

**AUTO**HRVATSKA

# Annual Report

---

2024





# Annual Report

---

2024



# Table of Contents

Introduction by the President of the Board of Directors	6
Introduction by the Chief Executive Officer	8
<b>1. ABOUT AUTO HRVATSKA BUSINESS GROUP</b>	<b>11</b>
1.1. Mobility Solutions	27
Passenger and light commercial vehicles	28
Commercial vehicles	34
<b>2. 2024 SUSTAINABILITY REPORT</b>	<b>43</b>
2.1 Basic Information	45
2.2 Share Information	47
2.3 General Information	51
ESRS 2 – General disclosures	51
2.3.1 Basis of Preparation of Statements	51
BP-1 – General basis for preparation of sustainability statements	51
2.3.2 Governance	52
GOV-1 – Role of the administrative, management and supervisory bodies	52
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	55
GOV-3 – Integration of sustainability-related performance in incentive schemes	55
GOV-4 – Statement on due diligence	56
GOV-5 – Risk management and internal controls over sustainability reporting	56
2.3.3 Sustainability Strategy	58
SBM-1 – Strategy, business model and value chain	59
SBM-2 – Interests and views of stakeholders	64
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	66
2.3.4 Impact, Risk and Opportunity Management	68
2.3.4.1 Disclosures on the Materiality Assessment Process	68
IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	68
2.4 Environment – Sustainable Mobility	71
ESRS E1 – Climate change	71
E1 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	72
IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	73
E1 GOV-3 – Integration of sustainability-related performance in incentive schemes	74
E1-1 – Transition plan for climate change mitigation	74
E1-2 – Policies related to climate change mitigation and adaptation	75
E1-3 – Actions and resources in relation to climate change policies	76
E1-4 – Targets related to climate change mitigation and adaptation	76
E1-5 – Energy consumption and mix	77
E1-6 – Gross Scopes 1, 2, 3 and Total greenhouse gas emissions	78
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	83
E1-8 – Internal carbon pricing	83
E1-9 – Potential financial effects from significant physical and transition risks and potential climate-related opportunities	83

ESRS E5 – Resource use and circular economy	83
ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	83
E5 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	84
E5-1 – Policies related to resource use and the circular economy	84
E5-2 – Actions and resources related to resource use and the circular economy	85
E5-3 – Targets related to resource use and the circular economy	85
E5-5 – Waste	86
E5-6 – Anticipated financial effects from material resource use and circular economy - related risks and opportunities	87
<b>2.5 Social Issues – People Are Our Strength</b>	<b>89</b>
ESRS S1 – Own workforce	89
S1 SBM-3 – Risks and opportunities and their interaction with strategy and business model	89
S1-1 – Policies related to own workforce	91
S1-2 – Processes for engaging with own workers and workers’ representatives about impacts	92
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	93
S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	93
S1-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	94
S1-6 – Characteristics of the undertaking’s employees	95
S1-7 – Characteristics of non-employee workers in the undertaking’s own workforce	96
S1-11 – Social protection	97
S1-12 – Persons with disabilities	97
S1-13 – Training and skills development indicators	98
S1-14 – Health and safety indicators	98
S1-15 – Work-life balance indicators	99
S1-17 – Incidents, complaints and severe human rights impacts	99
<b>2.6 Governance and Compliance</b>	<b>101</b>
ESRS G1 – Business conduct	101
GOV-1 – Role of the administrative, supervisory and management bodies	101
IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	101
G1-1 – Corporate culture and business conduct policies	103
G1-2 – Management of relationships with suppliers	103
G1-3 – Prevention and detection of corruption and bribery	104
G1-4 – Incidents of corruption or bribery	105
ESRS 2 IRO-2 – Disclosure requirements in the ESRS covered by the corporate sustainability statement	105
<b>2.7 EU Taxonomy</b>	<b>107</b>
<b>3. 2024 FINANCIAL STATEMENTS</b>	<b>117</b>

# Introduction by the President of the Board of Directors

## **Bogdan Tihava**

Chairman of the Board of Directors



Ladies and gentlemen,

It is my great honour and pleasure to inform you about another successful business year.

The seventy-third year of Auto Hrvatska's business continuity and the thirty-third year of the joint-stock company Auto Hrvatska have been marked by continuous organic growth and development.

The second year of the five-year growth and development plan of the Business Group brought consolidated revenue of 272 million euros.

Despite high operating costs, we achieved a net profit of 12 million euros thanks to the successful use of all resources, rich experience, and continuity of management.

The rise in revenue compared to the previous reporting period by 30 million euros was the result of eight hundred professional and motivated employees at 29 locations in Croatia, Bosnia and Herzegovina, North Macedonia, and Slovenia.

In addition to our core activities in the area of passenger and commercial vehicle ranges, we generated a significant share of revenue through the expert management of spatial and financial assets.

Since we measure the company's success not only by the revenue and profit we generated, but also by our results in the area of environmental responsibility and social and business responsibility, I can happily point to the continued improvement of the aforementioned activities.

We continuously focus on the satisfaction of our people, the continued development of digital tools, robust financial stability and continued investment in new ranges and sales and servicing capacities.

Organic growth and financial stability are the fundamental determinants of our business approach.

In these circumstances, Auto Hrvatska Business Group delivered 5,559 new and used passenger and light commercial vehicles, 924 new and used heavy commercial vehicles to the market in the reporting year, and continuously delivered new and used buses and trailers.

Additional improvements to after-sales activities came from 307,500 working hours by our employees that include mechanics, electricians, mechatronics technicians, bodyworkers and painters.

Compared to the previous reporting period, we achieved 30,500 more working hours.

We also got stronger thanks to the new members of the company's Board: Kam i Bus d.o.o., Auto Hrvatska PSC d.o.o., Auto Hrvatska Automobili d.o.o. and MAN Importer Hrvatska d.o.o.

In the first three months of the current business year, our results matched the plan; moreover, we undertook a number of measures and activities necessary for the success of future business periods.

I would like to thank our employees and management for their daily work success, 24-h-availability for all our vehicle and service users, and their ongoing efforts to enhance quality and productivity.

I would especially like to thank our shareholders and partners for the trust they have repeatedly shown us.

I would like to thank my fellow executive directors for both earning and upholding the trust placed in them as we work together to achieve the operational and strategic goals of Auto Hrvatska Business Group as a whole.

I invite you to read the rest of the report to learn more about everything that Auto Hrvatska Business Group achieved in 2024.

As we look ahead to new projects, I wish you continued personal fulfilment and collective success in the ongoing growth and development of our organisation.

Sincerely,  
On behalf of the members of the Board of Directors,  
yours



Bogdan Tihava

# Introduction by the Chief Executive Officer

**Alen Vuksan-Ćusa**  
Chief Executive Officer



The results achieved in 2024 confirm the successful implementation of our strategic plan. We are continuously transforming our business and work processes to ensure sustainable growth, excellent company culture and high standards of corporate governance.

In accordance with the five-year growth and development plan, we continue to diversify our business through territorial expansion and new product ranges while actively building our reputation to become a benchmark in the automotive industry. In addition, we continue to increase profitability, digitise and automate processes and profile ourselves as one of the most desirable employers.

We continued our upward revenue trend, achieving consolidated revenue of EUR 272 million in 2024, up from EUR 242 million in 2023. The consolidated profit of the Business Group after tax amounted to 12 million euros, while cash and cash equivalents reached 19 million euros, which accounts for 14.1% of total assets. Operating activities generated cash flow of 16.1 million euros.

Dear partners, employees and shareholders, dear readers,

Auto Hrvatska Business Group successfully coped with business challenges in 2024 and, despite the complex circumstances it faced, achieved stable results that confirm the strength and resilience of our organisation. Our key priorities are still adaptation to new trends in the automotive industry, business sustainability and process digitisation and optimisation, with a clear goal – to provide an even better service and greater value to our customers and partners.

Auto Hrvatska Joint Stock Company achieved total revenue of 35 million euros, which is 54% more than in the same period in 2023. The company's net profit in 2024 amounted to 12.1 million euros.

We recorded growth in all business segments. In the commercial vehicle segment, we sold 924 trucks, maintaining our leading position in Croatia for the nineteenth consecutive year in the sales of new MAN trucks. Growth also continued in the sales of trailers and in the bus range.

In the passenger and light commercial vehicle segment, we sold a total of 5,559 vehicles, to achieve growth of



35% compared to 2023. In addition to the rise in sales volumes, the market also brought price adjustment in the area of used vehicles, which decreased profitability. Portfolio expansion as a result of an exclusive partnership with Dongfeng Motor from China brought positive results in 2024.

The after-sales segment also achieved significant results and exceeded 300,000 working hours for the first time, which is an increase compared to the 277,000 hours in 2023. Our service network continues to grow, and we expect this trend to continue in the future.

Other segments also demonstrated positive trends. The reporting year was marked by high occupancy rates of rental properties, and growth is also visible in the segment of contracted insurance premiums.

Sustainability remains our key business component. In accordance with sustainability strategies of our partners, customers and suppliers, we are active in the areas of decarbonisation, the circular economy and enhanced safety of products, services and sales, as well as fostering quality corporate management and a positive company culture. In addition to the current activities aimed at lower emissions of harmful gases and particles, we are planning to introduce vehicles with zero CO<sub>2</sub> emissions in order to ensure long-term sustainability and reduce business risks.

As part of the potential of the entire automotive industry, we want to seize opportunities in our existing areas of activity, as well as in new areas of sustainable environmental solutions.

Digital transformation plays a key role in our strategy. Our goal is to optimise processes, increase operational efficiency, reduce costs, and improve the user experience.

We are developing a structured change management system that will further improve our ability to quickly adapt to new business challenges.

Our employees are the foundation of success and our strongest asset. Their knowledge, competencies and commitment make us competitive and enable us to achieve strategic goals. Human resource management is becoming increasingly challenging, especially in light of increased employee turnover. For that reason, we are continuously improving working conditions and developing initiatives to attract and retain talented personnel. Our goal is to be one of the most desirable employers in the automotive industry.

In the coming period, we will continue to integrate sustainability matters into all business segments, as we have been doing for years in a number of processes, and adapt to the new sustainability reporting regulations.

As a leader in the industry with a business tradition of more than 70 years, we strongly believe in long-term relationships with partners, customers and suppliers.

By fostering innovation, collaboration, and sustainable solutions, we ensure steady and forward-looking growth.

We are confident that Auto Hrvatska will continue to be a stable and reliable support for partners and users for many years to come, and that we will leave behind an even stronger and more sustainable organisation for future generations.

On behalf of the executive directors and management of Auto Hrvatska Business Group, I would like to thank all employees for their dedicated work, our customers and partners for their trust, and our shareholders for their continued support.

Sincerely,  
  
 Alen Vuksan-Ćusa





# 1. About Auto Hrvatska Business Group

The chapter provides an overview of Auto Hrvatska Business Group at the time of the report (March 2025), while all other parts of the report refer to the business results achieved in 2024.

# AUTO HRVATSKA

## More than 70 years of tradition

Auto Hrvatska is the longest-established company in the automotive industry in this region and a market leader in the sales and maintenance of both passenger and commercial vehicles. With over 800 employees, it operates across 10 trading companies in 29 locations in Croatia, Slovenia, Bosnia and Herzegovina, and North Macedonia.



With over seven decades of experience in the automotive industry, Auto Hrvatska is today synonymous with everything related to road vehicles and their maintenance in Croatia



# BUSINESS GROUP

## in the automotive industry

As an experienced and trusted partner, it offers a broad range of world-renowned brands of passenger and commercial vehicles supported by an extensive sales and service network.

Auto Hrvatska's long-term success lies in its ability to foster long-term and quality collaborations with renowned global vehicle manufacturers, partners and users, whose needs are always at the forefront.





# Auto Hrvatska Business Group





## MISSION

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

## VISION

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

## CORE VALUES

We believe that the best way to achieve our mission and vision is dedicated work based on these values:

Focus on customer needs

Trust and long-term relationships

Tradition, reliability and stability

Innovation

Teamwork and employee initiative







# Key figures

Auto Hrvatska Business Group relies on the solid foundations of a long tradition. After numerous challenges, with a clear focus on constant improvements and continuous investment in quality and sustainability, the company continues to build its successes in the future.



**12** million euros  
of consolidated  
profit

**272** million euros  
total consolidated  
revenue in 2024

**800+**  
employees

**4**  
countries

**73**  
years of  
existence

**5,559**  
new and used passenger  
and light commercial  
vehicles sold in 2024

**924**  
new and used  
trucks sold in 2024

**20**  
brands in  
the portfolio

**29**  
locations

**92**  
new and used buses  
sold in 2024

**307,500**  
service hours  
performed

**70**  
new and used trailers  
sold

\* Results as of 31 December 2024



# Board of Directors

**Bogdan Tihava**

Chairman of the Board of Directors



**Igor Brigljević**

Deputy Chairman of the Board of Directors



**Marko Juraić**

Member of the Board of Directors



**Vera Kutleša**

Member of the Board of Directors



The composition of the Board of Directors presented in this chapter refers to the situation on the date of the report (March 2025). The results and analysis of operations in the second part of the report refer to the business year 2024.

# Executive Directors



The executive directors presented in this chapter refer to the situation on the date of preparation of the report (March 2025). The results and analysis of operations in the second part of the report refer to the business year 2024.

# Employees of the year awarded for special contribution to work and development

## Ivan Kosturić

“ My daily work is a source of strength for me. I truly love what I do – that's why I've dedicated over forty years to it. To my colleagues, I'd say: enjoy your work and always support one another.



## Ivica Rižner

“ I'd like to thank my colleagues for nominating me for Employee of the Year. I'm truly pleased that my effort and dedication have been recognised. I believe this award belongs to my entire team – we achieved it together.

## Ante Džaja

“ I see my job as a certain kind of fun and competition. As in team sports, it takes a lot of work and time to master the techniques of the game, but once you master them, you grow and develop with the game you love. The same goes for work. If someone manages to find their own self in the workplace, and the organisation and the team accept and support this, then there is no need for special stimulation, awards or motivation to sell more trucks.





## Marin Žilić

“ A successful salesperson embodies many traits, but one stands out – desire. A strong drive to learn, grow, and apply that knowledge every day. Anyone can sell a vehicle, but only a few leave a lasting impression on the customer. Because buying a vehicle is often an emotional decision, many of our customers return – and that, more than anything, is the true measure of our success.



## Renata Ropar Šoić

“ When I started this job, the tasks I now handle with confidence once felt overwhelming. But with effort, perseverance, and the support of my colleagues, I’ve mastered many complex aspects of the role. Continuous learning is important, but so is always thinking about how to improve service and strengthen relationships with our customers. And sometimes, a simple smile and a kind word are enough to turn a good experience into a truly great one.



## Marina Bradić Hrovat

“ I’m happy because the work I do truly suits my personality. It’s never boring – it’s fast-paced, dynamic, and often comes with a touch of unexpected adventure. And even when it feels like a bit too much, everything becomes easier thanks to my wonderful colleagues, with whom I love working – and laughing.



## Daniel Sobol

“ Despite the daily challenges of a dynamic job, the supportive work environment, collegiality, and positive atmosphere always bring me to the point where, no matter how complex or demanding the day has been, I leave work feeling content and at ease.



## Azra Žilić

“ Like most of my colleagues, I find motivation in a positive work environment and atmosphere, and especially in the team I work with – people I often spend more time with than my own family. What I value most at work is my team – my small circle of great people who make every workday more enjoyable and every task easier.

## Darko Bugarin for Team of the Year: Kam i Bus, Doboj Sales and Service Centre

“ This year brought many challenges, but through our effort, dedication and strong team spirit, we achieved outstanding results. Above all, we are part of a serious organisation – number one in the market in Bosnia and Herzegovina. We continue to strengthen our competencies and performance. Together, we’ve overcome obstacles and made meaningful progress toward our goals.







## Nives Deljić

“ Thanks to the people I work with – whether they share an office with me or are based across Croatia – I’ve gained not only new knowledge but also new friendships. I’m truly grateful that my effort, enthusiasm, and love for the job have been recognised. This award isn’t mine alone; it reflects our shared work and dedication. From the bottom of my heart, thank you all for your cooperation. I look forward to the challenges ahead, confident that our motivation will never run out.

## Marija Lekić

“ The role of a mentor is both demanding and responsible. Our work is dynamic, and transferring knowledge to new colleagues, especially in administration, can be challenging. Every process must be reviewed, and various rules and instructions need to be carefully noted. I always approach mentoring in the same way: the way I would want to be treated as a new team member – with patience and understanding. I never hesitate to help and explain as many times as needed because my own experience has taught me how invaluable such support is at the start. In the end, it’s simple: treat others the way you’d want to be treated.



## Ivana Šimić

“ In my work so far, the most valuable support has come from my IT colleagues, whom I can always rely on. With the positive work atmosphere that surrounds us, no challenge feels too difficult. I would like to remind all my colleagues that hard work, effort, and dedication always pay off, and we should constantly strive to learn and grow. Each of us brings unique knowledge and experience that collectively contribute to the growth and development of our Business Group.



# 1.1. Mobility solutions

The Business Group provides comprehensive automotive services to its partners and clients.

In addition to world-famous vehicle brands, Auto Hrvatska offers a wide range of spare parts, tyres, equipment, service equipment and tools by well-known manufacturers, as well as other services in the automotive industry.

The offer also includes sales financing, real estate transactions, and insurance contracting.

# Passenger and light commercial vehicles

Auto Hrvatska Business Group sells and services passenger and light commercial vehicles at eight locations throughout Croatia.

In the segment of passenger and light commercial vehicles, the group operates through Auto Hrvatska Automobili, where customers have access to authorised sales and service centres for Dongfeng, DFSK, Seres, BYD, Audi, Volkswagen, Volkswagen commercial vehicles, Škoda, Peugeot, Mazda, Seat, Cupra, Renault, Dacia, and Fiat Professional brands.

Auto Hrvatska Automobili is also the main importer of Dongfeng and Seres passenger vehicles and DFSK light commercial vehicles.

All of these centres also feature Auto Hrvatska's used vehicle facilities, offering a wide selection of passenger and light commercial vehicles of various brands, complete with warranties and a comprehensive range of services. In addition to vehicle purchases, they provide trade-in options under the "old for new" principle, as well as outright vehicle purchases.



FORTHING



BYD







The offer includes sales and service centres in the Zagreb area at Heinzlova 70 and Radnička cesta 182, Karlovac, Rijeka, Poreč, Zadar, Split and Osijek, as well as a wide range of spare parts, tyres and equipment by well-known world manufacturers.



SKODA



DACIA





In addition to the sale and servicing of new and used vehicles, the company offers an extended warranty on the purchased vehicle, a mobile warranty, a projected contractual maintenance service and long-term vehicle rental under the Auto Hrvatska Mobility brand, as well as online sales of tyres and EV equipment for vehicles.

The Business Group provides comprehensive automotive services to its partners and clients.



In addition to drivers, our quality, expertise, and innovation have also been recognised by numerous business partners, as clearly shown by more than 60 years of continuous cooperation with the Volkswagen Group.

Our sales centres also offer various credit-base purchasing options, operational and financial leasing, along with contracting mandatory and comprehensive insurance policies.





# Passenger vehicle sales and service network





Osijek



# Commercial vehicles

Auto Hrvatska Business Group occupies a leading market position in the commercial vehicle segment. It is the main importer of MAN, Neoplan, Otokar and Ford Trucks brands, and is an importer of Kässbohrer and Benalu trailers and an authorised distributor and servicer of Isuzu trucks.

In addition to the above, it is also the general importer of MAN high-speed marine engines, with its network of service centres spreading from Umag to Dubrovnik.

Auto Hrvatska's cooperation with MAN began 32 years ago, and in 2024, MAN trucks retained their position as the best-selling trucks in Croatia for the 19th year in a row.

Auto Hrvatska has transformed the landscape of Croatia's truck fleet, increasing MAN's market share from 7% at the start of the partnership to 30% today, with over 15,500 registered vehicles.

A very important segment of Auto Hrvatska's business is the sale and servicing of trucks and buses under various brands, in which the cooperation with MAN is the most important.



**MAN**

**NEOPLAN**

**Otokar**

Almost every third truck in the Croatian fleet bears the MAN brand



Sharing the load

**ISUZU**

**Kässbohrer**



MAN workshops in Croatia are among the best in the world, as shown by victories in competitions that bring together MAN service facilities from all over the world.







The sales and servicing network of Auto Hrvatska Business Group commercial vehicles in the region today includes 14 authorised sales and service centres.

Today, more than 400 competent, trained experts work in nine centres in Croatia, three in Bosnia and Herzegovina, and one each in Slovenia and North Macedonia, following trends and constantly acquiring new knowledge.

Modern sales and service centres are equipped with cutting-edge diagnostic and special tools, while their extensive service network throughout Croatia ensures continuous availability and the most complete range of services in the region.

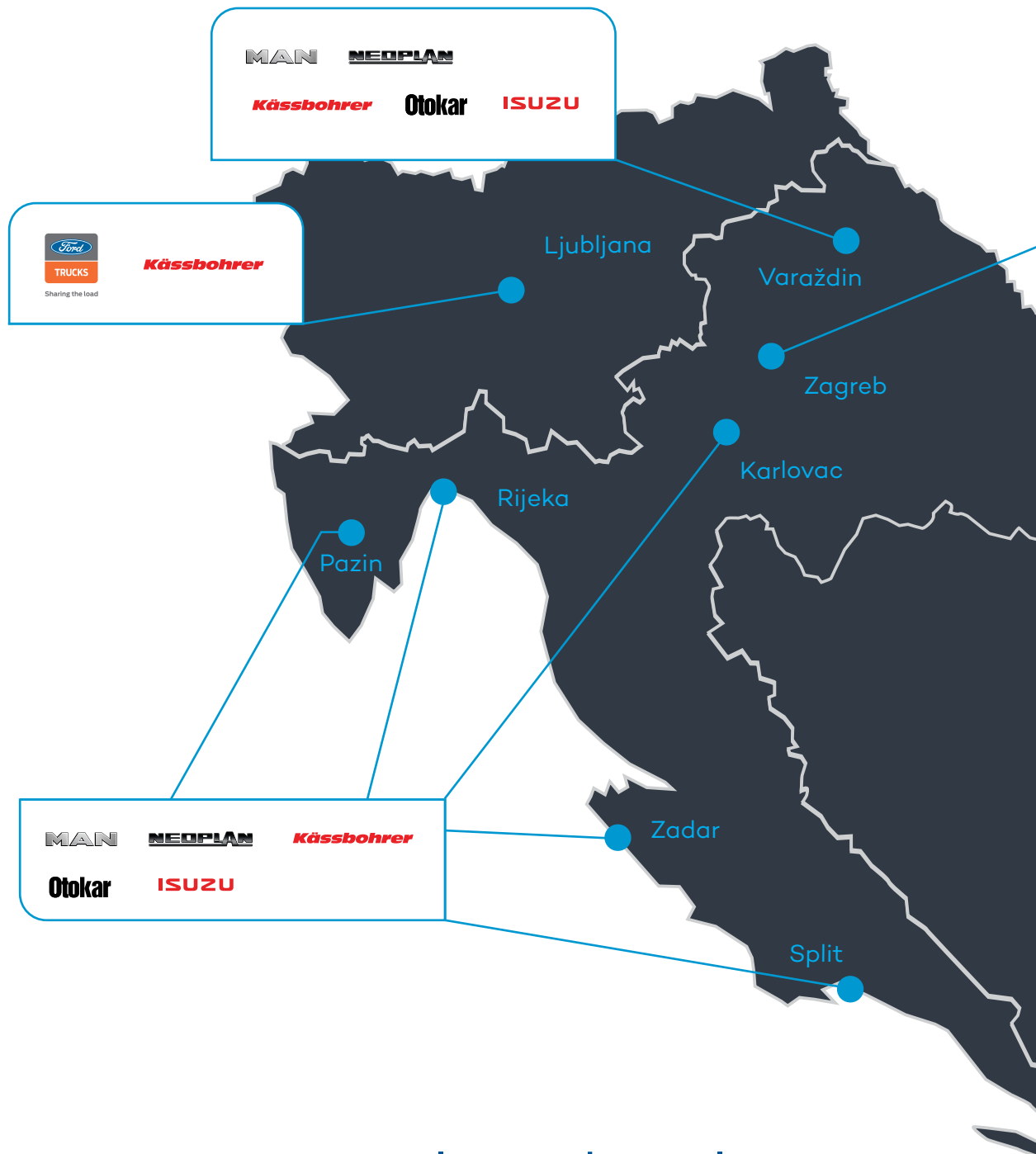
The group also encompasses the Bosch Diesel Centre, which provides diagnostics, testing, repair, and maintenance of diesel systems, including injector and injection pump reconditioning, as well as testing and servicing of injectors and Common-Rail systems, line, and distribution pumps.

In addition to commercial vehicle sales and maintenance, the company also specialises in the sale, assembly, and servicing of workshop equipment for both passenger and commercial vehicles.

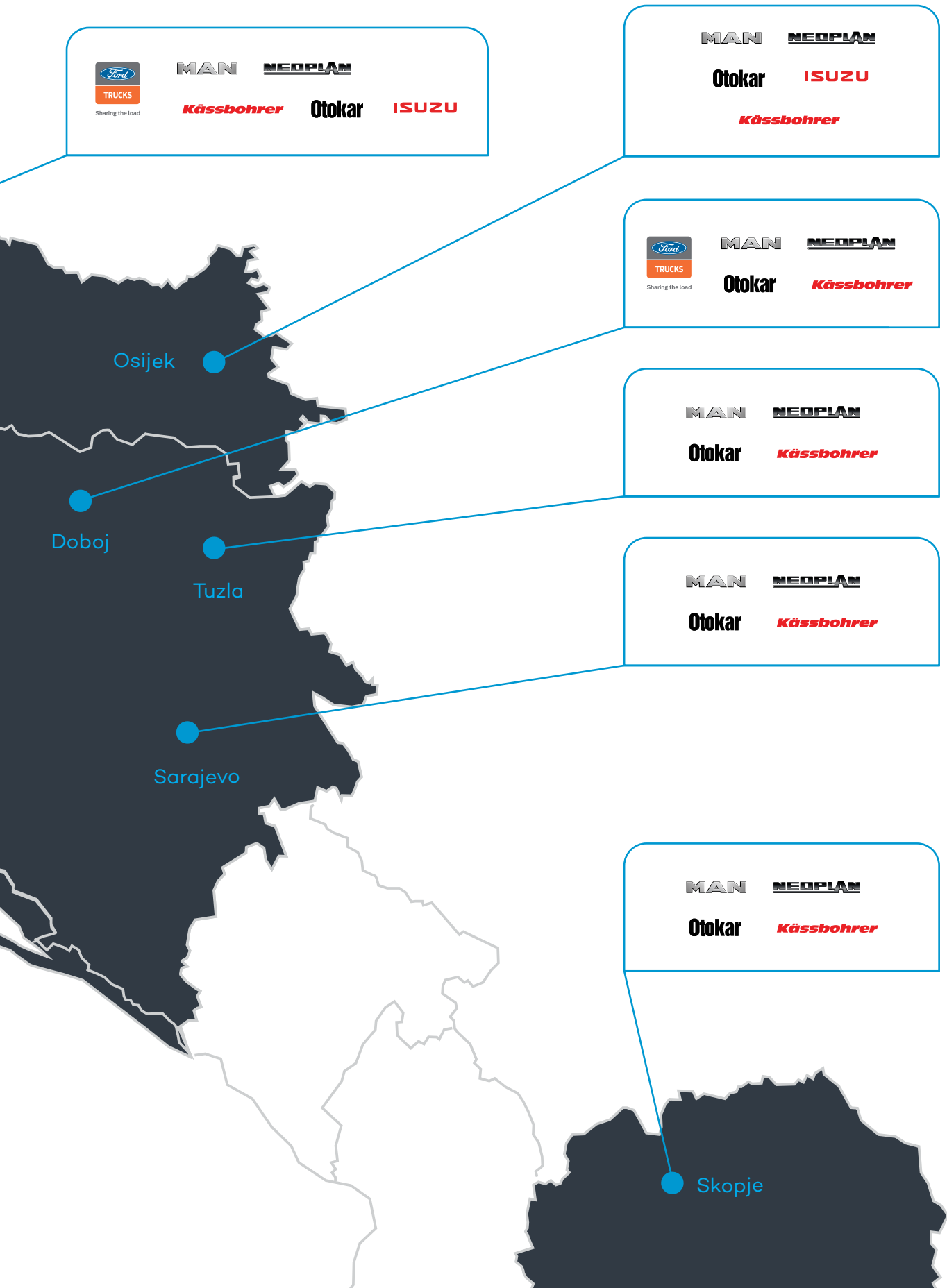
Under our Teiler brand, we offer reconditioned brake callipers manufactured in the company's own production plant in Varaždin and discs made by a renowned German manufacturer.

