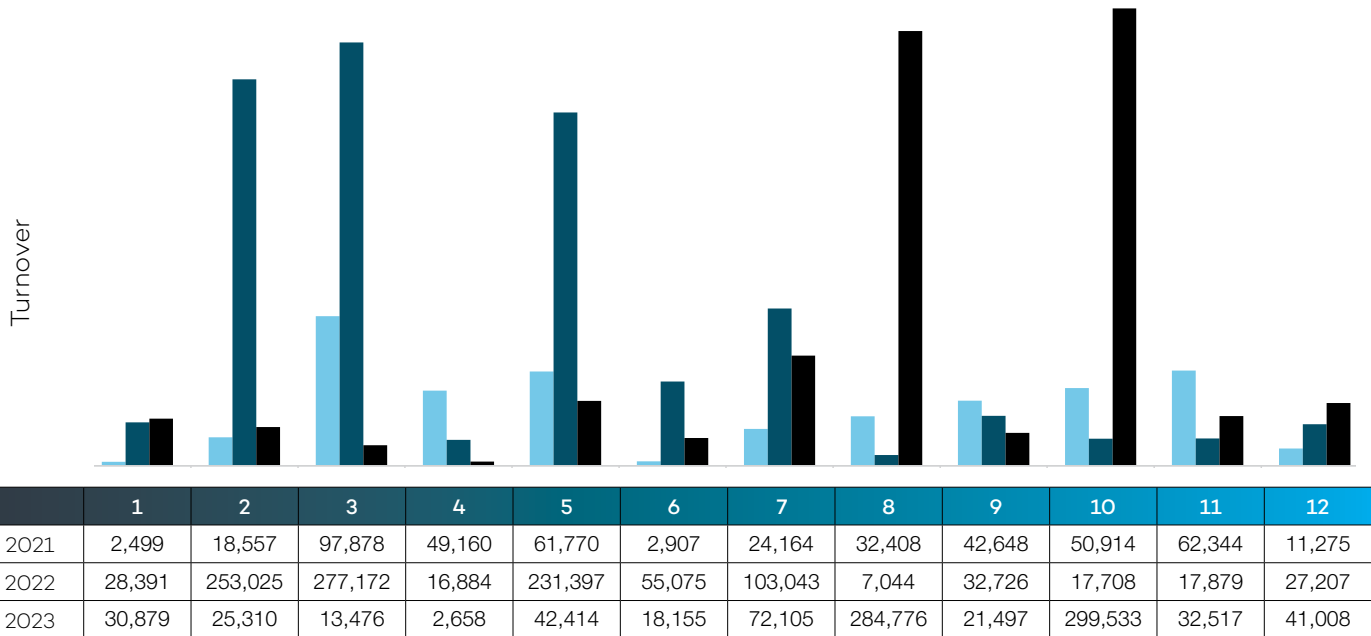
	2021	2022	2023
Turn-over in EUR	456,523	1,067,550	884,328

	2021	2022	2023
Average weighted price in EUR	109	113	157

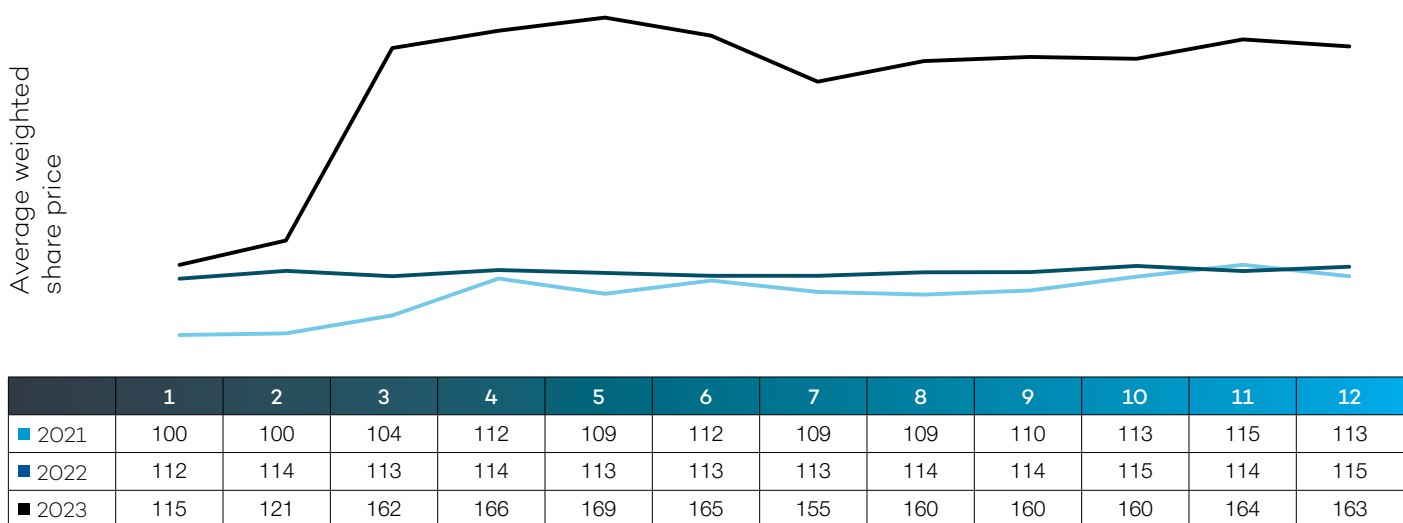
Volume of shares traded



Total trade turnover



Average weighted share price



Top 10 company shareholders according to the data of the Central Depository & Clearing company as of January 2, 2024.

10 LARGEST SHAREHOLDERS as of January 2, 2024.			
No.	Account owner	Status	% shares in share capital
1	ZAGREBAČKA BANKA D.D./JOINT CUSTODIAN	215,944	35.99
2	AUTO HRVATSKA D.D.	38,201	6.37
3	OTP BANKA D.D./ AZ OMF CATEGORY B	28,886	4.81
4	URBANČIĆ JOSIPA	19,203	3.20
5	ZAGREBAČKA BANKA D.D./ AZ PROFIT OPEN VOLUNTARY PENSION FUND	17,684	2.95
6	UDOVIČIĆ DAMIR	15,994	2.67
7	INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O. / JOINT CUSTODIAN ACCOUNT FOR DF68481874507	15,600	2.60
8	BAJCER ZVONKO	10,021	1.67
9	NEBOJŠA RADAN	9,569	1.59
10	BUČA ALDO	8,297	1.38
	TOP 10 TOTAL:	379,399	63.23

During the period from January 1 to December 31, 2023, Auto Hrvatska d.d. acquired its own shares as per the Assembly's decisions of April 29, 2021, and April 27, 2023.

These shares were acquired to offer equal opportunities to employees of Auto Hrvatska d.d. and its affiliated companies, and also as rewards for participating in profit distribution.

Between January 1 and December 31, 2023, Auto Hrvatska d.d. acquired 3,437 of its own shares, each

with a nominal value of EUR 13.00, constituting 0.57% of company's share capital.

Additionally, during the same period, company sold 8,307 of its own shares, each with a nominal value of EUR 13.00, representing 1.38% of the company's share capital.

In the Joint custodian account of Zagrebačka banka, members of the Board of Directors hold as follows:

Mr. Bogdan Tihava: 133,351 shares, which is 22.23% of the share capital, and

Mr. Igor Brigljević: 44,559 shares, which is 7.43% of the share capital.

1.1

ORGANIZATIONAL PROFILE



AUTO HRVATSKA Business Group	
AUTO HRVATSKA D.D. – parent company	
REPUBLIC OF CROATIA	Company director
MAN IMPORTER HRVATSKA D.O.O.	Marko Tihava
AUTO HRVATSKA PRODAJNO SERVISNI CENTRI D.O.O.	Mario Fabek
KAM I BUS IMPORTER D.O.O.	Lari Host
AUTO HRVATSKA AUTOMOBILI D.O.O.	Alen Vuksan-Ćusa
AUTO TANGENTA D.O.O.	Caroline Vranić
REPUBLIC OF NORTH MACEDONIA	Company director
MAN IMPORTER MAKEDONIJA D.O.O.E.L.	Vitomir Varga
BOSNIA AND HERZEGOVINA	Company director
KAM I BUS D.O.O.	Darko Bugarin
KAMION IMPORTER D.O.O.	Lari Host
REPUBLIC OF SLOVENIA	Company director
KAM IN BUS IMPORTER D.O.O.	Branimir Nadih

BOARD OF DIRECTORS	
Bogdan Tihava	Chairman of the Board of Directors
Igor Brigljević	Deputy Chairman of the Board of Directors
Ante Belamarić	Member of the Board of Directors
Velimir Marović	Member of the Board of Directors
Robert Srebrenović	Member of the Board of Directors

EXECUTIVE DIRECTORS	
Velimir Marović	Chief Executive Officer
Alen Vuksan-Ćusa	Executive director
Robert Srebrenović	Executive director
Mario Fabek	Executive director

Board of Directors



Bogdan Tihava

Chairman of the Board of Directors



Igor Brigljević

Deputy Chairman of the Board of Directors

Executive directors



Velimir Marović

Chief Executive Officer



Robert Srebrenović

Executive director

Board of Directors plays a crucial role in leading the company, sharing responsibility for:

- Managing the company and the Business Group as a collective of related interests, shaping the business organization in terms of entities, activities, and management methods,
- Overseeing capital investments, company founding and restructuring, organizational development, and investments,
- Approving overarching policies, making key decisions, and coordinating normative activities,
- Establishing necessary business activities, setting operational policies, defining criteria for business planning and profitability,
- Allocating roles and coordinating activities between non-executive and executive directors,
- Representing the company, appointing and steering executive directors, and supervising business management.

Comprising five members, Board of Directors is appointed and dismissed by the company's Assembly for a two-year term, with the option of re-appointment.

Auto Hrvatska Business Group, with its long-standing presence in the automotive industry,

owes its success to the dedication of its employees, reflecting a strategic focus on social aspects of conducting business. Additionally, the Group maintains a continuous commitment to meeting customer needs and fostering quality relationships with business partners, suppliers, and stakeholders. In our operations, we uphold high ethical standards, social responsibility, and sustainability as integral components of our strategy.

This commitment is exemplified by Auto Hrvatska Business Group's practice of commemorating significant milestones, such as its seventieth anniversary, during which the Group honoured its partners with 70 "Digitalization" sculptures.


Velimir Marović

Member of the Board of Directors


Robert Srebrenović

Member of the Board of Directors


Ante Belamarić

Member of the Board of Directors


Alen Vuksan-Ćusa

Executive director


Mario Fabek

Executive director

This gesture not only expresses gratitude and appreciation for collaboration but also underscores the importance of technological innovation, a cornerstone of our sustainable development strategy. The "Digitalization" sculpture symbolizes the Group's commitment to modernizing business operations and integrating technological advancements into key processes. These activities help Auto Hrvatska Business Group to reaffirm its dedication to continuously enhancing its operations, while also prioritizing the significance of individuals across all business sectors.

As the parent company and founder, Auto Hrvatska stock company oversees the management of other companies within Auto Hrvatska Business Group, which specializes in the sale of new and used vehicles, spare parts, tires, tools, and service equipment, and offers comprehensive service solutions. Auto Hrvatska Business Group holds a prominent market position in the commercial vehicle segment, serving

as the primary importer for renowned brands such as MAN, Neoplan, Otokar, and Ford Trucks. Additionally, it serves as the importer for Kässbohrer and Benalu trailers and is an authorized distributor and services provider for Isuzu trucks.

In addition to commercial vehicles, the Group is engaged in the sale and service of passenger vehicles from a wide array of brands including Volkswagen, Audi, ŠKODA, Mazda, Fiat Professional, Peugeot, Renault, Dacia, Seat, Cupra, DFSK, Seres, DFM, and Ford. Its offerings cover an extensive selection of spare parts, tires, and equipment sourced from globally recognized manufacturers, supported by a network of sales and service centres.

Furthermore, Auto Hrvatska Business Group is involved in sales financing and real estate management, providing comprehensive services across the automotive industry. Headquarters of Auto Hrvatska d.d. is located at Vjekoslava Heinzela 70, Zagreb.

Below is a list of all members of the Business Group with an indication of their main business activities.

In Croatia:

Auto Hrvatska d.d.

Zagreb, Vjekoslava Heinzela 70

Managing Business Group companies.

Auto Hrvatska Prodajno servisni centri d.o.o.

Hrvatski Leskovac, Brezovica, Zastavnice 25c

Authorized service network for MAN, Ford and Isuzu trucks, MAN, Neoplan and Otokar buses and Kässbohrer, Benalu, Schmitz Cargobull and Krone trailers.

Spare parts, tires and equipment from well-known international suppliers, as well as maintenance and service of trucks, buses, trailers, loading ramps and cooling chambers of different manufacturers. Wheel alignment services at locations in Zagreb, Split, Rijeka, Osijek and Karlovac. All workshops are also authorized service partners of manufacturers Voith, Wabco and BPW.

Company also operates a Bosch Diesel Centre, with modern test equipment and special tools applying only the highest technological standards set by Bosch.

Company also sells, installs and repairs service equipment for workshops focused on personal and commercial vehicles, and all types of tools, accessories and consumables.

Teiler, an own brand of refurbished brake callipers from the company's own production plant in Varaždin and discs from a renowned German manufacturer.

- ✓ Hrvatski Leskovac, Brezovica, Zastavnice 25c
- ✓ Zagreb, Radnička cesta 182
- ✓ Karlovac, Zagrebačka ulica 15a
- ✓ Varaždin – Turčin, Kneginec Business Zone, Mavra Schlengera 13 (branch)
- ✓ Osijek, Sv. Leopolda B. Mandića 31e (branch)
- ✓ Pazin, Naselje Lovrin, Rogovići 82d
- ✓ Rijeka – Čavle, Bujanovo 8 (branch)
- ✓ Zadar, Franka Lisice 82 (branch)
- ✓ Split – Dugopolje, Dugopoljska 2 (branch)

Auto Hrvatska Automobili d.o.o.

Zagreb, Radnička cesta 182

Sale and servicing of passenger and light commercial vehicles at 7 locations.

- ✓ Zagreb, Radnička cesta 182
sale and authorized service of Fiat Professional and DFSK light delivery vehicles and Seres electric vehicles, DFM vehicles and authorized service for Volkswagen, ŠKODA, Seat, Cupra, Ford, Fiat Professional, DFSK, F Seres and Audi vehicles
sale of used vehicles
- ✓ Zagreb, Vjekoslava Heinzela 70
sale and authorized service of Peugeot passenger and light commercial vehicles
sale of used vehicles
- ✓ Karlovac, Zagrebačka ulica 15f (branch)
sale of Volkswagen and ŠKODA vehicles, authorised repair shop for Volkswagen, ŠKODA, and Fiat
sale of used vehicles
- ✓ Rijeka – Čavle, Bujanovo 6 (branch)
sale and authorized service of Mazda vehicles
sale of used vehicles
- ✓ Zadar, Ulica Franka Lisice 85 (branch)
sale of Volkswagen and Audi vehicles and authorized service for Volkswagen, Audi, Seat, Cupra and ŠKODA vehicles
sale of used vehicles
- ✓ Split – Kaštel Sućurac, Ulica Ivana Pavla II 1a (branch)
sale and authorized service of Renault and Dacia vehicles
sale of used vehicles
- ✓ Poreč, Istra branch, Buići 18a (branch)
sale and authorized service of Peugeot passenger and light commercial vehicles
sale of used vehicles
- ✓ Osijek, Kapelska 102a (opened on January 1, 2024) (branch)
sale and authorized service of Peugeot passenger and light commercial vehicles
sale of used vehicles

In Slovenia:

MAN Importer Hrvatska d.o.o.

Hrvatski Leskovac, Brezovica, Zastavnice 25c

Main importer of commercial vehicles, high-speed marine engines and original spare parts manufactured by MAN Truck & Bus SE for the Croatian market.

KAM i BUS Importer d.o.o.

Zagreb, Radnička cesta 182

Main importer and authorised service partner for Ford Trucks and Isuzu commercial vehicles and spare parts for the Croatian market.

Auto Tangenta d.o.o.

Zagreb, Radnička cesta 182

Insurance brokerage agency, offering products from the following reputable insurance companies: Allianz, Croatia osiguranje, Euroherc, Adriatic and Generali; also manages Auto Hrvatska Business Group's assets by handling the claims process from the initial claim to liquidation stage and insures all Group's assets and employees.

KAM in BUS Importer d.o.o.

Ljubljana, Celoveška cesta 492

Main importer and authorised service partner for Ford Trucks commercial vehicles and spare parts, and authorized importer of Kässbohrer trailers for Slovenia.

In Bosnia and Herzegovina:

KAM i BUS d.o.o.

Doboj Jug – Matuzići, Ulica 203. brigade br. 88

Main importer and authorized service partner for MAN Truck & Bus SE vehicles, dealer for Kässbohrer trailers and Otokar buses, providing repair and maintenance services for trucks, trailers, and buses of all manufacturers available in Bosnia and Herzegovina.

- ✓ Doboj Jug – Matuzići, Ulica 203. brigade br. 88
- ✓ Sarajevo – Ilidža, Ulica Vlakovo 10
- ✓ Tuzla – Lukavac, Bistarac bb

KAMION Importer d.o.o.

Doboj Jug, Matuzići, Ulica 203. brigade br. 88

Main importer of Ford Trucks commercial vehicles, original parts and equipment for Bosnia and Herzegovina.

In North Macedonia:

MAN Importer Makedonija d.o.o.e.l.

Skopje – Ilinden, Ulica 2 br. 84

Main importer of commercial vehicles and original spare parts, and authorized service partner for vehicles manufactured by MAN Truck & Bus SE, as well as Kässbohrer and Benalu trailers for North Macedonia.



The Business Group Auto Hrvatska



Auto Hrvatska Business Group consistently implements strategic measures to enhance and streamline its operations.

In 2022, the merger of MAN Importer BH d.o.o. with KAM i BUS d.o.o. yielded favourable results, particularly in the Bosnia and Herzegovina region.

Following a reorganization in 2023, notable progress has been observed in the Republic of North Macedonia, where our focus lies in building a robust team for sustainable long-term success. Last year, we initiated the construction of our own sales and service centre, further bolstering our presence in the market.

Progress of our Personal Vehicle Program aligns closely with the strategic business plan, exemplified by our expansion into Poreč in 2023 as an authorized Peugeot sales and service partner. Additionally, we concluded the purchase of the Osijek sales and service centre in 2023, which opened its doors to customers on January 2, 2024.

Our Personal Vehicle Program is gaining momentum, driven by the growing demand for comprehensive mobility solutions. To meet this demand, Auto Hrvatska Business Group is increasingly focusing on providing business rental services for vehicles, enabling users to concentrate on their core activities while entrusting vehicle maintenance to us.

Our heightened investment in electric vehicles is evident, expanding our product range to cater to evolving market preferences. In 2023, our representatives showcased the electric city bus Lion's City E in all major cities, anticipating heightened demand in the near future.

In the commercial vehicles segment, we introduced the DFSK Eco City 31 model, tailored for urban deliveries with its eco-friendly features, making it particularly suitable for hotel and tourist establishments, national parks, and urban areas. Moreover, as importers for the Seres brand in the passenger vehicle segment, we proudly introduced the DFSK Seres 3 electric model.

Given the disruptions in the electricity market, our strategy of investing in proprietary production capacities has proven to be sound. In 2023, we continued our investments in solar power plants. Following the installations in Radnička in 2021 and Hrvatski Leskovac in 2022, a new solar power plant became operational at our Rijeka site in 2023. Additionally, we allocated resources to upgrade existing lighting systems with energy-efficient LED lighting, as well as to modernize boiler rooms and cooling stations.

Despite the ongoing turbulence in Europe, which poses challenges to supply chains and business stability, we remain confident that all necessary measures are being implemented to ensure uninterrupted business operations.

As a leading entity in the Croatian automotive market, Auto Hrvatska Business Group sets an example of excellence in fostering long-term relationships and strategic partnerships.

Central to our business philosophy is the cultivation of enduring collaborations with esteemed global vehicle manufacturers such as Volkswagen, Audi, and MAN.

The commemoration of our 60-year partnership with Volkswagen and Audi, marked at the Volkswagen Centre in Zadar, reaffirms our longstanding alliance and shared values. By displaying the latest vehicle models and showcasing a wide array of service offerings, Auto Hrvatska Business Group underscored its ongoing commitment to enhancing its offerings, introducing cutting-edge technologies, and elevating service standards.

Our enduring collaboration with MAN Truck & Bus stands as one of the most successful partnerships in Croatia and the region. Started in autumn of 1993, our collaboration led to Auto Hrvatska Business Group assuming the role of the primary importer of MAN trucks, buses, and genuine spare parts, as well as the organizer of service network development in Croatia. Building on our Croatian achievements, Business Group expanded its responsibilities to include the Macedonian market in 2011 and Bosnia and Herzegovina in 2016.

Croatian service workshops affiliated with MAN rank among the world's finest, a testament to their consistent top placement in the MAN Service Quality Award competitions.

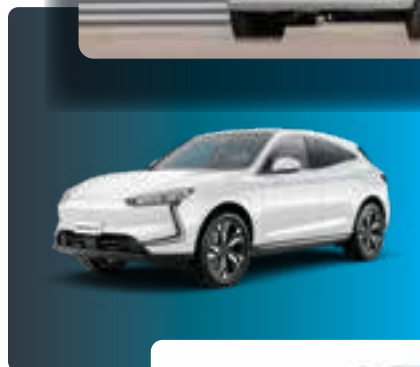
This collaboration has yielded remarkable results. Over the course of three decades partnering with MAN, we have facilitated the sale of over 7,600 new MAN trucks and more than 1,000 new MAN and Neoplan buses. In a strategic alignment, our employees became the inaugural certified trainers of the MAN Academy outside the German-speaking region in 2009. Notably, Auto Hrvatska Business Group's MAN workshop twice earned the distinction of being the world's best.

The exceptional standard of customer service and support, including prompt and high-quality vehicle maintenance and repair assistance, serves as the cornerstone of our enduring success. With a widespread network of authorized service centres across the country, we continuously train our service technicians in line with the latest standards and technologies.

Our commitment to enhancing efficiency and service quality is evident in planned renovations, such as the renovation of the body-painting workshop in Zadar. This strategic approach not only bolsters our competitiveness in the market but also elevates the level of services provided to our clients.

Mutual recognition and fruitful collaboration between Auto Hrvatska Business Group and key partners like Porsche Croatia underscore the significance of long-standing relationships in the automotive sector.

These partnerships, grounded in shared objectives and vision, are pivotal for sustaining success and fostering innovation in the industry. Through our strategic initiatives and business endeavours, Auto Hrvatska Business Group underscores the indispensable role of enduring partnerships, ongoing investments, and adaptability to market demands in maintaining a leading position in our dynamic industry.





VISION

Be synonymous with competence and competitiveness in the market of professional automotive services and products.

MISSION

Our outstanding employees provide first-class solutions to customers, offering a wide range of vehicles and associated equipment and maintenance services, while simultaneously attending to corporate social responsibility and environmental protection.

CORE VALUES

Focus on customer needs
Trust and long-term relationships
Tradition, reliability and stability
Innovativeness
Teamwork and employee initiative



1.2 STRATEGY



Auto Hrvatska Business Group's strategy is continually evolving and adapting to key market trends and topics.

Our strategy focuses on priority areas for market activity, built on the following foundations:

- Highly qualified and innovative employees
- First-class solutions for vehicle purchases, accompanying equipment, and maintenance services
- High efficiency
- Leading market position and recognition in local markets

This strategy provides a framework for seizing new opportunities and addressing threats and risks in the automotive industry, enabling us to seize opportunities and mitigate risk.

We implement this strategy through socially responsible and sustainable business practices, fostering trust and long-term relationships with all stakeholders, including employees, suppliers, customers, partners, shareholders, and others.

Auto Hrvatska Business Group strives to create value for its customers and partners, as well as ensure the satisfaction of its employees and owners. By investing in the development of professional knowledge and competencies, we enhance our employees and make ourselves a more desirable employer.

Our adoption of the Strategy for the Development of Information and Communication Technologies demonstrates our commitment to comprehensive business digitization. We aim to optimize and automate business processes, improve customer and employee experiences, and enhance information system security.

We continuously invest in our sales and service centres and educate users to reduce electricity consumption and better manage waste.

Additionally, we are expanding our product portfolio, focusing on the growing impact of electromobility.

1.3

ETHICS, INTEGRITY AND COMPLIANCE

The Code of Business Conduct and Ethics is a fundamental document reflecting the core values of Auto Hrvatska Business Group, ensuring high standards in product quality and relations with customers, employees, and suppliers. This Code promotes responsible business practices and combats corruption, upholding the best business practices essential for maintaining our reputation. It guides employees in achieving fundamental business goals while adhering to the highest ethical standards.

In 2010, Auto Hrvatska Business Group adopted the MAN Code of Conduct, emphasizing ethical standards and promoting transparency, legal compliance, and responsibility in all business activities.

Integrity: We promote high standards of integrity among employees and partners, including honesty in communication and consistent adherence to agreements.

Ethics: Clear ethical guidelines for employees and partners cover respect for customers, fair competition, market protection, anti-corruption, money laundering prevention, conflict of interest avoidance, environmental protection, and social responsibility.

Members of Auto Hrvatska Business Group in Croatia are signatories to the Code of Ethics in Business by the Croatian Chamber of Commerce.

Corporate responsibility: Auto Hrvatska Business Group actively promotes business, environmental, and social responsibility in all its activities. This means we endorse sustainable practices and initiatives aimed at diminishing our environmental impact, which encompasses advocating for electric or hybrid vehicles and promoting recycling and reusing materials. We prioritize both the quality of our corporate governance and strategic risk management in business operations. We uphold a special responsibility towards our employees, customers, partners, and other stakeholders, continuously evolving best practices to foster strong and mutually beneficial relationships.

Regulatory compliance: Auto Hrvatska Business Group strictly adheres to all laws and regulations governing the sale and distribution of vehicles across Croatia, Bosnia and Herzegovina, North Macedonia,

and Slovenia. This includes tax laws, vehicle safety laws, environmental regulations, and other relevant regulations. Similarly, our operations are aligned across all other business functions, covering labour relations, trade and commerce, ethics, security, as well as privacy protection and workplace safety.

Ethical marketing and advertising: Auto Hrvatska Business Group guarantees that its marketing and advertising activities are truthful and free from misleading information.

Quality of products and services: Auto Hrvatska Business Group strives to provide high-quality products and services, ensuring vehicle safety checks and proper servicing for better customer satisfaction.

Training and education: Auto Hrvatska Business Group conducts both internal and external training sessions for its employees, aiming to foster continuous improvement and provide additional education on ethical standards, compliance, and responsible business practices.

Communication and transparency: Auto Hrvatska Business Group ensure transparency with the public and stakeholders on important business topics, particularly pertaining to information included in mandatory sustainability reporting, as well as information mandated by other laws and regulations.

Company directors and executive directors are responsible for strategic and operational management, as well as identifying compliance risks.

Within Auto Hrvatska Business Group, employees and other individuals can report instances of non-compliance through internal reporting channels, such as the ListAH intranet page and the Jenz internal communication app. Reporting is a vital mechanism for identifying and resolving irregularities, with individuals who report such issues being shielded from retaliation or unjust treatment.

As a listed company on the Regular Market of the Zagreb Stock Exchange (ZSE), we adhere to the Code of Corporate Governance of ZSE and HANFA. This Code outlines principles for efficient management and accountability in companies listed on the Zagreb Stock Exchange, provides guidelines for effective governance and responsibility, covering managerial and supervisory roles, internal control, risk management, transparency, shareholder relations, and social responsibility. The Code emphasizes the importance of ethical behaviour, transparent decision-making processes, and the protection of shareholders' rights. Additionally, it includes specific provisions for companies with a unitary structure and underscores the need for regular reporting on the implementation of the Code. The aim of implementing these standards is to enhance corporate governance practices, ultimately benefiting individual companies as well as the Croatian economy as a whole. Organizational units within the Group consistently monitor legislative changes, ensuring compliance and aligning operational practices and norms with these legal provisions.

Auto Hrvatska Business Group follows the Code of Corporate Governance and regularly publishes a compliance questionnaire on the ZSE website. The completed questionnaire is accessible on both the ZSE website and the website of the Business Group.

Diversity and Equal Opportunities

The governing body comprises individuals with a uniform qualification structure, all possessing university degrees. In management, women represent 16% of the total number of managerial personnel, which somewhat aligns with their overall representation among all Group employees, standing at 19%.

A comparison of the basic salary and remuneration in Auto Hrvatska Business Group did not reveal a significant difference between women and men. This difference amounts to 0.96% (minimal difference in favour of men's salaries is present due to the specifics of the industry where the employees are predominantly men).

Non-discrimination

During the reporting period, no cases of discrimination based on gender, race, skin colour, religion, national affiliation, social origin, political or sexual orientation were recorded. In accordance with the Labour Act, Auto Hrvatska Business Group is responsible as an employer for protecting the dignity of employees during their performance of work and providing them with working conditions in which they will not be exposed to any form of harassment by the employer, superiors, associates, or other persons with whom they regularly come into contact during the performance of their work.

Freedom of association and collective bargaining

Auto Hrvatska Business Group adheres to the laws of the Republic of Croatia, especially the Labour Act, and follows international standards, notably those of the International Labour Organization and the United Nations, which guarantee freedom of association and collective bargaining. Furthermore, the Group adopts best practices through cooperation with globally renowned suppliers. Consequently, Auto Hrvatska Business Group fully respects its employees' rights to freedom of association and collective bargaining, thus eliminating the risk of violating these fundamental labour rights.

Child Labour

Group's strict policy of sourcing from reputable suppliers ensures there is no risk of child labour in its supply chain, aligning with its ethical standards and norms. This principle extends to all business and service activities to eliminate any risk of child labour.

Forced or compulsory labour

Auto Hrvatska Business Group mitigates the risk of forced labour through careful supplier selection and regular compliance checks with internationally recognized labour standards. This approach applies to all business and service activities to prevent forced and compulsory labour.

Respecting employee rights

Respect for human rights is paramount in all business activities of Auto Hrvatska Business Group. Intranet sites are the place where all employees can access available business policies, business decisions and instructions related to business conduct. Additionally, employees are regularly updated on business-related news via internal communication channels and are promptly informed about any potential changes in business policies. In 2023, in addition to the intranet, email, and other existing internal communication channels, an internal social network was introduced. Accessible to all employees, this network ensures timely information dissemination and interactivity, allowing employees to anonymously ask questions and receive answers. During recruitment, regular internal training sessions, and business meetings,

employees are continuously educated about policies and procedures related to human rights. Ensuring human rights is integral to all operations of Auto Hrvatska Business Group.

To protect employee dignity, two commissioners for the protection of employees' dignity were appointed in 2023 pursuant to the Labour Act and other applicable regulations. Their role is to handle complaints regarding employee dignity within the Group in Croatia, ensuring confidentiality and privacy protection.

During the reporting period, there were no reported cases of violation of employee rights.



1.4 MANAGEMENT

Auto Hrvatska Business Group's future strategy focuses on optimizing resources, developing employee competencies, and improving organizational processes. Group strategically aims to achieve the following:

- Stable profit as a foundation for economic sustainability
- Diversification through new business activities
- Becoming an employer of choice for current and future employees
- Digital transformation in key production and business processes, and enhancing energy efficiency across all locations
- Recognition as a reliable partner and reputable company

In preparing its sustainability strategy, Auto Hrvatska Business Group is already addressing critical areas related to climate change, circular economy, company culture, and the satisfaction of employees, customers, and partners.

In 2017, Business Group implemented an integrated quality, environment and energy management system in compliance with ISO 9001:2015, ISO 14001:2015 and ISO 50001:2011, which helped improve its performance, engage all interested parties in sustainable development and reduce its environmental footprint and consumption of natural resources.

The above principles and objectives of quality management, environmental protection, and energy efficiency are prescribed in the Quality Management, Environmental Protection and Energy Efficiency Policy, a public document available to employees, partners, and all other interested parties.

All purchased electricity comes from renewable sources, certified by ZelEn.

The introduction of the energy management system has resulted in consistent annual energy savings, and energy consumption is now monitored through the business system. Investments in reducing energy consumption are continually made by adopting more technologically efficient solutions and educating employees.

Group views an efficient circular economy as its contribution to a cleaner planet, justifying necessary financial investments in the long run. This includes the sustainable use of materials, processes for reusing

and repairing components like brake callipers and injectors, and responsible waste management with recycling.

Employee satisfaction is a priority in doing business. Auto Hrvatska Business Group conducts independent employee satisfaction surveys and uses the feedback to identify areas for improvement. Annual employee interviews and the internal social network facilitate two-way communication, helping to address potential dissatisfaction and enhance satisfaction.

Partners can use the email address korisnik@autohrvatska.hr for suggestions, compliments, and complaints. Additionally, the Group conducts customer satisfaction studies to continuously improve business quality.

Risk exposure and risk management

Auto Hrvatska Business Group implements a rigorous process for identifying, assessing, and ranking risks in order to prioritize resources and address most significant business threats. This systematic approach enables effective risk management, ensuring stability in the competitive automotive industry. Employees identify risks within their areas of responsibility. Upon identifying a risk, responsible individuals notify their superiors according to the hierarchy. For risks with a broad impact, Board of Directors and executive directors decide on the appropriate course of action.

The automotive industry faces various risks, including economic, technical, regulatory, and market risks.

Market and competitor analysis: the first step in risk management is a detailed market and competitor analysis. Auto Hrvatska Business Group monitors changes in demand, industry trends, and competitor activities to proactively identify potential risks.

Portfolio diversification: depending on one brand or market segment can be a big risk. To mitigate exposure to fluctuations in specific business segments, the Group continuously works on diversification.

Innovation and technological progress: rapid technological progress in the automotive industry requires constant investment in research and development. This includes staying abreast of new technologies like electric vehicles to maintain and potentially improve market competitiveness.

Regulatory risks: the automotive industry is often subject to regulatory changes, particularly those related to emissions and safety standards. Group carefully monitors changes in legislation and regulations, adjusting operations to remain compliant.

Global market: to reduce dependence on the domestic market, Auto Hrvatska Business Group expended its operations into nearby markets such as North Macedonia, Slovenia, and Bosnia and Herzegovina. This strategy includes exporting and collaborating with international partners.

Continuous education and employee development: Auto Hrvatska Business Group continuously provides training for employees on the latest trends and technologies in the automotive industry so that they can perform their work tasks well, make informed decisions and reduce operational risks. Focusing on employees as a key resource fosters a culture that encourages innovation and continuous improvement, emphasizing the development of work skills and business processes.

Financial management: prudent financial management and the maintenance of inventories and contingency reserves are crucial for managing economic risks. Financial risks are managed through the treasury in the Finance Department of Auto Hrvatska d.d. This department coordinates access to domestic and international money markets, mitigating potential risks and the company's financial exposure. Finance Department regularly monitors the exposure of the Business Group and creditworthiness of clients. Individual exposure is controlled by setting limits for each client.

Crisis management: Auto Hrvatska Business Group has developed a robust crisis plan to prepare for serious risks, such as natural disasters, economic crises, or pandemics. This proactive approach ensures quality internal preparation for unforeseen events.

The corporate culture at Auto Hrvatska Business Group emphasizes strong relationships among employees and with all stakeholders. Group values contributing

to the social community through monetary donations and voluntary employee engagement. Special attention is given to protecting the natural environment and promoting energy efficiency. Group encourages innovative and flexible solutions aimed at fostering positive changes.

Auto Hrvatska Business Group is dedicated to employing professional and motivated individuals, setting ambitious goals, and fostering strong partnerships with customers, clients, and suppliers. Group also promotes the purchase of ecological and energy-efficient products and services.

Group strives to heighten awareness of quality, environmental protection, and energy efficiency. This includes continuously reducing negative environmental impacts and enhancing energy efficiency.

In its development projects, Business Group prioritizes environmental protection, energy efficiency, and the development of data analysis methods to identify improvement opportunities.

Auto Hrvatska systematically aligns with legal requirements related to environmental protection and energy efficiency. Group applies and continually improves its management systems in accordance with ISO 9001:2015, ISO 14001:2015, and ISO 50001:2018 standards.

Quality, Environment, and Energy Efficiency Management Policy is publicly available to employees, partners, and other interested parties, demonstrating commitment of Auto Hrvatska to transparency and responsibility across all business segments.

1.5

CRISIS COMMUNICATION

As a leading player in the automotive industry, Auto Hrvatska Business Group prioritizes strategic communication with both internal and external audiences. In its interactions with the media, the Group upholds principles of transparency and professionalism. For non-public or previously unannounced information, including crisis situations, the CEO is the authorized spokesperson for Auto

Hrvatska d.d. For other members of Auto Hrvatska Business Group, communication responsibilities lie with the company director, subject to prior approval from the CEO. This approach ensures consistent, precise information delivery and fosters trust between the Business Group, the media, and the public.

1.6

REPORTING PRACTICES

All information and data in this report, unless otherwise noted, pertain to activities and projects completed during 2023. This annual report covers all activities of Auto Hrvatska Business Group's members for that year, providing detailed insights into the Group's structure, ownership nature, legal form, affiliated companies, and changes in size, structure, and financial outcomes.

Principles of sustainability and social responsibility are integral to all aspects of our business. Auto Hrvatska Business Group places significant emphasis on reporting its efforts towards sustainability and corporate responsibility, adhering to globally recognized standards and guidelines to offer stakeholders comprehensive insights into our engagement in these critical areas.

Additionally, Auto Hrvatska Business Group reports on its adherence to the UN Global Compact principles, focusing on human rights, environmental protection, and anti-corruption efforts. By carefully considering sustainability, significance, and integrity, we ensure our reports are relevant and informative.

Auto Hrvatska Business Group also adheres to the principles of accuracy, balance, clarity, and timeliness, ensuring that our reports are of the highest quality. For more information about Auto Hrvatska Business Group and our social responsibility initiatives, please visit our website at www.autohrvatska.hr.

The topics discussed in this report, particularly those concerning future events, are subject to various risks and uncertainties, including changing market conditions, legislative changes, and competition, which may impact their reliability. Please note that forward-looking statements are not guarantees of accuracy or reliability, as actual events may differ from anticipated outcomes due to changes in the business environment. We expressly disclaim any obligation to update forward-looking statements after they are published.

1.7

STAKEHOLDER INCLUSION

Stakeholder involvement

Auto Hrvatska Business Group actively involves its stakeholders in decision-making processes, especially in identifying key topics for non-financial reporting and developing a sustainable development strategy. Through internal discussions and external surveys, the company ensures the views and opinions of all stakeholders are considered.

Employees

Employees are the most valuable resource of Auto Hrvatska Business Group. We motivate and increase their satisfaction and efficiency through continuous training, additional education, and career development planning, while expecting the highest standards of excellence. Two-way internal communication fosters a culture of innovation and continuous improvement. Annual interviews and regular satisfaction surveys allow employees to express their opinions and contribute to shaping the workplace environment.

Other channels for communicating with employees include: Listah (intranet page), Jenz (internal social network), annual employee satisfaction surveys, personal conversations with heads of Human Resources, training and workshops.

Customers and clients

Customers and clients are vital stakeholders for all Group members. We adapt our products and services to meet consumer needs, market changes, and trends.

Constant communication ensures their needs and expectations are prioritized, encouraging the development of services aligned with sustainability and social responsibility principles.

Communication channels include: direct interaction, websites and social networks, email and phone, satisfaction surveys, trade shows and other events, annual business reports, jubilee awards.

Shareholders

Long-term management strategy of Auto Hrvatska Business Group aims to enhance share capital value.

Transparency and timeliness are essential in communicating with shareholders, ensuring all relevant information is available through various channels. Shareholder communication channels include: regular and special assemblies, official website, social networks, annual reports, trade shows and other events, official website of the Zagreb Stock Exchange.

Suppliers

We collaborate closely with suppliers and partners to create value tailored to consumer needs and other stakeholders. Relationships with suppliers are based on mutual trust and a shared commitment to sustainability and ethical standards. Intensive cooperation creates and improves business relations, and helps achieve immediate results and long-term sustainable development goals. We maintain daily contact with suppliers and partners, conducting regular meetings and visits to exchange knowledge and experiences. Our aim is mutual enhancement of services and products for end users.

Financial Institutions

Regular and open communication with financial institutions ensures transparency and trust, crucial for business stability and sustainability.

Local and Wider Community

Members of Auto Hrvatska Business Group are closely connected to their operational environments by employing local people and paying local benefits, thereby participating in the development and improvement of their quality of life. As one of the largest business entities in the country, Auto Hrvatska Business Group has an added responsibility to create a transparent, equitable, and stimulating business environment. Communication is handled through memberships in business and professional associations and by providing organizational and financial support to numerous associations, institutions, projects, and activities in local communities.

By interacting with various associations, Auto Hrvatska Business Group demonstrates its commitment to social and humanitarian goals as part of its social responsibility.

Active communication with the local community, within legal frameworks and in line with relevant codes of ethics, promotes social responsibility and inclusion. Communication with the local and wider community is carried out through the website and social networks.

Unions

Cooperation with trade unions ensures that the voice of employees is heard in important decisions, promoting a fair working environment.

Educational Institutions

Our partnership with educational institutions is focused on developing future talent and ensuring that young people have the opportunity to participate in creating a sustainable future.

Media

Open communication with the media allows information about the company's operations and sustainable initiatives to be disseminated to the wider public.



1.8

IMPORTANT TOPICS

In its mission, Auto Hrvatska Business Group emphasizes providing first-class solutions to customers, with special attention being paid to socially responsible business operations and environmental protection. Employees, customers, and after-sales clients are acknowledged as pivotal stakeholders whose interests and needs directly influence Group's operations.

To identify important topics, a team of internal experts from diverse fields of interest was assembled, including Controlling, Human Resources, Marketing, Corporate Communications, Legal Affairs, Sales, Finance, and Investments. This multidisciplinary approach ensures a comprehensive assessment of important topics and their impacts.

The process of involving key stakeholders contributes to better understanding their views and needs. During the current reporting cycle, crucial stakeholder groups

were directly engaged in selecting important topics. Consistently gathering feedback from customers and service users allows for ongoing strengthening of processes and satisfaction levels.

Given the direct correlation between their contribution and success of Auto Hrvatska Business Group, special attention is directed towards social issues and treatment of employees. Assessing the contribution to the UN's Global Sustainable Development Goals (SDGs) enhances the emphasis on sustainability, while comparison with GRI Indicators is done in compliance with guidelines of the Global Reporting Initiative.

The approach of Auto Hrvatska Business Group exemplifies its dedication not only to sustainable development and environmental preservation but also to generating value for all stakeholders, including employees, customers, and the broader community.

IMPORTANT TOPICS

DEDICATION TO
ENVIRONMENTAL
PROTECTION

ENERGY
EFFICIENCY

COMPLIANCE
WITH LEGAL
FRAMEWORKS

ETHICAL
BUSINESS
OPERATIONS

TRANSPARENT
COMMUNICATION

ACTIVE
COMMUNITY
PARTICIPATION

RESPECTING
EMPLOYEE
RIGHTS

NON-
DISCRIMINATION

PROMOTION AND
DISTRIBUTION OF
ENVIRONMENTALLY
FRIENDLY VEHICLES

UN GOALS: GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT

1 NO POVERTY



End poverty in all its forms everywhere

2 ZERO HUNGER



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

3 GOOD HEALTH AND WELL-BEING



Ensure healthy lives and promote well-being for all at all ages

4 QUALITY EDUCATION



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

5 GENDER EQUALITY



Achieve gender equality and empower all women and girls

6 CLEAN WATER AND SANITATION



Ensure availability and sustainable management of water and sanitation for all

7 AFFORDABLE AND CLEAN ENERGY



Ensure access to affordable, reliable, sustainable and modern energy for all

8 DECENT WORK AND ECONOMIC GROWTH



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

10 REDUCED INEQUALITIES



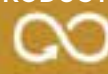
Reduce inequality within and among countries

11 SUSTAINABLE CITIES AND COMMUNITIES



Make cities and human settlements inclusive, safe, resilient and sustainable

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Ensure sustainable consumption and production patterns

13 CLIMATE ACTION



Take urgent action to combat climate change and its impacts

14 LIFE BELOW WATER



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

15 LIFE ON LAND



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

17 PARTNERSHIPS FOR THE GOALS



Revitalize the Global Partnership for Sustainable Development



Auto Hrvatska Business Group continuously integrates ESG factors (Environmental, Social and Governance) into its operations, demonstrating its commitment to sustainability, social responsibility and transparent corporate governance.

Environmental goals are emphasized by:

- dedication to environmental protection
- energy efficiency
- promotion and distribution of environmentally friendly vehicles.

Social goals are reflected in:

- non-discrimination
- respecting employee rights
- active community participation.

Governance goals include:

- transparent communication with stakeholders
- ethical business operations
- compliance with legal frameworks.

We are particularly focused on engaging stakeholders in decision-making processes, comprehending their requirements, and continually enhancing service quality. Auto Hrvatska Business Group focuses on retaining talented employees, adapting to market changes and legislative frameworks, and provides a motivating work environment through tax-free payments and other benefits. Sustainable operations and social responsibility are key components of the corporate strategy, with which Auto Hrvatska Business Group contributes to the achievement of sustainable development goals and strengthens its position as a leader in the automotive industry.

1.9

ECONOMIC TOPICS

Economic value is a critical focus for Auto Hrvatska Business Group, as long-term stable business results are essential to meeting the expectations of all stakeholders.

In the fiscal year 2023, Auto Hrvatska reported a total revenue of EUR 22,622,851.16, marking a 15.25% increase compared to 2022.

Company's total expenditure for 2023 amounted to EUR 13,965,581.74, which is 4.99% lower than the previous year.

Net profit for the period between January 1, 2023 and December 31, 2023 was EUR 8,314,962.41.

Business Group as a whole achieved a total consolidated revenue of EUR 242,182,412.91 in 2023, an 8.94% increase from 2022.

Auto Hrvatska Business Group as a whole achieved total consolidated expenditure of EUR 227,546,073.82 in 2023, an 7.01% increase from 2022.

The consolidated profit of Auto Hrvatska Business Group after taxation for the business year 2023 amounted to EUR 12,129,829.09.

The share of consolidated net profit in total consolidated revenues rose from 3.67% in 2022 to 5.01% in 2023.

Cash and cash equivalents amounted to EUR 7,638,151.82, representing 6.36% of total assets. Cash flow generated by business activities amounted to EUR 4,869,556.00.

Business assessment

Results achieved in 2023 affirm strategic direction of our development. Dedicated employees deliver top-notch solutions to customers, offering a wide range of vehicles and related equipment, as well as maintenance services, while upholding corporate social responsibility and environmental stewardship.

Our strategic focus includes adapting to automotive industry trends and continually improving business processes within Auto Hrvatska Business Group. This approach aims to better identify and fulfil the needs and desires of our customers and service users.

To ensure successful and sustainable operations, we are committed to transforming our business model. This transformation is based on fostering a strong company culture, investing in our employees, and adhering to the principles of sustainable development and corporate governance.

Key indicators

Position in EUR	2021	2022	2023
Total Revenue	171,188,725	222,302,828	242,182,413
Total Expenditure	164,937,574	212,642,068	227,546,074
Profit Before Taxes	6,251,152	9,660,759	14,636,339
Taxes	875,953	1,495,959	2,506,510
Profit After Taxes	5,375,198	8,164,801	12,129,829
Staff	16,708,075	19,696,975	21,987,711
Interest Payable	98,077	124,388	99,477
Dividend	3,010,759	2,204,225	2,992,050
Dividend per share	5.31	3.98	5.31
Economic Value Generated (Revenue)	171,188,725	222,302,828	242,182,413
Economic Value Distributed (Operating Costs)	148,131,421	192,820,706	205,458,886
Economic Value Distributed (Employee Wages and Benefits)	16,708,075	19,696,975	21,987,711
Economic Value Distributed (Payments to Providers of Capital)	3,108,835	2,328,612	3,091,527
Economic Value Retained	3,240,393	7,456,535	11,644,289

In 2023, revenue from grants in the amount of EUR 604,871 was recorded. The largest share refers to the measures for mitigating disturbances in the energy market. A smaller share refers to investments in energy efficiency and the sale of electric vehicles.

In response to the significant trend of young people leaving Croatia, which has a notable impact on the labour market, Auto Hrvatska Business Group acknowledges the importance of retaining and motivating its workforce. To address this, a decision was made to increase the base salary for all employees by 10%, considering the prevailing high level of inflation. Simultaneously, a comprehensive job evaluation was conducted and communicated via internal channels, covering all job categories and subcategories along with corresponding coefficient ranges. Additionally, adjustments were made to raise the minimum wage coefficient, specifically benefiting the most vulnerable employee groups.

Furthermore, recent legislative changes allowing for greater flexibility in tax-free payments to employees were leveraged by Auto Hrvatska Business Group to enhance its compensation packages, aiming to bolster employee satisfaction and loyalty.

Capitalizing on these legal amendments during the reporting period enabled Auto Hrvatska Business Group to maximize employee benefits, aiding in talent retention and fostering a positive work environment that enhances market competitiveness.

This proactive approach underscores Auto Hrvatska Business Group's commitment to its workforce, affirming its role as a socially responsible employer actively addressing local labour market challenges.

In parallel, emphasizing sustainable development and environmental responsibility, Auto Hrvatska Business Group entered into an Agreement on the Direct Co-financing of the Project with the Environmental Protection and Energy Efficiency Fund. Focused on harnessing renewable energy sources, this project marks a pivotal stride towards achieving company's environmental objectives. Following the successful establishment and operation of solar power plants in Radnička, Hrvatski Leskovac, and Rijeka, Auto Hrvatska Business Group remains dedicated to implementing the project and efficiently utilizing allocated funds for constructing solar power plants at Čavle, Dugopolje, and Osijek sites.

This initiative underscores company's commitment to the environmental facet of ESG (Environmental, Social, Governance) factors, emphasizing its dedication to reducing carbon emissions and advancing green energy. By investing in solar power plants, Auto Hrvatska Business Group not only drives its infrastructure towards sustainability but also actively contributes to broader objectives of energy efficiency and environmental conservation. Thus, this project signifies a major stride

towards realizing the company's long-term vision of sustainable and environmentally responsible business practices.

Development plan

As an experienced leader in the domestic automotive industry, we are committed to strategically planning for our future by transforming our business activities, as well as embracing the principles of circular economy and green financing in the years ahead.

Crucial part of our forward-looking approach is the adoption of the Strategy for the Development of Information and Communication Technologies 2024–2027, adopted at the start of November last year. This strategy aligns its goals with those of our core business, aiming to leverage digital transformation to enhance the experience of customers when interacting with Auto Hrvatska Business Group, as the industry leader. Our goals also include workplace digitalization, process optimization, and automation to achieve operational excellence, streamline processes, reduce costs, and gain systematic insights into the needs of our customers. Through digitalization, we will ensure additional security of all data from our business operations, build internal and external capacities that support business development in terms of new acquisitions and portfolio diversification. Finally, as part of a strategic approach to all business processes and resources, we will establish a structured change management system.

Therefore, pillars of digital transformation are as follows: Customer Experience; Employee Experience; Optimization and Automation of Business Processes, and Information System Security.

We believe that through successful digital transformation we will empower Auto Hrvatska Business Group with innovative digital solutions and provide our clients with the best customer experience in the industry, thereby directly impacting business growth.

The most important aspect of comprehensive changes is our employees. Thanks to their know-how and competencies, they represent our strongest asset. Keeping this in mind, along with the rapid development of new products from our suppliers with zero CO₂ emissions (electric cars) which are increasingly becoming a part of what we now call alternative products, Auto Hrvatska Business Group has laid a solid foundation for adapting its own models and areas of operation.

Based on our activities within the entire automotive industry, we aim to seize opportunities during 2024 not only in our current areas of operation but also in new ones.

Our overarching goal remains steadfast: focusing on customer needs, building trust and long-term

relationships with all stakeholders, maintaining reliability and stability based on our long-standing and renown tradition, and encouraging innovation, teamwork, and employee initiative.

Embracing innovation, teamwork, and employee initiative is fundamental to retaining our skilled and motivated workforce and ensuring competitiveness in the automotive market.

In summary, by aligning with sustainable trends in the automotive industry, investing in our employees' knowledge and skills, and prioritizing stakeholder satisfaction, we plan to seize all opportunities presented by the circular economy and decarbonization.

We are proactively preparing for the mass adoption of "green" vehicles, expanding our sales and service capacities, and bolstering our infrastructure to accommodate these emerging trends. Currently, these vehicles are not adequately represented in our markets, indicating potential for their sales and revenue share within the Business Group to expand.

In this regard, we are educating our team to serve as future users of such vehicles, while also preparing our sales and service capacities and infrastructure. Additionally, we are collaborating with our current and potential suppliers, as well as other institutions, and exchange valuable knowledge and experiences.

Furthermore, we are ramping up investments in our own production of energy from renewable sources, thereby raising our level of energy independence.

Our pledge is to facilitate the ongoing stability of our business and the generation of additional value for all our stakeholders.

Simultaneously, through our successful and accountable business practices, we aim to make a tangible and high-quality contribution to shaping the automotive industry as a sector that fosters the advancement and prosperity of society, alongside its sustainable development.

22.62

million of EUR

TOTAL REVENUE
Auto Hrvatska d.d.

13.97

million of EUR

TOTAL EXPENDITURE
Auto Hrvatska d.d.

8.31

million of EUR

PROFIT
Auto Hrvatska d.d.

242.18

million of EUR

TOTAL
CONSOLIDATED
REVENUE

227.55

million of EUR

TOTAL
CONSOLIDATED
EXPENDITURE

12.13

million of EUR

after tax

CONSOLIDATED
PROFIT

1.10 RESEARCH AND DEVELOPMENT ACTIVITIES

During the observed period, Auto Hrvatska Business Group did not engage in any ongoing, completed, or planned research projects, indicating no activities in the area of research and development.

1.11 STATUS CHANGES

On January 1, 2024, Auto Hrvatska Automobili d.o.o. transferred part of its business activities, specifically car lease services, to Auto Hrvatska d.d., operating under the name Auto Hrvatska Mobility. No other significant events occurred up to this report.

AUTOHRVATSKA
MOBILITY





2

CORPORATE RESPONSIBILITY

In a global landscape where transparency and accountability hold paramount importance, Auto Hrvatska Business Group exemplifies efficient and ethical management practices. Board of Directors, comprising five members, bears special responsibility and holds utmost significance for choosing the strategic direction of Auto Hrvatska Business Group.

The process of nominating and selecting Board members, overseen by executive directors and the Board itself, and subsequently confirmed by the Assembly, underscores our commitment to transparency and equity. This meticulous procedure ensures that each member contributes not only expertise and experience but also a dedication to fostering high-quality corporate values and the integrity essential for navigating a multifaceted business environment.

Chairman of the Board of Directors, serving as a non-executive director, assumes a pivotal role in guiding and advancing all business activities of Auto Hrvatska Business Group. This role encompasses overseeing crucial operational segments such as investments, property management, and general economic affairs,

laying the foundation for the Business Group's successful operations.

Board of Directors oversees impact management by making key decisions in line with regulatory requirements, ensuring the groundwork for efficient operations. This includes complying with laws and regulations, crucial for upholding reputation and trust across all business activities and processes.

Auto Hrvatska Business Group prioritizes anti-corruption measures and ethical business conduct, with no recorded corruption cases during the reporting period, indicating successful implementation of anti-corruption policies and procedures. All administrative members and employees are well-versed in and adhere to these rules and principles, fostering a culture of integrity and transparency.

Moreover, absence of legal proceedings for anti-competitive behaviour and violations of antitrust regulations, along with compliance with product disclosure obligations, further validates high standards set by Auto Hrvatska Business Group across all aspects of business operations.



2.1

CORPORATE GOVERNANCE

Corporate governance delineates the allocation of rights and responsibilities among governing bodies in accordance with applicable laws, regulations, internal procedures, and defining codes. It encompasses both the decision-making system and structure through which shareholders directly or indirectly oversee joint-stock company management, aiming for continuous creation of economic value for all stakeholders.

Auto Hrvatska Business Group is operating in line with the highest standards of corporate governance and regulatory compliance, with the corporate structure serving as the bedrock for effective strategic and operational management.

Fundamental aspect of corporate governance within Auto Hrvatska Business Group is the commitment to transparency and accountability of its management bodies with regard to all stakeholders. Each stakeholder has the right to receive comprehensive information regarding the Group's management and interrelationships among its governing bodies, including details about financial standing, strategies, and management decisions. Essential mechanisms facilitating this transparency include regular reports, annual assembly meetings, and open communication channels with shareholders.

Auto Hrvatska Business Group operates under the governance of two primary bodies: Board of Directors and General Assembly of the joint-stock company.

Board of Directors of Auto Hrvatska Business Group upholds corporate governance principles, ensuring transparent operations and safeguarding the rights and responsibilities of all shareholders. Effective management within Auto Hrvatska Business Group bolsters trust among stakeholders, enhances credibility with customers, employees, partners, and shareholders, and fortifies market position while sustaining business longevity.

As Auto Hrvatska d.d. shares are listed on the Regular Market of the Zagreb Stock Exchange, the company is subject to various regulations that influence its governance practices. Key regulations include:

Companies Act, Capital Market Act, Zagreb Stock Exchange Rules and Regulations, Corporate Governance Code of the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange, as well as pertinent regulations of HANFA and the European Union.

Internally, Auto Hrvatska Business Group has established a range of protocols to ensure compliance with legal and regulatory standards and maintain high operational norms: Articles of Association of Auto Hrvatska, Code of Prudent and Diligent Conduct in Business Activities of Auto Hrvatska, codes of conduct for business partners, and various management documents outlining rules, directives, instructions, and business processes governing internal control and risk management.

Throughout 2023, Board of Directors convened for a total of 22 sessions.

Corporate governance within Auto Hrvatska Business Group is pivotal, underpinning its competitive edge, commitment to socially and environmentally responsible practices, and long-term prosperity.

Executive directors and directors across member companies of Auto Hrvatska Business Group wield significant influence, making sure that the Group follows current market trends, guiding strategic decisions and ensuring operational agility in response to evolving market dynamics, technological advancements, and regulatory shifts.

Upholding legal compliance, ethical integrity, and stringent corporate governance standards falls within the purview of the Board of Directors, tasked with supervising the actions of CEOs and directors. Their role is pivotal in guaranteeing the transparency and integrity of operations within Auto Hrvatska Business Group.

Sustainability assumes a central role in automotive industry governance, encapsulating environmental, social, and managerial dimensions. Auto Hrvatska Business Group conscientiously addresses its environmental impact, striving to reduce CO₂ emissions generated by ecological aspects of manufacture i driving. Social responsibility also encompasses ecological manufacturing practices, and vehicle safety enhancements.

Shareholders and investors hold sway in corporate governance, bolstering Business Group's operations and wielding decision-making influence through participation in general assemblies.

Corporate governance within Auto Hrvatska Business Group includes development and execution of long-term strategies. This involves considering future technological trends and industry changes, along with contributing to the circular economy, transitioning to electric vehicles, implementing CO₂ emission reduction technologies, repairing parts, and promoting material reuse and waste recycling.

Transparency underscores the Business Group's ethos, offering clarity on its operations and sustainable practices. Regularly reporting achievements related to sustainability and ESG goals to shareholders and investors is crucial for fostering investor confidence and garnering support.

Board of Directors and executive directors of Auto Hrvatska Business Group are also responsible for identifying and addressing business-related risks, encompassing sustainability risks and compliance with laws and regulations pertinent to the automotive industry, such as emission standards and safety regulations.

Auto Hrvatska Business Group's corporate governance adapts to changes in the market, technology and regulatory environments, with an emphasis on sustainability and social responsibility. Key stakeholders, comprising the management structure, managers, employees, shareholders, and investors, hold vital roles in ensuring the company's competitiveness and responsibility across all operational facets. They contribute to meeting customer and partner expectations while fulfilling societal needs.

In a unitary system, Board of Directors assumes a key role in overseeing and managing company's business operations. Board of Directors collaborates with executive directors to ensure the execution of these decisions and day-to-day management of the company. Furthermore, Board of Directors is tasked with ensuring compliance with sustainability principles and social responsibility.

