TOKIĆ | GROUP

TOKIĆ d.o.o. and subsidiaries

Annual statement of the Company and consolidated annual statement of the Group for the year that ended 31 December 2023

CONTENT

2023.

Management's Report

1.1. GENERAL INFORMATION ABOUT THE COMPANY

Company name	TOKIĆ d.o.o.
Seat	Sesvete, Ulica 144. brigade Hrvatske vojske 1a
Registered in Commercial Court	Zagreb, on 17 October 1990; Company registration number (MBS): 080313914
Activity	Wholesale and retail trade, parts and accessories for motor vehicles, export-import, representation
National classification of economic activities code	4690, non-specialized wholesale trade
Share capital	EUR 31,150,000.00
Representation of the Company:	Members of the Management Board Ivan Šantorić, president of the Management Board, represents the Company individually and independently Dražen Jurković, member of the Management Board, represents the Company individually and independently
Supervisory Board:	Ilija Tokić, president of the Supervisory Board Ruža Tokić, member of the Supervisory Board Zvonimir Šego, employee representative
Audit Committee	Ivan Beljan, president of the Audit Committee
Company size	Large enterprise
Company PIN	74867487620
Giro accounts	HR8524020061100079669, Erste&Steiermärkische bank d.d., Rijeka HR7023400091100194212, Privredna banka, Zagreb HR2824070001100201873, OTP banka d.d., Split HR2623600001102446321, Zagrebačka banka d.d., Zagreb HR0424840081135133659, Raiffeisenbank Austria d.d., Zagreb **HR7323900011101404069, Hrvatska poštanska banka d.d.**

	Tokić d.o.o.	Bartog d.o.o.	Tokić Group
Number of employees as at 1 January 2023	833	268	1101
Number of employees as at 31 December 2023	947	252	1199

1.2. MANAGEMENT BOARD'S NOTE

We will remember the last year for the successfully concluded projects related to the further expansion of the network of branches, the improvement of work benefits for our employees, the continuation of digitization, the implementation of the new product range policy, and the further process and organizational linking of Tokić and Bartog. Also, we will certainly remember it as an extremely successful year for Bartog in Slovenia, and especially for Tokić in Croatia.

The transition to the EUR currency, joining the eurozone and the Schengen area at the very beginning of 2023 further homogenized the Slovenian and Croatian markets and customers, thus creating new opportunities for additional synchronization of Bartog's and Tokić's operations.

Following trends at all levels of business operations and development, 2023 also marked significant milestones in the digitalization of sales activities. Our web shop has been completely renovated, and the new Tokić loyalty program mobile application was launched, with numerous functionalities, as another added value for Tokić's customers. In parallel, with the development of the service for drivers, the loyalty program for our professional customers and mechanics on the Croatian market was redesigned, and it was introduced on the Slovenian market as a completely new added value for Slovenian customers in business with Bartog.

In addition to the improved sales and logistics organization, Tokić's portfolio on the Croatian market within the Group has been strengthened by the significant development of the tire operations, with new volumes and a wider range of tires, thanks primarily to the widest sales network in the region. Tokić thus became one of the leaders when it comes to tire operations. On the other hand, the portfolio of Bartog's product range has been expanded with the offer of auto parts and the commercial program, and advanced technological processes are continuously being implemented in the business operations.

We created new prerequisites for the sustainable continuation of development and growth in 2024 for the Tokić Group.

Ivan Šantorić
President of
the Management Board

1.3. ABOUT TOKIĆ GROUP

From small auto parts stores to a regional leader and logistics force

As a parts distributor, Tokić has based its continuous growth, since its establishment in 1990, on building relationships with mechanics and partners, and a key step forward in development was recorded in 2008 with membership in the global trade organization ATR International. With constant investments in service quality, education and product range, expansion of the branch network, growth of exports and acquisitions, today, the Tokić Group is the leading regional distributor of auto parts. With educated technical support, it offers more than 300,000 items and more than 300 of the world's most famous manufacturers.

In 2015, the company transitioned from family management to an organization with professional management. After a significant development of logistics and supplies and a five-fold increase in the number of employees, in 2020, with the purchase of the Slovenian company Bartog that is a leading regional tire distributor, the Tokić Group was created and the biggest step forward into the Western European market was made.

Thanks to frequent deliveries and a network of more than 130 branches in Croatia and Slovenia, today, the Tokić Group is a logistics leader. With a dynamic product range inventory in branches, two main logistics centers that cover more than 36,000 square meters and ten strategically located logistics HUBs, Tokić and Bartog ensure uninterrupted mobility of the company. In addition, the record availability of parts and tires covers all the needs of all passenger, light commercial and heavy goods vehicles, with special spare parts programs for industrial vehicles and mechanization as well as motorcycle and agricultural segments. In addition, the Tokić Group manages its own education center (TEC), a partner service network of 60 auto repair shops in Croatia (ACC) and Slovenia (BHS) and own brands - TQ, Hector and Atom.

The Tokić Group is much more than a parts store and, thanks to its organization and technological development, is recognized on a global level. In addition to the fact that the London Stock Exchange declared it one of the 50 most innovative in Europe, according to research by the organization Wolk After Sales Experts, it was also recognized as one of the 35 most important distributors on the automotive aftermarket.

TOKIĆ
Sigurnost u pokretu

BARTOG

TOKIĆ GROUP

1.3.1. TOKIĆ IN NUMBERS

Modern logistics and distribution center in Sesvete, Croatia, with surface area of

24.500 m^2

41 branches in own retail network

53 branches of franchise partners

Export to more than
17 countries

40 workshops in the Auto Check Center auto repair shop network

947 employees,
as at 31 December 2023

Total revenue in 2023
EUR 144.02 million
(growth of 25.6 percent compared to 2022)

1.3.2. BARTOG IN NUMBERS

Modern logistics and distribution center in Mirna Peč in Slovenia, with surface area of

12.000 m^2

38 branches in own and franchise retail network

15 BHS auto repair shops

252 employees,
as at 31 December 2023

Total revenue in 2023
EUR 85.34 million
(growth of 13.2 percent compared to 2022)

1.4. ORGANIZATIONAL MANAGEMENT STRUCTURE OF THE TOKIĆ GROUP

The organizational structure of the Group is divided into two main areas:

I. OPERATIONS

Sales
- Retail
- Wholesale
- Tire operations
- Export sales
- Call center
- Online sales channels
- Special sales channels: commercial program, tools and service equipment, industrial program, education center and quality control, Auto Check Center

Procurement
- Central procurement
- Price management
- Category management

Supply chain
- Transport and distribution
- Central warehouse
- WMS department
- Inventory management

II. SUPPORT DEPARTMENTS

Technology
- IT
- ICT infrastructure
- Digital transformation
- Business intelligence

Finance
- Finance, accounting and controlling

Marketing

Corporate communications and PR

Human resources

Maintenance and investments

1.5. HISTORICAL DEVELOPMENT OF THE COMPANY

Company Tokić was founded in 1990 and started its work in a 35 m^2 office in Kranjčevićeva ulica in Zagreb. The continuous development of business operations and the expansion of retail over the next ten years created a network of ten branches in Zagreb. The fast-growing offer and the diversity of the product range directly reflected on the quality of the repair service in Croatia, so Tokić was already importing 50 percent of its program independently, of which 30 percent was the original installation quality (OE) product range.

A better repair service proportionally increased the safety of drivers in Croatia, so in 2002 the slogan “Safety in Motion” was born, with a clear focus on the fulfillment of the company’s mission and vision. In accordance with the new slogan, Tokić continued to deepen relations with partners and customers, while providing them with transparency and offering a new level of security in business through stability. In addition, the expansion of the branch network - with the introduction of the franchise business model in 2005 - led to exponential development and growth.

A key international breakthrough in 2008 was membership and a shareholder’s share in the largest global trade cooperation ATR International AG, as the oldest and most successful global trade association of auto parts distributors. Thus, a new perspective was created on a global level, with a significantly wider range of suppliers and products. Also, today, Tokić is a member of the management board for private brands, tools and service equipment and diagnostics at the ATR cooperation.

The company follows global development by strengthening its national and regional position, so in the same year it launched the first private brand TQ (Tokić Quality), which is today the most successful brand on the market, and then developed a private brand for tools and repair equipment Hector and the brand Atom, recognizable in the battery segment. In 2013, Tokić completed its vision of “Safety in Motion”, in addition to the offer of parts, by establishing an auto repair shop network called Auto Check Center (ACC), which today has more than 40 repair shops.

Furthermore, through long-term planning and development of the Tokić’s services, in, 2014, the modern platform of the Tokić Education Center (TEC) was introduced in Zagreb, Croatia, and the region. The education center for the education of car mechanics and car electricians, with seminars under the license of the Chamber of Skilled Crafts in Dortmund, was designed according to the model of the world’s largest centers of its kind. At TEC, mechanics acquire the highest quality education in the automotive industry through a growing offer of seminars and professional upgrading of existing knowledge in theoretical and practical classes.

After 25 years of successful development of the company under the family management of brothers Ilija and Stojan, in 2015, Tokić’s ownership and management functions were separated. The new professional management clearly defines a recognizable business vision based on new core values in a tight connection between the employees and the Management. A clear vision of contributing to the roadworthiness of vehicles and the safety of all road users was created, along with the status of a company that makes its employees, partners, and the community happier. Every step in business operations since then has been aimed at creating a company that is innovative when it comes to technology, and traditional when it comes to respecting people.

The very next year, new momentum was generated by the opening of a large logistics and distribution center in Sesvete, on more than 24,000 m^2 and with more than 12,000 pallet positions, which is still the main central warehouse for the entire product range. Over time, smaller HUB centers located in Zadar, Šibenik, Slavonski Brod, Đakovo, Rijeka and Split were also integrated into the logistics operations. Along with the constantly growing auto parts range, special ranges for commercial vehicles and motorcycles, and later also agro and the latest industrial range of parts, were being introduced and developed at the same time.

With the goal of maximum customer satisfaction, a new franchise business model was launched in 2017. All business processes began to be continuously improved using the KAIZEN business methodology, and valuable global certificates and recognitions for excellent business development, along with constant revenue growth, were received the following year. In fact, Tokić is the only company visited by the German Minister of Economy, Peter Altmaier, during his stay in Croatia in 2019. In the same year, an award was received from the London Stock Exchange, from the ELITE community "The Future Shapers", and the company was named one of the 50 most innovative European companies. This title is also confirmed by the fact that Tokić was the first company in Croatia to test the autonomous industrial robot "Gideon Brothers" in the logistics operations.

Tokić strengthened its position as a market leader with its first acquisitions. In the area of Primorje-Gorski Kotar and Istria counties, Tokić acquired a long-term partner, company Autocentar Marinići, thus opening another new chapter, while in 2020, the acquisition process of the Slovenian company Bartog was also successfully completed. By taking over the regional leader in tire sales and internalizing the Tokić Group, a new regional player was created.

Slovenian Bartog, with a large logistics center in Mirna Peč and a network of branches, thus received exceptional support in the offer of auto parts and other special ranges, and Tokić, on the other hand, the widest offer of tires in the region. With this foray into the international market, Tokić has lain the foundation for the achievement of long-term goals - the position of a regional leader and the creation of added value in Croatia, Slovenia, Austria, Italy, and other surrounding countries.

Growth through acquisitions continued in 2021, so at the beginning of the year, the operations of company Prpić Commerce d.o.o. from Slavonski Brod were taken over, and at the end of the same year, the operations of company Donit-gospodarski program d.o.o. with seat in Solin related to the commercial and industrial range were taken over. In addition, another large branch was opened in Split, which is also a logistics HUB center. In addition to acquisitions, new branches were opened, and the first "greenfield" investment was realized in Bjelovar.

At the end of 2021, the Tokić Group, along with the growing departments of digital transformation and sales, reached the number of almost 1,000 employees. Today, the company has more than 200 robotically automated processes (RPA) that perform more than six million separate tasks annually, but it is important to emphasize that no one has lost their job in Tokić due to the development of digitalization. On the contrary, new departments were created and logistics operations were modernized, thanks to which the Tokić Group creates tangible added value on both markets in the sale of parts, tires, tools, industrial and commercial, and even the new nautical range.

After the consolidation of the Adriatic region, in 2022, Tokić was focused on continental Croatia. With the opening of a new large branch in Zabok, northern Croatia got another branch that provides the highest experience in buying auto parts. Business development in the continental part of the country during the year brought the opening of new branches in Đakovo, Valpovo, Vinkovci, Vukovar and Županja. At the same time, the network of Bartog branches in Slovenia underwent a redesign, with the aim of more efficient operation and a new level of shopping experience. In addition to six renovated and relocated branches, a brand new one was opened in Kamnik.

In the last quarter of 2022, there was a change in the management of the Tokić Group - Ivan Šantorić was appointed as the new president of the Management Board. Additional management premises were also opened, right next to the existing administrative building in Sesvete. Likewise, the Tokić Group was recognized as one of the 35 most important European distributors on the automotive aftermarket and was entered in the "Who is Who" map by the expert association Wolk After Sales.

During 2023, the Tokić Group continued to develop its network and operations and opened new Tokić branches in Varaždin, Bilje and Osijek in Croatia, as well as Bartog branches in Murska Sobota, Litija and Žalec in Slovenia. The synergistic effects of the operations of Tokić and Bartog, through the consolidation of processes and standards, showed results. The existing Tokić web shop kupivozi.hr was rebranded into the recognizable webshop.tokic.hr, and the digitalization of sales was concluded with the launch of the Tokić application at the end of the year. Tokić's internal communication was raised to the highest level by renewing the Intranet as a communication tool. Also, the company started developing a new ERP system, and it started to manage supply chains and logistics at a new technological level by implementing artificial intelligence. The business year was also marked by strong development of the tire operations.

1.6. HISTORY

1990.
- The Tokić company was established and the first branch office was opened

1996.
- First great expansion of retail networkbranch office was opened

2002.
- New slogan **Safety in motion**

2005.
- Implementation of a new model of franchising business

2008.
- ATR International AG
- TQ
- Navisionopened

2010.
- Tokić Racing Team

2013.
- Auto Check Center

2014.
- TEC
- 100 branch office was opened

2015.
- Loyalty programme
- Kaizen and Lean management
- Call Centre
- Heavy duty programbranch office was opened

2016.
- New LDC
- New concept of branch offices
- New Management's premises

2017.
- New model of franchising business
- Private brand

2018.
- LSEG Elite Certificate
- T1 conference

2019.
- Tokić 4.0
- First acquisition
- The Future Shapers
- T1 WALK
- TKLUB for TOP buyers

2020.
- Acquisition of Bartog Ltd.
- www.tokic-alati.hr
- Celebrating 30 years of business
- Acquisition of Prpić Commerce Ltd.
- WMS

2021.
- Industrial program
- First greenfield investment
- T1 Meetup
- Artificial intelligence
- Donit GP - Split
- Junior Tokić Racing Team
- A record number of new stores

2022.
- Slavonia sales network growth and development
- T1 Meetup international conference
- Assortment for EV-market
- Upgrade and optimization of category management

2023.
- Sales network standardization in Slovenia
- webshop.tokic.hr
- Tokić mobile application
- New loyalty programs TKlub and BKlub
- WRC partner
- Artificial intelligence application in supply chain management

PEED AND ACCURACY OF SERVICE FOR A SATISFIED PARTNER AND CUSTOMER

2.1. LOGISTICS AND SERVICE

At a time when service quality, inventory management and speed are key factors in market development, the Tokić Group operates with 348 delivery vehicles that travel approximately six million kilometers annually. At the same time, they serve more than 130 branches within Tokić's, Bartog's and franchise partners' network, and they also carry out capillary deliveries to tens of thousands of smaller and larger customers. In addition to numerous deliveries and advanced supply chain management, the service is also optimized with a dozen strategically positioned logistics HUBs that keep the product range needed for the region.

The breadth of the Tokić Group's product range is reflected in the range of more than 300,000 items, as well as cooperation with more than 300 suppliers of the most famous brands of spare parts, equipment, and tires. The flow of goods starts from two large central logistics and distribution centers, through the LDC in Sesvete spanning over 24,500 m^2 and the LDC in Mirna Peč in Slovenia spanning over 12,000 m^2, and then spreads to every branch and customer, in addition to direct delivery, also through ten strategically regionally positioned distribution centers, up to five times a day, including night deliveries.

The Tokić Group uses intelligent and advanced procurement and inventory management, supported by advanced technologies and artificial intelligence.

TOKIĆ GROUP

TOKIĆ

BARTOG

ALWAYS ON THE WAY!

Through more than **130 branches in Croatia and Slovenia**, the Tokić Group provides support for the mobility of the private and business sectors. As a regional leader in the distribution of a **complete product range for the maintenance of the entire vehicle fleet**, we have been operating with the highest standards for more than 30 years. With the application of the **best technologies and artificial intelligence**, we provide support to our employees, but also to all our partners in business development.

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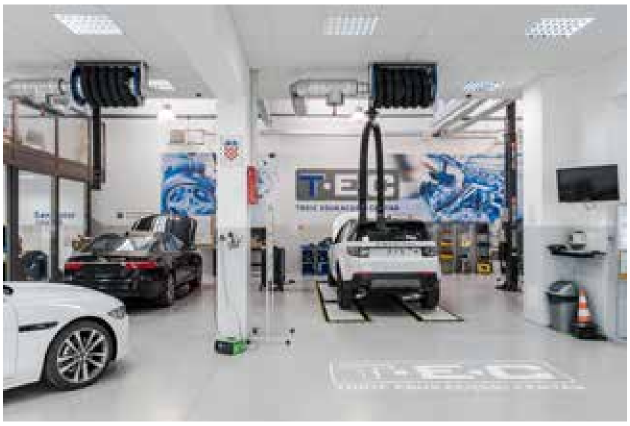
THE BEST BUYING EXPERIENCE WITH ADDED VALUE AT EVERY STEP

Tokić Education Center (TEC)

In addition to investing significant funds in the education of its employees, since 2014, Tokić has been running its own education center - Tokić Education Center (hereinafter: TEC) - which is intended for the education and training of all partners, repairmen and mechanics. TEC includes a program of about twenty active seminars, verified by the Chamber of Skilled Crafts in Dortmund, Germany, with which participants become aligned with the international standards of the profession and are enabled to follow trends in the automotive industry segment.