An important segment of the Business Group's work is the ongoing education of servicing employees. The first service trainers outside the German-speaking region to be certified by MAN are from Auto Hrvatska, having earned this prestigious status in 2009.

Our trainers are authorised to hold around 60 different MAN Academy seminars. In addition to the MAN service network training in Auto Hrvatska Business Group, they also train service personnel from other MAN authorised centres in the region and beyond.



# Commercial vehicle sales and service network



# Santa Claus truck delights thousands of children across Croatia

Santa Claus truck is no ordinary truck. Last holiday season, Santa Claus used a red MAN TGX for his journey across Croatia with a Kässbohrer semi-trailer as a travelling stage, and a Forthing T5 EVO as an accompanying vehicle. The truck travelled almost 2,500 kilometres from place to place, visiting 11 Croatian cities, and also reached the SOS Children's Villages in Lekenik and Ladimirevci, where real Christmas magic is sorely needed.

In city squares, parking lots and children's playgrounds, the truck was a stage for singing elves, dwarves, a good-natured giant and Santa Claus, who, through a special performance, conveyed messages about the importance of togetherness and mutual respect to children and visitors.

The entire organisation of the tour, as well as the safety of the truck, were in the hands of Auto Hrvatska. The main partners, Kraš and Zagrebačka banka, as well as Centar za vozila Hrvatske, joined the project organisation, including bravo! KIDS as the media sponsor of the project.








The Santa Claus Truck is a renewed project with a long tradition organised by Auto Hrvatska Business Group to promote safe driving and responsible behaviour on the roads, while also supporting the most needy in society.



A night landscape photograph featuring a winding road in the foreground with long-exposure light trails from vehicles in red, orange, and blue. The road curves through dark, silhouetted hills. In the background, a city is visible with scattered lights, and a body of water reflects some of the light. A glowing blue line graph, resembling a stock market chart, is superimposed over the upper left and center of the image. The text '2. 2024 Sustainability Report' is overlaid in white on the right side.

## 2. 2024 Sustainability Report







## 2.1 Basic Information

Auto Hrvatska Business Group continues the trend of growth and business development, as shown by the rise in the number of employees from 783 in 2023 to 809 in 2024, the increase in the number of locations, and ultimately in the growth of total revenue from EUR 242 million to EUR 272 million in the same period. The company's assets and equity continue to grow, reinforcing its strong financial position and enabling the execution of planned capital investments. Capitalisation is increasing slightly but remains within the range of results recorded over the longer term. Financial and business trends confirm that Auto Hrvatska Business Group is developing the foundations for further improving sustainability and social responsibility practices.

u mil. EUR	2021	2022	2023	2024
Total Consolidated Revenue	171.21	222.30	242.18	272.08
Total Consolidated Expenditure	164.58	212.64	227.55	257.50
Capital	64.05	70.41	79.81	88.27
Asset Sources	92.38	111.55	120.16	134.83
Capitalisation	69,3%	63,1%	66,4%	65,5%
Number of employees on 31st Dec.	702	718	783	809

SEGMENT	Mj.jed.	2021	2022	2023	2024
Trucks (new and used)	kom	929	760	868	924
Buses (new and used)	kom	69	143	80	92
Trailers (new and used)	kom	54	93	65	70
Cars (passenger and commercial, new and used)	kom	3,227	3,471	4,113	5,559
Tires	kom	54,000	49,450	58,000	58,000
Spare Parts	mil.eur	35.8	48.9	55.8	64.4
Sold Work Hours of Service Personnel	sati	261,000	262,000	277,000	307,500
Contracted Insurance Premiums	mil.eur	1.1	1.2	1.5	1.9
Renting	m <sup>2</sup>	83,600	61,500	58,250	59,580

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

- The Croatian Chamber of Economy
- The 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
- Croatian Green Building Council
- Auto Hrvatska Sports and Recreational Association
- HAVK Mladost
- GNK Dinamo

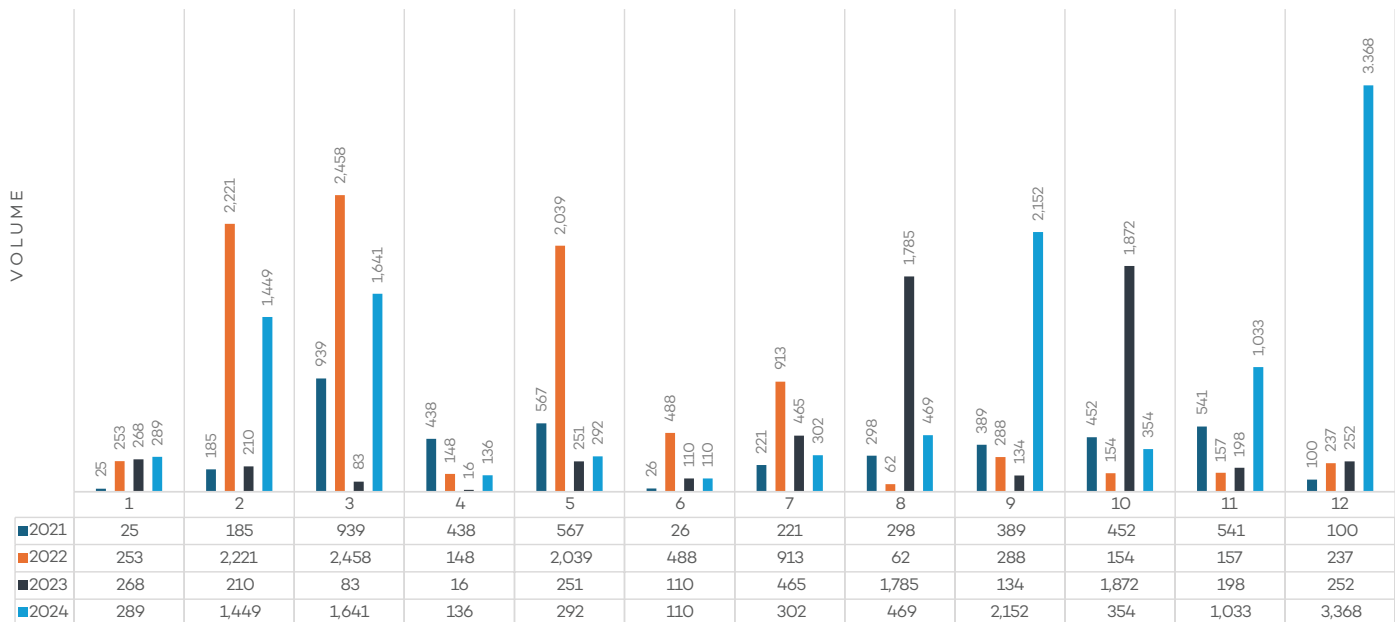


## 2.2 Share information

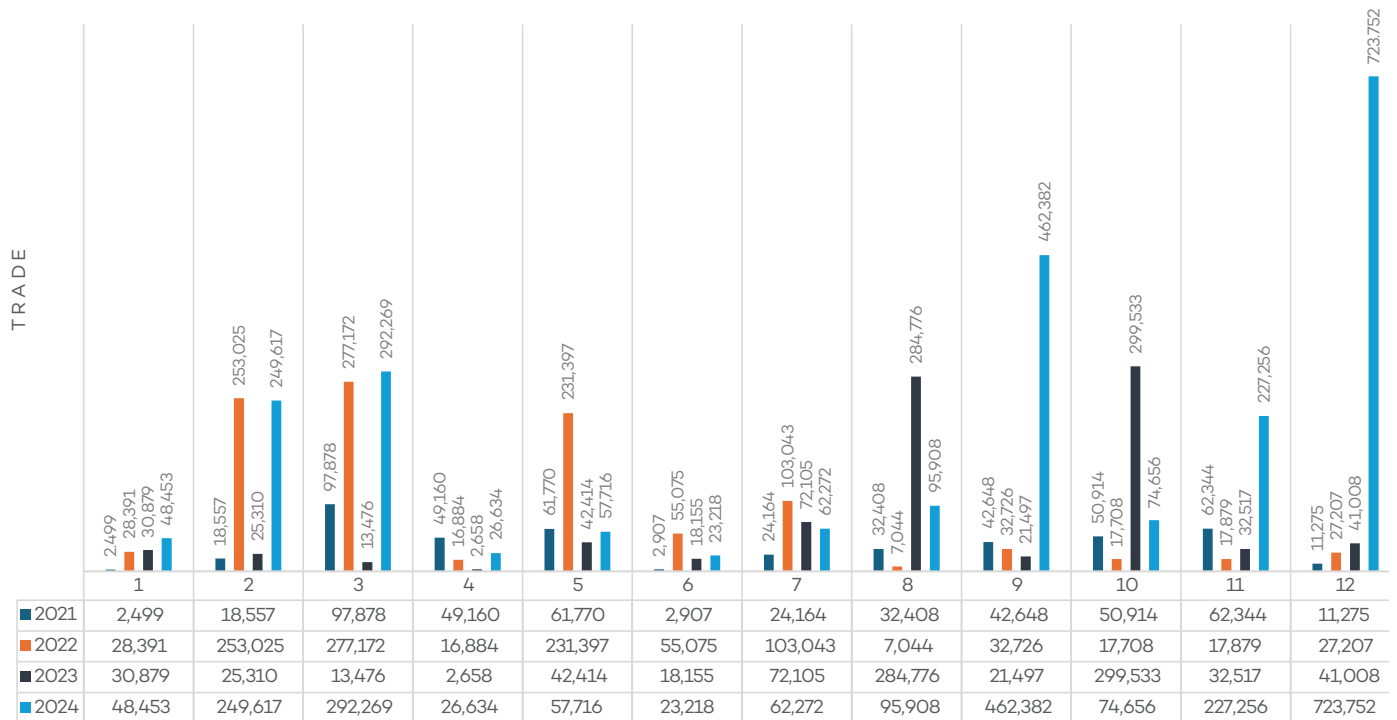
The shares of Auto Hrvatska d.d., listed under the stock symbol AUHR, are traded on the Regular Market of the Zagreb Stock Exchange. The company's share capital totals EUR 7,800,000.00, and is divided into 600,000 shares. The nominal value of each founder's stock share is EUR 13.00.

All company shares are ordinary and issued as dematerialised securities. All members of Auto Hrvatska Business Group are 100% owned by the parent company.

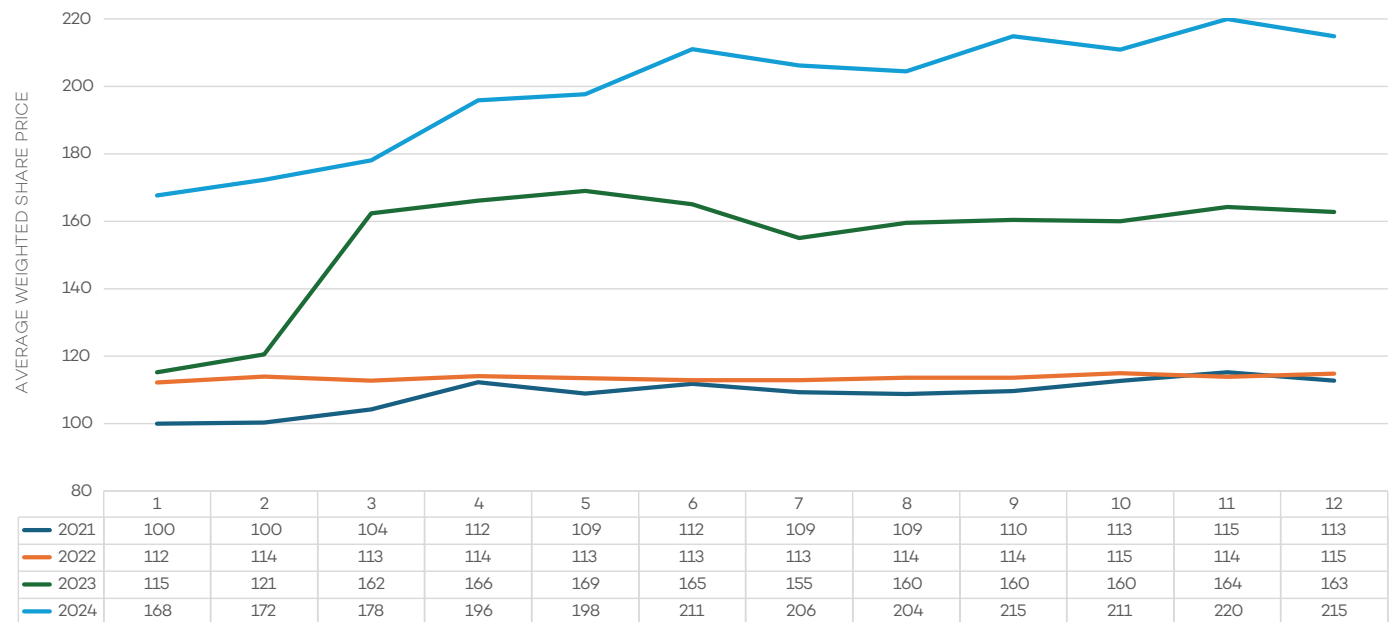
### VOLUME OF SHARES TRADED



## TOTAL TRADE TURNOVER



## AVERAGE WEIGHTED SHARE PRICE

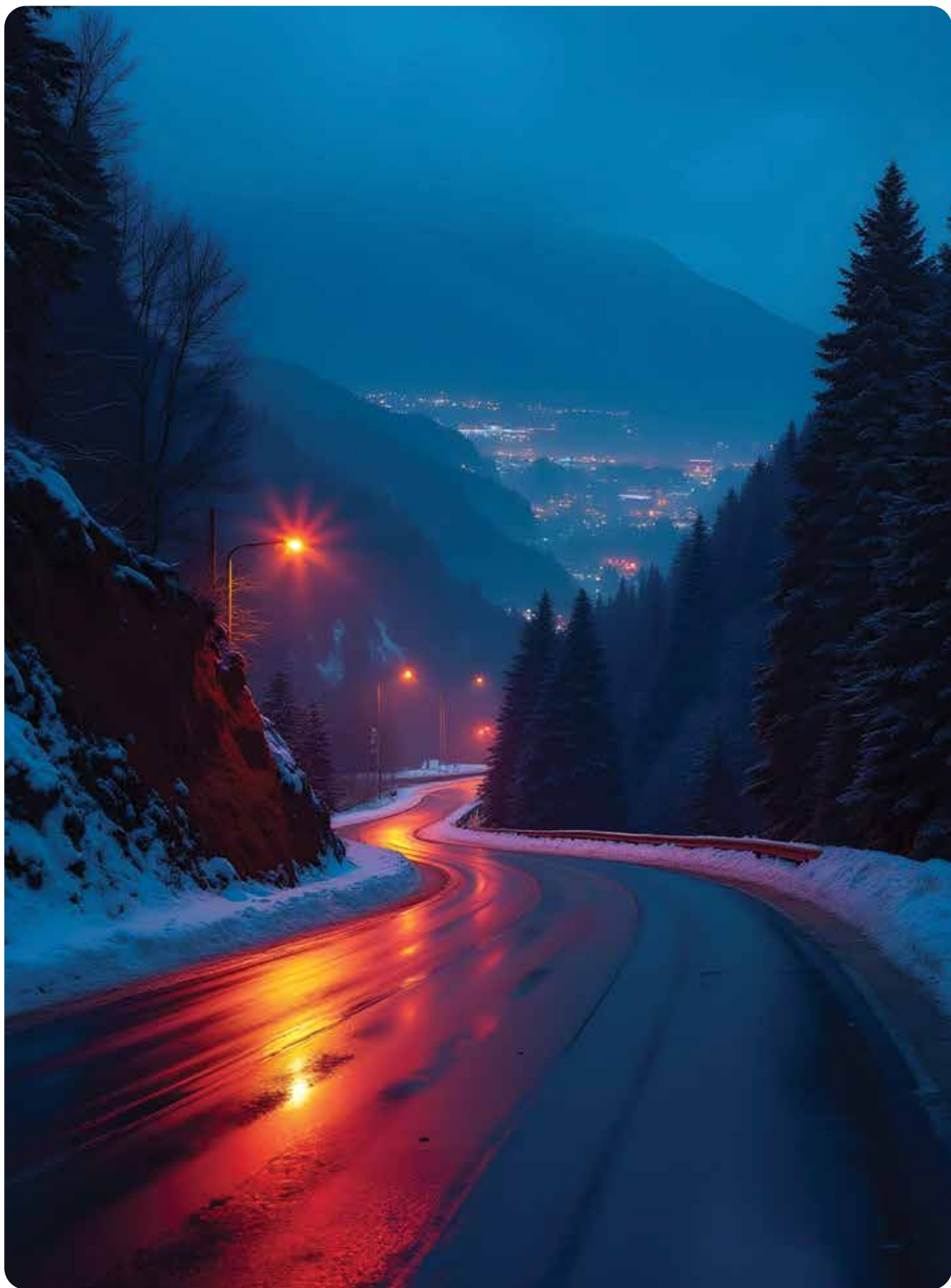




Balance of the top 10 company shareholders according to the Central Depository and Clearing Company as of 30 December 2024

No.	Account owner	Status	% shares in share capital
1	ZAGREBAČKA BANKA D.D./ TIHAVA BOGDAN (1/1)	133,215	22.20
2	ZAGREBAČKA BANKA D.D./ BRIGLJEVIĆ IGOR (1/1)	43,956	7.33
3	ZAGREBAČKA BANKA D.D./ JABUČAR ZLATAN (1/1)	38,034	6.34
4	OTP BANKA D.D./ AZ OMF KATEGORIJE B (1/1)	28,886	4.81
5	AUTO HRVATSKA D.D. (1/1)	26,402	4.40
6	URBANČIĆ JOSIPA (1/1)	19,203	3.21
7	PLEJIĆ TOMISLAV (1/1)	18,141	3.02
8	ZAGREBAČKA BANKA D.D./ AZ PROFIT OTVORENI DOBROVOLJNI MIROVINSKI FOND (1/1)	17,684	2.95
9	ZAGREBAČKA BANKA D.D./ ZBIRNI SKRBNIČKI RAČUN ZAGREBAČKA BANKA D.D./DF	13,785	2.30
10	OTP BANKA D.D./ AZ OBVEZNI MIROVINSKI FOND KATEGORIJE A (1/1)	11,493	1.92
<b>Top 10 Total</b>		<b>350,799</b>	<b>64.48</b>

Auto Hrvatska d.d. acquired its treasury shares in the period from 1 January to 31 December 2024 in accordance with the General Assembly decision of 27 April 2023. The plan was to offer these shares to employees of Auto Hrvatska d.d. and companies affiliated with it under equal conditions and to give them as a reward for participation in the distribution of profits. In the period from 1 January to 31 December 2024, Auto Hrvatska d.d. acquired 2,768 treasury shares with a nominal value of EUR 13.00 per share, which represents 0.461% of the company's share capital. In the above period, Auto Hrvatska d.d. disposed of 6,755 treasury shares with a nominal value of EUR 13.00 per share, which represents 1.126% of the company's share capital.



## 2.3 General Information

### ESRS 2 General disclosures

#### 2.3.1 Basis of Preparation of Statements

##### BP-1 General basis for preparation of sustainability statements

The 2024 Sustainability Statement of Auto Hrvatska Business Group has been prepared on a consolidated basis in order to serve as a comprehensive overview of all activities, projects and impacts related to sustainable operations at the group level. When preparing the statement, we relied on the principles of transparency, accountability and compliance with regulatory requirements.

The scope of consolidation is the same as in the financial statements. The consolidated financial statements of Auto Hrvatska Business Group include the financial statements of the parent company and entities under its control ("subsidiaries") as of and for the year ended 31 December 2024. Control exists when the parent company has the authority to govern the entity's operations, is exposed or entitled to variable returns from its involvement with the entity, and has the ability to influence those returns through its control. The financial results of subsidiaries acquired or sold during the year are included in the consolidated statement of comprehensive income from the actual date of acquisition or disposal. The financial statements of affiliated companies have been adjusted where necessary to align the accounting policies of the entities within the group. All intra-group transactions, as well as all balance sheets and income and loss statements, have been eliminated on consolidation.

The controlled companies included in the consolidated financial statements are as follows: Auto Hrvatska d.d. (Parent company), MAN Importer Hrvatska d.o.o. (100% share), Auto Hrvatska Prodajno Servisni Centri d.o.o. (100%), Auto Hrvatska Automobili d.o.o. (100% share), MAN Importer Makedonija d.o.o.e.l. (100% share), Kamion Importer d.o.o. (100% share), Kam i Bus d.o.o. (100% share), Auto Tangenta d.o.o. (100% share), Kam i Bus Importer d.o.o. (100% share), Kam in Bus Importer d.o.o. (100% share).

The Sustainability Statement of Auto Hrvatska Business Group covers the main value chain, including IROs identified in our supply and sales chain, as well as our own operations.

Auto Hrvatska Business Group adheres to the principles of transparency and accountability when drawing up the Sustainability Statement but also guarantees the protection of sensitive data, intellectual property, knowledge, and innovation. In accordance with ESRS 1 (section 7.7), the organisation assesses which information needs to be omitted from the report in order to protect key business interests with minimal deviation from the principle of completeness of reporting.

## 2.3.2 Governance

### GOV-1

### Role of the administrative, management and supervisory bodies

#### Structure and organisation of Auto Hrvatska Business Group

Auto Hrvatska Business Group operates as a system of affiliated companies in which the parent company, Auto Hrvatska d.d., is in charge of real estate and joint ventures and has 100% ownership of companies (limited liability companies) organised according to commercial ranges and territories. The members of Auto Hrvatska Business Group are located in Croatia, North Macedonia, Bosnia and Herzegovina, and Slovenia. The group's governance complies with regulatory requirements and good corporate governance practices, and some members also have their own Supervisory Board.

#### Structure and composition of governance bodies

The parent company, Auto Hrvatska d.d., applies a monistic system of governance in accordance with the Companies Act. The Group is managed by the Board of Directors, who oversee operations and make strategic decisions. The Board of Directors is appointed by the Shareholders' Assembly. The Board members' term of office is two years, and they may be reappointed. The Board of Directors consists of four members, three of whom are non-executive and one is an executive member. The year 2024 has seen organisational changes, with the Board of Directors having five members until autumn. Employees and other workers have their employee representative, with regular consultations held with the Board of Directors to monitor their proposals and needs. The Board of Directors consists of the following members:

- **Bogdan Tihava** – Chairman of the Board of Directors Director (non-executive). Procurator in member companies. Directly responsible for real estate investment and maintenance and management of real estate use, sale, and lease;
- **Igor Brigljević** – Deputy Chairman of the Board of Directors. Director (non-executive). Procurator in member companies. Directly responsible for management organisation, shareholder affairs and corporate activities, Human Resources Affairs and Legal Affairs;
- **Marko Juraić** – member of the Board of Directors. Director (non-executive) for after-sales. Procurator in member companies. Directly responsible for the territorial organisation, development of the service network and servicing of Auto Hrvatska Business Group;
- **Ante Belamarić** – member of the Board of Directors who also performs the role of an Executive Director for Joint Affairs. Employee representative in accordance with the Labour Act. Directly responsible for accounting and financial affairs, information technology and management of business projects and processes, general economic affairs and controlling affairs.

#### Supervision and management of sustainability issues

The Board of Directors has appointed four executive directors to whom it delegates the authority to manage business activities:

- **Alen Vuskan-Ćusa** – Chief Executive Officer. Chairman of the Board of Directors of the member company. Responsible for the passenger range at the level of Auto Hrvatska Business Group and the range and territorial synergy of the passenger and commercial programme;
- **Mario Fabek** – Executive Director for the Commercial Range, Territorial Organisation and Network Development. Chairman of the Board of Directors of the member company. Procurator in member companies. Responsible for the after-sales commercial programme at the level of Auto Hrvatska Business Group;
- **Marko Tihava** – Executive Director for the Commercial Programme. Chairman of the Board of Directors of the member company. Procurator in member companies. Responsible for the sales commercial programme at the level of Auto Hrvatska Business Group;
- **Ante Belamarić** – member of the Board of Directors. Executive Director for Joint Affairs.

When it comes to gender diversity of the Board and executive and non-executive directors, the share of men is 100%, but the company intends to increase gender diversity in the coming periods. A total of 42 managers



have been appointed at the level of Auto Hrvatska Business Group, of which 35 are men (83%) and 7 are women (17%).

The organisation has reporting lines, and each executive director submits regular reports to the Board. Controls and procedures are integrated with internal functions for compliance with the business strategy and sustainability strategy.

### **Governance, decision-making and ethics system**

The Board of Directors leads the Company and is jointly responsible for company management and the business group, which includes the entire system management – from business organisation and activities to the way of work. The members of the Board of Directors, executive and non-executive members, have significant experience in relevant sectors, including the automotive sector, real estate management, and finance, thus ensuring the strategic focus and competitiveness of Auto Hrvatska Business Group.

The Board of Directors is responsible for the Sustainability Report, which is published annually together with the Financial Statements of Auto Hrvatska Business Group. The Board of Directors also appointed an ESG team and adopted a Sustainability Strategy in 2024.

In accordance with the ESRS standards, the responsibilities of the Board of Directors also include sustainability management. Consequently, the Board of Directors of Auto Hrvatska Business Group is responsible for the Sustainability Strategy and all key decisions in all areas as well as significant topics arising from it: integration of sustainability issues into business strategy and policies, monitoring of key ESG indicators, transparent and accurate sustainability reporting, and key sustainability decision-making, including risk and opportunity management. In addition, the Board of Directors is competent and responsible for strategic management, investments, organisational development, key decisions and policies, regulatory compliance, appointment and supervision of executive directors, and representation and supervision of Auto Hrvatska Business Group's operations.

The Board of Directors ensures that the management, supervisory and administrative bodies and key team members possess or develop the necessary skills and expertise for sustainability oversight through regular education and training.

### **Management and supervision system**

In order to strengthen sustainable operations and compliance with ESG standards, the Board of Directors of Auto Hrvatska Business Group has appointed an ESG team, consisting of representatives from various departments. The ESG team has the following key responsibilities:

- development and implementation of ESG strategy
- monitoring and analysis of relevant ESG indicators
- improvement of the process of sustainable business through the development of initiatives and action plans
- reporting to the Board of Directors on achievements and challenges in the field of ESG
- compliance with regulatory requirements and reporting standards.

Information is collected continuously throughout the year, while key analyses and evaluations are carried out periodically according to defined time frames.

## The role of the Audit Committee and internal control

For the sake of compliance and transparency, the company has defined Audit Committee competence to ensure the reliability of financial and non-financial statements and monitor compliance with regulatory requirements and ethical standards. Internal control audits operations, processes and accuracy of ESG data.