One of the key roles of the Board of Directors in a unitary management system of Auto Hrvatska Business Group is appointing and dismissing executive directors. The role of the Board of Directors is highly crucial for the Business Group's success, given that the CEOs are instrumental in executing the strategy and attaining objectives.

Executive directors are individuals tasked with overseeing daily management of operations within members of Auto Hrvatska Business Group. In their capacity as persons responsible for overseeing company's operations, CEOs possess the authority to enact operational decisions and allocate company's resources in alignment with the strategic directives and policies established by the Board of Directors. This entails overseeing personnel, executing strategic objectives, and conducting daily business operations.

Additionally, Board of Directors assumes a pivotal role in complying with sustainability and social responsibility principles. This means they are responsible for evaluating the environmental footprint, advocating for socially responsible initiatives like enhancing vehicle safety and manufacturing conditions, and guiding the strategy towards sustainable technologies such as electric vehicles (EVs) and CO₂ emission reduction.

Unitary management system of Auto Hrvatska Business Group established a specific corporate governance model, wherein the Board of Directors holds centralized responsibility for leading and managing the company. Within this framework, shareholders play a pivotal role and are vested with certain rights aimed at ensuring transparency and accountability within the company.

Among these rights, the right to vote at the General Assembly holds particular significance. General Assembly serves as the most important event where shareholders convene to make significant decisions impacting company's operations. These decisions include electing members of the Board of Directors, amending company's Articles of Association, making financial decisions, and addressing other critical matters. Shareholders wield their voting rights proportionate to the number of shares they possess, thereby exerting greater influence on decisions with a larger shareholding.

Integral to this right is access to comprehensive information regarding company's operations. This includes regular updates on financial performance, corporate plans and strategies, and any pertinent details that may impact investment choices. Upholding transparency in reporting is paramount to fostering shareholder trust and ensuring they possess the requisite information for informed decision-making.

Additionally, shareholders hold the privilege to participate in nominating the Board of Directors, a pivotal process in selecting Board members tasked with making strategic decisions for the company. The appointment of qualified and accountable Board members stands as a cornerstone of effective corporate governance.

Shareholders also play a pivotal role in evaluating and endorsing sustainability and social responsibility policies of Auto Hrvatska Business Group. Their active engagement in decision-making during general assembly can help drive the Business Group to adopt and enforce the highest standards and policies conducive to sustainability, environmental conservation, and social responsibility.

In the unitary management system of Auto Hrvatska Business Group, shareholders wield significant influence and are vested with a range of rights, fostering transparency, accountability, and democratic corporate governance. Their right to vote at general assemblies, access to information concerning company's operations, and participation in the election of Board of Directors members are foundational elements ensuring shareholders have a say in pivotal company decisions.

The report detailing the compensation of executive directors and Board of Directors members of Auto Hrvatska Business Group is available on both the ZSE website and the Business Group's website.

Ownership and Legal Form

Members of Auto Hrvatska Business Group, which in their form are limited liability companies, are 100% owned by Auto Hrvatska joint-stock company.

Shares of Auto Hrvatska joint-stock company are listed on the Regular Market of the Zagreb Stock Exchange.

The company's share capital: EUR 7,800,000.00, divided into 600,000 shares. Nominal value of each founder's share is EUR 13.00. All company shares are ordinary shares and issued in the form of book-entry securities.

Management

In accordance with the decision of the Assembly of the Parent Company (joint-stock company), a five-member Board of Directors was formed, consisting of the following members:

MANAGEMENT BOARD	
Bogdan Tihava	Chairman of the Board of Directors
Igor Brigljević	Deputy Chairman of the Board of Directors
Ante Belamarić	Member of the Board of Directors
Velimir Marović	Member of the Board of Directors
Robert Srebrenović	Member of the Board of Directors

Members of the Board of Directors are proposed by executive directors and the Board of Directors, and are elected by the Assembly.

Board of Directors oversees the management of impacts by adopting general parent acts and

key decisions, as well as by harmonising standard activities. It also sets the basis for conducting business, approves business policies and determines the criteria for planning and profitability.

Board of Directors appoints executive directors who are given the authority to manage impacts.

EXECUTIVE DIRECTORS	
Velimir Marović	Chief Executive Officer
Alen Vuksan-Ćusa	Executive director
Robert Srebrenović	Executive director
Mario Fabek	Executive director

2.2

SALES AND TRADE COMPLIANCE

In the dynamic business landscape, where markets and regulatory requirements are in constant flux, Auto Hrvatska Business Group stands as a beacon of successful adaptation and sustained business prosperity, all while **upholding sales and trade compliance**. These compliances are not mere legal obligations; they form the bedrock for maintaining the integrity, reputation, and competitiveness of the company.

Sales compliance within Auto Hrvatska Business Group means adherence to laws governing trade, consumer protection, competition, and other pertinent legal frameworks. This entails strict regulatory compliance with regard to vehicle safety, emissions, and quality standards. Such a meticulous approach not only safeguards consumers by furnishing them with accurate and safe product information but also fosters consumer trust, a pivotal factor in the automotive sector.

Adherence to competition laws further ensures a level playing field, thwarting any instances of market dominance abuse. This fosters a healthy, competitive environment conducive to innovation and equitable product pricing.

Given that Auto Hrvatska Business Group is involved in international trade, **trade compliance** becomes

crucial. Compliance with trade agreements, customs regulations, and export control laws enables the company to successfully operate outside national borders. This not only helps in reducing logistical and operational obstacles, but also strengthens international business relations.

Auto Hrvatska Business Group also showcases its dedication to environmental protection by complying with environmental standards, particularly concerning CO₂ emissions. Development and deployment of eco-friendly technologies not only fulfils regulatory standards but also exemplifies environmental responsibility and social consciousness.

To maintain this level of compliance, Auto Hrvatska Business Group sets forth policies, protocols, and employee training, ensuring comprehension and adherence to pertinent laws and standards. Regular internal audits play a pivotal role in pinpointing and rectifying potential irregularities, guaranteeing ongoing compliance within the evolving regulatory structure.

During the reporting period, no proceedings regarding anti-competitive behaviour or violation of anti-trust and monopoly regulations in relation to member companies of Auto Hrvatska Business Group were ongoing or concluded.

2.3

MANAGING BUSINESS RISK

Managing business risk in Auto Hrvatska Business Group involves monitoring market trends, overseeing operational risks, safeguarding against financial fluctuations, adhering to regulatory standards, and investing in innovations. It is vital to identify, evaluate, and address risks in order to uphold business stability and competitiveness.

Sustainability risk

In response to climate change, **Auto Hrvatska Business Group acknowledges that shifting habits and emerging technologies present both challenges and opportunities.** With the rise in electric vehicle market share and considering EU regulations aimed at decreasing fossil fuel vehicle production, Auto Hrvatska Business Group is proactively pursuing the adoption of new business models. Signing an import contract with Chinese vehicle manufacturers DFSK and Seres and investing in electric vehicle infrastructure, including charging stations, exemplifies taking the right steps in this direction.

Our risk management strategy includes prioritizing environmental concerns in all business operations, enhancing energy efficiency through infrastructure investments, and providing education on the significance of energy consumption. Additionally, Auto Hrvatska Business Group ensures that new vehicles adhere to the strictest environmental standards, including Euro 6 standards for exhaust gas control and fuel consumption, and places significant emphasis on proper waste disposal. These initiatives demonstrate company's adaptability to market shifts, reduction of its environmental impact, and support for environmental and energy sustainability.

Financial and market risk

Financial risk for the entire Auto Hrvatska Business Group is overseen by the treasury within the Financial Affairs of Auto Hrvatska d.d. Here, business support is offered, coordination of access to domestic and international money markets occurs, and financial risks associated with business are observed and addressed. Auto Hrvatska Business Group monitors potential risks and tries to reduce their impact on company's financial exposure.

Market risks are mitigated through systematic monitoring of the economic environment, identifying opportunities and threats affecting business, maintaining close communication with customers and suppliers, and adhering to internal policies and regulations.

Measures taken related to ongoing business operations:

- continued regular settlement of all assumed obligations
- limiting external debts of all members of Auto Hrvatska Business Group
- systematization of operational expenditures for the sake of long-term sustainability
- increasing employee productivity
- maintaining continuity in improving the quality of services for customers
- increased investments in digital technologies to support new business requirements

There are continued efforts to further improve all of the above in order to reduce the negative impact on operating performance and stability.

Currency risk

Auto Hrvatska Business Group performs some transactions denominated in foreign currencies, on the basis of which there is exposure to changes in the exchange rate of foreign currencies. The risk of currency exchange rate fluctuations is handled within the established parameters of internal policies governing the utilization of futures contracts for foreign currency transactions.

Credit risk and liquidity risk

Auto Hrvatska Business Group has no exposure to credit risk toward a single customer or a group of customers with similar characteristics. Net trade receivables are diversified across a substantial client base spanning various industries and geographic locations.

Auto Hrvatska Business Group has adopted a policy of doing business with partners that have a satisfactory credit rating. The company continuously monitors its exposure and credit rating of its clients. Credit exposure is managed by implementing customer limits. These limits undergo frequent monitoring and adjustments as necessary. Additionally, receivables from partners are safeguarded by appropriate insurance instruments, with their validity subject to continuous verification.

Auto Hrvatska Business Group remains insulated from interest rate risk primarily due to its substantial reliance on internal liquidity sources and established long-term arrangements with commercial banks.

The company has secured approved limits of indebtedness with these banks to address any potential liquidity needs, ensuring a sufficient level of liquidity to sustain operations amidst anticipated economic downturns.

Board of Directors assumes responsibility for liquidity risk management, overseeing a robust framework designed to monitor short-term, medium-term, and long-term financing, along with all associated liquidity risk requirements.

Implications of the Russian invasion of Ukraine

Russian invasion of Ukraine has an indirect effect on Auto Hrvatska Business Group through:

- increased energy prices
- production delays and restrictions experienced by product suppliers
- uncertain business operations

2.4

RESPONSIBLE PROCUREMENT

Auto Hrvatska Business Group carefully selects reputable suppliers whose excellent products contribute to the overall quality of Auto Hrvatska Business Group portfolio. Through this kind of cooperation and strategic partnership, which Auto Hrvatska Business Group maintained with strategic suppliers for decades, the business practice of responsible procurement is also being developed. Thus, Auto Hrvatska Business Group adopted the MAN Code of Conduct for suppliers and business partners, which includes a number of fundamental principles and guidelines that ensure responsible and ethical business operations. This document outlines the standard behaviour expected from suppliers and business partners when engaging with MAN. Key aspects of this Code include the following:

Corporate responsibility - emphasizes the obligation to respect human rights and comply with applicable laws, equal opportunities and non-discrimination, freedom of association, product safety, maintaining workplace safety standards, adhering to appropriate working hours, and guaranteeing a minimum wage.

Environmental and climate protection - MAN mandates that its partners comply with environmental regulations, actively contribute to enhancing energy and resource efficiency, and implement robust environmental management systems.

Transparent business relations - this segment includes avoiding conflicts of interest, prohibits corruption, establishes rules on gifts, meals and invitations, as well as regulations pertaining to government contracts and interactions with relevant authorities.

Fair market behaviour - underscores the significance of adherence to laws governing market competition, export control, prevention of money laundering, and transparency of business information.

Protection of data, business secrets and business assets - focuses on safeguarding personal data, patents, technical and business secrets, and ensuring proper handling of business assets.

Legal consequences of Code violations - MAN reserves the right to terminate business relations with partners who violate this Code, with the possibility

of applying alternative actions if the partners take appropriate countermeasures to prevent future violations.

By implementing the Code, MAN emphasizes ethical standards and promotes transparency, legal compliance, and responsibility in all business activities. Auto Hrvatska Business Group has also adopted the same ethical standards and principles in relation to its own suppliers and partners.

In the coming period, Auto Hrvatska Business Group wants to **strengthen the initiative for establishing a training program for suppliers**, focusing on quality, sustainability and technical training. This initiative ensures that suppliers not only grasp but also implement the elevated standards and values upheld by Auto Hrvatska in their operations.

Training is designed to underscore the significance of complying with high standards and ethical principles in business practices. Suppliers receive training on specific technologies and processes relevant to the automotive industry. The program includes familiarization with pertinent laws and regulations, thereby mitigating the risk of non-compliance. Additionally, there is a strong emphasis on environmental practices and social responsibility, fostering a sustainable supply chain. Skills for efficiently communicating and cooperating with Auto Hrvatska Business Group are also developed.

Through this initiative, Auto Hrvatska Business Group wants to ensure that its suppliers are aligned with its values and standards, thereby improving quality and sustainability throughout the supply chain.

Auto Hrvatska Business Group wants to place **significant emphasis on the importance of supplier compliance with set standards and requirements**. This process not only guarantees products and services are of the highest quality but is also instrumental in upholding the company's ethical and environmental standards.

The assessment primarily focuses on ethical considerations such as fair business practices, anti-corruption measures, respecting human rights, and environmental stewardship. This ensures that suppliers not only endorse but actively implement core values of Auto Hrvatska Business Group.

Suppliers are required to adhere to relevant laws and regulations encompassing labour laws, occupational health and safety, and environmental protection. This aspect of compliance assessment ensures full compliance with all legal obligations.

Additionally, the process includes an evaluation of the quality of the supplier's products and services to ensure alignment with specifications and standards set by Auto Hrvatska Business Group. Furthermore, the audit includes an analysis of supplier's sustainable practices, such as waste management, emission reduction, and other environmental initiatives.

Evaluating supplier's capability to maintain consistent supply and meet order deadlines is also crucial, which includes an assessment of financial stability. This process covers thorough scrutiny of documentation, financial reports, on-site audits, and direct engagement with suppliers.

Auto Hrvatska Business Group recognized the key role of responsible procurement. By investing in employee training, Business Group aims not only to enhance business practices but also to uphold its reputation and gain a competitive edge. Employee training places significant emphasis on ethical aspects of procurement, emphasizing transparency, honesty, and respect for human rights, which aligns with the expectations of both customers and shareholders. Through comprehensive training, employees gain the knowledge necessary to enhance the procurement process, leading to improved negotiations, cost reduction, and quality enhancement. Moreover, training helps employees to better understand and comply with relevant laws and regulations, thereby mitigating the risk of legal complications.

Auto Hrvatska Business Group is committed to bolstering its reputation as a responsible business partner through education on responsible procurement practices. Training includes environmental considerations in procurement, including measures to reduce emissions, promote recycling, and enhance waste management, thus contributing to the sustainability of business operations. For Auto Hrvatska Business Group, employee education is an ongoing process wherein regular courses are offered to improve knowledge and skills, while trends in responsible procurement are closely monitored.

The company serves as an authorized importer of certain programs and also acts as a distributor for programs where importers are within the Republic of Croatia. Additionally, it procures used vehicles from both domestic and foreign markets. Procurement is thus divided between local suppliers (61%) and foreign suppliers (39%).

To stay abreast of the rapidly evolving automotive industry landscape, Auto Hrvatska Business Group continuously adapts its purchasing strategies. Integrating sustainable practices, prioritizing digitization and innovation, and fostering robust relationships with suppliers are pivotal elements for achieving success in this sector.

Automotive industry and procurement - heavily influenced by global trends such as vehicle electrification, digitalization, and sustainability, all of which directly impact supply chains. The industry's uniqueness lies in its high product complexity and critical importance of precise logistics.

Procurement strategy of Auto Hrvatska Business Group - cultivating long-term relationships with suppliers: Auto Hrvatska Business Group strives to build stable partnerships with key suppliers to ensure consistent supply reliability. Additionally, in order to mitigate the risk of supply chain disruptions, Group implements a supplier diversification strategy.

Procurement challenges - fluctuations in raw material and component prices. These price fluctuations necessitate flexibility in the procurement strategy in order to adapt to changing market conditions. Adapting to technological advances is paramount in the automotive industry, where rapid progress necessitates agility in procuring new and advanced components.

Sustainability and ethics - Auto Hrvatska Business Group is increasingly integrating sustainable practices into its procurement strategy. This includes prioritizing environmentally friendly materials and upholding ethical standards throughout the supply chain. Digitization and innovations in procurement - implementation of digital tools: Auto Hrvatska Business Group leverages advanced software tools for procurement management. These tools enable enhanced data analysis and forecasting. Innovation in logistics: using automation and AI technologies to optimize procurement and logistics processes.

Future trends and prospects – focusing on electric vehicles and related technologies will necessitate making adjustments to the procurement strategy. Global market dynamics, encompassing political and economic factors, are expected to continue shaping procurement practices in the automotive industry.

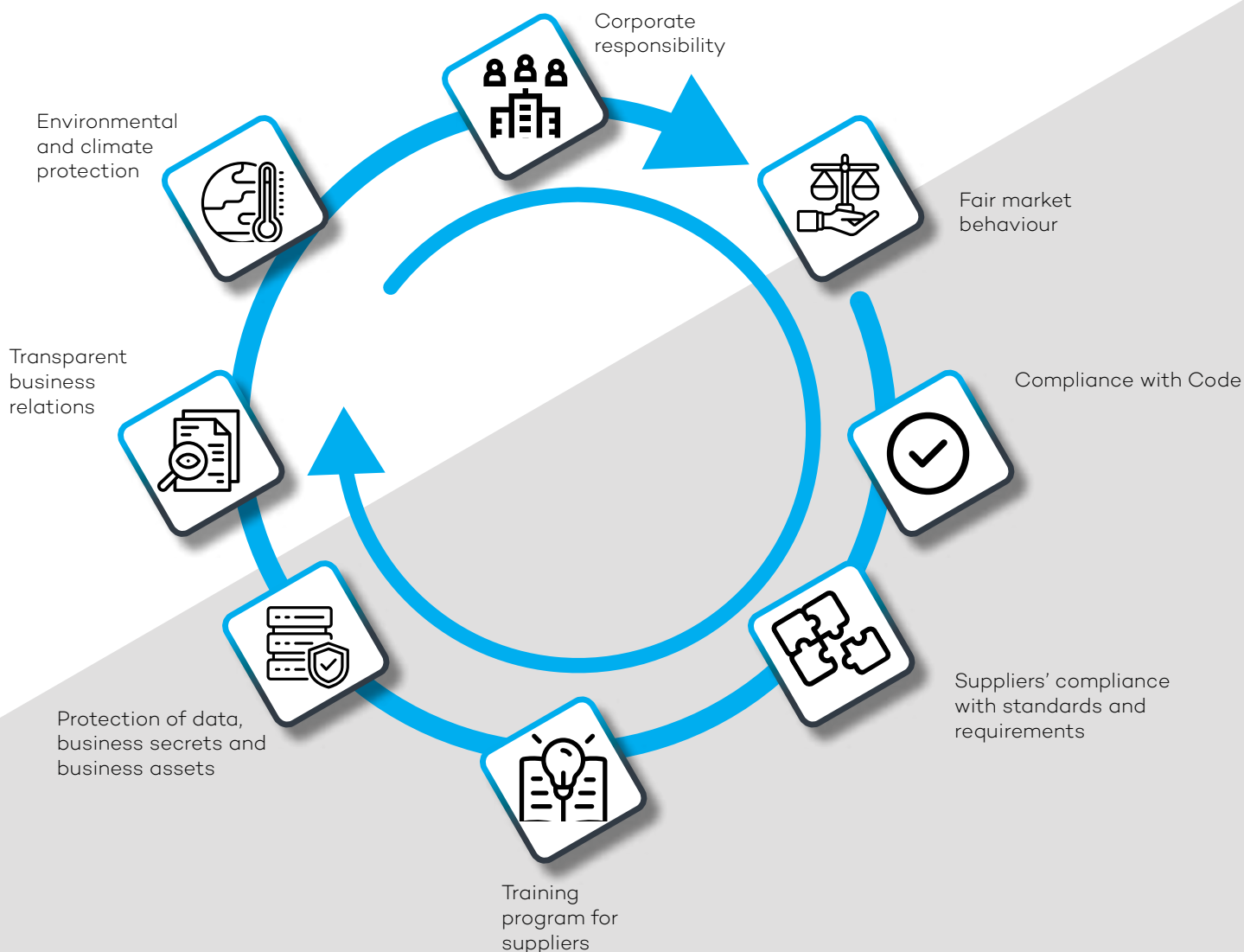
In pursuit of better readiness for forthcoming challenges associated with electromobility, Auto Hrvatska Business Group established a dedicated working group focused on e-mobility. This group comprises responsible individuals from all organizational segments.

At the **"People-Technology-Sustainability" conference** held on October 26, 2023, in Zagreb, Auto Hrvatska Automobili played a significant role as a bronze sponsor, helping shape the future of procurement. This event, centred on integrating human elements, technology, and sustainability in procurement, served as a platform for experts and business leaders to exchange knowledge and experiences.

Through its sponsorship, Auto Hrvatska Automobili underscored the importance of sustainability and technological innovation in procurement. Support for the conference not only reaffirmed their dedication to ethical practices and corporate social responsibility but also highlighted the pivotal role of procurement in generating added value for companies.

At the inaugural Adria Procurement Event, held on April 27, 2023, in Opatija, Auto Hrvatska Automobili distinguished itself as a **bronze sponsor and recipient of a special award**. This event, dedicated to exploring innovations and trends in procurement, convened experts and leading Croatian companies, providing a platform for exchanging experiences and addressing challenges in the procurement sector.

Auto Hrvatska Automobili's active participation and contributions not only bolstered this significant gathering but also exemplified excellence in procurement. Their role in shaping discussions and sharing practical solutions resonated throughout the event, reaffirming their leadership position in the industry.



2.5

STATEMENT ON THE APPLICATION OF THE CORPORATE GOVERNANCE CODE

1 In September 2018, Auto Hrvatska Business Group adopted its own principles of orderly and conscientious conduct in business operations on the basis of the Organizational rules, Corporate policies, Act on Property and Other Real Rights, Labour regulations and employment contracts.

Auto Hrvatska Business Group does not have its own corporate governance code, but applies the guidelines established by the Corporate Governance Code adopted by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange, to which Auto Hrvatska joined on September 12, 2005. Code is available on the HANFA (<https://www.hanfa.hr/>) and Zagreb Stock Exchange (<https://zse.hr>) websites.

Business Group operates in accordance with good corporate governance practices and essentially adheres to the recommendations given in the Code. Reasons for deviations from individual recommendations are documented in the Annual questionnaire on compliance with the Corporate Governance Code, which is endorsed by the Board of Directors of the Business Group and publicly disclosed on the Business Group's website (<https://www.autohrvatska.hr/dionicko-drustvo.aspx>).

Statement regarding the application of the Corporate Governance Code is signed by all members of the Board of Directors and forms an integral part of the Integrated Annual Report of Auto Hrvatska Business Group. This report is accessible on the Business Group (<https://www.autohrvatska.hr>) and Zagreb Stock Exchange (<https://zse.hr>) websites.

2 Information on major shareholders is included under item 1. *Basic report data*

3 Information regarding the composition and activities of executive directors and the Board of Directors as of December 31, 2023, can be found under item 1.1. *Organizational profile* of this report

4 The company operates under a unitary management model, with its governing bodies comprising the Assembly, Board of Directors, and executive directors. These executive directors are entrusted with overseeing the company's affairs as well as those of individual member companies within Auto Hrvatska Business Group. They are responsible for safeguarding common interests, facilitating collaborative operations, and ensuring mutually coordinated actions (synergy) among the entities within Auto Hrvatska Business Group. As per the company's Articles of Association, executive directors consist of a minimum of three and a maximum of nine members. Their appointment and dismissal are within the purview of the Board of Directors, with each term lasting a maximum of four years, renewable upon mutual agreement. Executive directors are tasked with managing company's affairs and representing its interests in compliance with the law and company's Articles of Association.

5 Based on decisions made by the company's Assembly on April 29, 2021, and April 27, 2023, executive directors are empowered to acquire the company's own shares through direct negotiation or via the organized market, subject to approval by the Board of Directors. These shares can be offered on equal terms for acquisition to both employees of the company and employees of its affiliated companies. Furthermore, own shares may be offered to employees in accordance with agreements on the option to purchase shares. With the approval of the Board of Directors and in line with established criteria for the acquisition of company shares, executive directors are authorized to allocate company shares to employees and employees of affiliated companies as a reward for their contribution to the distribution of realized profits. These powers remain valid for two years from the date of adoption of the Assembly's decision.

6 In 2024, the company intends to uphold its commitment to transparency by ensuring that its operations and financial results remain transparent and accessible to the public.

7 Internal supervision within the organization is carried out by the controlling and internal audit services, with their findings and conclusions being reported to the Board of Directors. The internal audit serves as an impartial and objective assurance function, while also providing advisory support aimed at enhancing the value and effectiveness of operations within Auto Hrvatska Business Group. Its primary objective is to assist the Group in achieving its goals through a systematic and disciplined approach to assessing the effectiveness of risk management, internal controls, and corporate governance.

The scope of the internal audit's work encompasses researching, examining, and evaluating the effectiveness of internal controls throughout the organization. Internal auditors report their findings to management and propose solutions, actively engaging in risk management and safeguarding company assets.

8 General Assembly of the company holds responsibility for deciding on various crucial matters, including the election and dismissal of members of the Board of Directors, the allocation of profits, dividend payments, the removal of Board of Directors members and executive directors, the appointment of auditors, amendments to the Articles of Association, and adjustments to the share capital, among other issues outlined by law. Shareholders exercise their

rights through participation in the General Assembly. General Assembly is governed by the Companies Act and the fundamental regulations of Auto Hrvatska Business Group.

9 Members of the Board of Directors are detailed under topic 1.1 Organizational profile of this report. The procedure for appointing and recalling members of the Board of Directors is prescribed by the Articles of Association of the joint-stock company. Decisions are made at sessions between the Board of Directors and executive directors in accordance with the Companies Act and the Articles of Association. In 2023, a total of 22 sessions of the Board of Directors and executive directors were convened.

10 Diversity policy of Auto Hrvatska Business Group, applied to its management bodies, aims to establish standards ensuring diversity among Board of Directors members. This enhances the quality of their work and contributes to better decision-making. Nomination criteria include candidates' skills, industry knowledge, personal qualities, integrity, and diversity factors such as age, length of employment, and individual differences in professional and personal experiences. Board of Directors comprises of the Chairman and four members during the reporting period, reflecting a balanced composition based on criteria such as skills, experience, and competence.

11 Amounts of fees paid to external auditors: during 2023, Auto Hrvatska Business Group paid external auditors EUR 60,486.32 for auditing services. VAT included.

Executive directors:

Velimir Marović



Robert Srebrenović



Mario Fabek



Alen Vuksan-Ćusa





3

ENVIRONMENTAL RESPONSIBILITY (E)

The activities of Auto Hrvatska Business Group in managing priority resources exemplify dual significance, showcasing both the impact the Business Group has on the environment and climate, and conversely, how environmental and climate changes affect its operations. The overarching long-term goal is twofold: mitigation and adaptation to climate change. This includes addressing both the Business Group's impact on the environment and climate, as well as how changes in these factors affect its operations.

As a member of the H2 Association (Croatian association for the development and application of hydrogen fuel cells), Auto Hrvatska Business Group actively participates in the development of alternative technologies, contributing to sustainable solutions.

In 2023, Auto Hrvatska Business Group expanded its sustainability efforts by joining the Croatian Green Building Council (GBC). This strategic move underscores company's dedication to sustainable construction and development, integrating environmental consciousness into its business strategies.

As a member of Croatian GBC, which is part of a global network boasting over 40,000 members, Auto Hrvatska Business Group gains access to a platform dedicated to promoting sustainable construction and infrastructure. Through its membership, the company engages in advocating for policy changes, fostering a green future, developing certification tools for sustainable construction, and educating stakeholders on sustainability.

As a member of GBC, Auto Hrvatska Business Group actively participates in collaborating with government organizations on energy efficiency initiatives and contributing to the formulation of European policies in relevant areas. By actively participating in GBC projects and events, Auto Hrvatska Business Group plays a vital role in raising awareness and educating stakeholders about the importance of green construction practices.

Auto Hrvatska Business Group's commitment to sustainable development and environmental awareness underscores its position as a responsible industry leader and reinforces its focus on sustainable business practices.

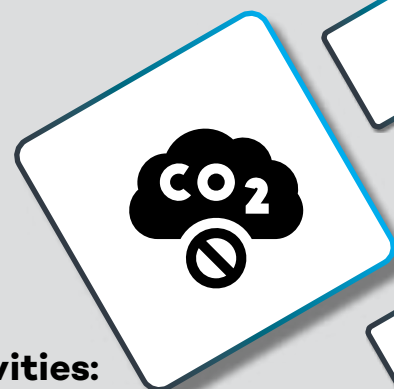
The company's dedication to environmental responsibility is evident across all its activities, uniting efforts to care for the environment. Key aspects of environmental responsibility include the following.

Rational use of energy:



Efforts to reduce energy consumption are integrated into all operations and facilities of Auto Hrvatska Business Group. This includes the implementation of energy-efficient equipment and technologies, as well as ongoing employee education initiatives aimed at raising awareness about the importance of energy conservation.

Reducing CO₂ emission from own business activities:



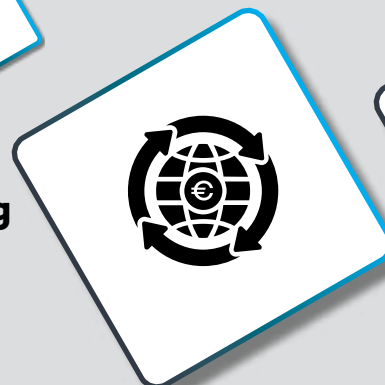
Auto Hrvatska Business Group is committed to reducing greenhouse gas emissions, with a particular focus on carbon dioxide (CO₂) emissions. To achieve this goal, the Group implements various initiatives centred around the application of clean technologies and improving vehicle efficiency.

Using energy from renewable sources:



Auto Hrvatska Business Group invests in renewable energy sources as part of a strategy to reduce its environmental footprint. This includes the use of solar panels.

Contributing to circular economy:



The concept of circular economy advocates for the reuse, repair, and recycling of products to minimize resource consumption and waste generation. Auto Hrvatska Business Group develops strategies and products that support this approach, such as servicing and restoring vehicles and repairing and reusing parts (such as deposits for spare parts, repaired injectors and brake callipers).

Effective waste management:



Proper disposal of waste, recycling and reuse of materials and minimizing waste sent to landfills.

3.1 MATERIALS

Auto Hrvatska and Teiler: quality, innovation and commitment in a member of Auto Hrvatska Business Group - Auto Hrvatska Prodajno Servisni Centri, a specialized manufacturing process is carried out under the Teiler brand, focused on refurbishing and restoring brake callipers.

Data from 2020 to 2023 highlight significant efforts in restoring brake callipers and injectors, which contributes to reducing the demand for new raw materials and minimizes waste generation. In 2021, there was a noticeable uptick in the number of

refurbished brake callipers and injectors compared to 2020. Although there was a slight decrease in 2022, better results were achieved in 2023 compared to the previous reporting period. This especially applies to the significant increase in the amount of repaired brake callipers. Investments made in these sustainable practices reflect Auto Hrvatska Business Group's dedication to environmental responsibility and the promotion of a circular economy. By prioritizing these initiatives, the company not only enhances its environmental performance but also contributes to the long-term sustainability of the automotive industry.

Restoration of brake callipers and injectors

	2020	2021	2022	2023
Number of refurbished brake callipers (weight of each refurbished calliper: 35-40 kg)	951	1009	738	971
Number of boxes for packing brake callipers (weight of each box: 710 g)	568	703	686	680
Number of refurbished injectors (weight of each injector: 540 g)	2,562	2,979	2,510	2,458
Number of boxes for packing injectors (weight of each box: 120 g)	427	587	404	410
Number of boxes for packing Teiler disc brake pads (weight of each box: 200 g)	563	587	404	560

This process entails meticulous disassembly of worn brake callipers, followed by comprehensive cleaning of components and casing in a rotary washer to eliminate any traces of dirt and grease. The housing then undergoes sandblasting and receives a fresh coat of paint. During the reassembly phase, any faulty parts are replaced, ensuring that the callipers are restored to optimal functionality as the final restored product. Each remanufactured unit then undergoes stringent quality control, including pressure and control testing, as well as calibration of the brake lining wear sensors. These meticulous checks guarantee that the refurbished callipers meet the same high standards of reliability as brand-new factory products.

Environmental benefits of this process are substantial. By refurbishing brake callipers, Auto Hrvatska Business Group achieves noteworthy reductions in the consumption of raw materials compared to manufacturing new callipers. Moreover, the refurbishment process significantly curtails carbon dioxide (CO₂) emissions by an impressive 70% when juxtaposed with the production of new parts, reducing the ecological footprint and fostering environmental sustainability, with an emphasis on contributing to the circular economy.

This approach not only reaffirms dedication to environmental responsibility and forward-thinking solutions but also demonstrates how sustainable practices can seamlessly integrate into everyday business operations. By prioritizing the refurbishment of brake callipers, Auto Hrvatska Business Group not only delivers high-quality products but also mitigates adverse environmental effects.

The successful production of 10,000 refurbished brake callipers under the Teiler brand stands as a remarkable achievement for Auto Hrvatska Business Group. This accomplishment not only underscores the outstanding quality of Teiler products but also highlights the company's unwavering dedication to fulfilling market demands and meeting requirements of its partners. This achievement is not solely attributed to production capacity; it also reflects the steadfast commitment to upholding high standards of quality, innovation, and social responsibility championed by Auto Hrvatska Business Group and Teiler.

The restoration program for Teiler brand brake callipers within Auto Hrvatska Business Group started 13 years ago, marking the inception of a meticulous and

thorough repair process of each calliper. This process covers the replacement of all consumable parts and rigorous quality control measures to guarantee their dependability and durability. Aligned with the growing concern for environmental conservation and sustainability in the automotive sector, repairing brake callipers instead of replacing them helps minimize waste and conserve resources that would otherwise be expended in manufacturing new callipers. The production of refurbished brake callipers serves as a compelling illustration of how quality, innovation, and social responsibility can be seamlessly integrated into a business strategy, exerting a substantial influence on the contribution of this segment to the overall business performance.

As a leading manufacturer of vehicle spare parts, MAN has embraced the imperative of heightened environmental awareness and the pursuit of a cleaner environment. This is implemented through the concept of deposits for spare parts and their role in the automotive industry. Namely, by using deposits, consumers are encouraged to exercise greater responsibility when making decisions about replacing and disposing of old parts. Rather than needlessly dispose of old parts, consumers are urged to return or exchange them, thus minimizing waste accumulation.

Dealers of spare parts under warranty frequently employ systems for recycling and refurbishing old components. This practice diminishes the necessity for manufacturing entirely new parts, thereby mitigating adverse environmental impact of manufacture. Consequently, fewer parts end up in landfills, and pollution stemming from careless disposal of spare parts is reduced. Products with attached deposits are commonly encountered in various categories, including brake systems, alternators, starters, steering racks, truck clutches, turbochargers, water pumps, and other individual components. Given their critical role in ensuring the safety and functionality of vehicles, the restoration or replacement of these parts holds significant importance.

Advantages of this approach are numerous: it mitigates the requirement for manufacturing new parts, thereby conserving resources and energy. Furthermore, it encourages recycling and renewal, aligning with the principles of sustainability. Additionally, this practice promotes consumer awareness of environmental

protection and fosters concern for the well-being of future generations. Repairing the fuel injection system not only enhances fuel efficiency but also reduces harmful emissions.

The Bosch Diesel Centre, alongside its array of services, specializes in injector repair utilizing the globally recognized Bosch Quality Scan system. This system was established to ensure transparency throughout the injector repair procedure and to validate adherence to Bosch specifications and standards. Integral to the injector repair process at the Bosch Diesel Centre,

Bosch Quality Scan system offers numerous advantages and assurances to both customers and the repair company. Bosch Quality Scan enables detailed monitoring of each step in the injector repair process. This includes detailed data on the utilization of certified test equipment, adherence to defined technology, and the utilization of original spare parts. Such transparency serves as a hallmark of quality and integrity throughout the process.

With Bosch Quality Scan, customers are assured that the injector repair strictly complies with manufacturer's specifications. This guarantees that post-repair, injectors will operate reliably and fulfil their intended functions.

Moreover, the system ensures the utilization of original spare parts, a critical factor for the durability and performance of injectors. This practice prolongs the lifespan of repaired injectors, thereby reducing the necessity for frequent replacements.

Customers who opt to have their injectors repaired through a Bosch Diesel Centre equipped with Bosch Quality Scan benefit from an added assurance that their injectors are restored to the utmost standards. Consequently, this mitigates the risk of potential future issues and associated repair expenditures.

Bosch Quality Scan serves as tangible evidence of the quality of injector repair. Customers can rest assured that they've received a product that has undergone rigorous quality control procedures, providing them with peace of mind regarding the reliability and performance of their injectors, and helps protect the environment. Refurbishment and restoration of existing injectors reduces the need to produce new parts and the negative impact of manufacture on the environment.

3.2

ENERGY

As a leading entity in the automotive industry, Auto Hrvatska Business Group acknowledges its responsibility towards the environment. One pivotal manifestation of this commitment is the management of electricity consumption across all business centres. By analysing electricity consumption data from 2020 to 2023, a discernible strategic approach to mitigating the adverse environmental impact can be observed.

At the Heinzlova Business Centre, a notable positive trend is apparent, characterized by decreased electricity consumption. Consistent electricity management resulted in small fluctuations in consumption, from 6291 GJ in 2020 to 5799 GJ in 2023. A similar trend was observed in other centres, such as the Radnička Business Centre, where consumption declined from 1587 GJ in 2020 to 912 GJ in 2023, underscoring efficient resource management.

Decrease in consumption in Hrvatski Leskovac is particularly noteworthy, with recorded consumption plummeting from 1486 GJ in 2020 to 928 GJ in 2023. In Osijek, Zadar, and Pazin, measures were implemented to curtail consumption, thereby contributing to the overarching reduction of environmental impact.

In Dugopolje, Kaštel Sućurac, and Karlovac, a marked decrease in consumption is evident, whereas Varaždin and Rijeka maintain stable consumption levels. International locations, namely members of Auto Hrvatska Business Group such as Skopje, Doboj, Banja Luka, Tuzla, and Sarajevo, have likewise implemented initiatives to decrease consumption, reflecting a global dedication to environmental objectives.

In total, Auto Hrvatska Business Group reduced its electricity consumption from 14,071 GJ in 2020 to

11,984 GJ in 2023, despite experiencing business growth and opening new branches. Declining trend signifies successful execution of energy efficiency policies and underscores the company's dedication to sustainable business practices and diminishing its environmental footprint.

This narrative of Auto Hrvatska Business Group isn't merely about reducing energy consumption; it embodies a responsible attitude toward the environment and heralds a promising future. Through ongoing endeavours to minimize environmental impact, Auto Hrvatska Business Group positions itself as a frontrunner not only in the automotive sector but also in advocating for sustainable business practices.

Energy consumption and energy efficiency

In 2017, Auto Hrvatska Business Group implemented an integrated quality, environment and energy management system in compliance with ISO 9001:2015, ISO 14001:2015 and ISO 50001:2011, which helped improve its performance, engage all interested parties in sustainable development and reduce its environmental footprint and consumption of natural resources.

All purchased electricity comes from 100% renewable sources, certified by ZelEn.

The introduction of the energy management system has resulted in consistent annual energy savings, and energy consumption is now monitored through the business system. Investments in reducing energy consumption are continually made by adopting more technologically efficient solutions and educating employees.

Electricity consumption [GJ]:

Site	2020	2021	2022	2023
Heinzlova Business Centre, Croatia	6,291	6,276	5,712	5,799
Radnička Business Centre, Croatia	1,587	1,360	845	912
Hrvatski Leskovac, Croatia	1,486	1,587	1,156	928
Osijek, Croatia	208	210	198	248
Zadar, Croatia	1,153	1,234	1,118	1,083
Pazin, Croatia	181	213	148	123
Dugopolje, Croatia	290	318	272	204
Kaštel Sućurac, Croatia	537	621	597	506
Karlovac, Croatia	650	697	662	593
Varaždin, Croatia	265	279	251	248
Rijeka, Croatia	580	603	587	575
Skopje, North Macedonia	195	211	220	196
Doboj, Bosnia and Herzegovina	145	170	180	178
Banja Luka, Bosnia and Herzegovina	143	147	63	0
Tuzla, Bosnia and Herzegovina	105	113	115	121
Sarajevo, Bosnia and Herzegovina	255	260	282	270
TOTAL [GJ]	14,071	14,299	12,406	11,984

Gas consumption [GJ]

Site	2020	2021	2022	2023
Heinzlova Business Centre, Croatia	6,265	6,705	5,144	5,516
Radnička Business Centre, Croatia	3,321	3,356	3,115	4,241
Hrvatski Leskovac, Croatia	2,168	2,216	1,794	1,728
Osijek, Croatia	203	264	285	199
Zadar, Croatia	93	165	81	0
Pazin, Croatia	143	146	173	204
Dugopolje, Croatia	249	302	239	221
Karlovac, Croatia	1,145	1,457	1,095	1,116
Varaždin, Croatia	686	768	485	513
Rijeka, Croatia	508	670	506	535
TOTAL [GJ]	14,781	16,049	12,917	14,273

Consumption by type of energy [GJ]

	2020	2021	2022	2023
Electricity	14,070	14,298	12,406	11,984
Natural gas	14,543	15,738	12,663	14,096
Liquefied petroleum gas	236	311	254	204

Production of Electricity

In July 2021, production of electricity was initiated using the solar power plant located at the Radnička cesta 182 site. The installed power plant has a total connected power of 230 kW with a planned annual production of 234 MWh. Total annual production for 2022 was 299 MWh, and 291 MWh for 2023.

In May 2022, production of electricity was started using the solar power plant located at the Hrvatski Leskovac site. The installed power plant has a total connected power of 230 kW with a planned annual production of 247 MWh. Total six-month production for 2022 was 174 MWh, and the total production for 2023 was 267 MWh.

In November of 2023, production of electricity was started via the solar power plant located at the Rijeka site. The installed power plant has a total connected power of 65 kW with a planned annual production of 4 MWh.

Additional investments in energy consumption reduction

- Existing lighting has been replaced with new LED lighting in all facilities.
- Modernisation of boiler rooms with energy-efficient condensation boilers and heat pumps.
- Modernisation of cooling stations with new energy-efficient chillers.
- Renovation of building walls and openings.
- Continuous employee training.



Hrvatski Leskovac - solar power plant



Zagreb, Radnička - LED lighting



Rijeka Mazda Centre
- solar power plant

3.3

WATER AND WASTEWATER

Keeping in line with the ISO 14001 standard, the company continuously implements measures to reduce water consumption and systematically educate employees about socially responsible business practices. Auto Hrvatska Business Groups' centres are equipped with separator systems used to separate hydrocarbons of mineral origin compliant with Croatian and European standard HRN EN 858 and devices for aerobic biological wastewater treatment of sanitary – faecal or industrial wastewater compliant with Croatian and European standard HRN EN 12255. These devices are utilized both in the external traffic areas and on internal surfaces of service workshops.

In accordance with regulatory guidelines, water sampling is regularly carried out at the outlet of the separator system, and the cleanliness of output is closely monitored. No spills were recorded during the reporting period, indicating successful maintenance and management of wastewater treatment systems and separators. This is crucial for preserving the environment and complying with the ISO 14001 standard, which promotes environmentally responsible business practices.

Water consumption between 2020 and 2023:

Year	Water consumption in m ³
2020	17,147
2021	17,003
2022	17,558
2023	15,370

3.4

CALCULATING CO₂ EMISSIONS

Calculation of greenhouse gas emissions and the presentation of results achieved by Auto Hrvatska Business Group in 2023 were conducted in accordance with the Greenhouse Gas Protocol, and included seven main greenhouse gases (CO₂, CH₄, N₂O, HFC and PFC compounds, SF₆, NF₃).

The organizational boundaries for the calculation were established following the methodology outlined in the GHG protocol standard. This standard provides two approaches for consolidating greenhouse gas emissions: one based on ownership share and the other based on control (financial or operational). Auto Hrvatska Business Group used the operational control approach to calculate its carbon footprint. In this method, emissions from sources over which the company has operational control are included, regardless of ownership.

Sources of greenhouse gas emissions for 2023 included in the greenhouse gas inventory of Auto Hrvatska Business Group are categorized into two main groups:

Scope 1 – direct emissions from sources owned or under operational control, and

Scope 2 – indirect emissions from the production of purchased electricity, steam, heating and cooling used by the company.

Scope 1 emissions are emissions that the company directly creates as part of its operations, and the sources can be stationary, mobile or fugitive (runaway, most often from air-conditioning systems).

For Auto Hrvatska Business Group, this includes:

a) stationary sources: combustion of fuel in boilers and boiler rooms owned or under operational control of the company that are used for space and water heating inside the company's facilities/buildings

b) mobile sources: combustion of fuel in vehicles under operational control of the company, resulting from the combustion of fossil fuels (gasoline, diesel)

c) fugitive emissions come from leaks, evaporation, or other unintentional releases of gases used as cooling media in air-conditioners in buildings and vehicles.

Scope 2 emissions are indirect greenhouse gas emissions resulting from purchased electricity and heat/steam used for heating or cooling company's facilities and spaces. These emissions stem from the production and delivery of energy used by the company, which is generated outside its operational boundaries. Scope 2 emissions, related to the purchase of electricity as defined by the GHG protocol, are calculated using two methods: location-based method and market-based method.

Location-based method – average emission factors for electricity produced and consumed inside the regional or national grid.

Market-based method – emission factors that reflect the actual mix of energy types used by the company (based on energy purchase contracts, renewable energy certificates or other evidence on the origin of energy).

Restrictions and notes

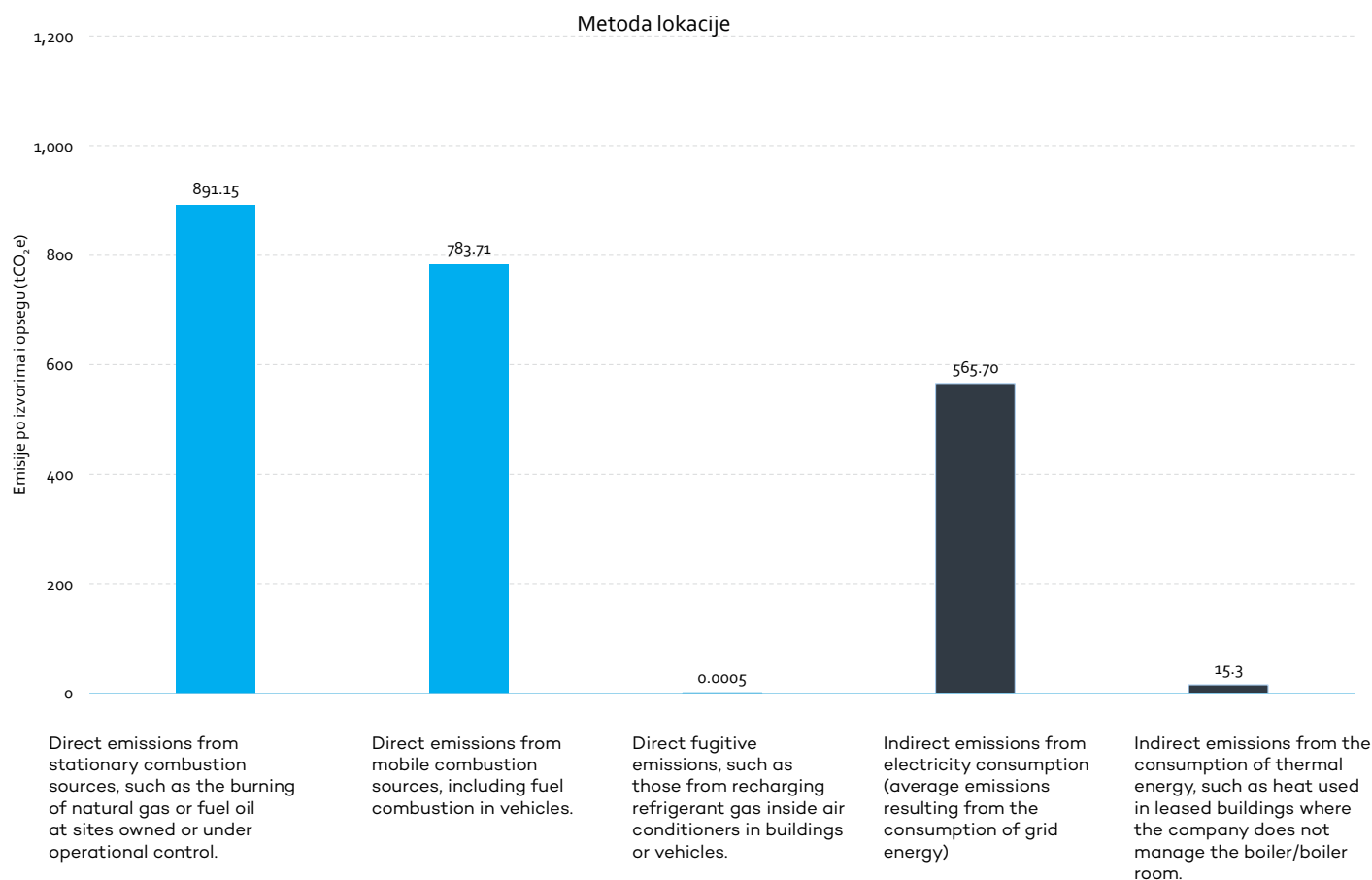
Scope 3 emissions defined by the GHG protocol are not included in the 2023 inventory. Scope 3 emissions include all other indirect emissions that occur throughout the company's value chain, including those at the upstream and downstream stages.

For all its locations in the Republic of Croatia, Auto Hrvatska Business Group contracts a ZelEn certificate (issued by the supplier). This certificate confirms that the supplied electricity is sourced entirely from renewable energy sources. Additionally, the authority responsible for issuing guarantees of origin provides a certificate confirming that the supplier has cancelled the Guarantees of Origin in the Guarantees of Origin Registry for Auto Hrvatska Business Group for the reporting year.

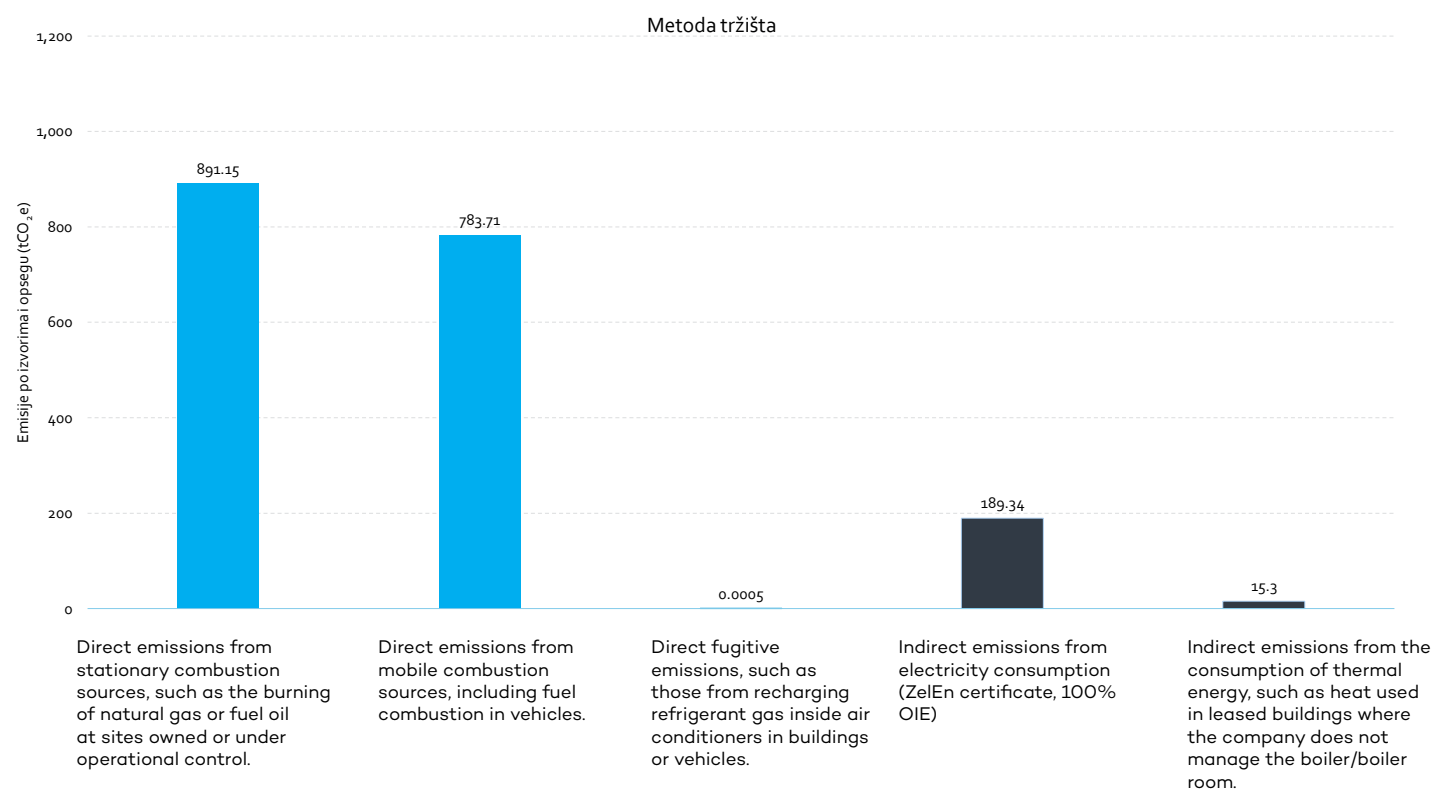
These certificates are issued in March of every year for the previous calendar year. The certificates lack detailed information regarding the specific renewable sources used to generate delivered electricity or the emission factors for MWh delivered to a specific location.

When calculating emissions associated with purchasing electricity from suppliers using the market-based method in the Republic of Croatia, the emission factor from the national database of emission factors was used. Specifically, average greenhouse gas emission factor for electricity consumption produced from renewable sources in Croatia.

Emission of greenhouse gases according to scope 1 and 2 - location-based method



Emission of greenhouse gases according to scope 1 and 2 - market-based method



Emission of greenhouse gases according to scope 1 and 2 by members of Auto Hrvatska Business Group

Scope	Position	Auto Hrvatska d.d.	Auto Hrvatska Automobili d.o.o.	Auto Tangenta d.o.o.	KAM i BUS Importer d.o.o.	MAN Importer Hrvatska d.o.o.	Auto Hrvatska PSC d.o.o.	*MAN Importer Makedonija d.o.o.e.l.	KAM i BUS d.o.o.	Kamion Importer d.o.o.	KAM in BUS Importer d.o.o.	Total (t CO ₂ e)
Scope 1	Direct emissions from stationary combustion sources, such as the burning of natural gas or fuel oil at sites owned or under operational control.	537.02	56.73	0.00	0.00	0.00	255.15	0.00	42.25	0.00	0.00	891.15
	Direct emissions from mobile combustion sources, including fuel combustion in vehicles.	61.10	54.11	0.00	38.47	231.18	246.33	42.07	61.93	1.66	46.86	783.71
	Direct fugitive emissions, such as those from recharging refrigerant gas inside air conditioners in buildings or vehicles	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Scope 1 (t CO ₂ e) ₂ total	598.12	110.84	0.00	38.47	231.18	501.48	42.07	104.18	1.66	46.86	1,674.86
Scope 2	Indirect emissions from electricity consumption - location-based method (average emissions resulting from the consumption of grid energy)	115.41	95.71	0.19	0.14	5.26	84.41	29.87	213.32	0.00	21.39	565.70
	Indirect emissions from electricity consumption - market-based method (Zel-En certificate, 100% OIE)	0.00	0.00	0.00	0.00	0.00	0.00	29.87	133.48	0.00	25.99	189.34
	Indirect emissions from the consumption of thermal energy, such as heat used in leased buildings where the company does not manage the boiler/boiler room.	0.00	0.00	0.00	0.00	0.00	0.00	0.78	9.35	0.00	5.17	15.30
	Scope 2 (t CO ₂ e) total - location-based method	115.41	95.71	0.19	0.14	5.26	84.41	30.65	222.67	0.00	26.56	581.00
	Scope 2 (t CO ₂ e) total - market-based method	0.00	0.00	0.00	0.00	0.00	0.00	30.65	142.83	0.00	31.16	204.64
	*NOTE: MAN Importer Makedonija d.o.o.e.l. - CO ₂ - biogenic origin = 46,25 t CO ₂ bio. (CO ₂ emissions from the combustion of pellets used for creating thermal energy - not included in the company's total scope 2 emissions, but shown separately)											

Auto Hrvatska Business Group plays a key role in promoting electric buses in cities throughout Croatia.

As part of the project aimed at decarbonizing the fleet and procuring electric vehicles, Auto Hrvatska Business Group tested the MAN Lion's Citi 12E low-floor city bus in all cities with organized public transport. These events **highlight the importance of electric buses as the future of urban transport, with an emphasis on their environmental benefits.** Through these activities, Auto Hrvatska Business Group demonstrated its leadership skills with regard to promoting sustainable transport solutions. Initiatives such as testing electric buses and demonstration drives with local authorities serve to raise awareness about the significance of eco-friendly transportation. Additionally, they showcase the practical viability and effectiveness of these vehicles in urban areas. Auto Hrvatska Business Group thereby confirmed its commitment to introducing innovative and sustainable solutions to the automotive industry.

As part of its plan to expand the personal vehicles program and electrification, Auto Hrvatska

Automobili has initiated the sale of safe, reliable, and environmentally friendly electric chargers, charging cables, and connectors for electric vehicles. These products are available both through the service network and via the company's web shop. **All products are patented and have the necessary certificates that guarantee quality and safety**, such as CEE, TUV, ETL, CSA, UL, CCC, ROHS. By educating their service personnel, service centres follow the technical progress and increased complexity of motor vehicles, which requires constant development of specific expertise by performing maintenance and repair services on motor vehicles. Special attention is directed to ensuring compliance with all regulations and recommendations on environmental protection and work safety of service personnel.

Ford Trucks and Belgian CMB.TECH entered into a partnership with the aim of modifying the F-MAX trucks into vehicles that use both hydrogen and diesel as fuel.

Ford Trucks and CMB.TECH started a special collaboration that will provide an important step in the transition of the transport industry towards alternative drives. F-MAX will be modified in CMB.

TECH's workshop in Antwerp. This partnership will provide customers with **faster access to hydrogen-powered transport solutions.**

MAN Lion's City 10 E is the leading sustainable bus for 2024. The first and only European prize for a sustainable bus has been awarded for the sixth consecutive year, with the international jury once again recognizing only the most innovative and sustainable buses available in the European market. Among the winners is the MAN Lion's City 10 E, which

took the win in the "Urban" category.

MAN places significant emphasis on battery technology as a key component of its sustainability efforts. **Focus is placed on issues such as safety, long service life, weight and size, robustness and cost, as well as subsequent use and recycling.** In the initial phase, the objective is to prolong the lifespan of the batteries. Once this becomes impossible, the focus shifts to recycling their raw materials. MAN Lion's City E is the best-selling e-bus in the EU in 2023.



3.5 WASTE MANAGEMENT

Given the activities of Auto Hrvatska Business Group, environmental concerns, including **waste management** – where measures aimed at reducing waste are outlined – emerge as pivotal aspects of the ESG report, particularly concerning the EU taxonomy.

Waste management within Auto Hrvatska Business Group is directed towards sustainable practices and reducing their environmental impact.

Goals:

- Reducing the overall volume of generated waste.
- Increasing the proportion of materials recycled or reused.
- Minimizing the use and production of hazardous materials and substances in service processes.
- Educating both employees and customers about the significance of appropriate disposal and recycling methods for vehicles and components.
- Upholding stringent compliance to all relevant laws and regulations related to waste management.