The special feature of TEC's program concerns the maintenance of hybrid and electric vehicles, as a new chapter of the automotive industry, and it was with this that the company made a significant step forward, offering the possibility of auto repair shop preparation and education, even before the state adopted this form of education as a regulated process. The seminar as such is the only one in Croatia and has been verified according to strict EU standards and confirmed by the Ministry of Education and the Agency for Vocational Education and Training and Adult Education. Thus, all participants of the seminar are preparing for the legal regulations that will undoubtedly arrive, but even more importantly, for safe work with high-voltage systems in vehicles.

Through its seminars and special programs, TEC simultaneously provides education to all employees of the Tokić Group, thus creating an extremely high level of information and business operations with a broader picture. In addition, the Tokić Group, in addition to the sale and distribution of parts, by following the latest technologies and industries, completes its sustainable operations program through TEC, because in addition to selling a rich product range, it educates all its customers and partners about it. With its experience and equipment, TEC supports various schools and fairs, and its most significant participation is at the "World Skills" competition of vocational schools, where its trainers and leaders participate in the organization and as judges.

Sales Advisor

The Tokić Group branches in Croatia and Slovenia are staffed by trained sales advisors who have been trained to help the average driver, as well as the professional mechanic customer, with their advice. Sales advisors for commercial vehicles and cargo program await customers in specialized branches for the commercial program, while sales advisors for tires have also been established along with the development of the tire operations.

Call center

In order to build and maintain a relationship of full trust and constant availability through various communication channels, we established a call center in 2015. The total

team of the Tokić Group call center in several locations today has almost 30 employees, and in addition to calls via the toll-free phone, it also responds to e-mail inquiries, as well as those received from social networks and the WhatsApp application

TKAT - online sales assistant for auto repair shops

Superior service implies precise and fast two-way communication when ordering products, and this is exactly what Tokić achieves with all its large customers and mechanics, via the TKAT digital interface.

Safe, intuitive, and robust TKAT provides all mechanics with an instant insight into the state of the product range, orders and subsequent delivery.

Tokić and Bartog web shops

In addition to the widest network of stores, the sale of the product range is also developing with the support of a large web shop that is separate from the corporate website www.

tokic.hr. It is a web shop that - with modern search engines and filters - allows customers to easily find items for their vehicles, but at the same time brings them the latest information on discounts and promotions, as well as extensive advice on car maintenance. The web shop at webshop.tokic.hr is available with the support of a large call center specialized in car sales and offers the option of free delivery.

On the Slovenian market, in addition to the network of Bartog branches, an online center and a web shop for the entire product range have been developed at www.bartog.si. With an intelligent product range search engine in five languages and precise technical descriptions of the items, the security of the purchase is guaranteed. Also, all Bartog customers have call center support available, as well as communication via chat. Deliveries are possible to branch addresses, but also to private addresses of all customers.

Auto Check Center (ACC) auto repair shop network

The ACC (Auto Check Center) auto repair shop network was founded in 2013 according to the cooperation standards of ATR International AG, the largest and most successful association of auto parts distributors, of which Tokić is a shareholder. A partnership model was then developed that enables the auto repair shops to further develop their business, while maintaining their recognizable name and image, but also relying on a large global network that counts several hundred repair shops in Germany alone. By integrating its own brand into recognizable blue-yellow corporate standards, every auto repair shop with the ACC prefix becomes more competitive on the market. With such better recognition and support of company Tokić, and certainly greater opportunities for auto repair shop equipment and education, as well as visits to large suppliers, the ACC repair shops have a greater chance for a breakthrough in the market, as well

as success. The developed network of Auto Check Center auto repair shops develops daily thanks to the standard of service and training of mechanics, as well as close cooperation with TEC, and consists of 37 shops. With new auto repair shops that have joined and the existing ones that were renovated, it strategically covers the entire territory of the Republic of Croatia.

BHS (Bartog) auto repair shop network

The BHS (Bartog hitri servis) auto repair shop network began to develop during the rapid growth of the Slovenian automotive market 20 years ago. Today, there are 17 auto repair shops in its network whose
operations are carried out according to the highest standards, which includes trained service technicians, equipped with modern tools and equipment, availability of the widest and best offer of auto parts, as well as a high level of exchange of knowledge and experience.

2.4. PRODUCT RANGE AND BRANDS

In addition to the widest network of branches in Croatia and Slovenia, the Tokić Group also ensures the roadworthiness of the vehicle fleet with the widest range of products for all types of vehicles, and at the same time offers chargers for electric vehicles, tools and repair equipment, tires, a program for commercial vehicles, nautical, industry and agricultural vehicles.

In order to fully meet the needs of the market in all segments, the Tokić Group has more than 300,000 items and more than 300 suppliers with whom it continuously cooperates.

Considering such a breadth and depth of the offer, the branch offices and their sales premises are specially arranged depending on the location, size, trend and market.

The product range is based on the offer of the world's most famous renowned brands that also produce parts for the first installation, it includes their alternatives, equally high-quality alternatives of other brands, a high-quality product range for those who want more, and brands that are specially adapted to the market profile.

PERSONAL RANGE

MOTO RANGE

COMMERCIAL RANGE

AGRO RANGE

NAUTICAL RANGE

INDUSTRIAL RANGE

TOOLS AND SERVICE EQUIPMENT

TIRES FOR ALL VEHICLE TYPES

CHARGERS FOR ELECTRIC VEHICLES

2.5. BRANDS

TQ

The best-selling Croatian private brand TQ, increasingly successful in export as well, is also available in its entirety in Bartog's branches in Slovenia. The TQ brand was launched in 2008, and with the development of the brand and following the needs of the market, over time it was repositioned towards the middle and premium class of spare parts. As a result, it has become one of the few global brands among private brands that distances itself from low-budget alternatives and becomes the first choice of mechanics and private customers. The biggest confirmation of the value of the TQ brand came in 2018 through cooperation and 'co-branding' with the renowned German brand Zimmermann, which bears the references of the first installation. It is a matter of cooperation and partnership that continues today and raises the bar of quality for all other products in the range. Today, the TQ brand has more than 5,000 items divided into 18 divisions, which satisfy more than 90 percent of the needs of the average Croatian fleet.

TQ

HECTOR

Hector is a brand of high-quality tools and repair equipment intended for all those who do not agree to compromises when it comes to vehicle maintenance. With verified suppliers, the Hector brand has been affirmed for many years and is gladly chosen by all profiles of repair technicians. In addition, it is known for different types of cranes, and includes a wide range of tire fitting tools. Very interesting is the wide range of air conditioner service stations, where collaborations with recognized European suppliers have also been achieved. There are also numerous testers, portable chargers, containers and pumps, and from 2021, the offer has been expanded to include fast and AC chargers for electric and hybrid vehicles, which were developed in cooperation with the Croatian company Končar.

HECTOR

ATOM

For almost ten years, company Tokić has also offered a private brand of Atom batteries, which is recognized thanks to products with an exceptional price-quality ratio.

ATOM BATTERIEN

BXTREME

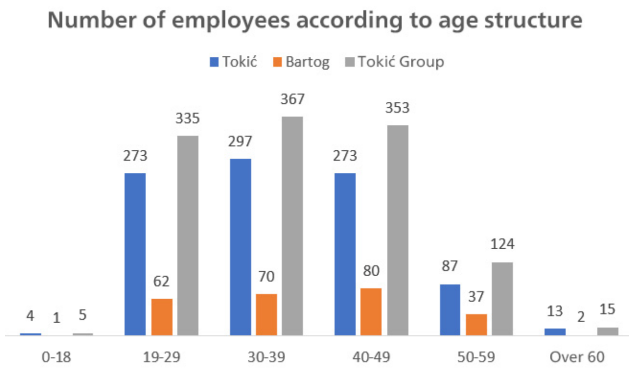
Bartog's private brand that brings together chemical products, auto cosmetics and fuel hoses. It has been available for eight years in Bartog's branches and at Slovenian gas stations. Created in partnership with European manufacturers and suppliers, it guarantees high product quality and a competitive price. Under the BXtreme brand, glass cleaners, coolants, chemical products for vehicle exterior and interior maintenance, water and fuel hoses, capacitors (OE quality) and snow chains are available to customers.

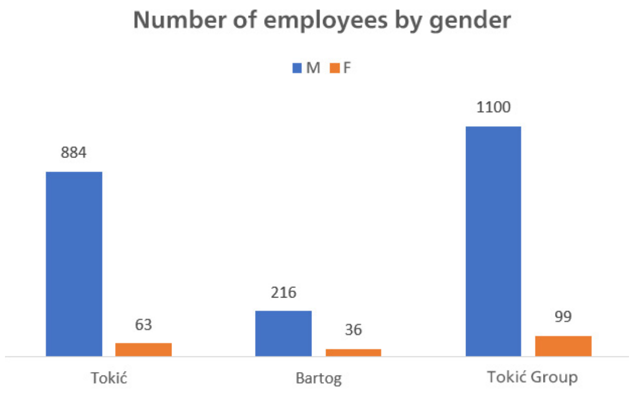
Aku LINE

A private brand of batteries for cars and trucks resulting from direct cooperation between Bartog and European manufacturers. Defined with control and insight into product quality, it is offered in Slovenia and abroad. The offer is supplemented every year in accordance with new technologies and market needs.

3. HUMAN RESOURCES

The human resource management strategy within the Tokić Group is based on providing support to projects that enable the implementation of the business strategy, strengthening of leadership, as well as the creation and retention of dedicated and satisfied employees. Today's organization of the Human Resources Management Department ensures a high-quality and efficient approach to the management of human resources and lays good foundations for a defined organizational strategy.
1,200 employees and over 130 branches in Croatia and Slovenia require complex support for all departments within the organization. We build our business environment on the foundations of collegiality, humility, and trust. The youth and energy of the new workforce are a strong base of the organization, just like the wisdom brought by the most experienced employees. As many as 60 percent of employees are younger than 40 years old, and about 30 percent are younger than 30. All of them contribute to the successful work of teams with their skills, motivation, and commitment.





Vision
Through our activities as a leader in the industry, we strive to contribute to the roadworthiness of vehicles and the safety of drivers and all participants in the traffic, as well as the well-being of today's society as a whole. Our goal is to be a company that makes its employees, customers, suppliers and the social community in which we operate happy.
Our vision is to create a company that is innovative when it comes to technology, and at the same time traditional when it comes to respecting people. In the long term, through our sales and business activities, we want to become a leader in the region and focus on sales and creation of added value in Croatia, Slovenia, Austria, Italy, and other surrounding countries.

Mission
We invest knowledge, experience, and effort in order to meet the overall needs of auto repair workshops and car owners during the repair and regular maintenance of motor vehicles.
We achieve this goal by offering a wide range of products that are always available, through a ramified network of branches and the availability of our products to all customers. At the same time, we pay special attention to the constant provision of high-quality products and services we offer, the long-term experience and expertise of our staff, and an accessible relationship with customers.

FUNDAMENTAL VALUES

• WISDOM
We attach great importance to deliberation about decisions, in order to provide our customers with the best possible service. We organize our time according to goals and priorities in order to be sure at all times that we are on the right path to realizing our vision of the future.

• HONESTY
With our honesty, we justify the loyalty of our customers, suppliers and employees every day. Therefore, we prioritize the correctness and completeness of the information we provide.

• RESPONSIBILITY
We are proud of our employees because they readily complete what was agreed upon within the deadlines. Due to the sense of responsibility towards customers and suppliers, we work together to improve business processes, precisely in order to enable orderly work and a balance between the private and business life of employees.

• CREATIVITY
Every day we encounter situations that require creativity in finding the best solution for our customers and suppliers. We approach each such task individually and encourage employees to actively participate in creating ideas for the further development of company Tokić.

• HUMILITY AND SERVICE
Service is the key to our success, where we put the customers and their needs first. We also provide our employees with working conditions and all support so that they are always up to the task in relation to the customer, and at the same time we are extremely proud that our employees can and want to approach each customer with useful advice. Finally, in order for them to happily approach their daily tasks, as well as long-term projects, we invest in the professional development of our employees.

SOCIALLY RESPONSIBLE OPERATIONS

As a company, Tokić continuously advocates and cares for the community not only on the local, but also on a much higher level. By independently creating new opportunities and maintaining existing ones, Tokić continues to contribute to the development of society, education, and sports, and has asserted itself by being involved in various activities and initiatives.

One of the pillars of Tokić as a company are donations and sponsorships.

INVESTMENT IN EMPLOYEE DEVELOPMENT AND EDUCATION

The basis of development and the greatest value of an organization are employees, as they are the ones who connect common values, trust, and focus on goals and results. Knowing that the most important resource of modern business operations is knowledge, and its management is one of the main components of management overall, investing in knowledge is actually investing in business operations. The Tokić Group strives to raise the level of knowledge and the importance of each individual employee in the organization. Following the expansion of technology, the need for parallel training and the acquisition of new employee skills, the concept of lifelong learning at all levels of business operations has become a business standard.

As part of the always active educations that go hand in hand with the philosophy of continuous improvement, the most notable are educations in the field of Sales and Procurement, Manager&Business Skills, employee mentoring, foreign languages learning and other professional educations in the field of accounting and finance, logistics and other departments within the company.

Tokić internal academy T1 Walk provides training and development of existing and new knowledge and skills to all employees. In addition, it enables them to upgrade their professional knowledge, encourages them to a new way of thinking and greater engagement, proactivity, but also motivation and satisfaction in work. Through internal and external training, employees get a broader picture of business operations and train for a higher level. The main goal of the academy is quality education that employees will be able to use for their daily work, as well as personal development. The creation of additional opportunities and possibilities, as well as the readiness to take on new positions with greater business requirements and responsibilities, are the result of precisely this way of working. The activities of the T1 Walk academy are continuously focused on the development of the educational and training system platform and the process of managing the careers of employees.

Every day we raise awareness of the importance of development and learning by enabling different development methods.

Through the internal Train the Trainers program and active management of learning and knowledge transfer among employees, we focus on the acquisition of competencies and knowledge necessary for work and sustainability. We harmonize organizational and individual needs, value the expertise of employees and give them the opportunity to stand out and further develop their skills. Employees know the organization and the system best, which is the biggest advantage when creating a learning and development program.

Numerous employees of the Tokić Group are graduates of or attend significant and reputable colleges and universities in Croatia and various other forms of lifelong learning and modules aimed at personal development through training and education. From 2021, in cooperation with the German-Croatian Chamber of Industry and Commerce AHK, Tokić has joined an initiative developed according to the German model of dual vocational education - called "Dual education". With an emphasis on 'work-based learning', the school and the employer, as key partners in the development of young people, organize the theoretical and practical part of the classes, so that students acquire an education tailored to the needs of the labor market, and employers are given access to future employees with relevant skills and knowledge. Tokić recognized the importance of work-based and lifelong learning at all levels of education and investment in young people, as well as existing employees, appreciating that the acquisition, maintenance, and improvement of skills is a key characteristic for business development and its success.

Tokić strengthened the cooperation with AHK by launching the initiative "Teachers in the company" - i.e. traineeship for teachers. The project provides an opportunity for vocational teachers, educators who work on the professional orientation of students, and other interested teachers to complete a professional traineeship in the company in the duration of three to five days. This contributes to the development of mutual understanding and better cooperation between schools and companies.

The traditional cooperation with the American Chamber of Commerce AmCham on the Croatian and Slovenian markets is reflected in global "networking", but also in education as part of the "Young talents" program, and an annual conference.

DONATIONS

Tokić cares about the community in which it operates, independently seeking, but also using existing opportunities to invest in the development of society, education, sports and numerous useful activities and initiatives. Donations and scholarships are traditionally an integral part of business operations. When opening new branches, donations are regularly realized through a focus on the educational and religious part of the local community. Knowing that the well-being of the community is also a guarantee of the satisfaction and quality of life of employees and their families, and ultimately of the company's operations, such donations are, as a rule, directed towards local associations and schools.
During 2023, the Tokić Group directed 87 donations with a total value of more than EUR 72,000. Vocational schools, sports and humanitarian associations, various initiatives by employees and the local community, as well as sports clubs, are just some of the institutions that are found on the list of donations. The focus of the Tokić Group is to support educational, sports, humanitarian, health and cultural programs and associations, while the scholarship program focuses on the development of young people. Scholarships for students and pupils is another way in which the Group connects with the community, by investing in young people and thereby building an even better vision of the community for everyone involved.

VOLUNTEERING AND COMMUNITY

Tokić's employees regularly participate in volunteer activities throughout Croatia. An example of such activities is participation in the international volunteer project "72 hours without compromise", which animates young people and promotes solidarity, togetherness, creativity and volunteering. The project is implemented in nine European countries, and Croatia is the tenth country in Europe that has recognized the value of the project.

"Heart in motion" is a volunteer program that Tokić's employees spontaneously started after the earthquake in the area of Petrinja and Sisak, and in a short period of time, they organized themselves and set up delivery channels for the necessary goods, both for citizens and their business partners from the Banovina region. Since company Tokić brings solidarity and volunteering to life through its core values, employees do not miss the opportunity to contribute to the community by participating in actions and projects such as "Nismo same" - Association of Women Suffering from and Treated for Cancer, or the "Terry Fox" race. Traditionally, employees do not miss participating in and supporting the "Wings for life" activities, whose noble goal is to collect funds by paying the entry fee as a donation for finding a cure for spinal cord injury.
The positive working environment is also confirmed by the traditional holding of the Futsal Tournament, which we value as something much more than just a sports event – it is a festival of collegiality, fellowship, and finally football, which gives a completely new meaning to the term "team building". The energy that is promoted through all these activities is an affirmation of the community and an example of the team spirit that reigns among the employees.
The special feature of Children's Day in Tokić lays in the presentation of the values we cherish. Seeing where and with whom mom or dad work, where they spend the day while they are in kindergarten or in school, is always a big deal for a child. For parents, it has become an even bigger deal. We value the importance of family and encourage work in an empathetic culture and a pleasant working atmosphere.