<b>AUTO HRVATSKA Business Group</b> <b>AUTO HRVATSKA d.d. - parent company</b>		
<b>REPUBLIC OF CROATIA</b>	<b>COMPANY MANAGEMENT</b>	<b>SUPERVISORY BOARD</b>
MAN IMPORTER HRVATSKA D.O.O.	Marko Tihava - President of the Board	-
	Nina Ferdelja - Member of the Board	-
AUTO HRVATSKA PRODAJNO SERVISNI CENTRI D.O.O.	Mario Fabek - President of the Board	Bogdan Tihava - Chairman of the Supervisory board
	Ivica Peršin - Member of the Board	Ivan Borić - Deputy Chairman of the Supervisory board
	-	Josip Lacković - Member of the Supervisory board (employee representative)
KAM I BUS IMPORTER D.O.O.	Lari Host - Company director	-
AUTO HRVATSKA AUTOMOBILI D.O.O.	Alen Vuksan-Čusa - President of the Board	Bogdan Tihava - Chairman of the Supervisory board
	Šime Klanac - Member of the Board	Ante Čerkez - Deputy Chairman of the Supervisory board
	Joško Košta - Member of the Board	Damir Baćan - Member of the Supervisory board (employee representative)
AUTO TANGENTA D.O.O.	Caroline Vranić - Company director	-
<b>REPUBLIKA SJEVERNA MAKEDONIJA</b>	<b>COMPANY MANAGEMENT</b>	<b>SUPERVISORY BOARD</b>
MAN IMPORTER MAKEDONIJA D.O.O.E.L.	Vitomir Varga - Company Director	-
<b>BOSNA I HERCEGOVINA</b>	<b>COMPANY MANAGEMENT</b>	<b>SUPERVISORY BOARD</b>
KAM I BUS D.O.O.	Darko Bugarin - President of the Board - Director	-
	Nermin Kumbarić - Member of the Board - Deputy director	-
KAMION IMPORTER D.O.O.	Lari Host - Company director	-
<b>REPUBLIKA SLOVENIJA</b>	<b>COMPANY MANAGEMENT</b>	<b>SUPERVISORY BOARD</b>
KAM IN BUS IMPORTER D.O.O.	Branimir Nadih - Company director	-
<b>BOARD OF DIRECTORS</b>		
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 (employee representative)	
Marko Juraić	Member of the Board of Directors	
<b>EXECUTIVE DIRECTORS</b>		
Alen Vuksan-Čusa	CEO	
Ante Belamarić	Executive director	
Mario Fabek	Executive director	
Marko Tihava	Executive director	

GOV-2

## Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

### Compliance and regulatory system

During the reporting period, the administrative, management and supervisory bodies of the company were regularly informed about key sustainability issues through a structured reporting system. This information included data on environmental, social and governance (ESG) factors, which is important for long-term business sustainability.

The Board of Directors and the Executive Directors regularly discussed sustainability topics at their meetings.

The ESG team was involved in analysing of specific sustainability issues and overseeing the implementation of operational initiatives aimed at improving the company's environmental and social responsibility.

### Internal control and risk management system

The Board of Directors integrates sustainability matters into its strategic decisions, including key business transactions and processes, as well as risk management, in accordance with the key impacts, risks and opportunities identified. In order to effectively manage ESG-related topics, the Board of Directors applies systematic mechanisms to monitor the impact of sustainability strategies and the realisation of the goals and measures, and informs all team members about current ESG trends through internal training and workshops. Through ESG performance monitoring, Auto Hrvatska Business Group achieves long-term transparency and business responsibility.

GOV-3

## Integration of sustainability-related performance in incentive schemes

In 2024, Auto Hrvatska Business Group did not include sustainability-related results in incentive schemes. It plans to introduce them in the future, after the adoption of the transition plan and the overall decarbonisation goals programme.

GOV-4

Statement on due diligence

KEY ELEMENTS OF THE DUE DILIGENCE PROCESS	ITEMS IN THE SUSTAINABILITY STATEMENT
a) Inclusion of the due diligence process in the management, strategy and business model	GOV-1 – Role of the administrative, management and supervisory bodies GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies SBM-1 – Strategy, business model and value chain SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
b) Cooperation with affected stakeholders in all key steps of the due diligence process	SBM-2 – Interests and views of stakeholders GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities
c) Identification and assessment of adverse impacts	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities
d) Taking measures to eliminate these negative impacts	E1-3 – Actions and resources in relation to climate change policies E5-2 – Actions and resources related to resource use and the circular economy S1-4 – Taking action on significant impacts on own workforce G1-1 – Corporate culture and business conduct policies
e) Monitoring the effectiveness of these efforts and communicating	GOV-1 – Role of the administrative, management and supervisory bodies GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies E1-4 – Targets related to climate change mitigation and adaptation E5-3 – Targets related to resource use and the circular economy S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

GOV-5

Risk management and internal controls over sustainability reporting

**Scope, main features and components of the risk management and internal control system**

Auto Hrvatska Business Group has implemented a comprehensive risk management and internal control system to ensure the accuracy, reliability and timeliness of sustainability reporting. This system applies to the parent company and all subsidiaries in Croatia, Bosnia and Herzegovina, North Macedonia and Slovenia.

The system is structured according to the three lines of defence model:

1. The first line of defence refers to risk owners, i.e. managers in charge of a specific risk related to sustainability reporting. They are responsible for operational data collection and monitoring of sustainability indicators in their area.
2. The second line of defence, led by the Board of Directors, includes functions that oversee risks, first-line controls, and overall risk and compliance. In this context, the Board of Directors has appointed an ESG team to coordinate data collection and prepare the sustainability report.
3. The third line of defence refers to an independent internal audit that verifies the reliability and accuracy of data used in sustainability reporting. Additional control is in the hands of external auditors and certification bodies that conduct external audits related to ISO requirements, regulators, and other forms of external oversight and assessment.

**Risk assessment process**

The risk management system relies on several key elements. First, the accuracy and completeness of sustainability data are regularly verified, which includes information obtained from upstream and downstream value chains. Particular attention is paid to the precision of assessments, with an emphasis on the use of verified methodologies to calculate CO<sub>2</sub> emissions, resource management, and other key indicators. Thanks to this, the data is correct and accessible and is integrated into the final reports. Due to clearly defined deadlines, the information goes to the stakeholders of the Business Group in a timely manner.



Internal control systems include measures to protect information and sensitive data related to sustainability. Information security rules have been implemented to ensure system reliability. What is more, employee education is carried out continuously to ensure understanding of regulatory requirements and procedures. In addition, regular monitoring and sustainability reporting are conducted through corporate communication channels, which guarantees transparency towards all stakeholders of the Business Group.

Auto Hrvatska Business Group applies a structured and comprehensive approach to sustainability reporting risk assessment in order to guarantee data accuracy, completeness and timeliness, and pays special attention to the risks arising from the complexity of sustainability data, such as their source, accuracy, and availability throughout the value chain.

The ESG team, in collaboration with the departments responsible for data collection and processing, identifies key risks that may affect sustainability reporting (among the most significant are incomplete data, inaccurate estimates, unavailability of data from upstream and downstream parts of the value chain and delays in the availability of key information).

The risks are assessed quantitatively and qualitatively, according to their potential impact on the accuracy, credibility and timeliness of the report and according to the probability of their occurrence. The quantitative assessment includes the calculation of the potential financial or reputational impact of inaccurate or incomplete data. Qualitative assessment relies on expert experience to establish the criticality of risks, especially when it comes to data outside the direct control of the organisation. The assessed risks are mapped based on a double materiality matrix according to their probability and impact in order to determine the priority of action.

#### **Main identified risks and strategies for their mitigation**

- Data incompleteness is the first significant risk. Its mitigation is planned by implementing a centralised system for data collection and processing and process digitalisation.
- Inaccuracy of assessment results is identified as the second key risk. The strategy for its mitigation includes the introduction of proven methodologies and standardised emission calculation processes, along with continuous employee education. Special attention is paid to eliminating the risk of inaccuracy of assessment results through internal and external audits.
- Inaccessibility of data from the value chain is the third significant risk. To mitigate it, the plan is to establish solid communication channels with subcontractors.
- Untimely availability of information is the fourth identified risk. The plan is to mitigate it by clear deadlines for data collection and their inclusion in the final report.

#### **Integration of risk assessments and internal controls into organisational processes**

Auto Hrvatska Business Group integrates the results of its risk assessment and internal controls related to the sustainability reporting process into the function of the ESG team, which consists of employees from departments closely related to sustainability reporting. The results of the assessments are used to improve data accuracy and completeness. Internal control procedures, such as data checks and valuation methodology audits, are built into work processes to reduce risks related to the timeliness and reliability of reporting. These procedures are overseen and managed through the ongoing coordination of the ESG team, external consultants, and audit bodies, ensuring alignment with the EU's sustainability reporting regulatory framework.

#### **Interim reporting to governance bodies**

Auto Hrvatska Business Group submits interim reports to the administrative, management, and supervisory bodies on the results of internal controls over the sustainability reporting process at the meetings of the Board of Directors. The Board of Directors makes decisions that seek to improve the sustainability reporting process and continuously monitors the implementation of these measures.

## 2.3.3 Sustainability Strategy

The sustainability strategy of Auto Hrvatska Business Group represents the foundation for long-term sustainable business in accordance with environmental, social, and governance (ESG) principles. Auto Hrvatska d.d., as the parent company of Auto Hrvatska Business Group, leads all its members in Croatia, North Macedonia, Bosnia and Herzegovina, and Slovenia through the process of transformation towards sustainable development.









In its vision, Auto Hrvatska Business Group focuses on competence and competitiveness in the automotive industry market, primarily to meet customer needs and continuously improve business processes. The mission of Auto Hrvatska Business Group includes the provision of top-notch solutions for the procurement of vehicles and related equipment and their maintenance, along with socially responsible business and environmental protection.

The core values of Auto Hrvatska Business Group include customer focus, trust, long-term relationships, tradition, reliability, stability, innovation, teamwork, and employee initiative.

The sustainability strategy of Auto Hrvatska Business Group responds to global changes and trends in the automotive industry, as well as the ESRS requirements, which is why it defines strategic areas of action that reflect the relationship towards the environment, society and governance, and includes decarbonisation goals, promotion of the circular economy, development of employee competencies, occupational safety and corporate governance.

The integration of the sustainability strategy and the business strategy allows Auto Hrvatska Business Group to adapt to market changes, meet customer and user demands and take advantage of the opportunities brought by the circular economy. Auto Hrvatska Business Group's focus on digitalisation and a strong corporate culture shows its striving to achieve sustainable growth and build a quality working environment with positive social impacts.

The sustainability strategy is based on three key pillars:

Our strategic goals	E Sustainable mobility	S People are our key strength	G Governance and compliance
<b>Our commitment</b>	We recognise our role in decarbonising the value chain by advancing sustainable mobility, reducing our own emissions, and promoting the circular economy – actively optimising resources, encouraging parts reconditioning, and working with partners to minimise our environmental impact.	We want to be the employer of first choice in the automotive industry by increasing employee satisfaction and attracting talent.	We are guided by strong ethical standards that define our business expectations and those of our suppliers. We operate with integrity and implement measures to strengthen transparency, ethical behaviour and responsibility in all business segments.
<b>Material topics</b>	E1 Climate change E5 Circular economy	S1 Own workforce (training and skills development, health and safety)	G1 Business conduct (corporate culture, risk management, responsible procurement)
<b>Goals</b>	Adoption of the transition plan in 2025 Rational use of energy (LED lighting) Reduce the amount of waste per product unit Increase the share of production of reconditioned spare parts Increase the share of electric and hybrid vehicles in the total fleet of the Business Group to 30% by 2026 Develop a circular economy programme, including the reconditioning of key vehicle parts and battery recycling.	>90% of employees participating in regular annual performance reviews annually Education: >8 hours as the average number of hours per employee / year >65% of employee engagement #0 serious occupational injuries >90% of employees provided with health assessments	Implement risk management system (ERM) during 2025 Implement sustainable procurement policy by 2026 Increase compliance with ZSE code in at least 3 areas by 2026
<b>Link to SDG goals</b>	  	  	 

SBM-1

Strategy, business model and value chain

**Description of significant product and service groups**

Auto Hrvatska Business Group bases its operations on a diverse portfolio of products and services that meet the needs of the modern mobility market and actively contribute to sustainable development, social responsibility and environmental protection. Our offer includes key segments of mobility, maintenance, and financial solutions, and we continuously focus on innovation and the promotion of sustainable practices.

• Sale of vehicles

As a leader in the mobility market, Auto Hrvatska Business Group offers a wide range of vehicles, including passenger cars, buses and trucks of renowned brands such as MAN, Ford and Isuzu. Special emphasis is on the growing number of electric and hybrid vehicles sold, as a response to climate challenges and the increased demand for sustainable mobility. Our products comply with the highest environmental standards, including Euro 6 standards and higher, and we pay special attention to vehicles compatible with alternative fuels such as HVO and biodiesel.

• Maintenance and technical support services

Auto Hrvatska Business Group provides top-notch technical support and service for vehicles produced by the world's leading manufacturers. Our services encompass diagnostics, repairs, and routine maintenance, while specialised services, such as brake calliper reconditioning, are based on circular economy principles and aim to reduce waste. The modernisation of our service facilities has significantly lowered energy consumption, while the switch to green energy has further reduced our environmental footprint.

• Financing and insurance

In the financial services segment, Auto Hrvatska Business Group offers customised solutions that include financing and leasing. Moreover, insurance services provide security and additional support to our customers, ensuring a comprehensive customer experience.

• Mobility and circular economy

Auto Hrvatska Business Group develops innovative mobility models to respond to changing market needs. Our offer includes vehicle hire services, increasing the availability of sustainable solutions for customers. The promotion of a circular economy is also a central part of our strategy. In this regard, we particularly focus on extending the life of products through the reconditioning and recycling of key vehicle parts and waste management in line with the principles of sustainable development.

Sustainable mobility is a key strategic priority of Auto Hrvatska Business Group. The group actively promotes vehicle electrification, optimises servicing to extend the life of vehicles, and reduces CO<sub>2</sub> emissions by offering low-emission vehicles.

The circular economy is reflected in the reconditioning of automotive parts, including the production of reconditioned brake callipers in-house, thereby reducing the need for new raw materials and increasing the sustainability of the supply chain.

## Significant markets and customer groups

For many years, Auto Hrvatska Business Group has held a leading position on the mobility market in Croatia and the region (Slovenia, Bosnia and Herzegovina, and North Macedonia), where it provides high-quality services through a network of sales and service centres.

Target customer groups include:

- **Retail sector (B2C)** – individual buyers looking for environmentally friendly vehicles and digital mobility solutions. The demand for electric and hybrid vehicles is continuously growing, which encourages Auto Hrvatska Business Group to expand its offer of sustainable solutions and related services, including digital solutions for fleet management and smart mobility systems.
- **Business sector (B2B)** – fleet management and corporate customers interested in reducing emissions and cost optimisation. Auto Hrvatska Business Group offers personalised solutions for fleet vehicles, including consultation on fuel consumption optimisation, implementation of alternative fuels and maintenance services that extend the life of vehicles.
- **Public sector** – cooperation with state institutions and local governments in e-mobility and low-emission public transport projects. Auto Hrvatska Business Group actively participates in the development of solutions for the modernisation of public transport through electric buses, infrastructure solutions for vehicle charging and optimisation of public transport costs in accordance with ESG goals.
- **After-sales segment** – servicing and repairs that extend the life of vehicles and thus support the goals of the circular economy. Vehicle maintenance is adapted to the needs of modern users and environmental standards, including the reconditioning of key parts, optimisation of the use of spare parts and digitalisation of services for faster and more efficient resource management.

Owing to its regional presence, strategic partnerships, and digital innovations, Auto Hrvatska Business Group ensures a competitive advantage and promotes sustainability in all business segments. The focus on electrification, resource optimisation and responsible business guarantees long-term stability, while cooperation with key market participants reduces the negative impact on the environment and develops sustainable mobility.

## Workforce analysis

Total number of employees by geographical area on 31 December 2024	
Country	Number of employees
Croatia	715
Bosnia and Herzegovina	57
North Macedonia	25
Slovenia	12
<b>Total number of employees</b>	<b>809</b>

## Analysis of employment trends

Total number of employees by geographical area in 2024	
Country	Number of employees
Croatia	824
Bosnia and Herzegovina	59
North Macedonia	29
Slovenia	16
<b>Total number of employees</b>	<b>928</b>

## Products and services prohibited in certain markets

When marketing its products and services, Auto Hrvatska Business Group complies with local and international regulations and ethical standards. Some products and services are not available in certain markets due to regulatory restrictions, environmental standards, or companies' strategic decisions. Auto Hrvatska Business Group continuously tracks market developments and regulatory changes to ensure its offering remains aligned and responsive.



## Total revenues and revenues by sector

Total revenues in 2024 amounted to EUR 272,081,642.76, which is an increase of 12.35% compared to the previous year. The company generates revenues through vehicle sales, servicing, and vehicle and real estate rentals. The strategic focus on sustainable products and digitised services also helped revenue growth. Revenues came from the sale of goods and services (EUR 271,530,077.66) and financial income (EUR 551,565.10), including interest and investment income. Revenues are presented in accordance with international financial reporting standards (IFRS 8 – Operating Segments). Segmentation includes domestic and international markets, which allows for better analysis of results and monitoring of the impact of sustainable initiatives.

Revenues by key business segments:

- Vehicle sales: the largest share of revenue comes from the sale of passenger and commercial vehicles, including electric and hybrid models. Growth in demand for sustainable vehicles contributes in part to revenues, reflecting the success of the e-mobility strategy.
- Rental and servicing: the technical support and servicing segment brought revenue stability by sustainable solutions, including parts reconditioning and resource optimisation.
- Financial income: financing and leasing income, which supports the growth of sustainable business models, particularly by facilitating the financing of electric and hybrid vehicles.

## Activities in sectors with material impact

Auto Hrvatska Business Group does not operate in sectors that include controversial armaments, the tobacco industry, or the exploitation of fossil fuels. However, operating in the transport and mobility segment requires a constant assessment of environmental impact.

- Fossil fuels – Auto Hrvatska Business Group is actively reducing its dependence on fossil fuels by increasing the sales of electric and hybrid vehicles and developing infrastructure for alternative fuels.
- Chemical industry – Auto Hrvatska Business Group does not participate in primary chemical production. However, it uses chemical products within the framework of vehicle maintenance and recycling.
- Controversial industry and tobacco – Auto Hrvatska Business Group does not operate in these sectors.

## Business model and value chain

Auto Hrvatska Business Group's business model is based on high-quality mobility solutions, including sales, servicing and financing of vehicles with an emphasis on sustainability and reducing the environmental footprint. Through its strategic focus on electrification of vehicles, optimisation of servicing, and implementation of the circular economy, Auto Hrvatska Business Group actively contributes to environmental, social, and economic sustainability goals.

Auto Hrvatska Business Group has a significant impact on the environment throughout its value chain, which includes three key phases:

- Supply chain: procurement of vehicles and vehicle components, including the selection of manufacturers with confirmed ESG policies.
- Own operations: vehicle sales and servicing, financial services, including vehicle and real estate rental, and management of after-sales activities.
- Sales chain: distribution of vehicles and services to end users, including corporate clients, public institutions, and individual customers.

Auto Hrvatska Business Group continuously adapts its business models to regulatory requirements and ESG standards in order to ensure long-term business sustainability

## Description of input resources and procurement strategies

Auto Hrvatska Business Group implements responsible procurement as a key element of its sustainability strategy. Input resources in the business include (a) raw materials and components purchased from manufacturers that meet environmental standards and use recycled materials, (b) energy, including investments in solar power plants to power service centres and (c) human resources, which are extremely important in the service industry; for that reason, the company invests in the development of employee competencies.

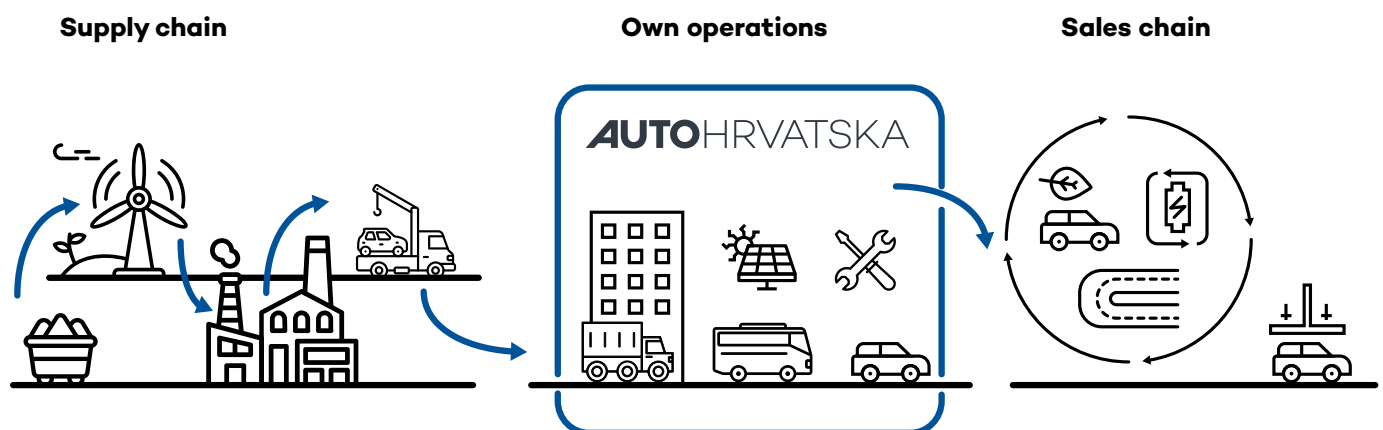
The approach to resourcing includes cooperation with key suppliers with clear decarbonisation strategies, digitalisation and optimisation of resource use, and promotion of the circular economy by increasing the share of reconditioned components in servicing operations.

## Description of outputs and their impact

As a result of its business activities, Auto Hrvatska Business Group sells modern vehicles, including electric and hybrid vehicles in accordance with EU directives, provides high-quality after-sales activities aimed at extending the life of vehicles through high-quality servicing and parts refurbishment, and offers financial products, including real estate and vehicle leasing.

## Description of the main characteristics of the upstream and downstream value chain

Auto Hrvatska Business Group's value chain encompasses the activities, resources, and relationships that the business group relies on and uses to create its products and services, from raw materials to delivery, consumption and end of life. Identification of key risks within the value chain is a key step in the preparation of a double materiality matrix. In 2024, Auto Hrvatska Business Group mapped its value chain and identified key stakeholders and its impact on them.



### Supply chain

The automotive industry has a long and complex supply chain. The first step in this chain is the extraction of raw materials (e.g. iron, rubber, plastic, aluminium, glass). They are then processed at various sites inside and outside the EU to get work-in-progress, parts, and final products (light and heavy vehicles) that Auto Hrvatska Business Group distributes to end users. Within the scope of its operations, Auto Hrvatska Business Group has an extremely small opportunity to influence the final upstream parts of its value chain. It can influence them by choosing to purchase vehicles and components from manufacturers that have themselves set high sustainability goals and clear ambitions. Some of these suppliers include the Volkswagen and Traton groups, which have confirmed their SBTi climate targets. In this way, Auto Hrvatska Business Group can ensure that it distributes premium brand vehicles that are manufactured to the highest sustainability standards.

In addition to being part of the value chain of car manufacturers, Auto Hrvatska Business Group also cooperates with other suppliers of goods used in services and parts sales, as well as with its business partners. Therefore, it has much greater power in choosing sustainable suppliers, i.e. in choosing products and services from suppliers with a lower negative impact on the environment. The company implements a responsible procurement policy, which helps it directly influence its suppliers and encourage them to improve their sustainable practices to jointly increase the positive impact across all areas of sustainability. The topic of sustainable procurement is one of the strategic topics of Auto Hrvatska Business Group.

## Own operations

How does Auto Hrvatska Business Group create value? Mobility has a significant impact on social and economic progress and well-being. Auto Hrvatska Business Group continuously adapts its business strategy, promoting mobility and creating a positive impact in all markets in which it operates for more than 70 years. Auto Hrvatska Business Group's business strategy is built on the expertise and innovation of its employees, top-quality solutions for vehicle procurement, related equipment and maintenance services, operational efficiency, and a strong market position with high recognition in local markets.

Auto Hrvatska Business Group places strong emphasis on reducing its indirect environmental impact by offering low-emission vehicles and promoting e-mobility. With its offer of electric vehicles and low-emission vehicles, Auto Hrvatska Business Group reduces air pollution and fossil fuel consumption, which directly increases the sustainability of the transport sector. In addition, as part of its commercial range, Auto Hrvatska Business Group will have to adapt to the EU directive on the procurement of green vehicles in public tenders. It means that by 2026, at least half of the purchased public transport vehicles will have to have a zero-emission rate. Auto Hrvatska Business Group thus wants to achieve a higher rate of sustainable mobility in the markets in which it operates.

In its services, Auto Hrvatska Business Group strives to extend the life of vehicles through regular maintenance and specialised services, such as the reconditioning of brake callipers and other car parts. This reduces the need for new vehicles but also the amount of waste and resources needed to produce new parts.

In addition, Auto Hrvatska Business Group continuously invests in higher energy efficiency of office buildings, in which it uses green energy and installs its own capacities to produce energy from renewable sources. These measures reduce the environmental footprint of Auto Hrvatska Business Group and help preserve the environment for future generations.

## Sales chain

Most of the vehicles distributed and sold by Auto Hrvatska Business Group primarily use fossil fuels. Since the greatest negative impact on the climate comes from the end users using vehicles with internal combustion engines, Auto Hrvatska Business Group can act to promote e-mobility through its activities. Namely, Auto Hrvatska Business Group carefully selects the brands it represents, promotes e-mobility and extends the life of vehicles through its own servicing and reconditioning, to ensure sustainable mobility for all its users and reduce emissions in its business (Scope 3) and directly in the business of its customers (B2B, B2C).

In the long term, the growing number of electric vehicles on the roads will reduce the impact on the climate, but the production of vehicles itself will have to be efficient in order to encourage a circular economy through design in production and reduce emissions. Although increasingly popular, electric vehicles are not yet an adequate option for all end users due to high prices and the lack of charging infrastructure in the group's markets. Therefore, Auto Hrvatska Business Group can use its expertise to encourage sustainable alternatives that have a less harmful impact on greenhouse gas emissions. For example, climate impact reduction, in addition to EV sales, can be achieved through the sales of vehicles with engines that meet Euro 6 standards and higher, such as vehicles that can be filled with hydrotreated vegetable oil (HVO) or biodiesel, and hybrid vehicles. In addition, the use of AdBlue in newer diesel vehicles reduces emissions of NOx compounds, which are converted into water vapour and nitrogen.

In addition to the distribution and sales of vehicles, one of the main activities of Auto Hrvatska Business Group is servicing, which extends vehicle service life.

## SBM-2 Interests and views of stakeholders

### Description of cooperation with stakeholders

Interaction with stakeholders is a key component of Auto Hrvatska Business Group's business model since they directly and indirectly contribute to value creation and long-term success. Auto Hrvatska Business Group incorporates stakeholder interests and perspectives to ensure its strategy aligns with the actual needs and expectations of all relevant stakeholders.

Stakeholder engagement is a continuous process that includes regular communication through various channels, such as surveys, focus groups, interviews, and workshops. The information collected in this way is used to make informed business decisions and adapt the strategy in accordance with ESG goals.

### Key stakeholders and their categories

The following table shows the way in which Auto Hrvatska Business Group communicates with its key stakeholders, the purpose of these engagements, and their results. Stakeholder views contribute to a higher-quality due diligence and materiality assessment process.