Measures:

- Minimizing waste by reducing the volume of unnecessary packaging and using recycled materials.
- Establishing a system for segregating and appropriately disposing of non-recyclable parts and materials.
- Active involvement in local recycling initiatives and environmental protection endeavours, and collaborating with relevant environmental organizations and associations.
- Optimizing transportation and delivery processes to mitigate adverse environmental impacts.
- Ongoing monitoring of waste volumes and reporting on waste management outcomes.
- Employee training programs focused on proper waste disposal techniques, safety protocols, and environmental best practices.
- Regular monitoring to ensure compliance with relevant legislation and regulations governing waste management.
- Auto Hrvatska Business Group emphasizes transparency and communication by informing customers about its environmental initiatives and practices, while also encouraging their involvement in environmental preservation efforts.

Waste generated by Auto Hrvatska Business Group is separated at the point of origin (green/eco islands at each location) according to type and properties and is managed in accordance with the order of priority in waste management to prevent the generation and reduce the amount of waste that is disposed of in landfills.

The objectives of waste management are as follows:

- avoiding and reducing the generation of waste and hazardous properties of waste
- waste recovery through recycling, reuse, or restoration, or any other method which allows the extraction of secondary raw materials, or the use of waste for energy recovery
- disposal of waste in the prescribed manner
- remediation of the environment polluted with waste.

Waste represents a potentially enormous loss of resources in the form of materials and energy, and inadequate waste management can have serious repercussions for both humans and nature. Primary task is to try and prevent, as well as avoid, creation of waste. If that is not possible, waste must be managed in an environmentally friendly manner.

In accordance with the legislative requirements, all waste must be handed over to companies that have a permit for waste management or that are registered in the relevant register. Authorised companies are given the appropriate form together with the waste.

Legal provisions stipulate that all organisational units in the Republic of Croatia that produce more than 500 kilograms of hazardous and 20 tons of non-hazardous waste in a calendar year have to be registered in the electronic database of the Environmental Pollution Register (EPR) managed by the Ministry of Economy and Sustainable Development.

Amount of hazardous and non-hazardous waste in tons:

Year	Hazardous waste	Non-hazardous waste
2020	241	341
2021	242	458
2022	285	475
2023	262	426

The treatment of chemicals, oils, and fuels is under constant control. Wastewater draining from workshops is channelled into oil traps which are regularly cleared. All hazardous material is stored in specifically marked areas until its disposal. Information on waste disposal is always available for reference in the relevant institutions.

WCC	AUTO HRVATSKA d.d. WASTE in tons	2020	2021	2022	2023
15 01 01	paper and cardboard packaging	17	20	24	23
15 01 02	packaging made of plastic/foil	1	2	3	4
15 01 06	mixed packaging	11	11	13	12
20 01 35*	discarded electric and electronic equipment / IT equipment	0	1	0	0
20 01 21*	fluorescent tubes and other mercury-containing waste	0	0	0	0
13 05 07*	oily water from the oil/water separator	0	1	0	0
20 03 07	bulky waste	0	0	3	3
17 02 01	wood/pallets	2	0	0	0
13 05 02*	sludge from the separator	10	1	6	0
20 01 01	paper and cardboard	0	15	4	0
15 01 07	glass	0	0	0	0
20 01 08	bio-waste	1	1	0	0
19 08 09	mixture of grease and oil from the separator	4	4	1	0
20 02 01	biowaste	1	1	5	2
20 03 06	waste generated by sewage cleaning	2	2	0	0
17 04 05	iron and steel	0	0	12	0

WCC	AUTO HRVATSKA AUTOMOBILI d.o.o. WASTE in tons	2020	2021	2022	2023
15 01 01	paper and cardboard packaging	11	15	13	10
16 01 19	mixed plastics, plastics from cars	3	4	8	6
20 03 07	bulky waste	0	0	0	0
16 01 17	iron and alloys containing iron	9	11	18	31
17 04 05	iron and steel	0	0	0	4
16 01 07*	oil filters	4	4	5	4
20 01 35*	discarded electric and electronic IT equipment	0	0	0	0
15 01 10*	packaging containing residues of hazardous substances or contaminated with hazardous substances	2	2	4	3
15 01 11*	pressurised containers/empty sprays	0	0	0	0
13 02 05*	waste oil	0	0	1	5
16 01 14*	antifreeze	0	1	0	1
16 01 20	glass	0	2	0	1
16 01 03	waste car tyres	39	52	65	62
16 06 01*	lead batteries	5	5	8	10
15 02 02*	absorbents and filter materials	1	1	2	3
13 02 06*	synthetic lubricants for engines and gears	30	28	32	32
15 02 03	waste air and air-conditioning filters	1	1	1	1
13 02 08*	waste motor oil	23	15	22	19
08 01 11*	waste paints and varnishes containing organic solvents or other hazardous substances	0	0	0	0
16 01 13*	brake fluids	0	0	0	0
15 01 03	wood	0	1	1	0
14 06 03*	waste thinner	0	0	0	0
17 02 03	plastic	0	0	0	0
14 06 03*	other solvents and solvent mixtures	0	0	0	0
12 01 04	dust and non-ferrous metal particles	0	0	0	0

WCC	AUTO HRVATSKA PSC d.o.o. WASTE in tons	2020	2021	2022	2023
15 01 01	paper and cardboard packaging	46	59	40	33
15 01 02	packaging made of plastic/foil	2	3	2	1
15 01 06	mixed packaging	20	16	18	17
20 01 35*	discarded electric and electronic equipment / IT equipment	0	1	2	0
16 01 19	mixed plastics, plastics from cars	8	8	10	8
13 05 07*	oily water from the oil/water separator	1	0	20	11
20 03 07	bulky waste	2	4	2	3
17 04 05	iron and steel	11	18	21	9
16 01 17	iron and alloys containing iron	70	74	58	69
17 04 02	aluminium	2	4	2	3
16 01 07*	oil filters	7	10	10	7
15 01 10*	packaging containing residues of hazardous substances or contaminated with hazardous substances	1	1	1	4
15 01 11*	pressurised containers/empty sprays	0	1	1	1
13 02 05*	waste oil	101	99	101	98
16 01 14*	antifreeze	3	1	1	2
16 01 20	glass	3	7	6	20
17 02 01	wood/pallets	2	1	4	1
16 01 03	waste car tyres	51	76	100	72
16 06 01*	lead batteries	21	32	24	24
13 05 02*	sludge from the separator	1	0	7	1
15 02 02*	absorbents and filter materials	0	0	0	0
15 02 03	waste air and air-conditioning filters	2	2	2	2
16 01 22	brake linings	2	0	1	0
16 02 13*	discarded equipment containing hazardous E-waste components	0	0	0	0
15 01 03	wood	0	19	14	11
17 06 04	insulating material	0	0	1	0
16 02 11	discarded equipment containing chlorofluorocarbons HCFC, HFC	0	0	0	0
20 01 23*	discarded equipment containing chlorofluorocarbons	0	0	0	0
16 03 03	inorganic waste	0	0	2	0
17 09 04	mixed construction waste	0	0	2	0
16 07 08*	oily water	0	1	1	0

WCC	MAN IMPORTER MAKEDONIJA d.o.o.e.l. WASTE in tons	2020	2021	2022	2023
13 02 05*	non-chlorinated lubricating oils for engines and gears, based on mineral oils	4	5	2	0
13 02 06*	synthetic lubricants for engines and gears	8	7	11	9
15 01 01	paper and cardboard packaging	3	4	1	1
16 06 01*	lead batteries	1	1	1	0
16 01 18	non-ferrous metals (aluminium)	0	0	0	0
17 04 05	iron and steel	3	6	0	0
16 02 16	components extracted from discarded equipment not specified under 16 02 15	0	0	0	0
15 01 10*	packaging containing residues of hazardous substances or contaminated with hazardous substances	0	0	0	0
16 01 07*	oil filters	0	0	0	1
15 01 02	packaging made of plastic/foil	0	0	0	0
16 01 17	non-ferrous metals	0	4	5	2

WCC	KAM I BUS d.o.o. WASTE in tons	2020	2021	2022	2023
13 02 08*	waste motor oil	14	24	12	14
15 01 01	paper and cardboard packaging	1	2	1	0
16 06 05	car batteries	0	1	0	0
17 04 02	aluminium	0	0	0	0
17 04 05	iron and steel	5	4	2	3

WCC	KAM IN BUS IMPORTER d.o.o. WASTE in tons	2020	2021	2022	2023
15 01 01	paper and cardboard packaging	1	0	2	4
16 06 01*	lead batteries	2	0	0	0
16 01 17	iron and steel	4	0	0	2
13 02 05*	non-chlorinated lubricating oils for engines and gears, based on mineral oils	2	0	8	9
15 01 02	packaging made of plastic/foil	0	0	0	0
16 01 07*	oil filters	0	1	1	2
15 01 10*	packaging containing residues of hazardous substances or contaminated with hazardous substances	0	0	0	0
15 02 02*	absorbents and filter materials	0	2	0	1
15 01 03	wood	0	0	3	3
16 01 19	waste plastic	0	0	2	0
15 01 06	mixed packaging waste	0	0	1	3
12 03 01*	water-based washing liquids	0	0	2	0

Mixed municipal waste is only that which cannot be used in any way, also known as: other waste, WCC 20 03 01.

Mixed municipal waste in thousands of litre:

SITE	2020	2021	2022	2023
RADNIČKA Business Centre	48	56	72	108
Auto Hrvatska Automobili d.o.o. KARLOVAC	26	26	62	70
Auto Hrvatska Automobili d.o.o. RIJEKA	89	55	45	44
Auto Hrvatska Automobili d.o.o. ZADAR	130	175	175	165
Auto Hrvatska Automobili d.o.o. SPLIT	96	92	94	87
Auto Hrvatska PSC d.o.o. HRVATSKI LESKOVAC	39	19	13	52
Auto Hrvatska PSC d.o.o. KARLOVAC	26	26	66	79
Auto Hrvatska PSC d.o.o. RIJEKA	85	51	39	39
Auto Hrvatska PSC d.o.o. PAZIN	56	55	56	48
Auto Hrvatska PSC d.o.o. OSIJEK	97	90	56	57
Auto Hrvatska PSC d.o.o. VARAŽDIN	26	28	26	53
Auto Hrvatska PSC d.o.o. ZADAR	60	70	65	55
Auto Hrvatska PSC d.o.o. SPLIT	116	113	113	106
KAM i BUS d.o.o. DOBOJ	26	26	26	26
KAM i BUS d.o.o. BANJA LUKA	60	60	30	0
KAM i BUS d.o.o. TUZLA	51	55	67	72
KAM i BUS d.o.o. SARAJEVO	106	106	106	106
KAM in BUS Importer d.o.o. LJUBLJANA	53	55	54	131
TOTAL	1,190	1,159	1,152	1,297

Mixed municipal waste in tons:

SITE	2020	2021	2022	2023
MAN IMPORTER MAKEDONIJA d.o.o.e.l. SKOPLJE	13	18	20	20
HEINZELOVA Business Centre	30	36	24	26
TOTAL	43	54	45	46

ISO 9001:2015 certificate represents a benchmark for quality management practices. Auto Hrvatska Business Group is committed to maintaining high standards of quality and excellence in its operations. This standard places emphasis on engaging employees in quality enhancement initiatives and evaluating risks that impact the business. Furthermore, it prioritizes enhancing the quality of products and services, as well as fostering customer satisfaction, all while showcasing a commitment to transparency and ongoing improvement.

On the other hand, ISO 14001:2015 serves as an internationally recognized standard for environmental management. This certification mandates the identification and mitigation of environmental impacts stemming from operations, while also promoting continual enhancements in environmental management efficiency. Acquiring this certification

provides competitive advantages and helps mitigate the risk of legal issues and adverse media coverage.

ISO 50001:2018 certification obtained by Auto Hrvatska Business Group establishes a structured framework for improved energy management practices. This framework facilitates lowering energy costs, enhancing employee understanding and engagement in energy efficiency efforts, and ensuring compliance with regulatory mandates. Consequently, these measures lead to tangible benefits such as financial savings and a smaller environmental footprint.

All processes included in the integrated quality, environmental and energy management system according to the requirements of ISO 9001:2015, ISO 14001:2015 and ISO 50001:2018 standards are carried out according to prescribed procedures. No non-compliance with environmental protection regulations has been recorded.



4

SOCIAL RESPONSIBILITY (S)

4.1

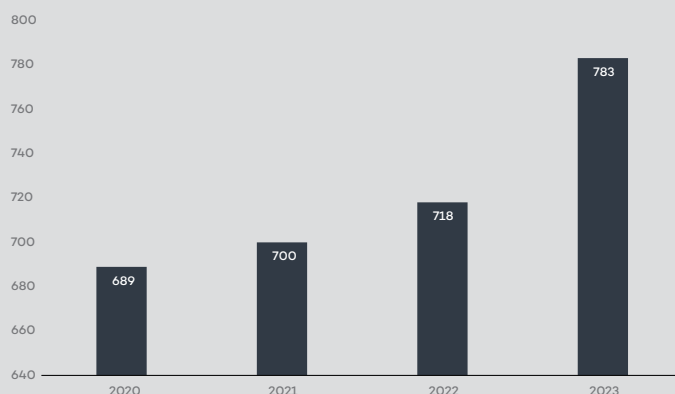
PEOPLE ARE ESSENTIAL

Auto Hrvatska Business Group acknowledges that its workforce is fundamental to achieving success, which is why one of its strategic objectives is to become one of the most sought-after employers. The commitment, expertise, and motivation of its employees are pivotal in establishing Auto Hrvatska Business Group as a premier choice within the automotive industry. Employees are not just integral to the present but also represent the future of the organization. Their skills, innovation, and contributions will be instrumental in shaping the trajectory for continued growth, success, and the long-term sustainability of Auto Hrvatska Business Group.

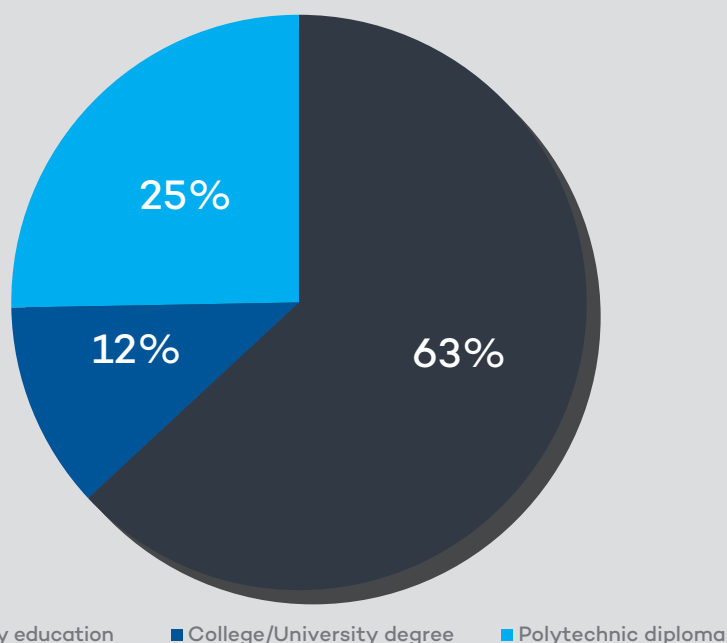
Activities and employees

Auto Hrvatska Business Group has seen a consistent increase in both its workforce and overall organization over the recent period. Group employed 689 employees on December 31, 2020, 700 on December 31, 2021, and on December 31, 2022, the number of employees reached 718. Continuing this trend, the organization employed 783 people by the end of 2023.

Number of employees between 2020 and 2023



Number of employees by education

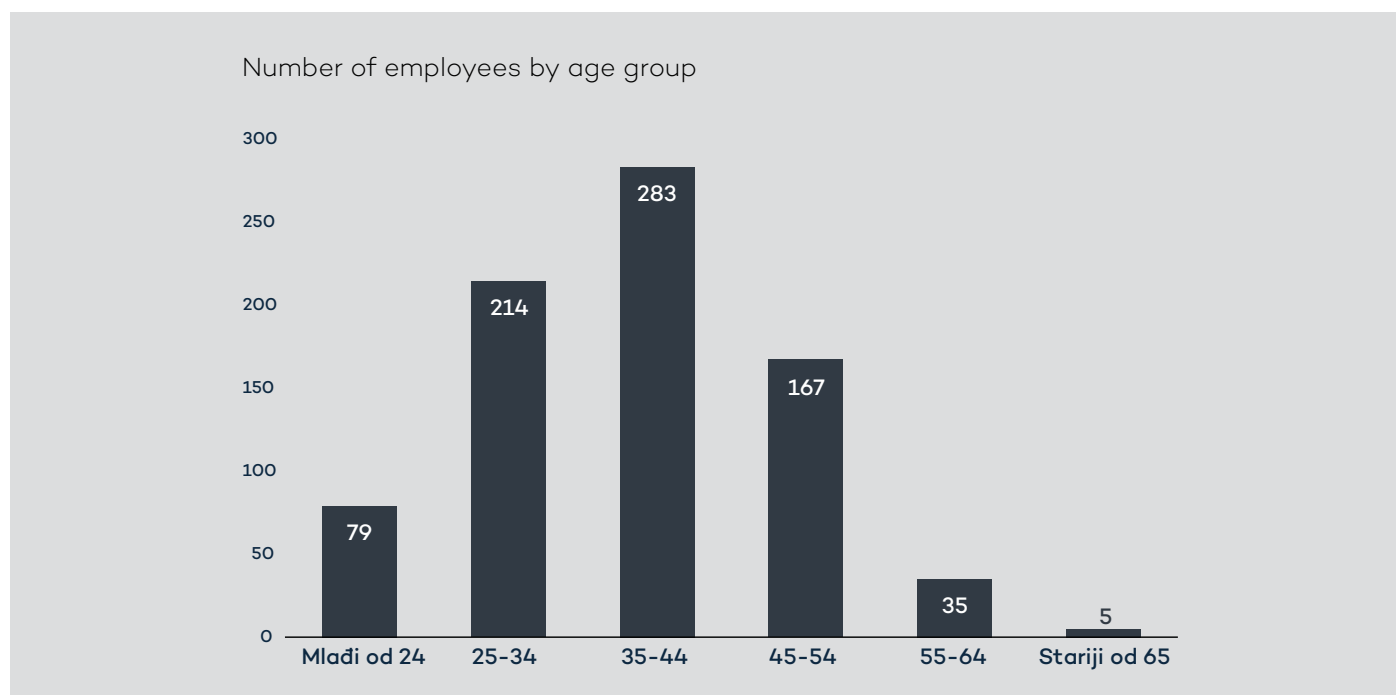


In terms of educational background, majority of employees hold secondary education qualifications, constituting 63% of the workforce. Viewed by profession, largest groups within the organization are those of car mechanics and economists.

At the end of this reporting period, average age of Auto Hrvatska Business Group's employees was 38.

The organization places significant emphasis on ensuring equal employment opportunities across all age groups. Young individuals are promptly provided with opportunities to gain practical work experience following the completion of their secondary education.

In this regard, older colleagues are given the opportunity to act as mentors, sharing their expertise and guidance. Moreover, seasoned professionals with extensive work experience are highly valued within the organization. Their wealth of knowledge adds substantial value and quality to their work, making them equally desirable employees.



In terms of the type of employment, the majority of employees have concluded an indefinite employment contract (87%), working full-time, i.e. 40 hours per week. Working relations within Auto Hrvatska Business Group are directly governed by employment contracts between the employer and employees.

Number of employees by country in which Auto Hrvatska Business Group operates as of December 31, 2023:

Number of employees	CROATIA	BOSNIA AND HERZEGOVINA	NORTH MACEDONIA	SLOVENIA
Fixed-term contract	88	5	5	5
Indefinite contract	597	49	23	11
Total	685	54	28	16

Number of employees	CROATIA	BOSNIA AND HERZEGOVINA	NORTH MACEDONIA	SLOVENIA
Full-time contract	682	54	28	16
Part-time contract	3	0	0	0
Total	685	54	28	16

Gender distribution among employees reflects industry-specific trends, with a higher proportion of male employees (81%), primarily occupying roles in service and sales. Conversely, female employees are more prevalent in administrative and professional support positions within Auto Hrvatska d.d.

Number of employees by gender as of December 31, 2023:

Number of employees by gender	FEMALE	MALE	TOTAL
Fixed-term contract	15	88	103
Indefinite contract	139	541	680
Total	154	629	783

Number of employees by gender	FEMALE	MALE	TOTAL
Full-time contract	153	627	780
Part-time contract	1	2	3
Total	154	629	783

Workers who are not employees

Auto Hrvatska Business Group occasionally hires workers through student contracts or service contracts. However, the proportion of such workers is minimal, comprising approximately 2% of the workforce compared to those employed through standard employment contracts. In the case of alternative forms of employment, both genders are equally represented.

Employment

In recent years, high turnover rates have been observed in the labour market, both domestically and internationally. Consequently, companies across various industries are intensifying efforts to bolster their corporate culture through internal initiatives and implementing measures for employee development. The aim is to elevate standards and overall satisfaction levels among employees.

Auto Hrvatska Business Group is no exception, as it strives to retain its existing high-quality workforce while investing in their ongoing education and satisfaction. Additionally, the company aims to

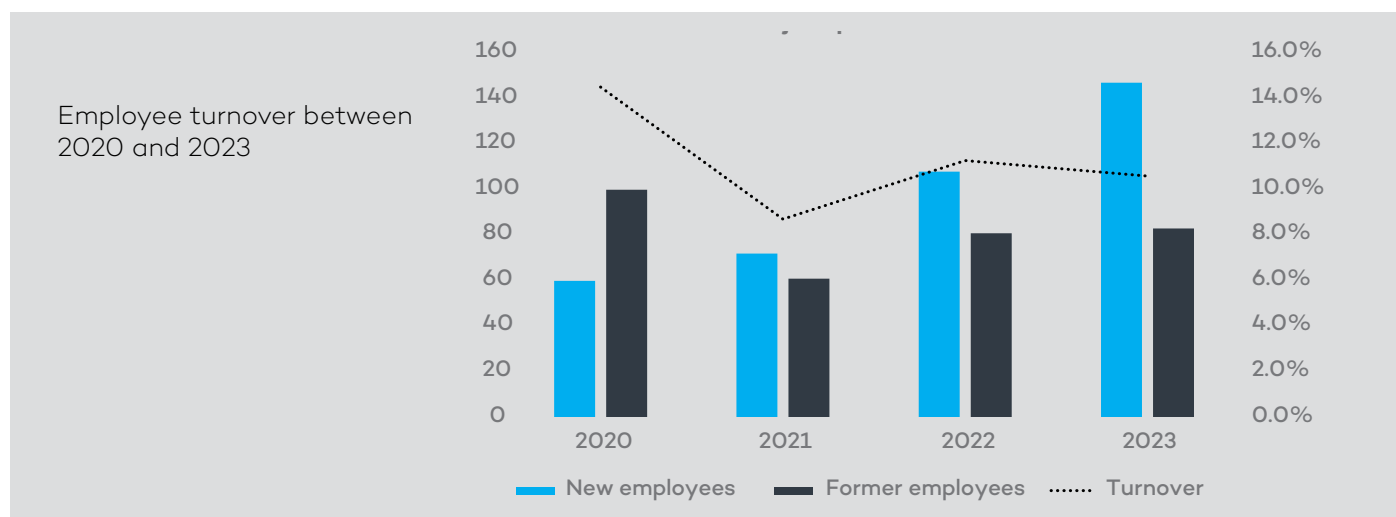
attract new talent in order to support its future growth and development initiatives.

The processes for hiring and nurturing employees within Auto Hrvatska Business Group are aligned with trends in employee turnover, business expansion, and evolving market demands.

In 2020, 60 new employees were hired, and 100 employees left. In 2021, a total of 72 new employees were hired, and 61 employees left. In 2022, a total of 108 new employees were hired, and 81 employees left. According to data from 2023, 147 employees were hired, and 83 employees left. In total, during the previous four-year period, 387 employees were hired, and 325 employees left.

Auto Hrvatska Business Group continues to experience fluctuation rates that remain within the expected thresholds, with a slight decline recorded in 2023 compared to the previous year. Recognizing the pivotal role of experts across various profiles in our key business activities, Business Group undertakes necessary initiatives aimed at retaining these experts, enhancing their satisfaction, and attracting new talent to the organization.

Here is an overview of employment trends, departures, and turnover rates within Auto Hrvatska Business Group for the observed period:



The hiring process in Auto Hrvatska Business Group is governed by a standardised procedure. Employment and Development Plan is designed to anticipate forthcoming business demands, outline a strategy for the ongoing development of new employees, and systematically oversee their assumption and execution of work responsibilities. The objective of employment is to adequately address demands of each specific role by considering professional qualifications, educational background, prior work experience, and professional aspirations. This approach aims to foster long-term satisfaction and mutually beneficial working relationship between the employee and the employer.

Once the current staffing requirements have been identified, advertisements are posted to attract candidates with specific profiles required by future positions. The goal of the selection process is to find the most competent candidate for a specific position who will fit in with their skills and qualities into our corporate environment. The selection process comprises interviews, psychological assessments, and skill tests. This comprehensive approach ensures a higher degree of objectivity and impartiality in the candidate selection process. During recruitment, all candidates are valued equally, regardless of age and gender.

In spite of the current situation in the labour market in Croatia, where certain challenges can be observed with regard to finding and retaining quality employees, Auto Hrvatska Business Group has so far managed

to attract and secure quality employees through its own recruitment processes. Additionally, through its own efforts and investments, it manages to retain the required number of high-quality employees.

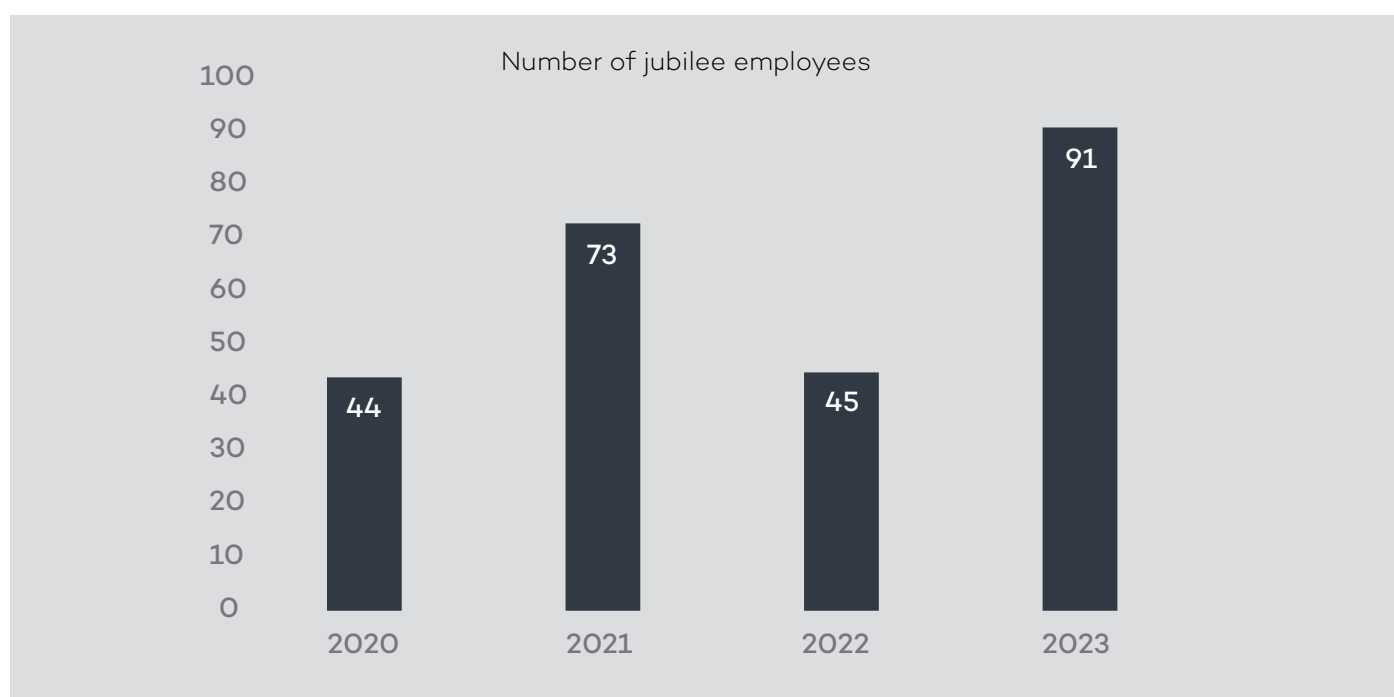
Retirees

Auto Hrvatska Business Group places great importance on fostering enduring relationships with both current and former employees. Each individual has contributed a part of themselves to the history of our company. In celebrating the Interns' Day, we also regularly commemorate the Retirees' Day. By bringing together current interns and retirees - colleagues at the outset of their careers alongside those who have dedicated many years to Auto Hrvatska Business Group - we symbolically bridge the professional lifecycle, from entering the workforce to retirement.

Long-Serving Employees

In addition to the infusion of youthful energy brought by newcomers, Auto Hrvatska Business Group holds in high esteem its long-serving employees, whose dedication leaves a profound impact on the entire organization. Every year, the company expresses its special gratitude to employees who celebrate 10, 15, 20 and more years of loyalty to the company. Almost every year we celebrate 35 or 40 years of service for some of our jubilee employees.

Overview of jubilee employees in the observed period:



Mentors

Within Auto Hrvatska Business Group, certain number of employees across all business segments serve as mentors to younger colleagues, fostering professional growth and development. One of our most significant comparative advantages lies in the opportunity for employees in Auto Hrvatska Business Group to progress from internships to positions as company directors and executive directors.

Employee satisfaction

Every year, Auto Hrvatska Business Group conducts an employee satisfaction survey, either independently or in collaboration with external partners. This practice allows us to monitor the needs of our employees, identify areas for improvement, and proactively maintain long-term relationships with our workforce.

In 2023, the survey was conducted in collaboration with an external partner, and Auto Hrvatska Business Group achieved fourth place among the best-rated companies in the category of large companies in the Republic of Croatia.

Occupational Health and Safety

Auto Hrvatska Business Group is responsible for devising strategies and processes, identifying risks and opportunities, and initiating endeavours to safeguard health and safety in its Croatian members and across the entire Business Group.

System analysis, preventive measures, and suggestions for enhancements are presented at the meetings of the Occupational Safety and Health Committee, established on July 1, 2022, and comprising employee representatives as per the Occupational Safety and Health Act.

Occupational health and safety are of great importance when contracting and performing any work as part of Auto Hrvatska Business Group. Managing occupational health and safety is conducted through a series of interrelated activities: from prior medical examinations that all future employees are required to perform before starting employment, regular periodic examinations for employees, regular annual medical check-ups provided to all employees, to recreational activities based on personal employee preference. Additionally, occupational health and safety experts regularly educate new employees on the importance of occupational health and safety and safe performance of work-related tasks. During site visits, they additionally educate the employer's commissioners and all other employees.

At the Auto Hrvatska Business Group, special attention is paid to identifying risk situations and informing employees about preventive activities and protective measures that must be implemented when working. Occupational health and safety experts, in cooperation with the employer's commissioners for occupational health and safety, play an active role in preventive action and assessing risks that may occur during regular work, as well as possible incident situations.

Compliance with high environmental and ergonomic standards and all regulations related to occupational health and safety and employee rights is an integral part of how we approach doing business. Across all locations and positions, care is taken to ensure that employees use all the necessary protective equipment, as well as monitor whether mandatory and recommended equipment is available in the workplace, and whether it is possible to improve the performance of tasks in view of spatial and ergonomic circumstances. Equal attention is paid to work standards at all work locations and regardless of the diversity of workplaces.

During the recruitment stage, all employees must attend training organised by occupational health and safety experts on the subject of occupational health and safety. Through regular site visits, in cooperation with the employer's commissioners in charge of occupational health and safety every day at their location, occupational health and safety experts actively communicate with employees about the topic. Through mutual communication with occupational health and safety commissioners, employees have the opportunity to draw attention to specific circumstances in their workspace that affect the health and safety of their teams. In addition, they can consult with experts about potential health conditions that may have arisen from their work, or avoid potential consequences by raising awareness of the risks in a timely manner. Also, in addition to initial training during the recruitment stage and regular consultations at locations, employees are informed and reminded about occupational health and safety during their daily work via the intranet site.

Physical examinations are a regular practice, regardless of the employee's age and job description. In addition to information about overall health and the possible need to treat certain conditions, employees receive preventive suggestions on how to change lifestyle habits that will improve their health status and overall quality of life.

Through the intranet site employees are additionally reminded of the importance of healthy habits, such as the need for regular physical activity, which is made possible in several ways; Auto Hrvatska Sports and Recreational Association organises sporting events (football, water polo), and friendly sport competitions to be enjoyed with partners. All employees have the option of participating in the Multisport Programme, organized by Auto Hrvatska Business Group for interested employees.

Throughout the year, additional measures are implemented to promote employee health and foster healthier lifestyles, such as health awareness days held at specific locations. An interactive session hosted by a nutritionist on proper diet and selecting nutritious foods, coupled with body composition analysis, aims to heighten employees' awareness of their health and motivate them to alter unhealthy daily routines.

Employees' need for rest and focus on their health is also taken into account with the provided break periods during the day, as well as daily, weekly and annual leave. All employees of the Business Group are covered by the occupational health and safety management system. Special attention is paid to employees working under special conditions, which are plentiful within the Business Group and account for more than 39% of employees.

Moreover, an annual voluntary flu vaccination drive is organized for interested employees within Auto Hrvatska Business Group.

Workplace Injuries

Special attention and consideration is given to preventive measures and compliance with regulations on occupational health and safety, which is why the annual rate of workplace injuries for the reporting period is satisfactory:

Work-related injuries at Auto Hrvatska Business Group in the preceding period:

Year	Number of work-place Injuries	Percentage of total number of employees
2020	9	1.3%
2021	9	1.1%
2022	2	0.3%
2023	9	1.1%

Company	Number of workplace injuries in 2023
Auto Hrvatska PSC	5
Auto Hrvatska Automobili	3
MAN Importer Hrvatska	1

Auto Hrvatska Business Group's commitment to workplace safety is underscored by the notably low number of injuries, particularly considering the number of employees performing jobs with special working conditions who are exposed to physical risks to a greater extent compared to the smaller proportion of employees who perform office work.

In Auto Hrvatska Business Group there are no occupations with a high frequency or increased risk of serious diseases. In the past three years, there was not a single case of work-related occupational disease. When assigning employees to jobs with special working conditions, they are treated in accordance with these conditions. Before being assigned to jobs, employees are required to undergo an examination in order to determine their health capacity to perform them. Periodically and in accordance with established rules, their health status is also regularly checked to ascertain if they are able to continue performing their work tasks.

Training and Education

Recognizing the value and significance of ongoing employee development and promotion, Auto Hrvatska Business Group consistently conducts training and

education initiatives. These programs encompass a broad spectrum of educational activities aimed at updating essential knowledge for enhanced efficiency and professionalism at the workplace.

Every year, around 600 employees attend various training courses. In 2023, approximately 1,163 training sessions were attended by interested employees. Index of employee satisfaction with the opportunity to learn and develop within the organisation according to the latest survey in 2023 is 82%.

Auto Hrvatska Business Group provided access to the Auto Hrvatska Education Academy for a number of years, ensuring the continuous evolution of an internal education system tailored to the needs, changes, and innovations of the market. Primary objective of this system is to offer additional encouragement, tools, and necessary support for employees' inherent desire to cultivate, advance, and refine their skills and knowledge in alignment with Auto Hrvatska Business Group's development and business endeavours.

Types of training offered to employees:

General training - encompasses topics aimed at enhancing general skills and abilities applicable across various contexts. This may include areas such as communication and presentation skills, time

management, stress management, teamwork, and other relevant topics.

Technical training - encompasses education related to technology and maintenance procedures for both personal and commercial vehicles, taking into account varying levels of complexity.

IT training - includes both internally and externally organized programs aimed at enhancing employees' knowledge of modern digital tools used in their work, and informing employees on new technologies.

Specialized training - focuses on unique intricacies and particularities of a specific workplace, encompassing professional development, training tailored to business processes, and supplier-specific training.

Foreign languages - depending on the requirements of the workplace, they are implemented through individual and group classes.

Additionally, a regional centre for MAN education operates within Auto Hrvatska Business Group. This centre boasts four certified trainers authorized to provide training on approximately 60 different topics offered through the MAN Academy. In addition to training offered as part of the MAN service network within Auto Hrvatska Business Group, trainers extend their services to service technicians from other MAN authorized centres across the region and beyond.

When developing the training program, particular attention is dedicated to training interns and young employees who are entering the workforce for the first time. Upon employment, they undergo a structured programme of visits to various business units and learn about the company's operations as a whole. During the apprenticeship period, new employees are provided with a mentor who introduces them to the job and monitors their development, and at the end of the apprenticeship, they take a final exam. Apprentices and new employees connect and get to know each other during Apprentice Day, which is celebrated annually.

In addition to the development and continuous support offered to young and new employees, Auto Hrvatska Business Group also focuses on the development of employees in managerial and leadership positions, as well as talents who will take on greater responsibilities in the future. By applying the comprehensive assessment method, employees receive immediate feedback on their strengths, as well as any opportunities for further development in order to be even more successful in their job and progress further over time. The employees' superiors, colleagues who work directly with them, and the employees personally participate in the assessment, which is carried out by means of a questionnaire.

Managers and key personnel undergo supplementary

modular training programs covering vital areas of management and business-related knowledge. These include team leadership, strategic methodologies, project management, and basic financial literacy.

Auto Hrvatska Business Group prioritizes the retention of quality employees, investing in their development and advancement, as well as recognizing and systematically nurturing talent through a comprehensive reward system and various benefits.

Efforts are made to organize operations in a manner that favours the employment of individuals from the local community, with nearly all management staff originating from nearby communities.

Apprenticeship scheme

Each year, Auto Hrvatska Business Group provides numerous interested students with the opportunity to gain their initial professional knowledge and skills through mandatory professional practice during their education. During the 2022/2023 school year, 90 students participated in our apprenticeship program. Throughout their apprenticeships, students work under the expert guidance of mentors - experienced employees adept at transferring knowledge to younger generations. Students receive daily meals, work clothes, shoes, and necessary tools on-site.

Furthermore, apprentices during their final year of schooling may qualify for scholarships offered by Auto Hrvatska Business Group, and upon completing their education, they are given priority in employment opportunities. Each year, a portion of these apprentices opts to continue working within the Business Group after finishing their high school education. Business Group is committed to providing apprentices with a positive learning experience, including birthday gifts and equal participation in all team gatherings alongside other employees.

Always aiming to improve the quality of practical teaching in vocational schools within the automotive industry, Auto Hrvatska Business Group actively participates in the "Teachers in Companies - Vocational Traineeships for Teachers" program, in collaboration with Advantage Austria Croatia, Vocational Education Agency, and other project partners. As part of the program, vocational school teachers visit companies where they gain insights into the practical challenges awaiting their students. This first-hand experience allows them to better understand the demands of the labour market, consequently enabling them to more effectively cultivate the competencies necessary for their students' future success. During 2023, teachers visited personal and economic program locations in four Croatian cities as part of the program. The participating teachers expressed great satisfaction with the practical value of visiting our locations.

Apprenticeship Scheme

Apprentices and employees under 30 make up 25% of the total number of employees.

Auto Hrvatska Business Group is aware of additional value created by employing young, ambitious people looking for their first job after completing their education or having a short working experience with a strong desire to learn and develop.

As part of the internship program, Auto Hrvatska Business Group assigns each fellow intern a mentor and provides a comprehensive program through which they acquire the necessary knowledge and competencies needed to perform work-related tasks on their own over the course of a year. The program aims to familiarize interns with the business, colleagues, departments, as well as other locations and employees within the Business Group.

After the first month of working in their assigned business unit, intern goes on an organised tour of relevant Auto Hrvatska Business Group areas. Interns have the opportunity to meet colleagues from various locations within Auto Hrvatska Business Group, gaining first-hand insights into their work. This exposure provides interns with a broader understanding of the organization and fosters mutual cooperation among members. Upon completion of the program, interns return to their respective business units, offering valuable feedback on lessons learned, impressions, and suggestions for enhancing individual work processes or communication. This feedback loop ensures continuous adaptation and improvement of the internship program.

The apprenticeship scheme lasts a maximum of one year, and the apprentice takes a final exam at the end of the scheme. The internship exam serves as an opportunity for interns to present a topic relevant to their business unit's work, which can serve as a basis for further business initiatives and improvements. With the aim of enriching the process and developing key personnel within Auto Hrvatska Business Group, upon completing the apprenticeship and passing the final exam, apprentices are offered permanent employment.

Once a year, the company organises an Apprentices' Day as a gathering of all apprentices and their mentors. During this event, apprentices are presented with the achieved business results to provide an insight into the direction of Auto Hrvatska Business Group's development. This occasion helps apprentices to get to know each other and to exchange experiences and impressions in an informal setting.

Overview of apprentices in the period between 2021 and 2023:

Year	NUMBER OF APPRENTICES
2021	8
2022	4
2023	4

Labour/Management Relations

Members of Auto Hrvatska Business Group are not signatories to the collective agreement. The rights of employees are regulated by the Employment Rulebook, which is harmonised with legislation governing labour. Auto Hrvatska Business Group observes the good practices of caring for employees, and in close cooperation with the Trade Union Commissioner, takes care of all key issues related to the rights of employees within the organisation.

The employer informs employees and their elected representatives about important changes that could significantly affect them on a regular and timely basis. The employer informs them about the changes before they come into effect to provide them with the opportunity to familiarise themselves with the changes and act in a timely manner. In accordance with the provisions of the Labour Act, information is provided to the Trade Union Commissioner and the employee representative on the Board of Directors.

All employees of Auto Hrvatska Business Group are provided with the opportunity to enjoy the benefits of incentive schemes as part of the monthly monitoring of work and productivity. Also, Auto Hrvatska Business Group employees participate in annual interviews, which represent an opportunity for targeted dialogue between managers and employees where they can jointly assess the quality of work performance and competencies, determine the level of satisfaction, and determine the necessary direction for the coming period and the desired career development goals. Annual evaluations and incentives provide all employees (100%) with regular monthly and yearly feedback on their work and potential career advancement opportunities.

In Auto Hrvatska Business Group, career development of all employees is mainly guided by monitoring their work and development under the supervision of their superiors and the Human Resources Department.

Auto Hrvatska Business Group offers various benefits to its employees, aiming for increased satisfaction in the work relationship and striking a good balance between personal and professional life.

All Business Group employees are eligible to participate in the Closed Voluntary Pension Fund of Auto Hrvatska (III. pillar). The possibility of additional savings is an example of the employer's genuine concern for the secure and stable retirement of its employees. Monthly funds are allocated by Auto Hrvatska Business Group and deposited into the fund, matching the employee's contribution, effectively doubling the total monthly amount paid. This initiative aims to ensure a more secure future for our employees and to encourage investment in their own long-term financial well-being.

All employees are insured against accidents, and by organising free regular medical check-ups for its employees, Auto Hrvatska Business Group motivates

them to take care of their own health while underlining the importance of prevention.

Employees receive a monthly allowance for food and reimbursement for transportation costs to and from work. Bonuses and gifts in kind are defined for all employees of Auto Hrvatska Business Group. Additionally, employees have the option of taking out loans with preferential terms and conditions.

Upon retirement, employees are eligible for a severance payment.

Parents who are employees of Auto Hrvatska Business Group receive compensation in the maximum tax-free amount for each newborn child. In addition, all employees, regardless of the type of employment and gender, are guaranteed all rights related to maternity, paternity, and parental leave in accordance with the Compulsory Health Insurance Act and the Maternity and Parental Benefits Act.

Beneficiaries of maternity, paternity, and/or parental leave between 2020 and 2023:

Number of employees	2020	2021	2022	2023
Maternity leave	9	12	7	12
Paternity leave	0	0	4	18
Parental leave	21	14	18	21

All members of Auto Hrvatska Business Group provide jubilee rewards for employee loyalty. Annual payments to employees include vacation pay, Christmas and Easter bonuses, yearly rewards for work performance, and a special gift for children under 15 years old. In exceptional circumstances, Auto Hrvatska Business Group provides various forms of assistance and support to its employees (long-term sick leave, bereavement, childbirth, illness, etc.).

In addition to supporting employees during exceptional life circumstances, Auto Hrvatska Business Group prioritizes fostering a balance between employees' personal and professional lives. Various activities are undertaken to demonstrate care for families and enhance the quality of family life among employees.

As part of this initiative, the company organizes opportunities for families to spend time together on a designated family day. Workshops and entertaining programs are arranged for the families of both employees and retirees during Auto Hrvatska Business Group's jubilee celebrations. During the New Year holidays, the company traditionally hosts an annual event and provides gifts for children, along with appropriate payments to employees who have children younger than 15 during the festive season.

Depending on the level of interest, the company occasionally arranges summer camps for employees' children during school holidays. Children are transported from their parents' workplace by buses for a week-long program filled with supervised activities led by kinesiologists and educators. One example of such an initiative was the summer camp organized by Auto Hrvatska Business Group for employees' children between August 28 and September 1, 2023, at Radnička cesta and Hrvatski Leskovac. The camp featured a variety of sports, entertainment, and educational activities aimed at fostering the psychophysical development of employees' children, boosting their self-confidence, and promoting teamwork.

Starting from 2023, employees' children will receive a special gift at the beginning of each school year to enrich their memorable life moments and make them even more enjoyable. This initiative aims to entertain children during a new and challenging period, while also alleviating parents from the burden of purchasing school and kindergarten supplies.

Parents of children entering the preschool education system for the first time or entering the first year of primary school are exempt from coming to work on the first day of kindergarten or school. During their absence from the workplace, employees who are

parents maintain all the rights established by the legal employment relationship.

Auto Hrvatska Business Group places significant emphasis on fostering positive communication and interpersonal relationships among employees and managers, as well as among colleagues. To promote and strengthen business collaboration, the company organizes a series of events throughout the year, catering to employees across all locations within the member companies. These events are inclusive of new employees, trainees, children of employees, and retired employees of the Business Group.

All the above benefits are intended for all employees of Auto Hrvatska Business Group, regardless of the type of employment contract, race, gender, or age.

Annual Auto Hrvatska Business Group employee meeting takes place at the Park Plaza resort in Pula, bringing together workers from various departments and regions. Attended by 541 employees, this event serves as a forum for exchanging ideas and experiences, as well as showcasing corporate

objectives and accomplishments.

In 2023, the event featured a range of activities including sports tournaments and art workshops, promoting teamwork and collaboration among employees. These activities exemplify the company's commitment to strengthening interaction and building a sense of community.

During the evening festivities, Mr. Bogdan Tihava, Chairman of the Board of Directors, and Mr. Velimir Marović, Chief Executive Officer, addressed employees, providing updates on the Business Group's current status and future plans. Additionally, a new internal communication platform - mobile app and internal social network called Jenz - was introduced to enhance employee communication and connectivity.

Employees with many years of service in Auto Hrvatska Business Group, as well as those who distinguished themselves during the year, received special awards. These actions reflect the Business Group's positive approach, recognizing ongoing contributions and achievements of its employees through such acknowledgements.







4.2

COOPERATION WITH THE LOCAL COMMUNITY:

Santa Claus Truck project - cooperation with the local community

Santa Claus Truck project initiated by Auto Hrvatska Business Group consisted of a tour across nine Croatian cities and visits to SOS children's villages in Ladimirevci and Lekenik. This initiative comprised educational and entertaining activities for children, emphasizing the values of humanity and compassion. Highlight was the performance "Christmas is Coming," educating children about responsible behaviour in traffic.

Visiting schools of technology and economy

On May 8, 2023, Auto Hrvatska PSC in Osijek hosted fourth-grade students from the Mechanical Engineering School, providing them with insights into daily operations and tasks. Similarly, on May 16, 2023, Buje School of Economy visited PSC Pazin. The School of Economics, Office Technology, and Commerce from Zadar visited Auto Hrvatska Automobili in Zadar on April 27, 2023, where students were introduced to various Business Group's operations and activities.

Vocational school teachers in traineeship

Through the "Teachers in Companies" project, Auto Hrvatska Business Group hosted traineeship events for teachers at various locations, including Hrvatski Leskovac, Radnička cesta 182, Karlovac, and Osijek, on May 9, 2023. This project enabled teachers to gain practical knowledge and experience, enhancing the connection between entrepreneurship and education.

Young Car Mechanic competition

The finals of the Young Car Mechanic competition were hosted by Auto Hrvatska Business Group on May 16, 2023, at Radnička 182. This competition, which brought together 11 students from six high schools, underscored the Auto Hrvatska Business Group's commitment to supporting vocational education and training young talents in the automotive industry.

As a key partner of the Effective Human Resources 2014-2020 operational program, Auto Hrvatska Business Group collaborates with Vice Vlatković Vocational School, emphasizing its dedication to the advancement of vocational education. As part of this program, Auto Hrvatska Business Group participated in the 2023 trade fair "Promotion of vocational education through the application of electric vehicles and robotics in the mechanical engineering sector," part of the Be Ready and Competent project. This trade fair served as a platform for exploring and showcasing innovative approaches in vocational education, particularly focusing on the utilization of electric vehicles and robotics. Through this collaboration, Auto Hrvatska Business Group manifests its commitment to supporting and nurturing future experts in the automotive sector, while also advocating for the significance of technological advancement and innovation in vocational education.

Auto Hrvatska Automobili and Cupra - golden sponsor of Zadar Night Run event

ZADAR NIGHT RUN 2023 is a street race organized by the Zadar Running School and the Zadar Triathlon Club, aimed at promoting recreational running and athletics in general.

Student apprenticeship project KARIJEROLink:

Over 100 male and female students from Zagreb and Daruvar secondary schools were provided with the opportunity to undertake a two-day apprenticeship at one of the 30 host companies and institutions. This initiative enabled students to gain first-hand experience in professions that interest them directly at the workplace, facilitating informed decisions when selecting a college and future career path.



Young Car Mechanic competition



Santa Claus Truck project
- cooperation with the local community



Vocational school teachers in traineeship



Auto Hrvatska Automobili and Cupra
- golden sponsor of Zadar Night Run event



Visiting schools of technology and economy

5 RECOGNITIONS AND AWARDS:



In 2023, Auto Hrvatska Business Group received notable recognition, underscoring its commitment to excellence, social responsibility, and international collaboration. Auto Hrvatska Business Group was honoured with the prestigious German-Croatian Economy Award by the German-Croatian Chamber of Industry and Commerce, acknowledging its social engagement and significant contribution to German-Croatian economic relations. This acknowledgement positioned Auto Hrvatska Business Group as a paragon of social responsibility and enhanced international business cooperation.

At the Peugeot annual convention in Šibenik in 2023, Auto Hrvatska Business Group excelled in sales and service segments, garnering awards across various categories. This recognition for their 2022 performance reaffirms the Business Group's unwavering dedication to service excellence and customer satisfaction.





Furthermore, in 2023, Auto Hrvatska Business Group won third place in the competition for the best authorized Škoda service centre in Croatia in 2022. Additionally, Mazda centre in Rijeka was acknowledged for achieving the highest improvement in customer satisfaction. These awards, based on customer satisfaction, service quality and quantity, and expertise, further establish Auto Hrvatska Business Group as a frontrunner in delivering top-notch services.

Auto Hrvatska PSC has been consistently recognized as one of Croatia's top 500 companies by Lider magazine's "Top 500" publication since 2007, affirming its enduring reputation for excellence. This recognition is a testament to the company's enduring commitment to corporate success and sustainability.



6 GOALS AND ACHIEVEMENTS (KPI)

Auto Hrvatska Business Group is steadfast in its efforts to enhance operations, focusing on sustainability and corporate responsibility.

In terms of environmental objectives, our primary focus lies on reducing electricity consumption, generating renewable energy, and exclusively utilizing energy from renewable sources, also known as green energy. To reduce electricity consumption, we replaced existing lighting with energy-efficient LED lighting and modernized boiler rooms and cooling stations. In 2023, we completed the installation of a solar power plant at our Rijeka site, boasting a capacity of 65 kW, with electricity production commencing in November. Notably, we procured all electricity from 100% renewable sources.



We've expanded our product portfolio to include new brands of electricity-powered vehicles and aim to transition our own vehicle fleet to electric power in the near future.





In terms of social responsibility, our paramount concern is our employees' welfare. We aspire to be one of the most sought-after employers for both current and prospective employees.

In 2023, we reduced turnover rates and enhanced employee satisfaction through independent surveys and feedback channels, utilizing collected data to prioritize and implement optimal solutions.

Every year, we improve our in-house education programs and foster professional growth, aligning with our strategy to epitomize competence through our outstanding workforce.

In 2023, we adjusted the basic coefficient for salary calculation by 10% and revised minimum wages based on job systematization. We organized a summer camp for employees' children and granted leave when a child starts kindergarten or school for the first time.



Furthermore, we introduced an internal social network to facilitate two-way communication among employees and actively engage with communities through various events, donations, and sponsorships.

We take pride in our collaborations with vocational schools, engaging both students and teachers in our initiatives. Through collaboration, we facilitate acquiring initial professional knowledge as part of mandatory apprenticeship and our training program.



7

MARKETING AND ADVERTISING

According to organisational procedures for data on products and services and their labelling, each product has a manufacturer's label, basic technical data, and special product-specific data. Technical descriptions and instructions for the safe use of products or services are made for more complex products and plants. In addition, end-user training seminars are organised if the product or service requires it. During the reporting period, there were no reports of non-compliance with the obligation to provide product information and labelling that resulted in a fine or a warning. During the reporting period, there were also no reports of any cases of erroneous marketing communication that resulted in a fine or warning.



8

PRIVACY:

Special consideration is given to customer privacy. The processing of personal data belonging to our users and website visitors is conducted fairly and lawfully, based on valid legal grounds and with obtained consent for data processing. Personal data is only processed when necessary, with special attention to data security. During the reporting period, Legal Affairs haven't noted a single case of complaints from external parties regarding the processing of personal data.



9

EU TAXONOMY - KEY INDICATORS OF ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

The EU Taxonomy Regulation (EU) 2020/852 establishes a classification system for identifying sustainable economic activities, integral to the EU's Green Plan. Primary objective of this plan is to redirect capital flows towards achieving climate neutrality and environmental sustainability. Article 3 of this Regulation outlines the criteria for determining environmentally sustainable economic activities.

An economic activity is deemed sustainable if it significantly contributes to at least one environmental objective, without significantly harming other environmental objectives (known as DNSH), and if it is carried out in compliance with the minimum safeguards as outlined in Article 18. An economic activity is considered taxonomically acceptable if it is included in the delegated acts of the Taxonomy Regulation, indicating that technical verification criteria have been established for it.

Pursuant to the Accounting Act (Articles 21 and 24a) and Directive (EU) 2013/34, including Article 19a and Article 29a, along with the Delegated Regulation (EU) 2021/218, Auto Hrvatska Business Group is mandated to disclose information regarding the proportion of taxonomically acceptable and unacceptable economic activities within their total revenues, capital expenditures (Capex), and operational expenditures (Opex). This information encompasses all environmental objectives, including mitigation and adaptation to climate change, sustainable water resource usage, transition to a circular economy, pollution prevention and control, and biodiversity protection.

Here are three key performance indicators in Auto Hrvatska Business Group:

Share of revenue from sales and services related to economic activities aligned with the EU taxonomy.

Economic activities (1)	Designation/ designations (2)	Absolute revenue (3) in EUR	Share in revenue (4) in %
A. TAXONOMY-ELIGIBLE ACTIVITIES			2%
A.1. Environmentally sustainable activities (aligned with the taxonomy)			
			0%
Revenue from environmentally sustainable activities (aligned with the taxonomy) (A.1)		0.00	0%
A.2 Taxonomy-eligible, but environmentally unsustainable activities (non-aligned with taxonomy)			
7.7 Purchase and ownership of buildings		3,849,138.00	2%
5.3 Preparing to reuse products and components at the end of their useful life		1,032,665.00	0%
4.1 Production of electricity using solar photovoltaic technology		22,902.00	0%
Revenue from taxonomy-eligible, but environmentally unsustainable activities (non-aligned with taxonomy) (A.2)		4,904,705.00	2%
Total (A.1+A.2)		4,904,705.00	2%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Revenue from taxonomy-non-eligible activities		237,277,708.00	98%
Total (A+B)		242,182,413.00	100%

An economic activity is considered taxonomically eligible if it is included in the delegated acts of the Taxonomy Regulation, indicating that technical verification criteria have been established for it. Based on performed analysis, it was found that the primary activity of selling cars, trucks, buses, and services isn't covered by the EU Taxonomy Regulation. Consequently, 98% of the revenue share pertains to taxonomy-non-eligible activities.

Share of capital expenditures for products and services related to economic activities aligned with the EU taxonomy

Economic activities (1)	Designation/designations (2)	Absolute capital expenditures (3) in EUR	Share in revenue (4) in %
A. TAXONOMY-ELIGIBLE ACTIVITIES			1%
A.1. Environmentally sustainable activities (aligned with the taxonomy)			
			0%
Capital expenditures of environmentally sustainable activities (aligned with taxonomy) (A.1)		0.00	0%
A.2 Taxonomy-eligible, but environmentally unsustainable activities (non-aligned with taxonomy)			
4.1 Production of electricity using solar photovoltaic technology		110,162.00	1%
Capital expenditures from taxonomy-eligible, but environmentally unsustainable activities (non-aligned with taxonomy) (A.2)		110,162.00	1%
Total (A.1+A.2)		110,162.00	1%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Capital expenditures from taxonomy-non-eligible activities		8,787,034.00	99%
Total (A+B)		8,897,196.00	100%

Majority of capital expenditures are allocated to taxonomy-non-eligible activities. However, investments in solar power plants are considered as taxonomy-eligible. Since this is the initial reporting year, not all technical verification criteria have been established, leading us to include them in the category of activities not aligned with the EU taxonomy.

Share of operational expenditures for products and services related to economic activities aligned with the EU taxonomy:

Economic activities (1)	Designation/designations (2)	Absolute capital expenditures (3) in EUR	Share in revenue (4) in %
A. TAXONOMY-ELIGIBLE ACTIVITIES			2%
A.1. Environmentally sustainable activities (aligned with taxonomy)			
			0%
Operating expenditures for environmentally sustainable activities (aligned with taxonomy) (A.1)		0.00	0%
A.2 Taxonomy-eligible, but environmentally unsustainable activities (non-aligned with taxonomy)			
7.7 Purchase and ownership of buildings		4,696,332.00	2%
5.3 Preparing to reuse products and components at the end of their useful life		272,216.00	0%
Operating expenditures from taxonomy-eligible but environmentally unsustainable activities (non-aligned with taxonomy) (A.2)		4,968,548.00	2%
Total (A.1+A.2)		4,968,548.00	2%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Operating expenditures from taxonomy-non-eligible activities		215,220,859.00	98%
Total (A+B)		220,189,407.00	100%

Operating expenditures categorized as taxonomy-eligible but not aligned refer to activities concerning the ownership and maintenance of real estate and product preparation for end-of-life reuse, such as our brake calliper repairs. However, since this is the initial reporting year, not all technical verification criteria have been established, leading us to include them in the category of activities not aligned with the EU taxonomy.

Auto Hrvatska Business Group is committed to enhancing the process further. By integrating all necessary controls associated with assessing compliance with technical verification criteria confirming a significant contribution and adhering to the "does not cause significant harm" (DNSH) criteria and minimum protective measures, we aim to identify which revenues, operating expenditures, and capital expenditures are taxonomy-eligible and aligned.



10

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411-1	Cases of violation of the rights of community residents	94, 95, 96, 97
Local communities (GRI 413)		
413-1	Involvement of the local community	94, 95, 96, 97
Marketing and labelling (GRI 417)		
417-1	Product labelling	99
417-2	Cases of failure to comply with the obligation to provide product information and labelling	99
417-3	Cases of erroneous marketing communication	99
Customer privacy (GRI 418)		
418-1	Identified complaints related to violations of customer privacy and loss of customer data	101



11

**INDEPENDENT
AUDITOR'S REPORT
AND ANNUAL
CONSOLIDATED
FINANCIAL
STATEMENTS**

11.1

RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the Accounting Act of the Republic of Croatia, executive directors are mandated to ensure that the consolidated financial statements for each financial year align with both the Accounting Act and the International Financial Reporting Standards adopted by the European Union (IFRS). This ensures an unbiased depiction of assets, liabilities, financial position, and profit or loss of Auto Hrvatska Group ("Group"). Moreover, it requires that the Annual Report of Executive Directors on the State of the Group offers an impartial overview of Group's operations and position for that period.