3.2. MARKETING AND COMMUNICATION

The extremely strong and large business community of the Tokić Group is part of the wider public of drivers, with whom the organization maintains communication through its own channels, and also through the media and events. During 2023, with the aim of precise communication, 160 actions were carried out aimed at auto repair shops and over 80 aimed at drivers. 148 focused sales were communicated on the web shop alone. Considering the breadth of the product range and local presence, Tokić is a direct link between the world's leading brands and repair shops, and then drivers. The recognized importance and value of communication and marketing is reflected through all communication channels and narratives of the Tokić Group, both in Croatia and in Slovenia. At the same time, the organization has developed effective

Social networks and community

In addition to special communication assistants, such as TKAT, which are used by all repairmen and Tokić's customers, the company can boast with a noticeable digital footprint on social networks, with a total of around 70,000 permanent followers. At the same time, it is important to point out that Tokić does not primarily use its communication channels for sales, but for information and education, as well as support for the wider social community. It is present on Facebook, YouTube, Instagram, TikTok, and gathers a large business community of

over 5,000 members on the LinkedIn business network. In combination with the social networks of Bartog in Slovenia, the communication reach is even more impressive.

Tokić and Bartog INFO magazines

The specialized magazine, which has been published quarterly since 2011, with a circulation of 8,000 to 10,000

copies, ends up on the desks of all auto repair shops in Croatia and Slovenia. In addition to the network of more than 140 branches, each issue is delivered to the address of all Tokić Group's business partners, customers and stakeholders in the automotive aftermarket.

Magazines on the Croatian and Slovenian market, on 52 to 64 pages, deal with topics concerning the domestic and foreign aftermarket, educate drivers and inform mechanics about the latest technological, legislative and market trends. They are edited by a specialized editorial team in cooperation with leading automotive journalists. Also, both magazines, with their narrative, nurture the values of the Tokić Group, which are based on wisdom, humility, knowledge, creativity, and responsibility.

Loyalty program for drivers

Since the loyalty program for all drivers and end customers - Tokić card - was launched in 2015, a community of over 260,000 members has been created. Using the Tokić card since 2008, customers have been doing business with Tokić with special benefits, and since 2023, the plastic card has also received its digital version in the form of an application. Every application user is directly connected to the Tokić web shop, and it can also be used to pay for parking throughout Croatia and save all invoices received at Tokić or partners, where you can get additional benefits and discounts with the card. In the application, you can also find the addresses of all Croatian auto repair shops.

Loyalty programs for professionals in Bartog and Tokić

The loyalty program as a system that rewards the most loyal repairmen and large purchases was designed in 2019 under the name TKLUBzaTOPkupce. For purchases made in Tokić, after signing up for the loyalty program, customers are rewarded with points that they can claim at any time. The club gathers over 2,300 professional members, large customers, and in 2023 it was redesigned by changing its name to TKLUB, with a new design, communication, thresholds and a fund that grew to 11,000 different prizes. On the Slovenian market, for the first time in Bartog, BKLUB was introduced in 2023, which operates according to the same principle.

Sponsorships

Sponsorships in the fields of education, culture and sports are an important area of activity of company Tokić. The projects that the company chooses as its partners and promoters gravitate towards the general betterment of society and contribute to the community.

In addition to its long-term partnerships with various associations and events, the Tokić Group does not miss the opportunity to get involved in new initiatives and commendable projects, as well as automotive events that are closely connected to its operations.

Just like in Croatia, numerous initiatives that promote sports and a healthy life have been recognized in Slovenia as well, so sponsorships are mostly focused on sports, competition organization, but also educational institutions and projects. One of the most interesting events is certainly the World Skills Croatia competition, which brings together more than 400 of the best students from 40 vocational schools. At this competition, Tokić acts as a mentor, golden sponsor, but also as a member of the judging committee.

The organization develops a separate chapter in the relationship with the community through the management of the Tokić Racing Team, which has been operating for over a decade. It is an internationally recognized team a part of which numerous Croatian drivers and record holders were, and which connects profession, community, sport and discipline in the best possible way. Through sponsorships within the Tokić Racing Team, regional races and a dozen drivers in various autosport disciplines are supported. The team is focused on young drivers and helps the good ones to become the best.

Safety in Motion

Traditionally, Tokić implements an action for schoolchildren with the name that is the same as the company's slogan: "Safety in Motion". In addition to calling for safe driving, it also implies regular vehicle maintenance, as well as the quality of business operations with excellent service and a proven product range. The climax of the action, which is implemented throughout the year, is carried out at the beginning of the school year. After organizing visits to zebras in the ZOO in Zagreb, sponsored by Tokić, and workshops with elementary school students in Osijek in the previous years, Tokić went one step further in 2023. The appeal calling for safety in motion was sent at the national level to all drivers by the most promising young professional drivers, champions of Croatia in various motorsport disciplines, who have an unblemished driving record. It was they who publicly called on all drivers through a national campaign to set an example.

3.3. DEVELOPMENT OF TECHNOLOGY AND DIGITALIZATION

Digital transformation in Tokić is part of the Group's operational business, through which the foundation for further development and growth is created. The capacities and potential of Tokić in the field of digitalization and technological development, are confirmed by the employees with their presentations and appearances at conferences. This is confirmed by the company itself as a recognized and acknowledged player in the "digital scene", but also as a member of communities such as the Croatian Artificial Intelligence Association CRO AI.

Over the years, the Tokić Group has significantly strengthened the infrastructure with which it internally builds digital products and at the same time trains models for the artificial intelligence it uses. With the strengthening and consolidation of teams, all technology departments have been homogenized into a common organizational structure within the Group. Tokić is recognized as an attractive employer and interlocutor in the IT sector due to agile operations, but also deep use of data science, analytics, artificial intelligence and machine learning.

With continuous internal development of new and optimization of existing products, the Tokić Group also trains models for the artificial intelligence used. With the clear goal of improvement, according to the principles of the LEAN work methodology, more than 270 robotically automated processes (RPA) were developed, which on average perform almost a million tasks per month. More than 10 million tasks are performed automatically every year, and despite this, none of the employees lost their jobs due to digitalization.

During 2023, projects to improve the entire technological platform were started, as a basis for further expansion of business operations, connection with partners and continuation of technological innovations. The group further strengthens its financial stability through intelligent supply chain management. With a partnership with the French technology company Lokad, using machine learning and artificial intelligence, inventory is managed and the specific needs of the market are productively calculated.

New process and sales digital technologies:

- Digital signature - the possibility of digital signing and digital archiving of documents has been introduced in all branches
- The number of robots has exceeded 200 with more than 10 million completed tasks per year
- The SimplyDoc application was developed, which uses artificial intelligence for the digitalization and processing of incoming documents, thereby simultaneously speeding up processes, reducing the possibility of errors, and saving working hours
- With over 6 million delivery kilometers per year, the Tokić Group continuously improves and digitizes fleet supervision and route optimization.
- The continuous improvement of the digitalization and warehouse management system (WMS) ensures the logistic efficiency of the warehouse and the reduction of operating costs

- The logistical superiority of the Tokić Group is also based on the advanced management of the vehicle fleet with over 340 vehicles, with the aim of efficient, conscientious and economical use
- Inventory management with the company's extensive experience is complemented by algorithms and machine learning for precise prediction of the necessary inventory when ordering the product range
- The administration of the onboarding of new colleagues and other tasks of the Human Resources Department was improved through a newly developed application
- Part of the logistics improvements is a new digital internal ticketing system for delivery people that monitors deliveries
- An application for recording travel orders and expenses has been implemented
- New web shop platform webshop.tokic.hr
- New Tokić mobile application of the drivers' loyalty club
- New digital systems of loyalty programs TKLUB in Croatia and BKLUB in Slovenia

ECOLOGY

The importance of ecology and adaptation to climate change in the Tokić Group is a chapter that is approached strategically and in the long term through the development of infrastructure and partner relationships with the aim of greater efficiency, including reducing the consumption of energy and resources.

With membership in the "Young Energy Europe" project, young experts from various industries, as part of the Energy Scout training, installed lighting in a large logistics center in Sesvete with the aim of lower electricity consumption. The "Young Energy Europe" project was launched by the European Climate Initiative (EUKI). The values and culture of the organization and its vision of development are the basis on which the Group builds a program and development plan for each individual employee.

The introduction of digital signatures and digital archives enabled better visibility of documentation and improved user experience, but also reduced paper consumption. The same was enabled by the development of artificial intelligence and robot-automated processes, which perform millions of tasks, so at the level of the Group they save around 24 tons of paper annually and save many trees.

In the Tokić logistics center, reusable plastic packaging with a special design made of recycled materials was integrated into the delivery and logistics processes. Its use provides numerous benefits – from ecological ones in the form of reducing the amount of waste and CO_2 emissions, to social and economic advantages in cost management and a general increase in profitability. Ultimately, it also contributes to reducing the consumption of cardboard waste production as a problematic raw material for recycling.

4.1. EVENTS THAT MARKED 2023

April 2023
Launch of a recognizable web shop from www.tokic.hr, which continues with the development of online business instead of the web shop www.kupivozi.hr

April 2023
New organization of the tire operations through the formation of the Tire Operations department at the Tokić Group level

April 2023
New Bartog branch opened in Litija, Slovenia

April 2023
Establishment of a partnership with the World Rally Championship (WRC)

May 2023
In the town of Murska Sobota in Slovenia, the Bartog branch was moved to a new address in a more adequate space

May 2023
Business premises were purchased in Osijek, within which a separate branch office with associated storage space was opened in May 2023

June 2023
Branch office in Makarska started operating within the sales network of the Tokić Group

August 2023
New branch opened in Bilje as the starting point of Baranja

September 2023
The Safety in Motion campaign implemented in cooperation with young drivers reached millions

September 2023
Branch office in Varaždin moved to a new, more interesting location in a larger and more adequate space

October 2023
New Bartog branch opened in Žalec in Slovenia

November 2023
Along with the redesign of the TKLUB loyalty program in Croatia, Bartog's BKLUB loyalty program was launched in Slovenia

December 2023
Branch office in Sinj started operating within the sales network of the Tokić Group

4.2 EVENTS AFTER THE BUSINESS YEAR 2023

January 2024
Zoran Žeželj was appointed the new director of company Bartog

4.3. MARKET CONDITIONS AND INFLUENCE OF THE ENVIRONMENT ON BUSINESS OPERATIONS

Predictions that 2023 will be more promising than the previous year proved to be justified, so even though the market conditions in Croatia changed significantly, 2023 brought a more favorable business environment than the previous year.

The introduction of EUR as a single currency created a significant step towards economic integration with the European Union. Croatia became the 20th member of the Schengen Area and the Eurozone, joining one of the largest monetary areas in the world. This move, while bringing the benefits of long-term stability, was accompanied by an immediate increase in the price of many goods and services due to the transition to EUR. On the other hand, the opening of borders and the common currency facilitated business on the Croatian and Slovenian markets, where the Tokić Group is directly present.

One of the challenges arising from the introduction of EUR was the rise in inflation, which was partly driven by price adjustments to the new currency. Despite this, Croatia has reached the investment level of the credit rating, providing favorable conditions for attracting foreign investments. The Tokić Group successfully responded to all challenges and opportunities, and in 2023 generated significant growth and business development on the Croatian and Slovenian markets.

The global stabilization of supply chains and raw materials, despite the wartime circumstances, had a positive impact on the Croatian economy. However, climate disasters, such as the recent floods in Slovenia, presented a challenge for suppliers, hindering work and causing the need for adjustment of business strategies. The Tokić Group successfully overcame the challenges and stopped production of the affected suppliers thanks to strong partnership relations and intelligent inventory management.

In the automotive industry, the absence of subsidies for electric vehicles has contributed to challenges in accelerating the transition towards more sustainable forms of transport. Despite this, the development of the Chinese car offer and the recovery of new vehicle deliveries resulted in a significant increase in new car sales. The new Act on Compulsory Insurance within the Transport Sector has introduced another element of change in the business environment of car repairers. The Tokić Group has shown stability and prepared for changes in the vehicle fleet, since its product range also covers new segments, such as electric vehicles and chargers.

In parallel with these events, we have witnessed the rise of artificial intelligence, which has become a key component of various sectors of the economy. New technologies, supported by legislation, have opened up space for innovation and increased the efficiency of many business processes.

One of the key challenges brought by 2023 was related to the workforce, which affected almost all branches of the economy, and it was successfully overcome by investments in working benefits and working conditions. The number of Tokić Group's employees has grown further.

FINANCIAL PERFORMANCE

DYNAMICS OF BUSINESS REVENUE

TOKIĆ d.o.o.			
In EUR 000	2023	2022	2023/2022
Retail	60.891	49.768	22,4%
Wholesale	47.733	36.415	31,1%
Export	31.842	25.509	24,8%
Services	1.071	905	18,3%
Other revenue	2.483	2.030	22,3%
Total	**144.020**	**114.627**	**25,6%**

TOKIĆ GROUP			
In EUR 000	2023	2022	2023/2022
Retail	128.472	108.823	18,1%
Wholesale	47.733	36.415	31,1%
Export	30.030	28.243	6,3%
Services	1.120	1.127	-0,6%
Other revenue	2.670	2.148	24,3%
Total	**210.026**	**176.756**	**18,8%**

In 2023, the Company generated a 25.6% increase in operating revenue. This is the result of the expansion of the sales network and the opening of new branches, organic growth in the existing business network, growth in revenue from sales to the affiliated company Bartog, and growth in revenue from other foreign customers.

On an individual level, in 2023, the affiliated company Bartog d.o.o. generated a growth in sales revenue of 13% compared to the entire 2022. This growth was achieved mainly within the existing sales network.

PROFITABILITY OF BUSINESS OPERATIONS

TOKIĆ d.o.o.			
In EUR 000	2023	2022	2023/2022
Revenue from sales	141.537	112.597	25,7%
Gross margin on revenue from sales	45.285	36.018	25,7%
EBITDA	13.796	9.057	52,3%
Net profit	**7.243**	**3.800**	**90,6%**

TOKIĆ GROUP			
In EUR 000	2023	2022	2023/2022
Revenue from sales	207.355	174.608	18,8%
Gross margin on revenue from sales	64.603	52.492	23,1%
EBITDA	17.462	10.635	64,2%
Net profit	**7.914**	**2.842**	**178,4%**

PROFITABILITY MARGINS

TOKIĆ d.o.o.			
In EUR 000	2023	2022	2023/2022
Gross margin on revenue from sales	32.0%	32.0%	0.0%
EBITDA margin	9.6%	7.9%	1.7%
Net profit margin	**5.0%**	**3.3%**	**1.7%**

TOKIĆ GROUP			
In EUR 000	2023	2022	2023/2022
Gross margin on revenue from sales	31.2%	30.1%	1.1%
EBITDA margin	8.3%	6.0%	2.3%
Net profit margin	**3.8%**	**1.6%**	**2.2%**

Continuous work on price and rebate policy while maintaining competitiveness on the market and synergistic effects led to positive changes in the achieved gross margin at the Group level, primarily in Bartog, while at the Company level the gross margin was stable.

The EBITDA margin is higher compared to the previous year at the level of the Company and the Group. The growth stems from higher sales revenues, which are the result of investments in new business premises and the reorganization of Bartog d.o.o. carried out in 2022 and 2023, as well as new employment.

CURRENT LIQUIDITY RATIO

TOKIĆ d.o.o.			
In EUR 000	2023	2022	2023/2022
Current assets	73.015	61.589	0,0%
Short-term liabilities	52.595	43.591	1,7%
Current liquidity ratio	**1,39**	**1,41**	**1,7%**

TOKIĆ GROUP			
In EUR 000	2023	2022	2023/2022
Current assets	97.528	84.213	0,0%
Short-term liabilities	76.901	65.932	1,7%
Current liquidity ratio	**1,27**	**1,28**	**1,7%**

The ratio of current assets to short-term liabilities compares all current assets of the Company and the Group with short-term liabilities. The ratio of current assets to short-term liabilities is a liquidity indicator that measures the ability of the Company and the Group to settle its short-term debt from current assets.

SOURCES OF FINANCING

TOKIĆ d.o.o.				
In EUR 000	2023	Share	2022	Share
Capital and reserves	57.815	46,7%	50.026	46,1%
Long-term liabilities for loans and leases	13.232	10,7%	14.923	13,7%
Short-term liabilities for loans and leases	24.736	20,0%	16.397	15,1%
Accounts payable	19.176	15,5%	21.199	19,5%
Other liabilities	8.832	7,1%	6.079	5,6%

TOKIĆ GROUP				
In EUR 000	2023	Share	2022	Share
Capital and reserves	54.640	35,3%	46.169	33,9%
Long-term liabilities for loans and leases	21.667	14,0%	23.599	17,3%
Short-term liabilities for loans and leases	32.026	20,7%	22.914	16,8%
Accounts payable	34.747	22,4%	34.847	25,6%
Other liabilities	11.872	7,7%	8.516	6,3%

INDEBTEDNESS INDICATORS

TOKIĆ d.o.o.		
In thousands of EUR	**2023**	**2022**
Total liabilities	65.976	58.599
Total assets	123.791	108.624
Indebtedness ratio	**0,53**	**0,54**

TOKIĆ GROUP		
In thousands of EUR	**2023**	**2022**
Total liabilities	98.940	89.877
Total assets	153.580	136.046
Indebtedness ratio	**0,64**	**0,66**

TOKIĆ d.o.o.		
In thousands of EUR	**2023**	**2022**
Total liabilities	65.976	58.599
Capital and reserves	57.815	50.026
Financing ratio	**1,14**	**1,17**

TOKIĆ GROUP		
In thousands of EUR	**2023**	**2022**
Total liabilities	98.940	89.877
Capital and reserves	54.640	46.169
Financing ratio	**1,81**	**1,95**

The increase in liabilities for loans and leases is the result of the opening of new leased branches and other investments, the effects of which will be seen in the coming period. Accounts payable did not increase despite the opening of new branches and increased procurements to ensure adequate availability of goods.

NET DEBT/EBITDA

TOKIĆ d.o.o.		
In thousands of EUR	**2023**	**2022**
Long-term liabilities for loans and leases	13.232	14.923
Short-term liabilities for loans and leases	24.736	16.397
Cash and cash equivalents	2.508	5.105
Net debt	35.460	26.215
EBITDA	13.796	9.057
Net debt/ EBITDA	**2,6**	**2,9**

TOKIĆ GROUP		
In thousands of EUR	**2023**	**2022**
Long-term liabilities for loans and leases	21.667	23.599
Short-term liabilities for loans and leases	32.026	22.914
Cash and cash equivalents	3.084	5.998
Net debt	50.609	40.515
EBITDA	17.462	10.635
Net debt/ EBITDA	**2,9**	**3,8**

A significant positive shift in the ratio of Net debt/EBITDA in the Company and the Group was achieved as a result of improved absolute profitability compared to the previous year.