Stakeholders	Method of interaction with stakeholders	Aim of cooperation	Example of outcomes related to material sustainability topics
<b>Owners and shareholders</b>	Regular meetings, interaction at the shareholders' assembly, annual integrated report, and official website	Improved reputation, transparency and respect for shareholder interests for transparent information, long-term strategic goals	Alignment of long-term strategy with sustainable financing requirements
<b>Employees</b>	Regular management and employee meetings, occupational safety committee meetings, intranet, JENZ, satisfaction surveys, team building and employee socialising, employee satisfaction survey (last conducted in 2023)	Continuous communication about the importance of sustainability topics and integration of employee feedback into the sustainability strategy	Planned adoption of an employee development strategy and its integration into internal policies
<b>Customers</b>	Intensive communication on a daily basis, annual meetings, official websites, and individual meetings	Inclusion of customer interests in action plans to reduce emissions throughout the value chain by promoting the circular economy and decarbonisation	Customer interests in sustainable solutions (certification of rental buildings – Heinzelova) resulted in the Platinum DGNB certificate
<b>End users</b>	Communication via the Internet	End users' interests must be considered primarily for the protection of privacy and safety	The application of the ISO 9001 standard ensures active management of relationships with end users
<b>Suppliers</b>	Regular meetings, evaluations and audits of suppliers, contractual relations, and official websites	Increased transparency in the supply chain, finding new sustainable purchased products, and increased synergy in strategic initiatives	The application of ISO 14001 and 50001 standards ensures consistent application of sustainable procurement principles
<b>Banks and financial institutions</b>	Regular meetings and financial and integrated reports	The scope of sustainability information required by the financial industry is ensured	The adopted sustainability strategy and planned investments enable "green financing"
<b>Regulators and authorities</b>	All legal and other regulatory announcements related to sustainability and other legal obligations are monitored	Ensure that Auto Hrvatska Business Group is in compliance with legal regulations and best business practices	Active promotion of sustainable mobility solutions contributes to green public procurement and decarbonisation of cities, and transparent reporting on sustainability
<b>Non-profit organisations</b>	Meetings with representatives, cooperation on joint projects, official websites	Strengthening the group's social responsibility and positive image and including their opinions in strategic initiatives	Active assistance to non-profit organisations, sports teams, and communities affected by natural disasters
<b>Scientific community</b>	Collaboration on research projects, conferences, publications and expert papers, and participation in career days	Use innovations and sustainable technologies in practice and consider the interests of young talents and how to attract them through a sustainability strategy	Active cooperation with the scientific community
<b>Media</b>	Regular press releases, interviews, press conferences, official websites, LinkedIn	Improved visibility and transparency of business, brand strengthening	Further cooperation with the media



**Organisation of cooperation with stakeholders**

Engagement with key stakeholders is the foundation of the sustainable business model of Auto Hrvatska Business Group. Through stakeholder identification, categorisation and structured forms of cooperation, Auto Hrvatska Business Group ensures that the interests of all interest groups are an integral part of its business processes. This approach creates long-term value, strengthens trust, and helps achieve sustainability goals.

The stakeholder engagement process is structured and includes all forms of cooperation within the Business Group under the ESG team, which includes representatives of key departments such as sales, procurement, human resources, finance, controlling, and corporate communications. The results of the engagement include the adoption of new ESG goals, adjustment of the sustainability strategy, and improvement of corporate transparency.

**Strategy adjustment and future steps**

Based on continuous cooperation with key stakeholders, Auto Hrvatska Business Group adjusted its strategy and business model in 2023 to further improve sustainability, digitalisation, and market competitiveness. In 2024, we continued this trend and made further investments to develop an offer of environmentally friendly vehicles, especially electric and hybrid, and strengthen sustainable business practices through membership in the Croatian Green Building Council and the H2 Association (Croatian Association for the Development and Application of Carbon Technologies).

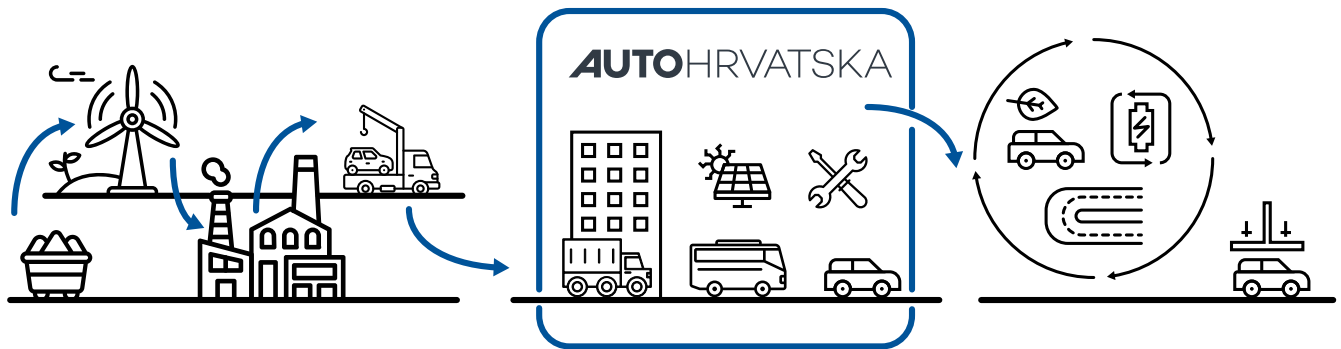
We are particularly focused on the digitalisation of business processes, optimisation of internal systems and improvement of the user experience through technological innovations. Thanks to regular communication with partners, employees and customers, we have identified key areas for further improvements, including sustainable procurement, efficient resource management, and development of employee competence in line with the latest trends.

SBM-3

## Material impacts, risks and opportunities and their interaction with strategy and business model

Material impacts, risks and opportunities (IRO) have been identified along the entire value chain, from key components and production of vehicles, trucks, and buses to own operations, including servicing, production, and sales of vehicles and their further use. Our double materiality process identified impacts, risks and opportunities across 4 key standards.

The visual below shows a consolidated list of our key topics within which material impacts, risks and opportunities across the value chain have been assessed at the topic, sub-topic and sub-sub-topic levels. A detailed overview of material impacts, risks and opportunities and their links to strategy and time horizons is presented under chapter SBM-3's respective topic-related standards.



Supply chain	Own operations	Sales chain
E1 – Climate change CO <sub>2</sub> emissions in our operations and value chain Energy consumption and mix		
E5 – Circular economy Waste		
	S1 – Own workforce Health and safety Training and skills development	
G1 – Business conduct Business conduct and corporate culture (risk management)		
G1 – Business conduct Supplier relationship management (sustainable procurement)		

No significant financial impacts of material IROs are currently expected to result in adjustments to the carrying amounts of assets and liabilities in the next reporting period. A risk or opportunity is considered material if the expected financial impact exceeds 10% of EBITDA. Quantification of the financial impacts of specific risks and opportunities will be required next year in accordance with the phased approach under ESRS 1, Appendix C.

For the conducted resilience analysis related to climate change, please refer to the section Climate change – physical and transition risks. For other material topics, the Board of Directors considers that the strategy and business model are sufficiently resilient to manage material impacts and risks and seize opportunities, as described in the relevant sections of the report.

Below is a consolidated overview of material impacts, risks and opportunities, grouped by topic-related standards:

Material topic	Category	Description	Measures and link to strategy	Time period	Value chain
<b>E1 – Climate change (Climate change mitigation)</b>	<b>Impact</b>	CO <sub>2</sub> emissions in vehicle production and use, emissions from own operations (fleet, electricity).	Increase in the share of EVs in the fleet to 30% by 2026, investment in RES and charging infrastructure.	Short, medium and long term	SuC / OO / SaC
	<b>Risk</b>	Transition to EVs and regulatory changes can bring unpredictable dynamics to the industry.	Monitoring of regulations, cooperation with EV suppliers, EV segment employee education.	Medium and long term	SuC / OO / SaC
	<b>Opportunity</b>	Development of RES and e-mobility can position Auto Hrvatska Business Group as a leader in sustainable mobility.	Investment in energy efficiency, charging stations, and digitalisation of the fleet.	Short, medium and long term	OO / SaC
<b>E1 – Energy mix</b>	<b>Impact</b>	High energy consumption in operations and the supply chain increases operating costs and negative impact on the environment.	Rational energy consumption programme, increasing the share of green energy.	Short, medium and long term	SuC / OO
	<b>Risk</b>	Dependence on fossil fuels may cause rising costs and regulatory challenges.	Optimisation of energy consumption, investments in energy efficiency.	Medium and long term	OO
	<b>Opportunity</b>	Energy consumption optimisation and increasing use of RES can improve ESG performance.	ISO 50001, investment in solar power plants and energy efficient facilities.	Short, medium and long term	OO
<b>E5 – Use of resources and circular economy</b>	<b>Impact</b>	Large amounts of waste (metal, oil, rubber, plastic) from production and servicing have a negative impact on the environment.	Implementation of ISO 14001, waste monitoring and reduction	Short, medium and long term	SuC / OO / SaC
	<b>Opportunity</b>	Parts reconditioning (brake callipers) can reduce costs and increase revenue and sustainability.	Expansion of parts reconditioning and development of cooperation with manufacturers.	Short, medium and long term	OO / SaC
<b>S1 – Own workforce (Training and skills development)</b>	<b>Impact</b>	The need for new knowledge (EV, sustainability) directly affects the quality of services.	Internal training programmes, cooperation with suppliers in employee training.	Medium term	OO / SaC
	<b>Risk</b>	The lack of personnel skilled in EV technologies can cause operational problems and affect revenue.	Career development plans, mentoring, adaptation of training to new technologies.	Medium and long term	OO
	<b>Opportunity</b>	Investments in education improve talent retention, reduce turnover, and increase employee satisfaction.	Development of a system for continuous education, turnover trend monitoring	Medium and long term	OO
<b>S1 – Own workforce (Health and safety)</b>	<b>Impact</b>	Service technicians are exposed to hazardous substances and machinery and face physical exertion.	Safety protocols, equipment modernisation, regular inspections, and training.	Short, medium and long term	OO
	<b>Risk</b>	Work-related injuries and sick leave can increase costs and reduce productivity.	Investment in safety standards, risk reduction through equipment and training.	Medium and long term	OO
<b>G1 – Business conduct and corporate culture (risk management)</b>	<b>Impact</b>	Promotion of ethics and transparency enhances reputation and stakeholder trust.	Strengthening the Code of Conduct, employee education on business ethics.	Short, medium and long term	SuC / OO / SaC
	<b>Risk</b>	Inadequate risk management can lead to operational problems and financial losses.	Strategic risk management, implementation of a compliance monitoring system.	Medium and long term	OO
	<b>Opportunity</b>	Effective risk management improves resilience and adaptability to market changes.	Development of a comprehensive risk management system.	Medium and long term	OO
<b>G1– Supplier relationship management (sustainable procurement)</b>	<b>Impact</b>	Responsible procurement reduces ESG risks in the supply chain and increases transparency.	Implementation of a sustainable procurement policy, cooperation with suppliers who share the same values.	Short, medium and long term	SuC / OO
	<b>Risk</b>	Cooperation with unsustainable suppliers can cause reputational and financial problems.	Supplier evaluation through sustainable criteria, long-term partnerships with ESG-compliant companies.	Medium and long term	SuC / OO

## 2.3.4 Impact, Risk and Opportunity Management

### 2.3.4.1 Disclosures on the Materiality Assessment Process

#### IRO-1

Description of the processes to identify and assess material impacts, risks and opportunities

In 2024, Auto Hrvatska Business Group conducted a double materiality assessment process in accordance with the ESRS standard. This included (1) setting the context, mapping the value chain, setting the operational control boundaries, (2) market research, (3) key stakeholder identification, (4) identification of key topics for assessment, (5) stakeholder engagement, and (6) impact and financial materiality assessment as the basis for the double materiality matrix. A detailed description of the double materiality assessment process follows below:

#### 1. Mapping the value chain and setting the operational control boundaries

The double materiality assessment process began by Auto Hrvatska Business Group's value chain mapping. An operational control boundary was also set, which includes all companies and all locations within Auto Hrvatska Business Group. In accordance with item 46 of the ESRS E1 in Annex 2 to the Delegated Act, the operational control boundaries in the value chain are defined according to the GHG protocol for calculating Scope 1 and 2 emissions. After setting the boundary, all activities and business relationships of the group and the affected stakeholders within the value chain were analysed.

#### 2. Market research

The automotive industry is in the midst of a significant transition related to decarbonisation and digitalisation. Since vehicle use contributes to a tenth of total CO<sub>2</sub> emissions globally, to prepare for the implementation of the double materiality process, (a) market research based on industry standards (SASB, MSCI), (b) analysis of similar companies (peer analysis) and (c) review of EU-level regulations that directly or indirectly affect Auto Hrvatska Business Group were carried out (In the coming years, several key EU directives and acts will directly affect the automotive industry, especially commercial and heavy-duty road transport vehicles. These acts are aimed at reducing emissions, encouraging sustainable technologies and improving road safety, thereby supporting the transition to more sustainable mobility in the future: European Green Deal, "Fit for 55%" package, Alternative Fuels Infrastructure Directive (AFID), Regulation (EU) 2019/1242 setting CO<sub>2</sub> emission performance standards for new heavy-duty vehicles, Regulation on Euro 7 emission standard, Directive 2009/33/EC on clean vehicles, Battery Regulation.)

#### 3. Identification of key stakeholders

As described in more detail in section SBM-2 – Interests and views of stakeholders, based on the conducted value chain analysis, Auto Hrvatska Business Group identified key stakeholders and the way in which they interact, which is presented in detail under SBM-2 – Interests and views of stakeholders. For the purpose of implementing the first step of the double materiality process, the following internal stakeholders were involved:

- Board of Directors
- Senior management and members of the ESG team

These stakeholders selected significant topics relevant to Auto Hrvatska Business Group during the first strategic workshop. Based on the previously presented market research, they went through all topics, subtopics and sub-sub-topics listed in the ESRS standard and selected the most significant ones for Auto Hrvatska Business Group. Their assessments were used as a starting point for further IRO assessments.

Other key stakeholders in the process of material topic assessment included:

- employees
- main suppliers of all members of the Business Group
- main customers of all members of the Business Group and
- the academic community.

#### 4. Identification of key topics for assessment



#### 4. Identification of key topics for assessment

The first strategic workshop, which brought together 22 internal stakeholders (members of the Board of Directors, senior management and members of the ESG operational team), identified topics for assessment. The SWOT analysis of Auto Hrvatska Business Group, market research and simplified value chain map of Auto Hrvatska Business Group were used as a starting point. The participants went through all 123 topics, subtopics and sub-sub-topics in the ESRS standard (in accordance with ESRS 1 AR 16. – Sustainability matters to be included in the materiality assessment). After assessment and consultations, they concluded that the first year of the double materiality process will focus on topics that are of direct materiality to Auto Hrvatska Business Group: E1 – Climate change, E5 – Circular economy, S1 – Own workforce and G1 – Governance.

The workshop also included a survey in which stakeholders evaluated the topics, subtopics and sub-sub-topics. They decided to assess them through surveys, interviews, and focus groups.

#### 5. Stakeholder engagement

The next step of external assessment of the IROs involved the group's employees, key suppliers, key customers, and the academic community, who assessed how relevant a specific topic or IRO were from their perspective. In addition to the survey, Auto Hrvatska Business Group has developed various other forms of two-way communication with stakeholders. These two approaches confirmed that the opinions of external stakeholders were taken into account when assessing the topics and IROs.

#### 6. Double materiality matrix and impact, risk and opportunity (IRO) assessment

After stakeholders, the ESG team and the relevant organisational units conducted an impact, risk and opportunity (IRO) assessment for all 26 topics. The IRO assessment was divided into two parts: impact materiality assessment and financial materiality assessment.

Impact materiality focuses on areas where impacts are considered likely to arise based on the nature of Auto Hrvatska Business Group's activities, business relationships, and geographical features, and how changes in external stakeholders in the value chain could affect Auto Hrvatska Business Group's operations. The assessment was based on the ESRS methodology (they assessed whether the impact is real or potential, its maturity, whether it relates to people, the environment or both, how likely it is to occur, how remediable it is, the level of severity of the negative impacts (scale), and how widespread the impact is (scope).

Financial materiality, on the other hand, considers how changes in stakeholder behaviour, climate, and society can affect the financial results of Auto Hrvatska Business Group. It includes an assessment of risks (physical and transitional) and opportunities that have or could have an impact on financial position:

- (a) INCOME STATEMENT** – Increase/decrease in demand and revenue from individual activities, increase in costs (e.g. CO<sub>2</sub> taxation), raw material prices, profitability
- (b) ASSETS** – Investment due to a change in the business model (asset unusability) or necessary investment in new assets
- (c) LIABILITIES** – Decrease/increase in the value of capital, availability of financing, provisions and/or
- (d) CASH FLOW** – Decrease/increase in cash flow (OCF).

The financial materiality assessment was conducted according to the ESRS standard methodology and determined whether the risk or opportunity is real or expected, its maturity, probability and magnitude.

Comparison of the impact materiality assessment and financial materiality of individual IRO identified material topics. They are presented in chapter SBM-3 – Significant impacts, risks and opportunities and their interaction with the strategy and business model within each individual topic-related standard.



## 2.4 Environment – Sustainable Mobility

We are aware of our responsibility towards the environment and the impact our business has on climate change and natural resources. As part of the automotive industry, we recognise the key role we play in the transition to sustainable mobility, so we strive to optimise resource consumption, reduce emissions, and develop business models that are sustainable in the long term. Our sustainability strategy is based on higher energy efficiency, fleet electrification and a circular economy, to reduce our negative environmental impacts and contribute to cleaner and more efficient mobility solutions. We work in line with ESRS standards, regulatory requirements, and best industry practices to increase the resilience of our business model and provide sustainable products and services to our customers. The transition to sustainable mobility is not only a regulatory requirement but also a strategic opportunity that allows us to strengthen our competitiveness, reduce risks related to climate change, and optimise costs through innovation in resources and technologies.

**ESRS E1****Climate change**

Auto Hrvatska Business Group is part of the automotive industry, which is one of the significant sources of greenhouse gas emissions. For that reason, we must play an active role in reducing our environmental footprint. This includes the reduction of carbon dioxide emissions. Climate change directly affects our business, which requires systematic climate risk management and business model adaptation. Increasingly stringent regulatory requirements and growing market trends are driving us to decarbonise our operations through strategic investments, innovation, and resource optimisation. In accordance with the ESRS standard, we are assessing physical and transitional climate risks, and we constantly improve energy efficiency and develop climate change adaptation measures. This transition is crucial for regulatory compliance but also for our long-term stability and resilience of our business model.

E1 SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

Impact / Risk and opportunity		Description		Measures and link to strategy	Time horizon	Value chain
E1 Climate change – Climate change mitigation						
+/-	Material impacts	A/P			S/M/L	SuC/OO/SaC
-	Auto Hrvatska Business Group's business activities include the sale of vehicles (trucks, buses, cars) which have a materially negative impact on CO <sub>2</sub> emissions through the vehicle production process itself, and even more so through the use of vehicles	A	The negative impact of company operations primarily comes from emissions related to vehicle fleet rental (Scope 1) and the purchase of electricity (Scope 2) The largest share of emissions come from emissions from the sales chain	Auto Hrvatska Business Group is increasing the installation of RES in buildings and parking lots, including charging station infrastructure and the purchase of green energy Auto Hrvatska Business Group is increasing its offering of electric and hybrid vehicles and has adopted a plan that the share of EVs in its own fleet will be 30% by 2026 The biggest limiting factor for the decarbonisation of the sales chain is the lack of demand for EVs and the growth of infrastructure	Short, medium and long term	SuC OO SaC
Risk						
	The transition towards higher share of EVs and the related regulations are expected to affect the automotive industry and may bring unpredictable dynamics to the sector (RCP 2.6)	P	The lack of investment in EV infrastructure in the markets where Auto Hrvatska Business Group operates may negatively affect decarbonisation goals and financial indicators	Active monitoring of regulations, cooperation with suppliers offering EVs, and active investment in the education of employees who will be involved in the sale and servicing of EVs	Medium and long term	SuC OO SaC
Opportunity						
	Higher share of RES in company operations, investments in the construction of electric charging stations, and stronger promotion of EVs can position Auto Hrvatska Business Group as a partner of first choice and contribute to faster decarbonisation	P	Higher energy efficiency of buildings, electrification of the vehicle fleet, and investment in electrical infrastructure	In 2024, the Heinzlova business centre received the Platinum DGNB certificate, which attracts quality tenants who see decarbonisation as an important strategy	Short, medium and long term	OO SaC
E1 Climate change – Energy						
+/-	Impact	A/P			S/M/L	SuC/OO/SaC
-	Car production consumes large amounts of energy in the entire supply chain, and Auto Hrvatska Business Group consumes energy in its operations, thereby negatively affecting the climate	A/P		The business group adopted a rational energy consumption programme, while additional initiatives to change the energy mix are planned as part of the transition plan	Short, medium and long term	SuC / OO

Legend: A/P (actual and potential), Time horizon S (short term), M (medium term), L (long term), Value chain: SuC (supply chain), OO (own operations), SaC (sales chain)

IRO-1

## Description of the processes to identify and assess material climate-related impacts, risks and opportunities

### Impacts

In order to identify the climate impacts of our business, we have been monitoring greenhouse gas emissions in accordance with the GHG Protocol (Scope 1 and 2) for the second year in a row. We continuously monitor the efficiency of our business by direct emission and energy consumption monitoring at our locations. In 2023, we started purchasing green energy from HEP, while we obtain the rest of the energy from our own solar power plants (60744 MWh), which cover 16% of our needs in Croatia.

The management of energy resources and environmental aspects of our business is based on a system certified according to ISO 14001:2015 and ISO 50001:2018. Based on this system, we regularly monitor energy consumption and the efficiency of business operations. Each location is subject to systematic monitoring and evaluation of energy performance to identify key areas for optimisation and reduction of energy consumption. We have implemented procedures for continuous energy flow measurement and analysis, and we use this data to assess the impact on climate change and make decisions about further improvements.

In 2024, we calculated our Scope 3 GHG emissions for the first time, to find that the key emissions come from category 1 – Purchased goods and services (55,440 tCO<sub>2</sub>e) and category 11 – Use of sold products (44,405 tCO<sub>2</sub>e). We analyse our business activities to assess actual and potential climate impacts in accordance with our business strategy. In order to determine in detail all the potential for further reduction of GHG emissions, we expect an even more precise calculation of Scope 3 emissions in 2025, after which we will determine in detail the transition plan and the decarbonisation plan for individual areas.

The emission inventory allows us to better understand areas in which, directly or indirectly, Auto Hrvatska Business Group affects climate change and in which part of the value chain our impact is highest.

### Risks

Short-term and medium-term climate risks are analysed within different business areas, while long-term risks are assessed as part of risk management at the group level. Climate risks are expected to materialise more significantly in the long term (more than 5 years). Auto Hrvatska Business Group plans to establish a risk management system (ERM) in order to be able to more actively and strategically monitor all risks related to business operations.

### Physical climate risks

In 2024 CLIMATIG prepared a snapshot of physical and acute climate risks for our three key locations (Heinzlova, Radnička and Hrvatski Leskovac) and made an assessment of physical risks according to the RCP 4.5 scenario with a time period from 1991 to 2100 via geolocation, with key climate threats in the foreground. All three locations have an average risk of climate threats, and the greatest threats identified were heat waves, heavy rainfall, stormy winds, hail, and drought. Auto Hrvatska Business Group adapted its most valuable location, the one in Heinzlova Street, to DGNB in 2024, which made the location adapt to climate risks, and brought additional investments in energy efficiency. Additionally, given the increased risk of hail, we plan additional investments to protect the parking lots with vehicles.

As part of physical risk management, we regularly assess environmental aspects at all locations in line with a ISO 14001:2015 standard. These assessments include an analysis of the risks associated with extreme weather conditions and their possible consequences on operational processes and infrastructure. In addition, based on the ISO 50001:2018 system, we carry out energy audits to identify measures to reduce risks and increase energy resilience.



## Transitional climate risks

The methodology for the analysis of resilience to transition risks is based on NGFS climate scenarios (Network for greening the financial system), where key NGFS scenarios are used: (1) gradual transition (orderly scenario) – government policies are gradually tightened in order to reach the goal below 2°C; (2) chaotic transition (disorderly scenario) – political uncertainty leads to the sudden introduction of strict climate regulation through a rapid increase in carbon prices; (3) postponement of action (hot house world scenario) – due to lack of political will, extreme weather conditions occur that negatively affect the global economy and (4) rapid transition (net zero 2050) – technological innovations enable a rapid replacement of fossil fuels.

We rely on an ISO 14001:2015 system and systematically analyse transition risks through an assessment of regulatory requirements and market conditions that may affect business operations. Furthermore, energy management based on an ISO 50001:2018 system enables long-term planning of energy resource optimisation in order to reduce the negative financial impact of climate policies.

In order to comprehensively assess climate transition risks, the 2024 resilience analysis used Representative Concentration Pathways (RCP) scenarios, developed by the Intergovernmental Panel on Climate Change (IPCC). These scenarios allow for the assessment of different levels of global warming and their impact on regulatory, technological, and market factors relevant to the operations of Auto Hrvatska Business Group. Three key RCP scenarios were used that provide different perspectives on future climate conditions and regulations:

- RCP 2.6 – a rapid decarbonisation scenario in which global warming is limited below 2°C, with strict climate regulations and accelerated electrification of the mobility sector.
- RCP 4.5 – a moderate scenario that implies gradual implementation of climate policies, but still a significant share of vehicles with internal combustion until 2045.
- RCP 8.5 – a scenario of high emissions without effective climate measures, which results in long-term use of fossil fuels and a delay in the development of electric mobility.

Auto Hrvatska Business Group deals is engaged in the sale and servicing of trucks, buses, and passenger vehicles, making all segments of its operations – ranging from new vehicle sales to maintenance and after-sales services – susceptible to transitional climate risks. These risks have different intensities in the short, medium and long term, depending on regulatory, technological, and market factors.

Analysis of transition risk scenarios has shown that the costs associated with carbon prices, without additional decarbonisation measures, represent a significant financial risk in the low-carbon scenario (RCP 2.6), especially in the long term. However, the analysis found that this risk can be mitigated by a gradual transition to electric and alternative fuels (hydrogen, LNG, biofuels) and by adapting service capacities to new technologies.

### E1 GOV-3 Integration of sustainability-related performance in incentive schemes

In 2024, Auto Hrvatska Business Group did not include environmental performance in incentive schemes. It plans to introduce them after the adoption of the transition plan and the overall programme of decarbonisation goals.

### E1-1 Transition plan for climate change mitigation

In 2023 Auto Hrvatska Business Group made a carbon footprint calculation for that year (Scope 1 and 2). A Scope 1, 2 and 3 calculation was made for 2024, showing the sources of emissions within all key categories. In order to gain better insight and for more detailed monitoring of the Scope 3 emissions inventory during 2025, the group decided to prepare a detailed transition plan in 2025/2026 based on the information obtained.

<sup>1</sup>The transition risk analysis is based on the NGFS Climate Scenarios (v5.0, 2023). Carbon price data is taken from the NGFS publication "Technical Documentation on Climate Scenarios" (2023), available at <https://www.ngfs.net/en/ngfs-climate-scenarios>.

## E1-2 Policies related to climate change mitigation and adaptation

Auto Hrvatska Business Group is committed to climate risk management and higher energy efficiency in accordance with sustainable business policies. It has adopted a Quality, Environmental Protection and Energy Efficiency Management Policy, which commits it to systematically reduce its negative impact on the environment and adapt its operations to climate change. This policy is based on the international standards ISO 14001:2015 and ISO 50001:2018, which guarantees compliance with regulatory requirements and best environmental management practices. The Group transparently publishes information on its environmental protection and energy efficiency policy through internal communication channels for employees and the Group's official website ([www.autohrvatska.hr](http://www.autohrvatska.hr)) for external stakeholders.