Executive directors maintain a reasonable expectation that the Group possesses sufficient funds to sustain operations in the foreseeable future. Consequently, they adhere to the principle of continuity of operations when drafting both the consolidated financial statements and the Annual Report of Executive Directors on the State of the Group.

In preparing the consolidated financial statements, executive directors are responsible for:

- Selecting and consistently applying appropriate accounting policies.
- Ensuring that judgements and assessments are prudent and reasonable.
- Applying valid accounting standards and disclosing and explaining any significant deviations in the consolidated financial statements.
- Preparing consolidated financial statements in accordance with the principle of continuity of operations, unless it is deemed inappropriate to presume the Group will continue its business activities.

Executive directors are tasked with maintaining accurate accounting records that accurately reflect the Group's financial position at any given time and its adherence to the Croatian Accounting Act. Additionally, executive directors are responsible for safeguarding the Group's assets and must take reasonable measures to prevent and detect embezzlement and other illicit activities.

Consolidated financial statements were approved and signed by executive directors on March 21, 2024.

Velimir Marović
Chief Executive Officer



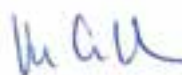
Robert Srebrenović
Executive director



Mario Fabek
Executive director



Alen Vuksan-Ćusa
Executive director



Auto Hrvatska d.d.
Heinzelova 70
HR – 10000 Zagreb



11.2

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AUTO HRVATSKA D.D.

Opinion

We conducted an audit of the consolidated financial statements of Auto Hrvatska d.d., Zagreb, and its affiliated companies (Group). This audit encompasses consolidated statement of financial position as of December 31, 2023, consolidated statement of comprehensive revenue, consolidated statement of cash flows, consolidated statement of changes in equity for the previous year, and accompanying notes to the consolidated financial statements, inclusive of significant accounting policies.

In our assessment, the attached consolidated financial statements provide an accurate and unbiased representation of Group's financial status as of December 31, 2023. They also depict the Group's financial performance and cash flows for the previous year in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS).

Basis for Opinion:

Our audit was conducted in compliance with International Auditing Standards (IAS). Our responsibilities under these standards are detailed in our auditor's report, specifically in the section

Responsibilities of Auditors for Auditing Consolidated Financial Statements. We maintain independence from the Group in accordance with the International Code of Ethics for Professional Accountants, including the International Standards of Independence issued by the International Ethics Standards Board for Accountants (IESBA) (IESBA Code). Furthermore, we adhere to ethical requirements pertinent to our audit of the consolidated financial statements in the Republic of Croatia. We have fulfilled our other ethical obligations as per these requirements and the IESBA Code. We are confident that the audit evidence we gathered is adequate and appropriate to form the basis of our opinion.

Critical Audit Matters:

Critical Audit Matters are those matters that, in our professional judgement, held the utmost significance in our audit of the current period's consolidated financial statements. We addressed these matters within the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters.



Critical Audit Matters:	How we approached Critical Audit Matters during the audit
<p>Recoverability of long-term assets (investments in real estate)</p> <p>As outlined in Note 3, "Summary of Significant Accounting Policies," items 3.4 and 3.6, and further detailed in Note 6, "Tangible Assets," an impairment test is conducted annually to identify indicators of impairment for long-term tangible and intangible assets.</p> <p>As of December 31, 2023, the accounting value of real estate, plant, and equipment is EUR 47,536,004.48 (2022: EUR 45,978,119.06). This primarily pertains to investments in real estate, which are valued at the cost of investment, less depreciation and impairment, if applicable.</p> <p>Assessment of impairment is a multifaceted and subjective process contingent upon specific assumptions.</p> <p>This complexity deems it a Critical Audit Matters, given the requisite year-end judgements and the amount's significance within total assets.</p>	<p>Audit procedures entailed grasping the process of determining, calculating, and acknowledging long-term asset impairment, evaluating the appropriateness of impairment testing methodology, and ensuring compliance of accounting policies with relevant standards.</p> <p>We acquired insight into the internal control system and tested operational efficiency of controls throughout the determination, calculation, and recognition of long-term asset impairment.</p> <ul style="list-style-type: none"> • On the sample, we examined key estimates used by the Group to identify signs of impairment and reviewed internal reports prepared for this purpose. Furthermore, we conducted an analysis of achieved results vis-a-vis historical projections in prior period models and scrutinized key indicators monitored by the model. Additionally, we verified the mathematical accuracy of the model and the accuracy of input data. • We evaluated the adequacy of the methodology employed by management in appraising the accounting value of assets and assessed the consistency of its application compared to the previous year. • In our assessment of the recoverability of investments in real estate, we conducted a review of sales contracts, land registry extracts, and other pertinent documentation. This was aimed at establishing reasonable assurance regarding the existence, completeness, and ownership of recorded investments in real estate. Through recalculations, we ensured the precision of mathematical calculations and the accuracy of posted depreciation. • We compared the appraisals of individual properties with market values. <p>Furthermore, we evaluated the sufficiency of relevant disclosures in the consolidated financial statements and their adherence to the IFRS standards adopted by the European Union.</p>



Critical Audit Matters:	How we approached Critical Audit Matters during the audit
<p>Valuation of merchandise inventory</p> <p>As outlined in Note 3, "Summary of Significant Accounting Policies," item 3.9, and detailed in Note 9, "Inventories," inventories are recorded at the lower value between the cost or net realizable value. Net realizable value is determined as the estimated selling price minus all anticipated costs. Adjustments to the value of inventory are made on an individual basis for each product under specific circumstances. These circumstances include instances where goods are damaged, have become completely or partially obsolete, or if their selling price has fallen below the purchase price.</p> <p>On December 31, 2023, the accounting value of inventory is EUR 45,721,809.36 (2022: EUR 31,289,335.06) and mostly refers to inventory of trade goods.</p> <p>Estimating the net worth of inventory is a subjective process, based on certain assumptions. This complexity deems it a Critical Audit Matters, given the requisite year-end judgements and the amount's significance within total assets.</p>	<p>The audit procedures included obtaining an understanding of the process for determining, calculating, and recognizing the value of inventories. This involved assessing the appropriateness of the methodology for recognizing value adjustments and evaluating the compliance of accounting policies with the applicable accounting framework.</p> <p>We gained insight into the internal control system and assessed the operational effectiveness of controls in the process of determining, calculating, and recognizing the value of inventories.</p> <p>Through sampling, we scrutinized acquisitions and disposals of inventories by reviewing contracts, invoices, and related documentation.</p> <p>Furthermore, we evaluated the adequacy of inventory valuation by examining inventories with no output during the year and verifying the valuation at the lower of acquisition cost or net realizable value through review of realized sales.</p> <p>Additionally, we assessed the sufficiency of relevant disclosures in the financial statements and their alignment with the IFRS adopted by the European Union.</p>
<p>Revenue recognition, including customer rebates</p> <p>As outlined in Note 3, "Summary of Significant Accounting Policies," item 3.19, regarding revenue recognition, and in Note 19, "Sales Revenue," the Group recognizes sales revenue, net value of rebates, discounts, returns, etc., integral to contracts with customers. Measurement and presentation of revenue in such contracts involve estimates.</p> <p>On the reporting date, rebate amounts were taken into consideration and calculated, and revenue was recognized on a net basis.</p> <p>Revenue recognition risk is inherent across industries due to contract complexities and the need for management to control the process.</p> <p>This is a Critical Audit Matter due to year-end judgements and number of individual contracts.</p>	<p>Audit procedures involved comprehending the revenue recognition process, including rebate recognition, and assessing the alignment of accounting policies with the relevant accounting framework.</p> <p>We assessed internal control systems and tested operational efficiency of controls in the revenue recognition process.</p> <p>Through sampling, we reviewed revenue transactions pre- and post-year-end, as well as post-reporting period approvals.</p> <p>Analytical procedures projected current-year sales revenue expectations based on previous periods' outcomes.</p> <p>For key customers, we reviewed contracts and rebate calculation methods, confirmed balances at the end of the observed period, and investigated discrepancies.</p> <p>Furthermore, we evaluated the sufficiency of relevant disclosures in the consolidated financial statements and their adherence to the IFRS standards adopted by the European Union.</p>



Other information in the Annual Report of Executive Directors on the State of the Group

Other information is the responsibility of executive directors. Other information includes the Management Report, Non-Financial Report and Statement on the Application of the Corporate Governance Code included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements specifically excludes other information.

As part of our audit of the consolidated financial statements, we were tasked with reviewing other information. During this process, we evaluated whether the other information is materially inconsistent with the consolidated financial statements or our audit findings, or if it appears to be significantly misstated.

Regarding the Management Report, Non-Financial Report, and Statement on the Application of the Corporate Governance Code, we conducted procedures as mandated by the Accounting Act. These procedures include checking whether the Management Report is prepared in accordance with Articles 21 and 24 of the Accounting Act, whether the Non-Financial Report was prepared in accordance with Article 21.a of the Accounting Act and whether the Statement on the Application of the Corporate Governance Code contains the information from Articles 22 and 24 of the Accounting Act.

Based on the performed procedures, to the extent that we are able to assess, we report the following:

1. Information in the attached Management Report and Statement on the Application of the Corporate Governance Code is consistent, in all significant respects, with the attached consolidated financial statements.
2. Attached is the Management Report compiled in accordance with Articles 21 and 24 of the Accounting Act,
3. Attached is the Non-Financial Report compiled in accordance with Article 21.a of the Accounting Act, and
4. Attached Statement on the Application of the Corporate Governance Code includes the information defined in Article 22 of the Accounting Act.

Based on our knowledge and understanding of the Group's operations and its environment obtained during the audit of the consolidated financial statements, we are required to report any material misstatements we identify in the attached Management Report, Non-Financial Report, and Statement on the Application of the Corporate Governance Code. In this sense, we have nothing to report.

Responsibilities of executive directors and those charged with management with regard to consolidated financial statements

Executive directors bear the responsibility for preparing consolidated financial statements that provide a true and fair representation in accordance with IFRS. Additionally, they are accountable for establishing internal controls deemed necessary to facilitate the creation of consolidated financial statements devoid of material misstatements, whether arising from fraud or error.

During the preparation of the consolidated financial statements, executive directors are tasked with evaluating the Group's capability to continue as a going concern. If deemed necessary, they must disclose relevant issues pertaining to the going concern and adopt the going concern basis of accounting, unless circumstances indicate that the executive directors are in the process of liquidating the Group, discontinuing operations, or have no viable alternative but to do so.

Individuals responsible for management are tasked with overseeing the financial reporting process established by the Group.



Auditor's responsibilities with regard to auditing consolidated financial statements

Our objectives are to obtain reasonable assurance whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, and does not guarantee that an audit conducted in accordance with International Auditing Standards (IAS) will invariably uncover a significant misstatement if present. Misstatements can occur as a result of either fraudulent activities or inadvertent errors and are deemed significant if they could reasonably be anticipated to impact the economic decisions of users, either individually or when combined, relying on the information presented in the consolidated financial statements.

As an inherent component of an audit aligned with International Auditing Standards (IAS), we exercise professional judgement and uphold professional scepticism throughout the audit process. We also:

- Identify and evaluate the risks of significant misstatements in the consolidated financial statements due to fraud or error. We then design and execute audit procedures tailored to address these risks, ensuring that the evidence obtained is adequate and relevant to support our opinion. The risk of failing to detect a significant misstatement stemming from fraud surpasses the risk originating from error. Fraud may entail collusion, forgery, deliberate omissions, misrepresentations, or bypassing internal controls.
- Obtain understanding of internal controls in order to customize audit procedures accordingly. However, we do not express an opinion on the effectiveness of the Group's internal controls.
- Assess the suitability of accounting policies employed and the reasonableness of accounting estimates and associated disclosures provided by executive directors.
- Assess the appropriateness of the going concern assumption made by executive directors and, based on the evidence gathered, determine whether there is a material uncertainty regarding events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If such uncertainty exists, we highlight it in our auditor's report, either through disclosures in the consolidated financial statements or by modifying our opinion accordingly. Our conclusions rely on audit evidence gathered up to the issuance of our auditor's report. It's worth noting that future events or circumstances could lead to the Group ceasing to operate with the expectation of indefinite existence.
- Review the overall presentation, structure, and content of the consolidated financial statements, including disclosures, to ensure they provide a fair representation of the underlying transactions and events.

We engage in communication with those entrusted with management concerning, among other topics, the intended scope and schedule of the audit and noteworthy audit discoveries, encompassing significant deficiencies in internal controls identified during our audit.

We also assure those entrusted with management that we have adhered to relevant ethical standards concerning independence. We pledge to communicate with them regarding any relationships or other factors that could reasonably influence our independence. Additionally, we will inform them about actions taken to mitigate threats to independence and related safeguards.

Throughout the audit process, we communicate Critical Audit Matters to those responsible for management, focusing on the most significant aspects pertinent to the current period's consolidated financial statements. We detail these aspects in our auditor's report unless legal or regulatory constraints prohibit public disclosure or in extremely rare instances, we determine that disclosing the matter in our auditor's report would have adverse effects outweighing the benefits to the public interest.



Report on other legal requirements

Report based on requirements of Regulation

(EU) no. 537/2014

- 1 We were appointed by the Group Assembly on April 27, 2023, based on the proposal of the Chairman of the General Assembly, to audit the consolidated financial statements for 2023.
- 2 As of the date of this report, we have been continuously engaged in conducting statutory audits of the Group, from auditing consolidated financial statements for the year 2021 to auditing consolidated financial statements for the year 2023, encompassing a total of three years.
- 3 During the audit of consolidated financial statements for the year 2023, we established the materiality threshold for consolidated financial statements as a whole at EUR 731,816, which is approximately 5.0% of profit before taxation.
- 4 Our audit opinion is consistent with the additional report for the Group's audit committee drawn up in accordance with the provisions of Article 11 of Regulation (EU) no. 537/2014.
- 5 Between the initial date of Group's audited consolidated financial statements for the year 2023 and the date of this report, we have upheld our independence and did not engage in providing prohibited non-audit services to the company and its controlled entities within the EU or in third countries. Additionally, we did not offer any services that include designing and assisting in the implementation of internal control procedures or risk management related to the preparation and/or oversight of financial information, nor did we participate in designing and implementing technological systems for financial information. Throughout the audit process, we maintained our independence from the Group.

Report based on the requirements of Delegated Regulation (EU) 2018/815 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

Report on the auditor's opinion regarding compliance of the consolidated financial statements, compiled based on the provisions of Article 462, paragraph 5 of the Capital Market Act (Official Gazette nos. 65/18, 17/20, 83/21 and 151/22) applying the requirements of Delegated Regulation (EU) 2018/815, which prescribes a single electronic reporting format for issuers (ESEF Regulation).

We have expressed reasonable assurance as to whether the consolidated financial statements have been prepared for the purposes of disclosure to the public pursuant to Article 462, paragraph 5 of the Capital Market Act, which are contained in the attached electronic file `autohrvatskagrupa.xhtml`, and which are in all significant terms prepared in accordance with the requirements of the ESEF Regulation.

Responsibilities of executive directors and those responsible for management

Executive directors bear responsibility for preparing and ensuring the accuracy of consolidated financial statements in compliance with the ESEF Regulation.

Furthermore, it is incumbent upon the Group executives directors to establish and uphold an internal control system that reasonably assures the preparation of consolidated financial statements devoid of material non-compliance with the reporting mandates outlined in the ESEF Regulation, whether arising from fraud or error.

Executive directors are also responsible for:

- Public disclosure of consolidated financial statements contained in the report in valid XHTML format and
- Selecting and using XBRL tags in accordance with the requirements of the ESEF Regulation.

Those responsible for management are tasked with supervising the compilation of consolidated financial statements in ESEF format as an integral aspect of the financial reporting process.



Responsibilities of the auditor

Our responsibility is to provide an opinion, derived from the evidence acquired during the audit, regarding whether the consolidated financial statements adhere to the ESEF Regulation's requirements without material non-compliance. This evaluation was conducted as part of a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Completed procedures

The nature, timing and scope of the procedures selected depend on the auditor's judgement. Reasonable assurance represents a high level of assurance, but is not a guarantee that the scope of testing will reveal every significant non-compliance with the ESEF Regulation.

As part of the selected procedures, we performed the following activities:

- we have read the requirements of the ESEF Regulation,
- we have gained an understanding of Group's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or error, and
- pursuant to the aforementioned, we designed procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our opinion.

The objective of our procedures was to assess whether:

- consolidated financial statements, which are included in the Annual Report of Executive Directors on the State of the Group, made in valid XHTML format,
- data, contained in the consolidated financial statements required by the ESEF Regulation, are labelled and all labels meet the following requirements:
 - XBRL markup language was used,
 - elements of the basic taxonomy listed in the ESEF Regulation with the closest accounting significance were used, unless an additional element of the taxonomy was created in accordance with Annex IV of the ESEF Regulation,
 - labels comply with common labelling rules under the ESEF Regulation.

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

Conclusion

According to our belief, based on the procedures carried out and the evidence obtained, consolidated financial statements presented in the ESEF format, contained in the above-mentioned attached electronic file and based on the provisions of Article 462, paragraph 5 of the Capital Market Act, prepared for public disclosure, are in all significant respects in accordance with the requirements stated under Articles 3, 4 and 6 of the ESEF Regulation for the year ended on December 31, 2023.

In addition to the conclusion provided in this Independent Auditor's Report regarding the accompanying consolidated financial statements and the Annual Report of Executive Directors for the year ended on 31 December 2023, we refrain from expressing any opinion on the information presented therein or on any other information included in the aforementioned document.

Partner performing the audit resulting in this Independent Auditor's Report is Ivana Matovina.

Antares revizija d.o.o. for auditing

Certified auditors in Croatia

Heinzelova 62a, 10 000 Zagreb, Republic of Croatia

Zagreb, 21 March 2024

On behalf of and for Antares revizija d.o.o. for auditing

Ivana Matovina

11.3

CONSOLIDATED FINANCIAL STATEMENTS

1 Consolidated statement of financial position as of December 31, 2023

Auto Hrvatska Group

No	POSITION	Note	AMOUNT in EUR	
			31 December 2023	31 December 2022 revised
	ASSETS			
A	RECEIVABLES FOR SUBSCRIBED BUT UNPAID CAPITAL		0.00	0.00
B	LONG-TERM ASSETS		50,573,352.69	49,033,555.25
I	INTANGIBLE ASSETS	5	1,285,604.05	782,705.42
1	Development expenditure		0.00	0.00
2	Concessions, patents, licenses, trademarks and service marks, software and other rights		1,174,544.81	670,882.87
3	Goodwill		111,059.24	111,059.13
4	Advances for procuring intangible assets		0.00	0.00
5	Intangible assets under preparation		0.00	0.00
6	Other intangible assets		0.00	763.42
II	TANGIBLE ASSETS	6	47,536,004.48	45,978,119.06
1	Land		611,535.31	611,535.34
2	Buildings		2,340,151.26	3,265,848.30
3	Plants and equipment		2,276,093.54	1,754,374.15
4	Tools, plant inventory and transport assets		9,683,340.64	9,137,444.82
5	Biological assets		0.00	0.00
6	Advances for tangible assets		0.00	200,000.00
7	Tangible assets under preparation		934,642.02	918,404.80
8	Other tangible assets		87,309.14	104,868.67
9	Real estate investments		31,602,932.57	2,998,5642.98
III	LONG-TERM FINANCIAL ASSETS	7	1,703,299.90	13,822.68
1	Investments in interest (shares) of entrepreneurs within the Group		0.00	0.00
2	Investments in other securities of entrepreneurs within the Group		0.00	0.00
3	Loans, deposits, etc. given to entrepreneurs within the Group		0.00	0.00
4	Investments in interest (shares) of companies linked by virtue of participating interests		0.00	0.00
5	Investments in other securities of companies linked by virtue of participating interests		0.00	0.00
6	Loans, deposits, etc. given to companies linked by virtue of participating interests		0.00	0.00
7	Investments in securities		0.00	5,189.46
8	Loans, deposits, etc.		1,703,299.90	8,633.22
9	Other investments calculated using the equity method		0.00	0.00
10	Other long-term financial assets		0.00	0.00
IV	RECEIVABLES	8	807.44	2,192,152.10
1	Receivables from entrepreneurs within the Group		0.00	0.00
2	Receivables from companies linked by virtue of participating interests		0.00	0.00
3	Customer receivables		0.00	2,190,666.67
4	Other receivables		807.44	1,485.43
V	DEFERRED TAX ASSETS	9	47,636.82	66,755.99
C	SHORT-TERM ASSETS		68,125,202.84	60,927,249.60
I	SUPPLIES	10	45,721,809.36	31,289,335.06
1	Raw materials and material		843,846.90	505,865.95
2	Production in progress		0.00	0.00
3	Finished products		0.00	0.00
4	Trade goods		43,329,559.02	29,588,653.00
5	Advances for supplies		1,548,403.44	1,194,816.11
6	Long-term assets intended for sale		0.00	0.00
7	Biological assets		0.00	0.00
II	RECEIVABLES	11	14,126,416.77	11,824,993.44
1	Receivables from entrepreneurs within the Group		0.00	0.00
2	Receivables from companies connected by participating interest		0.00	0.00
3	Trade receivables		12,133,792.60	10,511,557.37
4	Receivables from employees and members of entrepreneurs		16,739.81	11,259.41
5	Receivables from the state and other institutions		962,753.03	661,556.84
6	Other receivables		1,013,131.33	640,619.82
III	SHORT-TERM FINANCIAL ASSETS	12	638,824.89	1,455,754.33
1	Investments in interest (shares) of entrepreneurs within the Group		0.00	0.00
2	Investments in other securities of entrepreneurs within the group		0.00	0.00
3	Loans, deposits, etc. given to entrepreneurs within the group		0.00	0.00
4	Investments in shares (shares) of companies linked by virtue of participating interests		0.00	0.00
5	Investments in other securities of companies linked by virtue of participating interests		0.00	0.00
6	Loans, deposits, etc. given to companies linked by virtue of participating interests		0.00	0.00
7	Investments in securities		6,000.00	75,917.45
8	Loans, deposits, etc.		632,824.89	1,379,836.88
9	Other financial assets		0.00	0.00
IV	MONEY IN THE BANK AND THE CASH REGISTER	13	7,638,151.82	16,357,166.77
D	PREPAYMENTS AND ACCRUED INCOME	14	1,459,041.00	1,593,039.62
E	TOTAL ASSETS		120,157,596.53	111,553,844.47
F	OFF BALANCE SHEET RECORDS	31	134,974,350.00	132,760,782.80

1 Consolidated statement of financial position as of December 31, 2023

Auto Hrvatska Group

No	POSITION	Note	AMOUNT in EUR	
			31 December 2023	31 December 2022 revised
	LIABILITIES			
A	CAPITAL AND RESERVES	15	79,813,224.59	70,408,738.45
I	SHARE (REGISTERED) CAPITAL		7,800,000.00	7,963,368.50
II	CAPITAL RESERVES		5,829,273.89	5,296,493.07
III	PROFIT RESERVES		5,427,403.61	5,163,693.68
1	Legal reserves		398,168.43	398,168.43
2	Reserves for own shares		3,394,875.48	3,703,292.59
3	Own shares and interest (deductible item)		3,394,875.48	3,703,292.59
4	Statutory reserves		1,990,964.84	1,990,965.03
5	Other reserves		3,038,270.34	2,774,560.22
IV	REVALUATION RESERVES		0.00	0.00
V	FAIR VALUE RESERVES AND OTHERS		0.00	0.00
1	Fair value of financial assets through other comprehensive revenue (i.e. available for sale)		0.00	0.00
2	Effective part of cash flow protection		0.00	0.00
3	Effective part of net investment protection abroad		0.00	0.00
4	Other fair value reserves		0.00	0.00
5	Exchange rate differences from foreign operations (consolidation)		0.00	0.00
VI	RETAINED EARNINGS OR LOSS CARRIED OVER		48,626,718.00	43,820,382.37
1	Retained earnings		48,626,718.00	43,820,382.37
2	Loss carried over		0.00	0.00
VII	PROFIT OR LOSS OF THE ACCOUNTING PERIOD		12,129,829.09	8,164,800.83
1	Profit of the accounting period		12,129,829.09	8,164,800.83
2	Loss of the accounting period		0.00	0.00
VIII	MINORITY (NON-CONTROLLING) INTEREST		0.00	0.00
B	PROVISIONS	16	285,890.31	295,612.45
1	Provisions for pensions, severance pay and similar obligations		0.00	0.00
2	Provisions for tax liabilities		0.00	0.00
3	Provisions for initiated court cases		282,890.31	288,697.06
4	Provisions for costs of restoration of natural resources		0.00	0.00
5	Provisions for costs in warranty periods		0.00	0.00
6	Other provisions		3,000.00	6,915.39
C	LONG-TERM OBLIGATIONS	17	2,772,710.47	3,081,150.18
1	Obligations to entrepreneurs within the Group		0.00	0.00
2	Obligations for loans, deposits, etc. of entrepreneurs within the Group		0.00	0.00
3	Obligations to companies linked by virtue of participating interests		0.00	0.00
4	Obligations for loans, deposits, etc. of companies linked by virtue of participating interests		0.00	0.00
5	Obligations for loans, deposits, etc.		400,385.82	266,276.33
6	Obligations to banks and other financial institutions		0.00	0.00
7	Obligations for advances		0.00	0.00
8	Obligations to suppliers		0.00	0.00
9	Obligations for securities		0.00	0.00
10	Other long-term obligations		2,372,324.65	2,814,873.85
11	Deferred tax liability		0.00	0.00
D	SHORT-TERM LIABILITIES	18	35,277,917.40	34,941,287.94
1	Obligations to entrepreneurs within the Group		0.00	0.00
2	Obligations for loans, deposits, etc. of entrepreneurs within the Group		0.00	0.00
3	Obligations to companies linked by virtue of participating interests		0.00	0.00
4	Obligations for loans, deposits, etc. of companies linked by virtue of participating interests		0.00	0.00
5	Obligations for loans, deposits, etc.		0.00	0.00
6	Obligations to banks and other financial institutions		2,000,000.00	7,300,000.00
7	Obligations for advances		8,890,945.45	6,375,627.31
8	Obligations to suppliers		16,503,426.90	14,445,119.92
9	Obligations for securities		0.00	0.00
10	Obligations to employees		1,260,109.86	1,013,437.52
11	Obligations for taxes, contributions and similar benefits		4,687,402.00	3,920,663.48
12	Obligations based on the share in the result		200,248.19	137,620.68
13	Obligations based on long-term assets intended for sale		0.00	0.00
14	Other short-term liabilities		1,735,785.00	1,748,819.03
E	DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD	19	2,007,853.76	2,827,055.45
F	TOTAL - LIABILITIES		120,157,596.53	111,553,844.47
G	OFF BALANCE SHEET RECORDS	31	134,974,350.00	132,760,782.80

2 Consolidated statement of comprehensive revenue

(for the period from January 1 to December 31, 2023) Auto Hrvatska Group

No	POSITION	Note	AMOUNT in EUR	
			2023	2022 revised
I	BUSINESS REVENUE	20	241,835,615.28	221,978,243.15
1	Revenue from sales with entrepreneurs within the Group		0.00	0.00
2	Revenue from sales (outside the Group)		235,716,530.14	217,899,875.77
3	Revenue based on the use of own products, goods and services		159,612.11	128,216.74
4	Other business revenue with entrepreneurs within the Group		0.00	0.00
5	Other business revenue (outside the Group)		5,959,473.03	3,950,150.64
II	BUSINESS EXPENSES		227,286,308.87	212,282,982.98
1	Changes in the value of supplies for production in progress and finished goods		0.00	0.00
2	Material costs	21	191,885,566.38	176,665,587.24
a)	Costs of raw materials and materials		2,929,364.04	2,364,862.30
b)	Cost of goods sold		179,977,448.58	166,657,953.95
c)	Other costs		8,978,753.76	7,642,770.99
3	Personnel costs	22	21,987,711.27	19,696,974.86
a)	Net salaries and wages		13,680,998.71	12,505,178.45
b)	Costs of taxes and contributions from salaries		5,765,338.21	5,045,383.24
c)	Salary contributions		2,541,374.35	2,146,413.17
4	Depreciation	23	7357397.86	6981539.19
5	Other costs	24	4,782,752.91	6,863,694.74
6	Value adjustments	25	426,897.12	1,386,560.49
a)	long-term assets except financial assets		0.00	0.00
b)	short-term assets except financial assets		426,897.12	1,386,560.49
7	Provisions	26	96,609.14	52,108.04
a)	Provisions for pensions, severance pay and similar obligations		45,920.69	13,928.73
b)	Provisions for tax liabilities		0.00	0.00
c)	Provisions for initiated court cases		46,688.45	31,263.92
d)	Provisions for costs of restoration of natural resources		0.00	0.00
e)	Provisions for costs in warranty periods		3,000.00	6,915.39
f)	Other provisions		1,000.00	0.00
8	Other business expenditures	27	749,374.19	636,518.42
III	FINANCIAL REVENUE	28	346,797.63	324,584.65
1	Revenue from investments in interest (shares) of entrepreneurs within the Group		0.00	0.00
2	Revenue from investments in interest (shares) of companies linked by virtue of participating interests		0.00	0.00
3	Revenue from other long-term financial investments and loans to entrepreneurs within the Group		0.00	0.00
4	Other revenue based on interest from relations with entrepreneurs within the Group		0.00	0.00
5	Exchange rate differences and other financial revenue from relations with entrepreneurs within the Group		0.00	0.00
6	Revenue from other long-term financial investments and loans		0.00	0.00
7	Other revenue from interest		32,2437.93	204,433.21
8	Exchange differences and other financial revenue		24,359.70	120,151.44
9	Unrealized gains (revenue) from financial assets		0.00	0.00
10	Other financial revenue		0.00	0.00
IV	FINANCIAL EXPENSES	29	259,764.95	359,085.40
1	Expenses based on interest and similar expenses with entrepreneurs within the Group		0.00	0.00
2	Exchange rate differences and other expenses with entrepreneurs within the Group		0.00	0.00
3	Expenses based on interest and similar expenses		99,476.50	124,387.55
4	Exchange differences and other expenses		27,225.56	172,723.74
5	Unrealized losses (expenses) from financial assets		5189.46	0.00
6	Value adjustments of financial assets (net)		0.00	1,925.14
7	Other financial expenses		127,873.43	60,048.97
V	SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST		0.00	0.00
VI	SHARE IN PROFIT FROM JOINT VENTURES		0.00	0.00
VII	SHARE OF LOSS FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST		0.00	0.00
VIII	SHARE OF LOSS FROM JOINT VENTURES		0.00	0.00
IX	TOTAL REVENUE		242,182,412.91	222,302,827.80
X	TOTAL EXPENSES		227,546,073.82	212,642,068.38
XI	PROFIT OR LOSS BEFORE TAX		14,636,339.09	9,660,759.42
1	Profit before tax		14,636,339.09	9,660,759.42
2	Loss before tax		0.00	0.00
XII	CORPORATE INCOME TAX	30	2,506,510.00	1,495,958.59
XIII	PROFIT OR LOSS FOR THE PERIOD		12,129,829.09	8,164,800.83
1	Profit for the period		1,2129,829.09	8,164,800.83
2	Loss of period		0.00	0.00

2 Consolidated statement of comprehensive revenue

(for the period from January 1 to December 31, 2023) Auto Hrvatska Group

No.	POSITION	Note	AMOUNT in EUR	
			2023	2022 revised
I.	PROFIT OR LOSS FOR THE PERIOD		12,129,829.09	8,164,800.83
II.	OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAXES		15,666.00	60,371.76
III.	Items that will not be reclassified as profit or loss		0.00	0.00
1	Changes in revaluation reserves of long-term tangible and intangible assets		0.00	0.00
2	Profit or loss from subsequent valuation of equity securities at fair value through other comprehensive revenue		0.00	0.00
3	Changes in fair value of a financial liability at fair value through profit and loss attributable to changes in the credit risk of the liability		0.00	0.00
4	Actuarial gains/losses under defined benefit plans		0.00	0.00
5	Other items that will not be reclassified		0.00	0.00
6	Corporate income tax related to items that will not be reclassified		0.00	0.00
IV.	Items that can be reclassified as profit or loss		15,666.00	60,371.76
1	Exchange rate differences from foreign operations		15,666.00	60,371.76
2	Gain or loss from subsequent valuation of debt securities at fair value through other comprehensive revenue		0.00	0.00
3	Profit or loss based on effective cash flow hedging		0.00	0.00
4	Profit or loss based on effective protection of net investment abroad		0.00	0.00
5	Share in other comprehensive profit/loss of companies linked by virtue of participating interest		0.00	0.00
6	Changes in fair value of the time option		0.00	0.00
7	Changes in fair value of forward elements of futures contracts		0.00	0.00
8	Other items that can be reclassified as profit or loss		0.00	0.00
9	Corporate income tax related to items that can be reclassified as profit or loss		0.00	0.00
V.	NET OTHER COMPREHENSIVE PROFIT OR LOSS		0.00	0.00
VI.	COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD		15,666.00	60,371.76
VII.	VII. COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD		12,145,495.09	8,225,172.59
1	Attributed to owners of the parent company capital		12,145,495.09	8,225,172.59
2	Attributed to a minority (non-controlling) interest		12,145,495.09	8,225,172.59
	Earnings per share (Note 3)		20.24	13.71

3 Consolidated cash flow statement (for the period from January 1 to December 31, 2023)

Auto Hrvatska Group

No	POSITION	Note	AMOUNT in EUR	
			2023	2022 revised
	Cash flow from business activities			
1	Profit before tax		14,636,339.00	9,660,759.44
2	Adjustments:		7,541,108.00	7,172,583.06
a)	Depreciation		7,357,398.00	6,981,539.19
b)	Profit and loss from the sale and value adjustments of long-term tangible and intangible assets		70,863.00	-104,376.00
c)	Profit and loss from sales and unrealized profit and loss and value adjustment of financial assets		163,369.00	0.00
d)	Revenue from interest and dividends		-322,438.00	-204,433.21
e)	Interest expenses		99,476.00	124,387.55
f)	Provisions		-13,637.00	-22,643.44
g)	Exchange differences (unrealized)		0.00	0.00
h)	Other adjustments for non-cash transactions and unrealized profit and loss		186,077.00	398,108.97
I	Increase or decrease in cash flows before changes in working capital	=	22,177,447.00	16,833,342.50
3	Changes in working capital		-17,208,415.00	-5,250,567.52
a)	Increase or decrease in short-term liabilities		633,380.00	1,137,865.95
b)	Increase or decrease in short-term receivables		-2,340,838.00	-1,353,362.53
c)	Inventory increase or decrease		-14,819,670.00	-5,917,422.52
d)	Other increases or decreases in working capital		-681,287.00	882,351.58
II	Money from business activities		4,969,032.00	11,582,774.98
4	Cash expenditures for interest		-99,476.00	-124,387.55
5	Paid corporate income tax		0.00	0.00
A	NET CASH FLOWS FROM BUSINESS ACTIVITIES		4,869,556.00	11,458,387.43
	Cash flows from investment activities			
1	Cash receipts from the sale of long-term tangible and intangible assets		678,233.00	3,002,168.56
2	Cash receipts from the sale of financial instruments		0.00	0.00
3	Cash receipts from interest		322,438.00	204,433.21
4	Cash receipts from dividends		0.00	0.00
5	Cash receipts based on the return of loans and savings deposits		0.00	0.00
6	Other cash receipts from investment activities		5,076,075.00	0.00
III	Total cash receipts from investment activities	=	6,076,746.00	3,206,601.77
1	Cash expenditures for the purchase of long-term tangible and intangible assets		-9,024,385.00	-8,698,842.26
2	Cash expenditures for the acquisition of financial instruments		0.00	0.00
3	Cash expenditures based on loans and savings deposits for the period		-1,694,667.00	-18.98
4	Acquisition of a subsidiary company, less the money acquired		0.00	0.00
5	Other cash expenditures from investment activities		0.00	-748,171.21
IV	Total cash expenditure from investment activities		-10,719,052.00	-9447032.45
B	NET CASH FLOW FROM INVESTMENT ACTIVITIES		-4,642,306.00	-6,240,430.68
	Cash flow from financial activities			
1	Cash receipts from the increase in basic (subscribed) capital		0.00	0.00
2	Cash receipts from the issuance of equity and debt financial instruments		0.00	0.00
3	Cash receipts from principal of loans, credit, etc.		0.00	5,765,554.71
4	Other cash receipts from financial activities		0.00	411,814.98
V	Total cash receipts from financial activities	=	0.00	6,177,369.69
1	Cash expenditures for repaying the principal of loans and bonds		-4,418,878.00	0.00
2	Cash expenditures for the payment of dividends		-2,938,063.00	-2,230,332.47
3	Cash expenditures for financial lease		-583,744.00	-496,120.91
4	Cash expenditures for the purchase of own shares		-568,220.00	-1,067,163.71
5	Other cash expenditures from financial activities		-437,360.00	-2,206.65
VI	Total cash expenditure from financial activities	=	-8,946,265.00	-3,795,823.74
C	NET CASH FLOW FROM FINANCIAL ACTIVITIES		-8,946,265.00	2,381,545.95
			0	0
D	NET INCREASE OR DECREASE IN CASH FLOWS		-8,719,015.00	7,599,502.70
E	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	13	16,357,166.78	8,757,664.08
F	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13	7,638,151.78	16,357,166.78

4 Consolidated report on changes in capital

(for the period from January 1 to December 31, 2023) Auto Hrvatska Group

No	POSITION	Distributable to owners of the parent company capital / AMOUNT in EUR										Total capital and reserves in EUR
		Share (subscribed) capital	Capital reserves	Legal reserves	Reserves for own shares	Own shares and interest (deductible item)	Statutory reserves	Other reserves	Retained earnings / loss carried forward	Profit / loss for the business year	Total distributable to the owners of the parent company capital	
	Previous period revised											
1	Balance on January 1 of the previous period	7,963,368.50	5,110,848.50	398,168.43	4,269,967.35	4,269,967.35	1,990,964.50	2,235,729.25	40,649,879.75	5,375,198.49	63,724,157.42	63,724,157.42
a)	Changes in accounting policies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b)	Error correction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Balance on January 1 of the previous period	7,963,368.50	5,110,848.50	398,168.43	4,269,967.35	4,269,967.35	1,990,964.50	2,235,729.25	40,649,879.75	5,375,198.49	63,724,157.42	63,724,157.42
a)	Profit/loss for the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,164,800.85	8,164,800.85	0.00
and)	Other non-proprietary capital changes	0.00	185,644.57	0.00	0.00	0.00	0.00	9,193.58	-38,445.95	0.00	156,392.73	156,392.73
n)	Redemption of own shares/shares	0.00	0.00	0.00	1,067,163.71	1,067,163.71	0.00	-1,067,163.71	0.00	0.00	-1,067,163.71	-1,067,163.71
on)	Payments by members/ shareholders	0.00	0.00	0.00	-1,633,838.48	-1,633,838.48	0.00	1,596,801.11	0.00	0.00	1,596,801.11	1,596,801.11
p)	Payment of profit share/ dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,166,249.92	0.00	-2,166,249.92	-2,166,249.92
s)	Transfer to reserve positions according to the annual schedule	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,375,198.48	-5,375,198.48	0.00	0.00
3	Balance on December 31 of the previous period revised	7,963,368.50	5,296,493.07	398,168.43	3,703,292.58	3,703,292.58	1,990,965.03	2,774,560.23	43,820,382.36	8,164,800.86	70,408,738.48	70,408,738.48
APPENDIX TO THE REPORT ON CHANGES IN CAPITAL (to be completed by the entrepreneur obliged to apply IFRS)												
I.	OTHER COMPREHENSIVE PROFIT FOR THE CURRENT PERIOD, LESS TAXES	0.00	185,644.57	0.00	0.00	0.00	0.00	9,193.58	-38445.95	0.00	156,392.73	156,392.73
II.	COMPREHENSIVE PROFIT OR LOSS FOR THE CURRENT PERIOD	0.00	185,644.57	0.00	0.00	0.00	0.00	9,193.58	-38445.95	8,164,800.85	8,321,193.58	8,321,193.58
III.	TRANSACTIONS WITH THE CURRENT PERIOD'S OWNERS RECOGNIZED DIRECTLY IN EQUITY	0.00	0.00	0.00	-566,674.77	-566,674.77	0.00	529,637.40	3,208,948.56	-5,375,198.48	-1,636,612.52	-1,636,612.52
	Current period											
1	Balance on January 1 of the current period	7,963,368.50	5,296,493.07	398,168.43	3,703,292.58	3,703,292.58	1,990,965.03	2,774,560.23	43,820,382.36	8,164,800.86	70,408,738.48	70,408,738.48
a)	Changes in accounting policies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b)	Error correction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Balance on January 1 of the current period	7,963,368.50	5,296,493.07	398,168.43	3,703,292.58	3,703,292.58	1,990,965.03	2,774,560.23	43,820,382.36	8,164,800.86	70,408,738.48	70,408,738.48
a)	Profit/loss for the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,129,829.00	12,129,829.00	12,129,829.00
i)	Other non-proprietary capital changes	-163,368.50	532,781.00	0.00	0.00	0.00	0.00	-44,708.00	-339,610.00	0.00	-14,905.50	-14,905.50
n)	Redemption of own shares/shares	0.00	0.00	0.00	568,220.00	568,220.00	0.00	-568,220.00	0.00	0.00	-568,220.00	-568,220.00
o)	Payments by members/ shareholders	0.00	0.00	0.00	-876,638.00	-876,638.00	0.00	876,638.00	0.00	0.00	876,638.00	876,638.00
p)	Payment of profit share/ dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3,018,855.00	0.00	-3,018,855.00	-3,018,855.00
s)	Transfer to reserve positions according to the annual schedule	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,164,801.00	-8,164,801.00	0.00	0.00
3	Balance on December 31 of the current period	7,800,000.00	5,829,274.07	398,168.43	3,394,874.58	3,394,874.58	1,990,965.03	3,038,270.23	48,626,718.36	12,129,828.86	79,813,224.98	79,813,224.98
APPENDIX TO THE REPORT ON CHANGES IN CAPITAL (to be completed by the entrepreneur obliged to apply IFRS)												
I.	OTHER COMPREHENSIVE PROFIT FOR THE CURRENT PERIOD, LESS TAXES	-163,368.50	532,781.00	0.00	0.00	0.00	0.00	-44,708.00	-339,610.00	0.00	-14,905.50	-14,905.50
II.	COMPREHENSIVE PROFIT OR LOSS FOR THE CURRENT PERIOD	-163,368.50	532,781.00	0.00	0.00	0.00	0.00	-44,708.00	-339,610.00	12,129,829.00	12,114,923.50	12,114,923.50
III.	TRANSACTIONS WITH THE CURRENT PERIOD'S OWNERS RECOGNIZED DIRECTLY IN EQUITY	0.00	0.00	0.00	-308,418.00	-308,418.00	0.00	308,418.00	5,145,946.00	-8,164,801.00	-2,710,437.00	-2,710,437.00

11.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL DATA

Auto Hrvatska d.d. (hereinafter: "Parent company") with headquarters at Heinzelova 70, 10000 Zagreb, Republic of Croatia, was established in accordance with the Articles of Association adopted on December 19, 1992, and is registered at the Commercial Court in Zagreb under registration number 080008303 and personal identification number 42523247815.

Company is the parent company of Auto Hrvatska d.d. of the Group consisting of the company and its subsidiaries, as stated in note 3.1 Consolidation basis.

Group primarily operates on the domestic market, and is specialized in the sale of vehicles, spare parts, tires, tools and service equipment with the organization of a service network.

Registered share capital of the company amounts to EUR 7,800,000.00 and consists of 600,000 shares with a nominal value of EUR 13. Company shares are listed on the Regular Market of the Zagreb Stock Exchange. The ownership structure is shown in Note 16.

Group is represented by four executive directors, each of them individually, together with another executive director or procurator:

- Velimir Marović – Chief Executive Officer,
- Robert Srebrenović – Executive Director,
- Alen Vuksan-Ćusa – Executive Director,
- Mario Fabek – Executive Director.

Board of Directors consists of five members: Bogdan Tihava – Chairman; Igor Brigljević – Deputy Chairman and Robert Srebrenović, Velimir Marović and Ante Belamarić – members of the Board of Directors.

Members of the Audit Committee are: Tajana Bokulić, Chairwoman of the Audit Committee, Jelica Matić and Igor Brigljević, members of the Audit Committee.

Consolidated financial statements for the year 2023 were approved for publication in line with executive directors' decision on March 21, 2024. Additionally, these statements must be endorsed by the Board of Directors in compliance with the Croatian Companies Act.

As part of their ongoing duties, Group's executive directors meticulously assessed the Group's cash flow forecasts and potential liquidity risks. They prepared detailed budgets and cash flow projections for 2024, indicating that the Group's activities will yield positive cash flows during the specified period. Executive directors are confident that the Group possesses adequate funds and will continue to generate sufficient funds in the future to fulfil its financial obligations and sustain operations in the foreseeable future.

NOTE 2 – BASICS OF COMPOSITION

2.1 Basics of composition

Declaration of conformity

Group's consolidated financial statements adhere to the International Financial Reporting Standards (IFRS) endorsed by the European Union. Group's consolidated financial statements are compliant with the International Financial Reporting Standards (IFRS), encompassing standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union.

These consolidated financial statements are presented to the Group, which consists of the company and its subsidiaries. Group also issued separate consolidated financial statements prepared in compliance with both the IFRS adopted in the European Union and Croatian legislation, alongside these consolidated financial statements.

Consolidated financial statements are available on the company's website.

Consolidated financial statements were approved by executive directors on March 21, 2024.

Measuring basics

Group's consolidated financial statements are based on the going concern assumption and are prepared using the historical cost method, except for financial assets at fair value reported in the revenue statement and financial assets at fair value through other comprehensive revenue.

Functional and reporting currency

Consolidated financial statements are presented in the Croatian currency, the euro (EUR), which is the functional currency, that is, the currency of the primary economic environment in which the company operates. Items included in the financial statements of each individual Group company are expressed in the currency of the primary economic environment in which the subsidiary operates ("functional currency"). Revenue, expenditures, and cash flows from foreign operations are converted into the functional currency of both the company and the Group using an average exchange rate that closely mirrors the rate on the day of transaction. Assets and liabilities of foreign operations are calculated using the exchange rate prevailing at the end of the reporting period. All exchange rate differences, resulting from such a conversion, are shown in a separate position within the principal. Applicable exchange rates of the relevant foreign currencies are included in the currency risk disclosures.

Act on Introduction of the Euro as the Official Currency in the Republic of Croatia specifies that the euro will become the official monetary unit and legal tender in the Republic of Croatia starting from January 1, 2023. The introduction of the euro as the official monetary unit in the Republic of Croatia signifies a shift in the functional currency, which will be implemented in subsequent periods. In addition, the presentation currency for the annual financial statements for 2023 is also changing. Given that the annual financial statements of the previous period were presented in kuna, the transition to presenting the comparative period in this year's financial statements in euros signifies a modification in the company's accounting policy.

Since the Republic of Croatia adopted the euro as its official currency on January 1, 2023, as stipulated by the Act on Introduction of the Euro as the Official Currency in Croatia, Group transitioned its presentation currency for the fiscal statements for the year concluded on December 31, 2023, from kuna to euro. Consequently, financial statements for the same period marked the inaugural instance of being formulated in euros.

Despite the adjustment in the presentation currency within the financial statements constituting a modification in accounting policy necessitating retrospective application, the company opted not to disclose a third balance sheet for the fiscal year ending on December 31, 2023, aligning with International Accounting Standard 8 (IAS) on Accounting Policies, Changes in Accounting Estimates, and Errors. This decision was made based on the company's assessment that the transition in presentation currency would not substantially affect its financial statements, attributed to the consistent stability observed in the HRK/EUR exchange rate over recent years.

Consequently, in this year's financial statements, company provides a summary of the financial position as of December 31, 2022, and December 31, 2023, both denoted in euro.

For the purpose of converting comparative data, the following exchange rates were used:

December 31, 2022 - HRK 7.5345 for one euro.

The average exchange rate for the year from January 1, 2022, to December 31, 2022, was HRK 7.531624 for one euro, which was used in the statement of comprehensive revenue and the statement of cash flows.

The company decided to apply the same exchange rate for capital items as for the rest of the balance sheet positions.

The exchange rate used for recalculating the positions of assets and liabilities expressed in foreign currencies on the reporting date is:

	31 December 2023	31 December 2022
EUR / USD	0.90498	0.93755
EUR / BAM	0.51129	0.51129
EUR / MKD	0.01625	0.01651

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a description of significant accounting policies adopted in the preparation of these consolidated financial statements. These accounting policies have been applied consistently for all periods included in these statements.

3.1 Consolidation basis

Consolidated financial statements of the Group cover the financial records of the Parent company and subsidiaries under the control of the Parent company, both as of and for the fiscal year concluding on December 31, 2023. Control is deemed present if the Parent company possesses the authority to manage the entity, exposure, or rights pertaining to the variable return on its investment in that entity, and the capability to wield its authority in a manner influencing its returns.

Results from subsidiaries acquired or divested within the year are incorporated into the consolidated statement of comprehensive revenue from the actual acquisition date or sale date.

Financial statements of affiliated companies are adjusted as required due to the mutual alignment of accounting policies among Group entities. All transactions, balances, revenue, and expenditures within the Group were nullified during consolidation.

Companies under control, included in the consolidated financial statements, are:

Company name	Country of establishment	% share in ownership / voting rights	Main activity
Auto Hrvatska d.d.	Croatia, Zagreb	Parent company	management of holding companies, business and legal consulting, provision of advertising, accounting, IT and real estate management services
MAN Importer Hrvatska d.o.o.	Croatia, Hrvatski Leskovac	100%	procurement and distribution of commercial vehicles and spare parts
Auto Hrvatska Prodajno Servisni Centri d.o.o.	Croatia, Hrvatski Leskovac	100%	sale of new and used commercial vehicles, service and sale of spare parts and after-sales maintenance services during warranty and non-warranty periods
Auto Hrvatska Automobili d.o.o.	Croatia, Zagreb	100%	procurement, sales and maintenance/repair of new and used passenger vehicles as well as light commercial vehicles, and car body shop and body paint repair services
MAN Importer Makedonija d.o.o.e.l.	Macedonia, Skopje	100%	procurement and distribution of commercial vehicles and sale of spare parts After-sales services of maintenance during warranty and non-warranty periods
Kamion Importer d.o.o.	Bosnia and Herzegovina, Sarajevo	100%	sale of new and used commercial vehicles, service and sale of spare parts and after-sales maintenance services during warranty and non-warranty periods
Kam i Bus d.o.o.	Bosnia and Herzegovina, Doboj Jug	100%	sale of new and used commercial vehicles, service and sale of spare parts, after-sales maintenance services during warranty and non-warranty periods
Auto Tangenta d.o.o.	Croatia, Zagreb	100%	representation services in insurance of persons and property
Kam i Bus Importer d.o.o.	Croatia, Zagreb	100%	sale of new and used commercial vehicles, service and sale of spare parts, after-sales maintenance services during warranty and non-warranty periods
Kam in Bus Importer d.o.o.	Slovenia, Ljubljana	100%	sale of new and used commercial vehicles, service and sale of spare parts, after-sales maintenance services during warranty and non-warranty periods

Subsidiary company MAN Importer BH d.o.o., Sarajevo was merged with the subsidiary Kam i Bus d.o.o., Doboj Jug on December 29, 2022. Subsidiary company Kam i Bus d.o.o.e.l., Skopje was deleted from the competent court register on August 9, 2022.

Subsidiary company

Subsidiary companies are all companies over which the Company exercises control regarding financial and business policies, typically involving more than half of the voting rights. Presence and impact of potential voting rights that can be exercised or replaced are factored in when determining if the company holds control over another business entity. Subsidiary companies are fully integrated into the consolidated financial statements from the date when control is effectively transferred to the company and are excluded from consolidation from the date control ceases.

Business mergers

Regarding business mergers, the Group employs the purchase accounting method for handling business mergers. Consideration transferred for acquiring the subsidiary company constitutes the fair value of assets transferred, liabilities assumed, and ownership shares issued by the Group. This consideration encompasses the fair value of each asset or liability item resulting from contingent consideration agreements. Costs associated with acquisitions are recognized in the statement of comprehensive revenue when incurred. Identifiable assets, liabilities, and contingent liabilities in a business combination are initially assessed at fair value on the acquisition date. Group acknowledges minority interests in the acquired subsidiary company either at fair value or as the proportionate share of the minority interest in the net assets of the acquired subsidiary.

Any surplus of the consideration transferred, the value of any non-controlling interest in the acquired subsidiary company, and the fair value at the acquisition date of any prior ownership interest in the acquired company over the fair value of the Group's stake in the identifiable net assets acquired is recognized as goodwill. Conversely, if this sum falls short of the fair value of the net assets of the acquired subsidiary company, the discrepancy is directly reflected in the statement of comprehensive revenue.

Non-controlling interests

Non-controlling interests are initially appraised at their proportional portion of recognized net assets of the acquired company on the acquisition date. Alterations in the Group's stake in a subsidiary that do not lead to a relinquishment of control are treated as transactions with the shareholders.

Loss of control over subsidiary companies

When the Group loses control over a subsidiary company, assets and liabilities of the subsidiary company and all related non-controlling interests and other capital items cease to be recognized. Gains or losses are recognized in the revenue statement. The retained interest in the former subsidiary company is measured at fair value when control is lost.

Transactions eliminated in consolidation

Balances and transactions among Group entities, along with any unrealized profits stemming from these transactions, were eliminated during the consolidation of financial statements. Unrealized gains from dealings with entities in which the Group holds shares or exercises joint control alongside other owners are eliminated proportionally to the Group's ownership interest in such entities. Any unrealized profits accrued from transactions with entities in which the Group holds shares are eliminated by reducing the investment in that entity. Unrealized losses are handled similarly to unrealized gains, yet only up to the extent that they do not signify a permanent devaluation of assets.

3.2 Goodwill

Goodwill resulting from a business merger is initially recorded at the cost determined on the acquisition date, subtracting any potential impairment losses.

For impairment evaluation, goodwill is apportioned to each cash-generating unit of the Group (or group of such units) expected to benefit from the synergies arising from the merger.

Each cash-generating unit assigned goodwill undergoes impairment testing annually or more frequently if there are indications of potential impairment.

Should the recoverable amount of the cash-generating unit fall short of its carrying amount, the impairment loss is initially deducted from the carrying amount of goodwill allocated to the unit and subsequently distributed proportionately to the other assets of the cash-generating unit based on their carrying amounts. Any impairment loss on goodwill is directly debited to profit or loss in the consolidated statement of comprehensive revenue. Once recognized, goodwill impairment loss is not reversed in subsequent periods.

When divesting a cash-generating unit, relevant portion of goodwill is factored into the calculation of profit or loss from the sale.

3.3 Intangible assets

Intangible assets are initially measured at cost. Intangible assets are acknowledged provided that they are expected to generate future economic benefits for the Group, and their cost can be reliably quantified.

Subsequent to initial recognition, intangible assets are reported at acquisition cost minus accumulated depreciation and impairment losses. Intangible assets are depreciated using the straight-line method over their estimated useful lifespan. The depreciation period undergoes an annual review at the conclusion of each fiscal year.

Depreciation costs of intangible assets are recognized in the statement of comprehensive revenue. Profits or losses resulting from the derecognition of an intangible asset are calculated as the disparity between the net proceeds from sales and the asset's carrying amount, and are recognized in the statement of comprehensive revenue upon derecognition.

Intangible assets encompass software license agreements, goodwill formed in prior periods, and investments in external assets. Software licenses are capitalized based on acquisition costs and expenditures incurred in making the software operational. These costs are depreciated over their useful life.

Intangible assets depreciate as follows:

	Useful life in years
Concessions, patents, licenses, trademarks and service marks, software and other rights	2
Investments in other people's property	4

Intangible assets may be acquired through exchanges involving non-monetary assets, monetary assets, or a combination of both, whereby the acquisition cost of such intangible assets is evaluated at fair value. However, if the exchange transaction lacks commercial substance or the fair value of the asset received or disposed of cannot be reliably ascertained, the acquisition cost is determined by the accounting value of the asset relinquished.

3.4 Real estate, plants and equipment

Real estate, plants, and equipment are assessed at acquisition cost reduced by value adjustments, such as accumulated depreciation (excluding land) and accumulated impairment losses. The acquisition cost encompasses the purchase price and all directly related costs incurred to restore the asset to its regular condition for the intended purpose.

Additional expenditures incurred subsequently for already recognized real estate, plants, and equipment are capitalized only if it is probable that these expenditures will generate additional future economic benefits and enhance the asset's condition beyond its initial recognition. Any other subsequent costs are expensed in the period they are incurred.

Assets with an individual purchase value below EUR 665 are fully depreciated upon utilization (classified as small inventory).

Purchase value of self-built assets comprises the expenditures for materials, direct labour, and other related costs incurred to render the assets operational, alongside the costs of dismantling, part removal, and site reconstruction where applicable.

Main forms of long-term tangible assets of the Group are:

- real estate – all types of land and construction facilities (business buildings, service workshops, etc.) and
- plants and equipment – machines, tools, technical plants, various types of equipment, furniture, storage and operational inventory, etc.

Majority of the aforementioned asset items contain substantial components that, in line with the specifications of IAS 16, are documented independently and depreciated separately from the assets into which they are integrated or installed. Significant parts of individual tangible assets denote components anticipated to undergo replacement prior to the conclusion of the useful life of the asset to which they pertain.

The conditions for separate recognition of significant parts of assets are:

- cost of acquiring such assets can be reliably measured,
- estimated useful life of such assets is in accordance with the expected duration of the asset's use,
- possibility of replacing such assets during disposal (expenditure, sale), whereby the replaced part of the asset is deregistered from the accounting records, and
- such assets are expected to be used for more than one accounting period.

Following initial recognition as an asset, each item of real estate, plant, and equipment is recorded at cost less any accumulated depreciation and impairment losses, if applicable.

Depreciation calculation, as per tax regulations, commences from the first day of the month following the month in which the asset was commissioned for use. Assets under construction and land are exempt from depreciation.

Real estate, plants, and equipment, or any significant part initially recognized as such, are derecognized upon disposal or when it is deemed that no future economic benefits will arise from their use or disposal. Gains or losses resulting from asset derecognition, calculated as the difference between net proceeds and the asset's accounting value, are acknowledged in the statement of comprehensive revenue upon asset derecognition. Assets under construction are recorded at acquisition cost less any impairment losses.

Group has determined that there is no residual value for real estate, plant, and equipment; thus, the entire purchase value is subject to depreciation. Depreciation is expensed in the statement of comprehensive revenue using the straight-line method over the shorter of the asset's estimated useful life or the lease term.

	Useful life in years
Plant and equipment	3.33-4
Tools, plant and office inventory, furniture and transport means	2-4
Other tangible assets	8

Useful life, depreciation method, and residual value undergo assessment at the conclusion of each business year. If expectations diverge from prior estimates, adjustments are recognized as changes in accounting estimates.

3.5 Investments in real estate

Investments in real estate comprise office buildings and warehouses held either for long-term rental revenue or for potential appreciation in value, with no utilization by the Group. These investments are categorized as long-term investments, unless earmarked for sale within the next year with an identified buyer, in which case they are classified as current assets.

Investments in real estate are recorded at historical cost reduced by accumulated depreciation and any impairment provisions, as needed. Investments under construction do not depreciate.

Depreciation for buildings is calculated using the straight-line method to evenly distribute the cost over their estimated useful life of 14 years.

Subsequent costs are capitalized solely when it is probable that the Group will obtain future economic benefits from them and when the cost can be reliably quantified. Any other repair and maintenance expenditures are expensed in the statement of comprehensive revenue when incurred. Should the Group commence using property initially classified as an investment in real estate, it is reclassified to real estate, plant, and equipment, with its accounting value on the reclassification date becoming the assumed cost, subsequently subject to depreciation.