OTHER INFORMATION RELATED TO PERFORMANCE

In the business year, the Company and the Group did not carry out research and development activities, nor did they buy back own shares or carry out acquisitions of unaffiliated companies. The Company and the Group do not own subsidiaries. An overview of the financial instruments used by the Company and the Group, which may affect the assessment of assets, liabilities, financial position and performance, as well as the policies and objectives of financial risk management, are described in the notes to the financial statements.

2023.

Responsibility of the Management Board for financial statements
Independent auditor's report
Separate and consolidated financial statements

RESPONSIBILITY OF THE MANAGEMENT BOARD FOR FINANCIAL STATEMENTS

In compliance with the Croatian Accounting Act, the Management Board is obliged to ensure that standalone and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), adopted by the European Union, in order to give true and fair presentation in all significant determinants of the financial positions, business results, cash flows and changes in equity of the TOKIĆ d.o.o. ("Company") and subsidiaries (collectively called „the Group") for the period.

Based on the research done, the Management Board expects the Company and the Group to have the suitable means to continue operations in the foreseeable future. Therefore, the Management board have incurred the standalone and consolidated financial statements under the assumption that the business will continue on a going concern basis.

In preparing of standalone and consolidated financial statements, the Management Board is responsible for:

- selecting of suitable accounting policies and their consistent application;
- giving reasonable and prudent judgments and estimates;
- application of valid financial reporting standards, disclosure and explanation of all material departures in financial statements and
- preparation of financial statements according to the going concern basis, unless it is inappropriate to presume that the Company will continue in operation.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and the Group and must also ensure that the standalone and consolidated financial statements comply with the Croatian Accounting Act.

Responsibility stated above also includes responsibility for the management report as an integral part of the annual standalone and consolidated financial statements. The Management Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In addition, in accordance with the Accounting Act, the Management Board is required to prepare an Annual Report, which includes financial statements and a management report. The management report was prepared in accordance with the requirements of Article 21 of the Accounting Act.

Chairman of the Board:
Ivan Šantorić

Member of Management Board:
Dražen Jurković

TOKIĆ d.o.o.
Ulica 144. Brigade Hrvatske vojske 1a
Zagreb, Republic of Croatia
Zagreb, May 7, 2024

INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF THE COMPANY TOKIĆ D.O.O.

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of the Tokić d.o.o. (Company) and consolidated annual statement of the Group (Group) which comprise the separate and consolidated statement of financial position as at 31 December 2023, separate and consolidated income statement and the statement of other comprehensive income, separate and consolidated cash flow statement and the separate and consolidated statement of changes in equity for the year then ended, and notes to the separate and consolidated financial statements, comprising significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the financial position of the Company and the Group as at December 31, 2023, and of its separate and consolidated financial performance and of its separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA) (IESBA Code), as well as in accordance with the ethical requirements that are relevant for our audit of the annual separate and consolidated financial statements in the Republic of Croatia and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other questions
The annual separate and consolidated financial statements for the year ended December 31, 2022 were audited by a second auditor who expressed an unmodified opinion on those financial statements on April 27, 2023.

Other information
Management is responsible for the other information. The other information comprises the Management Report included in the Annual Report of the Company and the Group, but does not include the separate and consolidated financial statements and our auditor's report thereon. Our opinion on the annual separate and consolidated financial statements does not include other information.

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

With respect to the Management Report, we also performed procedures required by the Accounting Act in Croatia ("Accounting Act"). Those procedures include considering whether the Management Report has been prepared in accordance with the requirements of Articles 21 and 24 of the Accounting Act.

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

1. the information given in the Management Report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the separate and consolidated financial statements;
2. the Management Report has been prepared, in all material respects, in accordance with the requirements of Articles 21 and 24 of the Accounting Act.

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

Management Board's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for internal control the management determines is necessary to allow the preparation of the separate and consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Management Board's responsibility for the financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

UHY RUDAN d.o.o.
Ilica 213, 10 000 Zagreb
Republika Hrvatska
U ime i za UHY RUDAN d.o.o.

Sandra Mikić, ovlašteni revizor

UHY RUDAN d.o.o.
za porezno savjetovanje i reviziju
ZAGREB, Ilica 213

Dragan Rudan, direktor

MAZARS CINOTTI AUDIT d.o.o.
Strojarska cesta 20, 10 000 Zagreb
Republika Hrvatska
U ime i za Mazars Cinotti Audit d.o.o.

MAZARS CINOTTI
AUDIT
d.o.o. ZAGREB

Mirela Copot Marjanović, direktor i ovlašteni revizor

Zagreb, 7. svibnja 2024.

(All amounts are expressed in euros)

		COMPANY		GROUP	
	Note	2023	2022	2023	2022
Revenue	5	141.536.827	112.597.385	207.355.062	174.607.879
Other income	6	2.483.481	2.029.995	2.670.464	2.148.482
Total revenue		**144.020.308**	**114.627.380**	**210.025.526**	**176.756.360**
Cost of materials	7	(2.450.668)	(2.217.884)	(3.193.817)	(2.941.976)
Cost of goods sold	8	(96.252.243)	(76.578.930)	(142.751.657)	(122.115.994)
Cost of services	9	(6.615.979)	(5.351.533)	(11.349.648)	(9.849.783)
Staff costs	10	(21.436.496)	(18.685.758)	(30.472.815)	(27.297.260)
Depreciation and amortization	11	(4.045.547)	(3.959.285)	(6.257.118)	(6.162.404)
Other costs	12	(3.385.889)	(2.697.628)	(4.632.078)	(3.827.898)
Net reserves for risks and costs	13	(82.716)	(38.257)	(163.752)	(88.627)
Total costs		**(134.269.540)**	**(109.529.275)**	**(198.820.885)**	**(172.283.943)**
Operating profit		**9.750.768**	**5.098.104**	**11.204.641**	**4.472.418**
Financial income	14	81.895	350.790	84.285	364.858
Financial expenses	15	(804.689)	(760.463)	(1.500.148)	(1.191.586)
Loss from financial activities		**(722.795)**	**(409.673)**	**(1.415.863)**	**(826.729)**
Profit before tax		**9.027.974**	**4.688.431**	**9.788.778**	**3.645.689**
Profit tax	16	(1.785.460)	(888.780)	(1.875.212)	(803.202)
Profit for the period		**7.242.513**	**3.799.651**	**7.913.566**	**2.842.487**
Items that are subsequently transferred to profit and loss		-	-	-	-
Items that are not subsequently trans-ferred to profit and loss		-	-	-	-
Profit for the period		**7.242.513**	**3.799.651**	**7.913.566**	**2.842.487**

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

(All amounts are expressed in euros)

		COMPANY		GROUP	
	Note	31.12.2023	31.12.2022	31.12.2023	31.12.2022
ASSETS					
Non-current assets					
Intangible assets	17	164.666	145.497	1.277.219	1.461.345
Goodwill	18	169.407	169.407	5.992.187	5.992.187
Property, Plant, and Equipment	19	30.627.051	27.386.029	33.125.627	29.659.203
Right-of-use assets	19	2.983.964	3.314.605	11.921.381	11.941.102
Investment property	20	3.034.731	2.232.876	3.034.731	2.232.876
Other financial assets	21	13.696.253	13.696.253	9.598	9.598
Long-term receivables	22	47.471	38.391	608.897	452.620
Deferred tax assets	32	52.577	52.108	82.305	83.477
Total non-current assets		**50.776.120**	**47.035.167**	**56.051.945**	**51.832.408**
Current assets					
Inventories	23	43.503.889	34.406.057	62.113.214	50.759.473
Trade receivables	24	19.448.639	16.187.646	23.274.064	19.683.107
Other receivables	25	91.802	36.256	361.886	164.369
Short-term financial assets	26	369.285	43.117	387.470	93.069
Cash and cash equivalents	27	2.507.974	5.105.403	3.084.128	5.997.657
Prepaid expenses and accrued revenues	28	7.093.284	5.810.817	8.307.629	7.515.765
Total current assets		**73.014.872**	**61.589.296**	**97.528.391**	**84.213.441**
TOTAL ASSETS		**123.790.994**	**108.624.463**	**153.580.336**	**136.045.849**

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

(All amounts are expressed in euros)

		COMPANY		GROUP	
	Note	**31.12.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**
Equity and liabilities					
Share capital	29	31.150.043	31.150.043	31.150.000	31.150.043
Retained earnings		19.504.126	15.157.886	15.626.613	12.233.164
Loss carried forward		(95.260)	(95.260)	(95.260)	(95.260)
Capital reserves		13.424	13.424	13.467	13.424
Other reserves		-	-	31.570	25.388
Profit for the period		7.242.513	3.799.651	7.913.566	2.842.487
Total equity		**57.814.847**	**50.025.745**	**54.639.956**	**46.169.246**
Long-term provisions	30	145.418	73.126	145.418	73.126
Long-term loans	31	13.232.078	14.923.166	21.667.452	23.598.766
Deferred tax liabilities	32	4.010	11.041	226.078	273.166
Total long-term liabilities		**13.381.506**	**15.007.333**	**22.038.948**	**23.945.059**
Trade payables	33	19.176.014	21.199.059	34.747.071	34.847.313
Short-term loans	34	24.736.011	16.397.064	32.026.093	22.914.376
Other short-term liabilities	35	4.974.126	4.209.582	7.294.492	6.296.856
Short-term provisions	30	336.804	114.689	532.492	272.512
Deferred expenses	36	3.371.686	1.670.991	2.301.287	1.600.486
Total short-term liabilities		**52.594.641**	**43.591.385**	**76.901.435**	**65.931.544**
Total liabilities		**65.976.147**	**58.598.718**	**98.940.383**	**89.876.603**
TOTAL EQUITY AND LIABILITIES		**123.790.994**	**108.624.463**	**153.580.336**	**136.045.849**

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

(All amounts are expressed in euros)

COMPANY	Share capital	Capital reserves	Loss carried forward	Retained earnings	Total
Balance at 31 December 2021	**31.150.043**	**13.424**	**(95.260)**	**15.202.747**	**46.270.954**
Profit for the period	-	-	-	3.799.651	3.799.651
Other changes in equity	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**3.799.651**	**3.799.651**
Transfer from retained earnings	-	-	-	(44.860)	(44.860)
Balance at 31 December 2022	**31.150.043**	**13.424**	**(95.260)**	**18.957.537**	**50.025.745**

	Share capital	Capital reserves	Loss carried forward	Retained earnings	Total
Balance at 31 December 2022	**31.150.043**	**13.424**	**(95.260)**	**18.957.537**	**50.025.745**
Profit for the period	-	-	-	7.242.513	7.242.513
Other changes in equity	(43)	43	-	546.589	546.589
Total comprehensive income for the period	**(43)**	**43**	**-**	**7.789.102**	**7.789.102**
Transfer from retained earnings	-	-	-	-	-
Balance at 31 December 2023	**31.150.000**	**13.467**	**(95.260)**	**26.746.640**	**57.814.847**

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

(All amounts are expressed in euros)

GROUP	Share capital	Capital reserves	Other reserves	Loss carried forward	Retained earnings	Total
Balance at 31 December 2021	**31.150.043**	**13.424**	**8.368**	**(95.260)**	**12.116.948**	**43.193.523**
Profit for the period	-	-	-	-	2.842.487	2.842.487
Other changes in equity	-	-	17.020	-	161.077	178.097
Total comprehensive income for the period	**-**	**-**	**17.020**	**-**	**3.003.564**	**3.020.583**
Transfer from retained earnings	-	-	-	-	(44.860)	(44.860)
Balance at 31 December 2022	**31.150.043**	**13.424**	**25.388**	**(95.260)**	**15.075.651**	**46.169.246**

GROUP	Share capital	Capital reserves	Other reserves	Loss carried forward	Retained earnings	Total
Balance at 31 December 2022	**31.150.043**	**13.424**	**25.388**	**(95.260)**	**15.075.651**	**46.169.246**
Profit for the period	-	-	-	-	7.913.566	7.913.566
Other changes in equity	(43)	43	6.182	-	550.962	557.144
Total comprehensive income for the period	**(43)**	**43**	**6.182**	**-**	**8.464.528**	**8.470.710**
Transfer from retained earnings	-	-	-	-	-	-
Balance at 31 December 2023	**31.150.000**	**13.467**	**31.570**	**(95.260)**	**23.540.179**	**54.639.956**

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

(All amounts are expressed in euros)

		COMPANY		GROUP	
Cash flows from operating activities	**Note**	**2023**	**2022**	**2023**	**2022**
Profit before tax		**7.242.513**	**3.799.651**	**7.913.566**	**2.842.487**
Adjustments to reconcile net earnings to net cash provided by operating activities					
Income tax expense	16	1.785.460	888.780	1.875.212	803.202
Depreciation of property, plant and equipment and amortization of intangible assets	11	4.045.547	3.959.285	6.257.118	6.162.404
Interest expenses and exchange rate differences recognized in profit and loss	14, 15	737.896	416.375	1.431.109	835.410
Gains from sale of property, plant and equipment and intangible assets	6	(37.407)	(23.682)	(37.407)	(23.682)
Interest income	14	(15.101)	(6.702)	(15.246)	(9.057)
Value adjustment of receivables and inventories	12	189.139	181.138	357.433	289.449
Net cash inflow from operating activities before changes in working capital		**13.948.048**	**9.214.846**	**17.781.786**	**10.900.214**
(Increase) / Decrease in inventories	23	(9.097.832)	(5.738.908)	(11.353.741)	(7.796.583)
(Increase) / Decrease in trade receivables	24	(3.260.993)	(2.253.910)	(3.590.956)	123.840
(Increase) / Decrease in other receivables	25, 26	(381.715)	(22.845)	(491.918)	(95.163)
(Increase) / Decrease in trade payables	33	(2.023.044)	8.866.977	(100.243)	12.864.582
(Increase) / Decrease in other current liabilities	35	764.543	(1.597.205)	997.636	(2.470.185)
Income tax expense	16	(920.004)	(863.839)	(1.009.756)	(863.838)
Other (Increase) / Decrease of cash-flow		(322.354)	(1.605.962)	(1.195.693)	(2.563.670)
Income taxes paid	15	(736.674)	(403.877)	(1.381.884)	(746.536)
Net cash inflow from operating activities		**(2.030.025)**	**5.595.277**	**(344.769)**	**9.352.659**
Cash flows from investing activities					
Interest received	14	15.101	6.702	15.246	9.057
Purchase of property, plant and equipment and intangible assets	17-20	(7.776.951)	(4.920.759)	(10.321.550)	(7.330.333)
Acquisition of subsidiaries paid in cash	21	-	-	-	-
Adjustment of exchange rate differences and share correction	21	-	(31.467)	-	-
Net cash (outflow) from investing activities		**(7.761.850)**	**(4.945.523)**	**(10.306.304)**	**(7.321.276)**

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

(All amounts are expressed in euros)

		COMPANY		GROUP	
Cash flows from financing activities	**Note**	**2023**	**2022**	**2023**	**2022**
Capital paid in		-	(44.860)	-	(44.860)
Proceeds from borrowings	31, 34	26.691.106	17.522.417	28.883.819	22.046.746
Repayments of borrowings	34	(20.043.247)	(15.329.940)	(21.703.416)	(20.930.525)
Other changes in capital - acquisition/merger		546.586	-	557.140	178.097
Other cash inflows (outflows) from financial activities		-	-	-	-
Net cash (outflow) from financing activities		**7.194.445**	**2.147.616**	**7.737.544**	**1.249.457**
Net increase/ (decrease) in cash and cash equivalents	**27**	**(2.597.430)**	**2.797.370**	**(2.913.529)**	**3.280.840**
Cash and cash equivalents at the beginning of the period		**5.105.403**	**2.308.033**	**5.997.657**	**2.716.817**
Cash and cash equivalents at the end of the period	**27**	**2.507.974**	**5.105.403**	**3.084.128**	**5.997.657**

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

(All amounts are expressed in euros)

1. COMPANY INFORMATION

Tokić d.o.o. ("the Company") was founded in 1990. The group consists of the parent company Tokić d.o.o. with its subsidiaries: Bartog Adria d.o.o. Croatia and Bartog d.o.o. Slovenia. The main business activities of the Group are sales, both retail and wholesale of auto parts, tires and other items for all types of cars and light trucks.

The Company's registered office is located at Ulica 144. Brigade Hrvatske vojske 1a, Sesevete.

The share capital of the Company and of the Group, amounts to 31.150,00 EUR.

1.1. Business acitivity

The main activity of the company is the purchase and sale of goods (auto parts).

The code of activity assigned to the Company per National classification of all economic activities is 4690.

Identification number - OIB of the Company is 74867487620.

According to the Accounting Act, the Company and Group are considered a large entrepreneur.

1.2. Number of employees

As of December 31, 2023 the Group had 1,199 employees (December 31, 2022: 1,101 employees) and the Company had 947 employees (December 31, 2022: 833 employees).

The Supervisory Board and the Management Board of the Company

The members of the Supervisory Board of the Company are as follows:

		Term
Ilija Tokić	Chairman of the Supervisory Board	From 28.06.2022.
Ruža Tokić	Member of the Supervisory Board	From 03.05.2023.
Zvonimir Šego	Member of the Supervisory Board, employees representative	From 03.05.2023.

The members of the Management Board of the Company are as follows:

Ivan Šantorić	Chairman of the Management Board (CEO), represents the company individually and independently	From 12.10.2022.
Dražen Jurković	Member of the Management Board (CFO), represents the company individually and independently	From 12.10.2022.

(All amounts are expressed in euros)

2. IMPLEMENTATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Current period standards and interpretations

In the current year, the Company and the Group applied a series of amendments and additions to the International accounting standards published by the International Accounting Standards Board ("IASB") and adopted by the European Union ("EU"), which are mandatory for the reporting period beginning on and after the 1st of January 2022.

Standard	Title
Amendments to IAS 12	Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from individual transactions, published on May 7, 2021 (effective date for financial periods beginning on or after January 1, 2023)
Amendments to IAS 12	Amendments to IAS 12 Income Taxes: International Tax Reform – Second Pillar Model Rules, published on 23 May 2023 (effective date for financial periods beginning on or after 1 January 2023).
Amendments to IAS 1	Amendments to IAS 1 Presentation of Financial Statements and IFRS Guideline 2: Disclosure of Accounting Policies, published on February 12, 2021 (effective date for financial periods beginning on or after January 1, 2023).
Amendments to IAS 8	Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, issued on February 12, 2021 (effective date for financial periods beginning on or after January 1, 2023).