In order to reduce greenhouse gas emissions and optimise resource consumption, Auto Hrvatska Business Group is implementing a number of initiatives aimed at improving the environmental efficiency of its operations. Key policy priorities include activities to reduce CO<sub>2</sub> emissions, increase energy efficiency, optimise waste management, and gradually transition to renewable energy sources. The Group continuously analyses its environmental aspects and improves its operational processes in order to achieve long-term sustainability.

One of the main policy objectives is to reduce overall energy consumption through consumption monitoring in business facilities and implementing energy-efficient technologies. Auto Hrvatska Business Group invests in the modernisation of service centres and office spaces and encourages the use of environmentally friendly solutions in logistics and transport. Moreover, it continuously monitors climate risks and opportunities and adjusts business processes to increase resilience to potential environmental changes.

Climate policy management within Auto Hrvatska Business Group is overseen by the environmental protection and energy efficiency department, while the Board of Directors is responsible for strategic decisions and secures financial resources for the implementation of environmental measures. Regular internal and external audits ensure the effectiveness of the policy and its adaptation to new regulatory requirements and technological innovations.

Auto Hrvatska Business Group also places strong emphasis on educating employees and partners on sustainable practices, ensuring that environmental initiatives are effectively integrated across the business ecosystem. Through the environmental indicator monitoring system, the group monitors progress in the reduction of its environmental footprint and energy efficiency. The results of the analyses are used to make future decisions on climate change adaptation strategies.

Through these policies, Auto Hrvatska Business Group reaffirms its commitment to sustainable business while reducing its environmental impact and strengthening long-term resilience to climate change.

### E1-3 Actions and resources in relation to climate change policies

Auto Hrvatska Business Group continuously implements measures to reduce energy consumption, increase energy efficiency, and mitigate climate change. In accordance with the international standards ISO 14001:2015 and ISO 50001:2018, it has developed a systematic approach to energy monitoring and optimisation in order to improve environmental performance and reduce CO<sub>2</sub> emissions.

Energy efficiency optimisation is a key element of Auto Hrvatska Business Group's climate strategy. All its locations monitor energy consumption on a monthly and annual basis to identify opportunities for efficiency improvement. Thanks to the energy optimisation system, energy losses in heating, cooling, and lighting are reduced. In addition, risk and opportunity assessments are continuously conducted to further optimise energy consumption.

As part of the climate change mitigation strategy, Auto Hrvatska Business Group is implementing measures to reduce CO<sub>2</sub> emissions through efficient energy consumption planning and optimisation of the use of fossil fuels. The company places string focus on adopting new technologies to lower emissions and improve the environmental performance of its operations.

It uses key resources to put these measures into practice. These resources include energy efficiency experts, who monitor the implementation of policies and analyse energy performance. The use of digital systems for monitoring energy consumption allows for detailed analysis of trends and data-based decision-making. In addition, the company relies on financial resources which it uses to invest in energy efficiency, modernise infrastructure, and reduce the overall energy footprint.

Auto Hrvatska Business Group conducts internal audits of the energy efficiency system to continuously improve climate measures and their compliance with long-term sustainability strategies. The company regularly monitors key environmental indicators, including energy consumption. Since 2023, it has also been tracking CO<sub>2</sub> emissions to enhance transparency and inform future actions.

Through a systematic approach to energy efficiency optimisation and emission reduction, Auto Hrvatska Business Group continues to implement strategies to reduce its carbon footprint and achieve long-term sustainability of its business, thus aligning itself with regulatory requirements and climate sustainability goals.

### E1-4 Targets related to climate change mitigation and adaptation

In accordance with the international standards ISO 14001:2015 and ISO 50001:2018, the group has defined environmental protection and energy efficiency objectives in line with SMART criteria. Key objectives include the reduction of energy consumption, higher use of renewable energy sources, and improvement of the monitoring system that will lead to a reduction in CO<sub>2</sub> emissions. Measures to achieve these goals take the form of resource optimisation, system modernisation, gradual integration of solar panels, regular measurements, and reporting on emissions.

The highest level of responsibility for the implementation of the goals belongs to the Board of Directors and Executive Directors of the Business Group, which ensure the implementation and monitoring of achievements through annual system performance assessments. Based on the analysis of the results, the company adopts corrective measures to achieve the planned goals.

In the process of defining and realising goals, the company takes into account key stakeholders' interests, including employees, customers, regulatory authorities, and local communities.

Auto Hrvatska Business Group remains committed to continuous improvement of environmental performance and will continue to implement energy efficiency and decarbonisation measures in its operations. Future steps are focused on resource optimisation and development of innovative solutions that contribute to the group's climate resilience and sustainability.

## E1-5 Energy consumption and mix

Auto Hrvatska Business Group, as a leader in the automotive industry, continues to demonstrate environmental responsibility through systematic energy consumption management in all business centres. Analysis of electricity and gas consumption from 2020 to 2024 indicates a strategic approach to the reduction of negative environmental impact, despite business growth and the opening of new locations.

### Energy mix

(MWh)	2023	2024	Change (%)
<b>Total energy consumption</b>	<b>7,352</b>	<b>7,147</b>	-2.79%
<b>Consumption from fossil sources</b>	<b>4,236</b>	<b>3,822</b>	-9.76%
<b>Consumption from nuclear sources</b>	<b>0</b>	<b>0</b>	0.00%
<b>Consumption from renewable sources</b>	<b>3,116</b>	<b>3,325</b>	6.69%
Purchased and/or procured energy	2,554	2,717	6.38%
Fuel consumption from renewable sources	0	0	0.00%
Electricity, heat, steam, and cooling from renewable sources	2,554	2,717	6.38%
Self-produced energy	562	607	8.09%

Energy consumption and mix	2023	2024
(1) Fuel consumption from coal and coal products (MWh)	-	-
(2) Fuel consumption from crude oil and petroleum products (MWh)	55 MWh	60 MWh
(3) Fuel consumption from natural gas (MWh)	3,968 MWh	3,490 MWh
(4) Fuel consumption from other fossil fuels (MWh)	-	-
(5) Consumption of purchased or acquired electricity, heating, steam and cooling energy from fossil sources (MWh)	213 MWh	272 MWh
<b>(6) Total energy consumption from fossil fuels (MWh) (calculated as the sum of rows 1 to 5)</b>	<b>4,236 MWh</b>	<b>3,822 MWh</b>
<b>Share of energy from fossil sources in total energy consumption (%)</b>	<b>57.61%</b>	<b>53.48%</b>
<b>(7) Consumption from nuclear sources (MWh)</b>	<b>-</b>	<b>-</b>
<b>Share of energy from nuclear sources in total energy consumption (%)</b>	<b>-</b>	<b>-</b>
(8) Consumption of renewable fuels including biomass (which also includes industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) (MWh)	-	-
(9) Consumption of purchased or acquired electricity, heating, steam and cooling energy from renewable sources (MWh)	2,554 MWh	2,717 MWh
(10) Consumption of energy from renewable sources from own production other than fuel (MWh)	562 MWh	607 MWh
<b>(11) Total energy consumption from renewable sources (MWh) (calculated as the sum of rows 8 to 10)</b>	<b>3,116 MWh</b>	<b>3,325 MWh</b>
<b>Share of energy from renewable sources in total energy consumption (%)</b>	<b>42.39%</b>	<b>46.52%</b>
<b>Total energy consumption (MWh) (calculated as the sum of rows 6 to 11)</b>	<b>7,352 MWh</b>	<b>7,147 MWh</b>

The Heinzlova Business Centre recorded a rise in electricity consumption to 1,749 MWh in 2024, while gas consumption decreased to 1,714 MWh, indicating optimisation of energy resources. The Radnička Business Centre continues the trend of reduction in electricity consumption, which now amounts to 264 MWh, while gas consumption decreased significantly to 586 MWh, confirming the effectiveness of the measures taken.

In Hrvatski Leskovac, electricity consumption increased to 345 MWh in 2024, while gas consumption remained stable at 488 MWh. Similar trends are visible in other business centres, Osijek, Zadar and Pazin, where data shows continuous monitoring and management of energy resources.

In the Varaždin branch, gas consumption increased to 192 MWh, which is also the case in Karlovac, with an increase to 353 MWh recorded. On the other hand, Dugopolje, Kaštel Sućurac and Rijeka successfully maintain stable energy consumption, while additional efforts to optimise consumption have been recorded in Skopje, Doboj and Sarajevo.

Total electricity consumption in 2024 amounts to 3,597 MWh, while gas consumption dropped to 3,490 MWh, which confirms the success of the introduced energy efficiency and sustainable business measures.

Auto Hrvatska Business Group continues to implement an integrated quality, environmental, and energy efficiency management system in accordance with the ISO 9001:2015, ISO 14001:2015 and ISO 50001:2011 standards. In addition, all purchased electricity in Croatia comes from 100% renewable sources that have the ZelEn certificate.

## E1-6 Gross Scopes 1, 2, 3 and Total greenhouse gas emissions

The calculation of greenhouse gas emissions and presentation of results of Auto Hrvatska Business Group for 2024 were prepared in accordance with the GHG Protocol (Greenhouse Gas Protocol) and includes seven main greenhouse gases (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC and PFC compounds, SF<sub>6</sub>, NF<sub>3</sub>).

The organisational boundaries for the calculation follow the methodology described in the GHG Protocol, which allows for two approaches for consolidating greenhouse gas emissions: the equity share approach and the control approach (financial or operational). The approach used to calculate the carbon footprint of Auto Hrvatska Business Group was the control approach. This approach includes emissions from sources over which the company has operational control, regardless of ownership of these sources.

The sources of greenhouse gas emissions included in the greenhouse gas inventory of Auto Hrvatska Business Group are divided into three basic categories in accordance with the GHG Protocol methodology:

- Scope 1 – Direct emissions from sources owned or under operational control
- Scope 2 – Indirect emissions from the production of purchased electricity, steam, heating, and cooling used by the group
- Scope 3 – Emissions from the value chain



## OVERVIEW OF CONSOLIDATED EMISSIONS AT AUTO HRVATSKA BUSINESS GROUP LEVEL

(tonnes of CO <sub>2</sub> e, unless otherwise stated)		2023.	2024.	Promjena (%)
<b>Total Scope 1 gross emissions</b>		<b>1,674.86</b>	<b>1,655.54</b>	<b>-1.2%</b>
	Stationary sources	891.15	863.57	-3.1%
	Mobile sources	783.71	791.97	1.1%
	Direct fugitive emissions	0.00	0.00	0.0%
<b>Total Scope 2 gross emissions (location)</b>		<b>581.00</b>	<b>594.82</b>	<b>2.4%</b>
	Stationary sources	565.70	576.18	1.9%
	Leased facilities	15.30	18.64	21.8%
<b>Total Scope 2 gross emissions (market)</b>		<b>204.64</b>	<b>194.38</b>	<b>-5.0%</b>
	Stationary sources	189.34	175.74	-7.2%
	Leased facilities	15.30	18.64	21.8%
<b>Total Scope 1 and 2 gross emissions (market)</b>		<b>2,460.50</b>	<b>2,444.74</b>	<b>-0.6%</b>
<b>Total Scope 3 gross emissions*</b>		<b>0.00</b>	<b>137,418.12</b>	
	Scope 3.1 Purchased goods and services		55,440.00	
	Scope 3.3 Fuel and energy not included in Scopes 1 and 2		502.17	
	Scope 3.4 Upstream transportation and distribution		10,453.21	
	Scope 3.5 Waste generated in operations		718.43	
	Scope 3.7 Employee commuting		291.33	
	Scope 3.10 Processing of sold products		6,300.64	
	Scope 3.11 Use of sold products		44,405.14	
	Scope 3.12 End-of-life treatment of sold products		19,307.20	
<b>Total GHG emissions (location)</b>		<b>581.00</b>	<b>594.82</b>	<b>2.4%</b>
<b>Total GHG emissions (market)</b>		<b>2,460.50</b>	<b>2,444.74</b>	<b>-0.6%</b>
Revenue (in thousands of euros)		242,182.41	272,081.64	12.35%
<b>Intensity of GHG emissions (location, per €1000 of revenue)</b>		<b>0.000%</b>	<b>0.000%</b>	<b>-8.4%</b>
<b>Intensity of GHG emissions (market, per €1000 of revenue)</b>		<b>0.001%</b>	<b>0.001%</b>	<b>-11.1%</b>
<b>Intensity of GHG emissions (market, per employee)</b>		<b>3.14</b>	<b>3.02</b>	<b>-3.8%</b>
<p>* Currently collected data at the Auto Hrvatska group level is not sufficient for a relevant calculation of the following categories: Scope 3.2 Capital goods, Scope 3.6 Business travel, Scope 3.9 Downstream transportation and distribution. The following categories are not applicable for the calculation: Scope 3.8 Upstream leased assets emissions, Scope 3.13 Downstream leased assets, Scope 3.14 Franchises, Scope 3.15 Investments.</p>				

## OPSEG 1

**Scope 1** emissions are those that the group directly emits during its operations. Sources can be stationary, mobile or fugitive (most often from air conditioning units). For Auto Hrvatska Business Group, this includes:

- (A) Stationary sources: fuel combustion in boilers and steamers owned or operationally controlled by the company that are used to heat space and water within the company's facilities/buildings;
- (B) Mobile sources: fuel combustion in vehicles that the company operationally controls and are the result of fossil fuel combustion (petrol, diesel);
- (C) Fugitive emissions occur as a result of leaks, evaporation, or other unintentional releases of gases used as refrigerants in air-conditioning systems of facilities or vehicles.

Data to calculate greenhouse gas emissions was collected via a structured Excel questionnaire, which was distributed to all companies within Auto Hrvatska Business Group. The aim of the questionnaire was to consistently and accurately collect relevant data required for the calculation of emissions within Scope 1.

### Questionnaire structure and content

The questionnaire was structured across several key categories to cover all emission sources:

- Fuel consumption in stationary sources (boilers, generators, heating systems) – required for the calculation of direct emissions from stationary sources (Scope 1);
- Fuel consumption in the vehicle fleet – including vehicle type, fuel, amount of fuel consumed, and number of kilometres travelled, which enables the calculation of direct emissions from mobile sources (Scope 1);
- Data on cooling systems – information on refrigerant gases used and potential fugitive emissions (Scope 1).

### Data collection and validation process

1. Distribution of the questionnaire: the questionnaire was distributed to all companies within Auto Hrvatska Business Group with clear instructions for completion.
2. Companies complete the data: each company submitted data on all relevant emission sources for its operating unit.
3. Data validation and analysis: after collection, the data was reviewed for consistency, accuracy and completeness. If it was found to be inconsistent or incomplete, additional verification and communication with responsible persons within the companies followed.
4. Use of standardised emission factors: relevant emission factors taken from internationally recognised sources (IPCC, JRC, national databases) were applied to the collected data in order to accurately calculate emissions. This methodological approach enabled a consistent, transparent, and accurate calculation of CO<sub>2</sub>e emissions; therefore, the report reflects the actual emissions of Auto Hrvatska Business Group and serves as a reliable basis to monitor and manage the carbon footprint.

Scope 1 emissions largely arise from the use of natural gas and heating oil for space heating and fuel combustion in vehicles within our fleet. Total Scope 1 emissions at the group level are stable (-1% compared to the previous year), with emissions from stationary sources slightly decreasing and those from mobile sources slightly increasing. A decrease in emissions from stationary sources may indicate energy optimisation or a reduction in fuel consumption, while an increase in emissions from mobile sources may be the result of increased vehicle use.

## OPSEG 2

**Scope 2** emissions are indirect greenhouse gas emissions resulting from purchased electricity and heat/steam used to heat or cool facilities and spaces used by the group. These emissions are the result of the production and delivery of energy used by the group, which is generated outside its operational boundaries. Scope 2 emissions related to the purchase of electricity in accordance with the Greenhouse Gas Protocol are defined based on two methods (location method and market method).

**Location method** – Average emission factors for electricity produced and consumed in the regional or national grid.

**Market method** – Emission factors that reflect the actual energy mix used by the company (based on power purchase agreements, renewable energy certificates or other evidence of the origin of the energy).

Data collection methodology:

Data to calculate greenhouse gas emissions was collected via a structured Excel questionnaire, which was distributed to all companies within Auto Hrvatska Business Group. The questionnaire was structured to cover all emission sources:

- Electricity consumption – with separate data on total consumption and data on suppliers, which allows for the calculation of emissions according to the location and market method (Scope 2)
- Thermal energy consumption – data on purchased thermal energy, if applicable, for the calculation of emissions within Scope 2.

The data collection and validation process is structured in the same way as for Scope 1.

Limitations and notes

For all its locations in the Republic of Croatia, Auto Hrvatska Business Group purchases electricity with a ZelEn certificate (issued by the supplier), which confirms that the electricity supplied is 100% from renewable energy sources. The body responsible for issuing guarantees of origin issues a certificate confirming that the supplier has retired the guarantees of origin in the Register of Guarantees of Origin for companies of Auto Hrvatska Business Group for the reporting year.

The certificates are issued each year in March for the previous calendar year. They do not provide detailed information on the exact renewable sources used to produce the supplied electricity, or on the specific emission factors for the supplied MWh of electricity at a particular site.

To calculate emissions associated with purchased electricity using the market-based method in Croatia, the average greenhouse gas emission factor for electricity generated from renewable sources – sourced from the national emission factor database – was applied.

The data used for emission factors was taken from the following sources:

	EF vehicles	EF of purchased electricity from suppliers – location method	EF of purchased electricity from suppliers – market method	EF of solar cells owned by the company	EF of combustion of energy for heating (natural gas, heating oil, pellets, LPG)	EF of refrigerants in devices
<b>CRO</b>	National Database of Greenhouse Gas Emission and Removal Factors of the Republic of Croatia					IPCC, AR6 WGI Report – Chapter 7, Supplementary material
<b>SLO</b>	Značilne neto kalorične vrednosti in emisijski faktorji za leto 2023, Agencija Republike Slovenije za okolje	Bastos, Joana; Monforti-Ferrario, Fabio; Melica, Giulia (2024): GHG Emission Factors for Electricity Consumption. European Commission, Joint Research Centre (JRC) [Dataset]	European Residual Mixes 2022 – Association of Issuing Bodies	/	Značilne neto kalorične vrednosti in emisijski faktorji za leto 2023, Agencija Republike Slovenije za okolje	/
<b>BiH</b>	IPCC 2006, Volume 2 Energy, Chapter 3, Mobile Combustion (Tables 3.2.1 and 3.2.2)	Bastos, Joana; Monforti-Ferrario, Fabio; Melica, Giulia (2024): GHG Emission Factors for Electricity Consumption. European Commission, Joint Research Centre (JRC) [Dataset]	European Residual Mixes 2022 – Association of Issuing Bodies	/	Bastos, Joana; Monforti-Ferrario, Fabio; Melica, Giulia (2024): GHG Emission Factors for Local Energy Use. European Commission, Joint Research Centre (JRC) [Dataset]	/
<b>MKD</b>	IPCC 2006, Volume 2 Energy, Chapter 3, Mobile Combustion (Tables 3.2.1 and 3.2.2)	Bastos, Joana; Monforti-Ferrario, Fabio; Melica, Giulia (2024): GHG Emission Factors for Electricity Consumption. European Commission, Joint Research Centre (JRC) [Dataset]	European Residual Mixes 2022 – Association of Issuing Bodies	/	Bastos, Joana; Monforti-Ferrario, Fabio; Melica, Giulia (2024): GHG Emission Factors for Local Energy Use. European Commission, Joint Research Centre (JRC) [Dataset]	/

A slight reduction in Scope 2 emissions under the location method indicates improved energy efficiency or a better energy mix. A significant difference between the location method and the market method concerns the purchase of energy from renewable sources (ZelEn certificate). Emissions from thermal energy consumption are stable and relatively low in the overall carbon footprint of Auto Hrvatska Business Group.

## OPSEG 3

**Scope 3** emissions include all indirect greenhouse gas emissions that occur in the value chain but are not under the direct control of the group. They include emissions related to activities such as raw material procurement, transportation, use and disposal of products, business travel, and emissions from suppliers and customers.

Auto Hrvatska Business Group has just established its inventory of Scope 3 emissions, which means that in the coming period we will be identifying data related to suppliers and after-sales product consumption, data on material procurement, and data on transport and disposal of vehicles after the end of their life, as well as establishing a more thorough monitoring of employee transport. Since this is the first year of calculating Scope 3 emissions, the plan is to expand the inventory and improve the quality of the data in the coming years to obtain a comprehensive and accurate picture of Auto Hrvatska Business Group's emissions.

The calculation of Scope 3 emissions is based on the following data:

- Direct data: when available, organisation-specific data was used. All companies of Auto Hrvatska Business Group submitted available data as of 31 December 2024 for the reporting year 2024.
- Industry averages: when specific data was not available, industry averages were used.
- Estimates: when data was incomplete, estimates based on an analysis of similar business models and emission sources were applied.

### Significant emissions from categories within Scope 3

Category 1: Purchased goods and services

- This category includes emissions associated with the production of all purchased products and services used in operations. In the context of Auto Hrvatska Business Group, data on the quantity of vehicles and parts purchased was collected and emission factors were used that take into account emissions per tonne of materials produced.

Category 3: Fuel and energy-related activities (not included in Scope 1 or 2)

- This category includes emissions resulting from the use of fuels and energy in operations that are not included in Scope 1 or 2. Data from energy consumption invoices was used for their calculation and emission factors based on energy sources were applied.

Category 4: Transportation and distribution of goods

- This category includes emissions from the transportation of purchased goods to warehouses and business units. For their calculation, the method of approximation of the average transport distance was used and emission factors for different transport methods were applied (road, sea, air).

Category 5: Waste generated in operations

- It includes emissions from the processing of waste generated by business activities. Primary data on the types of waste produced and disposal methods was used and the corresponding emission factors were applied (for recycling, incineration and landfill).

Category 7: Employee commuting

- Emissions indirectly produced due to employee commuting. A survey was conducted at the level of Auto Hrvatska Business Group in order to collect data on employee commuting habits. Emissions were calculated based on average emissions by mode of transport.

Category 10: Processing of sold products

- The Auto Hrvatska Business Group product range includes vehicle parts, the processing of which falls into this emission category. Data on sold parts was used to calculate emissions, taking into account emissions generated during the processing of vehicles and their parts.

Category 12: End-of-life treatment of sold products

- This category includes emissions from the disposal of vehicles and components at the end of their life. Industrial data for recycling and disposal was used for the calculation.

### E1-7 GHG removals and GHG mitigation projects financed through carbon credits

Auto Hrvatska Business Group does not remove greenhouse gases and does not have any greenhouse gas mitigation projects financed by carbon credits.

### E1-8 Internal carbon pricing

Auto Hrvatska Business Group does not apply internal carbon pricing systems in its operations.

### E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Auto Hrvatska Business Group has opted to make use of the phase-in provision, choosing not to disclose E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities in the first year of compiling its sustainability statement.

## ESRS E5 Resource use and circular economy

Auto Hrvatska Business Group is committed to extending the life of products through reconditioning, reuse and recycling processes and waste reduction. By implementing circular business models, including servicing, reconditioning and reuse of parts, we strive to reduce waste generation and improve waste management.

### ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

In 2024, Auto Hrvatska Business Group conducted a double materiality assessment process in accordance with the ESRS standard, including the identification of material impacts, risks and opportunities related to resource use issues, and the circular economy. The procedure is described in detail in chapter ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities. The table below shows the identified material impacts, risks and opportunities (see also SBM-3 – Material impacts, risks and opportunities and their interaction with the strategy and business model).

Furthermore, Auto Hrvatska Business Group has implemented a system in accordance with the ISO 14001 standard for environmental management, which enables the identification and assessment of impacts, risks and opportunities related to pollution and resource management. Through continuous monitoring of business activities and their impact, Auto Hrvatska Business Group identifies opportunities for resource optimisation and implementation of a circular economy, especially through the development of vehicle parts reconditioning and waste reduction. The goal is to reduce reliance on a linear economy and increase the share of sustainable practices. In accordance with the ISO 14001 standard, Auto Hrvatska Business Group conducts consultations with relevant stakeholders to ensure compliance with regulatory requirements and achieve sustainable development goals. The company pays special attention to the involvement of local communities, and professional organisations in processes related to resource management and the transition to a circular economy.



E5 SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

Impact / Risk and opportunity		Description		Risk reduction measures and link to strategy	Time horizon	Value chain
E5 Resource use and circular economy – WASTE						
+/-	Material impacts	A/P			S/M/L	SuC/OO/SaC
-	Car production and the entire supply chain generate large amounts of waste, including waste car parts, but also hazardous waste (used oil, metal, tyres, packaging)	A	In the event of inadequate disposal, waste negatively affects water, biodiversity and air pollution, which can endanger nature and the local community.	Auto Hrvatska Business Group implements an environmental management system in accordance with the ISO 14001:2015 standard, which ensures monitoring and reduction of waste through systematic sorting and recycling. Waste management is optimised through cooperation with recycling centres and suppliers of sustainable materials.	Short, medium and long term	SuC OO SaC
Opportunity						
+	Circular economy and higher share of recycled materials, including the reconditioning of spare parts, can increase revenues, reduce costs and help establish a sustainable circular business model.	A	Auto Hrvatska Business Group has developed a line of brake calliper reconditioning and can also expand to the reconditioning of other spare parts, which can be an opportunity to position itself in the chains of large car/ truck manufacturers who aim to increase the share of the circular economy or sell to other customers in Croatia and other foreign markets. This can have a positive impact on revenue and profit and extend the life of products and components	Auto Hrvatska Business Group relies on the principles of ISO 14001:2015 and continuously improves resource and waste management through systematic monitoring and optimisation of secondary raw material management, with a special emphasis on the reconditioning of automotive parts, such as brake callipers, with the aim of extending the life of products and reducing the need for new raw materials.	Short, medium and long term	OO SaC

E5-1

Policies related to resource use and the circular economy

Auto Hrvatska Business Group has developed a systematic waste management policy in accordance with the international standards ISO 14001:2015 and ISO 50001:2018 to ensure responsible resource management and optimisation of material use. The policy is implemented to reduce the total amount of waste, increase recycling and reuse of materials, including the reconditioning of automotive parts.

As part of the policy, Auto Hrvatska Business Group applies an integrated waste management system, which includes regular monitoring and analysis of waste by category and optimisation of the sorting and recycling process. The focus is on hazardous waste, such as used oil, metal parts, tyres and packaging, which require special disposal methods to reduce the negative impact on the environment.

In order to transition to a circular economy, the policy includes cooperation with recycling centres and suppliers of sustainable materials, encouraging the repair and reconditioning of vehicle parts, and supply chain optimisation to reduce dependence on primary raw materials. The policy is aligned with national and European waste management regulations and regular internal and external audits are conducted to ensure its effectiveness.

## E5-2 Actions and resources related to resource use and the circular economy

In order to achieve the goals of the waste management policy, Auto Hrvatska Business Group implements measures to reduce waste and increase recycling, including:

- Implementation of a digital waste monitoring system, which enables accurate waste records and optimisation of recycling procedures;
- Classification of waste by category and optimisation of recycling procedures, with special attention paid to hazardous waste, including motor oils, batteries and metal parts;
- Development of a programme of reconditioning and reuse of vehicle parts, including brake callipers, batteries, and other components to reduce the need for new raw materials;
- Increasing cooperation with recycling centres and sustainable suppliers, which improves waste flow control and reduces the company's environmental footprint;
- Optimisation of the packaging and storage of vehicle parts, including the reduction of the use of disposable materials and the transition to sustainable solutions;
- Employee education on proper waste management in order to increase the internal efficiency of sorting and recycling;
- Optimisation of waste transportation in order to reduce emissions associated with disposal procedures.

These measures are part of the broader sustainability strategy of Auto Hrvatska Business Group. Their implementation reduces the total amount of waste, increases the share of recycled materials, increases the share of raw materials, and reduces the negative impact of operations on the environment.