Group discloses the fair value of real estate investments through periodic independent valuations by appraisers, with interim updates performed using internal models.

3.6 Impairment of intangible and tangible assets

At each reporting date, the Group conducts an analysis of the present value of both intangible and tangible assets to identify indicators of potential impairment. If such indicators are identified, the Group proceeds to estimate the recoverable amount of the assets to ascertain any impairment loss, if applicable. If it's impracticable to estimate the recoverable amount of an individual asset, the Group evaluates the recoverable amount of the cash-generating unit to which the asset belongs.

When possible, funds are allocated to the individual cash-generating unit based on a reasonable and consistent basis. Otherwise, funds are assigned to the smallest cash-generating units of the company for which allocation can be determined on a reasonable and consistent basis.

The recoverable amount is determined as the higher of the fair value less costs of sale or the value in use of the asset. In calculating value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market evaluations of the present value of money and the risks specific to each asset.

If the recoverable amount of the asset (or cash-generating unit) is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

Impairment losses are immediately recognized as an expense in the statement of comprehensive revenue, except for revalued assets where the losses are initially reduced against the corresponding revaluation reserves. If an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimated recoverable amount. However, this increase is limited to ensure that the new carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in previous years for that asset (cash-generating unit). The reversal of the impairment loss is immediately recognized as revenue.

3.7 Assets held for sale

Assets held for sale are non-current assets for which the Group has a concrete plan for the sale of the asset. These assets are shown in the balance sheet at the lower of accounting value or fair value. No depreciation is calculated on these assets. Assets are classified as held for sale when the following conditions are met: Executive directors have committed to a sale plan. The asset is available for immediate sale. An active buyer acquisition program has been launched. A sale is highly likely within 12 months of being classified as held for sale, with limited exceptions. The asset is being actively marketed at a selling price reasonable in relation to its fair value. The actions necessary to complete the plan indicate that it is unlikely the plan will be materially modified or withdrawn.

3.8 Long-term receivables

Long-term receivables appear in connection with the sale of goods and merchandise loans with deferred payment for a period longer than one year. They also include other receivables from business relationships with partners that have a longer term. For the amount of receivables due within a year, it is reclassified as short-term receivables. The policy of presenting these claims is based on the actual investment cost. Accounting provides information for each investment separately for which there are contracts. If these contracts are concluded without interest, the amount of receivables due in a period longer than a year is discounted using the market interest rate upon initial recognition.

The increase in the position of long-term receivables is carried out by adding interest and applying the currency clause, in accordance with the elements of the contract.

The reduction of the position of long-term receivables is carried out for received repayments and posted approvals based on the application of the currency clause.

Any adjustment of value due to the impossibility of collection of receivables is carried out upon learning of the uncollectibility of part or all of the receivables and the partner's claim.

3.9 Inventories

Inventories of raw materials and spare parts are stated at cost or net realizable value, whichever is lower. Inventory costs include all procurement, conversion, and other dependent costs directly related to bringing the inventory to a specific location and condition. If applicable, the cost includes both direct labor costs and all overhead or indirect costs associated with bringing the inventory to its current location and condition. The cost of motor vehicles is determined by the purchase cost of each individual vehicle, and the cost of spare parts is determined using the weighted average price method. Trade goods are reported at the lower of acquisition cost or selling price, minus taxes and rebates. Small inventory is written off at 100% when put into use. Net realizable value is the estimated selling price minus all estimated costs of completion, as well as marketing, selling, and distribution expenditures.

3.10 Trade receivables

Receivables denote the entitlements to collect specific sums from customers or other debtors arising from the Group's activities. Initially recognized at fair value, trade receivables are subsequently valued at depreciated cost using the effective interest rate method, adjusted for adjusted value. Adjustments to receivables occur upon the identification of objective evidence indicating the Group's inability to collect all receivables within agreed terms. Indicators of receivables impairment include significant financial distress of debtors, the likelihood of debtor insolvency, and payment delinquencies or defaults. The adjustment amount equals the disparity between the accounting value and the recoverable amount, assessed by the Group's executive directors. Receivables adjustment amount are reflected in the statement of comprehensive revenue.

In 2023, the Group refrained from discounting receivables related to transactions with payment delays exceeding one year.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits with banks and other short-term highly liquid instruments with payment terms of up to three months or less.

3.12 Financial assets

Financial assets are categorized into three groups: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive revenue, and financial assets at depreciated cost. The classification is determined by the purpose for which the financial asset was acquired. Executive directors classify financial assets upon initial recognition and reassess this classification at each reporting date.

Recognition of a financial asset occurs when the Group becomes a contractual party subject to the instrument's terms. Derecognition of financial assets happens when the Group's contractual rights to cash flows expire, or when the Group transfers the assets without retaining control or transferring all associated risks and rewards. Regular purchase and sale of financial assets are recognized on the trade date, which is when the Group commits to buying or selling the asset.

Financial assets at fair value in the revenue statement

This category includes financial assets intended for trading. Financial assets are placed into this category if their primary purpose is short-term selling or as determined by executive directors. Assets in this category are generally considered short-term, except for derivative financial instruments.

Financial assets at fair value in other comprehensive revenue

Group measures financial assets at fair value through other comprehensive revenue, if both of the following conditions are met:

- financial assets are held within a business model with the intention of holding them to collect contractual cash flows or for sale.
- contractual terms of the financial assets generate cash flows consisting exclusively of payments of principal and interest on the principal amount outstanding.

Debt instruments classified as fair value through comprehensive revenue incur interest revenue, exchange differences, value adjustments, or reversals of value adjustments, which are recognized in the revenue

statement. These are calculated similarly to financial assets measured at depreciated cost. Any remaining changes in fair value are recognized in other comprehensive revenue. Upon derecognition, the cumulative change in fair value recognized in other comprehensive revenue is reclassified to profit or loss.

Financial assets at depreciated cost

Group measures financial assets at depreciated cost if both of the following conditions are met:

- financial assets are held within the business model with the aim of collecting contracted cash flows.
- contractual terms of these assets generate cash flows solely consisting of payments of principal and interest on the outstanding principal amount on specific dates.

Financial assets at depreciated cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in the revenue statement upon derecognition, change, or reduction of these assets.

Financial assets at depreciated cost include trade receivables.

All purchased and sold financial assets are recognized on the transaction date, i.e., the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not stated at fair value in the revenue statement. Financial assets reported at fair value in the revenue statement are initially recognized at fair value, with transaction costs reported in the statement of comprehensive revenue.

Financial assets are derecognized when the Group no longer holds the rights to receive cash flows from investments, either because they have expired or been transferred, or when the Group has transferred all significant risks and rewards of ownership.

Loans and receivables are initially recognized at fair value and subsequently measured at depreciated cost using the effective interest rate method.

Gains and losses resulting from changes in the fair value of financial assets at fair value in the revenue statement are recorded in the statement of comprehensive revenue under 'net financial revenue/(expenditures)' in the period in which they occur.

Interest on securities, calculated using the effective interest rate method, is reported in the statement of comprehensive revenue as part of other revenue.

Dividends on equity securities are reported in the statement of comprehensive revenue as part of other revenue once the right to dividend payment is established.

Fair values of listed investments are based on current bid prices. If the market for a financial asset is inactive, including for unquoted securities, the Group assesses fair value using valuation techniques. These techniques consider recent transactions under normal trading conditions and compare the asset with similar instruments. Group maximizes the use of market information and minimally relies on entity-specific information.

Group records a value adjustment for expected credit losses (ECL) for all debt instruments not carried at fair value through the profit and loss account. Expected credit losses are determined by the disparity between contractual cash flows stipulated in the contract and all cash flows anticipated by the Group.

These losses are recognized in two phases. For credit exposures with no significant increase in credit risk since initial recognition, the Group recognizes expected credit losses for potential non-payment events expected in the next 12 months (12-month expected credit losses). For exposures experiencing a significant increase in credit risk since initial recognition, an allowance for expected credit losses over the remaining life of the exposure is necessary, irrespective of the borrowing timeframe (lifetime expected credit losses).

In the case of trade receivables and contractual assets, Group utilizes a simplified approach for calculating expected credit losses. Group doesn't actively monitor changes in credit risk but records a value adjustment based on lifetime expected credit loss at the conclusion of each reporting period. Financial assets are written off when there's no reasonable expectation of collection.

3.13 Share capital

Share capital consists of ordinary shares. Receipts reported in the capital upon issuing new shares or options are presented net of related transaction costs and corporate income tax. The portion of the fair value of the received consideration exceeding the nominal value of the issued shares is disclosed in the notes as capital gain.

The compensation paid for purchased own shares, inclusive of directly attributable transaction costs, reduces the share capital until the shares are withdrawn, reissued, or sold. When reissuing own shares, all receipts, net of directly attributable transaction costs and corporate income tax, are included in the capital from the Group's shareholders.

Dividends are acknowledged in the statement of changes in equity and presented as a liability in the period in which they are approved by the Group's shareholders.

3.15 Financial liabilities

Financial liabilities are categorized as either valued at depreciated cost or at fair value through the profit and loss account. A financial liability is classified at fair value through profit and loss if it's categorized as held for trading, if it's a derivative instrument, or if it's designated as such at initial recognition. Financial liabilities at fair value through the revenue statement are valued at fair value, and net gains and losses, including all interest costs, are recognized in the revenue statement.

Other financial liabilities are subsequently measured at depreciated cost using the effective interest rate method. Interest costs and exchange differences are recognized in the revenue statement. Any gain or loss from derecognition is also recognized in profit or loss.

Group ceases to recognize a financial liability when contractual obligations are settled, cancelled, or expire. Group also discontinues recognition of a financial liability if the conditions are altered, resulting in significantly different cash flows for the modified liability. In such cases, a new financial liability reflecting the changed conditions is recognized at fair value.

Upon derecognition of a financial liability, the discrepancy between the accounting value of the extinguished liability and the compensation paid (inclusive of any transferred non-monetary assets or assumed liabilities) is recorded in the revenue statement.

Financial loans

Financial loans are initially recognized at fair value, less transaction costs. In subsequent periods, loans are reported at depreciated cost using the effective interest rate method. All variances between receipts (net of transaction costs) and redemption value are recognized in the profit and loss account over the loan term. Loans are classified as short-term liabilities unless the Group holds the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

In compliance with International Accounting Standard 23 – Borrowing Costs, the Group capitalizes borrowing costs. In 2023, no borrowing costs were capitalized concerning the acquisition of eligible assets. In 2023, borrowing costs related to the acquisition of eligible assets were not capitalized.

3.16 Obligations to suppliers

Obligations to suppliers arose from purchases of goods or services in the ordinary course of business. These liabilities are categorized as current if payment is due within one year or less; otherwise, they are classified as non-current.

Obligations to suppliers are initially recognized at fair value and subsequently stated at depreciated cost using the effective interest rate method in subsequent periods.

3.17 Employee benefits

Share-based payment

Group employs an equity-based and share-based compensation plan to allocate shares to its employees. The fair value of services received from employees, in exchange for granted Group shares, is recognized as an expense, with a corresponding increase in capital, over the vesting period of the awards. This fair value is determined on the grant date and spread over the period during which the employee has an unconditional right to the shares.

The total expense recognized over the vesting period is based on the fair value of the awarded shares. On each reporting date, the Group reassesses estimates of the number of shares expected to be awarded. Any impact of a change in the original estimate is recognized in the statement of comprehensive revenue, with a corresponding adjustment in equity and reserves. When distributed after the vesting period, treasury shares are calculated at the average purchase cost and allocated from retained earnings.

Bonus plans

Group records an obligation and expense for bonuses in the form of a provision when there exists a contractual obligation or past practice that gives rise to the derivative obligation.

Vacations

Group recognizes provisions for unused vacation days in accordance with contractual obligations. On the reporting date, provisions for unused vacation days are established based on the number of unused vacation days accrued in the current year.

3.18 Provisions

A provision is acknowledged only when the Group has an existing obligation (legal or constructive) arising from a past event, and it's probable that an outflow of resources embodying economic benefits will be needed to settle the obligation, with a reliable estimate of the amount possible. Provisions are reassessed at each statement of financial position date and adjusted to reflect the best current estimate.

In cases where the time value of money has a significant impact, the provision amount represents the present value of the anticipated expenditure required to settle the obligation. This amount is determined by discounting expected future cash flows using a pre-tax discount rate reflecting the current market assessment of the time value of money. An increase in provisions that reflects the passage of time is recognized as a financial expense.

If it's expected that some or all of the expenditure to settle the provision will be reimbursed by a third party, the receivable is recognized as an asset only when it's certain that compensation will be received and the amount can be reliably measured.

3.19 Revenue recognition

Revenues comprise the fair value of fees received or receivables for products, goods, or services sold in the ordinary course of the Group's operations. Revenue figures are presented net of value-added tax, excise duties, estimated refunds, rebates, and discounts.

Group recognizes revenue when the amount can be reliably measured, future economic benefits are probable, and specific criteria for all Group activities, as described below, are met.

Revenue from wholesale of goods and materials

Revenue from the sale of goods and materials in wholesale is recognized when the Group delivers the products to the customer, provided that the customer has the freedom to set the selling price and there are no outstanding obligations that could affect the customer's acceptance of the product. Delivery occurs when the products are shipped to a designated location, the risks of loss are transferred to the customer, and either the customer accepts the products per the contract or the Group has objective evidence that all acceptance criteria are met.

Sales revenue is reported based on the price stipulated in the sales contract, adjusted for estimated volume discounts and returns. Estimates of discounts and returns are determined based on past experience. The sale does not include financing elements, as the collection period for receivables ranges from 15 to 60 days, aligning with market practices.

Revenue from services

Revenue from services provided is determined based on long-term-price contracts with agreed terms of up to one year. Revenue from long-term-price contracts for services is recognized in the period during which the services are rendered, utilizing the straight-line method over the contract term.

Interest revenue

Interest revenue is recognized on a time-proportional basis using the effective interest rate method. When the value of a receivable diminishes, the Group adjusts the accounting value of the receivable to its recoverable amount, reflecting the estimated value of expected cash inflows discounted at the original effective interest rate of the instruments.

The uniform depreciation of the discount in future periods is recorded as interest revenue. Interest revenue from loans of uncertain collectability is recognized using the original effective interest rate method.

Revenue from dividends

Revenue from dividends is recognized when the dividend is successfully voted on.

Government grants

Government grants are acknowledged when there is a reasonable assurance of receipt and satisfaction of all associated conditions. Following IAS 20 – Accounting for Government Grants, the Group has adopted the policy to recognize government grants related to profit, encompassing grants received in monetary form for specific purposes as well as those received as tax or contribution write-offs, as revenue. This policy is consistently applied to all government grants received.

3.20 Foreign currencies

Transactions conducted in foreign currencies are translated into the functional currency using the middle exchange rate provided by the Croatian National Bank on the transaction date.

Monetary assets and liabilities denominated in foreign currency on the reporting date are converted into the functional currency using the exchange rate prevailing on the reporting date. Gains or losses arising from exchange rate differences related to the settlement of these transactions and the translation of monetary assets and liabilities in foreign currencies are recognized in the profit or loss statement. Non-monetary assets and items measured at historical cost in a foreign currency are not retranslated using new exchange rates. Non-monetary assets and liabilities denominated in foreign currency and presented at historical cost are translated into the functional currency using the exchange rate applicable on the transaction date.

3.21 Value added tax

Value-added tax (VAT) arising from sales and purchase transactions is recognized and reported in the balance sheet on a net basis, as stipulated by the legal framework. In the event of a receivable write-down, the loss from the write-down is reported in the gross amount of the receivable, inclusive of value-added tax.

3.22 Corporate income tax

Group calculates its tax obligations in compliance with the local regulations of the country in which it operates. Corporate income tax expense encompasses both current and deferred tax. Corporate income tax is disclosed in the statement of comprehensive revenue up to the amount pertaining to items within equity when the tax expense is recognized within equity.

Current tax represents the anticipated tax liability computed on the taxable profit for the year, applying the tax rate effective on the reporting date, along with adjustments for tax liabilities from previous periods.

Deferred tax is recognized using the balance sheet liability method and considers temporary differences between the carrying amounts of assets and liabilities utilized for financial reporting and those used for tax purposes.

Deferred tax was established at a rate of 18%, representing the corporate income tax rate applicable in subsequent periods in line with changes in the legal framework.

3.23 Leases

Group as lessor

Leases where the Group retains substantially all risks and rewards linked to asset ownership are categorized as operating leases. Lease revenue is computed on a straight-line basis as per lease terms and is recognized in revenue within the Statement of Comprehensive Revenue, reflecting its operational nature.

Group as lessee

Group employs a unified recognition and measurement approach for all leases, with the exception of short-term leases and leases involving low-value assets.

Right to use the asset

Group recognizes the right to use the asset on the lease commencement date, which is when the asset is available for use. This right to use the asset is initially measured at cost, reduced by accumulated depreciation and impairment losses, and is adjusted with each remeasurement of the lease liability. The cost of the right to use the asset includes the recognized lease obligations, initial direct costs, and any lease payments made on or before the lease commencement date, less any lease incentives received, if applicable. The right to use the asset is depreciated on a straight-line basis over the lease term and is subject to impairment.

Lease obligations

At the onset of the lease period, the Group records lease obligations, evaluated at the present value of future lease payments over the lease term. These payments encompass long-term amounts, variable payments contingent upon an index or rate, and sums anticipated under residual value guarantees, if any. Additionally, if stipulated in the contract, lease payments may also incorporate the purchase price for which the Group is reasonably certain to exercise an option, as well as penalties for lease termination, if the Group is reasonably certain to exercise such an option. Variable lease payments not contingent upon an index or rate are expensed in the period incurred.

When determining the present value of lease payments, the Group utilizes the incremental borrowing rate at the lease commencement if the lease interest rate isn't readily determinable. The carrying amount of lease liabilities is reassessed if changes arise during the lease term.

Short-term leases and leases of assets of low value

For short-term leases (lease duration of 12 months or less from commencement without a purchase option), the Group applies the short-term lease recognition exemption. Similarly, the Group also recognizes an exemption for leases involving low-value assets. Payments for short-term leases (with a lease term of 12 months or less from commencement without a purchase option) and leases of low-value assets are recognized as an expense over the lease term.

3.24 Contingent assets and liabilities

Contingent assets are not recognized in the financial statements but disclosed in the notes when it is probable that an inflow of economic benefits will occur.

Contingent liabilities are not recognized in the financial statements but disclosed in the notes unless the outflow of economic benefits is deemed unlikely.

3.25 Comparative data

Where necessary, comparative data has been adjusted to reflect changes in this year's presentation. The presentation adheres to the stated accounting policies.

3.26 Earnings per share

Earnings per share are computed by dividing the profit attributable to the Group's shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (loss) per share is calculated by dividing the net profit (loss) for the current year by the weighted average number of ordinary shares issued during the year, and then adjusting for the weighted average number of ordinary shares that would be issued upon the conversion of all potentially dilutive ordinary shares into ordinary stock.

3.27 Events after the reporting date

Events after the reporting date, which offer supplementary information about the Group's status at the statement of financial position date (adjusting events), are disclosed in the financial statements. Events occurring after the reporting date that do not pertain to reconciliation (non-adjusting events) are disclosed in the notes to the financial statements if deemed significant.

3.28 New standards and interpretations of published standards that have not yet been adopted

The following new standards and amended existing standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) are provided below:

(a) Standards, interpretations and amendments issued by the IASB, applied to financial statements from 1 January 2023

As of the approval date of these financial statements, the following new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) have been adopted and are effective for the current period:

- IFRS 17 Insurance Contracts,
- IAS 1 Presentation of Financial Statements and IFRS statement 2: Publication of accounting policies (Amendments),
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments),
- IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments),
- IAS 12 Income Taxes: International Tax Reform Pillar Two Model Rules (Amendments).

(b) Standards, interpretations and amendments not yet applied

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments). Amendments are effective for annual reporting periods commencing on or after January 1, 2024, with earlier application permitted, and must be applied retroactively in accordance with the provisions of IAS 8.
- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments). Amendments are effective for annual reporting periods commencing on or after January 1, 2024, with earlier application permitted.

Group has chosen not to apply the aforementioned standards, revisions, and interpretations before their effective date. Additionally, the Group does not anticipate these new and amended standards to have a significant impact on the Group's annual financial statements.

(c) New standards and amendments to existing standards published by OMRS, but not yet adopted in the European Union

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on August 15, 2023),
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Financial Arrangements (issued on May 25, 2023).

Group has decided not to apply the aforementioned standards, revisions and interpretations before their effective date. Group does not expect these new and amended standards to have a significant impact on the Group's consolidated financial statements.

3.29 Key accounting estimates

The preparation of financial statements in accordance with IFRS, as adopted in the European Union, necessitates the utilization of key accounting estimates. Executive directors are also mandated to exercise judgement in applying the Group's accounting policies. Areas entailing a heightened degree of judgement or complexity, such as those involving significant assumptions and estimates impacting the financial statements, are disclosed in the notes. Estimates are consistently assessed and are grounded on experience and other factors, including expectations of future events that are deemed reasonable under prevailing circumstances. Group makes estimates and makes assumptions related to the future.

a) Use of estimates and judgements

When crafting the Group's financial statements, executive directors relied on specific estimates and assumptions that influence the reported revenues, expenditures, assets, liabilities, and disclosure of contingencies as of the reporting date. Nevertheless, the uncertainty surrounding these assumptions and estimates may lead to substantial alterations in the carrying amounts of the respective assets or liabilities in future periods. Key forward-looking assumptions and other critical sources of uncertainty estimates as of the statement of financial position date, which entail significant risks of substantial changes in the carrying amounts of assets and liabilities in the upcoming financial year, are detailed as follows:

Lifetime of real estate, plant and equipment

At the conclusion of each annual reporting period, the Group evaluates the estimated useful lives of its property, plant, and equipment. Real estate, plant, and equipment are presented at acquisition cost minus accumulated value adjustments. There have been no revaluations of real estate, plant, and equipment (the accounting value aligns with the purchase value less depreciation).

Impairment of value of non-financial assets

Group assesses indicators of impairment for real estate, plant, and equipment using the multiplier method of the net accounting value and operating profit of the segment. This involves relating the net accounting value of the asset or segment (a revenue-generating unit) to the realized operating profit of the asset or segment. If, for an individual asset or segment, the multiplier of the net accounting value and operating profit exceeds predetermined thresholds, its recoverable value is determined either through fair value less costs of sale or the value of the asset in use, depending on which is higher. Additionally, the recoverable amount of assets is determined for newly acquired assets, including those acquired through business combinations. To ascertain the recoverable amount, the Group employs both internal and external assessments.

This process involves management making significant judgements in identifying and valuing indicators of impairment, estimating future cash flows, and determining the fair value of an asset (or group of assets). Such judgements encompass identifying indicators of impairment, projecting future cash flows, estimating future investments, selecting applicable discount rates, determining useful lives, and establishing residual values. When determining the recoverable amount, management takes into account indicators such as facility occupancy, revenue per unit, expected market growth in the industry, among others. The calculation of fair value less costs of sale relies on the market approach method, which leverages prices and other pertinent information from market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities, such as a specific segment of activity.

Corporate income tax

Calculation of corporate income tax is conducted by the Group in accordance with the current interpretation of tax regulations. However, it's important to note that calculations related to corporate income tax are subject to review and potential adjustment by the Tax Administration.

Impairment of trade receivables

Group acknowledges a decrease in receivables for the estimated irrecoverable amount arising from the sale of goods and services in accordance with the criteria outlined in IFRS 9.

Provisions for litigation

Executive directors estimate that the amount of recognized provisions represents the most accurate estimate available as of the reporting date.

Leases

Determining the lease period for contracts with the option of extension and termination - Group as lessee
Group establishes the lease period by considering the non-cancellable period alongside any periods covered by options for lease extension, provided there is a reasonable certainty of their exercise, or periods covered by options for lease termination, provided there is a reasonable certainty of their non-exercise.

Group has certain leases that contain renewal and termination options. Group exercises judgement to assess the reasonable certainty of whether the lease extension or termination options will be exercised. This evaluation involves considering all relevant factors that may influence the economic incentive for extension or termination. Following the lease commencement date, the Group periodically reassesses the lease period. This re-evaluation occurs if there are significant events or changes in circumstances within the Group's control that affect the ability to exercise or not exercise the extension or termination option. For example, if there are significant adjustments made to the leased assets, prompting a reconsideration of the lease terms.

Group anticipates extending certain leases; however, it does not project terminating lease agreements before the end of the lease period. Group has included the extension period as part of the lease term for leases that have a shorter non-cancelable period (e.g. 2-3 years). Group primarily assesses extensions for leases that could adversely impact the business if the asset is not available for use. Additional details regarding potential future lease payments associated with extension and termination options beyond the lease term are provided below.

Classification of asset leases - Group as lessor

Group has operating leases in its investment property portfolio. Group has evaluated various factors, including the lease term's insignificance relative to the economic lifespan of the commercial property and the present value of minimum lease payments not constituting a substantial portion of the fair value of the property. Despite these considerations, they conclude that they still bear the majority of risks and benefits associated with owning the assets, and thus classify these contracts as operating leases.

Leases - Estimation of incremental borrowing rate

Group encounters difficulty in ascertaining the interest rate directly from the lease terms. Consequently, they resort to employing the incremental borrowing rate for computing the lease liability. This rate represents what the Group would hypothetically pay if they were to borrow funds, under comparable circumstances and with similar insurance, to procure an asset of equivalent value for the same duration and in a similar economic climate as that of the right to use the leased asset. Estimating the incremental borrowing rate becomes necessary in cases where such rates are unavailable or require adjustment to align with the lease terms. Group estimates the incremental borrowing rate using various inputs.

The interest rate computed by the Group reflects a comprehensive assessment of factors including the lessee's credit risk, lease term, security, and prevailing economic conditions. This determination was made utilizing data obtained from vehicle leasing companies concerning borrowing rates. The company regularly reviews the data used to establish the incremental borrowing rate, ensuring its accuracy and relevance. Updates occur at least annually or in response to significant alterations in the Group's credit rating.

Under the IFRS 16 standard, a distinctive balance sheet model is introduced for lessees to account for leases. The specified standard delineates a lease as either a standalone contract or a segment of a contract, granting the lessee the privilege to utilize a specific asset over a defined period in exchange for a predetermined fee. Crucially, for the rights stipulated within the contract to qualify as a lease, the contract must explicitly confer control over the asset's usage to the lessee.

Control over the asset's usage is deemed to exist if the lessee possesses the right to enjoy all economic benefits arising from its utilization or directly dictates the asset's usage, thereby determining how and for what

purpose it is employed. Consequently, under this new standard, lessees are mandated to include all leases on their balance sheets. In addition to recognizing leased assets, lessees must acknowledge the obligation to pay rental instalments upfront, while accounting for interest expense and depreciation at subsequent stages. The standard incorporates two exemptions regarding the recognition and assessment of leases:

- leases of 12 months or less
- leases involving low-value assets, such as personal computers or smaller office furniture items, are exempt from certain recognition and measurement requirements under the standard.

In accordance with IFRS 16, lessors are still required to categorize leases into operating and finance leases, as defined under IAS 17.

Exemptions regarding the recognition and assessment of leases:

- leases of 12 months or less
- leases involving low-value assets, such as personal computers or smaller office furniture items, are exempt from certain recognition and measurement requirements under the standard.

Group utilizes an exemption for recognizing short-term leases, applying it to leases with a period of 12 months or less from the lease commencement date. Group also applies an exemption for recognizing leases of low-value assets, specifically for any asset with a purchase value per item not exceeding EUR 4,247.13 (e.g., rental of work clothes, IT equipment, containers, gas cylinders, cotton cloths, etc.). For such leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

Group has identified that the most significant impact on the financial statements will result from the recognition of new assets and liabilities related to operating leases for passenger cars with terms longer than one year. For leases containing a lease component, each lease component will be computed alongside other associated components within the lease agreement.

The incremental interest rate applied depends on both the contract tranche of the vehicle and the supplier of the rental item, as outlined below:

	31 December 2023	31 December 2022 revised
OTP LEASING d.d.	5.45-1.95%	5.45-1.95%
PORSCHE LEASING d.o.o.	2.78%	2.78%
BKS - leasing Croatia d.o.o.	2.75-2.05%	2.75-2.05%
RAIFFEISEN LEASING d.o.o.	- %	5.45-1.95%
UNICREDIT LEASING CROATIA D.O.O.	4.20%	4.20%
ERSTE & STEIERMÄRKISCHE S-LEASING d.o.o.	1.95%	1.95%
LEASE AGREEMENTS	2.50-4.06%	3.10%

The incremental interest rate applied in foreign companies is as follows:

i. for Kam i Bus d.o.o., Doboj

	2023	2022 revised
LEASE AGREEMENTS	3.10-4.06%	3.10%

ii. for Kam i Bus Importer d.o.o., Ljubljana

	2023	2022 revised
LEASE AGREEMENTS	2.50%	2.00%

Group as lessee

Group has entered into lease agreements for real estate, motor vehicles, equipment, and other low-value assets, as well as leases that do not meet the criteria for lease classification.

Assets with right of use and changes during the period:

	IN EUR			
	2023		2022 revised	
	Real estate	Motor vehicles	Real estate	Motor vehicles
Balance as of January 1	578,271.71	2,034,688.13	772,287.34	1,963,809.01
Increase	515,670.35	795,859.88	485,998.41	853,412.17
Early terminations	567,645.05	132,102.07	178,670.25	72,624.33
Depreciation	207,925.25	922,802.97	422,628.44	936,583.45
Balance as of December 31	318,371.76	1,775,642.97	6,56,987.06	1,808,013.41

Liabilities for leases and changes during the period:

	2023 EUR	2022 revised EUR
Balance as of January 1	2,660,871.82	2,782,318
Increase	730,629.19	1,339,410.58
Increase in interest	47,960.08	71,615.10
Payment	1,075,855.00	1,425,948.24
Early terminations	510,425.42	268,720.29
Exchange rate fluctuations	2,861.11	10,683.79
Balance as of December 31	1,856,041.79	2,509,359.35
Short-term liabilities	781,766.24	951,195.57
Long-term liabilities	1,074,275.55	1,330,725.73

IFRS 16 in the Consolidated Statement of Comprehensive Revenue:

	2023 EUR	2022 revised EUR
Depreciation of assets with right of use	1,020,074.15	1,359,089
Interest expense on lease obligations	47,960.08	71,615.10
Exchange rate differences negative	4,562.41	10,683.79
Correction	0.00	0.00
Revenue from early terminations	16,409.26	4,395.25
Revocable lease period at short notice	3,319,990.77	3,371,153.89
Right to instruct the way and purpose of using the property	785,276.41	388,388.88
Assets of low value	745,770.19	606,587.83
Maturity term shorter than one year	136,923.69	100,188.07
Revenue from lease allowances	13,058.80	7,266.31
Other	-114,699.80	422,478.47
Total for the period from January 1 to December 31, 2023	5,942,507.45	6,333,056.08

Depreciation expenditures for assets with the right of use are accounted for under the Depreciation section (Note 23. Depreciation) of the statement of comprehensive revenue. Meanwhile, the interest costs related to lease obligations are recorded within the Interest expense category (Note 29, item 3. Expenses based on interest and similar expenditures).

Group applies exemptions for short-term leases and leases of assets of low value. Since asset leases of low value are also short-term leases, the Group presents them as short-term leases. The costs associated with short-term leases, low-value assets, leases with a short-term revocable period, and leases where the lessee has the right to control the use of the asset are included in the relevant item. Leases in the amount of EUR 4,987,961.06 (2022: EUR 4,466,318.66 (Note 21, item c). Other external costs).

In 2023, total cash outflows for leases amounted to EUR 6,063,816.06 (2022: EUR 5,892,266.91) for the Group (including outflows for short-term leases, assets of low value, leases with revocable short-term lease periods and leases with the right to direct the manner and purpose of asset use). Within the cash flow statement, financial activities encompass principal repayments of lease obligations. Business activities, on the other hand, cover interest payments for lease obligations, payments for short-term leases, assets of low value, leases with a short-term cancellable lease period, and leases granting the right to direct the use and purpose of the property.

3.30 Determination of fair value

Group has implemented a fair value measurement control system, overseen by executive directors and the Finance and Accounting department, to supervise all significant fair value measurements. This includes consulting with external experts and reporting to the governance bodies responsible for corporate oversight.

Fair values are assessed against information gathered from third-party sources, upon which executive directors and Finance and Accounting evaluate the sufficiency of evidence collected to ensure compliance with IFRS requirements. This evaluation includes determining the appropriate classification of fair value estimates within the fair value hierarchy.

All significant matters concerning fair value assessment are reported to the Management and Audit Committee. Fair values are classified into various levels within the fair value hierarchy, depending on the input variables employed in the valuation techniques, as outlined below:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – input variables that do not represent quoted prices included in level 1, and are input variables for assets or liabilities that are observable either directly (e.g. as prices) or indirectly (e.g. derived from prices).
- Level 3 – input variables for assets or liabilities that are not based on observable market data (input variables that are not observable).

The fair value of financial instruments traded in active markets relies on quoted market prices as of the reporting date. Market is deemed active when quoted prices are discernible through stock exchanges, broker activities, industry groups, or regulatory agencies. These prices reflect real and routine market transactions occurring under typical trading conditions.

The fair value of financial instruments not traded in an active market, such as OTC derivatives, is established through valuation techniques. These valuation techniques prioritize the utilization of observable market data to the fullest extent feasible, minimizing reliance on entity-specific valuations. If all significant input variables necessary for fair valuation are observable, the fair value assessment is classified as level 2.

When one or more significant input variables are not derived from observable market data, the fair value estimate is categorized as level 3.

NOTE 4 - FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

Group monitors potential risks and tries to reduce their impact on Group's financial exposure.

Market risks are mitigated through systematic monitoring of the economic environment, identifying opportunities and threats affecting business, maintaining close communication with customers and suppliers, and adhering to internal policies and regulations.

Measures taken related to ongoing business operations are as follows:

- continued regular settlement of all obligations assumed,
- set limit of external debts of all members of the Group,
- rationalisation of operational expenses for the sake of long-term sustainability,
- increasing employee productivity,
- maintaining continuity in improving the quality of services for customers,
- increased investments in digital technologies to support new business conditions.

There are continued efforts to further improve all of the above in order to reduce the negative impact on operating performance and stability.

(a) Currency risk

Group carries out certain transactions denominated in foreign currencies, on the basis of which there is exposure to changes in the exchange rate of foreign currencies. The risk of currency exchange rate fluctuations is handled within the established parameters of internal policies governing the utilization of futures contracts for foreign currency transactions.

At the Group level, transactions in currencies other than the euro represent less than 1% of the total turnover, and neither the company nor the Group anticipates significant exposure to currency risk.

In 2023, the Group did not use forward contracts for active protection against cash flow currency risk exposure.

(b) Credit risk

Group has no exposure to credit risk toward a single customer or a group of customers with similar characteristics. Net trade receivables are diversified across a substantial client base spanning various industries and geographic locations.

Group has adopted a policy of doing business with creditworthy parties. The exposure of the Group and the credit "rating" of clients are constantly monitored. Credit exposure is controlled by client limits that are frequently reviewed and approved.

Group is not exposed to interest rate risk as it secures funds through long-term interest rates, utilizes appropriate insurance instruments to safeguard funds, and maintains continuous monitoring and analysis of clients.

(c) Liquidity risk

Executive directors assume responsibility for liquidity risk management, overseeing a robust framework designed to monitor short-term, medium-term, and long-term financing, along with all associated liquidity risk requirements.

Adequate funds are consistently maintained through sufficient contracted credit lines to meet obligations, along with ensuring ongoing availability of credit lines for future needs. Liquidity risk is managed by relying on robust net positive operating cash flows and by utilizing credit lines to fund capital investments. As of December 31, 2023, the Group has contracted unused credit lines with financial institutions for the year 2024 in the total amount of EUR 13,48 million. Repayments of substantial credit obligations are synchronized with periods of significant cash inflows from operational activities. Group monitors the level of available sources of funds on a daily basis through reports on the balance of funds and liabilities. Based on the established budget, cash flow for the upcoming year is prepared on a monthly basis, along with a long-term cash flow plan.

The table below presents an overview of the maturities of the Group's financial obligations as of December 31, 2023 and 2022, reflecting the agreed non-discounted payments.

	31 December 2023 EUR	31 December 2022 revised EUR
Due in less than 1 month	28,506,211.72	25,526,503.42
Due in 1 to 3 months	4,771,705.68	9,414,784.52
Due in 3 to 12 months	2,000,000.00	0.00
Due in 1 to 5 years	2,772,710.47	3,081,150.18
Due in more than 5 years	0.00	0.00
Total liabilities (contracted maturity)	38,050,627.87	38,022,438.12

(d) Cash flow interest rate risk

To a large extent, the Group independently finances the operations of Auto Hrvatska Group members, including both short-term and long-term financing, as well as providing financing for the Group's customers. Group generated interest revenue from transactions with other Auto Hrvatska Group customers, which was significantly influenced by changes in market interest rates, as well as the estimated risk levels associated with each individual loan recipient.

Due to the maintenance of current liquidity, the Group took on short-term debt and for this reason incurred interest costs. The mentioned costs do not have a significant part in the Group's cost structure.

On December 31, 2023, if the interest rates on loans denominated in the currency were 1 percentage point higher/(lower), and assuming all other variables remain unchanged, the Group's profit for the year would be EUR 4,166.00 (2022: EUR 26,544.56) higher/(lower), primarily due to increased/(decreased) interest costs on loans with variable rates.

(e) Risk of investing in securities

Group faces exposure to fair value risks and price change risks associated with investing in securities, as investments are classified on the balance sheet as available for sale and at fair value in the revenue statement. Investments in securities categorized as available for sale are typically not listed on the stock exchange. Conversely, securities classified at fair value in the revenue statement are typically traded on the stock exchange. Group oversees the management of risks stemming from fair value and price changes through market transactions and the performance of the investment entity.

4.2 Capital structure management

The ratio of net debt to principal on report day was as follows:

	2023 EUR	2022 revised EUR
Debt (long-term and short-term credits and loans)	2,000,000.00	7,300,000.00
Cash and cash equivalents	-7,638,151.82	-16,357,166.77
Net debt	-5,638,151.82	-9,057,166.77
Principal	79,813,224.59	70,408,738.47
Net debt to principal ratio	-7%	-13%

Debt is defined as a liability for long-term and short-term loans. Principal includes all capital and all reserves.

LONG-TERM ASSETS 50,573,352.69

Previous year 49,033,555.25

For details on individual long-term asset positions and the calculation of annual depreciation, please refer to the attached overview of long-term asset development.

The overview of long-term assets includes a breakdown of individual long-term asset items based on purchase value, value adjustment, and accounting value. The purchase value is stated in the original amount including the increase and decrease in the current year. The value adjustment indicates the total amount of adjustment at the beginning of the year, inclusive of the adjustment made during the current year. The balance of the purchase price and the value adjustment corresponds to the accounting value as of the balance sheet date.

NOTE 5 - INTANGIBLE ASSETS

Current year	1,285,604.05
Previous year	782,705.42

Overview of long-term intangible assets as of 31 December 2023

Auto Hrvatska Group

DESCRIPTION	Concessions, patents, licenses, trademarks and service marks, software and other rights	Goodwill	Other intangible assets	TOTAL intangible assets
PURCHASE VALUE	EUR	EUR	EUR	EUR
Balance on December 31, 2021 revised	1,898,584.38	243,178.96	61,692.22	2,203,455.55
Increase in purchase value	525,252.11	0.00	0.00	525,252.11
Decrease in purchase value (disposal)	-7,456.77	0.00	-53,971.33	-61,428.10
Exchange rate fluctuations	-1,969.87	0.00	-1,292.72	-3,262.59
Balance on December 31, 2022 revised	2,414,409.85	243,178.96	6,428.16	2,664,016.97
Increase in purchase value	873,473.39	0.00	0.00	873,473.39
Decrease in purchase value (disposal)	-9,536.13	0.00	0.00	-9,536.13
Exchange rate fluctuations	0.00	0.11	0.00	0.11
Balance as of December 31, 2023	3,278,347.11	243,179.07	6,428.16	3,527,954.34
VALUE CORRECTION				
Balance on December 31, 2021 revised	1,291,971.20	132,119.83	56,718.43	1,480,809.46
Increase in value correction - depreciation	456,370.30	0.00	838.68	457,208.97
Decrease in value correction - disposal	-4,814.52	0.00	-51,892.36	-56,706.88
Balance on December 31, 2022 revised	1,743,526.98	132,119.83	5,664.74	1,881,311.55
Reclassification				0.00
Increase in value correction - depreciation	369,811.45	0.00	763.42	370,574.87
Decrease in value correction - disposal	-9,536.13	0.00	0.00	-9,536.13
Balance as of December 31, 2023	2,103,802.30	132,119.83	6,428.16	2,242,350.30
NET ACCOUNTING VALUE				
As of December 31, 2022, revised	670,882.87	111,059.13	763.42	782,705.42
On December 31, 2023	1,174,544.81	111,059.24	0.00	1,285,604.05

Review of long-term intangible assets as of December 31, 2022

Auto Hrvatska Group

DESCRIPTION	Concessions, patents, licenses, trademarks and service marks, software and other rights	Goodwill	Other intangible assets	TOTAL intangible assets
PURCHASE VALUE	EUR	EUR	EUR	EUR
Balance as of December 31, 2020 revised	1677040.55	243178.96	62365.39	1982584.89
Increase in purchase value	222647.55	0.00	0.00	222647.55
Decrease in purchase value (disposal)	-1714.12	0.00	0.00	-1714.12
Exchange rate fluctuations	610.39	0.00	-673.17	-62.78
Balance as of December 31, 2021 revised	1898584.38	243178.96	61692.22	2203455.55
Increase in purchase value	525252.11	0.00	0.00	525252.11
Decrease in purchase value (disposal)	-7456.77	0.00	-53971.33	-61428.10
Exchange rate fluctuations	-1969.87	0.00	-1292.72	-3262.59
Balance as of December 31, 2022 revised	2414409.85	243178.96	6428.16	2664016.97
VALUE CORRECTION				
Balance as of December 31, 2020 revised	920753.20	132119.83	54411.18	1107284.21
Increase in value correction - depreciation	372932.11	0.00	2307.25	375239.37
Decrease in value correction - disposal	-1714.12	0.00	0.00	-1714.12
Balance as of December 31, 2021 revised	1291971.20	132119.83	56718.43	1480809.46
Increase in value correction - depreciation	456370.30	0.00	838.68	457208.97
Decrease in value correction - disposal	-4814.52	0.00	-51892.36	-56706.88
Balance as of December 31, 2022 revised	1743526.98	132119.83	5664.74	1881311.55
NET ACCOUNTING VALUE				
On December 31, 2021 revised	606613.18	111059.13	4973.79	722646.09
On December 31, 2022 revised	670882.87	111059.13	763.42	782705.42

NOTE 6 - TANGIBLE ASSETS

Current year

47536004.48

Previous year

45978119.06

DESCRIPTION	Land	Buildings	Buildings - Property with right of use	Plants and equipment	Tools, inventory and transport assets	Tools, operating inventory and transport assets - Assets with right of use	Advances for tangible assets	Property under construction	Investments in real estate	Other tangible assets	TOTAL tangible assets
PURCHASE VALUE	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as of December 31, 2021 revised	610,376.93	10,839,648.68	1,785,281.04	11,207,501.36	6,606,200.02	3,326,557.04	0.00	579,565.20	57,050,224.57	112,050.17	92,117,405.00
Increase in purchase value	0.00	25,941.87	485,998.44	445,661.69	7,697,017.70	853,412.17	200,000.00	337,732.16	332,257.48	119.45	10,378,140.96
Decrease in purchase value (disposal)	0.00	0.00	-178,670.29	-243,868.33	-2,214,590.76	-72,624.27	0.00	0.00	0.00	0.00	-2,709,753.64
Deregistration to inventory	0.00	0.00	0.00	0.00	-286,426.17	0.00	0.00	0.00	0.00	0.00	-286,426.17
Exchange rate fluctuations	1,158.41	0.00	0.00	-3,325.77	0.00	0.00	0.00	1,107.44	0.00	0.00	-1059.92
Balance as of December 31, 2022 revised	611,535.34	10,865,590.55	2,092,609.19	11,405,968.95	1,1802,200.79	4,107,344.94	200,000.00	918,404.80	57,382,482.05	112,169.62	99,498,306.23
Increase in purchase value	0.00	15,581.20	311,195.90	1,163,785.01	5,067,128.33	795,859.88	0.00	16,237.22	3,779,479.34	0.00	11,149,266.86
Decrease in purchase value (disposal)	0.00	0.00	-496,111.07	-134,632.37	-2,047,272.87	-132,102.07	-200,000.00	0.00	0.00	-17,559.33	-3,027,677.69
Deregistration to inventory	0.00	0.00	0.00	-102,556.58	-959,870.18	0.00	0.00	0.00	0.00	0.00	-1,062,426.76
Exchange rate fluctuations	-0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.20	-0.23
Balance as of December 31, 2023	611,535.31	10,881,171.75	1,907,694.03	12,332,565.01	13,862,186.07	4,771,102.75	0.00	934,642.02	61,161,961.39	94,610.09	106,557,468.41
VALUE CORRECTION											
Balance as of December 31, 2021 revised	0.00	7,228,077.11	1,251,701.90	9,283,951.82	3,607,495.79	1,556,571.37	0.00	0.00	25,310,783.06	7,300.95	4,8245,882.01
Increase in value adjustment - depreciation	0.00	789,943.99	422,628.44	603,984.48	1,685,133.68	936,583.51	0.00	0.00	2,086,056.01	0.00	6,524,330.13
Decrease in value adjustment - disposal	0.00	0.00	0.00	-236,341.50	-822,728.23	0.00	0.00	0.00	0.00	0.00	-1,059,069.75
Deregistration of value adjustment to inventory	0.00	0.00	0.00	0.00	-190,955.21	0.00	0.00	0.00	0.00	0.00	-190,955.21
Balance as of December 31, 2022 revised	0.00	8,018,021.10	1,674,330.34	9,651,594.80	4,278,946.03	2,493,154.88	0.00	0.00	27,396,839.07	7,300.95	53,520,187.19
Increase in value adjustment - depreciation	0.00	618,375.33	207,925.00	641,516.45	2,434,013.68	922,802.97	0.00	0.00	2,162,189.73	0.00	6,986,823.16
Decrease in value adjustment - disposal	0.00	0.00	-69,937.26	-134,083.20	-825,458.61	0.00	0.00	0.00	0.00	0.00	-1,029,479.06
Deregistration to inventory	0.00	0.00	0.00	-102556.58	-353510.77	0.00	0.00	0.00	0.00	0.00	-456,067.35
Balance as of December 31, 2023	0.00	8,636,396.43	1,812,318.08	10,056,471.47	5,533,990.33	3,415,957.85	0.00	0.00	29,559,028.80	7,300.95	59,021,463.94
NET ACCOUNTING VALUE											
On December 31, 2022 revised	611,535.34	2,847,569.45	418,278.85	1,754,374.15	7,523,254.76	1,614,190.06	200,000.00	918,404.80	29,985,642.98	104,868.67	45,978,119.04
On December 31, 2023	611,535.31	2,244,775.32	95,375.95	2,276,093.54	8,328,195.74	1,355,144.90	0.00	934,642.02	31,602,932.57	87,309.14	47,536,004.47

Overview of tangible long-term assets as of December 31, 2022

Auto Hrvatska Group

DESCRIPTION	Land	Buildings	Buildings - Property with right of use	Plants and equipment	Tools, inventory and transport assets	Tools, operating inventory and transport assets - Assets with right of use	Advances for tangible assets	Property under construction	Investments in real estate	Other tangible assets	TOTAL tangible assets
PURCHASE VALUE	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as of December 31, 2020 revised	611,712.12	9,860,516.03	1,932,922.29	10,414,069.55	5,737,097.23	2,130,642.11	0.00	564,235.98	52,616,385.56	112,050.17	83,979,631.03
Increase in purchase value	0.00	981,957.79	0.00	923,050.50	2,755,550.60	1,430,673.31	0.00	15,329.22	5,737,937.09	0.00	11,844,498.51
Decrease in purchase value (disposal)	0.00	0.00	(144,996.75)	(116,845.85)	(944,540.31)	(234,758.38)	0.00	0.00	(1,304,098.08)	0.00	(2,745,239.37)
Deregistration to inventory	0.00	0.00	0.00		(951,280.78)	0.00	0.00	0.00	0.00	0.00	(951,280.78)
Exchange rate fluctuations	(1,335.19)	(2,825.14)	(2,644.50)	(12,772.84)	9373.28	0.00	0.00	0.00	0.00	0.00	(10,204.39)
Balance as of December 31, 2021 revised	610,376.93	10,839,648.68	1,785,281.04	11,207,501.36	6,606,200.02	3,326,557.04	0.00	579,565.20	57,050,224.57	112,050.17	92,117,405.00
Increase in purchase value	0.00	25,941.87	485,998.44	445,661.69	7,697,017.70	853,412.17	200,000.00	337,732.16	332,257.48	119.45	10,378,140.96
Decrease in purchase value (disposal)	0.00	0.00	(178,670.29)	(243,868.33)	(2,214,590.76)	(72,624.27)	0.00	0.00	0.00	0.00	(2,709,753.64)
Deregistration to inventory	0.00	0.00	0.00	0.00	(286,426.17)	0.00	0.00	0.00	0.00	0.00	(286,426.17)
Exchange rate fluctuations	1,158.41	0.00	0.00	(3,325.77)	0.00	0.00	0.00	1,107.44	0.00	0.00	(1,059.92)
Balance as of December 31, 2022 revised	611,535.34	10,865,590.55	2,092,609.19	11,405,968.95	1,1802,200.79	4,107,344.94	200,000.00	918,404.80	57,382,482.05	112,169.62	99,498,306.23
VALUE CORRECTION											
Balance as of December 31, 2020 revised	0.00	6,795,414.16	816,017.39	8,852,727.45	2,928,239.17	1,034,126.22	0.00	0.00	24,283,405.80	0.00	44,709,930.19
Increase in value adjustment - depreciation	0.00	432,662.95	435,684.51	554,610.93	1,132,459.63	721,144.47	0.00	0.00	2,167,028.86	0.00	5,443,591.35
Decrease in value adjustment - disposal	0.00	0.00	0.00	(116,085.61)	(309,642.98)	(198,699.32)	0.00	0.00	(1,139,651.60)	0.00	(1,764,079.51)
Deregistration of value adjustment to inventory	0.00	0.00	0.00	0.00	(143,560.03)	0.00	0.00	0.00	0.00	0.00	(143,560.03)
Eliminations	0.00	0.00	0.00	(7,300.95)	0.00	0.00	0.00	0.00	0.00	7,300.95	0.00
Balance as of December 31, 2021 revised	0.00	7,228,077.11	1,251,701.90	9,283,951.82	3,607,495.79	1,556,571.37	0.00	0.00	25,310,783.06	7300.95	48245882.01
Increase in value adjustment - depreciation	0.00	789,943.99	422,628.44	603,984.48	1,685,133.68	936,583.51	0.00	0.00	2,086,056.01	0.00	6524330.13
Decrease in value adjustment - disposal	0.00	0.00	0.00	(236,341.50)	(822,728.23)	0.00	0.00	0.00	0.00	0.00	(1,059,069.75)
Deregistration to inventory	0.00	0.00	0.00	0.00	(190,955.21)	0.00	0.00	0.00	0.00	0.00	(190,955.21)
Balance as of December 31, 2022 revised	0.00	8,018,021.10	1,674,330.34	9,651,594.80	4,278,946.035	2,493,154.88	0.00	0.00	27,396,839.07	7,300.95	5,3520,187.19
NET ACCOUNTING VALUE											
On December 31, 2021 revised	610,376.93	3,611,571.57	533,579.14	1,923,549.54	2,998,704.23	1,769,985.67	0.00	579,565.20	31,739,441.50	104,749.22	43,871,522.99
On December 31, 2022 revised	611,535.34	2,847,569.45	418,278.85	1,754,374.15	7,523,254.76	1,614,190.06	200,000.00	918,404.80	29,985,642.98	104,868.67	45,978,119.04

Fair value of investments in real estate as of December 31, 2023, falls between EUR 86,385,000.00 and EUR 99,718,389.66 (compared to December 31, 2022, when it ranged from EUR 84,497,814.98 to EUR 93,843,345.28). This valuation is determined using revenue methods, primarily comparative methods where reliable data is available.

Revenue methods rely on projections of the present value of future revenue generated by real estate, reflecting market achievements. If revenue relationships are expected to undergo significant deviations in the foreseeable future or substantially differ from market incomes achieved, the revenue value may be determined based on periodically varying incomes derived from significant input data that are not observable. Revenue value of developed land comprises the value of the land itself, along with the value of any buildings and equipment present on it.

For comparative pricing, the purchase and sale prices of properties demonstrating significant similarity to the evaluated property are utilized. If an adequate number of purchase prices are unavailable in the vicinity of the appraised real estate, purchase prices from other comparable areas exhibiting sufficiently similar characteristics may be used to derive comparative prices.

Investments in real estate undergo periodic valuation by an independent authorized appraiser. Between valuations, they are updated using internal models.

Inputs to the revenue model include:

- future lease cash flows are determined based on the specific location, type, and quality of properties, supported by the terms of existing leases, other agreements, or external evidence such as current market lease amount for similar properties;
- discount rates are determined to reflect current market assessments of uncertainty regarding the amount and timing of cash flows;
- estimated vacancy rates are established based on current and expected future market conditions, considering factors such as the expiration of current leases;
- maintenance costs, including necessary investments to sustain the functionality of the property throughout its anticipated lifespan, are taken into account;
- capitalization rates are established according to the precise location, size, and quality of the property, while incorporating market data available at the valuation date; and
- terminal value is calculated considering assumptions regarding maintenance costs, vacancy rates, and market rents.

Basic assumptions in the estimates are based on the following:

Expected lease growth of 5% for both 2023 and 2022, a vacancy period of 6 months between leases, an occupancy rate of 80%, and an adjusted discount rate of 8%.

NOTE 7 - LONG-TERM FINANCIAL ASSETS

7	Investments in securities	0.00
	Previous year	5,189.46

	Current year EUR	Previous year revised EUR
Investments in shares - TEAM d.d. in bankruptcy, Mursko Središće	0.00	5,189.46

8	Loans, deposits and the like	1,703,299.90
	Previous year	8,633.22

	Current year EUR	Previous year revised EUR
Given loans	1,703,000.62	8,333.29
Given deposit	299.28	299.92
	1,703,299.90	8,633.21

maturity from one to five years	1,703,299.90	8,633.21
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NOTE 8 - LONG-TERM RECEIVABLES

3	Trade receivables	0.00
	Previous year	2,190,666.67

	Current year EUR	Previous year revised EUR
Receivables based on sales on merchandise loan	0.00	2,190,666.67
	0.00	2,190,666.67

maturity from one to five years	0.00	2,190,666.67
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4	Other receivables	807.44
	Previous year	1,485.43

	Current year EUR	Previous year revised EUR
Receivables for guarantees for operational vehicle leasing	0.00	0.00
Receivables for real estate lease deposits	550.36	1,100.36
Trade receivables according to the pre-bankruptcy settlement	257.08	385.07
	807.44	1,485.43

maturity from one to five years	807.44	1,485.43
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NOTE 9 - DEFERRED TAX ASSETS

Other receivables	47636.82
Previous year	66755.99

	Previous year	Consumption	Termination	Increase	Current year
Deferred tax assets	66,755.99	19,659.17	0.00	540.00	47,636.82
	66,755.99	19,659.17	0.00	540.00	47,636.82

Deferred tax assets refer to the value adjustment of inventories and provisions.

NOTE 10 - INVENTORIES

1	Raw materials and material	843,846.90
	Previous year	505,865.95

	Current year EUR	Previous year revised EUR
Raw materials and material	843,846.90	505,865.95
	843,846.90	505,865.95

4	Trade goods	43,329,559.02
	Previous year	29,588,653.00

	Current year EUR	Previous year revised EUR
Trade goods	43,329,559.02	29,588,653.00
	43,329,559.02	29,588,653.00

5	Advances for supplies	1,548,403.44
	Previous year	1,194,816.11

	Current year EUR	Previous year revised EUR
Advances given	1,548,403.44	1,194,816.11
	1,548,403.44	1,194,816.11

NOTE 11 - SHORT-TERM RECEIVABLES

3	Trade receivables	12,133,792.60
	Previous year	10,511,557.37

	Current year EUR	Previous year revised EUR
Receivables from customers in the country	11,598,554.57	9,755,854.13
Receivables from defendant customers and disputed claims	189,488.10	148,580.24
Receivables from customers abroad	479,876.86	565,869.24
Receivables from card companies	25,274.22	173,421.64
Adjustment of trade receivables value	-159,401.15	-132,167.88
	12,133,792.60	1,0511,557.37

due within a year	12,133,792.60	10,511,557.37
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	Current year EUR	Previous year revised EUR
On January 1	132,167.88	163,356.96
New provisions	42,397.05	18,333.92
Charged	-15,163.78	-31,985.93
Write-off	0.00	-17,537.06
On December 31	159,401.15	132,167.88

Trade receivables

	Current year EUR	Previous year revised EUR
Overdue and uncorrected receivables	8,567,430.47	7,446,275.27
Receivables that are due but not corrected	3,566,362.14	3,065,282.10
	12,133,792.60	10,511,557.37

As of December 31, 2023, the maturities of trade receivables that are due but not adjusted are as follows:

	Current year EUR	Previous year revised EUR
Up to one month	2,443,673.43	1,839,415.62
One to two months	749,338.03	504,298.36
Two to three months	218,648.65	420,692.55
More than three months to one year	154,702.03	300,875.57
	3,566,362.14	3,065,282.10

The accounting value of trade receivables by currency is as follows:

	Current year EUR	Previous year revised EUR
Euro	10,100,410.92	9,189,188.55
MKD	429,942.36	339,096.27
BAM	1,135,664.63	983,272.55
	11,666,017.91	10,511,557.37

4	Receivables from employees and members of entrepreneurs	16,739.81
	Previous year	11,259.41

	Current year EUR	Previous year revised EUR
Receivables from employees	16,739.81	11,259.41
	16,739.81	11,259.41

due within a year	16,739.81	11,259.41
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5	Receivables from the state and other institutions	962753.03
	Previous year	661556.84

	Current year EUR	Previous year revised EUR
Receivables for VAT	441,630.52	192,616.68
Tax paid when importing goods	224,756.72	224,756.72
Receivables for special taxes - excise duties	180,470.92	158,568.03
Receivables for overpaid corporate income tax	49,240.87	60,564.07
Receivables for compensation during sick leave	25,553.60	18,643.12
Corporate income tax receivables from salaries	0.00	305.42
Other receivables from the state and other institutions	41,100.40	6,102.80
	962,753.03	661,556.84

due within a year	962,753.03	661,556.84
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6	Other receivables	1,013,131.33
	Previous year	640,619.82

	Current year EUR	Previous year revised EUR
Receivables for warranty days	258,612.83	220,588.51
Receivables for advances	228,974.21	183,303.38
Receivables for accrued default interest	84,527.47	171,584.52
Receivables for interest on loans	60,674.88	3,986.61
Receivables from compensation claims	376,431.35	60,317.76
Other receivables	3,910.59	839.05
	1,013,131.33	640,619.82

due within a year	1,013,131.33	640,619.82
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Review of receivables

Position	Balance on	Due date		Total EUR
		< 1 year EUR	> 1 year EUR	
Trade receivables	31 December 2023	12,133,792.60	0.00	12,133,792.60
	31 December 2022	10,511,557.37	2,190,666.67	12,702,224.04
Receivables from employees and members of entrepreneurs	31 December 2023	16,739.81	0.00	16,739.81
	31 December 2022	11,259.41	0.00	11,259.41
Receivables from the state and other institutions	31 December 2023	962,753.03	0.00	962,753.03
	31 December 2022	661,556.84	0.00	661,556.84
Other receivables	31 December 2023	1,013,131.33	807.44	1,013,938.77
	31 December 2022	640,619.82	1,485.43	642,105.25
TOTAL:	31 December 2023	14,126,416.77	807.44	14,127,224.21
	31 December 2022	11,824,993.44	2,192,152.10	14,017,145.54

NOTE 12 - SHORT-TERM FINANCIAL ASSETS

7	Investments in securities	6,000.00
	Previous year	75,917.45

	Current year EUR	Previous year revised EUR
Bills of exchange sent for collection	6,000.00	001. 75,917.45
	6,000.00	75,917.45
due within a year	6,000.00	75,917.45

Investments in securities refer to promissory notes given to the company ČAZMATRANS VUKOVAR d.o.o. and ČAZMATRANS PROMET d.o.o.