The adoption of the aforementioned standards did not have any significant impact on the disclosures or on the amounts shown in these financial statements.

Standards and amendments to existing standards and interpretations published by IASB and adopted in the European Union, but not yet effective

On the date of approval of these financial statements, the Company has not applied the following new and revised International accounting standards issued and adopted by the EU, but not yet effective:

Standard	Title	EU adoption
Amendments to IAS 1	Classification of liabilities as current or non-current (IASB effective from 1 January 2023)	Adopted
Amendments to IFRS 16	Liability for leasing in sales and "sale and lease back" (IASB effective from January 1, 2024)	Adopted

The Company and the Group do not expect that the adoption of the aforementioned Standards will have a significant impact on the Company's financial statements in future periods.

2. IMPLEMENTATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New standards and amendments to standards published by IASB, but not yet adopted in the European Union

Currently, the standards adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board, except for the following new standards and changes to existing standards, which have not yet been adopted by the EU at the date of issuance of these financial statements:

Standard	Naslov	Status usvajanja u EU
Amendments to IAS 21	Amendments to IAS 21: Effects of Changes in Foreign Currency Exchange Rates, Lack of Exchangeability (issued on August 15, 2023)	Not adopted yet
Amendments to IAS 7	Amendments to IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments. Disclosure - Supplier Financial Arrangements (issued on 25 May 2023)	Not adopted yet

The Company and the Group do not expect that the adoption of the aforementioned Standards will have a significant impact on the financial statements of the Company and the Group in future periods.

Hedge accounting of financial assets and liabilities portfolio which have not yet been adopted by the EU remains unregulated. According to the estimates of the Company and the Group, the application of hedge accounting to a financial assets or liabilities portfolio in accordance with IAS 39: "Financial Instruments: Recognition and Measurement" would not significantly affect the financial statements, if applied at the balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1. Statement of compliance

The consolidated financial statements were prepared in accordance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards adopted by the European Union (IFRS). The financial statements are presented as standalone financial statements for the Company and as consolidated financial statements for the Group. The financial statements for the Group contain the consolidated financial statements of the Company and its subsidiaries.

3.2. Basis for preparation

The Company and the Group keep accounting records in the Croatian language, in euros and in accordance with the Croatian legal regulations and accounting principles followed by companies in Croatia.

Compilation of financial statements in accordance with the Accounting Act of the Republic of Croatia and the International Financial Reporting Standards in force in the European Union (IFRS) requires the Management Board to make estimates and make assumptions that affect the stated amounts of assets and liabilities and the disclosure of unforeseen assets and unforeseen obligation on the date of the financial statements, as well as on the reported income and expenses during the reporting period. The estimates are based on the information that was available at the date of the financial statements, and the actual amounts may differ from the estimates. The financial statements of the Company and the Group represent the aggregate amounts of assets, liabilities, capital and reserves of the Company and the Group as of 31 December 2023 as well as the results of operations for the year then ended.

3.3. Basis for consolidation

The consolidated financial statements of the Group include the financial statements of Tokić d.o.o. ("the Company") and companies over which Tokić d.o.o. has control (subsidiaries) as of and for the year ended December 31, 2023. Control exists if the Company has the power to manage the financial and business policies of an individual company in order to achieve benefits from its operations.

(I) Subsidiaries

Subsidiaries are all companies over which the Company has control over financial and business policies, including more than half of the voting rights. The existence and effect of potential voting rights that can be used or replaced are considered when assessing whether the Company has control over another business entity. Subsidiaries are fully consolidated from the date on which control is actually transferred to the company and are excluded from consolidation from the day this control ceases.

(II) Mergers

The group uses the purchase accounting method for the accounting treatment of business combinations. The amount paid for the acquisition of the subsidiary is the fair value of the assets transferred, liabilities incurred and equity shares issued by the Group. Amount paid includes the fair value of each item of asset or liability resulting from the contingent consideration contract. Acquisition-related costs are recognized in the statement of comprehensive income as incurred. Acquired identifiable assets, liabilities and potential liabilities in a business combination are initially measured at fair value on the date of acquisition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3. Basis for consolidation (continued)

(II) Mergers (continued)

The group recognizes minority shares in the acquired subsidiary either at fair value or at the proportional share of the minority share in the net assets of the acquired subsidiary.

The excess of the fee transferred, the amount of any non-controlling share in the acquired subsidiary and the acquisition-date fair value of any earlier share in the acquired company over the fair value of the Group's share of the acquired identifiable net assets is reported as goodwill. If it is less than the fair value of the net assets of the acquired subsidiary, the difference is reported directly in the statement of comprehensive income.

(III) Non-controlling interests

Non-controlling interests are initially measured by their proportional share of recognized net assets of the acquired company on the date of acquisition. Changes in the Group's share in a subsidiary that do not result in a loss of control are accounted for as transactions with the owners.

(IV) Loss of control over subsidiaries

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

(V) Transactions Eliminated in Consolidation

Balances and transactions between members of the Group and all unrealized gains from transactions between members of the Group are eliminated during the consolidation of financial statements. Unrealized gains from transactions with subsidiaries and joint ventures where the Group shares control with other owners are eliminated to the level of the Group's share in such companies. Unrealized gains realized from transactions with subsidiaries, was eliminated by derecognition of the investment in that company. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the amount that does not represent a permanent impairment of assets.

Consolidating Companies:

- Bartog d.o.o., Slovenia, for the following periods 01.01.2022. – 31.12.2022. and 01.01.2023. - 31.12.2023.
- Bartog Adria d.o.o., Croatia, for the following periods 01.01.2022. – 31.12.2022. and 01.01.2023. - 31.12.2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4. Goodwill

Goodwill represents the difference between the acquisition cost and the fair value of the Group's share in the net identifiable assets of the acquired subsidiary, the recognized amount of the non-controlling interest and the fair value of the previous share at the date of acquisition. Goodwill arising from the acquisition of a subsidiary is reported under intangible assets.

Goodwill is tested for impairment annually or more frequently, if events and circumstances indicate a potential impairment, and is stated at acquisition cost reduced by accumulated impairment losses. Goodwill impairment losses are not reversible. Profits and losses from the sale of a business entity include the book value of goodwill related to the sold entity. Goodwill is allocated to cash-generating units for impairment testing purposes. The allocation is made to those cash-generating units that are expected to benefit from synergies from the business combination in which the goodwill arose.

3.5. Transactions in foreign currencies

(a) Functional and Reporting Currency

Items included in the financial statements of each individual member of the Group are expressed in the currency of the primary economic environment in which that company operates ('functional currency'). The consolidated financial statements are presented in euros, which represents the functional and reporting currency of the Company and the Group from January 1, 2023, when the euro was introduced as the official national currency based on the Law on the introduction of the euro as the official currency in the Republic of Croatia.

HRK to EUR conversion.

The introduction of the euro as the official currency in the Republic of Croatia from January 1, 2023 represents a change in the functional currency. Accordingly, the Company's financial statements for the current and previous year were converted into euros using a fixed conversion rate of 1 EUR = 7.53450 HRK.

(b) Foreign currency transactions and balances

Transactions in foreign means of payment are converted into the functional currency so that the amounts in foreign means of payment are converted at the exchange rate on the day of the transaction or on the day of valuation in case the items are revalued. Gains or losses from exchange rate differences, which arise when settling these transactions and recalculating monetary assets and liabilities expressed in foreign currencies, are recognized in the income statement.

Gains or losses from exchange rate differences relating to liabilities for received loans and liabilities for leases are reported in the profit and loss account within financial income or expenses. All other gains or losses from exchange differences are reported under the item "Other gains/(losses) - net" in the income statement.

(c) Members of the Group

The results of operations and the financial condition of all members of the Group whose functional currency differs from the reporting currency are converted into the reporting currency as follows:

(I) assets and liabilities for each balance sheet are converted according to the closing exchange rate on the date of that balance sheet;

(II) income and expenses for each profit and loss account are converted according to average exchange rates; and

(III) all resulting exchange rate differences are recognized in a separate position within other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5. Transactions in foreign currencies (continued)

In consolidation, exchange rate differences arising from the recalculation of net investments in foreign subsidiaries are recorded in other comprehensive income. When selling a foreign subsidiary, all exchange rate differences from equity are reclassified from other comprehensive income to the income statement as part of the gain or loss from the sale.

Goodwill and fair value corrections upon acquisition of a foreign company are treated as assets and liabilities of the company abroad, and are recalculated at the closing exchange rate on the balance sheet date. Exchange rate differences arising during conversion are recognized within other comprehensive income.

3.6. Revenue recognition

Revenue is recognized upon transfer of control, either over time or at a specific point in time.

Control over asset is defined as the ability to manage the way it is used and obtain almost all the remaining benefits from the asset, which include the ability to prevent others from managing the way it is used and obtaining benefits from the asset. Benefits related to assets are potential cash inflows that can be directly or indirectly realized. The entity recognizes income over time if one of the following criteria is met: the customer simultaneously receives and consumes all the benefits that the entity enables him through its actions, the entity's actions create or improve assets that are under the control of the customer as the assets are created, or through the entity's actions no asset of alternative purpose is created for the subject and the subject has a legally enforceable right to payment for the actions performed so far. If the subject does not fulfill its act over time, it fulfills it at a certain moment. Therefore, income is recognized by the transfer of control at a certain point in time. Factors that may indicate the timing of a transfer of control include, but are not limited to, the following: the entity has a present right to payment for the subject asset; the buyer has legal ownership of the property; the subject has transferred physical possession of the property; the buyer bears the significant risks and rewards associated with ownership of the property and the buyer has accepted the property.

Revenues are measured at the fair value of fees received or receivables for products, goods or services sold during the Group's regular operations. The Group recognizes revenue when it transfers the risk of the product or service to the customer. Revenues are reported in amounts reduced by value added tax, rebates and discounts. The Group recognizes income when the amount of income can be reliably measured and when it is probable that the The Group will realize future economic benefits and when the specific criteria for all the Group's activities described below are satisfied.

<u>Income from wholesale trade goods</u>

Revenues from the wholesale of goods are recognized when the Company and The Group make deliveries to the wholesaler, when it no longer affects the management of the goods and when there is no outstanding obligation that could affect the acceptance of the product by the wholesaler. Delivery is made when the goods are shipped to a specific location, the risks of loss are transferred to the wholesaler, and when one of the following is established: the wholesaler accepts the goods in accordance with the contract, or the deadline for accepting the goods has passed, or the Company has objective evidence that all the criteria have been met. The goods are sold with a volume discount and customers have the right to return defective goods. Revenues from sales are reported based on the price from the sales contract, reduced by quantity discounts and sales discounts and returns. Volume discounts are estimated based on expected annual sales. The sale does not include financing elements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6. Revenue recognition (continued)

<u>Retail sales of merchandise</u>

Revenues from the retail sale of goods are recognized at the time of sale of the goods to the customer. Revenues from retail sales are mostly generated in cash or via credit cards. Reported income includes credit card fees, which are reported under other expenses.

<u>Service sales</u>

Revenues from services are recognized in the period in which the services are performed, based on the share of services actually performed in relation to the total services to be performed.

<u>Rental income</u>

Income from rental services is recognized in the period in which the services are provided, using the straight-line method during the period of the contract with the lessees, and is reported in the profit and loss account, as part of other operating income.

<u>Interest income</u>

Interest income generated on the basis of deposited funds in banks, loans and interest from customers is recognized on a time-proportional basis using the effective interest rate method.

3.7. Government grants

Government grants are not recognized until the fulfillment of the conditions for obtaining government support and the receipt of the grants become realistically certain. Government grants are recognized in profit and loss systematically over the period in which the Company recognizes the costs to be covered by the grant as expenses. In particular, state grants where the basic condition is for the Company to acquire, build or in some other way acquire fixed assets are recognized in the financial statement of the financial position as income of future periods and are transferred to profit and loss systematically and rationally during the useful life of the subject asset. Receivables based on state grants for compensation of already incurred costs or losses or for the purpose of providing current financial support to the Company without future related costs are recognized in the profit and loss of the period in which the claim for them arises.

3.8. Borrowing costs

Borrowing costs that can be directly related to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily requires a significant amount of time to be ready for its intended use or sale, are attributed to the acquisition cost of that asset until the asset is substantially ready for intended use or sale. Investment income earned by temporary investment of dedicated loan funds until the start of their spending on a qualified asset is deducted from borrowing costs whose capitalization is acceptable. All other borrowing costs are included in the profit or loss of the period in which they were incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9. Income tax

Current and deferred taxes

Income tax expense for the period consists of current and deferred tax. The tax is reported in the profit and loss account, except for the part that refers to the items recognized in the statement of comprehensive income or directly in the equity. In this case, the tax is also recognized in the statement of comprehensive income or directly in equity. The amount of profit tax for the current year is calculated on the basis of the tax law that is in force or partially applied on the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable profit. Current tax represents the expected tax liability calculated on the taxable amount of profit for the year, using the tax rate in effect on the reporting date and all tax liability adjustments from previous periods.

The amount of deferred tax is calculated using the balance sheet liability method, on temporary differences between the tax base of assets and liabilities and their book value in the financial statements. However, deferred tax is not recognized if it results from the initial recognition of assets or liabilities in a transaction that is not a business combination and which, at the time of the transaction, does not affect accounting profit or taxable profit or loss. Deferred tax is recognized on temporary differences arising from investments in subsidiaries, except when the the Group controls the timing of the recovery of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset will be recovered or the liability settled, based on the tax rates that are and the tax laws that are effective or partially applied at the balance sheet date . Deferred tax assets are recognized up to the amount of future taxable profit for which it is probable that they will be available for the utilization of temporary differences.

3.10. Property, plant, equipment and intangible assets

Property, plant and equipment and intangible assets are initially recognised at acquisition cost, and are subsequently reduced for impairment. The acquisition cost includes the purchase value, import duties and non-refundable sales taxes (tangible assets), i.e. any expenditure that can be directly attributed to the preparation of the asset for the intended use, such as employee compensation costs, professional fees that directly result from putting the asset into working condition, testing costs (intangible assets), as well as all other costs directly attributable to bringing the asset into condition for its intended use. The costs of current maintenance and repairs, replacement and investment maintenance of a smaller scale are recognized as expenses when incurred. In situations where it is clear that costs have resulted in an increase in future expected economic benefits, which should be realized by using property, plant, equipment and intangible assets beyond their originally estimated capabilities, they are capitalized, that is, included in the book value of that asset. Gains and losses based on the disposal or disposal of property, plant, equipment and intangible assets are reported in the statement of comprehensive income in the period in which they arose.

Depreciation calculation begins when the asset is transferred into use. Depreciation is calculated so that the acquisition cost or the estimated value of the asset, except for land and property, plant, equipment and intangible assets in preparation, is written off during the estimated useful life of the asset using the straight-line method as follows

(All amounts are expressed in euros)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10. Property, plant, equipment and intangible assets (continued)

	COMPANY		GROUP	
	Amortization/ depreciation rates 31.12.2023.	Amortization/ depreciation rates 31.12.2022.	Amortization/ depreciation rates 31.12.2023.	Amortization/ depreciation rates 31.12.2022.
Property, plant, equipment and intangible assets				
Buildings	5 - 10%	5 - 10%	5 - 10%	5 - 10%
Machinery	25%	25%	25%	25%
Tools, furniture, office and laboratory equipment, measuring and control instruments	25 - 50%	25 - 50%	25 - 50%	25 - 50%
Means of transport	20 - 25%	20 - 25%	20 - 25%	20 - 25%
IT equipment	50%	50%	50%	50%
Projects	50%	50%	50%	50%
Software	50%	50%	50%	50%
IFRS 16	rental – the amortization rate is related to the contracted duration of the rental			

In 2022 and 2023, depreciation rates at the Group level are harmonized according to IFRS standards with the Company's depreciation rates.

3.11. Investment Property

Investment property is property owned for the purpose of generating rental income or increasing the market value of the property. Investment property are measured at cost, which includes transaction costs. After the initial measurement, Investment property are measured at cost, reduced by accumulated depreciation and impairments.

Each share of the Company in property that the Company issues as part of a business lease for the purpose of generating rental income is calculated as an investment property.

Investicijska nekretnina se prestaje priznavati, u trenutku prodaje ili trajnim povlačenjem iz uporabe, kao i kad se od njenog otuđenja ne očekuju buduće ekonomske koristi. Svaka dobit, odnosno svaki gubitak nastao prestankom priznavanja nekretnine, a utvrđuje se kao razlika između neto priljeva ostvarenih prodajom i neto knjigovodstvene vrijednosti predmetne nekretnine, uključuje se u dobit i gubitak razdoblja u kojem se nekretnina prestala priznavati.

Investment property is derecognized at the time of sale or permanent withdrawal from use, as well as when no future economic benefits are expected from its disposal. Any profit or loss arising from the derecognition of investment property, determined as the difference between the net inflows realized from the sale and the net book value of the investment property in question, is included in the profit and loss of the period in which the investment property was derecognized.

3.12. Impairment of property, plant, equipment and intangible assets

At each reporting date, the Company and the Group review the net-book value of their property, plant and equipment and intangible assets to determine whether there are any indications of impairment losses. If such indications exist, the recoverable amount of the asset is estimated in order to determine possible losses due to impairment. If the recoverable amount of an asset cannot be estimated, the Company and the Group estimate the recoverable amount of the cash-generating unit to which the asset belongs. If it is possible to determine a realistic and consistent basis for allocation, the assets of the Company and the Group are also allocated to individual cash-generating units or, if this is not possible, to the smallest group of cash-generating units for which a realistic and consistent basis of allocation can be determined.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13. Inventories

Trade goods inventory are recognised at purchase costs or net realizable value, depending on which value is lower. The net realizable value represents the estimate of the selling price in the ordinary course of business reduced by variable selling costs.

The Group uses the FIFO (first-in-first-out) method to determine inventory costs. Inventories of trade goods are stated at selling price reduced by taxes and margin.

If necessary, The Group carries out the impairment of damaged stocks and stocks whose use-by date has passed.