## E5-3 Targets related to resource use and the circular economy

In accordance with the long-term sustainability strategy, Auto Hrvatska Business Group has established measurable waste management objectives within the system in accordance with the ISO 14001:2015 standard. It monitors them through internal processes of continuous evaluation of waste and recycling. The objectives are aimed at reducing the total amount of waste, increasing the recycling rate, and optimising resources in accordance with the principles of the circular economy and regulatory requirements.

Key waste management objectives:

- Reduce the amount of municipal waste by improving operational procedures and implementing advanced waste sorting methods;
- Increase revenue from the sale of secondary raw materials to achieve economic and environmental sustainability of the business;
- Increase the share of recycled materials in business processes, with a special emphasis on the reuse of automotive parts and waste reduction through the reconditioning of brake callipers, batteries and tyres;
- Improve hazardous waste management procedures by storage and recycling optimisation in accordance with national and European regulatory frameworks;
- Develop and implement digital tools for waste recording, thereby increasing transparency and optimising resource management;
- Achieve full compliance with the circular economy by systematically implementing waste reduction, recycling, and raw material optimisation strategies.

For the sake of consistency and achieving the set goals, Auto Hrvatska Business Group conducts regular assessments of the effectiveness of waste management strategies based on the methodology for monitoring environmental indicators and internal system audits based on the ISO 14001 standard.

The set goals are directly related to policies and activities in the area of waste management and are part of a broader strategy for reducing the environmental footprint of business operations. Their implementation includes continuous improvement of the waste sorting process, increased cooperation with recycling partners, and optimisation of material reuse procedures.

Auto Hrvatska Business Group recognises waste management as a key element of sustainable business operations and, through certified environmental management systems and the development of a circular economy, ensures waste reduction, improved operational efficiency, and long-term resilience of business operations to regulatory and market changes.

Quantified performance indicators and time frames will be included in the Waste Management Policy and Action Plan to ensure the set goals are achieved. The preparation of these documents is under way, and we plan to complete them during 2025.

## E5-5 Waste

Waste generated in 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.

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. Along with the waste, an accompanying (tracking) form is submitted to authorised companies.

Generated waste from own operations by composition (in tonnes)

Waste category (in tonnes)		2023	2024
	Total waste generated by own operations	688,52	831,50
1	Hazardous waste intended for disposal	262,37	313,36
2	Non-hazardous waste intended for disposal	426,15	518,14
<b>TOTAL INTENDED FOR DISPOSAL (sum of 1 and 2)</b>		<b>688,52</b>	<b>831,50</b>

The total mass of hazardous and non-hazardous waste generated from the operations of Auto Hrvatska Business Group that was either diverted from disposal or intended for disposal during the reporting period. The largest share of the total waste is waste oils and similar oily waste (approx. 34%), iron and alloys containing iron and steel (24%), waste car tyres (17%), and paper and cardboard packaging (15%), while the remaining portion is made up of various other waste categories (10%).

**Waste diverted from disposal** is defined as waste that has been recycled, prepared for reuse or recovered through other processes. Waste is classified as recycled if it undergoes any process or treatment that converts it into new materials that can have further use. The share of non-hazardous waste that is prepared for reuse refers to vehicle parts (brake callipers and injectors). In business terms, this is a significant share of our contribution to the circular economy, but given their weight, the share in total waste is very low.

**Waste intended for disposal** includes waste that has been incinerated, sent to landfill, or has undergone other disposal processes. Since we do not have available data on the method of disposal of waste intended for landfill, this data is shown as "n/a". We will try to obtain this data in the coming period, but it depends on the authorised collectors and their analytics.

Waste is considered hazardous if it meets one or more of the characteristics listed in Annex III to Directive 2008/98/EC. The share of hazardous waste has been decreasing for several years in a row and is currently 37.7% (in 2024 it was 38.1%, while in 2020 it was over 41%). The treatment of chemicals, oils, and fuels is under constant monitoring. Wastewater from workshops is channelled to 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.

***Non-recycled waste generated from own operations (in tonnes)***

Total mass of waste in tonnes that is not recycled, calculated as the total amount of waste intended for disposal, including waste prepared for reuse and waste that has undergone other recovery operations.

***Share of waste prepared for reuse and recycled***

The total amount of waste that is recycled and reused, expressed as a percentage of total waste generated. Waste is classified as recycled if it undergoes any process or treatment that converts it into new materials that can have further use. The share of non-hazardous waste that is prepared for reuse refers to vehicle parts (brake callipers and injectors). In business terms, this is a significant share of our contribution to the circular economy, but given their weight, the share in total waste is very low.

**E5-6**

**Anticipated financial effects from material resource use and circular economy-related risks and opportunities**

Auto Hrvatska Business Group has opted to make use of the phase-in provision, choosing not to disclose E5-6 – Anticipated financial effects from material resource use and circular economy-related risks and opportunities in the first year of compiling its sustainability statement.





## 2.5 Social Issues – People Are Our Strength

### ESRS S1 Own workforce

Our employees are the foundation of the success and long-term resilience of Auto Hrvatska Business Group. Their expertise, professionalism and commitment help us maintain high business standards and adapt to market challenges. In accordance with ESRS standards, we are committed to creating a safe, stimulating, and inclusive working environment, where training, career development, and employee well-being are our priorities.

To ensure business stability and growth, we focus on continuous improvement, better working conditions, and a strong corporate culture. We support our employees through training and development programmes, while also prioritising their occupational health and safety. We want to strengthen our employees' capacities, increase employee satisfaction and engagement, and ensure that Auto Hrvatska Business Group remains a reliable and stable partner for the future.

### S1 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

All employees of Auto Hrvatska Business Group are encompassed by the report and are included in it. The scope of the report includes employees in Croatia, Slovenia, North Macedonia, and Bosnia and Herzegovina – four countries in the region where Auto Hrvatska Business Group operates. In addition to its own workforce, Auto Hrvatska Business Group occasionally hires people under alternative contract types, such as student or temporary contracts. The share of individuals hired under such alternative contracts is very low, accounting for approximately 2% of the total workforce compared to those employed under standard employment contracts. When hiring people through other contract types, both sexes have equal employment opportunities.

Recognising the influence of our strategy and business model on society – as well as the risks and opportunities stemming from reliance on human resources – we conducted a survey (digital questionnaire) among internal stakeholders (employees, including management) as part of the double materiality assessment process to gather their views on material topics across various sustainability aspects. In addition to this survey, we explored their interests through satisfaction surveys and other communication channels.

In the context of social matters under the ESRS standards, Auto Hrvatska Business Group has identified S1 – Own workforce as a material topic. In addition to being highly important for the Group, this topic also holds strategic relevance for Auto Hrvatska Business Group's key employees and partners. For example, maintaining high standards for our own workforce guarantees the safety, satisfaction, and productivity of employees, which is crucial for business success. Given the complexity and risks in sales and servicing activities, the health and safety of workers comes first. The implementation of employee training and development programmes can bring significant development progress and improve working conditions. Therefore, Auto Hrvatska Business Group will strategically focus on two sub-topics: (a) training and skills development and (b) health and safety.

The table shows an overview of the impacts, risks and opportunities under the material topic S1 – Own workforce:

Impact / Risk and opportunity		Actual/ potential	Measures and link to strategy	Time period	Value chain
<b>Own workforce (S1) – Training and skills development</b>					
+/-	Material impacts	A/P		S/M/L	SuC/OO/SaC
+	An increase in employee skills and competencies can directly affect the quality of sales, servicing, and vehicle rental services, especially in the context of new knowledge required for electric vehicles and mobility services. This increases customer satisfaction and loyalty and affects revenue growth.	A	Investment in internal training programmes and external education for the continuous professional development of employees, including specialised training on vehicle sales and servicing and the use of new technologies	S	OO/SaC
	<b>Risk</b>				
-	Changes in the industry, including electrification, require new knowledge in numerous departments of Auto Hrvatska Business Group (servicing, sales, maintenance). Without trained employees, Auto Hrvatska Business Group may face operational problems, delays, and vehicle breakdowns, which may contribute to a drop in revenue and a decrease in profitability.	A	Career development and mentoring plans for employees, opportunities for continuous learning and improvement of specific skills, and cooperation with key suppliers in educational training programmes	M/L	OO
	<b>Opportunity</b>				
+	Investing in continuous education and development helps attract and retain talented employees, enhances the work environment, and reduces employee turnover. All this reduces onboarding costs and the stability of business results	P	Investment in internal training programmes and external education for the continuous professional development of employees while actively monitoring the turnover trend and developing programmes for employee development and retention	M/L	OO
<b>Own workforce (S1) – Health and safety</b>					
+/-	Material impacts	A/P		S/M/L	SuC/OO/SaC
-	Service technicians are exposed to risk when working with machinery and equipment, inhaling gases, hazardous waste, waste oils, etc., which can negatively affect their health. Accidents at work can have serious consequences due to the nature of the work.	A	Auto Hrvatska Business Group has already implemented clear and stringent occupational safety rules that each employee is required to follow. It may also invest in equipment modernisation to reduce the risk of occupational injuries or conduct regular safety inspections and training.	S/M	OO
	<b>Risk</b>				
-	In the event of occupational injuries and sick leave due to bad health, Auto Hrvatska Business Group may have direct (costs of wages in relation to efficiency) and indirect costs (costs of replacing / hiring new employees) due to injuries, burnout or absence from work, as well as high insurance, compensation, and reduced productivity costs.	A	Auto Hrvatska Business Group has already implemented clear and stringent occupational safety rules that each employee is required to follow. It may also invest in equipment modernisation to reduce the risk of occupational injuries or conduct regular safety inspections and training.	S/M	OO

Although the transition plan has not been adopted at the time of this report, no job losses or significant restructuring are expected due to the company's future plans and measures to reduce carbon emissions in accordance with international agreements. Furthermore, there are no operations with a high risk of forced, compulsory, or child labour, nor does the group operate in countries or geographical areas where this would be prevalent.

## S1-1 Policies related to own workforce

### *Policies*

Auto Hrvatska Business Group has adopted a Human Resources Policy that defines policies and processes in human resources management. Additional significant internal documents related to its own workforce are the Employee Handbook, Decisions on other material employee rights (remuneration based on employment), Decision on education standards, Rulebook on occupational safety, Decision on the appointment of a commissioner for the protection of employee dignity, Rulebook on the procedure for reporting internal irregularities, Decision on the appointment of a commissioner for reporting irregularities, Education Standards document, and the Code of Ethical Business Conduct.

### *Protection of human rights and relations with employees*

In all its activities, Auto Hrvatska Business Group is committed to actively respecting human rights. It respects human rights and workers' rights by adhering to the Labour Act, Collective Agreement, Employee Handbook and all other relevant documents. The Human Resources Policy outlines a commitment to upholding the principles of equality and compliance with the law. Business conduct and practice are continuously aligned with rulebooks, legal regulations, and internal acts. Respect for human rights is embedded in the Business Group's operations and contractual obligations. During the reporting period, there were no reports of violations of employee rights.

Auto Hrvatska Business Group ensures regular and timely communication with employees and their elected representatives regarding significant business changes that may impact them. It provides this information before the changes take effect, allowing employees and their representatives sufficient time to understand and respond appropriately. 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. Auto Hrvatska Business Group adheres to best practices in employee care and, in close collaboration with the company's Trade Union Commissioner, addresses all key matters concerning employee rights.

### *Mechanisms for the protection of employee dignity*

Auto Hrvatska Business Group has appointed Commissioners for the Protection of Dignity, providing all employees with a confidential channel to report any actions that violate their human rights, involve discrimination, or constitute harassment. The Employee Handbook prescribes the procedure and measures for the protection of employee dignity. In addition, all employees can use anonymous and non-anonymous reporting channels, i.e. they can send anonymous complaints via an internal application / social network or to group e-mail addresses of the relevant departments responsible for employee rights (Human Resources Department, Legal Affairs Department), the Board of Directors, executive directors and the Trade Union Commissioner. The Employee Handbook prescribes the reporting procedure.

Policies related to our own workforce follow the spirit of the UN Principles on Business and Human Rights and will be formally incorporated into our operations in 2025. Auto Hrvatska Business Group fosters a corporate culture and values that promote human rights, equal opportunities for all, and safe working conditions. The Auto Hrvatska Business Group Code of Ethical Business Conduct, which outlines these principles, is publicly available on the Group's website. Moreover, we apply ISO standards, including ISO 9001, ISO 14001 and ISO 50001, to ensure fair working conditions, the protection of human rights in the supply chain, responsible environmental management, and the reduction of negative impacts on people through sustainable energy consumption.

Furthermore, as part of its strategic cooperation with MAN Trucks, Auto Hrvatska Business Group adopted its MAN Code of Conduct as early as 2010. This code emphasises commitment to high ethical standards, transparency, and compliance with legal regulations, and all business partners are expected to adhere to the same principles of responsible business.

We have established constructive cooperation with the Trade Union Commissioner and members of the Trade Union in Auto Hrvatska Business Group, which is a branch of the Confederation of Independent Trade Unions and the Retail and Trade Workers Union. The trade union is regularly briefed on important decisions and business results, and the Board of Directors and executive directors consult with the trade union on measures affecting employees. Employees also have a democratically elected representative on the company's Board of Directors. The Quality, Environmental and Energy Efficiency Management Policy applies to the entire Auto Hrvatska Business Group. Auto Hrvatska Business Group is a signatory to the Code of Ethics in Business of the Croatian Chamber of Economy. Its work methods and anti-corruption activities are additionally regulated by its own Code of Ethical Business Conduct. The relationship between the governing bodies is regulated by the

company's founding documents (Articles of Association) and the Corporate Governance Code of the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange (ZSE), with which the Auto Hrvatska Business Group is partially aligned.

In its daily operations, Auto Hrvatska Business Group complies with all relevant legal regulations that prohibit human trafficking, forced or compulsory labour, and child labour, even though it is not explicitly mentioned in the policies themselves.

#### *Prevention of accidents at work*

Auto Hrvatska Business Group has implemented clear and stringent occupational safety rules that each employee is required to follow.

It has also implemented the Occupational Safety and Fire Protection Rulebook, conducted risk assessments for all roles, issued guidelines for employee behaviour in the event of an occupational injury, outlined the procedures the employer must follow in case of such injuries, and ensures that work training is conducted safely for all roles.

The Employee Handbook requires the employer to provide and maintain facilities, devices, equipment, tools, and workplace access, as well as to organise work in a way that ensures the protection of employees' life and health, in compliance with relevant regulations and the nature of the work being carried out. Before commencing the duties of a particular job, the employer is required to familiarise the employee with the method of performing the job and the potential hazards associated with the respective role. Likewise, the employer trains the employee to work in a manner that ensures the protection of the life and health of employees and prevents accidents.

#### *Discrimination and equal opportunities*

Auto Hrvatska Business Group ensures equal opportunities for all employees in accordance with the Labour Act, the Employee Handbook, and other relevant regulations. Any direct or indirect discrimination in hiring, promotion, professional development, or working conditions is strictly prohibited.

We actively protect the dignity of employees and prevent any form of harassment, mobbing, and sexual or other discrimination. For this purpose, we have appointed a Commissioner for the Protection of Employee Dignity to whom employees can submit complaints using anonymous and non-anonymous reporting channels.

The protection procedure includes:

- analysis of the complaint and establishment of relevant facts
- undertaking measures to protect employees, including warnings or temporary measures
- informing the Board of the need for urgent action in the event of a violation of employee rights.

In the event of failure to comply with the prescribed measures, the Commissioner may propose the temporary suspension of an employee who has violated the dignity of another employee or other sanctions in accordance with legal regulations. Auto Hrvatska Business Group continuously invests in the prevention of discrimination and equal opportunities for all employees, thereby encouraging an inclusive and safe working environment.

## S1-2

### Processes for engaging with own workers and workers' representatives about impacts

Auto Hrvatska Business Group regularly conducts employee satisfaction surveys to ensure the continuous improvement of working conditions and strong employee engagement. Employee feedback is used to shape strategic decisions and plan activities aimed at professional development, a better working atmosphere, and higher employee motivation.

Employees have a representative on the Board of Directors, who actively participates in decisions that are significant for the business and the workforce. In addition, the Human Resources Director regularly reports to the Board of Directors on key issues related to employees, while the Trade Union Commissioner and legal departments ensure compliance with relevant laws, collective agreements, and internal acts.

Annual meetings give employees information on the results achieved, future plans, and additional benefits to improve the working environment.

The effectiveness of measures is assessed through employee satisfaction surveys, which are conducted at least annually, and more frequently if required. All vulnerable groups of employees are equally involved in decision-making processes and activities to improve working conditions.

Such a human resources management system guarantees transparency, open communication, and continuous development of organisational culture, which further strengthens the sense of belonging and employee satisfaction.

### S1-3

## Processes to remediate negative impacts and channels for own workers to raise concerns

Employees at Auto Hrvatska Business Group can use various channels to express concerns, report irregularities, and resolve complaints, which guarantees transparency and effective protection mechanisms.

Employees can report their concerns, needs, or irregularities through the following mechanisms:

- Human Resources Department – primarily responsible for issues related to labour rights, working conditions, and professional development;
- Trade Union Commissioner – mediates in issues of working conditions and employee rights;
- Commissioner for the Protection of Employee Dignity – responsible for reports of discrimination, harassment, and other violations of rights;
- Confidential person for internal reporting of irregularities – responsible for reporting violations of laws or ethical standards;
- Internal digital channels – employees have access to the Jenz platform (internal social network), where they can anonymously ask questions and report irregularities;
- Direct contact with members of the Board of Directors and executive directors – to report more serious concerns directly to the governing bodies;
- Regular annual meetings of employees and the Board are an additional opportunity to raise concerns and make suggestions and for transparent communication about business plans and results.

The Human Resources Department, Legal Affairs Department, Occupational Health and Safety Department, as well as the Board of Directors and executive directors, handle all reports and complaints together, depending on the nature of the report. The procedure starts with the competent individual documenting the case. This is followed by analysis and investigations to verify the validity of the report. If irregularities are confirmed, appropriate measures are implemented, including corrective and preventive actions. The trade union is regularly informed of business decisions that affect employees, and governance bodies consult with the trade union commissioner when making key decisions.

The Rulebook on internal reporting of irregularities defines mechanisms of whistleblower protection from retaliation so that employees can freely report irregularities without fear of negative consequences.

In order for all employees to have access to the channels:

- Computers are also available in service workshops so that employees who do not use IT systems in their work have access to digital reporting channels;
- Jenz, the internal social network, allows employees to anonymously report questions, suggestions and concerns via mobile devices;
- Internal whistleblowing officers are publicly named and accessible to all employees, while designated persons monitor and document reports received through communication channels.

The Rulebook stipulates that reported irregularities include violations of laws and internal regulations, and the procedure includes report evaluation and the protection of the person who filed the report, investigation and measures to prevent the recurrence of irregularities, elimination of irregularities, and preventing their recurrence. The system of channels for expressing concerns is regularly evaluated and improved, ensuring the efficiency and trust of employees in the reporting mechanisms and mechanisms to remediate negative effects.



S1-4

## Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Auto Hrvatska Business Group recognises the training and development of employee skills, as well as occupational health and safety, as key areas of action in managing its workforce. In addition, work-life balance and fair pay policies are areas that are continuously monitored to improve working conditions and long-term business sustainability.

### Training and skills development

The following measures have been taken to ensure the professional development of employees and to keep pace with technological advances in the industry:

- Training and education programmes tailored to specific roles, including internal and external training;
- Investment in the development of digital competencies, especially for administrative and sales employees;
- Subsidies for professional qualifications and external education to enable employees to continuously improve their knowledge;
- Regular meetings with management to align employee development plans with company needs.

The effectiveness of the measures is monitored through an analysis of employee turnover, the results of internal satisfaction surveys, and engagement in training programmes.

### Employee health and safety

Auto Hrvatska Business Group pays special attention to the safety of employees, especially those in service workshops. Key measures include:

- Regular risk assessments in all workplaces
- Employee training on safe work according to applicable legal regulations and internal standards
- Improvement of working conditions through the modernisation of service workshops and the introduction of ergonomic improvements
- Introduction of preventive health protection measures, including health assessments and psychological support programmes
- Organisational measures such as a shorter working week for servicing employees (abolition of work on Saturdays) and remote work for office employees up to 24 days a year.

Measures are assessed and adjusted based on reports of work-related injuries, analysis of sick leave, and employee feedback.

### Monitoring the effectiveness of measures and resources

For the continuity and improvement of the measures it adopted, Auto Hrvatska Business Group conducts regular employee satisfaction surveys at least once every year and a half. It analyses exit interviews to establish the key factors in employee retention, monitors the gender pay gap and compares the average salary of employees with market standards, and conducts a benchmarking analysis within which it compares working conditions with industry averages.

The Director of Human Resources (Training and Development), the Director of Investments and the Director of Auto Tangenta (Health and Safety) are responsible for the implementation of the measures, while other topics are under the supervision of the executive directors and the Board of Directors.

Auto Hrvatska Business Group continues to monitor and adjust strategies in accordance with employee needs and ESRS requirements to ensure sustainability, competitiveness, and employee satisfaction.

S1-5

## Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

### Goal setting, monitoring performance and identified improvements

Employee-related goals are set based on the analysis of internal surveys, assessment of turnover, and skills development needs. The process of setting goals involves the Board of Directors, executive directors and the Human Resources Department, with employee feedback gathered directly via internal communication channels.

Employees actively monitor the achievement of goals through surveys and regular meetings with the management. Employee turnover, training results, satisfaction with working conditions, and health indicators are regularly analysed and presented to the Board of Directors. Annual performance reviews and development plans are conducted with more than 90% of employees. This data is used to fine-tune training and development programmes.

Auto Hrvatska Business Group uses the analysis of survey results and employee feedback to refine existing measures and develop new initiatives. Management and the board rely on employee opinions to define new training programmes, adjust working conditions, and improve safety protocols. Benchmarking analysis is used to compare internal practices with industry standards and identify areas for further improvement.

Overview of 2024 measures and goals:

- Turnover reduction by 10% (in 2024 turnover increased from 10.6% to 14.7%)
- Increase in participation in annual performance reviews >90% (94% achieved)
- Implementation of an action plan to identify successors and key employees (the project to identify successors and key employees began in the first half of 2024)
- Average number of training hours per employee 7-8 hours (9 hours in 2024)
- 0% serious injuries at work
- Continuous reduction in the percentage of minor injuries at work
- Health assessment made available for 90% of employees (97% in 2024).

## S1-6 Characteristics of the undertaking's employees

Auto Hrvatska Business Group acknowledges that people are the cornerstone of its success and has, therefore, made becoming one of the most desirable employers a strategic objective. Employee expertise, dedication and motivation play a crucial role in shaping the position of Auto Hrvatska Business Group as the first choice in the automotive industry. Employees are not only the foundation of current business but also the driving force of the future. Their competencies, innovation, and contribution shape the company development and enable further growth, success, and long-term sustainability of Auto Hrvatska Business Group.

Total number of employees of Auto Hrvatska Business Group by gender	
As of 31 December 2024	
Gender	Number of employees
Men	648
Women	161
Other	-
Undisclosed	-
<b>Total number of employees</b>	<b>809</b>

Total number of employees of Auto Hrvatska Business Group by type of contract					
As of 31 December 2024					
	WOMEN	MEN	OTHER (*)	UNDISCLOSED	TOTAL
Number of employees (number/FTE)	161	648	-	-	809
Number of permanent employees (number/FTE)	151	572	-	-	723
Number of temporary employees (number/FTE)	7	79	-	-	86
Number of employees with zero-hours contracts (number/FTE)	-	-	-	-	-
Number of full-time employees (number/FTE)	156	642	-	-	798
Number of part-time employees (number/FTE)	2	9	-	-	11

(\*) Gender as stated by employees.

**Total number of permanent employees on 31 December 2024**

Company	Men	Women	Total
Auto Hrvatska Automobili d.o.o.	204	35	239
Auto Hrvatska Prodajno servisni centri d.o.o.	214	30	244
Auto Hrvatska d.d.	28	57	85
Man Importer Hrvatska d.o.o.	48	16	64
Kam i Bus Importer d.o.o.	3	0	3
Auto Tangenta d.o.o.	0	3	3
Kam i Bus d.o.o.	45	4	49
Kamion Importer d.o.o.	1	0	1
Man Importer Makedonija d.o.o.e.l.	21	3	24
Kam In Bus Importer d.o.o.	8	3	11
<b>Total number of employees</b>	<b>572</b>	<b>151</b>	<b>723</b>

**Total number of temporary employees on 31 December 2024**

Company	Men	Women	Total
Auto Hrvatska Automobili d.o.o.	32	5	37
Auto Hrvatska Prodajno servisni centri d.o.o.	31	1	32
Auto Hrvatska d.d.	2	1	3
Man Importer Hrvatska d.o.o.	5	0	5
Kam i Bus Importer d.o.o.	0	0	0
Auto Tangenta d.o.o.	0	0	0
Kam i Bus d.o.o.	7	0	7
Kamion Importer d.o.o.	0	0	0
Man Importer Makedonija d.o.o.e.l.	1	0	1
Kam In Bus Importer d.o.o.	1	0	1
<b>Total number of employees</b>	<b>79</b>	<b>7</b>	<b>86</b>

As of 31 December 2024, Auto Hrvatska Business Group had a total of 809 employees.

In line with the criterion that requires separate reporting for countries with at least 50 employees comprising at least 10% of the total workforce, the Republic of Croatia is highlighted, with 715 employees as of the reference date.

The total number of employees who left the organisation in 2024 was 119, and the turnover rate in that year was 14.7%.

For the purposes of reporting on the characteristics of the company's employees, actual data was used, expressed according to the number of employees (headcount). The total number of employees who left the organisation was divided by the average number of employees per month and multiplied by 100. The average number of employees was calculated according to the following formula: total number of employees at the end of the month / 12 months.

## S1-7 Characteristics of non-employee workers in the undertaking's own workforce

Auto Hrvatska Business Group does not have any non-employee workers, individual contractors performing work for the company (self-employed persons), nor persons coming from companies primarily engaged in employment activities (NACE code N78).

## S1-11 Social protection

All employees of Auto Hrvatska Business Group are covered by social protection under public programmes or benefits offered by the Group in relation to loss of income due to any of the following major life events: illness, unemployment from the moment an employee is employed in the company, work-related injury and acquired disability, parental leave, and retirement.

### *Illness*

In addition to the sick pay that employees receive from the Croatian Health Insurance Fund in the event of illness, the employer pays employees long-term sick leave support in the event of sick leave lasting longer than 90 days. During the entire period of sick leave, employees receive a meal allowance, as well as all occasional monetary rewards, gifts, and rewards for work results up to the maximum non-taxable amount, regardless of the duration of the sick leave (short-term and long-term). The employer pays all employees additional 24-hour insurance, which includes the payment of insured amounts in the event of illness.

### *Unemployment*

All employees of Auto Hrvatska Business Group are covered by social measures in force in the country in which the group operates, and include the payment of legally prescribed severance pay in the event of termination of employment and compensation from the Employment Service in the event of unemployment in accordance with legal regulations.

### *Injuries at work and acquired disability*

In addition to the compensation employees receive in the event of an injury at work or disability from the Croatian Health Insurance Fund and state bodies, during the entire period of an injury at work, employees receive a meal allowance, as well as all occasional monetary rewards, gifts, and rewards for work results up to the maximum non-taxable amount, regardless of the duration of the sick leave (short-term and long-term). The employer pays all employees additional 24-hour insurance, which includes the payment of insured amounts in the event of disability and accident/injury.

### *Parental leave*

In addition to the parental leave allowance that employees receive from the Croatian Health Insurance Fund in the event of illness, the employer pays employees a meal allowance throughout the duration of parental leave, as well as all occasional monetary rewards and gifts, and rewards for work results. Employees have additional benefits in the form of gifts and occasional monetary payments up to the maximum tax-free amount for a child at the beginning of the preschool and school year and during the Christmas holidays. Employees are also entitled to financial support for the birth of a child in the maximum tax-free amount.