8	Loans, deposits, etc.	632,824.89
	Previous year	1,379,836.88

	Current year EUR	Previous year revised EUR
Loans and deposits granted	632,824.89	1,379,836.88
	632,824.89	1,379,836.88
due within a year	632,824.89	1,379,836.88

Group approved euro revolving loans to external users with a maturity of up to one year at market interest rates.

NOTE 13 - MONEY IN THE BANK AND CASH REGISTER

Current year	7,638,151.82
Previous year	16,357,166.77

	Current year EUR	Previous year revised EUR
Funds in banks	7,598,786.78	16,355,616.50
Cash deposit	32,643.28	480.59
Funds in the cash register	6,721.76	1,069.67
	7,638,151.82	16,357,166.77

NOTE 14 - FUTURE PERIOD EXPENSES PAID AND CALCULATED REVENUE

Current year	1,459,041.00
Previous year	1,593,039.62

	Current year EUR	Previous year revised EUR
Prepaid expenditures - insurance and other	1,459,041.00	1,593,039.62
	1,459,041.00	1,593,039.62

NOTE 15 - CAPITAL AND RESERVES

Current year	79,813,224.59
Previous year	70,408,738.45

Subscribed capital

Subscribed capital totaling EUR 7,800,000.00 is comprised of 600,000 shares with a nominal value of EUR 13 (designated AUHR-RA), as officially recorded in the commercial register of the Commercial Court in Zagreb.

Top 7 shareholders according to data from the Central Depository & Clearing Company

Owner structure	31 December 2023		31 December 2022	
	Number of shares	% of ownership	Number of shares	% of ownership
Bogdan Tihava	133,351	22%	134,114	22%
Igor Brigljević	44,559	7%	44,559	7%
Auto Hrvatska d.d. (own shares)	38,201	6%	36,178	6%
OTP banka d.d./AZ OMF CATEGORY B	28,886	5%	28,886	5%
Josipa Urbančić	19,203	3%	19,203	3%
Zagrebačka banka d.d./AZ PROFIT OPEN VOLUNTARY PENSION FUND	17,684	3%	17,684	3%
Damir Udovičić	15,994	3%	15,994	3%
Other shareholders	302,122	50%	303,382	51%
	600,000	100%	600,000	100%

Capital reserves

Capital reserves are generated through various means, including the sale of shares above their nominal value during regular issuance (known as issue premium), required additional payments during share capital increases, the acquisition of shares below nominal value, and direct contributions from shareholders (such as additional capital payments).

Reserves from profit

Reserves from profit in the amount of EUR 5,427,403.61 (December 31, 2022: EUR 5,163,693.68) refer to the formed reserves for bought back own shares (December 31, 2023: EUR 3,394,875.48; December 31, 2022: EUR 3,703,292.59), reserves in accordance with the Companies Act (December 31, 2023: EUR 398,168.43; December 31, 2022: EUR 398,168.43) and reserves defined by the company's Articles of Association (December 31, 2023: EUR 1,990,965.03; December 31, 2022: EUR 1,990,965.03).

In 2023, the company made a decision to allocate shares to employees of Auto Hrvatska Business Group, distributing 8,307 of its own shares to the employees.

Retained earnings

In 2021, the company commenced proceedings with the Restructuring and Sale Centre to nullify the reservation of 9,768 shares issued, which were valued equivalent to assets included in the company capital at accounting value. As per the final judgement of the Commercial Court in Zagreb, case number P-1672/2018, the company was not required to make a payment. Instead, it was obligated to return 9,768 shares designated as AUH-RA to the plaintiff, which were registered with the Central Depository & Clearing Company. The dispute originally emerged during the conversion and privatization process, as the Croatian Privatization Fund, acting as the predecessor of CERP, reserved 9,768 AUHR shares under its own name. Consequently, shares in question were registered in the company's founding capital with a reservation because, due to their unavailability in the territory of Bosnia and Herzegovina, the items (goods) were not transferred to the company as per the inventory and assessment. CERP has never transferred the property for which the reservation was made, nor has it fulfilled its obligation to contribute to the company's share capital, as required of every shareholder.

NOTE 16 - PROVISIONS

8	Provisions for initiated court cases	282,890.31
	Previous year	288,697.06

	Current year EUR	Previous year revised EUR
Provisions for litigation	282,890.31	288,697.06
	282,890.31	288,697.06

due within a year	282,890.31	288,697.06
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Provisions for potential losses due to legal disputes pertain to ongoing disputes initiated against the company. During 2021, the company received a lawsuit from CERP regarding unpaid dividends. According to the aforementioned lawsuit, the company made provisions for expected losses. Throughout 2023 and until the issuance of the annual financial statements, there were no notable developments in the progression of the court case.

6	Other provisions	3,000.00
	Previous year	6,915.39

	Current year EUR	Previous year revised EUR
Provisions for buy back contracts	3,000.00	6,915.39
	3,000.00	6,915.39

due within a year	3,000.00	6,915.39
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NOTE 17 - LONG-TERM LIABILITIES

5	Obligations for loans, deposits, etc.	400,385.82
	Previous year	26,6276.33

	Current year EUR	Previous year revised EUR
Obligations based on guarantees received from lessees	400,385.82	266,276.33
	400,385.82	266,276.33

Due between one and five years	400,385.82	266,276.33
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Obligations for loans, deposits, and similar items pertain to guarantees received from lessees for leasing business premises.

10	Other long-term obligations	2,372,324.65
	Previous year	2,814,873.85

	Current year EUR	Previous year revised EUR
Obligations under maintenance contracts	1,032,604.40	1,358,479.37
Obligation for assets with the right of use - long-term part	1,074,275.55	1,330,725.74
Other long-term obligations	265,444.70	125,668.74
	2,372,324.65	2,814,873.85

Due between one and five years	2,372,324.65	2,814,873.85
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NOTE 18 - SHORT-TERM LIABILITIES

6	Obligations to banks and other financial institutions	2,000,000.00
	Previous year	7,300,000.00

	Current year EUR	Previous year revised EUR
Obligation for short-term loans from banks	2,000,000.00	265,445.62
	2,000,000.00	265,445.62

due within a year	2,000,000.00	265,445.62
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Company has short-term loans in euros with interest rates of 0.4-2%.

7	Obligations for advances	8,890,945.45
	Previous year	6,375,627.31

	Current year EUR	Previous year revised EUR
Obligations for advances received	8,890,945.45	6,375,627.31
	8,890,945.45	6,375,627.31

due within a year	8,890,945.45	6,375,627.31
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8	Obligations to suppliers	16,503,426.90
	Previous year	14,445,119.92

	Current year EUR	Previous year revised EUR
Obligations to suppliers in the country	8,357,121.16	7,144,586.05
Obligations to suppliers abroad	8,146,305.74	7,300,533.87
	16,503,426.90	14,445,119.92

due within a year	16,503,426.90	14,445,119.92
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10	Obligations to employees	1,260,109.86
	Previous year	1,013,437.52

	Current year EUR	Previous year revised EUR
Obligations for net salaries	1,145,717.63	899,288.40
Obligations for the payment of salary remuneration, transport and other support	114,392.23	114,149.11
	1,260,109.86	1,013,437.52

due within a year	1,260,109.86	1,013,437.52
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11	Obligations for taxes, contributions and similar benefits	4,687,402.00
	Previous year	3,920,663.48

	Current year EUR	Previous year revised EUR
Obligations for value added tax	2,466,974.05	2,444,048.95
Obligations for taxes, surcharges and contributions related to the payment of revenue	724,523.37	572,380.82
Obligations for special tax on vehicles	155,828.97	118,880.07
Corporate income tax liability	1,320,690.82	756,809.87
Obligations for other public benefits	19,384.79	28,543.78
	4,687,402.00	3,920,663.48

due within a year	4,687,402.00	3,920,663.48
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12	Obligations based on the share in the result	200,248.19
	Previous year	137,620.68

	Current year EUR	Previous year revised EUR
Obligations for dividends to shareholders	200,248.19	137,620.68
	200,248.19	137,620.68
due within a year	200,248.19	137,620.68

14	Other short-term liabilities	1,735,785.00
	Previous year	1,748,819.03

	Current year EUR	Previous year revised EUR
Obligations based on the right of use - short-term part	781,766.24	951,195.52
Obligations under maintenance contracts	644,306.63	575,964.34
Obligations for compensation claims	12,190.02	553.93
Obligations to members of the Supervisory Board	1,340.51	1,340.50
Obligations for the III pillar of pension insurance	21,467.44	21,533.80
Other obligations	274,714.16	198,230.93
	1,735,785.00	1,748,819.03
due within a year	1,735,785.00	1,748,819.03

Overview of obligations

Position	Balance on	Due date		Total
		< 1 year	> 1 year	
		EUR	EUR	EUR
Obligations for loans, deposits, etc.	31 December 2023	0.00	400,385.82	400,385.82
	31 December 2022	0.00	266,276.33	266,276.33
Obligations to banks and other financial institutions	31 December 2023	2,000,000.00	0.00	2,000,000.00
	31 December 2022	7,300,000.00	0.00	7,300,000.00
Other long-term obligations	31 December 2023	0.00	2,372,324.65	2,372,324.65
	31 December 2022	0.00	2,814,873.80	2,814,873.80
Obligations for advances	31 December 2023	8,890,945.45	0.00	8,890,945.45
	31 December 2022	6,375,627.31	0.00	6,375,627.31
Obligations to suppliers	31 December 2023	16,503,426.90	0.00	16,503,426.90
	31 December 2022	14,445,119.92	0.00	14,445,119.92
Obligations to employees	31 December 2023	1,260,109.86	0.00	1,260,109.86
	31 December 2022	1,013,437.52	0.00	1,013,437.52
Obligations for taxes, contributions and similar payments	31 December 2023	4,687,402.00	0.00	4,687,402.00
	31 December 2022	3,920,663.48	0.00	3,920,663.48
Obligations based on the share in the result	31 December 2023	200,248.19	0.00	200,248.19
	31 December 2022	137,620.68	0.00	137,620.68
Other short-term liabilities	31 December 2023	1,735,785.00	0.00	1,735,785.00
	31 December 2022	1,748,819.03	0.00	1,748,819.03
TOTAL:	31 December 2023	35,277,918.40	2,772,710.47	38,050,628.87
	31 December 2022	34,941,287.94	3,081,150.13	38,022,438.07

NOTE 19 - DEFERRED PAYMENT OF EXPENSES AND REVENUE OF THE FUTURE PERIOD

Current year	2007853.76
Previous year	2827055.45

	Current year EUR	Previous year revised EUR
Calculated dependent procurement costs	573,369.66	917,633.29
Calculated costs for which the invoice has not arrived	238,375.54	639,842.86
Deferred revenues from grants	738,306.14	850,336.19
Calculated costs for future repairs	95,036.06	248,722.94
Calculated costs of unused vacations	45,920.69	13,928.73
Deferred revenues under the maintenance contract	48,686.01	15,249.45
Other deferred revenue	268,160.90	141,341.99
	2,007,855.00	2,827,055.45

NOTE 20 - BUSINESS REVENUE

Current year	241,835,615.28
Previous year	221,978,243.15

2	Sales revenue	235,716,530.14
	Previous year	217,899,875.77

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Revenue from the sale of goods - domestic market	180,586,357.61	169,266,687.37	11,319,670.24	7
Revenue from the sale of services - domestic market	39,285,604.73	32,708,658.84	6,576,945.89	20
Revenue from the sale of goods - foreign market	1,208,503.69	2,170,896.81	-962,393.12	-44
Revenue from business lease	5,511,978.54	5,745,091.11	-233,112.57	-4
Revenue from product sales	3,647,231.85	3,250,363.79	396,868.06	12
Revenue from the delivery of goods abroad	4,296,581.89	3,790,389.14	506,192.75	13
Revenue from the sale of services - foreign market	1,170,027.37	1,029,955.01	140,072.36	14
Post-approved rebates	-308,507.39	-235,311.04	-73,196.35	-31
Other revenue from sales	13,998.29	7,490.48	6,507.81	87
Other revenue from the sale of services	304,753.56	165,654.26	139,099.30	84
	235,716,530.14	217,899,875.77	17,816,654.37	8

3	Revenue based on the use of own products, goods and services	159,612.11
	Previous year	128,216.74

	Current year EUR	Previous year revised EUR	Revised EUR	%
Revenue based on the use of own services	159,612.11	128,216.74	31,395.37	24
	159,612.11	128,216.74	31,395.37	24

5	Other business revenue	5,959,473.03
	Previous year	3,950,150.64

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Revenue from pre-invoiced expenditures	3,481,773.84	2,584,978.17	896,795.67	35
Revenue from cancellation of provisions and subsequently collected revenue	142,372.91	237,283.43	-94,910.52	-40
Revenue from business lease	991,869.81	603,117.79	388,752.02	64
Revenue from subsequent approvals from the previous year	137,514.88	131,021.57	6,493.31	5
Revenue from the sale of long-term assets and inventory surpluses	70,863.44	104,376.00	-33,512.56	-32
Revenue from collected insurance sums	615,968.13	165,232.99	450,735.14	273
Revenue from write-offs and discounts	492,783.13	16,909.55	475,873.58	2814
Other business revenue	26,326.89	107,231.14	-80,904.25	-75
	5,959,473.03	3,950,150.64	2,009,322.39	51

Revenues by segment

Auto Hrvatska Business Group separately reports business results for its primary segments, which are defined by the geographical areas in which they operate.

Business activities within the segments are interconnected to maximize the profit of the Business Group. Members of the Business Group are divided into two segments: EU countries and non-EU countries.

Executive directors oversee the performance of business segments to guide decisions on resource allocation, assess segment results, evaluate synergistic effects within each segment, and determine their overall contribution to the business.

Success of the segments is evaluated based on total revenues and expenditures from operations, as well as the profit realized before taxation, as detailed in the segment operations information of Auto Hrvatska Business Group. Additionally, balance sheet categories of assets, capital, and liabilities are monitored. Based on this data, effects of these balance sheet categories are assessed by segment and on the overall Business Group level. Information on the operations of Auto Hrvatska Business Group by segment for 2023:

	EU COUNTRIES	THIRD COUNTRIES	ELIMINATION (GROUP)	CONSOLIDATED DATA
BALANCE SHEET				
ASSETS	158,785,818.00	9,730,550.00	-48,358,773.00	120,157,595.00
Long-term assets	46,822,638.00	2,348,650.00	-1,635,284.00	47,536,004.00
Inventories	43,876,526.00	2,594,342.00	-749,059.00	45,721,809.00
Receivables	17,869,070.00	1,664,452.00	-5,406,297.00	14,127,225.00
Long-term financial assets (and shares)	23,821,689.00	2,000,300.00	-24,118,689.00	1,703,300.00
Money in the bank and the cash register	6,551,986.00	1,086,166.00	0.00	7,638,152.00
Other	19,843,909.00	36640.00	-16,449,444.00	3,431,105.00
LIABILITIES	158,785,818.00	9,730,550.00	-48,358,773.00	120,157,595.00
Capital and reserves	99,824,663.00	4,881,583.00	-24,893,023.00	79,813,223.00
Obligations	56,721,247.00	4,795,130.00	-23,465,750.00	38,050,627.00
Other	2,239,908.00	53,837.00	0.00	2,293,745.00

	EU COUNTRIES	THIRD COUNTRIES	ELIMINATION (GROUP)	CONSOLIDATED DATA
PROFIT AND LOSS ACCOUNT				
TOTAL REVENUE	269,183,152.00	25,343,517.00	-52,344,256.00	242,182,413.00
Sales revenue from business activities within the Group	45,549,747.00	362,322.00	-45,912,069.00	0.00
Sales revenue from business activities outside the Group	207,745,943.00	24,700,481.00	3,270,107.00	235,716,530.00
Other business revenue from business activities within the Group	2,507,656.00	12,512.00	-2,520,168.00	0.00
Other business revenue from business activities outside the Group	5,755,528.00	223,544.00	-19,599.00	5,959,473.00
Other	7,624,278.00	44,658.00	-7,162,527.00	506,410.00
TOTAL EXPENSES	248,469,024.00	24,556,028.00	-45,478,978.00	227,546,074.00
Costs of raw materials and materials	2,784,404.00	172,995.00	-28,035.00	2,929,364.00
Cost of goods sold	193,449,059.00	20,378,604.00	-33,850,213.00	179,977,449.00
Other external material costs	18,191,978.00	999,064.00	-10,212,288.00	8,978,754.00
Personnel costs	20,117,450.00	1,870,261.00	0.00	21,987,711.00
Depreciation	6,741,734.00	548,186.00	67,478.00	7,357,398.00
Other costs	4,888,268.00	359,391.00	-464,907.00	4,782,753.00
Other	2,296,131.00	227,527.00	-991,013.00	1,532,645.00
PROFIT BEFORE TAX	20,714,128.00	787,489.00	-6,865,278.00	14,636,339.00

NOTE 21 - MATERIAL COSTS

a)	Costs of raw materials and materials	2,929,364.04
	Previous year	2,364,862.30

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Energy costs (electricity, petrol, gas)	2,045,349.39	1,459,670.85	585,678.54	40
Costs of office supplies, cleaning agents and consumables	712,994.77	633,392.00	79,602.77	13
Small inventory costs	171,019.88	271,799.46	-100,779.58	-37
	2,929,364.04	2,364,862.30	564,501.74	24

a)	Cost of goods sold	179,977,448.58
	Previous year	166,657,953.95

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Purchase value of the goods sold	181,801,614.12	170,328,791.03	11,472,823.09	7
Approved rebates and bonuses from suppliers	-1,824,165.54	-3,670,837.08	1,846,671.54	50
	179,977,448.58	166,657,953.95	13,319,494.63	8

c)	Other costs	8,978,753.76
	Previous year	7,642,770.99

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Services of subcontractors	1,908,979.00	1,328,055.88	580,923.12	44
Maintenance and protection services	1,205,886.36	1,217,529.76	-11,643.40	-1
Leases	1,307,198.05	1,121,883.34	185,314.71	17
Phone, mail, transport costs	870,241.18	737,952.09	132,289.09	18
Intellectual services	716,256.03	672,740.99	43,515.04	6
Utility costs	481,902.10	503,765.74	-21,863.64	-4
Advertising and sponsorship costs	644,275.75	587,736.81	56,538.94	10
Representation costs	863,501.59	690,011.68	173,489.91	25
Vehicle registration costs	85,281.42	104,967.95	-19,686.53	-19
Mediation costs in the sale of inventory	39,693.97	53,138.89	-13,444.92	-25
Other costs	855,538.31	624,987.86	230,550.45	37
	8,978,753.76	7,642,770.99	1,335,982.77	17

NOTE 22 - STAFF COSTS

a)	Net salaries and wages	13,680,998.71
	Previous year	12,505,178.45

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Net salary	13,680,998.71	12,505,178.45	1,175,820.26	9
	13,680,998.71	12,505,178.45	1,175,820.26	9

On December 31, 2023 Auto Hrvatska Group has 783 employees (December 31, 2022: 718).

b)	Costs of taxes and contributions from salaries	5,765,338.21
	Previous year	5,045,383.24

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Taxes and contributions from salaries	5,765,338.21	5,045,383.24	719,954.97	14
	5,765,338.21	5,045,383.24	719,954.97	14

c)	Salary contributions	2,541,374.35
	Previous year	2,146,413.17

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Salary contributions	2,541,374.35	2,146,413.17	394,961.18	18
	2,541,374.35	2,146,413.17	394,961.18	18

NOTE 23 - DEPRECIATION

Current year	7,357,397.86
Previous year	6,981,539.19

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Cost of depreciation of tangible assets	6,133,063.14	5,165,118.32	967,944.81	19
Cost of depreciation of right-of-use assets	853,760.02	1,359,211.89	-505,451.87	-37
Cost of depreciation of intangible assets	370,574.70	457,208.97	-86,634.27	-19
	7,357,397.86	6,981,539.19	375,858.67	5

NOTE 24 - OTHER COSTS

Current year	4,782,752.91
Previous year	6,863,694.74

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Reimbursement of employee expenditures, gifts and assistance	2,607,902.85	2,377,444.82	230,458.03	10
Cost of insurance premiums	1,082,155.12	1,079,902.45	2,252.67	0
Per diems for business trips and other expenditures on the business trip	538,220.45	439,469.77	98,750.68	22
Contributions, membership fees and other benefits	181,626.45	185,932.71	-4,306.26	-2
Costs of banking services and payment transactions	192,895.14	183,832.90	9,062.24	5
Taxes that do not depend on profit and fees	71,919.85	64,085.61	7,834.24	12
Compensation to members of the Board of Directors	25,070.92	25,070.54	0.38	0
Other costs	82,962.13	2,507,955.94	-2,424,993.81	-97
	4,782,752.91	6,863,694.74	-2,080,941.83	-30

NOTE 25 - VALUE ADJUSTMENT

b)	Short-term assets other than financial assets	426,897.12
	Previous year	1,386,560.49

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Value adjustment of trade goods	317,566.47	1,351,731.50	-1,034,165.03	-77
Value adjustment of receivables	109,330.65	34,828.99	74,501.66	214
	426,897.12	1,386,560.49	-959,663.37	-69

NOTE 26 - PROVISIONS

a)	Provisions for pensions, severance pay and similar obligations	45,920.69
	Previous year	13,928.73

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Provision costs for unused vacations	45,920.69	13,928.73	31,991.96	230
	45,920.69	13,928.73	31,991.96	230

c)	Provisions for initiated court cases	46,688.45
	Previous year	31,263.92

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Provisions for potential losses due to court cases	46,688.45	31,263.92	15,424.53	49
	46,688.45	31,263.92	15,424.53	49

e)	Provisions for costs in warranty periods	3,000.00
	Previous year	6,915.39

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Provisions based on guarantee	3,000.00	6,915.39	-3,915.39	-56.62
	3,000.00	6,915.39	-3,915.39	-56.62

f)	Other provisions	1,000.00
	Previous year	0.00

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Other provisions	1,000.00		1,000.00	-
	1,000.00	0.00	1,000.00	-

NOTE 27 - OTHER BUSINESS EXPENSES

Current year	749,374.19
Previous year	636,518.42

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Costs of claims within the warranty period	360,346.65	377,641.91	-17,295.26	-5
Fines, penalties, damages and contract costs	96,577.96	80,703.83	15,874.13	20
Shortage costs	68,461.82	27,457.43	41,004.39	149
Costs of donations and sponsorships	49,046.48	29,651.60	19,394.88	65
Write-offs of inventory, materials and stock	1,168.22	1,276.13	-107.91	-8
Expenses of written off long-term assets	921.42	2,597.65	-1,676.23	-65
Other business expenditures	172,851.64	117,189.86	55,661.78	47
	749,374.19	636,518.42	112,855.77	18

NOTE 28 - FINANCIAL REVENUE

7	Other revenue from interest	322,437.93
	Previous year	204,433.21

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Interest revenue	322,438	204,433	118,005	58
	322,438	204,433	118,005	58

8	Exchange differences and other financial revenue	24,359.70
	Previous year	120,151.44

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Revenue from exchange differences	24,359.70	120,151.44	-95,791.74	-80
	24,359.70	120,151.44	-95,791.74	-

NOTE 29 - FINANCIAL EXPENSES

3	Expenses based on interest and similar expenses	99,476.50
	Previous year	124,387.55

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Interest Payable	37,202.21	52,772.45	-15,570.24	-30
Interest rate expenditures on lease obligations	62,274.29	71,615.10	-9,340.81	-13
	99,476.50	124,387.55	-24,911.05	-20

4	Exchange differences and other expenses	27,225.56
	Previous year	172,723.74

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Negative exchange rate differences	27,225.56	172,723.74	-145,498.18	-84
	27,225.56	172,723.74	-145,498.18	-84

5	Unrealized losses (expenses) from financial assets	5,189.46
	Previous year	0.00

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Value adjustments of long-term financial assets	5,189	0.00	5,189	-
	5,189	0.00	5,189	-

6	Value adjustments of financial assets (net)	0.00
	Previous year	1,925.14

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Value adjustments of financial assets	0.00	1,925.14	-1,925.14	-100
	0.00	1,925.14	-1,925.14	-100

7	Other financial expenses	127873.43
	Previous year	60048.97

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Discount costs when selling receivables	127,873.43	60,048.97	67,824.46	113
	127,873.43	60,048.97	67,824.46	113

NOTE 30 - CORPORATE INCOME TAX

Alignment of accounting and taxable profit is shown below in the table:

	Current year EUR	Previous year revised EUR
Profit/loss before tax	14,636,339.09	9,660,759.42
Tax base	14,636,339.09	9,660,759.42
Tax liability	2,506,510.00	1,495,958.59
Tax liability after relief, exemptions and incentives	14,636,339.09	9,660,759.42
Profit/loss for the period	12,129,829.09	8,164,800.83

In accordance with local regulations, Tax Administration may review the company's accounting and records at any time within 3 years after the end of the year in which the tax liabilities were determined, potentially imposing additional tax liabilities and fines. Company's management is not aware of any circumstances that could result in significant potential liabilities in this regard.

NOTE 31 – OFF-BALANCE SHEET RECORDS

1	Off-balance sheet records	134,974,350.00
	Previous year	13,276,782.80

Overview of issued and received promissory notes and bills of exchange:

	Current year EUR	Previous year revised EUR
Promissory notes given to banks	29,329,949.99	33,103,836.09
Promissory notes given to leasing companies	38,901,967.00	44,414,569.12
Promissory notes received	41,013,675.81	35,691,838.08
Promissory notes given - others	22,461,435.49	15,549,354.44
Received goods in commission	3,267,321.71	4,001,185.08
Bills of exchange received		0.00
	134,974,350.00	132,760,782.80

NOTE 32 – EARNINGS PER SHARE

	Current year EUR	Previous year revised EUR
Profit for the year is attributable to the regular shareholders of the company	12,145,495.09	8,225,172.69
Weighted average number of ordinary shares for basic earnings per share	600,000.00	600,000.00
	20.24	13.71

Diluted earnings per share are equal to basic earnings per share because there are no potential dilutive common shares or options.

NOTE 33 – RELATED PARTY TRANSACTIONS

Transactions between the company and its related parties during the year were as follows:

Receivables from affiliated companies

	Current year EUR	Previous year revised EUR
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	621,717.17	712,012.87
Auto Hrvatska Automobili d.o.o., Zagreb	790,724.06	1,426,196.16
MAN Importer Makedonija d.o.o.e.l., Skopje	17,199.49	19,875.64
Kam i Bus d.o.o., Doboj	13,892.79	8,331.41
Kam in Bus Importer d.o.o., Ljubljana	16,708.54	4,177.72
Man Importer Hrvatska d.o.o., Zagreb	0.00	992,539.52
KAM i Bus Importer d.o.o., Zagreb	49,056.71	76,938.22
MAN Importer BH d.o.o., Sarajevo	621,748.54	0.00
Auto Tangenta d.o.o., Zagreb	3,908.36	1,769.20
Kamion Importer d.o.o., Doboj	1,071.24	1,119.78
	2,136,026.90	3,242,960.52

Receivables from loans and guarantees

	Current year EUR	Previous year revised EUR
Man Importer Hrvatska d.o.o., Zagreb	2,150,000.00	4,945,361.07
Auto Hrvatska Automobili d.o.o., Zagreb	4,578,011.09	6,560,666.67
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	865,562.50	0.00
Kam in Bus Importer d.o.o., Ljubljana	925,000.00	0.00
KAM i Bus Importer d.o.o., Zagreb	0.00	458,434.67
MAN Importer Makedonija d.o.o.e.l., Skopje	1,459,600.00	400,000.00
Kamion Importer d.o.o., Doboj	240,000.00	108,500.10
	10,218,173.59	12,472,962.51

Shares in affiliated companies

	Current year EUR	Previous year revised EUR
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	10,259,473.09	10,259,473.09
Man Importer Hrvatska d.o.o., Zagreb	3,331,342.49	3,331,342.49
Auto Hrvatska Automobili d.o.o., Zagreb	2,654,456.18	2,654,456.17
Kam i Bus d.o.o., Doboj	3,892,431.79	3,397,034.31
Kam in Bus Importer d.o.o., Ljubljana	1,100,000.00	1,093,321.92
MAN Importer Makedonija d.o.o.e.l., Skopje	617,500.09	608,885.53
KAM i Bus Importer d.o.o., Zagreb	199,084.21	199,084.21
Kamion Importer d.o.o., Doboj	51,129.19	50,024.69
Auto Tangenta d.o.o., Zagreb	13,272.28	13,272.28
	22,118,689.32	21,606,894.69

Liabilities to related parties

	Current year EUR	Previous year revised EUR
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	899.87	344.28
Auto Hrvatska Automobili d.o.o., Zagreb	12,878.42	7,435.40
Auto Tangenta d.o.o., Zagreb	0.00	4,280.31
Man Importer Hrvatska d.o.o., Zagreb	2,445.30	124.76
KAM i Bus Importer d.o.o., Zagreb	7,880.15	0.00
	24,103.74	12,184.75

Sales revenue

	Current year EUR	Previous year revised EUR
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	2,515,230.57	2,467,509.46
Auto Hrvatska Automobili d.o.o., Zagreb	4,348,853.74	5,071,740.79
MAN Importer Makedonija d.o.o.e.l., Skopje	82,171.10	73,644.30
Kam i Bus d.o.o., Doboj	129,354.87	83,044.13
Man Importer Hrvatska d.o.o., Zagreb	779,806.76	1,157,633.69
Kam in Bus Importer d.o.o., Ljubljana	50,658.15	39,859.18
KAM i Bus Importer d.o.o., Zagreb	97,029.88	109,450.66
MAN Importer BH d.o.o., Sarajevo	0.00	37,786.05
Kamion Importer d.o.o., Doboj	5,760.04	5,831.04
Auto Tangenta d.o.o., Zagreb	17,594.16	16,337.12
	8,026,459.27	9,062,836.42

Other business revenue

	Current year EUR	Previous year revised EUR
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	458,408.13	495,187.47
Auto Hrvatska Automobili d.o.o., Zagreb	584,018.07	460,571.50
Man Importer Hrvatska d.o.o., Hrvatski Leskovac	84,746.04	71,661.69
KAM i Bus Importer d.o.o., Zagreb	7,196.45	5,157.74
Kam i Bus d.o.o., Doboj	12,821.33	12,464.26
Auto Tangenta d.o.o., Zagreb	3,420.65	1,230.47
MAN Importer Makedonija d.o.o.e.l., Skopje	4,718.55	8,010.62
MAN Importer BH d.o.o., Sarajevo	0.00	3,054.35
Kamion Importer d.o.o., Doboj	434.27	418.21
Kam in Bus Importer d.o.o., Ljubljana	8,472.54	4,337.12
	1,164,236.03	1,062,093.43

Cost of goods sold

	Current year EUR	Previous year revised EUR
Auto Hrvatska Automobili d.o.o., Zagreb	0.00	910.61
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	61.09	0.00
	61.09	910.61

Financial revenue

	Current year EUR	Previous year revised EUR
MAN Importer Hrvatska d.o.o., Hrvatski Leskovac	2,331,135.64	2,167,977.30
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	2,497,727.74	1,013,030.46
MAN Importer BH d.o.o., Sarajevo	-	41,562.68
MAN Importer Makedonija d.o.o.e.l., Skopje	13,265.20	164,172.41
Kam in Bus Importer d.o.o., Ljubljana	18,580.14	9,461.68
Auto Hrvatska Automobili d.o.o., Zagreb	1,930,649.94	1,230,119.58
Kam i Bus d.o.o., Doboj	-	80.56
Auto Tangenta d.o.o., Zagreb	88,556.01	98,705.55
KAM i Bus Importer d.o.o., Zagreb	203,892.72	1,645.63
Kamion Importer d.o.o., Doboj	3,684.35	3,264.45
	7,087,491.74	4,730,020.30

Financial expenditures

	Current year EUR	Previous year revised EUR
MAN Importer Hrvatska d.o.o., Hrvatski Leskovac	5,138.70	0.00
Kam in Bus Importer d.o.o., Ljubljana	0.00	4,846.11
Kamion Importer d.o.o., Doboj	0.00	28.40
MAN Importer Makedonija d.o.o.e.l., Skopje	0.00	1,505.08
Kam i Bus d.o.o., Doboj	9,297.52	165.90
MAN Importer BH d.o.o., Sarajevo	0.00	41.14
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	11,415.80	0.00
	25,852.02	6,586.63

Salaries and benefits paid to key personnel

	Current year EUR	Previous year revised EUR
Salaries and other short-term benefits of employees	3,500,740.69	3,342,561.81
Other fees	142,787.02	162,244.48
	3,643,527.71	3,504,806.29

Pre-invoiced expenses are excluded from the review of related party transactions.

Company has concluded contracts with affiliated companies on the purchase/sale of goods as well as the provision of services. Transactions were carried out according to market conditions.

AUTO HRVATSKA d.d.
Heinzelova 70
HR-10000 Zagreb
Phone +385 (0)1 6167 666
info@autohrvatska.hr
www.autohrvatska.hr

AUTOHRVATSKA

Based on Articles 462 – 468 of the Capital Market Act, Chief Executive Officer and executive directors of Auto Hrvatska d.d. provide the following:

STATEMENT OF PERSONS RESPONSIBLE FOR COMPILING FINANCIAL STATEMENTS FOR THE PERIOD from January 1, 2023, to December 31, 2023.

Annual consolidated audited financial statements for 2023 were prepared in accordance with appropriate financial reporting standards (IFRS) and the Accounting Act. These statements provide a complete and accurate representation of the assets and liabilities, losses and profits, financial position, and operations of Auto Hrvatska d.d. and its consolidated companies.

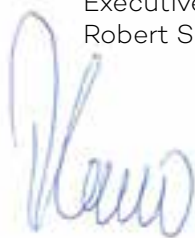
The annual management report for 2023 provides an accurate account of the development, operational results, and position of Auto Hrvatska d.d. and its consolidated companies. It also includes a description of the most significant risks and uncertainties faced by Auto Hrvatska d.d. and the Group as a whole.

Zagreb, 14 March 2023

Chief Executive Officer:
Velimir Marović

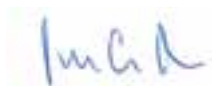


Executive Director for Joint Affairs:
Robert Srebrenović



Executive Director, Personal Vehicles Program,
territorial organization and network development:

Alen Vuksan-Ćusa



Executive Director, Commercial Vehicles Program,
territorial organization and network development:

Mario Fabek



Share capital paid in full equals EUR 7,963,368.50
in 600,000 issued shares
Nominal share value is EUR 13.00
Recorded in the commercial register of the Commercial Court in Zagreb
MBS 080008303 PIN (OIB) 42523247815

ZAGREBAČKA BANKA d. d., Zagreb;
IBAN: HR4923600001101238451 SWIFT: ZABHR2X
OTP BANKA d.d., Split, OTP Group;
IBAN: HR7224070001100613622 SWIFT: SOGEHR22

Board of Directors | Bogdan Tihava; Igor Brigljević; Robert Srebrenović; Velimir Marović; Ante Belamarić
Chief Executive Officer | Velimir Marović
Executive directors | Robert Srebrenović; Mario Fabek; Alen Vuksan-Ćusa







12

**INDEPENDENT
AUDITOR'S REPORT
AND ANNUAL
FINANCIAL
STATEMENTS OF
AUTO HRVATSKA D.D.**

12.1

RESPONSIBILITY FOR ANNUAL FINANCIAL REPORTS

Pursuant to the Accounting Act of the Republic of Croatia, executive directors must ensure that the annual financial statements for each financial year adhere to the Accounting Act and the International Financial Reporting Standards endorsed by the European Union (IFRS). This guarantees an impartial representation of assets, liabilities, financial status, and profits or losses of Auto Hrvatska d.d., Zagreb ("Company"). Additionally, the Annual Report of Executive Directors on the State of the Company must offer an unbiased overview of its progress, operations, and position during that period.

Executive directors hold a reasonable expectation that the company possesses sufficient funds to sustain its operations for the foreseeable future. Given this rationale, executive directors act in compliance to the principle of business continuity while preparing both the annual financial statements and the Annual Report on the State of the Company.

When preparing the annual financial statements, executive directors are responsible for:

- Selecting and consistently applying appropriate accounting policies.
- Making reasonable and cautious judgements and assessments;
- Applying valid accounting standards, and any material deviation has to be announced and explained in annual financial statements; and
- Making sure that the annual financial statements are prepared on a going concern basis, unless it is inappropriate to assume that the company will continue its business activities.

Executive directors are tasked with maintaining accurate accounting records that accurately reflect the Group's financial position at any given time and its adherence to the Croatian Accounting Act. Executive directors bear the responsibility of safeguarding the company's assets, necessitating them to take reasonable measures to prevent and detect embezzlement and other unlawful activities.

Annual financial statements were approved and signed by the executive directors on March 21, 2024.

Velimir Marović
Chief Executive Officer



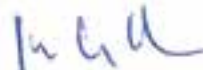
Robert Srebrenović
Executive director



Mario Fabek
Executive director



Alen Vuksan-Ćusa
Executive director



Auto Hrvatska d.d.
Heinzelova 70
HR – 10000 Zagreb



12.2

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AUTO HRVATSKA D.D.

Opinion

We conducted an audit of the annual financial statements of Auto Hrvatska d.d., Zagreb ("company"), comprising the statement of financial position as of December 31, 2023, statement of comprehensive revenue, statement of cash flows, statement of changes in capital for the year ended on that date, and accompanying notes detailing significant accounting policies.

We are of the opinion that the enclosed annual financial statements accurately and fairly depict company's financial position as of December 31, 2023, its financial performance, and its cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards endorsed by the European Union (IFRS).

Basis for Opinion:

Our audit was conducted in compliance with International Auditing Standards (IAS). Additional details regarding our responsibilities under these standards can be found in our auditor's report within the section titled *Responsibilities of auditors for auditing annual financial statements*. We affirm our independence from the company as per the International Code of Ethics for Professional Accountants, inclusive of the International Standards of Independence issued by the International Ethics Standards Board for Accountants (IESBA) (IESBA Code). Furthermore, we assert compliance with ethical obligations pertinent to our audit of the annual financial statements in the Republic of Croatia, and we have upheld our other ethical duties in alignment with these requisites and the IESBA Code. We are confident that the audit evidence we gathered is adequate and appropriate to form the basis of our opinion.

Critical Audit Matters:

Critical Audit Matters represent those aspects that, in our professional assessment, held the utmost significance in our audit of the annual financial statements for the current period. We dealt with these issues in the context of our audit of the annual financial statements as a whole and when forming our opinion, and we shall not give a separate opinion on these issues.



Critical Audit Matters:	How we approached Critical Audit Matters During the audit
<p><i>Recoverability of long-term assets (shares in related companies, real estate investments)</i></p> <p>As stated in Note 3, "Summary of Significant Accounting Policies," specifically item 3.4, and as outlined in Note 6, "Tangible Assets," and Note 7, "Long-term Financial Assets," an annual impairment test is conducted to assess for any indications of impairment.</p> <p>On December 31, 2023, the accounting value of real estate, plant and equipment amounted to EUR 34,885,236.44 (2022: EUR 33,225,835.02). This primarily pertains to investments in real estate, which are valued at the cost of investment, less depreciation and impairment, if applicable.</p> <p>On December 31, 2023, the accounting value of long-term financial assets amounted to EUR 22,118,689.32 (2022: 21,612,084.14 EUR), and refers to investments in subsidiaries which are measured at the cost of the investment, reduced by impairment, if necessary.</p> <p>Assessment of impairment is a multifaceted and subjective process contingent upon specific assumptions.</p> <p>This complexity deems it a Critical Audit Matters, given the requisite year-end judgements and the amount's significance within total assets.</p>	<p>Audit procedures entailed grasping the process of determining, calculating, and acknowledging long-term asset impairment, evaluating the appropriateness of impairment testing methodology, and ensuring compliance of accounting policies with relevant standards.</p> <p>We acquired insight into the internal control system and tested operational efficiency of controls throughout the determination, calculation, and recognition of long-term asset impairment.</p> <ul style="list-style-type: none"> • We examined the key estimates utilized by the company to ascertain the presence of impairment indicators in our sample, and we scrutinized the internal reports formulated for this specific purpose. Furthermore, we conducted an analysis of achieved results vis-a-vis historical projections in prior period models and scrutinized key indicators monitored by the model. Additionally, we verified the mathematical accuracy of the model and the accuracy of input data. • We evaluated the appropriateness of the methodology employed by management in assessing the accounting value of the assets and checked the consistency of its application compared to last year. • When evaluating the recoverability of investments in subsidiaries, we scrutinized various factors including the estimated value of capital and reserves, the downturn in financial performance, and the presence of overdue loans and receivables. Additionally, we examined the future cash flows of subsidiaries and reviewed the preparation process for these projections in companies where impairment indicators were identified. • In assessing the recoverability of real estate investments, we reviewed sales contracts, land registry extracts, and other relevant documents to gain reasonable assurance regarding the existence, completeness, and ownership of the recorded real estate investments. Through recalculations, we ensured the precision of mathematical calculations and the accuracy of posted depreciation. • We compared appraisals of individual real estate properties with market values. • We assessed the sufficiency of relevant disclosures in the annual financial statements and ensured their alignment with the IFRS standards adopted by the European Union.



Critical Audit Matters:	How we approached Critical Audit Matters During the audit
<p>Revenue recognition, including customer rebates</p> <p>As detailed in Note 3, "Summary of Significant Accounting Policies," specifically item 3.16 on Revenue Recognition, and also in Note 20, "Sales Revenue," the company acknowledges sales revenue, deducting rebates, discounts, returns, and similar items inherent in customer contracts. The measurement and presentation of revenue encompass estimates associated with these contracts.</p> <p>On the reporting date, rebate amounts were taken into consideration and calculated, and revenue was recognized on a net basis.</p> <p>Revenue recognition risk is inherent across industries due to contract complexities and the need for management to control the process. This is a Critical Audit Matter due to year-end judgements and number of individual contracts.</p>	<p>Audit procedures include comprehending the revenue recognition process, inclusive of rebate recognition, alongside an evaluation of the adherence of accounting policies to the relevant accounting framework.</p> <p>We assessed internal control systems and tested operational efficiency of controls in the revenue recognition process.</p> <p>Through sampling, we reviewed revenue transactions pre- and post-year-end, as well as post-reporting period approvals.</p> <p>Analytical procedures projected current-year sales revenue expectations based on previous periods' outcomes.</p> <p>For key customers, we reviewed contracts and rebate calculation methods, confirmed balances at the end of the observed period, and investigated discrepancies.</p> <p>We assessed the sufficiency of relevant disclosures in the annual financial statements and ensured their alignment with the IFRS standards adopted by the European Union.</p>

Other information in the Annual Report of the Executive Directors on the state of the company

Other information is the responsibility of executive directors. Additional information comprises the Management Report, Non-Financial Report, and the Statement on the Application of the Corporate Governance Code, all featured in the Annual Report. However, it does not encompass the annual financial statements or our auditor's report regarding them. Our opinion on the annual financial statements does not include other information.

In conjunction with our audit of the annual financial statements, it is incumbent upon us to peruse the other information and assess whether it demonstrates material inconsistencies with the annual financial statements or our audit findings, or if it appears to be materially misstated.

Regarding the Management Report, Non-Financial Report, and Statement on the Application of the Corporate Governance Code, we conducted procedures as mandated by the Accounting Act. These procedures include checking whether the Management Report has been prepared in accordance with Article 21 of the Accounting Act, whether the Non-Financial Report was prepared in accordance with Article 21.a of the Accounting Act and whether the Statement on the Application of the Corporate Governance Code contains the information from Article 22 of the Accounting Act.



Based on the performed procedures, to the extent that we are able to assess, we report the following:

1. information in the attached Management Report and the Statement on the Application of the Corporate Governance Code are harmonized, in all significant respects, with the attached annual financial statements,
2. Management Report has been compiled in accordance with Article 21 of the Accounting Act,
3. Non-Financial Report has been compiled in accordance with Article 21.a of the Accounting Act, and
4. Statement on the Application of the Corporate Governance Code includes the information defined in Article 22 of the Accounting Act.

Drawing upon our knowledge and knowledge of company's operations and its environment acquired throughout the audit of the annual financial statements, we are obligated to report any significant misrepresentations identified in the attached Management Report, Non-Financial Report, and Statement on the Application of the Corporate Governance Code. In this sense, we have nothing to report.

Responsibilities of executive directors and those responsible for management for annual financial statements

Executive directors are accountable for preparing annual financial statements that present a true and fair view in accordance with IFRS. Additionally, they are responsible for implementing internal controls deemed necessary to facilitate the preparation of annual financial statements devoid of material misstatement, whether stemming from fraud or error.

In the preparation of the annual financial statements, executive directors hold the responsibility of assessing the company's capacity to sustain operations as a going concern. They are tasked with disclosing any pertinent matters related to the going concern and employing the going concern basis of accounting, unless they are either in the process of liquidation, planning to cease operations, or have no practical alternative but to do so.

Those responsible for management are also responsible for overseeing the financial reporting process established by the company.

Responsibilities of auditors for auditing annual financial statements

Our primary objectives are to attain reasonable assurance regarding the absence of material misstatements, whether resulting from fraud or error, in the annual financial statements as a whole. Subsequently, we aim to issue an auditor's report containing our opinion based on our findings. Reasonable assurance is a high level of assurance, and does not guarantee that an audit conducted in accordance with International Auditing Standards (IAS) will invariably uncover a significant misstatement if present. Misstatements can originate from either fraudulent activities or unintentional errors and are deemed material if they have the potential, individually or collectively, to influence the economic decisions of users relying on the annual financial statements.

As an inherent component of an audit aligned with International Auditing Standards (IAS), we exercise professional judgement and uphold professional scepticism throughout the audit process. We also:

- conduct a thorough analysis to identify and evaluate the risks associated with material misstatement in the annual financial statements, whether stemming from fraudulent activities or unintentional errors. Based on our assessment, we design and execute audit procedures tailored to mitigate these risks. Furthermore, we acquire audit evidence that is both adequate and pertinent to form the foundation for our opinion. The risk of failing to detect a significant misstatement stemming from fraud surpasses the risk originating from error. Fraud may entail collusion, forgery, deliberate omissions, misrepresentations, or bypassing internal controls.



- acquire an understanding of the internal controls pertinent to the audit to devise audit procedures suitable for the circumstances. However, it's important to note that our objective is not to render an opinion on the effectiveness of the company's internal controls.
- Assess the suitability of accounting policies employed and the reasonableness of accounting estimates and associated disclosures provided by executive directors.
- assess the appropriateness of the going concern basis of accounting adopted by executive directors. Additionally, based on the audit evidence gathered, we determine whether there exists a significant uncertainty surrounding events or circumstances that could potentially raise substantial doubt regarding the company's ability to continue as a going concern. Should we ascertain the presence of a material uncertainty, it is incumbent upon us to highlight in our auditor's report the relevant disclosures within the annual financial statements. If such disclosures are deemed inappropriate, we are obligated to adjust our opinion accordingly. Our conclusions rely on audit evidence gathered up to the issuance of our auditor's report. However, future events or conditions may cause the company to cease operations indefinitely.
- evaluate the overall presentation, structure and content of the annual financial statements, including disclosures, as well as whether the annual financial statements reflect the transactions and events on which they are based in a manner that achieves a fair presentation.

We engage in communication with those entrusted with management concerning, among other topics, the intended scope and schedule of the audit and noteworthy audit discoveries, encompassing significant deficiencies in internal controls identified during our audit.

We also assure those entrusted with management that we have adhered to relevant ethical standards concerning independence. We pledge to communicate with them regarding any relationships or other factors that could reasonably influence our independence. Additionally, we will inform them about actions taken to mitigate threats to independence and related safeguards.

During our communication with those responsible for management, we identify the matters deemed most critical in the audit of the current period's annual financial statements, hence categorizing them as key audit matters. We detail these aspects in our auditor's report unless legal or regulatory constraints prohibit public disclosure or in extremely rare instances, we determine that disclosing the matter in our auditor's report would have adverse effects outweighing the benefits to the public interest.

Report on other legal requirements

Report based on requirements from Regulation (EU) no. 537/2014

1. On April 27, 2023, we were appointed by the company's Assembly, following the proposal of the Chairman of the General Assembly, to audit the annual financial statements for 2023.
2. As of the date of this report, we are in the ongoing process of conducting statutory audits of the company spanning from the audit of the annual financial statements for 2021 to the audit of the annual financial statements for 2023, encompassing a total duration of three years.
3. During the audit of company's annual financial statements for 2023, we established the materiality for the annual financial statements at EUR 432,860. This figure corresponds to roughly 5.0% of the profit before taxation.
4. Our audit opinion is consistent with the additional report for the company's audit committee drawn up in accordance with the provisions of Article 11 of Regulation (EU) no. 537/2014.
5. Between the initial date of the company's audited annual financial statements for the year 2023 and the date of this report, we refrained from offering prohibited non-audit services to the company and its



subsidiaries under its control, both within the EU and in third countries. Additionally, we abstained from providing design services and implementing internal control procedures or risk management pertaining to the preparation and/or oversight of financial information, or the design and execution of technological systems for financial information. Throughout the audit process, we maintained independence with regard to the company.

Report based on the requirements of Delegated Regulation (EU) 2018/815 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

Report on the auditor's opinion regarding compliance of the annual financial statements, compiled based on the provisions of Article 462, paragraph 5 of the Capital Market Act (Official Gazette nos. 65/18, 17/20, 83/21 and 151/22) applying the requirements of Delegated Regulation (EU) 2018/815, which prescribes a single electronic reporting format for issuers (ESEF Regulation).

We have expressed reasonable assurance as to whether the consolidated financial statements have been prepared for the purposes of disclosure to the public pursuant to Article 462, paragraph 5 of the Capital Market Act, which are contained in the attached electronic file *autohrvatskadd.xhtml*, in all significant terms prepared in accordance with the requirements of the ESEF Regulation.

Responsibilities of executive directors and those responsible for management

Executive directors are responsible for the preparation and content of annual financial statements in accordance with the ESEF Regulation.

Furthermore, executive directors of the company are tasked with upholding a framework of internal controls that reasonably guarantees the preparation of annual financial statements free from substantial non-compliance with the reporting standards outlined in the ESEF Regulation, whether attributable to fraudulent activities or errors.

Executive directors are also responsible for:

- public disclosure of annual financial statements contained in the report in valid XHTML format and
- selecting and using XBRL tags in accordance with the requirements of the ESEF Regulation.

Those responsible for management bear the responsibility of supervising the creation of annual financial statements in ESEF format as an integral component of the financial reporting procedure.

Responsibilities of the auditor

Our duty entails rendering a conclusion, based on gathered audit evidence, whether the annual financial statements are devoid of significant non-compliance with the stipulations outlined in the ESEF Regulation. This evaluation was conducted as part of a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) - *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

Completed procedures

The nature, timing and scope of the procedures selected depend on the auditor's judgement. Reasonable belief is a high level of assurance, but is not a guarantee that the scope of testing will reveal every significant non-compliance with the ESEF Regulation.



As part of the selected procedures, we performed the following activities:

- we have read the requirements of the ESEF Regulation,
- we have gained an understanding of company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or error; and
- pursuant to the aforementioned, we designed procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our opinion.

The objective of our procedures was to assess whether:

- annual financial statements, which are included in the Annual Report of Executive Directors on the State of the Company, were made in valid XHTML format,
- data, contained in the annual financial statements required by the ESEF Regulation, are labelled and all labels meet the following requirements:
 - XBRL markup language was used,
 - elements of the basic taxonomy listed in the ESEF Regulation with the closest accounting significance were used, unless an additional element of the taxonomy was created in accordance with Annex IV of the ESEF Regulation,
 - labels comply with common labelling rules under the ESEF Regulation.

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

Conclusion

We are of the opinion that, based on the procedures carried out and the evidence obtained, annual financial statements presented in the ESEF format, contained in the above-mentioned attached electronic file and based on the provisions of Article 462, paragraph 5 of the Capital Market Act, prepared for public disclosure, are in all significant respects in accordance with the requirements stated under Articles 3, 4 and 6 of the ESEF Regulation for the year ended on December 31, 2023.

In addition to the conclusion provided in this Independent Auditor's Report regarding the accompanying annual financial statements and the Annual Report of Executive Directors for the year ended 31 December 2023, we refrain from expressing any opinion on the information presented therein or on any other information included in the aforementioned document.

Partner performing the audit resulting in this Independent Auditor's Report is Ivana Matovina.