The amount of any write-down of inventory up to the net realizable value and all inventory shortages are recognized as an expense in the period of the write-off, i.e. when the shortage occurs. The amount of any reversal of inventory write-downs resulting from an increase in net realizable value is recognized as a reduction in the amount of inventory recognized as an expense in the period in which the reversal occurred.

3.14. Trade receivables and advance payments

Trade receivables are initially recognized at fair value, and are subsequently measured at amortized cost using the effective interest rate method. The expected loss from impairment is estimated depending on the activity of the customer or the activity of the recipient of the loan, based on historical data, the current and expected state of liquidity, as well as specific estimates for individual customers depending on the current situation on the market and the probability of default. There were no changes in valuation techniques or significant assumptions during the current reporting period. Amounts of impairment of receivables are reported in the profit and loss account under 'other business expenses'. Loans and receivables with a maturity of more than 12 months after the reporting date are classified as non-current assets.

3.15. Cash and cash equivalents

Cash and cash equivalents consist of balances in bank accounts and money in the cash register, deposits and callable security or within three months at the latest.

3.16. Provisions

Provisions are recognized when the Company has a present obligation (legal or derived) that arose as a result of past events, if it is likely that the Company and the Group will need to settle this obligation and if the amount of the obligation can be reliably estimated. Provisions are reviewed on the date of the statement of financial position, and are reconciled with the assessment based on the current best knowledge. When the amount of the diminution in the value of money is significant, the amount of the provision is the present value of the costs expected to be incurred to settle the liability, determined using the estimated risk-free interest rate as the discount rate. When discounting is used, each year the impact of discounting is booked as a financial expense, and the stated value of the provision is increased each year for the elapsed time. The amount recognized as a provision is the best estimate of the consideration that will be required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties associated with the obligation. If the provision is measured using an estimate of the cash flows required to settle the present liability, the carrying amount of the liability is the present value of those cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17. Severance pay, jubilee awards and other employee benefits

(a) Pension liability and other post-retirement liability

In the course of regular business, when paying salaries, the Company makes regular payments of contributions on behalf of its employees who are members of mandatory pension funds in accordance with the law. Mandatory pension contributions to the funds are reported as part of salary expense when they are calculated. The company does not have an additional pension plan and therefore has no other obligations regarding employee pensions. Furthermore, the Company has no obligation to provide any other benefits to employees after their retirement.

(b) Severance pay

Severance pay liabilities are recognized when the Company terminates the employee's employment before the normal retirement date

(c) Regular severance pay upon retirement

Severance payments due in a period longer than 12 months after the reporting date are discounted to their present value.

(d) Long-term employee benefits

For defined benefit plans, benefit costs are determined using the projected credit unit method based on an actuarial valuation performed on each reporting date. Gains and losses arising from actuarial valuation are recognized in the period in which they arise.

3.18. Financial assets

As of January 1, 2018, the Company classifies its financial assets into a category that is measured at amortized cost using the effective interest rate method and as part of a business model that aims to collect contracted cash inflows and according to which the cash inflow is realized solely on the basis of repayment of the principal and interest on the outstanding principal amount (IFRS 9). Financial assets are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. It is presented under short-term assets, except for assets with a maturity of more than 12 months after the date of the statement of financial position. Such assets are classified as fixed assets. The Company ceases to recognize financial assets only when the contractual right to cash inflows for the asset in question has expired or when the financial asset and almost all the risks and rewards associated with ownership of it are largely transferred to another entity. If the Company does not transfer or retain almost all the risks and rewards associated with ownership and if it still has control over the transferred property, it recognizes its retained share in the property and the related liability in the amounts it may have to pay. If the Company retains most of the risks and rewards associated with the ownership of the transferred financial asset, this asset continues to be recognized, while at the same time recognizing the secured loan from the realized inflows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19. Financial assets (continued)

When the entire financial asset is derecognised, the difference between the book value of the asset and the sum of the compensation received and claims for compensation and the cumulative profit or cumulative loss reported as part of other comprehensive income and accumulated in the capital is transferred to profit or loss.

(I) Amortized cost and effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period.

For financial assets, except for purchased or created credit-impaired financial assets (i.e. assets that are credit-impaired at initial recognition), the effective interest rate is the rate that accurately discounts estimated future cash receipts (including all fees and points paid or received that form an integral part effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, throughout the expected life of the debt instrument, or, where appropriate, a shorter period, on the gross book value of the debt instrument at initial recognition. For purchased or originated credit-impaired financial assets, the effective interest rate matched to the loan is calculated by discounting estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument at initial measurement.

Amortized cost of a financial asset is the amount at which a financial instrument is measured at initial recognition less principal repayments and increased by cumulative amortization, using the effective interest rate method of any difference between that initial amount and the maturity amount, adjusted for any loss. The gross book value of a financial asset is the amortized cost of the financial asset before adjustment for any loss.

Interest income is recognized using the effective interest rate method for debt instruments that are subsequently measured at amortized cost. For financial assets, except for purchased or created credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross book value of the financial asset, except for financial assets that later became credit. For financial assets that later became credit-impaired, income of interest is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on a credit-impaired financial instrument improves so that the financial instrument is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross book value of the financial asset. For purchased or created credit-impaired financial assets, the Company recognizes interest income by applying the effective interest rate adjusted to the credit risk on the amortized cost of the financial asset at initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired. Interest income is recognized in the income statement and is included in the item "Financial income - interest income"

Impairment of financial assets

The company recognizes provisions for expected credit losses from trade receivables and debt instruments that are measured at amortized cost. The amount of expected credit losses is calculated at each reporting date to reflect changes in credit risk since the initial recognition of an individual financial instrument. The company always recognizes lifetime expected credit losses (ECL) for trade receivables based on the selected simplified approach.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19. Financial assets (continued)

Impairment of financial assets (continued)

The Company does not currently adjust the loss rate for future macroeconomic conditions as it has not performed an analysis of the impact of macroeconomic factors on historical loss rates, including the time value of money where appropriate.

For loans granted, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not significantly increased since initial recognition, the Company measures the loss for that financial instrument in an amount equal to the 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events during the expected lifetime of the financial instrument. In contrast, the 12-month ECL represents a part of the lifetime ECL due to the probability of default in the next 12 months after the reporting date.

(I) Significant increase in credit risk

When assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of default on the reporting date with the risk of default on the financial instrument on the date of initial recognition. During this assessment, the Company takes into account both quantitative and qualitative information that is reasonable and available, including historical experience and that is available without unnecessary costs or involvement.

In particular, the Company relies on days of delay when assessing a significant deterioration in credit risk. If the debtor is late for more than 30 days, then the Company assumes that there has been a significant increase in credit risk.

Despite aforementioned, it is assumed that the credit risk on a financial instrument has not significantly increased since initial recognition if the financial instrument is determined to have a low credit risk at the reporting date. It was determined that a financial instrument has a low credit risk if:

- The financial instrument has a low risk of default status,
- The debtor has a strong ability to settle its contractual obligations in a short period of time, and
- Unfavorable changes in economic and business conditions in the long term may, but not necessarily, reduce the borrower’s ability to meet its contractual cash flow obligations.

However, the Company currently does not use the simplification of low credit risk when assessing a significant increase in credit risk.

The Company regularly monitors the effectiveness of the criteria used to determine whether there has been a significant increase in credit risk and revises them to ensure that the criteria can identify a significant increase in credit risk before payment delays occur.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19. Financial assets (continued)

Impairment of financial assets (continued)

(II) Defining of default status

The following facts that represent a case of default for the purposes of internal credit risk management, the Company considers historical experience that show that financial assets that meet any of the following criteria are generally not recoverable, are data developed internally or obtained from external sources indicate that it is unlikely that the debtor will pay his creditors, including the Company, in full (without taking into account any collateral held by the Company).

(III) Credit impairment of financial assets

A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows of that financial asset. Evidence that a financial asset is credit impaired includes available information on the following events:

- significant financial difficulties of the issuer or debtor;
- emergence of default status (defined above);
- hen the issuer, due to the debtor's financial difficulties, approves the same concession that he would otherwise not consider;
- it becomes likely that the debtor will go into bankruptcy or other financial reorganization;
- the disappearance of an active market for certain financial assets due to financial difficulties.

(IV) Write-off policy

The company writes off financial assets when there is information indicating that the debtor is in serious financial difficulties and that there are no realistic prospects for recovery, eg when the debtor is placed under liquidation or is in bankruptcy proceedings. A written-off financial asset may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. The recovery is recognized in the profit and loss account.

(V) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the loss rate calculated according to the appropriate model. As for the exposure at the time of default status, for financial assets it represents the gross book value of the assets on the reporting date. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows due in accordance with the contract and all expected cash flows, discounted at the original effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19. Financial assets (continued)

Impairment of financial assets (continued)

If the Company measured provisions for expected credit losses for a financial instrument in the amount of the lifetime ECL in the previous reporting period, but on the current reporting date determines that the conditions for the lifetime ECL are no longer met, the Company measures the loss in an amount equal to the 12-month ECL - at the current reporting date, except for assets for which the simplified approach was used (trade receivables).

The company recognizes profit or loss from reductions in the profit and loss account for all financial instruments with a corresponding adjustment of the book value through the loss provision account.

3.20. Leases (IFRS - 16)

(I) Group activities related to leases and accounting policy

The Group rents various offices, equipment and vehicles. Lease agreements are usually concluded for a specific period of 12 months to 5 years, but may also have the option of extension. Lease agreements can contain both lease and non-lease components. GROUP decided not to separate these components, but to treat the contracts as a single component of the lease. The terms of the rental agreement are negotiated on an individual basis and contain a wide range of different conditions. Lease agreements do not impose any contractual conditions other than security interests in the property subject to the lease. Leased assets cannot be used as collateral for loans.

Assets and liabilities arising from leases are initially measured based on present value. Lease liabilities include the net present value of the following rent payments:

- Fixed payments (including essentially fixed payments), less claims for lease incentives
- Index or rate-based variable lease payments, initially measured at the index or rate in effect on the lease inception date
- Amounts expected to be paid by the Group under residual value guarantees
- The exercise price of the purchase option if it is reasonably certain that the Group will exercise the option
- Penalty payments for termination of the lease, if the terms of the lease reflect the use of the termination option.

Lease payments made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are discounted using the interest rate implicit in the lease agreement. If this rate cannot be determined, which is generally the case for Group leases, the lessee's incremental borrowing rate is used, which is the rate the lessee would pay to borrow the funds needed to purchase an asset of similar value to the right-of-use asset, in a similar economic environment. with similar condition, insurance and conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20. Leases (nastavak)

(I) Group activities related to leases and accounting policy (continued)

Lease payments are divided into principal and interest. Interest expense is debited to the income statement over the term of the lease to create constant periodic interest on the remaining balance of the liability for each period. The right to use the property is measured at cost, which includes the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made prior to or on the lease commencement date less any lease incentives received
- Any initial direct costs, and
- Costs of renovation

Right-of-use assets are usually amortized on a straight-line basis over the shorter of the asset's useful life or the term of the lease. If it is reasonably certain that the Group will exercise the option to purchase the asset, depreciation is calculated over the useful life of the asset.

Payments related to short-term leases of equipment and vehicles and all leases of low-value assets and software licenses are recognized on a straight-line basis in the income statement. Short-term leases are leases with a term of 12 months or less. Assets of low value refer to IT equipment and smaller items of office furniture.

(II) Variable lease payments

The Group may be exposed to variable payment terms linked to an index or rate, which are not included in the lease obligation until they come into effect. When index-based or rate-based adjustments take effect, lease obligations are revalued and the right-of-use value is adjusted. Variable rent payments that depend on the realization of sales, if they are contracted, are reported in the profit and loss account under the item "Other operating expenses".

(III) Extension and cancellation options

Extension and cancellation options are included in many of the Group's real estate and equipment leases. They are used to maximize operational flexibility in managing assets used in the Group's operations. Rental income in which the Group is the lessor is recognized in the profit and loss account on a straight-line basis over the duration of the lease. Initial direct costs incurred when obtaining an operating lease are added to the book value of the subject property and recognized as an expense over the lease term on the same basis as lease income. The leased asset in question is included in the Group's balance sheet based on its nature.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21. Contingent assets and liabilities

Contingent assets are not recognized in the financial statements, but are disclosed when an inflow of economic benefits becomes probable. Contingent liabilities are not recognized in the financial statements. They are published only if the possibility of an outflow of resources that constitute economic benefits is certain.

3.22. Events after the date of the statement of financial position

Events after the date of the statement of financial position that provide additional information about the position of the Company at the date of the statement of financial position (events that have the effect of reconciliation) are reflected in the financial statements. Those events that do not result in reconciliation are disclosed in the notes to the financial statements if they are of material importance.

3.23. Financial liabilities

Financial liabilities recognized by the Company are liabilities to suppliers and loans. The company measures all financial liabilities at amortized cost.

(a) Trade Payables

Trade payables are liabilities to pay the supplier for goods received or services received in the course of regular business. Trade Payables are classified as current if they are due for payment within one year, or within the regular business cycle if it is longer. Otherwise, liabilities are classified as non-current. Trade payables are initially recognized at fair value, and are subsequently measured at amortized cost using the effective interest rate method

(b) Borrowings

Borrowings are initially recognized at fair value, less transaction costs. In future periods, borrowings are reported at amortized cost. All differences between receipts (minus transaction costs) and redemption value are recognized in the profit and loss account during the term of the loan, using the effective interest rate method.

Borrowings are classified as short-term liabilities, unless the Company has an unconditional right to postpone the settlement of the liability for at least 12 months after the reporting date.

The Company ceases to recognize financial liabilities when, and only when, the liabilities are paid, canceled or expired. The difference between the book value of the financial liability written off and the compensation paid for the compensation liability is included in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND MAIN SOURCES OF ESTIMATION UNCERTAINTY

When applying the Company's accounting policies, which are described in Note 3, the Management should make judgments, estimates and make assumptions about the accounting amounts of assets and liabilities that are not visible from other sources. Estimates and related assumptions are based on past experience and other relevant factors. Actual results may differ from estimates. Estimates and assumptions on the basis of which the estimates were derived are continuously reviewed. Changes in accounting estimates are recognized in the period of revision of the estimate if the change affects only that period or in the period of revision of the estimate and in future periods if the change affects both current and future periods. Appraisals were used, but not limited to depreciation periods and residual values of real estate, plant and equipment and intangible assets, impairment of receivables and actuarial assessments. The following is a description of the key judgments of the Management Board, in the process of applying the Company's accounting policies, which had the most significant impact on the amounts recognized in the financial statements.

Useful life of property, plant and equipment and intangible assets

As described in Note 3.9, the Company reviews the estimated useful life of real estate, plant and equipment and intangible assets at the end of each annual reporting period. Real estate, plant and equipment and intangible assets are stated at acquisition cost less accumulated value adjustments.

Availability of taxable profit for which deferred tax assets can be recognized

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that income taxes will be available against the utilized loss. Significant judgments are required in determining the amount of deferred tax assets that can be recognised, based on the probable calculation of the timing and level of future taxable profit together with the future planned tax strategy.

Adjustment of the value of trade receivables

The management determines the impairment of risky receivables with regard to the certainty of collection based on the review of the age structure of all receivables and the analysis of individual significant amounts. The impairment of risky receivables in terms of the certainty of collection is carried out at the expense of the statement of comprehensive income for the current year.

Inventory value correction

The management carries out inventory impairment based on the analysis of the total age structure of the inventory and on the basis of predefined criteria for value adjustments that depend on the date of the last purchase, the date of the last sale, and the type of inventory (tires or auto parts). Impairment of inventory is carried out at the expense of the expenses of the period based on the assessment of damage, wear and tear of inventory, etc., when the recoverable value is lower than the purchase value.

Legal provisions

Management uses estimates of the likelihood of outcome of legal proceedings and recognizes provisions for liabilities arising from these proceedings on a consistent basis. Provisions are recognized in the total expected amount of the outflow of economic benefits as a consequence of court proceedings, which is mainly the amount of the dispute increased by the estimated related legal costs and late interest (if applicable), if in the opinion of the Management Board, and based on consultations with legal advisors, the probability of an unfavorable outcome is greater than a favorable outcome. Provisions are not recognized for legal disputes and expected related legal costs and default interest (if applicable) in cases where the Management estimates that an unfavorable outcome of the court proceedings is less likely than a favorable outcome.

4. CRITICAL ACCOUNTING JUDGMENTS AND MAIN SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Legal provisions (continued)

Where there are indications of a possible settlement in relation to an individual court proceeding, a provision is recognized in the amount of the expected amount of the settlement less existing provisions related to that court proceeding, based on the best assessment of the Management Board made in cooperation with its legal advisors.

Goodwill impairment test

The company performs an annual impairment test to assess whether the recoverable amount of goodwill shows a potential decrease in the carrying amount. For testing purposes, the income method or discounted cash flow method is used. The calculation of the recoverable value of goodwill is based on ten-year business plans of the acquired company, which were developed taking into account the corporate sales and marketing strategy, trends in the relevant market (such as expected trends in gross domestic product, market share of relevant products and categories) and competitor analysis. The calculation methodology consists of estimating future cash flows for a period of ten years and calculating the terminal value of the company, which are discounted using a discount rate representing the weighted cost of (equity and debt) capital (WACC).

(All amounts are expressed in euros)

5. SALES REVENUE

	COMPANY		GROUP	
	2023	2022	2023	2022
Sales revenue domestic	109.695.010	87.088.283	177.324.957	146.365.308
Sales revenue foreign	31.841.817	25.509.102	30.030.105	28.242.571
	141.536.827	**112.597.385**	**207.355.062**	**174.607.879**

Revenue segmentation by sales:

	COMPANY		GROUP	
	2023	2022	2023	2022
Wholesale	60.891.132	49.767.566	128.472.116	108.823.131
Retail	47.733.321	36.415.462	47.733.321	36.415.462
Export	31.841.817	25.509.102	30.030.105	28.242.571
Services	1.070.557	905.255	1.119.520	1.126.715
	141.536.827	**112.597.385**	**207.355.062**	**174.607.879**

Wholesale revenues include sales to legal entities and franchisors. Revenue from services mostly refer to revenues from ACC services, which amounted to EUR 641,256 in 2023, or EUR 467,117 in 2022, and to income from royalty fees, which amounted to EUR 97,435 in 2023, or EUR 121,938 in 2022.