### *Retirement*

The employer pays employees severance pay upon retirement. In addition, at its own expense, it pays the maximum tax-deductible premium for voluntary pension insurance to employees during their employment in the third voluntary pension pillar in the closed voluntary pension fund Auto Hrvatska, which is intended to provide financial support to employees during old age and retirement.

## S1-12 Persons with disabilities

Two out of a total of 809 insured persons had the status of a person with a disability confirmed according to Article 4 of the Rulebook on the Register of Employed Persons with Disabilities, which amounts to 0.25%.

## S1-13 Training and skill development indicators

In 2024, 48.45% of employees participated in training. Of these, 81% were men and 19% were women, which is proportional to the shares of men and women in the total number of employees. In 2024, there were a total of 108 training topics.

Participation in training				
Gender	Number of employees who participated in training	Share by gender	Total number of employees	Share of employees who participated in training
Men	318	81%	648	39,31%
Women	74	19%	161	9,15%
<b>Total number of employees</b>	<b>392</b>	<b>100%</b>	<b>809</b>	<b>48,45%</b>

Data on annual performance appraisal interviews in December 2023 and January 2024 shows that 763 out of a total of 783 employees had completed the annual performance appraisal interview as of 29 February 2024, or 97% of the total number of employees. Of these, 83% were men and 17% were women. In addition, performance appraisals are conducted on a monthly basis for most employees, with incentives awarded in the form of a variable salary component. Managers are evaluated annually and receive incentives in the form of bonuses.

Annual interview				
Gender	Number of employees with whom an annual interview was conducted	Share by gender	Total number of employees	Share of employees who had an annual interview
Men	633	83%	629	80,84%
Women	130	17%	154	16,60%
<b>Total number of employees</b>	<b>763</b>	<b>100%</b>	<b>783</b>	<b>97,45%</b>

Auto Hrvatska Business Group has 796 permanent employees. The average number of training hours per employee is 9.2.

Number of training hours			
Gender	Number of hours	Number of employees	Average number of hours per employee
Men	5.860	645	9,09
Women	1.448	151	9,59
<b>Total number of employees</b>	<b>7.308</b>	<b>796</b>	<b>9,18</b>

## S1-14 Health and safety indicators

### Health and safety management system

The health and safety management system, pursuant to the law, covers all employees (100%). In 2023 and 2024, employees with permanent contracts in Croatia, Bosnia and Herzegovina, and Slovenia were entitled to a health assessment. In North Macedonia, however, the employer did not organise separate assessments, since partial health checks are regulated and mandatory under local legislation. A total of 90% of employees (638 out of 712 employees) had the right to a health assessment.

### Workplace injuries

There were a total of 13 workplace injuries reported to the Croatian Health Insurance Fund (four in Auto Hrvatska Automobili d.o.o. and nine in Auto Hrvatska Prodajno servisni centri d.o.o.). Considering the total of 715 employees in the Republic of Croatia, the accident rate is 1.82%.



There are no cases of occupational illnesses within Auto Hrvatska Business Group – illnesses caused by the prolonged direct impact of the work process and working conditions in specific jobs.

In 2024, a total of 344 working days (2613 hours) were lost among employees in Auto Hrvatska Business Group due to injuries at work. Expressed by company, 117 working days (915 hours) were lost in Auto Hrvatska Automobili d.o.o., and 227 days (1698 hours) in Auto Hrvatska Prodajno servisni centri d.o.o. In other companies, there were no injuries from accidents at work, and in Auto Hrvatska Business Group in 2024, there were no deaths at work due to accidents at work, work-related illnesses, or deaths due to illnesses.

#### S1-15 Work-life balance indicators

All employees (100%) are entitled to family leave in accordance with the regulations of the country in which the company they work for is headquartered and its internal acts. In the Republic of Croatia, employees enjoy the following family rights: maternity, paternity, child care leave and leave to care for a sick family member. All male employees in the Republic of Croatia and the Republic of Slovenia are entitled to paternity leave in accordance with the laws of the country.

In the Republic of Croatia, employees enjoy additional legal rights:

- In the event of a serious illness or urgent treatment of a family member, employees are entitled to 3 days of paid leave (in accordance with the new Collective Bargaining Agreement)
- Employees are entitled to 5 days of unpaid leave to care for a sick family member (in accordance with the Labour Act and our Employee Handbook)
- The employer may grant an employee unpaid leave of up to 30 days for the care and support for a family member (in accordance with the Collective Bargaining Agreement).

In addition to the above, Auto Hrvatska Business Group's Employee Handbook allows the employer to approve up to 30 days of paid leave in particularly significant circumstances, meaning that, in certain cases, the employer may grant more leave than required by law. All employees are entitled to the above forms of family leave in accordance with the regulations.

Number of employees who used their rights to maternity, paternity and/or parental leave in the observed period					
Number of employees	2020	2021	2022	2023	2024
Maternity leave	9	12	7	12	11
Paternity leave	0	0	4	18	22
Parental leave	21	14	18	21	28
<b>Total</b>	<b>30</b>	<b>26</b>	<b>29</b>	<b>51</b>	<b>61</b>

All employees are entitled to family leave in accordance with collective agreements, employee handbook and/or social policies of the home country in which they are employed.

#### S1-17 Incidents, complaints and severe human rights impacts

In 2024, there was one case of an application filed for the protection of dignity, while there were no reports of irregularities. Internal communication channels used for (anonymous) questions to management structures received 45 inquiries, which were answered in a timely manner and made public internally. During the reporting period, no fines, sanctions, or compensation for damages were recorded in connection with the above-mentioned cases. Also, no serious incidents related to human rights were identified, nor were any fines, sanctions, or compensation obligations imposed.



## 2.6 Governance and compliance

### ESRS G1 Business conduct

Responsible governance and compliance with regulatory and ethical standards are the foundation of the long-term success of our business. We believe that transparency, ethics, and integrity are not only legal obligations but key factors that strengthen stakeholders trust. Our management system includes strategic leadership, effective risk management and compliance with legislation and ESG standards. In this context, we place particular emphasis on maintaining strong relationships with suppliers, partners, and regulatory authorities to ensure responsible sourcing and uphold business ethics across all levels of our operations. We use clear mechanisms to combat corruption, protect whistleblowers, and implement internal controls, all to ensure responsible business conduct and the long-term resilience of our organisation.

### GOV-1 Role of the administrative, supervisory and management bodies

The administrative, management and supervisory bodies of Auto Hrvatska Business Group play a key role in setting and implementing standards of business conduct and ensuring compliance with relevant laws, regulations, and internal policies. Their responsibilities include overseeing the implementation of ethical guidelines, making strategic decisions, and managing risks related to business conduct.

To ensure the consistent implementation of business conduct policies, members of the management and supervisory bodies maintain a high level of expertise in governance, legal frameworks, and ethical standards. They receive ongoing training in compliance, anti-corruption measures, and corporate governance best practices. Their expertise enables timely identification and management of risks and opportunities related to business conduct, thereby contributing to the long-term sustainability and resilience of the business.

The effectiveness of these bodies is regularly evaluated to ensure that business is conducted in accordance with high standards of ethics, transparency, and accountability. In addition, the management and supervisory bodies actively communicate with stakeholders and employees to ensure that all processes align with Auto Hrvatska Business Group's corporate culture and sustainability strategy.

### IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

In 2024, Auto Hrvatska Business Group conducted a double materiality assessment process in accordance with the ESRS standard, including identifying material impacts, risks and opportunities related to business conduct. The procedure is described in detail in chapter ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities. The table below lists the identified material impacts, risks and opportunities (see also SBM-3 – Material impacts, risks and opportunities and their interaction with the strategy and business model).

Impact / Risk and opportunity		Actual / potential	Measures and link to strategy	Time period	Value chain
<b>Business conduct (G1) – Business conduct and corporate culture (Code of Corporate Governance and Risk Management)</b>					
+/-	Material impacts	A/P		S/M/L	SuC/OO/SaC
+	Promoting a quality corporate culture, corporate governance, ethical business practices, and transparency can improve the business and reputation of the Business Group and increase trust among stakeholders	A		Implementation and regular updating of the Corporate Governance Code and increasing compliance and of the Code of Business Ethics; Employee education on ethical standards and business ethics	M/L SuC/OO/SaC
-	Inadequate risk management can lead to financial losses, operational problems, reduced competitiveness, and in some situations, reputational damage, which can lead to negative impacts on business	A		Regular strategic assessment and updating of risks and implementation of strategies to mitigate them; Educating all employees about the importance of risk management and its role in the process	M/L OO
<b>Opportunity</b>					
+	Identification and proactive risk management can lead to greater resilience and adaptability to changes in market conditions, which ultimately results in better business results	P		Developing and implementing a comprehensive risk management system, including risk identification, assessment, and monitoring	M/L OO
<b>Business conduct (G1) – Supplier relationship management (responsible procurement)</b>					
+/-	Material impacts	A/P		S/M/L	SuC/OO/SaC
+	Promoting responsible procurement can improve sustainability and ethics in the supply chain and positively impact the business and reputation of Auto Hrvatska Business Group	A		Planned adoption and implementation of a responsible procurement policy that includes criteria for sustainability, ethics and respect for human rights; Auto Hrvatska Business Group already does business with the largest reputable suppliers who have built-in responsible procurement policies	S/M/L SuC/OO
<b>Risk</b>					
-	Cooperation with suppliers who do not respect their commitments, including environmental protection and human rights (adopted responsible procurement policy), can pose a reputational and financial risk	P		In addition to the ISO standard stipulating supplier due diligence, it is planned to adopt a responsible procurement policy that will prescribe the evaluation of suppliers and their compliance with the responsible procurement policy and the establishment of long-term partnerships with suppliers who share the same values	S/M/L SuC/OO

Auto Hrvatska Business Group has established a system for monitoring and reporting on issues related to business conduct, including ethics, compliance, and transparency of business practices. This system includes the following:

1. Internal rules and guidelines – Employee Handbook, Code of Ethical Business Conduct, Procurement and Sales Policy and Financial Policy, which define basic standards of conduct;
2. Whistleblowing mechanisms – internal reporting channels which enable employees and stakeholders to safely and anonymously report irregularities, including corruption and bribery;
3. Regular risk assessments – management bodies conduct regular risk assessments to identify and minimise potential deviations from ethical standards;
4. Education and information – employee training activities on business conduct and ethics.

Auto Hrvatska Business Group continuously improves its mechanisms for monitoring and ensuring compliance in accordance with European and national legislation and internal strategic goals.

## G1-1 Corporate culture and business conduct policies

Auto Hrvatska Business Group develops and maintains its corporate culture based on key internal documents, including the Employee Handbook, Code of Conduct and Human Resources Policy. These documents define the rules of professional and ethical behaviour, management responsibility, and the mechanisms to ensure compliance with business values and regulatory requirements. In addition, Auto Hrvatska Business Group is a signatory to the ZSE Code of Business Governance and is continuously improving compliance in a number of areas.

The Board of Directors has the ultimate responsibility for policy implementation, while executive directors and departments are responsible for operational implementation within the group. Regular evaluation and improvement of policies is carried out based on employee satisfaction surveys, evaluation of business practices, and internal and external audits.

Auto Hrvatska Business Group has established secure and transparent mechanisms for reporting irregularities and protecting whistleblowers in accordance with Directive (EU) 2019/1937, as previously described under Social Issues (see section S1-3). The Rules on the Internal Reporting Procedure ensure confidential reporting channels, protection of whistleblowers, and the appropriate handling of reports. The Commissioner for the Protection of Employee Dignity and the Compliance Advisor are responsible for handling reports. Policies and procedures are publicly available to employees via the intranet platform, while the trade union and executive directors are regularly informed about important issues.

### Anti-corruption and business ethics

Auto Hrvatska Business Group does not currently have a policy formally aligned with the UN Convention Against Corruption; however, it implements nearly all related activities in practice through the active application of the Croatian Chamber of Economy's Code of Ethics and the MAN Code of Conduct.

Measures to strengthen ethical business operations include internal training, communication of ethical guidelines, and regular evaluation of business practices. High-risk areas in the area of corruption and bribery are identified through internal assessments and monitoring of business operations. A plan for formal compliance with international standards in the area of anti-corruption is planned for future reporting periods.

Business conduct policies are available to all employees and relevant stakeholders via the intranet, training, and meetings with management. Employees have the opportunity to actively participate in monitoring policies through satisfaction surveys, feedback, and suggestions for improvement. The Board of Directors and the trade union are regularly involved in assessing policies and making decisions that may affect business conduct and organisational culture. Through this approach, Auto Hrvatska Business Group guarantees transparency, accountability, and compliance with the ESRS standard, which contributes to strengthening the corporate culture and the long-term sustainability of the business.

## G1-2 Management of relationships with suppliers

### Policy for preventing late payments, especially towards small and medium-sized enterprises

Auto Hrvatska Business Group applies a Financial Policy, along with tailored procurement and sales policies for each individual company, clearly defining payment deadlines, payment security measures, and methods of conducting business transactions. These policies are key to financial stability and transparency, especially in cooperation with small and medium-sized enterprises (SMEs). Payment analyses are conducted regularly in order to settle obligations on time and minimise financial risks for suppliers.

### Approach to managing supplier relationships and risks in the supply chain

Supplier management is based on assessing their reliability, quality, and ethical standards, while simultaneously monitoring potential risks in the supply chain. Weekly financial checks (FIN INFO reports) are conducted to verify the solvency and reliability of suppliers. The purchasing manager conducts an annual supplier assessment based on key criteria: delivery time, product quality, price, and compliance with technical standards. Audits of significant suppliers are conducted to assess business continuity and capacity.

The formal introduction of ESG criteria into supplier assessment is currently being considered to further



strengthen the sustainability of the supply chain.

#### **Inclusion of social and environmental criteria in the supplier selection process**

Auto Hrvatska Business Group does not currently have a standalone responsible procurement policy, but it adheres to ISO 9001, ISO 14001 and ISO 50001 standards, and requires its suppliers to ensure quality deliveries and compliance with defined technical specifications. Energy efficiency and environmental criteria are considered in the supplier selection process, where Auto Hrvatska Business Group has the authority to make such decisions. The MAN Code of Conduct for Suppliers and Business Partners sets out standards for corporate responsibility, environmental protection, transparency, and lawful business practices. By accepting the code, suppliers undertake to adhere to ethical standards and responsible business.

Through this approach, Auto Hrvatska Business Group ensures transparency and long-term sustainability in supply chain management, with plans to gradually incorporate additional ESG criteria in the future.

### **G1-3 Prevention and detection of corruption and bribery**

#### **Procedures to prevent, detect, and resolve corruption and bribery**

Auto Hrvatska Business Group follows the Rulebook on the work of internal audit and internal control, which outlines procedures for monitoring and controlling business activities to ensure compliance with legislation and internal regulations. This framework includes mechanisms for identifying and reporting irregularities, as well as procedures for investigating and addressing incidents related to corruption and bribery. While specific procedures for preventing corruption are not formalised as a standalone document, Auto Hrvatska Business Group actively raises awareness on this issue through internal communication and training, making it an integral part of the company's corporate culture.

Investigators or investigation committees act independently of management involved in the management or prevention of corruption to ensure that investigations are impartial and objective. The results of investigations are regularly communicated to administrative, management, and supervisory bodies through formal internal reports, ensuring prompt response and the implementation of necessary actions.

#### **Communication of policies on the prevention and detection of corruption and training programmes**

Rulebooks and codes relating to ethical business practices, including anti-corruption measures, are available to employees via the intranet and regular internal notifications. Although Auto Hrvatska Business Group does not currently require a designated training programme to combat corruption and bribery, awareness of the importance of ethical business is continuously raised through internal guidelines and employee training. Furthermore, there is currently no requirement for a training programme specifically targeting at-risk functions. However, Auto Hrvatska Business Group plans to explore introducing targeted training programmes to improve competencies for recognising and preventing corruption-related risks. Auto Hrvatska Business Group does not currently implement specific training programmes to combat corruption and bribery for members of administrative, management, and supervisory bodies, but their role in encouraging and applying high ethical standards is supported through regular evaluations and appropriate behaviour.

## G1-4 Incidents of corruption or bribery

In 2024, Auto Hrvatska Business Group did not record any violations of the regulations for the prevention of corruption and bribery, nor did they issue fines. Auto Hrvatska Business Group regularly monitors and ensures compliance with applicable legislation and internal regulations. Since there were no recorded violations of regulations or standards related to preventing corruption and bribery in 2024, Auto Hrvatska Business Group did not take additional measures to address such situations. Overall monitoring and prevention remain key priorities.

## ESRS 2 IRO-2 Disclosure requirements in the ESRS covered by the corporate sustainability statement

Auto Hrvatska Business Group has included a list of disclosure requirements that were met when compiling the sustainability statement based on the results of the materiality assessment and presented them as a table. A table with all data arising from other EU regulations listed in Appendix B – ESRS 2 can be found in the overall report published on the page <https://www.autohrvatska.hr/dionicko-drustvo.aspx>.



## 2.7 EU Taxonomy

The EU Taxonomy is a regulatory framework introduced by the European Union as a tool to help classify economic activities that can contribute to the transition to a greener and more sustainable economy.

The EU Taxonomy encompasses six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems.

In 2024, we continued to enhance our internal processes and knowledge to improve the efficiency and quality of our Taxonomy reporting, while also staying aligned with market trends, including the European Commission's frequently asked questions. Based on new information published in 2024, we adjusted our reporting on capital expenditure, as detailed below.

### Regulatory framework of the EU Taxonomy

The EU Taxonomy Regulation (EU) 2020/852 is a classification system for determining sustainable economic activities and is a key tool for redirecting capital towards environmentally sustainable investments as part of the European Green Plan. The primary purpose of the Taxonomy is to achieve climate neutrality and environmental sustainability, whereby an economic activity is considered sustainable if it:

- significantly contributes to at least one environmental goal;
- Does No Significant Harm to the achievement of other environmental objectives (DNSH criterion);
- complies with Minimum Social Safeguards according to Article 18 of the regulation.

In accordance with the Accounting Act (Article 21, paragraph 1 and Article 24, paragraph 1) and Directive 2013/34/EU, Auto Hrvatska Business Group discloses information on the share of taxonomically eligible and ineligible activities in the following:

- revenue (total sales and services),
- capital expenditure (CapEx),
- operating expenditure (OpEx),

for the following environmental objectives: climate change mitigation, climate change adaptation, sustainable use of water resources, transition to a circular economy, pollution prevention and control and biodiversity protection.

### Taxonomically eligible activities

In the process of alignment with the EU Taxonomy, we have identified taxonomically eligible activities by analysing the economic activities defined in the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139), the Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214), the Environment Delegated Act (Commission Delegated Regulation (EU) 2023/2486) and the amendments to the Climate Delegated Act (Commission Delegated Regulation (EU) 2023/2485).

According to the definitions of the EU Taxonomy, the key business activities in 2024 related to revenue, capital expenditure, and operational expenditure include the following:

Business activities of Auto Hrvatska Business Group	EU Taxonomy activity		Relevance (revenue, OpEx, CapEx)
Service activities in our sales and service centres: PSC, Automobili, KAM i BUS, KAM in BUS importer, MAN Importer Makedonija.	CCM 3.3	Manufacture of low-carbon technologies for transport	Revenue OpEx
Production and sale of electricity – solar power plants (Auto Hrvatska d.d. and Auto Hrvatska PSC)	CCM 4.1	Production of electricity using solar photovoltaic technology	Revenue CapEx
Reconditioning of brake callipers, injectors and other parts in vehicles (AH PSC Varaždin)	CE 5.3	Preparation for reuse of end-of-life products and product components	Revenue
Purchase, rental and management of vehicle fleet (Auto Hrvatska Automobili)	CCM 6.5	Transport by motorbikes, passenger cars and light commercial vehicles	CapEx
Investments in major reconstruction of buildings	CCM 7.2	Renovation of existing buildings	CapEx
Installation of heat pumps (Auto Hrvatska d.d.)	CCM 7.3	Installation, maintenance and repair of energy efficiency equipment	CapEx
Real estate management (Auto Hrvatska d.d.)	CCM 7.7	Acquisition and ownership of buildings	Revenue OpEx

### CCM 3.3 – Manufacture of low-carbon technologies for transport

According to the official Questions and Answers published in February 2022, activity 3.3 – Manufacture of low-carbon technologies for transport includes the production, repair, maintenance, retrofitting, conversion, and upgrading of low-carbon vehicles, railway vehicles, and vessels, regardless of their actual “low-carbon” character. This means that all service activities carried out by Auto Hrvatska Business Group are fully eligible under the EU Taxonomy

### CCM 4.1 – Production of electricity using solar photovoltaic technology

Three solar power plants have been installed at our branches so far, which are used to power the branches themselves. In case of excess production, the electricity produced is sold to the electricity system in accordance with the contract with HEP. Since during 2024 we did not install new photovoltaic cells on existing facilities – which would be classified in category 7.6 – Installation, maintenance and repair of technologies for the production of energy from renewable sources – in this year, only revenues from the sale of surplus produced energy are included in the eligible activities.

### CE 5.3 – Preparation for reuse of end-of-life products and product components

At the Auto Hrvatska PSC Varaždin production plant, we apply the principle of full reconditioning for brake callipers. This process ensures that the reconditioned callipers perform at the same level as original parts, while offering significant financial savings for users. In addition, Auto Hrvatska Business Group also offers turbocharger reconditioning services at its Bosch Diesel Centre in Hrvatski Leskovac. This reconditioning method aligns with the principles of preparation for reuse as outlined in the Environment Delegated Act (2023/2486).

According to this definition, preparation for reuse refers to procedures by which products or components that have become waste are prepared so that they can be reused without additional pretreatment. Since brake callipers and injectors are classified as waste before undergoing the reconditioning process and there is no significant restructuring of the material, this process meets the requirements of preparation for reuse. Furthermore, the implementation of an energy management system in accordance with the ISO 50001 standard at the location additionally confirms that the processes are carried out in accordance with the principles of sustainability and energy efficiency.

<sup>2</sup>Publications Office of the European Union



## CCM 6.5 – Transport by motorbikes, passenger cars and light commercial vehicles

During the reporting period, the company continued to implement the activity CCM 6.5 – Transport by motorbikes, cars and light commercial vehicles, which includes the acquisition, financing, leasing and rental and management of vehicles in categories M1, N1 and L. In accordance with the EU Taxonomy guidelines and the official questions and answers from February 2022, eligible investments include all newly acquired vehicles, regardless of their low-carbon character.

## CCM 7.2 – Renovation of existing buildings

During the reporting period, the company continued the implementation of renovation activities for existing buildings, which includes the reconstruction of existing properties in accordance with the applicable requirements for major reconstruction. In accordance with the EU Taxonomy guidelines, the implemented activities include the adaptation and improvement of infrastructure elements of buildings in order to increase their energy efficiency and compliance with relevant regulations on renovation and sustainability.

## CCM 7.3 – Installation, maintenance and repair of energy efficiency equipment

In an effort to improve the energy efficiency of its facilities, Auto Hrvatska Business Group carried out activities within CCM 7.3 – Installation, maintenance and repair of energy efficiency equipment during the reporting year. As part of this process, heat pumps were installed within the sales and service centres, which improved the efficiency of the heating and cooling systems and reduced the consumption of conventional energy sources. With these investments, we contribute to reducing CO<sub>2</sub> emissions and increasing operational energy efficiency.

## **Taxonomically eligible and aligned activities**

### CCM 7.7 – Acquisition and ownership of buildings

Auto Hrvatska Business Group manages a portfolio of real estate, some of which it leases to various companies. These activities are presented within CCM 7.7 – Purchase and ownership of buildings. Among the listed properties, the commercial property in Heinzelova Street meets high sustainability standards and is certified with the Platinum DGNB certificate while offering tenants energy-efficient and environmentally friendly conditions. Based on this, a detailed analysis of alignment with the prescribed verification criteria was conducted. It was confirmed that the activity associated with that location can be proven as an aligned activity.

## **Accounting policies relevant to Auto Hrvatska Business Group in the context of the EU Taxonomy**

Auto Hrvatska Business Group applies accounting policies in accordance with International Financial Reporting Standards (IFRS/IAS), the Accounting Act, and the regulatory requirements of the EU Taxonomy. All data presented is calculated at a consolidated level, excluding intra-group transactions, thus ensuring the accuracy and consistency of financial reporting. Our financial reporting system, which provides detailed information on business and accounting activities, has been applied as a basis for assessing EU Taxonomy-related disclosures and for estimating capital (CapEx) and operating expenses (OpEx), ensuring that double counting is avoided in the disclosed data.

Revenue, capital expenditure, and operating expenditure presented in the EU Taxonomy reporting templates are based on the consolidated financial statements for 2024, which are presented in this Annual Report.

- Revenue is presented in accordance with IAS 1 (see note I OPERATING INCOME (AOP 002 to 006)).
- Capital investments are presented in accordance with IAS 16 and IFRS 16.
- Operating expenditure is presented in accordance with IAS 1.

## Revenue aligned with the EU Taxonomy

The primary activity of Auto Hrvatska Business Group – the sale of cars, trucks, buses and servicing – is not included in the Regulation on EU Taxonomy, therefore the share of acceptable income is very low and amounts to only 1%. The same share was recorded in 2023, but in 2024 certain categories of acceptable activities were expanded.

Revenues from taxonomically eligible activities in 2024 relate to the following categories:

- 3.3 Manufacture of low-carbon transportation technologies – in the form of revenue from vehicle repair services in our sales and service centres;
- 4.1 Production of electricity using solar photovoltaic technology – in the form of electricity sales due to increased capacity of solar systems;
- 5.3 Preparation for reuse of products and product components – in the form of increased sales of reconditioned brake callipers and injectors.

Revenue in category 7.7. Acquisition and ownership of buildings – relating to the office building in Heinzlova – is shown as aligned because all technical screening criteria and the DNSH criterion are met.

Economic activities (1)	Label(s) (2)	Absolute revenues (3)	Share of revenues (4)	“Substantially contribute” criteria						
				Climate change mitigation (5)*	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	
Text		Eur	%	%	%	%	%	%	%	
<b>A. TAXONOMICALLY ELIGIBLE ACTIVITIES</b>										
<b>A.1 Environmentally sustainable activities (Taxonomy aligned)</b>										
7.7 Acquisition and ownership of buildings	CCM 7.7	3,352,439	1.2%	D	-	-	-	-	-	
<b>Revenue from environmentally sustainable activities (Taxonomy aligned) (A.1)</b>		<b>3,352,439</b>	<b>1.2%</b>	<b>1.2%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	
<b>A.2 Taxonomically acceptable but environmentally unsustainable activities (Taxonomy non-aligned)</b>										
3.3 Manufacture of low-carbon technologies for transportation Production, repair, maintenance, retrofitting, conversion and upgrading of low-carbon vehicles, railway vehicles, and vessels	CCM 3.3	38,571,791	14.2%	P	-	-	-	-	-	
4.1 Production of electricity using solar photovoltaic technology	CCM 4.1	19,419	0.0%	P	-	-	-	-	-	
7.7 Acquisition and ownership of buildings	CCM 7.7	636,097	0.2%	P	-	-	-	-	-	
5.3 Preparation for reuse of end-of-life products and product components (reconditioning of brake callipers and turbochargers – reconditioning and reuse)	CE 5.3	115,733	0.0%	-	-	-	P	-	-	
<b>Revenue from taxonomically acceptable but environmentally unsustainable activities (Taxonomy non-aligned) (A.2)</b>		<b>39,343,039</b>	<b>14.5%</b>	<b>14.5%</b>						
<b>Total (A.1+A.2)</b>		<b>42,695,479</b>	<b>15.8%</b>	<b>15.8%</b>						
<b>B. TAXONOMICALLY NON-ELIGIBLE ACTIVITIES</b>										
<b>Revenue from taxonomically non-eligible activities</b>		<b>228,052,965</b>	<b>84.2%</b>							
<b>Total (A+B)</b>		<b>272,081,643</b>	<b>100.0%</b>							

Explanation of abbreviations

YES – The activity is eligible and aligned with the Taxonomy for the relevant environmental objective.