Zagreb, 21 March 2024

Antares revizija d.o.o. for auditing

Certified auditors in Croatia
Heinzelova 62a, 10 000 Zagreb, Republic of Croatia

On behalf of and for Antares revizija d.o.o. for auditing

Ivana Matovina

12.3

ANNUAL FINANCIAL STATEMENTS

1 Report on the financial position as of December 31, 2023 Auto Hrvatska d.d., Zagreb

No	POSITION	Note	AMOUNT in EUR	
			31 December 2023	31 December 2022 revised
	ASSETS			
A	RECEIVABLES FOR SUBSCRIBED BUT UNPAID CAPITAL			
B	LONG-TERM ASSETS		57,154,953.09	55,069,760.29
I	INTANGIBLE ASSETS	5	29,556.34	92,920.17
1	Development expenditure		0.00	0.00
2	Concessions, patents, licenses, trademarks and service marks, software and other rights		29,556.34	92,920.17
3	Goodwill		0.00	0.00
4	Advances for procuring intangible assets		0.00	0.00
5	Intangible assets under preparation		0.00	0.00
6	Other intangible assets		0.00	0.00
II	TANGIBLE ASSETS	6	34,885,236.44	33,225,835.02
1	Land		0.00	0.00
2	Buildings		0.00	0.00
3	Plants and equipment		701,232.52	633,702.70
4	Tools, plant inventory and transport assets		235,029.58	118,387.15
5	Biological assets		0.00	0.00
6	Advances for tangible assets		0.00	200,000.00
7	Tangible assets under preparation		334,269.20	51,583.65
8	Other tangible assets		87,309.34	104,868.67
9	Real estate investments		33,527,395.80	32,117,292.85
III	LONG-TERM FINANCIAL ASSETS	7	22,118,689.32	21,612,084.14
1	Investments in interest (shares) of entrepreneurs within the Group		22,118,689.32	21,606,894.68
2	Investments in other securities of entrepreneurs within the group		0.00	0.00
3	Loans, deposits, etc. given to entrepreneurs within the group		0.00	0.00
4	Investments in shares (shares) of companies connected by a participating interest		0.00	0.00
5	Investments in other securities of companies connected by participating interests		0.00	0.00
6	Loans, deposits, etc. given to companies linked by virtue of participating interests		0.00	0.00
7	Investments in securities		0.00	5,189.46
8	Loans, deposits, etc.		0.00	0.00
9	Other investments calculated using the equity method		0.00	0.00
10	Other long-term financial assets		0.00	0.00
IV	RECEIVABLES	8	121,470.99	55,305.59
1	Receivables from entrepreneurs within the Group		121,470.99	55,305.59
2	Receivables from companies connected by participating interest		0.00	0.00
3	Trade receivables		0.00	0.00
4	Other receivables		0.00	0.00
V	DEFERRED TAX ASSETS	9	0.00	83,615.37
C	SHORT-TERM ASSETS		18,924,692.69	20,856,622.99
I	SUPPLIES	10	25,131.35	2,907.96
1	Raw materials and material		0.00	0.00
2	Production in progress		0.00	0.00
3	Finished products		0.00	0.00
4	Trade goods		379.35	282.30
5	Advances for supplies		24,752.00	2,625.66
6	Long-term assets intended for sale		0.00	0.00
7	Biological assets		0.00	0.00
II	RECEIVABLES	11	2,793,990.93	3,500,392.98
1	Receivables from entrepreneurs within the Group		2,136,026.90	3,242,960.51
2	Receivables from companies connected by participating interest		0.00	0.00
3	Trade receivables		575,170.79	138,866.41
4	Receivables from employees and members of entrepreneurs		2,151.51	863.36
5	Receivables from the state and other institutions		57,590.87	78,174.80
6	Other receivables		23,050.86	39,527.90
III	SHORT-TERM FINANCIAL ASSETS	12	10,118,814.17	12,879,524.32
1	Investments in interest (shares) of entrepreneurs within the Group		0.00	0.00
2	Investments in other securities of entrepreneurs within the group		0.00	0.00
3	Loans, deposits, etc. given to entrepreneurs within the group		10,096,702.55	12,417,656.91
4	Investments in shares (shares) of companies connected by a participating interest		0.00	0.00
5	Investments in other securities of companies connected by participating interests		0.00	0.00
6	Loans, deposits, etc. given to companies linked by virtue of participating interests		0.00	0.00
7	Investments in securities		0.00	0.00
8	Loans, deposits, etc.		22,111.62	461,867.41
9	Other financial assets		0.00	0.00
IV	MONEY IN THE BANK AND THE CASH REGISTER	13	5,986,756.24	4,473,797.73
D	PREPAYMENTS AND ACCRUED INCOME	14	167,823.79	252,885.26
E	TOTAL ASSETS		76,247,469.57	76,179,268.54
F	OFF BALANCE SHEET RECORDS	31	37,916,296.82	42,650,368.84

1 Report on the financial position as of December 31, 2023 Auto Hrvatska d.d., Zagreb

No.	POSITION	Note	AMOUNT in EUR	
			31 December 2023	December 31, 2022 amended
	LIABILITIES			
A	CAPITAL AND RESERVES	15	72,840,200.15	66,818,998.74
I	SHARE (REGISTERED) CAPITAL		7,800,000.00	7,963,368.50
II	CAPITAL RESERVES		5,829,273.89	5,296,493.07
III	PROFIT RESERVES		5,403,449.84	5,095,032.72
1	Legal reserves		398,168.43	398,168.43
2	Reserves for own shares		3,394,875.47	3,703,292.59
3	Own shares and interest (deductible item)		3,394,875.47	3,703,292.59
4	Statutory reserves		1,990,842.13	1,990,842.13
5	Other reserves		3,014,439.28	2,706,022.16
IV	REVALUATION RESERVES		0.00	0.00
V	FAIR VALUE RESERVES		0.00	0.00
1	Fair value of available-for-sale financial assets		0.00	0.00
2	Effective part of cash flow protection		0.00	0.00
3	Effective part of net investment protection abroad		0.00	0.00
4	Other fair value reserves		0.00	0.00
5	Exchange rate differences from foreign operations (consolidation)		0.00	0.00
VI	RETAINED EARNINGS OR LOSS CARRIED OVER		45,492,514.01	43,623,653.86
1	Retained earnings		45,492,514.01	43,623,653.86
2	Loss carried over		0.00	0.00
VII	PROFIT OR LOSS OF THE ACCOUNTING PERIOD		8,314,962.41	4,840,450.59
1	Profit of the accounting period		8,314,962.41	4,840,450.59
2	Loss of the accounting period		0.00	0.00
VIII	MINORITY (NON-CONTROLLING) INTEREST		0.00	0.00
B	PROVISIONS	16	216,348.97	245,045.19
1	Provisions for pensions, severance pay and similar obligations		0.00	0.00
2	Provisions for tax liabilities		0.00	0.00
3	Provisions for initiated court cases		216,348.97	245,045.19
4	Provisions for costs of restoration of natural resources		0.00	0.00
5	Provisions for costs in warranty periods		0.00	0.00
6	Other provisions		0.00	0.00
C	LONG-TERM OBLIGATIONS	17	549,439.41	320,069.81
1	Obligations to entrepreneurs within the Group		0.00	0.00
2	Obligations for loans, deposits, etc. of entrepreneurs within the Group		0.00	0.00
3	Obligations to companies linked by virtue of participating interests		0.00	0.00
4	Obligations for loans, deposits and the like of companies connected by a participating interest		0.00	0.00
5	Obligations for loans, deposits, etc.		390,635.82	256,526.38
6	Obligations to banks and other financial institutions		0.00	0.00
7	Obligations for advances		0.00	0.00
8	Obligations to suppliers		0.00	0.00
9	Obligations for securities		0.00	0.00
10	Other long-term obligations		158,803.59	63,543.43
11	Deferred tax liability		0.00	0.00
D	SHORT-TERM LIABILITIES	18	2,100,573.88	8,206,489.76
1	Obligations to entrepreneurs within the Group		24,103.74	12,184.75
2	Obligations for loans, deposits, etc. of entrepreneurs within the Group		0.00	6,532,829.52
3	Obligations to companies linked by virtue of participating interests		0.00	0.00
4	Obligations for loans, deposits and the like of companies connected by a participating interest		0.00	0.00
5	Obligations for loans, deposits, etc.		0.00	0.00
6	Obligations to banks and other financial institutions		0.00	0.00
7	Obligations for advances		1,436.21	19,542.90
8	Obligations to suppliers		865,388.78	659,071.34
9	Obligations for securities		0.00	0.00
10	Obligations to employees		152,281.36	117,739.07
11	Obligations for taxes, contributions and similar benefits		774,463.48	665,326.70
12	Obligations based on the share in the result		200,248.19	137,620.68
13	Obligations based on long-term assets intended for sale		0.00	0.00
14	Other short-term liabilities		82,652.12	62,174.80
E	DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD	19	540,907.16	588,665.04
F	TOTAL - LIABILITIES		76,247,469.57	76,179,268.54
G	OFF BALANCE SHEET RECORDS	31	37,916,296.82	42,650,368.84

2 Report on comprehensive revenue for the period from January 1 to December 31, 2023

Auto Hrvatska d.d., Zagreb

No	POSITION	Note	AMOUNT in EUR	
			2023	2022 revised
I	BUSINESS REVENUE	20	15,424,420.13	14,873,854.81
1	Revenue from sales with entrepreneurs within the Group		8,026,459.27	9,062,836.42
2	Sales revenue (outside the group)		3,741,057.19	3,717,494.46
3	Income based on the use of own products, goods and services		22,293.50	18,477.01
4	Other business income with entrepreneurs within the group		1,164,236.03	1,062,093.44
5	Other business income (outside the group)		2,470,374.14	1,012,953.48
II	BUSINESS EXPENSES		13,925,230.34	14,641,519.14
1	Changes in the value of supplies for production in progress and finished goods		0.00	0.00
2	Material costs	21	6,113,646.36	6,665,809.28
a)	Costs of raw materials and materials		773,798.05	448,645.83
b)	Cost of goods sold		1,748,235.03	2,954,175.86
c)	Other costs		3,591,613.28	3,262,987.59
3	Personnel costs	22	4,315,643.33	4,597,419.08
a)	Net salaries and wages		2,812,022.97	3,150,385.96
b)	Costs of taxes and contributions from salaries		1,146,824.62	1,159,720.09
c)	Salary contributions		356,795.74	287,313.03
4	Depreciation	23	2,655,742.40	2,774,239.30
5	Other costs	24	706,030.73	542,142.54
6	Value adjustments	25	32,046.95	13,222.24
a)	long-term assets except financial assets		0.00	0.00
b)	short-term assets except financial assets		32,046.95	13,222.24
7	Provisions	26	8,616.13	368.17
a)	Provisions for pensions, severance pay and similar obligations		8,616.13	368.17
b)	Provisions for tax liabilities		0.00	0.00
c)	Provisions for initiated court cases		0.00	0.00
d)	Provisions for costs of restoration of natural resources		0.00	0.00
e)	Provisions for costs in warranty periods		0.00	0.00
f)	Other provisions		0.00	0.00
8	Other business expenditures	27	93,504.44	48,318.53
III	FINANCIAL REVENUE	28	7,198,431.03	4,756,186.61
1	Revenue from investments in interest (shares) of entrepreneurs within the Group		6,844,243.27	4,506,892.16
2	Income from investments in shares (shares) of companies connected by participating interests		0.00	0.00
3	Income from other long-term financial investments and loans to entrepreneurs within the group		0.00	0.00
4	Other income based on interest from relations with entrepreneurs within the group		243,248.47	217,512.91
5	Exchange rate differences and other financial income from relations with entrepreneurs within the group		0.00	5,615.24
6	Income from other long-term financial investments and loans		0.00	0.00
7	Other income from interest		110,939.29	19,639.39
8	Exchange differences and other financial revenue		0.00	6,526.91
9	Unrealized gains (revenue) from financial assets		0.00	0.00
10	Other financial revenue		0.00	0.00
IV	FINANCIAL EXPENSES	29	40,351.40	57,637.95
1	Expenses based on interest and similar expenses with entrepreneurs within the Group		25,852.02	33,523.92
2	Exchange rate differences and other expenses with entrepreneurs within the group		0.00	6,586.66
3	Expenses based on interest and similar expenses		9,305.14	10,263.45
4	Exchange differences and other expenses		4.78	5,070.81
5	Unrealized losses (expenses) from financial assets		0.00	0.00
6	Value adjustments of financial assets (net)		5,189.46	1,925.14
7	Other financial expenses		0.00	267.97
V	SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST		0.00	0.00
VI	SHARE IN PROFIT FROM JOINT VENTURES		0.00	0.00
VII	SHARE OF LOSS FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST		0.00	0.00
VIII	SHARE OF LOSS FROM JOINT VENTURES		0.00	0.00
IX	TOTAL REVENUE		22,622,851.16	19,630,041.42
X	TOTAL EXPENSES		13,965,581.74	14,699,157.09
XI	PROFIT OR LOSS BEFORE TAX		8,657,269.42	4,930,884.33
1	Profit before tax		8,657,269.42	4,930,884.33
2	Loss before tax		0.00	0.00
XII	CORPORATE INCOME TAX	30	342,307.01	90,433.74
XIII	PROFIT OR LOSS FOR THE PERIOD		8,314,962.41	4,840,450.59
1	Profit for the period		8,314,962.41	4,840,450.59
2	Loss of period		0.00	0.00

2 Report on comprehensive revenue for the period from January 1 to December 31, 2023

Auto Hrvatska d.d., Zagreb

No	POSITION	Note	AMOUNT in EUR	
			2023	2022 revised
I.	PROFIT OR LOSS FOR THE PERIOD		8,314,962.41	4,840,450.59
II.	OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAXES		0.00	0.00
III.	Items that will not be reclassified as profit or loss (AOP 081 to 085)		0.00	0.00
1	Changes in revaluation reserves of long-term tangible and intangible assets			
2	Profit or loss from subsequent valuation of equity securities at fair value through other comprehensive revenue			
3	Changes in fair value of a financial liability at fair value through profit and loss attributable to changes in the credit risk of the liability			
4	Actuarial gains/losses under defined benefit plans			
5	Other items that will not be reclassified			
6	Corporate income tax related to items that will not be reclassified			
IV.	ITEMS THAT CAN BE RECLASSIFIED AS PROFIT OR LOSS			
1	Exchange rate differences from foreign operations			
2	Gain or loss from subsequent valuation of debt securities at fair value through other comprehensive revenue			
3	Profit or loss based on effective cash flow hedging			
4	Profit or loss based on effective protection of net investment abroad			
5	Share in other comprehensive profit/loss of companies linked by virtue of participating interest			
6	Changes in fair value of the time option			
7	Changes in fair value of forward elements of futures contracts			
8	Other items that can be reclassified as profit or loss			
9	Corporate income tax related to items that can be reclassified as profit or loss			
V.	NET OTHER COMPREHENSIVE PROFIT OR LOSS		0.00	0.00
VI.	COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD		8,314,962.41	4,840,450.59
VII.	COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD		0.00	0.00
1	Attributed to owners of the parent company capital			
2	Attributed to a minority (non-controlling) interest			
	Earnings per share	32	13.86	8.07

3 Statement on cash flows for the period from January 1 to December 31, 2023

Auto Hrvatska d.d., Zagreb

No	POSITION		AMOUNT in EUR	
			2023	2022 revised
	Cash flow from business activities			
1	Profit before tax		8,657,269.42	4,930,884.33
2	Adjustments:		-3,978,068.96	-300,064.76
a)	Depreciation		2,655,742.40	2,774,239.30
b)	Profit and loss from the sale and value adjustments of long-term tangible and intangible assets		0.00	0.00
c)	Profit and loss from sales and unrealized profit and loss and value adjustment of financial assets		-163,368.50	0.00
d)	Revenue from interest and dividends		-7,198,431.03	-4,756,186.61
e)	Interest expenses		35,161.94	55,712.66
f)	Provisions		0.00	0.00
g)	Exchange differences (unrealized)		0.00	0.00
h)	Other adjustments for non-cash transactions and unrealized profit and loss		692,826.23	1,626,169.89
I	Increase or decrease in cash flows before changes in working capital	=	4,679,200.46	4,630,819.57
3	Changes in working capital		924,962.72	-1,208,022.43
a)	Increase or decrease in short-term liabilities		200,129.74	245,893.69
b)	Increase or decrease in short-term receivables		738,449.00	-1,564,605.88
c)	Inventory increase or decrease		-22,223.39	182,673.57
d)	Other increases or decreases in working capital		8,607.37	-71,983.81
II	Money from business activities		5,604,163.18	3,422,797.14
4	Cash expenditures for interest		-35,161.94	-55,712.66
5	Paid corporate income tax		-342,307.01	-90,433.74
A	NET CASH FLOWS FROM BUSINESS ACTIVITIES		5,226,694.23	3,276,650.74
	Cash flows from investment activities			
1	Cash receipts from the sale of long-term tangible and intangible assets		0.00	0.00
2	Cash receipts from the sale of financial instruments		5,189.46	0.00
3	Cash receipts from interest		354,187.76	249,294.45
4	Cash receipts from dividends		6,844,243.27	4,506,892.16
5	Cash receipts based on the return of loans and savings deposits		2,760,710.15	0.00
6	Other cash receipts from investment activities		609,896.45	358,746.57
III	Total cash receipts from investment activities	=	10,574,227.09	5,114,933.18
1	Cash expenditures for the purchase of long-term tangible and intangible assets		-4,077,477.93	-642,786.91
2	Cash expenditures for the acquisition of financial instruments		0.00	0.00
3	Cash expenditures based on loans and savings deposits for the period		0.00	-7,385,976.11
4	Acquisition of a subsidiary company, less the money acquired		-47,264.80	0.00
5	Other cash expenditures from investment activities		-79,865.66	-20,449.93
IV	Total cash expenditure from investment activities		-4,204,608.39	-8,049,212.95
B	NET CASH FLOW FROM INVESTMENT ACTIVITIES		6,369,618.70	-2,934,279.77
	Cash flow from financial activities			
1	Cash receipts from the increase in basic (subscribed) capital		0.00	0.00
2	Cash receipts from the issuance of equity and debt financial instruments		0.00	0.00
3	Cash receipts from principal of loans, credit, etc.		0.00	5,769,445.48
4	Other cash receipts from financial activities		229,369.60	100,243.94
V	Total cash receipts from financial activities	=	229,369.60	5,869,689.42
1	Cash expenditures for repaying the principal of loans and bonds		-6,532,829.52	0.00
2	Cash expenditures for the payment of dividends		-3,018,855.23	-2,230,332.47
3	Cash expenditures for financial lease		-192,818.72	-89,777.16
4	Cash expenditures for the purchase of own shares		-568,220.55	-1,067,163.71
5	Other cash expenditures from financial activities		0.00	0.00
VI	Total cash expenditure from financial activities	=	-10,312,724.02	-3,387,273.34
C	NET CASH FLOW FROM FINANCIAL ACTIVITIES		-10,083,354.42	2,482,416.08
			0.00	0.00
D	NET INCREASE OR DECREASE IN CASH FLOWS		1,512,958.51	2,824,787.05
E	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		4,473,797.73	1,649,010.68
F	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		5,986,756.24	4,473,797.73

4. Report on changes in capital for the period from January 1 to December 31, 2023 Auto Hrvatska d.d., Zagreb

in EUR

No.	POSITION	Distributable to the owners of the parent company capital										Minority (non-controlling) interest	Total capital and reserves
		Share (enrolled) capital	Capital reserves	Legal reserves	Reserves for own shares	Own shares and interests (deductible item)	Statutory reserves	Other reserves	Retained earnings / loss carried forward	Profit / loss for the business year	Total distributable to the owners of the parent company capital		
	Previous period revised												
1	Balance on January 1 of the previous period revised	7,963,368.50	5,110,848.63	398,168.43	4,269,967.35	4,269,967.35	1,990,842.13	2,139,347.40	42,155,585.11	3,634,318.53	63,392,478.73	0.00	454,691,596.00
a)	Profit/loss for the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,840,450.59	4,840,450.59	0.00	4,840,450.59
i)	Other non-proprietary capital changes	0.00	185,644.44	0.00	0.00	0.00	0.00	0.00	37,974.79	0.00	223,619.23	0.00	223,619.23
n)	Redemption of own shares/shares	0.00	0.00	0.00	1,067,163.72	1,067,163.72	0.00	-1,067,163.72	0.00	0.00	-1,067,163.72	0.00	-1,067,163.72
o)	Payments by members/shareholders	0.00	0.00	0.00	-1,633,838.48	-1,633,838.48	0.00	1,633,838.48	0.00	0.00	1,633,838.48	0.00	
p)	Payment of profit share/dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,204,224.57	0.00	-2,204,224.57	0.00	-2,204,224.57
s)	Transmission according to annual schedule	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,634,318.53	-3,634,318.53	0.00	0.00	0.00
3	Balance on December 31 of the previous period revised	7,963,368.50	5,296,493.07	398,168.43	3,703,292.59	3,703,292.59	1,990,842.13	2,706,022.16	43,623,653.86	4,840,450.59	66,818,998.74	0.00	66,818,998.74
I.	OTHER COMPREHENSIVE PROFIT FOR THE CURRENT PERIOD, LESS TAXES	0.00	185,644.44	0.00	0.00	0.00	0.00	0.00	37,974.79	0.00	223,619.23	0.00	223,619.23
II.	COMPREHENSIVE PROFIT OR LOSS FOR THE CURRENT PERIOD	0.00	185,644.44	0.00	0.00	0.00	0.00	0.00	37,974.79	4,840,450.59	5,064,069.82	0.00	5,064,069.82
III.	TRANSACTIONS WITH THE CURRENT PERIOD'S OWNERS RECOGNIZED DIRECTLY IN EQUITY	0.00	0.00	0.00	-566,674.76	566,674.76	0.00	566,674.76	1,430,093.96	-3,634,318.53	-2,770,899.33	0.00	-2,770,899.33

No.	POSITION	Distributable to the owners of the parent company capital										Minority (non-controlling) interest	Total capital and reserves
		Share (registered) capital	Capital reserves	Legal reserves	Reserves for own shares	Own shares and interests (deductible item)	Statutory reserves	Other reserves	Retained earnings / loss carried forward	Profit / loss for the business year	Total distributable to the owners of the parent company capital		
	Current period												
1	Balance on January 1 of the current period revised	7,963,368.50	5,296,493.07	398,168.43	3,703,292.59	3,703,292.59	1,990,842.13	2,706,022.16	43,623,653.86	4,840,450.59	66,818,998.74	0.00	66,818,998.74
a)	Profit/loss for the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,314,962.41	8,314,962.41	0.00	8,314,962.41
i)	Other non-proprietary capital changes	0.00	532,780.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	532,780.82	0.00	532,780.82
k)	Decrease of share (subscribed) capital (except in the pre-bankruptcy settlement procedure and resulting from the reinvestment of profits)	-163,368.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-163,368.50	0.00	-163,368.50
n)	Redemption of own shares/shares	0.00	0.00	0.00	568,220.59	568,220.59	0.00	-568,220.59	0.00	0.00	-568,220.59	0.00	-568,220.59
o)	Payments by members / shareholders				-876,637.71	-876,637.71		876,637.71			876,637.71		
p)	Payment of profit share/dividend	0.00	0.00	0.00		0.00	0.00	0.00	-2,971,590.44	0.00	-2,971,590.44	0.00	-2,971,590.44
s)	Transmission according to annual schedule	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,840,450.59	-4,840,450.59	0.00	0.00	0.00
3	Balance on December 31 of the current period	7,800,000.00	5,829,273.89	398,168.43	3,394,875.47	3,394,875.47	1,990,842.13	3,014,439.28	45,492,514.01	8,314,962.41	72,840,200.15	0.00	72,840,200.15
APPENDIX TO THE REPORT ON CAPITAL CHANGES													
I.	OTHER COMPREHENSIVE PROFIT FOR THE CURRENT PERIOD, LESS TAXES	-163,368.50	532,780.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	369,412.32	0.00	369,412.32
II.	COMPREHENSIVE PROFIT OR LOSS FOR THE CURRENT PERIOD	-163,368.50	532,780.82	0.00	0.00	0.00	0.00	0.00	0.00	8,314,962.41	8,684,374.73	0.00	8,684,374.73
III.	TRANSACTIONS WITH THE CURRENT PERIOD'S OWNERS RECOGNIZED DIRECTLY IN EQUITY	0.00	0.00	0.00	-308,417.12	-308,417.12	0.00	308,417.12	1,868,860.15	-4,840,450.59	-2,663,173.32	0.00	-2,663,173.32

12.4

NOTES TO ANNUAL FINANCIAL STATEMENTS

NOTE 1 – GENERAL DATA

Auto Hrvatska d.d. (hereinafter: company) with headquarters at Heinzelova 70, 10000 Zagreb, Republic of Croatia, was established in accordance with the Articles of Association adopted on December 19, 1992, and is registered at the Commercial Court in Zagreb under registration number 3275841 and personal identification number 42523247815.

Company's core activity revolves around managing holding companies, offering business and legal consultancy services, providing advertising, accounting, IT support, and overseeing real estate management. Company is the parent company of Auto Hrvatska d.d. Group consisting of the company and its subsidiaries, listed in note 7.

Registered share capital of the company amounts to EUR 7,800,000.00 and consists of 600,000 shares with a nominal value of EUR 13. Company shares are listed on the Regular Market of the Zagreb Stock Exchange. The ownership structure is shown in Note 15.

Company is represented by four executive directors, each of them together with another executive director or procurator:

- Velimir Marović – Chief Executive Officer,
- Robert Srebrenović – Executive Director,
- Alen Vuksan-Ćusa – Executive Director,
- Mario Fabek – Executive Director.

Board of Directors consists of five members: Bogdan Tihava – Chairman; Igor Brigljević – Deputy Chairman and Robert Srebrenović, Velimir Marović and Ante Belamarić – members of the Board of Directors.

Members of the Audit Committee are: Tajana Bokulić, Chairwoman of the Audit Committee, Jelica Matić and Igor Brigljević, members of the Audit Committee.

Annual financial statements for 2023 were approved for publication in accordance with the decision of executive directors of March 21, 2024. These annual financial statements must also be determined by the Board of Directors in accordance with the Croatian Companies Act.

As part of their ongoing responsibilities, company's executive directors conducted a detailed review of the company's cash flow forecasts and possible liquidity risks. Detailed budgets and cash flow projections for 2024 have been prepared, from which it is evident that the company's operations will generate money during the period in question. Executive directors believe that the company has sufficient funds and that in the future it will generate sufficient funds to meet its financial obligations and continue operations in the foreseeable future.

NOTE 2 – BASICS OF COMPOSITION

2.1. Basics of composition

Declaration of conformity

Company's annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. Company's annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), which consist of standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and adopted by the European Union

These annual financial statements are presented for the company. Consolidated financial statements of the company and its subsidiaries (together: Group), which the company must also prepare in accordance with IFRS adopted in the European Union and under Croatian law, were issued separately, at the same time as these annual financial statements.

Company's annual financial statements are available on the company's website.

Annual financial statements were approved by executive directors on March 21, 2024.

Measuring basics

Annual financial statements are prepared under the assumption of continuity of operations, applying the historical cost method, except for financial assets at fair value in the revenue statement and financial assets at fair value through other comprehensive revenue.

Functional and reporting currency

The financial statements are presented in the Croatian currency, the euro (EUR), which is the functional currency of the company.

Act on Introduction of the Euro as the Official Currency in the Republic of Croatia specifies that the euro will become the official monetary unit and legal tender in the Republic of Croatia starting from January 1, 2023. The introduction of the euro as the official monetary unit in the Republic of Croatia signifies a shift in the functional currency, which will be implemented in subsequent periods. In addition, the presentation currency for the annual financial statements for 2023 is also changing. Given that the annual financial statements of the previous period were presented in kuna, the transition to presenting the comparative period in this year's financial statements in euros signifies a modification in the company's accounting policy.

In light of the Republic of Croatia's adoption of the euro as the official currency effective January 1, 2023, pursuant to the Act on Introduction of the Euro as the Official Currency in Croatia, company transitioned its presentation currency for the preparation of financial statements for the year ended December 31, 2023, from kuna to the euro. Consequently, the financial statements for the year ended December 31, 2023, marked the company's inaugural presentation in euros.

Despite the change in presentation currency in the financial statements constituting a shift in accounting policy necessitating retroactive application, the company opted not to disclose the comparative balance sheet in the financial statements for the year ended December 31, 2023, in accordance with International Accounting Standard 8 (IAS) Accounting Policies, Changes in Accounting Estimates and Errors. This decision was made after determining that the alteration in presentation currency had no substantial impact on the company's financial statements, attributed to the consistent stability of the HRK/EUR exchange rate in recent years.

Accordingly, in this year's financial statements, the company presents a report on the financial position as of December 31, 2022, and December 31, 2023.

For the purpose of converting comparative data, the following exchange rates were used:

December 31, 2022 - HRK 7.5345 for one euro.

The average exchange rate for the year from January 1, 2022, to December 31, 2022, was HRK 7.531624 for one euro, which was used in the statement of comprehensive revenue and the statement of cash flows.

The company decided to apply the same exchange rate for capital items as for the rest of the balance sheet positions.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Below is a description of the significant accounting policies adopted for the preparation of these annual financial statements. These accounting policies have been applied consistently for all periods included in these statements.

3.1 Intangible assets

Intangible assets are initially measured at cost. Intangible assets are recognized in the event that future economic benefits attributable to the asset will flow to the company, and the cost of the asset can be measured reliably.

Subsequent to initial recognition, intangible assets are reported at acquisition cost minus accumulated depreciation and impairment losses. Intangible assets are amortized using the straight-line method over their estimated useful lifespan. The depreciation period undergoes an annual review at the conclusion of each fiscal year.

Depreciation costs of intangible assets are recognized in the statement of comprehensive revenue. Profits or losses resulting from the derecognition of an intangible asset are calculated as the disparity between the net proceeds from sales and the asset's carrying amount, and are recognized in the statement of comprehensive revenue upon derecognition.

Intangible assets consist of licenses for software packages and investments in other people's assets. Software licenses are capitalized based on acquisition costs and expenditures incurred in making the software operational. These costs are amortized over their useful life.

Intangible assets are amortized as follows:

Useful life in years

Concessions, patents, licenses, trademarks and service marks, software and other rights	2
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Investments in other people's property	4
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Intangible assets may be acquired through exchanges involving non-monetary assets, monetary assets, or a combination of both, whereby the acquisition cost of such intangible assets is evaluated at fair value. However, if the exchange transaction lacks commercial substance or the fair value of the asset received or disposed of cannot be reliably ascertained, the acquisition cost is determined by the accounting value of the asset relinquished.

3.2 Real estate, plants and equipment

Real estate, plants and equipment are valued at acquisition cost less value correction, i.e. accumulated depreciation (except for land) and accumulated impairment losses. The acquisition cost encompasses the purchase price and all directly related costs incurred to restore the asset to its regular condition for the intended purpose.

Additional expenses incurred subsequently for already recognized real estate, machinery, and equipment are capitalized only if it is probable that these expenses will generate additional future economic benefits and enhance the asset's condition beyond its initial recognition. Any other subsequent costs are expensed in the period they are incurred.

Long-term assets with an individual purchase value of less than 665 euros are written off in full when they are put into use (small inventory).

Purchase value of self-built assets comprises the expenditures for materials, direct labor, and other related costs incurred to render the assets operational, alongside the costs of dismantling, part removal, and site reconstruction where applicable.

Main forms of long-term tangible assets of the company are:

- real estate - all types of land and construction facilities (business buildings, service workshops, etc.) and

- plants and equipment – machines, tools, technical plants, various types of equipment, furniture, storage and operational inventory, etc.

Majority of the aforementioned asset items contain substantial components that, in line with the specifications of IAS 16, are documented independently and depreciated separately from the assets into which they are integrated or installed. Significant parts of individual tangible assets denote components anticipated to undergo replacement prior to the conclusion of the useful life of the asset to which they pertain.

The conditions for separate recognition of significant parts of assets are:

- cost of acquiring such assets can be reliably measured,
- estimated useful life of such assets is in accordance with the expected duration of the asset's use,
- possibility of replacing such assets during disposal (expenditure, sale), whereby the replaced part of the asset is deregistered from the accounting records, and
- such assets are expected to be used for more than one accounting period.

Following initial recognition as an asset, each item of real estate, plant, and equipment is recorded at cost less any accumulated depreciation and impairment losses, if applicable.

Depreciation calculation, as per tax regulations, commences from the first day of the month following the month in which the asset was commissioned for use. Assets under construction and land are exempt from depreciation.

Property, plant, and equipment, or any significant part initially recognized as such, are derecognized upon disposal or when it is deemed that no future economic benefits will arise from their use or disposal. Gains or losses resulting from asset derecognition, calculated as the difference between net proceeds and the asset's accounting value, are acknowledged in the statement of comprehensive revenue upon asset derecognition. Assets under construction are recorded at acquisition cost less any impairment losses.

The company has estimated that there is no residual value for real estate, plant and equipment, and therefore the entire amount of the purchase price is subject to depreciation. Depreciation is expensed in the statement of comprehensive revenue using the straight-line method over the shorter of the asset's estimated useful life or the lease term.

Useful life in years

Plant and equipment	3.33 – 4
Tools, plant and office inventory, furniture and means of transport	2-4
Other tangible assets	8

Useful life, depreciation method, and residual value undergo assessment at the conclusion of each business year. If expectations diverge from prior estimates, adjustments are recognized as changes in accounting estimates.

3.3 Investments in real estate

Investments in real estate encompass office buildings and warehouses held primarily for long-term rental revenue or potential appreciation in value. The company does not utilize these properties for its own operations. These investments are categorized as long-term investments, unless earmarked for sale within the next year with an identified buyer, in which case they are classified as current assets.

Investments in real estate are recorded at historical cost reduced by accumulated depreciation and any impairment provisions, as needed. Investments under construction do not depreciate.

Depreciation for buildings is calculated using the straight-line method to evenly distribute the cost over their estimated useful life of 14 years.

Subsequent costs are capitalized only when it is probable that the company will have future economic benefits from them and when the cost can be reliably measured. Any other repair and maintenance expenditures are expensed in the statement of comprehensive revenue when incurred. Should the company start using a property previously classified as an investment in real estate, it will be reclassified as real estate, plant, and equipment. The accounting value on the date of reclassification will then represent the assumed cost, subject

to subsequent depreciation.

Company discloses the fair value of its real estate investments through periodic independent valuations conducted by professional appraisers. In the interim periods, these values are updated using internal models.

3.4 Impairment of intangible and tangible assets

At every reporting date, the company conducts an analysis of the current value of both intangible and tangible assets to ascertain whether there are any indicators suggesting impairment of asset value. If such indicators exist, the company estimates the recoverable amount of assets to determine the amount of impairment loss (if any). If it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the money-generating unit to which the asset belongs.

When possible, funds are allocated to the individual cash-generating unit based on a reasonable and consistent basis. Otherwise, funds are assigned to the smallest cash-generating units of the company for which allocation can be determined on a reasonable and consistent basis.

The recoverable amount is determined as the higher of the fair value less costs of sale or the value in use of the asset. In calculating value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market evaluations of the present value of money and the risks specific to each asset.

If the recoverable amount of the asset (or cash-generating unit) is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

Impairment losses are immediately recognized as an expense in the statement of comprehensive revenue, except for revalued assets where the losses are initially reduced against the corresponding revaluation reserves.

If an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimated recoverable amount. However, this increase is limited to ensure that the new carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in previous years for that asset (cash-generating unit). The reversal of the impairment loss is immediately recognized as revenue.

3.5 Investments in subsidiaries

Subsidiaries are companies in which the company, directly or indirectly, has control over their operations. Control is achieved if the company manages the company's financial and business policies so that benefits are realized from its activities. Investments in subsidiaries are stated at acquisition cost, and subsequently at cost less impairment. Impairment testing of investments in subsidiaries is carried out on an annual basis.

3.6 Long-term receivables

Long-term receivables appear in connection with the sale of goods and merchandise loans with deferred payment for a period longer than one year. They also include other receivables from business relationships with partners that have a longer term. For the amount of receivables due within a year, it is reclassified as short-term receivables. The policy of presenting these claims is based on the actual investment cost. Accounting provides information for each investment separately for which there are contracts. If these contracts are concluded without interest, the amount of receivables due in a period longer than a year is discounted using the market interest rate upon initial recognition.

The increase in the position of long-term receivables is carried out by adding interest and applying the currency clause, in accordance with the elements of the contract.

The reduction of the position of long-term receivables is carried out for received repayments and posted approvals based on the application of the currency clause.

Any adjustment of value due to the impossibility of collection of receivables is carried out upon learning of the uncollectibility of part or all of the receivables and the partner's claim.

3.7 Inventories

Inventories of raw materials and spare parts are stated at cost or net realizable value, whichever is lower. Inventory costs include all procurement, conversion, and other dependent costs directly related to bringing the inventory to a specific location and condition. If applicable, the cost includes both direct labor costs and all overhead or indirect costs associated with bringing the inventory to its current location and condition. The cost of motor vehicles is determined by the purchase cost of each individual vehicle, and the cost of spare parts is determined using the weighted average price method. Trade goods are reported at the lower of acquisition cost or selling price, minus taxes and rebates. Small inventory is written off at 100% when put into use. Net realizable value is the estimated selling price minus all estimated costs of completion, as well as marketing, selling, and distribution expenditures.

3.8 Trade receivables

Receivables represent rights to collect certain monetary amounts from customers or other debtors as a result of the company's operations. Initially recognized at fair value, trade receivables are subsequently valued at depreciated cost using the effective interest rate method, adjusted for adjusted value. Adjustment of receivable values occurs when there is compelling evidence indicating that the company will be unable to collect all outstanding receivables in accordance with the agreed-upon terms. Indicators of receivables impairment include significant financial distress of debtors, the likelihood of debtor insolvency, and payment delinquencies or defaults. Value adjustment amount is calculated as the variance between the accounting value and the recoverable amount of the receivable, established through an assessment conducted by the company's executive directors. Receivables adjustment amount are reflected in the statement of comprehensive revenue.

During 2023, the company did not discount receivables, based on transactions with a payment delay longer than a year.

3.9 Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits with banks and other short-term highly liquid instruments with payment terms of up to three months or less.

3.10 Financial assets

Financial assets are categorized into three groups: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive revenue, and financial assets at depreciated cost. The classification is determined by the purpose for which the financial asset was acquired. Executive directors classify financial assets upon initial recognition and reassess this classification at each reporting date.

Financial asset is recognized if the company becomes one of the contractual parties to which the contractual terms of the instrument apply. Financial assets are derecognized when the company's contractual rights to cash flows from those assets expire, or when the company transfers the financial assets without maintaining control or relinquishes all risks and rewards related to those assets. Regular purchase and sale of financial assets is recognized on the trading date, i.e. on the date when the company undertakes to buy or sell the asset.

Financial assets at fair value in the revenue statement

This category includes financial assets intended for trading. Financial assets are placed into this category if their primary purpose is short-term selling or as determined by executive directors. Assets in this category are generally considered short-term, except for derivative financial instruments.

Financial assets at fair value in other comprehensive revenue

Company measures financial assets at fair value through other comprehensive revenue, if both of the following conditions are met:

- financial assets are held within a business model with the intention of holding them to collect contractual cash flows or for sale.
- contractual terms of the financial assets generate cash flows consisting exclusively of payments of principal and interest on the principal amount outstanding.

Debt instruments classified as fair value through comprehensive revenue incur interest revenue, exchange differences, value adjustments, or reversals of value adjustments, which are recognized in the revenue statement. These are calculated similarly to financial assets measured at depreciated cost.

Any remaining changes in fair value are recognized in other comprehensive revenue. Upon derecognition, the cumulative change in fair value recognized in other comprehensive revenue is reclassified to profit or loss.

Financial assets at depreciated cost

Company measures financial assets at depreciated cost if both of the following conditions are met:

- financial assets are held within the business model with the aim of collecting contracted cash flows.
- contractual terms of these assets generate cash flows solely consisting of payments of principal and interest on the outstanding principal amount on specific dates.

Financial assets at depreciated cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in the revenue statement upon derecognition, change, or reduction of these assets.

Financial assets at depreciated cost include trade receivables.

All purchased and sold financial assets are recognized on the date of the transaction, i.e. on the date on which the company undertakes to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not stated at fair value in the revenue statement. Financial assets reported at fair value in the revenue statement are initially recognized at fair value, with transaction costs reported in the statement of comprehensive revenue.

Financial assets are derecognized when the rights to receive cash flows from investments expire or are transferred, or when the company has transferred all significant risks and rewards of ownership.

Loans and receivables are initially recognized at fair value and subsequently measured at depreciated cost using the effective interest rate method.

Gains and losses resulting from changes in the fair value of financial assets at fair value in the revenue statement are recorded in the statement of comprehensive revenue under 'net financial revenue/(expenditures)' in the period in which they occur.

Interest on securities, calculated using the effective interest rate method, is reported in the statement of comprehensive revenue as part of other revenue.

Dividends on equity securities are reported in the statement of comprehensive revenue as part of other revenue once the right to dividend payment is established.

Fair values of listed investments are based on current bid prices. If the market for a financial instrument is inactive, including for securities not listed, the company determines fair value using valuation techniques. These techniques consider recent transactions under normal trading conditions and compare with similar instruments. This approach maximizes reliance on market information and minimizes reliance on entity-specific information.

The company recognizes a value adjustment for expected credit loss for all debt instruments not carried at fair value through the profit and loss account. Expected credit losses are based on the difference between contractual cash flows that are due in accordance with the contract and all cash flows that the company expects to receive.

These losses are recognized in two phases. For credit exposures with no significant increase in credit risk since initial recognition, the Group recognizes expected credit losses for potential non-payment events expected in the next 12 months (12-month expected credit losses). For exposures experiencing a significant increase in credit risk since initial recognition, an allowance for expected credit losses over the remaining life of the exposure is necessary, irrespective of the borrowing timeframe (lifetime expected credit losses).

For trade receivables and contractual assets, the company applies a simplified approach to the calculation of expected credit losses. The company does not monitor changes in credit risk but recognizes a value adjustment based on lifetime expected credit loss at the end of each reporting period. Financial assets are written off when there's no reasonable expectation of collection.

3.11 Share capital

Share capital consists of ordinary shares. Receipts reported in the capital upon issuing new shares or options are presented net of related transaction costs and corporate income tax. The portion of the fair value of the received consideration exceeding the nominal value of the issued shares is disclosed in the notes as capital gain.

The compensation paid for purchased own shares, inclusive of directly attributable transaction costs, reduces the share capital until the shares are withdrawn, reissued, or sold. When reissuing own shares, all receipts, minus all directly attributable transaction costs and corporate income tax, are included in the capital from the company's shareholders.

Dividends are recognized in the statement of changes in capital and shown as a liability in the period in which they were approved by the company's shareholders.

3.12 Financial liabilities

Financial liabilities are categorized as either valued at depreciated cost or at fair value through the profit and loss account. A financial liability is classified at fair value through profit and loss if it's categorized as held for trading, if it's a derivative instrument, or if it's designated as such at initial recognition. Financial liabilities at fair value through the revenue statement are valued at fair value, and net gains and losses, including all interest costs, are recognized in the revenue statement. Other financial liabilities are subsequently measured at depreciated cost using the effective interest rate method. Interest costs and exchange differences are recognized in the revenue statement. Any gain or loss from derecognition is also recognized in profit or loss.

Company ceases to recognize a financial liability when contractual obligations are settled, cancelled or expire. Company discontinues recognition of a financial liability when its terms are modified, resulting in significantly different cash flows. In such instances, a new financial liability is reported reflecting the altered conditions and recognized at fair value.

Upon derecognition of a financial liability, the discrepancy between the accounting value of the extinguished liability and the compensation paid (inclusive of any transferred non-monetary assets or assumed liabilities) is recorded in the revenue statement.

Financial loans

Financial loans are initially recognized at fair value, less transaction costs. In subsequent periods, loans are reported at depreciated cost using the effective interest rate method. All variances between receipts (net of transaction costs) and redemption value are recognized in the profit and loss account over the loan term. Borrowings are categorized as short-term liabilities, unless the company possesses an unconditional right to defer settlement of the liability for a period extending at least 12 months beyond the reporting date.

In compliance with International Accounting Standard 23 – Borrowing Costs, the company capitalizes borrowing costs. In 2023, borrowing costs related to the acquisition of eligible assets were not capitalized.

3.13 Obligations to suppliers

Obligations to suppliers arose from purchases of goods or services in the ordinary course of business. These liabilities are categorized as current if payment is due within one year or less; otherwise, they are classified as non-current.

Obligations to suppliers are initially recognized at fair value and subsequently stated at depreciated cost using the effective interest rate method in subsequent periods.

3.14 Employee benefits

Share-based payment

Company uses a compensation plan with equity instruments and shares, which enables the allocation of shares to the company's employees. Fair value of services received from employees in exchange for company shares awarded is recognized as an expense, with a corresponding capital increase, over the vesting period of the awards. This fair value is determined on the grant date and spread over the period during which the employee has an unconditional right to the shares. The total expense recognized over the vesting period is based on the fair value of the awarded shares. On each reporting date, the company reviews estimates of the number of shares expected to be awarded. Company recognizes the impact of a change in the original estimate, if any, in the statement of comprehensive revenue, along with the accompanying change in equity and reserves. When distributed after the vesting period, treasury shares are calculated at the average purchase cost and allocated from retained earnings.

Bonus plans

Company acknowledges an obligation and incurs an expense for bonuses, represented as a provision, when there exists a contractual obligation or past practice giving rise to the derived obligation.

Vacations

The company recognizes reservations for unused vacation days on the basis of a contractual obligation. On the reporting date, the company forms provisions for unused vacation days based on the number of unused vacation days for the current year.

3.15 Provisions

A provision is only recognized by the company when there is an existing obligation (whether legal or derived) stemming from a past event, and if there is a likelihood that an outflow of funds representing economic benefits will be necessary to settle the obligation. Additionally, it must be feasible to make a reliable estimate of the amount of the obligation. Provisions are reassessed at each statement of financial position date and adjusted to reflect the best current estimate.

In cases where the time value of money has a significant impact, the provision amount represents the present value of the anticipated expenditure required to settle the obligation. This amount is determined by discounting expected future cash flows using a pre-tax discount rate reflecting the current market assessment of the time value of money. An increase in provisions that reflects the passage of time is recognized as a financial expense.

If it's expected that some or all of the expenditure to settle the provision will be reimbursed by a third party, the receivable is recognized as an asset only when it's certain that compensation will be received and the amount can be reliably measured.

3.16 Revenue recognition

Revenues consist of the fair value of compensation received or claims for sold products, goods or services during the company's regular operations. Revenue figures are presented net of value-added tax, excise duties, estimated refunds, rebates, and discounts. Company recognizes revenue when the amount can be reliably measured, when future economic benefits are anticipated, and when specific criteria for all the company's activities described below are fulfilled.

Revenue from wholesale of goods and materials

Revenues from the sale of goods and materials in wholesale are recognized when the company makes deliveries to the customer, when the customer has the freedom to determine the selling price and when there is no outstanding obligation that could affect the acceptance of the product by the customer. Delivery is made when the products are shipped to a specific location, the risks of loss are transferred to the customer and when one of the following is established: the customer accepts the products in accordance with the contract or the company has objective evidence that all acceptance criteria are met.

Sales revenue is reported based on the price stipulated in the sales contract, adjusted for estimated volume discounts and returns. Estimates of discounts and returns are determined based on past experience. The sale does not include financing elements, as the collection period for receivables ranges from 15 to 60 days, aligning with market practices.

Revenue from services

Revenue from services provided is determined based on long-term-price contracts with agreed terms of up to one year. Revenue from long-term-price contracts for services is recognized in the period during which the services are rendered, utilizing the straight-line method over the contract term.

Interest revenue

Interest revenue is recognized on a time-proportional basis using the effective interest rate method. When the value of the receivable is reduced, the company reduces the accounting value of the receivable to its recoverable amount, which represents the estimated value of the expected cash inflows discounted at the original effective interest rate of the instruments. The uniform depreciation of the discount in future periods is recorded as interest revenue. Interest revenue from loans of uncertain collectability is recognized using the original effective interest rate method.

Revenue from dividends

Revenue from dividends is recognized when the dividend is successfully voted on.

Government grants

Government grants are acknowledged when there is a reasonable assurance of receipt and satisfaction of all associated conditions. In accordance with IAS 20 – Accounting for Government Grants – company has chosen the accounting policy to record state grants related to profit, i.e. those grants received in money for jobs as well as those received as a write-off of taxes and contributions, to revenue. This policy is consistently applied to all government grants received.

3.17 Foreign currencies

Transactions conducted in foreign currencies are translated into the functional currency using the middle exchange rate provided by the Croatian National Bank on the transaction date.

Monetary assets and liabilities denominated in foreign currency on the reporting date are converted into the functional currency using the exchange rate prevailing on the reporting date. Gains or losses arising from exchange rate differences related to the settlement of these transactions and the translation of monetary assets and liabilities in foreign currencies are recognized in the profit or loss statement. Non-monetary assets and items measured at historical cost in a foreign currency are not retranslated using new exchange rates. Non-monetary assets and liabilities denominated in foreign currency and presented at historical cost are translated into the functional currency using the exchange rate applicable on the transaction date.

3.18 Value added tax

Value-added tax (VAT) arising from sales and purchase transactions is recognized and reported in the balance sheet on a net basis, as stipulated by the legal framework. In the event of a receivable write-down, the loss from the write-down is reported in the gross amount of the receivable, inclusive of value-added tax.

3.19 Corporate income tax

The company calculates the tax liability in accordance with Croatian law. Corporate income tax expense encompasses both current and deferred tax. Corporate income tax is disclosed in the statement of comprehensive revenue up to the amount pertaining to items within equity when the tax expense is recognized within equity.

Current tax represents the anticipated tax liability computed on the taxable profit for the year, applying the tax rate effective on the reporting date, along with adjustments for tax liabilities from previous periods.

Deferred tax is recognized using the balance sheet liability method and considers temporary differences between the carrying amounts of assets and liabilities utilized for financial reporting and those used for tax purposes.

Deferred tax was established at a rate of 18%, representing the corporate income tax rate applicable in subsequent periods in line with changes in the legal framework.

3.20 Leases

Company as lessor

Leases in which the company does not transfer substantially all the risks and rewards associated with ownership of the asset are classified as operating leases. Lease revenue is computed on a straight-line basis as per lease terms and is recognized in revenue within the Statement of Comprehensive Revenue, reflecting its operational nature.

Company as lessee

Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of assets of low value.

Right to use the asset

Company recognizes the right to use the property on the date the lease begins (e.g. the date when the property in question is ready for use). This right to use the asset is initially measured at cost, reduced by accumulated depreciation and impairment losses, and is adjusted with each remeasurement of the lease liability. The cost of the right to use the asset includes the recognized lease obligations, initial direct costs, and any lease payments made on or before the lease commencement date, less any lease incentives received, if applicable. The right to use the asset is depreciated on a straight-line basis over the lease term and is subject to impairment.

Lease obligations

At the beginning of the lease period, the company recognizes lease liabilities, measured at the present value of future lease payments during the period. These payments encompass long-term amounts, variable payments contingent upon an index or rate, and sums anticipated under residual value guarantees, if any. If included in the contract, the lease payments also include the purchase price that it is reasonably certain that the company will exercise, and the lease termination penalty payments, if it is reasonably certain that the company will exercise the lease termination option. Variable lease payments not contingent upon an index or rate are expensed in the period incurred.

When calculating the present value of lease payments, the company uses the incremental borrowing rate at the beginning of the lease, if the interest rate from the lease cannot be easily determined. The carrying amount of lease liabilities is reassessed if changes arise during the lease term.

Short-term leases and leases of assets of low value

The company applies an exemption for the recognition of short-term leases for short-term leases (leases that have a lease period of 12 months or less from the lease start date and do not include a purchase option). The company also recognizes an exemption for the recognition of leases of assets of low value. Payments for short-term leases (with a lease term of 12 months or less from commencement without a purchase option) and leases of low-value assets are recognized as an expense over the lease term.

3.21 Contingent assets and liabilities

Contingent assets are not recognized in the financial statements but disclosed in the notes when it is probable that an inflow of economic benefits will occur.

Contingent liabilities are not recognized in the financial statements but disclosed in the notes unless the outflow of economic benefits is deemed unlikely.

3.22. Comparative data

Where necessary, comparative data has been adjusted to reflect changes in this year's presentation. The presentation adheres to the stated accounting policies.

3.23 Earnings per share

Earnings per share are calculated by dividing the profit attributable to the company's shareholders by the weighted average number of ordinary shares in issue during the year.

Diluted earnings (loss) per share is calculated by dividing the net profit (loss) for the current year by the weighted average number of ordinary shares issued during the year, and then adjusting for the weighted average number of ordinary shares that would be issued upon the conversion of all potentially dilutive ordinary shares into ordinary stock.

3.24 Events after the reporting date

Events occurring after the reporting date that provide additional information about the company's position on the date of the financial position report (adjusting events) are disclosed in the financial statements. Events occurring after the reporting date that do not pertain to reconciliation (non-adjusting events) are disclosed in the notes to the financial statements if deemed significant.

3.25 New standards and interpretations of published standards that have not yet been adopted

The following new standards and amended existing standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) are provided below:

- (a) Standards, interpretations and supplements issued by the IASB, applied to financial statements from January 1, 2023

As of the approval date of these financial statements, the following new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) have been adopted and are effective for the current period:

- IFRS 17 Insurance Contracts,
- IAS 1 Presentation of Financial Statements and IFRS statement 2: Publication of accounting policies (Amendments),
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments),
- IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments),
- IAS 12 Income Taxes: International Tax Reform Pillar Two Model Rules (Amendments).

(b) *Standards, interpretations and supplements that have not yet been implemented*

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments). Amendments are effective for annual reporting periods commencing on or after January 1, 2024, with earlier application permitted, and must be applied retroactively in accordance with the provisions of IAS 8.
- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments). The amendments are effective for annual reporting periods commencing on or after January 1, 2024, with earlier application permitted.

Company has decided not to apply the aforementioned standards, revisions and interpretations before their effective date. The company does not expect that these new and amended standards will have a significant impact on the company's annual financial statements.

(c) *New standards and amendments to existing standards published by OMRS, but not yet adopted in the European Union*

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability (issued on August 15, 2023),
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Financial Arrangements (issued on May 25, 2023).

3.26. Key accounting estimates

The preparation of financial statements in accordance with IFRS, as adopted in the European Union, necessitates the utilization of key accounting estimates. Executive directors are also required to use judgement in the process of applying the company's accounting policies. Areas entailing a heightened degree of judgement or complexity, such as those involving significant assumptions and estimates impacting the financial statements, are disclosed in the notes. Estimates are consistently assessed and are grounded on experience and other factors, including expectations of future events that are deemed reasonable under prevailing circumstances. Company makes estimates and assumptions related to the future.

a) *Use of estimates and judgements*

When preparing the company's financial statements, executive directors used certain estimates and assumptions that affect the announced revenues, expenditures, assets and liabilities, as well as the publication of contingencies during and on the date of the report. Nevertheless, the uncertainty surrounding these assumptions and estimates may lead to substantial alterations in the carrying amounts of the respective assets or liabilities in future periods. Key forward-looking assumptions and other critical sources of uncertainty estimates as of the statement of financial position date, which entail significant risks of substantial changes in the carrying amounts of assets and liabilities in the upcoming financial year, are detailed as follows:

Lifetime of real estate, plant and equipment

The company reviews the estimated useful life of property, plant and equipment at the end of each annual reporting period. Real estate, plant, and equipment are presented at acquisition cost minus accumulated value adjustments. There have been no revaluations of real estate, plant, and equipment (the accounting value aligns with the purchase value less depreciation).

Impairment of value of non-financial assets

Company determines indicators of impairment of real estate, plant and equipment by applying the multiplier method of the net accounting value and operating profit of the segment in such a way that the net accounting value of the asset, or its segment (a unit that generates money) is related to the realized operating profit of the asset or segment. If, for an individual asset or segment, the multiplier of the net accounting value and

operating profit exceeds predetermined thresholds, its recoverable value is determined either through fair value less costs of sale or the value of the asset in use, depending on which is higher. Additionally, the recoverable amount of assets is determined for newly acquired assets, including those acquired through business combinations. In order to determine the recoverable value, the company uses internal and external assessments.

This process involves management making significant judgements in identifying and valuing indicators of impairment, estimating future cash flows, and determining the fair value of an asset (or group of assets). Such judgements encompass identifying indicators of impairment, projecting future cash flows, estimating future investments, selecting applicable discount rates, determining useful lives, and establishing residual values. When determining the recoverable amount, management takes into account indicators such as facility occupancy, revenue per unit, expected market growth in the industry, among others. The calculation of fair value less costs of sale relies on the market approach method, which leverages prices and other pertinent information from market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities, such as a specific segment of activity.

Value of shares in subsidiaries

At the reporting date, the company performs an impairment test to determine whether the accounting value exceeds its recoverable amount. If any of the indicators of possible loss due to impairment of assets exist, the company prepares formal estimates of the recoverable amount.

Corporate income tax

The calculation of corporate income tax is carried out in accordance with the current interpretation of tax regulations by the company. However, it's important to note that calculations related to corporate income tax are subject to review and potential adjustment by the Tax Administration.

Impairment of trade receivables

Company recognizes a reduction in receivables for the estimated irrecoverable amount from the sale of goods and services based on the criteria of IFRS 9.

Provisions for litigation

Executive directors estimate that the amount of recognized provisions represents the most accurate estimate available as of the reporting date.

Leases

Determining the lease period for contracts with the option of extension and termination - the company as lessees

The company defines the lease period as a non-cancelable period, together with the periods under the lease extension option, if it is reasonably certain that it will be exercised or the periods covered by the lease termination option, if it is reasonably certain that the same will not be exercised.

The company has certain leases that contain renewal and termination options. Company exercises judgement to assess the reasonable certainty of whether the lease extension or termination options will be exercised. This evaluation involves considering all relevant factors that may influence the economic incentive for extension or termination.

After the start date of the lease, the company re-evaluates the lease period, if there has been a significant event or change in circumstances that are under their control and affect the ability to exercise or not exercise the extension or termination option (e.g. Significant adjustments of the leased property).

The company has certain leases that it estimates will be extended, however the company does not estimate how it will terminate the leases prior to the expiration of the lease term. The company has included an exten-

sion period as part of the lease term for leases that have a shorter non-cancelable period (e.g. 2-3 years). Company mainly evaluates the extension for leases that could have a negative effect on the activity, if the property is not ready for use. Additional details regarding potential future lease payments associated with extension and termination options beyond the lease term are provided below.

Classification of property leases - company as lessor

Company has operating leases in its investment property portfolio. The company has determined, based on the assessment of conditions such as the lease term not representing a significant part of the economic life of the commercial property and the present value of the minimum lease payments not being substantially all of the fair value of the commercial property, that they nevertheless retain substantially all the risks and benefits associated with ownership of such assets and such contracts are considered operating leases.

Leases – Estimation of incremental borrowing rate

Company is not able to easily determine the interest rate from the lease, so they use the incremental borrowing rate to calculate the lease liability. Incremental borrowing rate is the rate that the company would pay if, for a similar period, with similar insurance, they borrowed the funds needed to acquire an asset of similar value as the right to use the asset in a similar economic environment. Estimating the incremental borrowing rate becomes necessary in cases where such rates are unavailable or require adjustment to align with the lease terms.

The company estimates the incremental borrowing rate using various inputs. The interest rate that the company calculates on contracts best represents the lessee's credit risk, lease term, security and economic environment. This determination was made utilizing data obtained from vehicle leasing companies concerning borrowing rates. The data used by the company to determine the incremental borrowing rate is renewed at least once a year or in the event of a significant change in the company's credit rating.

Under the IFRS 16 standard, a distinctive balance sheet model is introduced for lessees to account for leases. The specified standard delineates a lease as either a standalone contract or a segment of a contract, granting the lessee the privilege to utilize a specific asset over a defined period in exchange for a predetermined fee. Crucially, for the rights stipulated within the contract to qualify as a lease, the contract must explicitly confer control over the asset's usage to the lessee.

Control over the asset's usage is deemed to exist if the lessee possesses the right to enjoy all economic benefits arising from its utilization or directly dictates the asset's usage, thereby determining how and for what purpose it is employed. Consequently, under this new standard, lessees are mandated to include all leases on their balance sheets. In addition to recognizing leased assets, lessees must acknowledge the obligation to pay rental instalments upfront, while accounting for interest expense and depreciation at subsequent stages. The standard incorporates two exemptions regarding the recognition and assessment of leases:

- leases of 12 months or less
- leases involving low-value assets, such as personal computers or smaller office furniture items, are exempt from certain recognition and measurement requirements under the standard.

In accordance with IFRS 16, lessors are still required to categorize leases into operating and finance leases, as defined under IAS 17.

Exemptions regarding the recognition and assessment of leases:

- leases of 12 months or less
- leases involving low-value assets, such as personal computers or smaller office furniture items, are exempt from certain recognition and measurement requirements under the standard.

Company applies an exemption for the recognition of short-term leases for those leases that have a lease period of 12 months or less from the lease start date. Company also uses an exemption for recognizing leases of assets of low value, i.e. for any asset whose purchase value per facility does not exceed EUR 4,247.12 (e.g. rental of work clothes, rental of IT equipment, rental of containers, rental of gas bottles, rental of cotton cloths...). For

such leases, the company recognizes the lease payment on a straight-line basis as a business expense during the term of the lease

Company has identified that the most significant impact on the financial statements will be the recognition of new assets and liabilities under operating leases for passenger cars concluded for a term longer than one year. For leases containing a lease component, each lease component will be computed alongside other associated components within the lease agreement.

The incremental interest rate applied depends on both the contract tranche of the vehicle and the supplier of the rental item, as outlined below:

	31 December 2023	31 December 2022 revised
OTP LEASING d.d.	-	1.95-5.5%
PORSCHE LEASING d.o.o.	-	3.25%
RAIFFEISEN LEASING d.o.o.	-	2.75-4.5%
AUTO HRVATSKA AUTOMOBILI d.o.o.	2.50-2.70%	2.50%

Company as lessee

Company has concluded lease agreements for real estate, motor vehicles, equipment and other assets of low value and leases that do not meet the criteria for determining the lease agreement. The lease period for most contracts is between 1 and 5 years. In the case of certain lease agreements, the company has a restriction on the subletting of leased items.

Assets with right of use and changes during the period:

	2023	2022 revised
	Motor vehicles	Motor vehicles
Balance as of January 1	105,704.81	70,677.90
Increase	192,818.72	89,777.16
Early terminations	957.14	0.00
Depreciation	65,542.36	54,750.25
Balance as of December 31	232,024.03	105,704.81

Liabilities for leases and changes during the period:

	2023 EUR	2022 revised EUR
Balance as of January 1	107,432.35	71,599.30
Increase	192,818.72	89,777.20
Increase in interest	4,363.78	2,856.76
Payment	67,247.93	56,800.97
Early terminations	985.14	0.00
Exchange rate fluctuations	96.91	0.00
Balance as of December 31	236,478.69	107,432.29
Short-term liabilities	77,675.10	43,888.86
Long-term liabilities	158,803.59	63,543.43

IFRS 16 in the Statement of Comprehensive Revenue:

	2023 EUR	2022 revised EUR
Depreciation of assets with right of use	65,542.36	54,750.28
Interest expense on lease obligations	4,363.78	2,856.86
Exchange rate differences negative	96.91	0.00
Revenue from early terminations	-28.00	0.00
Right to instruct the way and purpose of using the property	259,637.77	189,402.75
Assets of low value	93,232.65	45,195.43
Maturity term shorter than one year	19,983.28	19,387.35
Other	18,800.03	61,990.44
Total	461,628.78	373,583.12

Depreciation expenditures for assets with the right of use are accounted for under the Depreciation section (Note 23. Depreciation) of the statement of comprehensive revenue. Meanwhile, the interest costs related to lease obligations are recorded within the Interest expense category (Note 29, item 3. Expenses based on interest and similar expenditures).

Company applies exemptions for short-term leases and leases of assets of low value. Since asset leases of low value are also short-term leases, the company presents them as short-term leases. Costs of short-term leases, assets of low value, leases with a revocable lease period in the short term and leases with the right to direct the manner and purpose of use of the asset are included in under item Leases in the amount of EUR 372,853.70 (2022: EUR 253,985.53) (Note 21, item c). Other external costs).

In 2023, total cash outflows for leases amounted to EUR 440,101.63 (2022: EUR 310,786.52) for the company (including outflows for short-term leases, assets of low value, leases with revocable short-term lease periods and leases with the right to direct the manner and purpose of asset use). Within the cash flow statement, financial activities encompass principal repayments of lease obligations. Business activities, on the other hand, cover interest payments for lease obligations, payments for short-term leases, assets of low value, leases with a short-term cancellable lease period, and leases granting the right to direct the use and purpose of the property.

3.27. Determination of fair value

The company has an established fair value measurement control system that ensures the responsibility of executive directors and Finance and Accounting for the supervision of all significant fair value measurements, consulting with external experts and, in the context of the above, reporting to the same bodies in charge of corporate governance.

Fair values are assessed against information gathered from third-party sources, upon which executive directors and Finance and Accounting evaluate the sufficiency of evidence collected to ensure compliance with IFRS requirements. This evaluation includes determining the appropriate classification of fair value estimates within the fair value hierarchy.

All significant matters concerning fair value assessment are reported to the Management and Audit Committee. Fair values are classified into various levels within the fair value hierarchy, depending on the input variables employed in the valuation techniques, as outlined below:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – input variables that do not represent quoted prices included in level 1, and are input variables for assets or liabilities that are observable either directly (e.g. as prices) or indirectly (e.g. derived from prices).
- Level 3 – input variables for assets or liabilities that are not based on observable market data (input variables that are not observable).

The fair value of financial instruments traded in active markets relies on quoted market prices as of the reporting date. Market is deemed active when quoted prices are discernible through stock exchanges, broker activities, industry groups, or regulatory agencies. These prices reflect real and routine market transactions occurring under typical trading conditions.

The fair value of financial instruments not traded in an active market, such as OTC derivatives, is established through valuation techniques. These valuation techniques prioritize the utilization of observable market data to the fullest extent feasible, minimizing reliance on entity-specific valuations. If all significant input variables necessary for fair valuation are observable, the fair value assessment is classified as level 2.

When one or more significant input variables are not derived from observable market data, the fair value estimate is categorized as level 3. Company made the following more significant fair value estimates under the framework of preparing financial statements, which are explained in more detail in Note 7: Long-term Financial Assets.

NOTE 4 - FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

Financial risk management is overseen by the treasury within the Financial department of Auto Hrvatska d.d. Here, business support is offered, coordination of access to domestic and international money markets occurs, and financial risks associated with business are observed and addressed. company independently monitors potential risks and tries to reduce their impact on the company's financial exposure.