6. OTHER INCOME

	COMPANY		GROUP	
	2023	2022	2023	2022
Income from pre-invoiced expenses	1.141.421	1.002.673	1.066.854	954.679
Income from rentals	308.438	271.036	308.120	270.717
Income from the rental of official vehicles	95.073	86.406	95.073	86.406
Income from the sale of fixed assets	37.407	23.682	37.407	23.682
Income from claims collection and insurance	7.288	126.991	7.288	126.991
Subsequently determined income	41.691	42.924	41.691	42.924
Other operating revenue	852.164	476.284	1.114.033	643.083
	2.483.481	**2.029.995**	**2.670.464**	**2.148.482**

(All amounts are expressed in euros)

6. OTHER INCOME (CONTINUED)

The subsequently determined revenues belong to the business period of 2023 and refer to the Agreement with the lessee, which determined the correction of rental costs and the debiting of works performed in the rental facility.

Revenues from pre-invoiced costs of the Company mostly relate to marketing services to business partners, which amounted to EUR 998,521 in 2023, or EUR 830,239 in 2022.

The Company's other operating income in 2023 refers to income from state subsidies for electricity EUR 285,847 (EUR 156,753 in 2022), income from collected receivables that were adjusted in value in previous periods EUR 125,392 (EUR 175,891 in 2022), inventory surpluses EUR 150,845 (EUR 73,467 in 2022), income from cancellation of passive accruals EUR 117,175 (EUR 39,975 in 2022), extraordinary income from damage compensation EUR 105,665 (EUR 0 in 2022) etc. poslovni prihodi Društva u 2023.

7. COST OF RAW MATERIALS

	COMPANY		GROUP	
	2023	2022	2023	2022
Cost of fuel	1.042.565	1.050.145	1.330.584	1.361.506
Cost of materials	690.916	593.397	975.132	846.561
Cost of electricity	642.926	456.369	813.839	615.935
Other cost of materials	74.261	117.974	74.261	117.974
	2.450.668	**2.217.884**	**3.193.817**	**2.941.976**

8. COST OF GOODS SOLD

	COMPANY		GROUP	
	2023	2022	2023	2022
Purchase value of trade goods	106.197.128	83.704.013	154.730.287	131.438.903
Credit notes received from suppliers	(9.944.884)	(7.125.083)	(11.978.630)	(9.322.909)
	96.252.243	**76.578.930**	**142.751.657**	**122.115.994**

(All amounts are expressed in euros)

9. COST OF SERVICES

	COMPANY		GROUP	
	2023	**2022**	**2023**	**2022**
Costs of distribution of goods	1.920.676	1.453.299	3.459.943	3.058.450
Costs of maintenance services	1.443.023	1.117.653	1.627.225	1.295.737
Advertising and propaganda costs	602.945	504.947	422.358	412.154
Costs of consulting and legal services	165.204	349.395	233.107	423.398
Rental costs	512.696	469.358	568.677	538.630
Utilities	372.926	289.822	418.402	330.036
Infocommunication costs	207.181	168.712	318.737	284.841
Representation costs	275.508	204.419	375.713	261.511
Freight forwarding services during export	9.543	7.691	9.578	7.691
Transportation costs	15.688	19.476	15.583	19.686
Other cost of services	1.090.587	766.762	3.900.324	3.217.650
	6.615.979	**5.351.533**	**11.349.648**	**9.849.783**

The increase in the cost of distribution of goods is a consequence of the increase in the price of fuel as well as the increase in the amount of transported goods compared to the previous period (increased distribution of goods to Bartog due to the continuous growth of central procurement and other export markets).

The growth in the costs of maintenance services is mostly related to IT services for system improvement, introduction of new software for business improvement, increased security, etc., and ongoing maintenance services.

Other service costs refer to the services of subcontractors - ACC service services in the amount of EUR 576,437 (EUR 418,029 in 2022), services of other subcontractors in the amount of EUR 91,151 (EUR 40,865 in 2022), student service services in the amount of EUR 278,166 (EUR 162,331 in 2022) and other external services in the amount of EUR 144,832 (EUR 145,538 in 2022).

At the consolidated level, other service costs are increased by the costs of subsidiaries, namely: services of the management partner in Bartog in the amount of EUR 2,285,585 (EUR 1,852,170 in 2022), costs of pre-invoiced services in the amount of EUR 115,867 (EUR 166,839 in 2022), student service services EUR 146,757 (EUR 110,003 in 2022), costs of external associates in the amount of EUR 34,960 (66,731 in 2022), and other service costs in the amount of EUR 244,073 (EUR 304,129 in 2022).

10. STAFF COSTS

	COMPANY		GROUP	
	2023	**2022**	**2023**	**2022**
Net salaries and wages	11.595.624	10.694.143	16.083.328	15.030.531
Contribution on salaries	3.478.520	3.284.707	4.564.318	4.337.067
Taxes and contribution from salaries	3.200.485	2.962.132	5.529.786	5.253.106
Other staff costs	3.161.868	1.744.775	4.295.383	2.676.557
	21.436.496	**18.685.758**	**30.472.815**	**27.297.260**

The growth of the Company's personnel costs in 2023 is a consequence of the increase in the number of employees, during which the number of employees in 2023 increased by 114: from 833 in 2022 to 947 in 2023. On December 31, 2023 the Group had a total of 1,199 employees, which is an increase of 98 compared to the same date last year. The growth in the number of employees was the result of hiring new employees due to the need to expand and develop the business in accordance with the Company's business strategy. On an annual basis, the costs of employees in Bartog increased due to salary adjustments of existing employees.

(All amounts are expressed in euros)

11. DEPRECIATION AND AMORTIZATION

	COMPANY		GROUP	
	2023	2022	2023	2022
Depreciation of real estate, plant and equipment (note 19)	2.104.930	1.825.215	2.672.865	2.440.079
Depreciation of intangible assets (note 17)	1.052.854	1.246.307	2.696.490	2.834.562
Depreciation of investment in real estate (note 20)	887.763	887.763	887.763	887.763
	4.045.547	**3.959.285**	**6.257.118**	**6.162.404**

The depreciation expense of the Group is calculated in accordance to the accounting policies of the company Tokić d.o.o. and is in accordance with International Financial Reporting Standards. The effect of harmonization of rates is shown below:

	Amortization cost of the company Bartog before the harmonization of rates	The effect of the change in the accounting policies of the Tokić company	Amortization cost of the company Bartog after harmonization of rates
Depreciation of real estate, plant and equipment	531.864	(5.003)	526.861
Depreciation of intangible assets	1.496.865	33.916	1.530.782
	2.028.729	**28.914**	**2.057.643**

(All amounts are expressed in euros)

12. OTHER COSTS

	COMPANY		GROUP	
	2023	**2022**	**2023**	**2022**
Costs of ullage, spillage, breakage and defect	676.020	446.012	741.398	482.840
Software license costs	642.406	496.259	766.172	638.612
Costs of promotion, advertising	489.736	318.002	489.736	318.002
Banking and payment transaction costs	456.015	348.715	689.300	529.553
The costs of the fee for waste management	332.940	208.865	753.988	612.347
Costs of insurance premiums	152.360	148.732	227.532	236.025
Professional education costs	65.336	103.467	89.928	117.275
Costs of sponsoring sports and culture	65.184	74.556	68.364	78.346
Adjustment of the value of receivables and inventories	189.139	181.138	357.433	289.449
Non-deductible contributions, membership fees and taxes	78.679	70.408	119.723	112.331
Contribution costs for forests	34.585	27.595	34.585	27.595
The cost of doing business due to not employing people with disabilities	13.055	10.576	13.055	10.576
Other intangible costs	3.611	5.990	3.611	5.990
Damage compensation	-	-	-	-
Other costs	186.823	257.313	277.254	368.956
	3.385.889	**2.697.628**	**4.632.078**	**3.827.898**

The depreciation expense of the Group is calculated according to the accounting policies of the company Tokić d.o.o. and is in accordance with International Financial Reporting Standards.

The value adjustment of receivables at the level of the Company and the Group refers to receivables from customers with an estimated increased risk of collection and to the value adjustment of inventories. Value adjustments of receivables in 2023 at the Company level amounted to EUR 186,330 (EUR 141,350 in 2022), or EUR 305,292 at the Group level (EUR 214,233 in 2022). The value adjustment of inventories in 2023 at the Company level was EUR 2,809 (EUR 39,787 in 2022), or EUR 35,264 at the Group level (EUR 75,216 in 2022).

(All amounts are expressed in euros)

13. NET RESERVES FOR RISKS AND COSTS

	COMPANY		GROUP	
	2023	**2022**	**2023**	**2022**
Reserves for unused vacation, net (note 30)	9.354	1.584	47.896	22.081
Reserves for jubilee awards, severance pay, net	-	-	42.494	29.872
Reserves for court proceedings, net	73.362	36.673	73.362	36.673
	82.716	**38.257**	**163.752**	**88.627**

Reservations for legal disputes in which the Company participates as a defendant, refer to those disputes in which the estimated probability of losing the dispute is above 50%.

14. FINANCIAL INCOME

	COMPANY		GROUP	
	2023	**2022**	**2023**	**2022**
Positive FX differences	66.794	344.087	69.040	355.801
Interest income	15.101	6.702	15.246	9.057
	81.895	**350.790**	**84.285**	**364.858**

15. FINANCIAL EXPENSES

	COMPANY		GROUP	
	2023	**2022**	**2023**	**2022**
Negative FX differences	68.016	356.586	118.264	445.050
Interes expense	736.674	403.877	1.381.884	746.536
	804.689	**760.463**	**1.500.148**	**1.191.586**

Interest expenses at the Group level refer to interest on loans, leasing contracts and leases, as well as default interest on court judgments.

(All amounts are expressed in euros)

16. CORPORATE INCOME TAX

	COMPANY		GROUP	
	2023	2022	2023	2022
Current tax	1.785.460	888.780	1.875.212	803.202
Deferred tax	7.500	12.697	7.500	37.930
	1.792.960	**901.478**	**1.882.713**	**841.133**

The relationship between accounting and tax results is shown as follows:

	COMPANY		GROUP	
	2023	2022	2023	2022
Accounting profit before tax	**9.027.974**	**4.688.431**	**10.049.329**	**4.204.785**
Effect of income tax at 18%	1.571.746	771.380	1.607.780	679.452
Effect of non-taxable expenses	194.570	93.829	244.135	123.873
Effect of non-taxable income	(26.644)	(36.269)	(30.797)	(37.808)
Tax liability	**1.792.960**	**901.478**	**1.882.712**	**841.133**

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Accounting profit before tax	**9.027.974**	**4.688.431**	**10.049.329**	**4.204.785**
Effect of tax increases	930.622	295.419	1.174.083	320.738
Effect of tax deductions	(39.374)	(46.182)	(835.375)	(38.081)
Tax base	9.919.222	4.937.668	10.388.038	4.487.442
Tax liability at 18%	1.785.460	888.780	1.875.212	803.202
Deffered taxes	7.500	12.697	7.500	37.930
Income tax	**1.792.960**	**901.478**	**1.882.713**	**841.133**

The applicable corporate tax rate in the Republic of Croatia for 2023 and 2022 is 18%, while in Slovenia it is 19%. The effective interest rate for the Company in 2023 is 19.78% (2022 18,96%), while for the Group it was 18,66% (2022 19,10%).

The Group's profit tax in 2022 is lower than the Company's profit tax, due to the fact that the dependent company Bartog d.o.o made a tax loss in 2022.

Deferred taxes are the result of the created items Deferred tax assets on the basis of temporary differences for recorded tax-unrecognized costs of inventory value adjustments, receivables value adjustments and interest provisions for court cases, and additionally, created items for the cancellation of Deferred tax liabilities in the reporting tax period on the basis of temporary the difference recorded for the revalued values of assets and inventories in the merger process in previous tax periods. The Company and the Group are subject to tax supervision. At the time of compiling the report, the management had no knowledge of facts and circumstances that could cause additional tax liabilities.

(All amounts are expressed in euros)

17. INTANGIBLE ASSETS

COMPANY	Software	Customer Base - customer list	Intangible assets in development	Total
Cost				
As at 31 December 2021	**1.221.624**	**270.075**	**29.079**	**1.520.778**
Additions	48.904	-	146.994	**195.898**
Transfers	-	-	(163.624)	**(163.624)**
Disposals	-	-	-	**-**
As at 31 December 2022	**1.270.528**	**270.075**	**12.449**	**1.553.052**
Additions	126.940	-	33.604	**160.544**
Transfers	-	-	-	**-**
Disposals	-	-	-	**-**
As at 31 December 2023	**1.397.468**	**270.075**	**46.052**	**1.713.596**
Accumulated depreciation				
As at 31 December 2021	**(908.457)**	**(157.325)**	**-**	**(1.065.782)**
Depreciation for the period (note 11)	(277.170)	(64.603)	-	**(341.773)**
Disposals	-	-	-	**-**
As at 31 December 2022	**(1.185.627)**	**(221.927)**	**-**	**(1.407.555)**
Depreciation for the period (note 11)	(108.102)	(33.273)	-	**(141.375)**
Disposals	-	-	-	**-**
As at 31 December 2023	**(1.293.729)**	**(255.201)**	**-**	**(1.548.930)**
Net book value				
As at 31 December 2022	**84.901**	**48.147**	**12.449**	**145.497**
As at 31 December 2023	**103.739**	**14.874**	**46.052**	**164.666**

(All amounts are expressed in euros)

17. INTANGIBLE ASSETS

GROUP	Software	Customer Base - customer list	Intangible assets in development	Total
Purchase value				
As at 31 December 2021	**1.711.078**	**1.728.389**	**29.079**	**3.468.545**
Additions	104.685	-	146.994	**251.680**
Transfers	-	-	(163.624)	**(163.624)**
Disposals	-	-	-	**-**
As at 31 December 2022	**1.815.763**	**1.728.389**	**12.449**	**3.556.601**
Additions	197.834	-	33.604	**231.437**
Transfers	-	-	-	**-**
Disposals	-	-	-	**-**
As at 31 December 2023	**2.013.597**	**1.728.389**	**46.052**	**3.788.038**
Accumulated depreciation				
As at 31 December 2021	**(1.177.238)**	**(363.072)**	**-**	**(1.540.309)**
Depreciation for the period (note 11)	(344.422)	(210.524)	-	**(554.946)**
Purchase of a subsidiary company	-	-	-	**-**
Transfer value correction	**-**	**-**	**-**	**-**
As at 31 December 2022	(1.521.659)	(573.596)	-	**(2.095.256)**
Depreciation for the period (note 11)	(235.955)	(179.609)	-	**(415.564)**
Disposals	-	-	-	**-**
Transfer value correction	-	-	-	**-**
As at 31 December 2023	(1.757.614)	(753.205)	**-**	**(2.510.819)**
Net book value				
As at 31 December 2022	**294.104**	**1.154.793**	**12.449**	**1.461.345**
As at 31 December 2023	**255.983**	**975.184**	**46.052**	**1.277.219**

(All amounts are expressed in euros)

18. GOODWILL

	COMPANY	GROUP
As at 31 December 2022	169.407	5.992.187
Additions	-	-
Write off	-	-
As at 31 December 2023	**169.407**	**5.992.187**
Accumulated depreciation		
As at 31 December 2022	**-**	**-**
Impairment for the year	-	-
Disposals	-	-
As at 31 December 2023	**-**	**-**
Net book value		
As at 31 December 2022	**169.407**	**5.992.187**
As at 31 December 2023	**169.407**	**5.992.187**

On 31 December 2023, goodwill in the amount of EUR 169,407 refers to the acquisition of the companies AC Marinići d.o.o. 2019 (EUR 30,831), the company Prpić commerce d.o.o. (777 EUR) and the company Donit-gospodarski program d.o.o. (137,799 EUR) during 2021.

At the Group level, goodwill on 31 December 2023 refers to the acquisition of Bartog d.o.o. Slovenia during 2020 (EUR 5,817,209) and 100% share in the company Bartog Adria d.o.o. (EUR 5,570) during 2021..

The Group performed the goodwill impairment test for the goodwill that arose from the acquisition of shares in the company Bartog d.o.o.

The goodwill impairment test was performed at the level of the company (Bartog d.o.o.) as a cash-generating unit. For the purposes of testing, the income method or discounted cash flow method was used. The calculation methodology consists of estimating future cash flows for a period of ten years and calculating the terminal value of the company under the assumption that free cash flows after the tenth year grow at a rate of 2% per year, which corresponds to the average GDP growth rate in Slovenia in the last 10 years. Cash flow estimates take into account current market circumstances, expected market trends, the plan of corporate and marketing activities, and the expected effects of the Group's synergy. Cash flows are discounted using a discount rate that represents the weighted cost of (equity and debt) capital (WACC) in the amount of 10,37%.

No goodwill impairment has been identified.