NO – The activity is eligible but is not aligned with the Taxonomy for the relevant environmental objective.

NE (Not eligible) – The activity is not eligible according to the Taxonomy for the relevant environmental objective.

E (Eligible) – The activity is eligible according to the Taxonomy for the relevant environmental objective.

n/a – not applicable

CCM – Climate Change Adaptation Environmental Objective

CE – Circular Economy

	“Do No Significant Harm” criteria						Minimum safeguards (17)	Share of revenue aligned with Taxonomy, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	O	P
	N/A	YES	N/A	N/A	N/A	N/A	YES			
								1.3%		
								14.3%		
								0.0%		
								0.3%		
								0.0%		
								14.7%		
								16.0%		
								84.0%		
								100.0%		

## Capital expenditure aligned with the EU Taxonomy

Capital expenditure includes investments in long-term tangible and intangible assets, primarily in energy efficiency, infrastructure, and business development. The share of capital expenditure in 2024 has increased compared to 2023, and relates to investments in the following categories:

- 4.16 Installation and operation of electric heat pumps – new investments in more energy-efficient heating and cooling systems
- 6.5 Fleet of vehicles for leasing and rental – procurement of low-energy vehicles
- 7.2 Renovation of own buildings – investments in improving the energy efficiency of existing facilities.

Economic activities (1)	Label(s) (2)	Absolute capital expenditure (3)	Share of revenue (4)	“Substantially contribute” criteria						
				Climate change mitigation (5)*	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	
Text		Eur	%	%	%	%	%	%	%	
<b>A. TAXONOMICALLY ELIGIBLE ACTIVITIES</b>										
<b>A.1 Environmentally sustainable activities (Taxonomy aligned)</b>										
<b>Capital expenditure from environmentally sustainable activities (Taxonomy aligned) (A.1)</b>		<b>0</b>	<b>0.0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	
<b>A.2 Taxonomically acceptable but environmentally unsustainable activities (Taxonomy non-aligned)</b>										
4.1 Production of electricity using solar photovoltaic technology	CCM 4.1	0	0.0%	P	-	-	-	-	-	
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	75,663	0.6%	P	-	-	-	-	-	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles Fleet of over 500 vehicles for leasing/ rental. Vehicles are rented externally and internally.	CCM 6.5	4,982.120	399%	P	-	-	-	-	-	
7.2 Renovation of existing buildings Renovation of own buildings	CCM 7.2	1,698.575	13.6%	P	-	-	-	-	-	
<b>Capital expenditure from taxonomically acceptable but environmentally unsustainable activities (Taxonomy non-aligned) (A.2)</b>		<b>6,756.358</b>	<b>54.1%</b>	<b>54.1%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	
<b>Total (A.1+A.2)</b>		<b>6,756.358</b>	<b>54.1%</b>	<b>54.1%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	
<b>B. TAXONOMICALLY NON-ELIGIBLE ACTIVITIES</b>										
<b>Capital expenditure from taxonomically non-eligible activities</b>		<b>5,733.252</b>	<b>46%</b>							
<b>Total (A+B)</b>		<b>12,489.610</b>	<b>100%</b>							

Explanation of abbreviations

YES – The activity is eligible and aligned with the Taxonomy for the relevant environmental objective.

NO – The activity is eligible but is not aligned with the Taxonomy for the relevant environmental objective.

NE (Not eligible) – The activity is not eligible according to the Taxonomy for the relevant environmental objective.

E (Eligible) – The activity is eligible according to the Taxonomy for the relevant environmental objective.

n/a – not applicable

CCM – Climate Change Adaptation Environmental Objective

CE – Circular Economy

	“Do No Significant Harm” criteria									
	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Share of capital expenditure aligned with Taxonomy, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	O	P
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%		
								12.6%		
								12.6%		
								87%		
								100%		



## Operating expenditure aligned with the EU Taxonomy

Operating expenditure includes current operating costs related to infrastructure maintenance, resources and energy efficiency, as well as investments in the training of service and production employees. The share of eligible operating expenditure has decreased compared to 2023 due to methodological adjustments to the calculations in 2024 and a better understanding of the requirements of the EU Taxonomy. Key investment categories are:

- 7.7 Acquisition and ownership of buildings – related to the maintenance of the Heinzlova facility (shown as an aligned activity) and the maintenance of our other facilities (shown as an eligible activity);
- 3.3 Manufacture of low-carbon technologies for transport – related to training for service and production employees.

Operating expenditure shown in the EU Taxonomy differs from regular operating expenditure. The denominator of operating expenditure includes all costs of property maintenance and training of service and production employees, while the numerator shows the corresponding portion of eligible operating expenditure, and alignment has not been established.

				“Substantially contribute” criteria					
Economic activities (1)	Label(s) (2)	Absolute operating expenditure (3)	Share of revenue (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	
Text		Eur	%	%	%	%	%	%	
<b>A. TAXONOMICALLY ELIGIBLE ACTIVITIES</b>									
<b>A.1 Environmentally sustainable activities (Taxonomy aligned)</b>									
7.7 Acquisition and ownership of buildings	CCM 7.7	273,319.5	14.1%	D	-	-	-	-	
<b>Operating expenditure from environmentally sustainable activities (Taxonomy aligned) (A.1)</b>		<b>273,320</b>	<b>14.1%</b>	<b>14.1%</b>					
<b>A.2 Taxonomically acceptable but environmentally unsustainable activities (Taxonomy non-aligned)</b>									
3.3 Manufacture of low-carbon technologies for transportation Production, repair, maintenance, retrofitting, conversion and upgrading of low-carbon vehicles, railway vehicles, and vessels	CCM 3.3	88,728	4.6%	P	-	-	-	-	
7.7 Acquisition and ownership of buildings	CCM 7.7	227,907	11.7%	P	-	-	-	-	
<b>Operating expenditure from taxonomically acceptable but environmentally unsustainable activities (Taxonomy non-aligned) (A.2)</b>		<b>316,635</b>	<b>16.3%</b>	<b>16.3%</b>					
<b>Total (A.1+A.2)</b>		<b>589,955</b>	<b>30.4%</b>	<b>30.4%</b>					
<b>B. TAXONOMICALLY NON-ELIGIBLE ACTIVITIES</b>									
<b>Operating expenditure from taxonomically non-eligible activities</b>		<b>1,350.118</b>	<b>70%</b>						
<b>Total (A+B)</b>		<b>1,940.073</b>	<b>100%</b>						

Explanation of abbreviations

YES – The activity is eligible and aligned with the Taxonomy for the relevant environmental objective.

NO – The activity is eligible but is not aligned with the Taxonomy for the relevant environmental objective.

NE (Not eligible) – The activity is not eligible according to the Taxonomy for the relevant environmental objective.

E (Eligible) – The activity is eligible according to the Taxonomy for the relevant environmental objective.

n/a – not applicable

CCM – Climate Change Adaptation Environmental Objective

CE – Circular Economy

		“Do No Significant Harm” criteria									
	Biodiver- sity and ecosys- tems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiver- sity and ecosys- tems (16)	Minimum safeguards (17)	Share of operating expenditure aligned with 2023 Taxonomy (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	O	P
	-	N/A	YES	N/A	N/A	N/A	N/A	YES	3.51%		
									11.0%		
	-								0.00%		
	-								0.00%		
									0.00%		
									11.00%		
									89.00%		
									100.00%		

## Nuclear and fossil fuel related activities

In accordance with Article 8 of the EU Taxonomy Regulation, organisations are required to disclose information on their share of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) related to taxonomically eligible and aligned activities. Part of this requirement includes the disclosure of exposure to nuclear and fossil fuel related activities, as set out in Articles 10 and 11 of the Regulation and further clarified in delegated acts.

Auto Hrvatska Business Group does not carry out, finance, or have exposure to the following activities as defined in Annex I to the Climate Delegated Act (Regulation (EU) 2021/2139), i.e., it does not engage in any activities related to nuclear energy or the use of fossil gases, therefore such activities are not covered by the EU Taxonomy in the context of sustainability reporting.





# 3. 2024 Financial Statements

# Balance

Sheet as of 31 December 2024 in euros | Reporting entity: Auto Hrvatska Business Group

Item	AOP label	Last day of the previous business year	On the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED BUT UNPAID CAPITAL	001	0	0
B) NON-CURRENT ASSETS (AOP 003+010+020+031+036)	002	50,573,352	53,413,641
I INTANGIBLE ASSETS (AOP 004 to 009)	003	1,285,604	1,939,681
1. Development expenditure	004	0	0
2. Concessions, patents, licences, trademarks, software, and other rights	005	1,174,545	1,828,622
3. Goodwill	006	111,059	111,059
4. Advances for intangible assets	007	0	0
5. Intangible assets under development	008	0	0
6. Other intangible assets	009	0	0
II TANGIBLE ASSETS (AOP 011 to 019)	010	47,536,004	50,232,527
1. Land	011	611,535	611,535
2. Buildings	012	2,340,151	2,389,486
3. Plant and equipment	013	2,276,093	2,105,602
4. Tools, operating inventory, and transport equipment	014	9,683,341	11,740,132
5. Biological assets	015	0	0
6. Advances for tangible assets	016	0	0
7. Tangible assets under construction	017	934,642	1,965,799
8. Other tangible assets	018	87,309	87,309
9. Investment property	019	31,602,933	31,332,664
III NON-CURRENT FINANCIAL ASSETS (AOP 021 to 030)	020	1,703,300	1,207,000
1. Investments in shares (stocks) of group companies	021	0	0
2. Investments in other securities of group companies	022	0	0
3. Loans granted, deposits, and similar group companies	023	0	0
4. Investments in shares (stocks) of associates	024	0	0
5. Investments in other securities of associates	025	0	0
6. Loans granted, deposits, and similar to associates	026	0	0
7. Investments in securities	027	0	0
8. Loans granted, deposits, and similar	028	1,703,300	1,207,000
9. Other investments accounted for using the equity method	029	0	0
10. Other non-current financial assets	030	0	0
IV RECEIVABLES (AOP 032 to 035)	031	807	3,800
1. Receivables from group companies	032	0	0
2. Receivables from associates	033	0	0
3. Trade receivables	034	0	0
4. Other receivables	035	807	3,800
V DEFERRED TAX ASSETS	036	47,637	30,633
C) CURRENT ASSETS (AOP 038+046+053+063)	037	68,125,203	79,361,547
I INVENTORIES (AOP 039 to 045)	038	45,721,809	45,106,032
1. Raw materials and supplies	039	843,847	1,005,387
2. Work in progress	040	0	0
3. Finished goods	041	0	0
4. Merchandise	042	43,329,559	40,934,375
5. Advances for inventories	043	1,548,403	3,166,270
6. Non-current assets held for sale	044	0	0
7. Biological assets	045	0	0
II RECEIVABLES (AOP 047 to 052)	046	14,126,417	14,762,396
1. Receivables from group companies	047	0	0
2. Receivables from associates	048	0	0
3. Trade receivables	049	12,133,793	12,380,190
4. Receivables from employees and members of the company	050	16,740	16,022
5. Receivables from the state and other institutions	051	962,753	1,749,467
6. Other receivables	052	1,013,131	616,717
III CURRENT FINANCIAL ASSETS (AOP 054 to 062)	053	638,825	521,234
1. Investments in shares (stocks) of group companies	054	0	0
2. Investments in other securities of group companies	055	0	0
3. Loans granted, deposits, and similar group companies	056	0	0
4. Investments in shares (stocks) of associates	057	0	0
5. Investments in other securities of associates	058	0	0
6. Loans granted, deposits, and similar to associates	059	0	0

Item	AOP label	Last day of the previous business year	On the reporting date of the current period
1	2	3	4
7. Investments in securities	060	6,000	0
8. Loans granted, deposits, and similar	061	632,825	521,234
9. Other financial assets	062	0	0
IV CASH AND CASH EQUIVALENTS	063	7,638,152	18,971,885
D) PREPAID EXPENSES AND ACCRUED INCOME	064	1,459,041	2,059,432
E) TOTAL ASSETS (AOP 001+002+037+064)	065	120,157,596	134,834,620
F) OFF-BALANCE SHEET ITEMS	066	134,974,350	128,437,138
EQUITY AND LIABILITIES			
A) CAPITAL AND RESERVES (AOP 068 to 070+076+077+083+086+089)	067	79,813,224	88,269,077
I SUBSCRIBED CAPITAL	068	7,800,000	7,800,000
II CAPITAL RESERVES	069	5,829,274	6,521,104
III RESERVES FROM PROFIT (AOP 071+072-073+074+075)	070	5,427,403	5,894,064
1. Legal reserves	071	398,168	398,168
2. Reserves for treasury shares	072	3,394,875	3,034,986
3. Treasury shares and interests (deductible item)	073	-3,394,875	-3,034,986
4. Statutory reserves	074	1,990,965	2,107,607
5. Other reserves	075	3,038,270	3,388,289
IV REVALUATION SURPLUS	076	0	0
V FAIR VALUE RESERVES AND OTHER RESERVES (AOP 078 to 082)	077	0	0
1. Fair value of financial assets through other comprehensive income (or available for sale)	078	0	0
2. Effective portion of cash flow hedges	079	0	0
3. Effective portion of net investment hedges in foreign operations	080	0	0
4. Other fair value reserves	081	0	0
5. Currency translation differences from foreign operations (consolidation)	082	0	0
VI RETAINED EARNINGS OR ACCUMULATED LOSS (AOP 084-085)	083	48,626,718	56,102,984
1. Retained earnings	084	48,626,718	56,102,984
2. Accumulated loss	085	0	0
VII PROFIT OR LOSS FOR THE FINANCIAL YEAR (AOP 087-088)	086	12,129,829	11,950,925
1. Profit for the financial year	087	12,129,829	11,950,925
2. Loss for the financial year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (AOP 091 to 096)	090	285,890	272,360
1. Provisions for pensions, severance pay and similar obligations	091	0	0
2. Provisions for tax liabilities	092	0	0
3. Provisions for pending litigation	093	282,890	272,360
4. Provisions for environmental restoration costs	094	0	0
5. Provisions for warranty obligations	095	0	0
6. Other provisions	096	3,000	0
C) NON-CURRENT LIABILITIES (AOP 098 to 108)	097	2,772,711	2,125,649
1. Liabilities to group companies	098	0	0
2. Loans, deposits, and similar liabilities to group companies	099	0	0
3. Liabilities to associates	100	0	0
4. Loans, deposits and similar liabilities to associates	101	0	0
5. Loans, deposits and similar liabilities	102	400,386	470,560
6. Liabilities to banks and other financial institutions	103	0	0
7. Liabilities for advances received	104	0	0
8. Trade payables	105	0	0
9. Liabilities based on securities	106	0	0
10. Other non-current liabilities	107	2,372,325	1,655,089
11. Deferred tax liabilities	108	0	0
D) CURRENT LIABILITIES (AOP 110 to 123)	109	35,277,917	42,360,341
1. Liabilities to group companies	110	0	0
2. Loans, deposits, and similar liabilities to group companies	111	0	0
3. Liabilities to associates	112	0	0
4. Loans, deposits and similar liabilities to associates	113	0	0
5. Loans, deposits and similar liabilities	114	0	600,049
6. Liabilities to banks and other financial institutions	115	2,000,000	10,700,000
7. Liabilities for advances received	116	8,890,945	9,818,389
8. Trade payables	117	16,503,427	14,527,384
9. Liabilities based on securities	118	0	0
10. Liabilities to employees	119	1,260,110	1,372,827
11. Liabilities for taxes, contributions and similar charges	120	4,687,402	3,487,494
12. Liabilities arising from profit sharing	121	200,248	273,892
13. Liabilities related to non-current assets held for sale	122	0	0
14. Other current liabilities	123	1,735,785	1,580,306
E) ACCRUED EXPENSES AND DEFERRED INCOME	124	2,007,854	1,807,193
E) TOTAL – LIABILITIES AND EQUITY (AOP 067+090+097+109+124)	125	120,157,596	134,834,620
G) OFF-BALANCE SHEET ITEMS	126	134,974,350	128,437,138



# Income Statement

for the period 1 January to 31 December 2024 in euros

Reporting entity Auto Hrvatska Business Group

Item	AOP label	Same period of previous year	Current period
1	2	3	4
I OPERATING INCOME (AOP 002 to 006)	001	241,835,615	271,530,078
1. Revenue from sales to group companies	002	0	0
2. Revenue from sales (outside the group)	003	235,716,530	265,246,029
3. Revenue from the use of own products, goods and services	004	159,612	187,054
4. Other operating income from group companies	005	0	0
5. Other operating income (outside the group)	006	5,959,473	6,096,995
II OPERATING EXPENSES (AOP 08+009+013+017+018+019+022+029)	007	227,286,309	257,120,809
1. Changes in inventories of work in progress and finished goods	008	0	0
2. Material costs (AOP 010 to 011)	009	191,885,567	216,589,431
a) Costs of raw materials and supplies	010	2,929,364	2,247,900
b) Costs of goods sold	011	179,977,449	203,483,585
c) Other external services	012	8,978,754	10,857,946
3. Employee benefits expenses (AOP 014 to 016)	013	21,987,711	25,784,747
a) Net wages and salaries	014	13,680,999	16,007,924
b) Tax and contributions from wages and salaries	015	5,765,338	6,753,114
c) Contributions on wages and salaries	016	2,541,374	3,023,709
4. Depreciation and amortisation	017	7,357,398	7,344,904
5. Other expenses	018	4,782,753	5,905,328
6. Impairment losses (AOP 020+021)	019	426,897	448,806
a) Non-current assets (excluding financial assets)	020	0	0
b) Current assets (excluding financial assets)	021	426,897	448,806
7. Provisions (AOP 023 to 028)	022	96,609	52,763
a) Provisions for pensions, severance pay and similar obligations	023	45,921	50,509
b) Provisions for tax liabilities	024	0	0
c) Provisions for legal claims	025	46,688	2,254
d) Provisions for environmental restoration costs	026	0	0
e) Provisions for warranty obligations	027	3,000	0
f) Other provisions	028	1,000	0
8. Other operating expenses	029	749,374	994,830
III FINANCE INCOME (AOP 031 to 040)	030	346,798	551,565
1. Income from investments in shares (stocks) of group companies	031	0	0
2. Income from investments in shares (stocks) of group companies	032	0	0
3. Income from other non-current financial assets and loans to group companies	033	0	0
4. Other interest income from group companies	034	0	0
5. Foreign exchange gains and other finance income from group companies	035	0	0
6. Income from other non-current financial assets and loans	036	0	0
7. Other interest income	037	322,438	544,722
8. Foreign exchange gains and other finance income	038	24,360	6,843
9. Unrealised gains (income) on financial assets	039	0	0
10. Other finance income	040	0	0
IV FINANCE COSTS (AOP 042 to 048)	041	259,765	376,927
1. Interest expense and similar expenses to group companies	042	0	0
2. Foreign exchange losses and other finance costs to group companies	043	0	0
3. Interest expense and similar expenses	044	99,476	222,965
4. Foreign exchange losses and other finance costs	045	27,226	18,582
5. Unrealised losses (expenses) on financial assets	046	5,189	0
6. Impairment losses on financial assets (net)	047	0	0
7. Other finance costs	048	127,874	135,380
V SHARE OF PROFIT FROM ASSOCIATES WITH SIGNIFICANT INFLUENCE	049	0	0

Item	AOP label	Same period of previous year	Current period
1	2	3	4
VI SHARE OF PROFIT FROM JOINT VENTURES	050	0	0
VII SHARE IN LOSS FROM ASSOCIATES	051	0	0
VIII SHARE IN LOSS FROM JOINT VENTURES	052	0	0
IX TOTAL INCOME (AOP 001+030+049+050)	053	242,182,413	272,081,643
X TOTAL EXPENSES (AOP 007+041+051+ 052)	054	227,546,074	257,497,736
XI PROFIT OR LOSS BEFORE TAX (AOP 053-054)	055	14,636,339	14,583,907
1. Profit before tax (AOP 053-054)	056	14,636,339	14,583,907
2. Loss before tax (AOP 054-053)	057	0	0
XII INCOME TAX	058	2,506,510	2,632,982
XIII PROFIT OR LOSS FOR THE PERIOD (AOP 055-059)	059	12,129,829	11,950,925
1. Profit for the period (AOP 055-059)	060	12,129,829	11,950,925
2. Loss for the period (AOP 059-055)	061	0	0
DISCONTINUED OPERATIONS (to be completed by an IFRS reporting entity only if the business is discontinued)			
XIV PROFIT OR LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX (AOP 063-064)	062	0	0
1. Profit from discontinued operations before tax	063	0	0
2. Loss from discontinued operations before tax	064	0	0
XV INCOME TAX FROM DISCONTINUED OPERATIONS	065	0	0
1. Profit from discontinued operations for the period (AOP 062-065)	066	0	0
2. Loss from discontinued operations for the period (AOP 065-062)	067	0	0
TOTAL OPERATIONS (to be completed by an IFRS reporting entity only if the business is discontinued)			
XVI PROFIT OR LOSS BEFORE TAX (AOP 055+062)	068	0	0
1. Profit before tax (AOP 068)	069	0	0
2. Loss before tax (AOP 068)	070	0	0
XVII INCOME TAX (058+065)	071	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (AOP 068-071)	072	0	0
1. Profit for the period (AOP 068-071)	073	0	0
2. Loss for the period (AOP 071-068)	074	0	0
SUPPLEMENT to the INCOME STATEMENT (to be filled in by the entity preparing the consolidated annual financial statement)			
XIX PROFIT OR LOSS FOR THE PERIOD (AOP 076+077)	075	12,129,829	11,950,925
1. Attributable to owners of the parent	076	12,129,829	11,950,925
2. Attributable to minority (non-controlling) interest	077	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be completed by an entity subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	078	12,129,829	11,950,925
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (AOP 80 + 87)	079	15,666	13,960
III Items that will not be reclassified to profit or loss (AOP 081 to 085)	080	0	0
1. Changes in revaluation surplus of non-current tangible and intangible assets	081	0	0
2. Gain or loss on equity instruments measured at fair value through other comprehensive income	082	0	0
3. Changes in the fair value of a financial liabilities at fair value through profit and loss attributable to changes in credit risk	083	0	0
4. Actuarial gains/losses on defined benefit plans	084	0	0
5. Other items that will not be reclassified	085	0	0
6. Income tax relating to items that will not be reclassified	086	0	0
IV Items that may be reclassified to profit or loss (AOP 088 to 095)	087	15,666	13,960
1. Foreign exchange differences on translation of foreign operations	088	15,666	13,960
2. Gain or loss on subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0
3. Effective portion of gains or losses on cash flow hedges	090	0	0
4. Effective portion of gains or losses on hedges of net investment in foreign operations	091	0	0
5. Share of other comprehensive income/loss of associates	092	0	0
6. Changes in the fair value of the time value of options	093	0	0
7. Changes in the fair value of forward elements of forward contracts	094	0	0
8. Other items that may be reclassified to profit or loss	095	0	0
9. Income tax relating to items that may be reclassified to profit or loss	096	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (AOP 080+087 - 086 - 096)	097	15,666	13,960
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 078+097)	098	12,145,495	11,964,885
SUPPLEMENT to the statement of other comprehensive income (to be completed by the undertaking preparing the consolidated statement)			
VII COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 100+101)	099	12,145,495	11,964,885
1. Attributable to owners of the parent	100	12,145,495	11,964,885
2. Attributable to minority (non-controlling) interest	101	0	0

# Cash Flow Statement

## – Indirect Method

for the period 1 January to 31 December 2024 in euros

Reporting entity Auto Hrvatska Business Group

Item	AOP label	Same period of previous year	Current period
1	2	3	4
Cash flows from operating activities			
1. Profit before tax	001	14,636,339	14,583,907
2. Adjustments (AOP 003 to 010):	002	7,541,108	8,691,350
a) Depreciation and amortisation	003	7,357,398	7,344,904
b) Gains and losses from sale and impairment of non-current tangible and intangible assets	004	70,863	0
c) Gains and losses from sale, unrealised gains and losses, and impairment of financial assets	005	163,369	0
d) Interest and dividend income	006	-322,438	-544,722
e) Interest expense	007	99,476	222,965
f) Provisions	008	-13,637	-13,530
g) Foreign exchange differences (unrealised)	009	0	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	186,077	1,681,733
I Increase or decrease in cash flows before changes in working capital (AOP 001+002)	011	22,177,447	23,275,257
3. Changes in working capital (AOP 013 do 016)	012	-17,208,415	-6,992,728
a) Increase or decrease in current liabilities	013	633,380	-5,761,047
b) Increase or decrease in current receivables	014	-2,340,838	-695,580
c) Increase or decrease in inventories	015	-14,819,670	148,308
d) Other changes in working capital	016	-681,287	-684,409
II Cash from operations (AOP 011+012)	017	4,969,032	16,282,529
4. Cash payments for interest	018	-99,476	-222,965
5. Income tax paid	019	0	0
NET CASH FLOWS FROM OPERATING ACTIVITIES (AOP 017 to 019)	020	4,869,556	16,059,564
Cash flows from investment activities			
1. Proceeds from the sale of long-term tangible and intangible assets	021	678,233	955,732
2. Proceeds from the sale of financial instruments	022	0	0
3. Interest received	023	322,438	544,722
4. Dividends received	024	0	0
5. Proceeds from repayment of loans and term deposits	025	0	0
6. Other cash receipts from investing activities	026	5,076,075	1,619,274
III Total cash receipts from investing activities (AOP 021 to 026)	027	6,076,746	3,119,728
1. Cash payments for acquisition of non-current tangible and intangible assets	028	-9,024,385	-11,910,469
2. Cash payments for the acquisition of financial instruments	029	0	0
3. Loans granted and term deposits for the period	030	-1,694,667	0
4. Acquisition of subsidiary, net of cash acquired	031	0	0
5. Other cash payments from investing activities	032	0	-2,993
IV Total cash outflows from investment activities (AOP 028 to 032)	033	-10,719,052	-11,913,462
B) NET CASH FLOWS FROM INVESTMENT ACTIVITIES (AOP 027 +033)	034	-4,642,306	-8,793,734
Cash flows from financing activities			
1. Proceeds from increase in share capital	035	0	0
2. Proceeds from issue of equity and debt instruments	036	0	0
3. Proceeds from borrowings	037	0	9,978,114
4. Other cash receipts from financing activities	038	0	758,609
V Total cash receipts from financing activities (AOP 035 to 038)	039	0	10,736,723
1. Repayment of borrowings and other financial liabilities	040	-4,418,878	0
2. Dividends paid	041	-2,938,063	-4,548,056
3. Lease payments	042	-583,744	-1,004,808
4. Purchase of treasury shares and reduction of share capital	043	-568,220	-398,720
5. Other cash payments from financing activities	044	-437,360	-717,236
VI Total cash payments from financing activities (AOP 040 to 044)	045	-8,946,265	-6,668,820
C) NET CASH FLOWS FROM FINANCING ACTIVITIES (AOP 039 +045)	046	-8,946,265	4,067,903
1. Unrealised foreign exchange differences on cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (AOP 020+034+046+047)	048	-8,719,015	11,333,733
E) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	049	16,357,167	7,638,152
F) CASH AND CASH EQUIVALENTS AT END OF PERIOD (AOP 048+049)	050	7,638,152	18,971,885

The complete consolidated and unconsolidated financial statements can be viewed at:

<https://www.autohrvatska.hr/en/joint-stock-company.aspx>



**AUTO**HRVATSKA

**0800 1952**

**autohrvatska.hr**