Market risks are mitigated through systematic monitoring of the economic environment, identifying opportunities and threats affecting business, maintaining close communication with customers and suppliers, and adhering to internal policies and regulations.

Measures taken related to ongoing business operations are as follows:

- continued regular settlement of all obligations assumed,
- set limit of external debts of all members of BG,
- rationalisation of operational expenses for the sake of long-term sustainability,
- increasing employee productivity,
- maintaining continuity in improving the quality of services for customers,
- increased investments in digital technologies to support new business conditions.

There are continued efforts to further improve all of the above in order to reduce the negative impact on operating performance and stability.

(a) Currency risk

company carries out certain transactions denominated in foreign currencies, on the basis of which there is exposure to changes in the exchange rate of foreign currencies. The risk of currency exchange rate fluctuations is handled within the established parameters of internal policies governing the utilization of futures contracts for foreign currency transactions.

At the level of the company, except for euros, business with other currencies accounts for less than 1% of the total turnover, and the company does not expect exposure to currency risk.

In 2023, the company did not use forward contracts for active protection against cash flow currency risk exposure.

(b) Credit risk

company has no exposure to credit risk toward a single customer or a group of customers with similar characteristics. Net trade receivables are diversified across a substantial client base spanning various industries and geographic locations.

Company has adopted a policy of doing business with creditworthy parties. Company continuously monitors its exposure and the credit ratings of its clients. Credit exposure is controlled by client limits that are frequently reviewed and approved.

The company is not exposed to interest rate risk because it lends funds at long-term interest rates, funds are protected by appropriate insurance instruments and constant monitoring and analysis of clients.

(c) Liquidity risk

Executive directors assume responsibility for liquidity risk management, overseeing a robust framework designed to monitor short-term, medium-term, and long-term financing, along with all associated liquidity risk requirements.

Adequate funds are consistently maintained through sufficient contracted credit lines to meet obligations, along with ensuring ongoing availability of credit lines for future needs. Liquidity risk is managed by relying on robust net positive operating cash flows and by utilizing credit lines to fund capital investments. As of December 31, 2023, the company has contracted unused credit lines with financial institutions for the year 2024 in the total amount of EUR 12,238,231.39. Repayments of substantial credit obligations are synchronized with periods of significant cash inflows from operational activities. Company monitors the level of available sources of funds on a daily basis through reports on the balance of funds and liabilities. On the basis of the established budget, the cash flow for the following year is prepared by month, as well as the long-term cash flow plan.

The table below provides an overview of the maturities of the company's financial obligations as of December 31, 2023 and 2022, in accordance with the agreed non-discounted payments.

	31 December 2023 EUR	31 December 2022 revised EUR
Due in less than 1 month	2,051,783.89	8,193,850.42
Due in 1 to 3 months	48,785.54	12,639.33
Due in 3 to 12 months	4.45	0.00
Due in 1 to 5 years	549,439.41	320,069.81
Due in more than 5 years	0.00	0.00
Total liabilities (contracted maturity)	2,650,013.29	8,526,559.56

(d) Cash flow interest rate risk

To the greatest extent, the company independently finances the operations of members of Auto Hrvatska Group (short-term and long-term financing), as well as the financing of the Group's customers. From transactions with other Auto Hrvatska Group customers, the company generated interest revenue, which depended to a significant extent on changes in market interest rates, but also on the estimated risk levels of each individual loan beneficiary.

As a result of maintaining current liquidity, the company took on short-term debt and for this reason also incurred interest costs. The mentioned costs do not take a significant part in the structure of the company's costs.

On December 31, 2023, if the interest rates on loans denominated in the currency were 1 percentage point higher/(lower), and assuming all other variables remain unchanged, the company's profit for the year would be EUR 4,166.00 (2022: EUR 26,544.56) higher/(lower), mainly as a result of higher/(lower) interest costs on loans with variable rates.

(e) Risk of investing in securities

Company is exposed to the risk of investing in securities through fair value risks and price change risks because the investments are classified in the balance sheet as available for sale and at fair value in the profit and loss account. Investments in securities categorized as available for sale are typically not listed on the stock exchange. Conversely, securities classified at fair value in the revenue statement are typically traded

on the stock exchange. The company monitors the management of risks arising from their fair value and price changes through market transactions and the results of the investment entity.

4.2 Capital structure management

The company's goals in capital management are to preserve the company's ability to continue operating under the assumption of time limitlessness in order to enable the return of investment to owners/shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The ratio of net debt to principal on report day was as follows:

	2023 EUR	2022 revised EUR
Debt (long-term and short-term credits and loans)	0.00	0.00
Cash and cash equivalents	(5,986,756)	(4,473,798)
Net debt	(5,986,756)	(4,473,798)
Principal	72,840,200	66,818,999
Net debt to principal ratio	-8%	-7%

Debt is defined as a liability for long-term and short-term loans. Principal includes all capital and all reserves.

LONG-TERM ASSETS	57,154,953.09
Previous year	55,069,760.29

Regarding the movement of individual positions of long-term assets and the calculation of annual depreciation, we refer to the attached overview of long-term assets.

The overview of long-term assets contains the movement of individual items of long-term assets according to purchase value, value adjustment and accounting value. The purchase value is stated in the original amount including the increase and decrease in the current year. The value adjustment shows the amount of the value adjustment at the beginning of the year, including the value adjustment of the current year. The balance of the purchase price and the value adjustment corresponds to the accounting value on the reporting date.

NOTE 5 – INTANGIBLE ASSETS

Current year	29556.34
Previous year	92920.17

Overview of intangible assets as of December 31, 2023 Auto Hrvatska d.d., Zagreb

DESCRIPTION	Concessions, patents, licenses, trademarks and service marks, software and other rights	Goodwill	TOTAL intangible assets
PURCHASE VALUE	EUR	EUR	EUR
Balance on December 31, 2021 revised	1,040,127.64	132,119.83	1,172,247.47
Increase in purchase value	16,153.53	0.00	16,153.53
Balance on December 31, 2022 revised	1,056,281.17	132,119.83	1,188,401.00
Increase in purchase value	4,511.44	0.00	4,511.44
Balance as of December 31, 2023	1,060,792.61	132,119.83	1,192,912.44
VALUE CORRECTION			
Balance on December 31, 2021 revised	698,788.22	132,119.83	830,908.05
Increase in value correction - depreciation	264,572.78	0.00	264,572.78
Balance on December 31, 2022 revised	963,361.00	132,119.83	1,095,480.83
Increase in value correction - depreciation	67,875.27	0.00	67,875.27
Balance as of December 31, 2023	1,031,236.27	132,119.83	1,163,356.10
NET ACCOUNTING VALUE			
As of December 31, 2022, revised	92,920.17	0.00	92,920.17
On December 31, 2023	29,556.34	0.00	29,556.34

Overview of intangible assets as of December 31, 2022 Auto Hrvatska d.d., Zagreb

DESCRIPTION	Concessions, patents, licenses, trademarks and service marks, software and other rights	Goodwill	TOTAL intangible assets
PURCHASE VALUE	EUR	EUR	EUR
Balance on December 31, 2020 revised	885,803.27	132,119.83	1,017,923.10
Increase in purchase value	154,324.37	0.00	154,324.37
Balance on December 31, 2021 revised	1,040,127.64	132,119.83	1,172,247.47
Increase in purchase value	16,153.56	0.00	16,153.56
Balance on December 31, 2022 revised	1,056,281.20	132,119.83	1,188,401.03
VALUE CORRECTION			
Balance on December 31, 2020 revised	450,570.69	132,119.83	582,690.52
Increase in value correction - depreciation	248,217.53	0.00	248,217.53
Balance on December 31, 2021 revised	698,788.22	132,119.83	830,908.05
Increase in value correction - depreciation	264,572.81	0.00	264,572.81
Balance on December 31, 2022 revised	963,361.03	132,119.83	1,095,480.86
			0.00
NET ACCOUNTING VALUE			0.00
On December 31, 2021 revised	341,339.42	0.00	341,339.42
On December 31, 2022 revised	92,920.17	0.00	92,920.17

NOTE 6 – TANGIBLE ASSETS

Current year	34885236.44
Previous year	33225835.02

Overview of tangible assets as of December 31, 2023

Auto Hrvatska d.d., Zagreb

DESCRIPTION	Plants and equipment	Tools, inventory and transport assets	Tools, plan inventory and transport assets, assets with right of use	Property under construction	Other tangible assets	Investments in real estate	Advances for tangible assets	TOTAL tangible assets
PURCHASE VALUE	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance on December 31, 2021 revised	5,166,434.69	550,161.79	215,403.34	34,733.82	112,050.23	60,444,644.78	0.00	66,523,428.65
Increase in purchase value	77,685.62	0.00	89,777.20	16,849.83	119.49	332,257.41	200,000.00	516,689.55
Decrease in purchase value (disposal)	-31,113.30	-192,713.83	0.00	0.00	0.00	0.00	0.00	-223,827.13
Balance on December 31, 2022 revised	5,213,007.01	357,447.96	305,180.54	51,583.65	112,169.72	60,776,902.19	200,000.00	67,016,291.07
Increase in purchase value	210,225.56	576.00	192,818.72	282,685.55	0.00	3,779,479.32	0.00	4,465,785.15
Decrease in purchase value (disposal)	-40,798.08	-15,759.17	-957.14	0.00	-17,559.33	0.00	-200,000.00	-75,073.72
Balance as of December 31, 2023	5,382,434.49	342,264.79	497,042.12	334,269.20	94,610.39	64,556,381.51	0.00	71,207,002.50
VALUE CORRECTION								
Balance on December 31, 2021 revised	4,463,977.37	521,395.61	144,725.44	0.00	7,301.05	26,366,366.81	0.00	31,503,766.28
Increase in value correction - depreciation	145,589.89	16,083.82	54,750.29	0.00	0.00	2,293,242.53	0.00	2,509,666.53
Decrease in value correction - disposal	-30,262.95	-192,713.81	0.00	0.00	0.00	0.00	0.00	-222,976.76
Balance on December 31, 2022 revised	4,579,304.31	344,765.62	199,475.73	0.00	7,301.05	28,659,609.34	0.00	33,790,456.05
Increase in value correction - depreciation	142,695.60	10,252.81	65,542.36	0.00	0.00	2,369,376.37	0.00	2,587,867.14
Decrease in value correction - disposal	-40,797.94	-15,759.19	0.00	0.00	0.00	0.00	0.00	-56,557.13
Balance as of December 31, 2023	4,681,201.97	339,259.24	265,018.09		7,301.05	31,028,985.71	0.00	36,321,766.06
NET ACCOUNTING VALUE								
On December 31, 2022 revised	633,702.70	12,682.34	105,704.81	51,583.65	104,868.67	32,117,292.85	200,000.00	33,225,835.02
On December 31, 2023	701,232.52	3,005.55	232,024.03	334,269.20	87,309.34	33,527,395.80	0.00	34,885,236.44

Overview of tangible assets as of December 31, 2022

Auto Hrvatska d.d., Zagreb

DESCRIPTION	Plants and equipment	Tools, inventory and transport assets	Tools, plan inventory and transport assets, assets with right of use	Property under construction	Other tangible assets	Investments in real estate	Advances for tangible assets	TOTAL tangible assets
PURCHASE VALUE	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance on December 31, 2020 revised	5,103,979.19	536,204.53	171,951.09	79,515.16	112,050.23	56,010,805.77	0.00	62,014,505.97
Increase in purchase value	78,456.83	66,425.77	43,452.25	0.00	0.00	5,737,937.09	0.00	5,926,271.94
Decrease in purchase value (disposal)	-16,001.33	-52,468.51	0.00	-44,781.34	0.00	-1,304,098.08	0.00	-1,417,349.26
Balance on December 31, 2021 revised	5,166,434.69	550,161.79	215,403.34	34,733.82	112,050.23	60,444,644.78	0.00	66,523,428.65
Increase in purchase value	77,685.59	0.00	89,777.16	16,849.83	119.49	332,257.43	200,000.00	716,689.50
Decrease in purchase value (disposal)	-31,113.28	-192,713.74	0.00	0.00	0.00	0.00	0.00	-223,827.02
Balance on December 31, 2022 revised	5,213,007.00	357,448.05	305,180.50	51,583.65	112,169.72	60,776,902.21	200,000.00	67,016,291.13
VALUE CORRECTION								
Balance on December 31, 2020 revised	4,320,531.76	508,378.96	61,607.35	0.00	7,301.05	25,131,802.74	0.00	30,029,621.86
Increase in value correction - depreciation	159,446.94	20,904.90	83,118.09	0.00	0.00	2,374,215.67	0.00	2,637,685.60
Decrease in value correction - disposal	-16,001.33	-7,888.25	0.00	0.00	0.00	-1,139,651.60	0.00	-1,163,541.18
Balance on December 31, 2021 revised	4,463,977.37	521,395.61	144,725.44	0.00	7,301.05	26,366,366.81	0.00	31,503,766.28
Increase in value correction - depreciation	145,589.89	16,083.88	54,750.25	0.00	0.00	2,293,242.55	0.00	2,509,666.57
Decrease in value correction - disposal	-30,262.96	-192,713.78	0.00	0.00	0.00	0.00	0.00	-222,976.74
Balance on December 31, 2022 revised	4,579,304.30	344,765.71	199,475.69	0.00	7,301.05	28,659,609.36	0.00	33,790,456.11
								0.00
NET ACCOUNTING VALUE								0.00
On December 31, 2021 revised	702,457.32	28,766.18	70,677.90	34,733.82	104,749.18	34,078,277.97	0.00	35,019,662.37
On December 31, 2022 revised	633,702.70	12,682.34	105,704.81	51,583.65	104,868.67	32,117,292.85	200,000.00	33,225,835.02

Assets with the right to use refer to vehicles received through operational leasing.

The fair value of investments in real estate as of December 31, 2023, falls within the range of EUR 86,385,000.00 to EUR 99,718,389.66 (compared to December 31, 2022, where it ranged from EUR 84,497,814.98 to EUR 93,843,345.28). This valuation is determined using revenue methods, primarily comparative methods where reliable data is available.

Revenue methods rely on projections of the present value of future revenue generated by real estate, reflecting market achievements. If revenue relationships are expected to undergo significant deviations in the foreseeable future or substantially differ from market incomes achieved, the revenue value may be determined based on periodically varying incomes derived from significant input data that are not observable. Revenue value of developed land comprises the value of the land itself, along with the value of any buildings and equipment present on it.

For comparative pricing, the purchase and sale prices of properties demonstrating significant similarity to the evaluated property are utilized. If an adequate number of purchase prices are unavailable in the vicinity of the appraised real estate, purchase prices from other comparable areas exhibiting sufficiently similar characteristics may be used to derive comparative prices.

Investments in real estate are periodically valued by an independent authorized appraiser, and in the meantime they are updated using internal models.

Inputs to the revenue model include:

- future rental cash flows based on the actual location, type and quality of the properties and supported by the terms of any existing leases, other agreements or external evidence such as current market leases for similar properties,
- discount rates that reflect current market assessments of uncertainty in the amount and timing of cash flows,
- estimated vacancy rates based on current and expected future market conditions following the expiration of any current lease,
- maintenance costs including the necessary investments to maintain the functionality of the property during its expected lifetime,
- capitalization rates are established according to the precise location, size, and quality of the property, while incorporating market data available at the valuation date; and
- terminal value is calculated considering assumptions regarding maintenance costs, vacancy rates, and market rents.

Basic assumptions in the estimates are based on the following:

The assumptions for the analysis include an expected rent growth of 5% for both 2023 and 2022, a vacancy period of 6 months between leases, an occupancy rate of 80%, and an adjusted discount rate of 8%.

NOTE 7 - LONG-TERM FINANCIAL ASSETS

1	Investments in shares (shares) of entrepreneurs within the group	22,118,689.32
	Previous year	21,606,894.68

	Current year EUR	Previous year revised EUR
Interest in the capital of affiliated companies	22,118,689.32	21,606,894.68
Total	22,118,689.32	21,606,894.68

Equity shares in affiliated companies		31 December 2023	31 December 2022	31 December 2023	31 December 2022	
Affiliated companies	Country	Investment amount (EUR)	Investment amount (EUR)	Interest	Interest	Main activity
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	Republic of Croatia	10,259,473.09	10,259,473.09	100%	100%	Sale of new and used commercial vehicles
MAN Importer Hrvatska d.o.o., Zagreb	Republic of Croatia	3,331,342.49	3,331,342.49	100%	100%	Procurement and distribution of commercial vehicles and spare parts
Auto Hrvatska Automobili d.o.o., Zagreb	Republic of Croatia	2,654,456.17	2,654,456.17	100%	100%	Procurement, sales and maintenance/repair of new and used passenger vehicles as well as light commercial vehicles
KAM IN BUS IMPORTER D.O.O., Slovenia	Republic of Slovenia	1,100,000.00	1,093,321.92	100%	100%	Sale of new and used commercial vehicles
Man Importer Makedonija d.o.o.e.l., Skopje	Republic of North Macedonia	617,500.09	608,885.53	100%	100%	Procurement and distribution of commercial vehicles
KAM I BUS IMPORTER D.O.O., Zagreb	Republic of Croatia	199,084.21	199,084.21	100%	100%	Sale of new and used commercial vehicles
Auto Tangenta d.o.o., Zagreb	Republic of Croatia	13,272.28	13,272.28	100%	100%	Representation services in insurance of persons and property
Kamion Importer d.o.o., Doboj Jug	Bosnia and Herzegovina	51,129.19	50,024.69	100%	100%	Sale of new and used commercial vehicles
Kam i Bus doo, Doboj Jug - investment value	Bosnia and Herzegovina	3,892,431.80	3,861,564.14			
Kam i Bus doo, Doboj Jug - value adjustment	Bosnia and Herzegovina	0.00	-464,529.83			
Kam i Bus doo, Doboj Jug - net investment value	Bosnia and Herzegovina	3,892,431.80	3,397,034.31	100%	100%	Sale of new and used commercial vehicles, maintenance/repair and sales of spare
Total		22,118,689.32	21,606,894.69			

7	Investments in securities	0.00
	Previous year	5,189.46

	Current year EUR	Previous year revised EUR
Investments in shares - TEAM-I TEAM d.d. in bankruptcy, Zagreb	0.00	5,189.46
	0.00	5,189.46

NOTE 8 - LONG-TERM RECEIVABLES

1	Receivables from entrepreneurs within the group	121,470.99
	Previous year	55,305.59

	Current year EUR	Previous year revised EUR
Receivables for guarantees - vehicle rental	121,470.99	55,305.59
Total	121,470.99	55,305.59
maturity from one to five years	121,470.99	55,305.59

3	Trade receivables	0.00
	Previous year	0.00

	Current year EUR	Previous year revised EUR
Disputed and risky claims	0.00	10,523.97
Receivables from the sale of merchandise loan	0.00	0.00
Value adjustment of disputed claims	0.00	-10,523.97
Total	0.00	0.00

maturity from one to five years	0.00	0.00
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Changes in adjustment of trade receivables value:

	Current year EUR	Previous year revised EUR
On January 1	10,523.97	11,581.77
Write-off	-10,523.97	-1,057.80
On December 31	0.00	10,523.97

NOTE 9 – DEFERRED TAX ASSETS

Current year	0.00
Previous year	83,615.37

	Previous year revised	Consumption	Termination	Increase	Current year
Deferred tax assets	83,615.37	0.00	-83,615.37	0.00	0.00
	83,615.37	0.00	-83,615.37	0.00	0.00

During 2023, company performed impairment testing of said asset. By carrying out the aforementioned testing, value adjustment of financial assets (shares) of the company Kam i Bus doo, Doboj Jug, Bosnia and Herzegovina was cancelled.

NOTE 10 – INVENTORIES

1	Raw materials and material	0.00
	Previous year	0.00

	Current year EUR	Previous year revised EUR
Small inventory in use	277,713.86	273,499.93
Correction of the value of small inventory	-277,713.86	-273,499.93
Total	0.00	0.00

4	Trade goods	379.35
	Previous year	282.30

	Current year EUR	Previous year revised EUR
Vehicles and spare parts	257.55	282.30
Goods on the way	121.80	0.00
Total	379.35	282.30

5	Advances for supplies	24,752.00
	Previous year	2,625.66

	Current year EUR	Previous year revised EUR
Advances given for the purchase of goods	24,752.00	2,625.66
	24,752.00	2,625.66

NOTE 11 – SHORT-TERM RECEIVABLES

1	Receivables from entrepreneurs within the Group	2,136,026.90
	Previous year	3,242,960.51

	Current year EUR	Previous year revised EUR
Receivables from entrepreneurs within the Group	2,114,073.62	3,208,855.54
Interest on given loans	21,953.28	34,104.97
	2,136,026.90	3,242,960.51

3	Trade receivables	575,170.79
	Previous year	138,866.41

	Current year EUR	Previous year revised EUR
Receivables in dispute and risky claims	21,881.87	28,177.60
Receivables from domestic customers	575,170.79	138,866.41
Adjustment of receivables from customers	-21,881.87	-28,177.60
	575,170.79	138,866.41

	Current year EUR	Previous year revised EUR
On January 1	28,177.60	29,206.67
Write-off	-6,295.73	-1,029.07
On December 31	21,881.87	28,177.60

Trade receivables

	Current year EUR	Previous year revised EUR
Overdue and uncorrected receivables	491,452.42	49,333.33
Receivables that are due but not corrected	83,718.37	89,533.08
	575,170.79	138,866.41

As of December 31, 2023, the maturities of trade receivables that are due but not adjusted are as follows:

	Current year EUR	Previous year revised EUR
Up to one month	11,429.67	33,335.86
One to two months	48,018.84	37,355.76
Two to three months	23,643.49	0.00
More than three months to one year	626.37	18,841.46
	83,718.37	89,533.08

The accounting value of trade receivables by currency is as follows:

	Current year EUR	Previous year revised EUR
Euro	575,170.79	138,866.41
	575,170.79	138,866.41

4	Receivables from employees and members of entrepreneurs	2,151.51
	Previous year	863.36

	Current year EUR	Previous year revised EUR
Receivables from employees	2,151.51	863.36
	2,151.51	863.36

5	Receivables from the state and other institutions	57,590.87
	Previous year	78,174.80

	Current year EUR	Previous year revised EUR
Receivables for input tax	57,488.13	29,884.09
Receivables for sickness benefits from the HZZO	102.74	1,438.28
Receivables for overpaid corporate income tax	0.00	43,846.28
Receivables for other unmentioned taxes, contributions, fees and charges	0.00	3,006.15
	57,590.87	78,174.80

6	Other receivables	23,050.86
	Previous year	39,527.90

	Current year EUR	Previous year revised EUR
Receivables for advances	7,550.07	22,867.66
Receivables based on compensation claims	13,043.52	12,281.91
Receivables for interest rates	370.54	3,986.61
Other receivables	2,086.73	391.72
	23,050.86	39,527.90

Review of receivables	Balance on	< 1 year EUR	> 1 year EUR	Total EUR
Receivables from entrepreneurs within the Group	31 December 2023	2,136,026.90	121,470.99	2,257,497.89
	31 December 2022	3,242,960.51	55,305.59	3,298,266.10
Trade receivables	31 December 2023	575,170.79	0.00	575,170.79
	31 December 2022	138,866.41	0.00	138,866.41
Receivables from employees and members of entrepreneurs	31 December 2023	2,151.51	0.00	2,151.51
	31 December 2022	863.36	0.00	863.36
Receivables from the state and other institutions	31 December 2023	57,590.87	0.00	57,590.87
	31 December 2022	78,174.80	0.00	78,174.80
Other receivables	31 December 2023	23,050.86	0.00	23,050.86
	31 December 2022	39,527.90	0.00	39,527.90
TOTAL	31 December 2022	3,500,392.98	55,305.59	3,555,698.57
	31 December 2023	2,793,990.93	121,470.99	2,915,461.92

NOTE 12 – SHORT-TERM FINANCIAL ASSETS

3	Loans, deposits, etc. given to entrepreneurs within the group	10,096,702.55
	Previous year	12,417,656.91

	Current year EUR	Previous year revised EUR
Loans given to companies within the Group	10,096,702.55	12,417,656.91
	10,096,702.55	12,417,656.91

For overdue framework loans new contracts were concluded after the reporting date with a maturity date within a year.

8	Loans, deposits, etc.	22,111.62
	Previous year	461,867.41

	Current year EUR	Previous year revised EUR
Revolving loans granted	22,111.62	461,867.41
	22,111.62	461,867.41

Company approved euro revolving loans to external users with a maturity of up to one year at market interest rates.

NOTE 13 – MONEY IN THE BANK AND CASH REGISTER

Current year	5,986,756.24
Previous year	4,473,797.73

	Current year EUR	Previous year revised EUR
Money in the account	5,985,849.12	4,473,731.39
Money in the cash register	907.12	66.34
	5,986,756.24	4,473,797.73

Money in the account	Current year EUR	Previous year revised EUR
Kuna account	5,985,849.09	4,227,562.15
Foreign currency account	0.03	246,168.24
Total money in the account:	5,985,849.12	4,473,730.39

Company has open giro accounts with Croatian banks.

Cash register	Current year EUR	Previous year revised EUR
Main cash register	907	66
Total money in the cash register:	907	66

NOTE 14 – PREPAYMENTS AND ACCRUED INCOME

Current year	167,823.79
Previous year	252,885.26

	Current year EUR	Previous year revised EUR
Prepayments	26,835.89	76,680.31
Calculated revenue of the future period	140,987.90	176,204.95
	167,823.79	252,885.26

NOTE 15 - CAPITAL AND RESERVES

Current year	72840200.15
Previous year	66818998.74

Subscribed capital

Subscribed capital totaling EUR 7,800,000.00 is comprised of 600,000 shares with a nominal value of EUR 13 (designated AUHR-RA), as officially recorded in the commercial register of the Commercial Court in Zagreb.

Top 7 shareholders according to data from the Central Depository & Clearing Company

Owner structure	31 December 2023		31 December 2022	
	Number of shares	% of ownership	Number of shares	% of ownership
Bogdan Tihava	133,351	22%	134,114	22%
Igor Brigljević	44,559	7%	44,559	7%
Auto Hrvatska d.d. (own shares)	38,201	6%	36,178	6%
OTP banka d.d./AZ OMF CATEGORY B	28,886	5%	28,886	5%
Josipa Urbančić	19,203	3%	19,203	3%
Zagrebačka banka d.d./AZ PROFIT OPEN VOLUNTARY PENSION FUND	17,684	3%	17,684	3%
Damir Udovičić	15,994	3%	15,994	3%
Other shareholders	302,122	50%	303,382	51%
	600,000	100%	600,000	100%

As of December 31, 2023, the company is the owner of 38,201 own shares (2022: 36,178) which represents 6% (2022: 6%) of the company's share capital.

Capital reserves

Capital reserves are generated through various means, including the sale of shares above their nominal value during regular issuance (known as issue premium), required additional payments during share capital increases, the acquisition of shares below nominal value, and direct contributions from shareholders (such as additional capital payments).

Reserves from profit

Reserves from profit in the amount of EUR 5,403,449.84 refer to the formed reserves for purchased own shares (December 31, 2023: EUR 3,394,875.47; December 31, 2022: EUR 3,703,292.59), reserves in accordance with the Companies Act (December 31, 2023: EUR 398,168.43; December 31, 2022: EUR 398,168.43) and reserves defined by the company's Articles of Association (December 31, 2023: EUR 1,990,842.13; December 31, 2022: EUR 1,990,842.13).

During 2023, the company granted 8,307 of its own shares to the employees of Auto Hrvatska Business Group.

Retained earnings

According to the decision of the Assembly of the company, profit in the amount of EUR 4,840,450.59 realized in 2022 is allocated to the retained profit.

According to the decision of the General Assembly of April 27, 2023, company paid a dividend in the amount of EUR 3.27 per each share from part of the retained profit from the period until 2011 in the amount of EUR 1,844,778.28 and a dividend in the amount of 2 EUR .04 per each share from part of retained earnings from the period after 2011 in the amount of EUR 1,147,884.62.

In 2021, the company commenced proceedings with the Restructuring and Sale Centre to nullify the reservation of 9,768 shares issued, which were valued equivalent to assets included in the company capital at accounting value. As per the final judgement of the Commercial Court in Zagreb, case number P-1672/2018, the company was not required to make a payment. Instead, it was obligated to return 9,768 shares designated as AUH-RA to the plaintiff, which were registered with the Central Depository & Clearing Company. The dispute originally emerged during the conversion and privatization process, as the Croatian Privatization Fund, acting as the predecessor of CERP, reserved 9,768 AUHR shares under its own name. Consequently, shares in question were registered in the company's founding capital with a reservation because, due to their unavailability in the territory of Bosnia and Herzegovina, the items (goods) were not transferred to the company as per the inventory and assessment. CERP has never transferred the property for which the reservation was made, nor has it fulfilled its obligation to contribute to the company's share capital, as required of every shareholder.

NOTE 16 - PROVISIONS

3	Provisions for initiated court cases	216,348.97
	Previous year	245,045.19

	Current year EUR	Previous year revised EUR
Provisions for litigation	216,348.97	245,045.19
Total	216,348.97	245,045.19

Reserves for potential losses due to legal disputes pertain to ongoing disputes initiated against the company.

During 2021, the company received a lawsuit from CERP regarding unpaid dividends. According to the aforementioned lawsuit, the company made provisions for expected losses. Throughout 2023 and until the issuance of the annual financial statements, there were no notable developments in the progression of the court case.

NOTE 17 - LONG-TERM LIABILITIES

5	Obligations for loans, deposits, etc.	390,635.82
	Previous year	256,526.38

	Current year EUR	Previous year revised EUR
Liabilities for deposits received from leasees	390,635.82	256,526.38
	390,635.82	256,526.38

Due:		
1-5 years	390,635.82	256,526.38

Obligations for loans, deposits, and similar items pertain to guarantees received from lessees for leasing business premises.

10	Other long-term obligations	158,803.59
	Previous year	63,543.43

	Current year EUR	Previous year revised EUR
Lease liabilities - long-term part	158,803.59	63,543.43
	158,803.59	63,543.43
Due between one and five years	158,803.59	63,543.43

NOTE 18 – SHORT-TERM LIABILITIES

1	Obligations to entrepreneurs within the Group	24,103.74
	Previous year	12,184.75

	Current year EUR	Previous year revised EUR
Liabilities for delivery of goods and services	23,280.23	12,184.75
Interest rate liabilities	823.51	0.00
	24,103.74	12,184.75

2	Obligations for loans, deposits, etc. of entrepreneurs within the Group	0.00
	Previous year	6,532,829.52

	Current year EUR	Previous year revised EUR
Liabilities for received loans	0.00	6,532,829.52
	0.00	6,532,829.52

7	Obligations for advances	1,436.21
	Previous year	19,542.90

	Current year EUR	Previous year revised EUR
Liabilities for advances received	1,436.21	19,542.90
	1,436.21	19,542.90

8	Obligations to suppliers	865,388.78
	Previous year	659,071.34

	Current year EUR	Previous year revised EUR
Obligations to suppliers in the country	819,628.83	654,733.14
Obligations to suppliers abroad	3,034.97	2,057.00
Liabilities to suppliers in the country - natural persons	42,724.98	2,281.20
	865,388.78	659,071.34

The accounting value of trade payables by currency is as follows:

	Current year EUR	Previous year revised EUR
Euro	865,388.78	65,9071.34
	865,388.78	65,9071.34

10	Obligations to employees	152,281.36
	Previous year	117,739.07

	Current year EUR	Previous year revised EUR
Liabilities to employees for net salaries	143,698.90	110,238.09
Liabilities based on compensation to employees	4,910.64	3,703.04
Other liabilities to employees	3,671.82	3,797.94
Total	152,281.36	117,739.07

11	Obligations for taxes, contributions and similar benefits	774,463.48
	Previous year	665,326.70

	Current year EUR	Previous year revised EUR
Obligations for value added tax	515,526.90	588,226.68
Liability for corporate income tax	154,951.20	0.00
Liabilities for contributions from salary	42,555.89	32,517.86
Liabilities for salary contributions	32,715.26	23,649.37
Tax obligations and revenue surcharges	28,042.86	20,932.79
Liabilities for membership fees	512.75	0.00
Other liabilities for public benefits	158.62	0.00
Total	774,463.48	665,326.70

12	Obligations based on the share in the result	200,248.19
	Previous year	137,620.68

	Current year EUR	Previous year revised EUR
Obligations for dividends to shareholders	200,248.19	137,620.68
	200,248.19	137,620.68

Liabilities for unpaid dividends mostly relate to the lack of shareholder accounts in SKDD and partly due to unresolved property legal relations (inheritance, record of disputes, pledges).

14	Other short-term liabilities	82,652.12
	Previous year	62,174.80

	Current year EUR	Previous year revised EUR
Lease obligations - short-term part	77,675.10	43,888.86
Liabilities for the III pension insurance pillar	3,915.24	3,517.08
Obligations to members of the Board of Directors and Board of Directors	1,061.78	1,061.78
Other	0.00	13,707.08
	82,652.12	62,174.80

Overview of obligations

Position	Balance on	< 1 year EUR	> 1 year EUR	Total EUR
Obligations to entrepreneurs within the Group	31 December 2023	24,103.74	0.00	24,103.74
	31 December 2022	12,184.75	0.00	12,184.75
Obligations for loans, deposits, etc.	31 December 2023	0.00	390,635.82	390,635.82
	31 December 2022	0.00	256,526.38	256,526.38
Obligations for advances	31 December 2023	1,436.21	0.00	1,436.21
	31 December 2022	19,542.90	0.00	19,542.90
Obligations to suppliers	31 December 2023	865,388.78	0.00	865,388.78
	31 December 2022	659,071.34	0.00	659,071.34
Obligations to employees	31 December 2023	152,281.36	0.00	152,281.36
	31 December 2022	117,739.07	0.00	117,739.07
Obligations for taxes, contributions and similar benefits	31 December 2023	774,463.48	0.00	774,463.48
	31 December 2022	665,327.70	0.00	665,327.70
Obligations based on the share in the result	31 December 2023	200,248.19	0.00	200,248.19
	31 December 2022	137,620.68	0.00	137,620.68
Other long-term obligations	31 December 2023	0.00	158,803.59	158,803.59
	31 December 2022	0.00	63,543.43	63,543.43
Other short-term liabilities	31 December 2023	82,652.12	0.00	82,652.12
	31 December 2022	62,174.80	0.00	62,174.80
TOTAL	31 December 2022	1,673,661.24	320,069.81	1,993,731.05
	31 December 2023	2,100,573.88	549,439.41	2,650,013.29

NOTE 19 – DEFERRED PAYMENT OF EXPENSES AND REVENUE OF THE FUTURE PERIOD

Current year	540,907.16
Previous year	588,665.04

	Current year EUR	Previous year revised EUR
Deferred payment of expenditures	45,373.77	40,218.24
Deferred revenues from FZOEU grants	486,917.26	548,078.51
Provisions for unused vacations	8,616.13	368.29
	540,907.16	588,665.04

Deferred revenues from grants refer to grants awarded by the Ministry of Environmental Protection and Energy for the co-financing of the project "Increasing energy efficiency and use of RES by Auto Hrvatska d.d."

NOTE 20 – SALES REVENUE

Current year	1,5424,420.13
Previous year	14,873,854.81

1	Revenue from sales with entrepreneurs within the Group	8,026,459.27
	Previous year	9,062,836.42

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Revenue from the sale of goods	1,754,749.04	2,984,134.02	-1,229,384.98	-41.20%
Revenue from the sale of leases	2,922,211.69	2,699,149.12	223,062.57	8.26%
Revenue from the sale of services	3,349,498.54	3,379,553.28	-30,054.74	-0.89%
	8,026,459.27	9,062,836.42	-1,036,377.15	-11.44%

2	Sales revenue	3,741,057.19
	Previous year	3,717,494.46

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Rental revenue	3,740,215.67	3,716,739.37	23,476.30	0.63%
Revenue from the sale of goods	841.52	755.09	86.43	11.45%
	3,741,057.19	3,717,494.46	23,562.73	0.63%

3	Revenue based on the use of own products, goods and services	22,293.50
	Previous year	18,477.01

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Revenue based on the use of own products and goods	22,293.50	18,477.01	3,816.49	20.66%
	22,293.50	18,477.01	3,816.49	20.66%

4	Other business revenue with entrepreneurs within the Group	1,164,236.03
	Previous year	1,062,093.44

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Revenue from pre-invoiced expenditures	1,138,673.93	1,036,234.88	102,439.05	9.89%
Revenue from the sale of services	8,524.99	4,337.07	4,187.92	96.56%
Other business revenue within the Group	17,037.11	21,521.49	-4,484.38	-20.84%
	1,164,236.03	1,062,093.44	102,142.59	9.62%

5	Other business revenue	2,470,374.14
	Previous year	1,012,953.48

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Revenue from pre-invoiced expenditures	732,283.17	531,248.96	201,034.21	37.84%
Revenue from the provision of other services	487,870.71	24,135.21	463,735.50	1921.41%
Revenue from the cancellation of the value adjustment of shares	464,529.83	0.00	464,529.83	-
Revenue from cancellation of provisions and subsequently collected revenue	29,064.39	5,737.58	23,326.81	406.56%
Revenue from business lease	2,500.00	0.00	2,500.00	-
Revenue from the sale of long-term assets	3,111.36	21,180.51	-18,069.15	-85.31%
Revenue from inventory surpluses	0.00	278.72	-278.72	-100.00%
Other revenue from sales	18,308.11	4,306.43	14,001.68	325.13%
Other business revenue	732,706.57	426,066.07	306,640.50	71.97%
	2,470,374.14	1,012,953.48	1,457,420.66	143.88%

Other business revenue includes, for the most part, revenue for the incurred costs of decorating business premises.

Revenues by segment

For management purposes, company is organized into business units according to the criterion of affinity of individual product groups, and for this purpose reporting segments have been established in accordance with the quantitative thresholds for segment reporting.

Executive directors oversee the performance of business segments to guide decisions on resource allocation, assess segment results, evaluate synergistic effects within each segment, and determine their overall contribution to the business.

The evaluation of the success of the segments is based on the total revenues and expenditures from operations, and the realized profit before taxation. Also, balance sheet categories of assets, capital and liabilities are monitored, and based on this data, effects of engaged balance sheet categories by segment are assessed.

Reporting segments are monitored by type of revenue (sales of goods, rentals, services) and territorial affiliation – EU countries and Third countries.

A detailed analysis by segments is carried out at the Group level, while at the level of the company's operations, the same is not carried out.

NOTE 21 – MATERIAL COSTS

a)	Costs of raw materials and materials	773,798.05
	Previous year	448,645.83

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Spent energy	722,856.83	395,189.30	327,667.53	82.91%
Office material	40,732.95	46,050.24	-5,317.29	-11.55%
Cost of small inventory	10,208.27	7,406.29	2,801.98	37.83%
	773,798.05	448,645.83	325,152.22	72.47%

b)	Cost of goods sold	1,748,235.03
	Previous year	2,954,175.86

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Purchase value of the goods sold	1,748,235.03	2,954,175.86	-1,205,940.83	-40.82%
	1,748,235.03	2,954,175.86	-1,205,940.83	-40.82%

c)	Other costs	3,591,613.28
	Previous year	3,262,987.59

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Cost of external services in the production of goods and performance of services	1,893,450.26	1,584,587.08	308,863.18	19.49%
Maintenance and protection services	650,731.61	664,630.03	-13,898.42	-2.09%
Leases	391,654.03	315,975.94	75,678.09	23.95%
Intellectual and personal services	264,524.69	290,581.06	-26,056.37	-8.97%
Utility costs	145,702.80	161,145.97	-15,443.17	-9.58%
Advertising services, sponsorships and trade fair expenditures	65,235.84	55,209.68	10,026.16	18.16%
Representation services - hosting	88,254.09	112,852.07	-24,597.98	-21.80%
Phone, transport, etc. costs	42,770.50	38,231.61	4,538.89	11.87%
Vehicle registration services	352.92	350.21	2.71	0.77%
Costs of other external services	26,356.33	34,608.20	-8,251.87	-23.84%
Subcontractors offering joint services to third parties	13,583.53	1,197.98	12,385.55	1,033.87%
Tire storage service	8,996.68	3,617.76	5,378.92	148.68%
	3,591,613.28	3,262,987.59	328,625.69	10.07%

NOTE 22 – STAFF COSTS

a)	Net wages	2,812,022.97
	Previous year	3,150,385.96

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Net salary	2,812,022.97	3,150,385.96	-338,362.99	-10.74%
	2,812,022.97	3,150,385.96	-338,362.99	-10.74%

Amount of the net salary also includes a special reward program for key workers in the total amount of EUR 1,246,050.00 (2022: EUR 1,174,664.54).

On December 31, 2023, the company employed 71 (December 31, 2022, 69) employees.

b)	Costs of taxes and contributions from salaries	1,146,824.62
	Previous year	1,159,720.09

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Taxes and surcharges from salaries	675,411.04	767,091.09	-91,680.05	-11.95%
Contributions for pension insurance	471,413.58	392,629.00	78,784.58	20.07%
	1,146,824.62	1,159,720.09	-12,895.47	-1.11%

The amount of taxes and surcharges includes a special reward program for key workers in the total amount of EUR 357,949.81 (2022: EUR 324,736.21).

Contributions for pension insurance are paid into mandatory pension funds.

c)	Salary contributions	356,795.74
	Previous year	287,313.03

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Salary contributions	356,795.74	287,313.03	69,482.71	0.24
	356,795.74	287,313.03	69,482.71	0.24

NOTE 23 – DEPRECIATION

Current year	2,655,742.40
Previous year	2,774,239.30

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Cost of depreciation of tangible assets	2,522,324.70	2,454,916.23	67,408.47	2.75%
Depreciation of assets with right of use	65,542.36	54,750.29	10,792.07	19.71%
Cost of depreciation of intangible assets	67,875.34	264,572.78	-196,697.44	-74.35%
	2,655,742.40	2,774,239.30	-118,496.90	-4.27%

NOTE 24 – OTHER COSTS

Current year	706,030.73
Previous year	54,2142.54

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Reimbursements, gifts, grants	254,318.23	275,506.73	-21,188.50	-7.69%
Insurance premiums	132,776.74	133,306.87	-530.13	-0.40%
Court expenditures	161,108.94	1,499.24	159,609.70	10,646.04%
Membership fees, compensations and similar benefits	20,953.65	19,687.49	1,266.16	6.43%
Cost of professional education, magazines and literature	29,962.81	31,783.59	-1,820.78	-5.73%
Expenses of Board members	19,920.16	19,919.97	0.19	0.00%
Per diems for official trips and travel expenditures	48,475.07	47,870.79	604.28	1.26%
Banking services and payment transaction costs	10,812.51	7,335.12	3,477.39	47.41%
Official travel expenditures	1,950.52	565.20	1,385.32	245.10%
Other	25,752.10	4,667.54	21,084.56	451.73%
	706,030.73	542,142.54	163,888.19	30.23%

NOTE 25 – VALUE ADJUSTMENT

b) Short-term assets other than financial assets	32,046.95
Previous year	13,222.24

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Value adjustment of receivables	32,046.95	13,222.24	18,824.71	142.37%
	32,046.95	13,222.24	18,824.71	142.37%

NOTE 26 – PROVISIONS

a) Provisions for pensions, severance pay and similar obligations	8,616.13
Previous year	368.17

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Provision costs for unused vacations	8,616.13	368.17	8,247.96	2,240.26%
	8,616.13	368.17	8,247.96	2,240.26%

NOTE 27 – OTHER BUSINESS EXPENSES

Current year	93,504.44
Previous year	48,318.53

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Donations up to 2% of total revenue	42,166.80	23,976.37	18,190.43	75.87%
Subsequently determined business costs	45,511.33	19,211.29	26,300.04	136.90%
Fines, penalties, damages and contract costs	5,826.31	4,280.57	1,545.74	36.11%
Other business expenditures	0.00	850.30	-850.30	-100.00%
	93,504.44	48,318.53	45,185.91	93.52%

NOTE 28 – FINANCIAL REVENUE

1	Revenue from investments in interest (shares) of entrepreneurs within the Group	6,844,243.27
	Previous year	4,506,892.16

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Revenue from profit sharing	6,844,243.27	4,506,892.16	2,337,351.11	51.86%
	6,844,243.27	4,506,892.16	2,337,351.11	51.86%

4	Other revenue based on interest from relations with entrepreneurs within the Group	243,248.47
	Previous year	217,512.91

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Interest revenue	243,248.47	217,512.91	25,735.56	11.83%
	243,248.47	217,512.91	25,735.56	11.83%

5	Exchange rate differences and other financial revenue from relations with entrepreneurs within the Group	0.00
	Previous year	5,615.24

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Positive exchange rate differences	0.00	5,615.24	-5,615.24	-100.00%
	0.00	5,615.24	-5,615.24	-100.00%

7	Other revenue from interest	110,939.29
	Previous year	19,639.39

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Interest revenue	109,224.11	18,013.45	91,210.66	506.35%
Revenue from default interest	1,715.18	1,625.94	89.24	5.49%
	110,939.29	19,639.39	91,299.90	464.88%

8	Exchange differences and other financial revenue	0.00
	Previous year	6,526.91

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Revenue from exchange differences	0.00	6,526.91	-6,526.91	-100.00%
	0.00	6,526.91	-6,526.91	-100.00%

NOTE 29 – FINANCIAL EXPENSES

1	Expenses based on interest and similar expenses with entrepreneurs within the Group	25,852.02
	Previous year	33,523.92

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Interest from affiliated companies	25,852.02	33,523.92	-7672	-22.88%
	25,852.02	33,523.92	-7672	-22.88%

2	Exchange rate differences and other expenses with entrepreneurs within the Group	0.00
	Previous year	6,586.66

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Negative exchange rate differences	0.00	6,586.66	-6,586.66	-100.00%
	0.00	6,586.66	-6,586.66	-100.00%

3	Expenses based on interest and similar expenses	9,305.14
	Previous year	10,263.45

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Interest Payable	42.47	7,000.90	-6,958.43	-99.39%
Interest rate expenditures on lease obligations	4,363.78	2,856.82	1,506.96	52.75%
Costs of default interest	4,898.89	405.73	4,493.16	1,107.43%
	9,305.14	10,263.45	-958.31	-9.34%

4	Exchange differences and other expenses	4.78
	Previous year	5,070.81

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Exchange rate differences from relations with unrelated companies	4.78	5,070.81	-5,066.03	-99.91%
	4.78	5,070.81	-5,066.03	-99.91%

6	Value adjustment of financial assets (net)	5,189.46
	Previous year	1,925.14

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Value adjustments of long-term financial assets	5,189.46	1,925.14	3,264.32	169.56%
	5,189.46	1,925.14	3,264.32	169.56%

7	Other financial expenses	0.00
	Previous year	267.97

	Current year EUR	Previous year revised EUR	Revised	
			EUR	%
Discount costs when selling receivables	0.00	267.97	-267.97	-100.00%
	0.00	267.97	-267.97	-100.00%

NOTE 30 – CORPORATE INCOME TAX

	Current year EUR	Previous year revised EUR
Current tax	258,691.64	90,433.74
Deferred tax	83,615.37	0.00
Total tax	342,307.01	90,433.74

	Current year EUR	Previous year revised EUR
Profit before tax	8,657,269.42	4,930,884.33
Corporate income tax at 18%	1,558,308.50	887,559.18
The effect of non-taxable costs	15,962.31	14,115.15
The effect of tax-free revenue	-1,315,579.17	-811,240.59
Corporate income tax	258,691.64	90,433.74
Effective tax rate	2.99%	1.83%

In accordance with local regulations, the Tax Administration may at any time review the company's accounting and records for a period of 3 years after the end of the year in which the tax liabilities were to be determined and may impose additional tax liabilities and fines. The company's executive directors are not aware of the circumstances that could lead to potential significant liabilities in this regard.

NOTE 31 – OFF-BALANCE SHEET RECORDS

1	Off-balance sheet records	37,916,296.82
	Previous year	42,650,368.84

	Current year EUR	Previous year revised EUR
Issued promissory notes and bills of exchange	34,692,287.17	39,420,591.50
Received promissory notes and bills of exchange	3,224,009.65	3,229,219.34
Advance supply of euro	0.00	558.00
Total	37,916,296.82	42,650,368.84

NOTE 32 – EARNINGS PER SHARE

	Current year EUR	Previous year revised EUR
Profit for the year is attributable to the regular shareholders of the company	8,314,962.41	4,840,450.59
Weighted average number of ordinary shares for basic earnings per share	600,000	600,000
	13.86	8.07

Diluted earnings per share are equal to basic earnings per share because there are no potential dilutive common shares or options.

NOTE 33 – RELATED PARTY TRANSACTIONS

Transactions between the company and its related parties during the year were as follows:

Receivables from affiliated companies

	Current year EUR	Previous year revised EUR
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	621,717.17	712,012.87
Auto Hrvatska Automobili d.o.o., Zagreb	790,724.06	1,426,196.16
MAN Importer Makedonija d.o.o.e.l., Skopje	17,199.49	19,875.64
Kam i Bus d.o.o., Doboj	13,892.79	8,331.41
Kam in Bus Importer d.o.o., Ljubljana	16,708.54	4,177.72
Man Importer Hrvatska d.o.o., Zagreb	0.00	992,539.52
KAM i Bus Importer d.o.o., Zagreb	49,056.71	76,938.22
MAN Importer BH d.o.o., Sarajevo	621,748.54	0.00
Auto Tangenta d.o.o., Zagreb	3,908.36	1,769.20
Kamion Importer d.o.o., Doboj	1,071.24	1,119.78
	2,136,026.90	3,242,960.52

Receivables from loans and guarantees

	Current year EUR	Previous year revised EUR
Man Importer Hrvatska d.o.o., Zagreb	2,150,000.00	4,945,361.07
Auto Hrvatska Automobili d.o.o., Zagreb	4,578,011.09	6,560,666.67
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	865,562.50	0.00
Kam in Bus Importer d.o.o., Ljubljana	925,000.00	0.00
KAM i Bus Importer d.o.o., Zagreb	0.00	458,434.67
MAN Importer Makedonija d.o.o.e.l., Skopje	1,459,600.00	400,000.00
Kamion Importer d.o.o., Doboj	240,000.00	108,500.10
	10,218,173.59	12,472,962.51

Shares in affiliated companies

	Current year EUR	Previous year revised EUR
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	10,259,473.09	10,259,473.09
Man Importer Hrvatska d.o.o., Zagreb	3,331,342.49	3,331,342.49
Auto Hrvatska Automobili d.o.o., Zagreb	2,654,456.18	2,654,456.17
Kam i Bus d.o.o., Doboj	3,892,431.79	3,397,034.31
Kam in Bus Importer d.o.o., Ljubljana	1,100,000.00	1,093,321.92
MAN Importer Makedonija d.o.o.e.l., Skopje	617,500.09	608,885.53
KAM i Bus Importer d.o.o., Zagreb	199,084.21	199,084.21
Kamion Importer d.o.o., Doboj	51,129.19	50,024.69
Auto Tangenta d.o.o., Zagreb	13,272.28	13,272.28
	22,118,689.32	21,606,894.69

Liabilities to related parties

	Current year EUR	Previous year revised EUR
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	899.87	344.28
Auto Hrvatska Automobili d.o.o., Zagreb	12,878.42	7,435.40
Auto Tangenta d.o.o., Zagreb	0.00	4,280.31
Man Importer Hrvatska d.o.o., Zagreb	2,445.30	124.76
KAM i Bus Importer d.o.o., Zagreb	7,880.15	0.00
	24,103.74	12,184.75

Sales revenue

	Current year EUR	Previous year revised EUR
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	2,515,230.57	2,467,509.46
Auto Hrvatska Automobili d.o.o., Zagreb	4,348,853.74	5,071,740.79
MAN Importer Makedonija d.o.o.e.l., Skopje	82,171.10	73,644.30
Kam i Bus d.o.o., Doboj	129,354.87	83,044.13
Man Importer Hrvatska d.o.o., Zagreb	779,806.76	1,157,633.69
Kam in Bus Importer d.o.o., Ljubljana	50,658.15	39,859.18
KAM i Bus Importer d.o.o., Zagreb	97,029.88	109,450.66
MAN Importer BH d.o.o., Sarajevo	0.00	37,786.05
Kamion Importer d.o.o., Doboj	5,760.04	5,831.04
Auto Tangenta d.o.o., Zagreb	17,594.16	16,337.12
	8,026,459.27	9,062,836.42

Other business revenue

	Current year EUR	Previous year revised EUR
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	458,408.13	495,187.47
Auto Hrvatska Automobili d.o.o., Zagreb	584,018.07	460,571.50
Man Importer Hrvatska d.o.o., Hrvatski Leskovac	84,746.04	71,661.69
KAM i Bus Importer d.o.o., Zagreb	7,196.45	5,157.74
Kam i Bus d.o.o., Doboj	12,821.33	12,464.26
Auto Tangenta d.o.o., Zagreb	3,420.65	1,230.47
MAN Importer Makedonija d.o.o.e.l., Skopje	4,718.55	8,010.62
MAN Importer BH d.o.o., Sarajevo	0.00	3,054.35
Kamion Importer d.o.o., Doboj	434.27	418.21
Kam in Bus Importer d.o.o., Ljubljana	8,472.54	4,337.12
	1,164,236.03	1,062,093.43

Cost of goods sold

	Current year EUR	Previous year revised EUR
Auto Hrvatska Automobili d.o.o., Zagreb	0.00	910.61
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	61.09	0.00
	61.09	910.61

Financial revenue

	Current year EUR	Previous year revised EUR
MAN Importer Hrvatska d.o.o., Hrvatski Leskovac	2,331,135.64	2,167,977.30
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	2,497,727.74	1,013,030.46
MAN Importer BH d.o.o., Sarajevo	-	41,562.68
MAN Importer Makedonija d.o.o.e.l., Skopje	13,265.20	164,172.41
Kam in Bus Importer d.o.o., Ljubljana	18,580.14	9,461.68
Auto Hrvatska Automobili d.o.o., Zagreb	1,930,649.94	1,230,119.58
Kam i Bus d.o.o., Doboj	-	80.56
Auto Tangenta d.o.o., Zagreb	88,556.01	98,705.55
KAM i Bus Importer d.o.o., Zagreb	203,892.72	1,645.63
Kamion Importer d.o.o., Doboj	3,684.35	3,264.45
	7,087,491.74	4,730,020.30

Financial expenditures

	Current year EUR	Previous year revised EUR
MAN Importer Hrvatska d.o.o., Hrvatski Leskovac	5,138.70	0.00
Kam in Bus Importer d.o.o., Ljubljana	0.00	4,846.11
Kamion Importer d.o.o., Doboj	0.00	28.40
MAN Importer Makedonija d.o.o.e.l., Skopje	0.00	1,505.08
Kam i Bus d.o.o., Doboj	9,297.52	165.90
MAN Importer BH d.o.o., Sarajevo	0.00	8,773.69
Auto Hrvatska Prodajno Servisni Centri d.o.o., Zagreb	11,415.80	24,791.43
	25,852.02	40,110.61

Salaries and benefits paid to key personnel

	Current year EUR	Previous year revised EUR
Salaries and other short-term benefits of employees	1,507,485.27	1,612,151.30
Other fees	43,447.45	78,590.00
	1,550,932.72	1,690,741.30

Company has concluded contracts with affiliated companies on the purchase/sale of goods as well as the provision of services. Transactions were carried out according to market conditions.

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Heinzlova 70
HR-10000 Zagreb
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AUTOHRVATSKA

Based on Articles 462 – 468 of the Capital Market Act (Official Gazette 65/18), the Chief Executive Officer and executive directors of Auto Hrvatska d.d. provide the following:

STATEMENT OF PERSONS RESPONSIBLE FOR COMPILING OF FINANCIAL STATEMENTS FOR THE PERIOD 01.01.2023. – 31.12.2023. years

The annual audited financial statements for the business year 2023 have been compiled with the application of the appropriate financial reporting standards (IFRS) and the Accounting Act and provide a complete and true presentation of the assets and liabilities, loss and profit, financial position and operations of Auto Hrvatska d.d. The annual report on the state of the company for 2023 contains a true account of the development and results of operations and the position of Auto Hrvatska d.d., along with a description of the most significant risks and uncertainties to which Auto Hrvatska d.d. is exposed.

Zagreb, 14 March 2024

Chief Executive Officer:
Velimir Marović



Executive Director for Joint Affairs:
Robert Srebrenović



Executive Director, Personal Vehicles Program,
territorial organization and network development:
Alen Vuksan-Ćusa



Executive Director, Commercial Vehicles Program,
territorial organization and network development:
Mario Fabek



Share capital paid in full equals EUR 7,963,368.50
in 600,000 issued shares
Nominal share value is EUR 13.00
Recorded in the commercial register of the Commercial Court in Zagreb
MBS 080008303 PIN (OIB) 42523247815

Board of Directors | Bogdan Tihava; Igor Brigljević; Robert Srebrenović; Velimir Marović; Ante Belamarić
Chief Executive Officer | Velimir Marović
Executive directors | Robert Srebrenović; Mario Fabek; Alen Vuksan-Ćusa

ZAGREBAČKA BANKA d. d., Zagreb;
IBAN: HR4923600001101238451 SWIFT: ZABHR2X
OTP BANKA d.d., Split, OTP Group;
IBAN: HR7224070001100613622 SWIFT: SOGEHR22







EMPLOYEES OF THE YEAR FOR SPECIAL CONTRIBUTION TO BUSINESS DEVELOPMENT AND OPERATIONS

Auto Hrvatska Business Group, with the aim of recognizing and encouraging employees who have distinguished themselves through achieved results, hard work and dedication, traditionally awards awards for employee of the year from eleven areas every year.

Tomislav Kolčeg

This recognition is a great honour and motivates me going forward. My team from PSC Zadar, with whom I enjoy working every day, is most responsible for this success. My advice is to love and appreciate the work you do, and that positive energy and humanity always shines through.



Zvonimir Krajačević

I have been part of Auto Hrvatska PSC Servis Zagreb team for 25 years. I find motivation and strength in my love for the work I do, and would like to tell everyone to believe in themselves and their abilities, because in this way we can best solve all upcoming challenges and achieve all goals.



Tea Hrestak

What motivates me the most is that I do a varied and dynamic job that I love. I am lucky because I get to collaborate with a large number of colleagues from different departments every day, and I always learn something new. Part of this recognition belongs to all of them, considering that good results and success are not achieved by a single person, but by a team. I tell all my colleagues to never give up, even when they think that they cannot continue.



Ivan Blažina

This award is not just mine. This award belongs to the entire team in which I work, because I could not have achieved such exceptional results on my own. I always tell my young colleagues that the best results can only be achieved through teamwork, and they have to be very persistent and patient, and above all to do everything with heart.



Ivan Simionov

My biggest motivation at the workplace are various daily challenges typical for the kind of work I do. The effort invested always gives results, and the contribution of each employee and working together as a team is important for the company's successful results.



Ivana Škokić

I would like to thank all my colleagues for the nomination and loyal recognition, and my team and superiors for their generous support. This award would not exist without their help. I look forward to collaborate with them on new challenges.



Mihael Ćorluka

Greatest motivation are my colleagues, whom I would like to thank for their recognition.



Andreja Stahov

I find the greatest motivation when working with my team, supported by my superior. Considering the size of Auto Hrvatska, I encounter different issues every day, which allow me to develop on a professional, but also on a personal level. I tell all my colleagues to be persistent and curious, and to always give their best.



Marin Sakić

This recognition is a great honour and motivation for me, however the biggest reward is that it comes from my colleagues and associates with whom I work every day.



Ivan Šestan

I would like to thank everyone for employee of the year nomination, and congratulate and thank the entire after-sales team in Zadar, because without them there would be no award.



Željka Žeželić

Success would not be possible without the support of all my colleagues from whom I learn every single day. I like this job because it is challenging, expands my knowledge and motivates me to further grow and develop my skills. I would like to tell my colleagues to love and respect themselves and their work and to always remain cheerful despite the challenges.

AUTOHRVATSKA





AUTOHRVATSKA

ANNUAL REPORT

2023