(All amounts are expressed in euros)

19. PROPERTY, PLANT AND EQUIPMENT

COMPANY	Land	Buildings	Plant and equipment	Investing in other people's assets	Right of use asset	Assets under construction	Total
Cost							
As at 31 December 2021	**9.466.087**	**21.118.069**	**9.519.568**	**56.083**	**3.351.357**	**1.691.028**	**45.202.192**
Additions	-	40.633	1.086.932	-	2.215.425	1.823.629	**5.166.619**
Transfers	192.886	513.500	1.197.577	163.624	-	-	**2.067.587**
Izdvajanje komponente zemljišta	-	-	-	-	-	-	**-**
Disposals	(8.634)	-	(605.421)	-	(638.135)	(1.921.193)	**(3.173.383)**
As at 31 December 2022	**9.650.339**	**21.672.203**	**11.198.656**	**219.707**	**4.928.648**	**1.593.464**	**49.263.015**
Additions	-	43.485	1.143.818	-	559.611	5.402.867	**7.149.781**
Transfers	407.520	2.075.403	971.057	-	-	-	**3.453.980**
Extraction of the land component	624.941	(211.408)	-	-	-	-	**413.533**
Disposals	-	-	(1.430.942)	-	(227.286)	(4.597.746)	**(6.255.974)**
As at 31 December 2023	**10.682.799**	**23.579.683**	**11.882.589**	**219.707**	**5.260.973**	**2.398.585**	**54.024.336**
Accumulated depreciation							
As at 31 December 2021	**-**	**(7.757.252)**	**(7.154.138)**	**(16.305)**	**(915.940)**	**-**	**(15.843.635)**
Depreciation for the period (note 11)	-	(988.279)	(1.606.873)	(26.115)	(878.419)	-	**(3.499.686)**
Disposals	-	-	600.624	-	180.316	-	**780.940**
As at 31 December 2022	**-**	**(8.745.531)**	**(8.160.387)**	**(42.420)**	**(1.614.043)**	**-**	**(18.562.381)**
Depreciation for the period (note 11)	-	(682.112)	(1.866.853)	(54.319)	(857.159)	-	**(3.460.443)**
Disposals	-	-	1.415.311	-	194.192	-	**1.609.503**
As at 31 December 2023	**-**	**(9.427.643)**	**(8.611.929)**	**(96.740)**	**(2.277.010)**	**-**	**(20.413.321)**
Net book value							
As at 31 December 2022	**9.650.339**	**12.926.671**	**3.038.269**	**177.287**	**3.314.605**	**1.593.464**	**30.700.634**
As at 31 December 2023	**10.682.799**	**14.152.040**	**3.270.660**	**122.967**	**2.983.964**	**2.398.585**	**33.611.015**

(All amounts are expressed in euros)

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Land	Buildings	Plant and equipment	Investing in other people's assets	Right of use asset	Assets under construction	Total
Cost							
As at 31 December 2021	**9.466.087**	**21.118.069**	**10.916.184**	**500.065**	**14.252.164**	**2.081.592**	**58.334.161**
Additions	32.890	431.803	2.009.780	247.889	3.698.157	1.867.124	**8.287.642**
Transfers	192.886	513.500	1.621.637	163.624	-	(424.059)	**2.067.587**
Extraction of the land component	-	-	-	-	-	-	**-**
Disposals	(8.634)	-	(1.792.717)	(125.438)	(648.000)	(1.921.193)	**(4.495.981)**
As at 31 December 2022	**9.683.229**	**22.063.372**	**12.754.884**	**786.140**	**17.302.321**	**1.603.464**	**64.193.409**
Additions	219.132	275.353	1.443.138	214.156	(1.152.462)	5.878.267	**6.877.584**
Transfers	407.520	2.075.403	1.446.457	-	-	(475.400)	**3.453.980**
Extraction of the land component	624.941	(211.408)	-	-	-	-	**413.533**
Disposals	-	-	(2.491.372)	(106.167)	(594.457)	(4.597.746)	**(7.789.742)**
As at 31 December 2023	**10.934.821**	**24.202.720**	**13.153.107**	**894.129**	**15.555.402**	**2.408.585**	**67.148.764**
Accumulated depreciation							
As at 31 December 2021	**-**	**(7.757.252)**	**(7.273.566)**	**(49.874)**	**(3.316.699)**	**-**	**(18.397.391)**
Depreciation for the period (note 11)	-	(1.004.661)	(1.687.930)	(59.189)	(2.252.447)	-	**(5.004.226)**
Disposals	-	-	600.624	(38)	207.927	-	**808.514**
As at 31 December 2022	**-**	**(8.761.913)**	**(8.360.871)**	**(109.100)**	**(5.361.219)**	**-**	**(22.593.104)**
Depreciation for the period (note 11)	-	(706.311)	(1.852.061)	(92.789)	1.199.617	-	**(1.451.544)**
Disposals	-	-	1.415.311	-	527.581	-	**1.942.892**
As at 31 December 2023	**-**	**(9.468.224)**	**(8.797.622)**	**(201.889)**	**(3.634.021)**	**-**	**(22.101.756)**
Net book value							
As at 31 December 2022	**9.683.229**	**13.301.459**	**4.394.012**	**677.039**	**11.941.102**	**1.603.464**	**41.600.305**
As at 31 December 2023	**10.934.821**	**14.734.496**	**4.355.485**	**692.240**	**11.921.381**	**2.408.585**	**45.047.008**

(All amounts are expressed in euros)

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The most significant changes in tangible assets refer to the purchase of buildings for the office in Varaždin, which was previously rented, and the office in Osijek, with the associated land. There was also an increase at the Group level because the related company Bartog d.o.o. bought the Kamnik location, which was previously rented.

Right of use asset contains lease agreements that are classified as long-term tangible assets according to IFRS 16, of which as on 31 December 2023 EUR 11,102,041 refers to space rent (EUR 11,217,553 as on 31 December 2022), and EUR 819,340 to operational vehicle leasing (EUR 723,549 as on 31 December 2022).

All rental contracts have fixed monthly amounts and there are no agreed variable payments. The Company and Group did not have contracted leases of low value according to IFRS 16.

On 31 December 2023, the Company's land and buildings with a book value of EUR 5,246,187 have been pledged as a payment insurance instrument for loans in commercial banks (EUR 5,109,957 as on 31 December 2022).

At the Group level, the value is the same beacuse the related company Bartog d.o.o. has no properties pledged in favour of the banks.

20. INVESTMENT PROPERTY

COMPANY and GROUP	Land	Buildings	Total
Cost			
As at 31 December 2021	**724.150**	**2.331.953**	**3.056.102**
Additions	-	29.491	**29.491**
Disposals	-	-	**-**
Transfers	-	17.230	**17.230**
As at 31 December 2022	**724.150**	**2.378.673**	**3.102.823**
Additions	1.038.101	-	**1.038.101**
Disposals	-	-	**-**
Transfers	-	(335.181)	**(335.181)**
As at 31 December 2023	**1.762.251**	**2.043.492**	**3.805.743**
Accumulated depreciation			
As at 31 December 2021	**-**	**(752.120)**	**(752.120)**
Depreciation for the period (note 11)	-	(117.826)	**(117.826)**
As at 31 December 2022	**-**	**(869.947)**	**(869.947)**
Depreciation for the period (note 11)	-	98.934	**98.934**
As at 31 December 2023	**-**	**(771.012)**	**(771.012)**
Net book value			
As at 31 December 2022	**724.150**	**1.508.727**	**2.232.876**
As at 31 December 2023	**1.762.251**	**1.272.480**	**3.034.731**

Investment propery is a long-term asset position that can only be found in the Company's financial statements, and the data for the Company and the Group are identical. From these properties the Company generates rental income (Note 6. Other income) which amounted to EUR 308,438 in 2023 (EUR 271,036 in 2022).

On 31 December 2023, the Company's investment propery with a book value of EUR 838,929 have been pledged as payment security instruments for loans in commercial banks (EUR 874,580 as of 12/31/2022). At the Group level, the value is the same because the related company Bartog d.o.o. has no properties pledged in favour of the banks.

(All amounts are expressed in euros)

21. OTHER FINANCIAL ASSETS

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Other financial assets	13.696.253	13.696.253	9.598	9.598
	13.696.253	**13.696.253**	**9.598**	**9.598**

Other financial assets in the Company refer to shares in Bartog (EUR 13,684,000), Bartog Adria (EUR 2,654) and share in the share capital of ATR (EUR 9,598).

22. LONG-TERM RECEIVABLES

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Long-term receivables	47,471	38,391	608,897	452,620

The Company's long-term receivables refer to receivables based on paid deposits for space rental.

The growth of the Group's long-term receivables is a consequence of the increase in receivables for delivered equipment due to the increase in the number of contracts on business cooperation with customers in the related company Bartog d.o.o.

23. INVENTORIES

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Merchandise	43.500.124	34.543.716	62.257.013	51.012.228
Advances for supplies	156.555	30.954	156.555	30.954
Raw materials	-	-	228	228
Value adjustment of inventories	(152.789)	(168.613)	(300.582)	(283.937)
	43.503.889	**34.406.057**	**62.113.214**	**50.759.473**

24. TRADE RECEIVABLES

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Trade receivables - abroad	8.157.253	7.418.717	4.762.504	4.377.655
Trade receivables - domestic	11.544.737	8.999.761	18.966.872	15.650.417
Value adjustment of receivables	(253.351)	(230.831)	(455.312)	(344.964)
	19.448.639	**16.187.646**	**23.274.064**	**19.683.107**

(All amounts are expressed in euros)

The value adjustment of receivables is shown below:

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
As of 1 January	(230.831)	(308.237)	(344.964)	(382.560)
Charged/written off	163.810	218.757	204.733	260.704
Fully corrected during the year	(186.330)	(141.351)	(315.082)	(223.108)
Total value adjustment – trade receivables - domestic	**(253.351)**	**(230.831)**	**(455.312)**	**(344.964)**

Aging structure analysis of impaired trade receivables is shown below:

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
0 - 60 days	102.662	91.860	216.794	92.075
61 - 365 days	79.151	36.917	39.340	52.346
Over 365 days	71.538	102.054	199.177	200.543
	253.351	**230.831**	**455.312**	**344.964**

Aging structure analysis of impaired trade receivables is shown below:

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Undue	13.449.561	10.175.025	17.397.134	14.356.223
0 - 60 days	5.151.798	4.542.578	5.645.255	5.215.150
60 - 120 days	758.113	737.657	209.621	152.945
120 - 180 days	93.199	789.047	182.100	43.275
180 - 365 days	10.906	72.434	19.813	75.032
preko 365 days	238.413	101.738	275.454	185.446
	19.701.991	**16.418.478**	**23.729.377**	**20.028.072**

25. OTHER RECEIVABLES

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Receivables from employees	18.139	10.128	41.690	45.752
Receivables from state and other institutions	73.663	26.128	320.196	118.616
	91.802	**36.256**	**361.886**	**164.369**

Receivables from the state and state institutions refer to receivables from the state budget on the basis of value added tax refunds, profit tax overpayments, the Health Insurance Fund, sick pay and other.

(All amounts are expressed in euros)

26. SHORT-TERM FINANCIAL ASSETS

	COMPANY		GROUP	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Loans given	-	-	16.593	48.360
Deposits in bank	-	3.225	-	3.225
Interest receivables	91	91	1.684	1.684
Other deposits	369.193	39.800	369.193	39.800
	369.285	**43.117**	**387.470**	**93.069**

Other deposits refer to the given guarantees for tenders in the amount of EUR 85,284 and receivables from compensation claims in the amount of EUR 6,850.

27. CASH AND CASH EQUIVALENTS

	COMPANY		GROUP	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Cash in a bank – domestic currency	2.239.096	4.576.692	2.520.419	5.183.836
Cah in a bank – foreing currency	5.178	131.800	9.961	135.120
Cash in hand	263.699	396.912	553.748	678.701
	2.507.974	**5.105.403**	**3.084.128**	**5.997.657**

28. PREPAID EXPENSES AND ACCRUED INCOME

	COMPANY		GROUP	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Accrued income	6.969.879	5.508.563	8.147.143	7.115.659
Prepaid expensess	119.023	297.870	156.105	395.722
Other accrued income	4.382	4.385	4.382	4.385
	7.093.284	**5.810.817**	**8.307.629**	**7.515.765**

Acrrued income refer to calculated bonuses from suppliers for the current year, which are based on pre-defined contractual relationships.

(All amounts are expressed in euros)

29. EQUITY

The subsribed capital of the Company in 2023 amounts to EUR 31,150,000. On 3 May 2023 the share capital was adjusted due to the changeover to the euro, and it is lower by 43,13 euros compared to the previous year. The share capital consists of 4 shares: 2 shares in individual amounts of EUR 15,419,250 and 2 shares in individual amounts of EUR 155,750.

30. LONG-TERM AND SHORT-TERM PROVISIONS

COMPANY	Short-term		Long-term	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Court proceedings	-	-	145.418	73.126
Unused vacation	23 .772	14.418	-	-
Bonuses	313.033	100.272		
	336.804	**114.689**	**145.418**	**73.126**

GROUP	Short-term		Long-term	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Court proceedings	-	-	145.418	73.126
Severance payment, jubilee awards	195 .688	157.823	-	-
Unused vacation	23.772	14.418	-	-
Bonuses	313.033	100.272		
	532.492	**272.512**	**145.418**	**73.126**

Movement of provisions is shown as follows:

COMPANY	Court proceedings	Severance payment, jubilee awards	Unused vacation	Bonuses	Total
As at 1 January 2022	**104.515**	**-**	**12.834**	**-**	**117.349**
Increase / (Write off)	(31.389)	-	1.584	100.272	**70.467**
As at 31 December 2022	**73.126**	**-**	**14.418**	**100.272**	**187.815**
As at 1 January 2023	**73.126**	**-**	**14.418**	**100.272**	**187.815**
Increase / (Write off)	72.292	-	9.354	212.761	**294.407**
As at 31 December 2023	**145.418**	**-**	**23.772**	**313.033**	**482.223**

GROUP	Court proceedings	Severance payment, jubilee awards	Unused vacation	Bonuses	Total
As at 1 January 2022	**104.515**	**154.592**	**12.834**	**-**	**271.941**
Increase / (Write off)	(31.389)	3.231	1.584	100.272	**73.697**
As at 31 December 2022	**73.126**	**157.823**	**14.418**	**100.272**	**345.638**
As at 1 January 2023	**73.126**	**157.823**	**14.418**	**100.272**	**345.638**
Increase / (Write off)	72.292	37.865	9.354	212.761	**332.272**
As at 31 December 2023	**145.418**	**195.688**	**23.772**	**313.033**	**677.911**

(All amounts are expressed in euros)

31. LONG-TERM LOANS

	COMPANY		GROUP	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Long-term loans	14.520.009	16.024.025	15.377.152	17.224.025
Leasing liabilities (to IFRS 16)	3.103.080	3.446.205	12.152.268	12.239.117
	17.623.089	**19.470.231**	**27.529.420**	**29.463.142**
Short-term part of long-term loans (note 34)	(3.547.068)	(3.718.433)	(3.889.925)	(3.718.433)
Short-term part of long-term leasing (note 34)	(843.943)	(828.631)	(1.972.043)	(2.145.943)
Total long-term loans	**13.232.078**	**14.923.166**	**21.667.452**	**23.598.766**

Long-term loans are used to finance capital investments and development projects. The given insurance funds for long-term loans are promissory notes, promissory notes, real estate mortgages, and other insurance instruments.

On 31 December 2023 the Company had contracted four long-term loans:

- Loan approved by Erste & Steiermärkische bank d.d. with the balance amount of EUR 1,315,160 on 31 December 2023. The loan is repaid in equal monthly rates with final maturity date at September 30th 2024.
- Loan approved by Privredna banka Zagreb with the balance amount of EUR 7,857,143 on 31 December 2023. The loan is repaid in equal monthly rates with final maturity date at December 31st 2028.
- Loan approved by Erste & Steiermärkische bank d.d. with the balance amount of EUR 3,128,466 on 31 December 2023. The loan is repaid in equal monthly rates with final maturity date at May 31st 2029.
- Loan approved by Hrvatska Poštanska Banka d.d. with balance amount of EUR 2,200,000 on 31 December 2023. After the end of the grace period, the loan will be repaid in equal monthly rates with a final maturity date at October 31st 2028.

Movements in long-term loans during the year are shown below:

	COMPANY		GROUP	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
As at 1 January	**14.923.166**	**14.085.835**	**23.598.766**	**21.507.774**
New loans	3.602.798	6.521.318	5.176.386	9.092.292
Foreign exchange differences	-	21.504	-	21.504
Loan principal repayments	(902.875)	(1.158.427)	(1.245.732)	(1.158.427)
Reclassification to short-term loans (note 34)	(3.547.068)	(3.718.433)	(3.889.925)	(3.718.433)
Reclassification to short-term leasing (note 34)	(843.943)	(828.631)	(1.972.043)	(2.145.943)
Total long-term loans	**13.232.078**	**14.923.166**	**21.667.452**	**23.598.766**

(All amounts are expressed in euros)

32. DEFERRED TAX ASSETS AND LIABILITIES

	COMPANY	GROUP
Net deferred tax at 31 December 2021	**28.370**	**(254.787)**
Reduction of tax liability for realization	14.922	14.922
Deferred tax liability (upon merger)	-	-
Deferred tax assets (creation) in 2021	-	-
Reduction of tax assets for realization	(2.224)	(2.224)
Reduction of tax assets for realization (Bartog)	-	6.722
PPA fair value realization of deferred tax liability (Bartog)	-	53.559
PPA fair value realization of deferred tax assets (Bartog)	-	(8.016)
PPA fair value of deferred tax liability (Bartog Adria)	-	-
PPA fair value realization of deferred tax liability (Bartog Adria)	-	135
Net deferred tax at 31 December 2022	**41.067**	**(189.690)**
Reduction of tax liability for realization	7.031	7.215
Deferred tax liability (upon merger)	-	-
Deferred tax assets (creation) in 2022	-	-
Reduction of tax assets for realization	469	469
Reduction of tax assets for realization (Bartog)	-	729
PPA fair value realization of deferred tax liability (Bartog)	-	39.748
PPA fair value realization of deferred tax assets (Bartog)	-	(2.379)
PPA fair value of deferred tax liability (Bartog Adria)	-	-
PPA fair value realization of deferred tax liability (Bartog Adria)	-	135
Net deferred tax at 31 December 2023	**48.567**	**(143.773)**

33. TRADE PAYABLES

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Trade payables towards foreign suppliers	14.917.213	17.192.791	22.175.304	22.538.020
Trade payables towards domestic suppliers	4.258.801	4.006.268	12.571.767	12.309.293
	19.176.014	**21.199.059**	**34.747.071**	**34.847.313**

(All amounts are expressed in euros)

34. SHORT-TERM LOANS

	COMPANY		GROUP	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Short-term loans – principals	20.345.000	11.850.000	26.164.125	17.050.000
Short-term liabilities for long-term loans (note 31)	3.547.068	3.718.433	3.889.925	3.718.433
Short-term leasing's (to IFRS16)	843.943	828.631	1.972.043	2.145.943
Short-term loans - interest	-	-	-	-
	24.736.011	**16.397.064**	**32.026.093**	**22.914.376**

Short-term loans are used to finance current business.

Movements in short-term loans during the year are shown below:

	COMPANY		GROUP	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
As at 1 January	**16.397.064**	**15.041.919**	**22.914.376**	**23.833.599**
New loans	23.088.308	10.965.963	23.707.433	12.974.869
Foreign exchange differences	-	13.631	-	13.631
Loan principal repayments	(19.140.372)	(14.171.513)	(20.457.684)	(19.772.098)
Reclassification from long-term loans (note 31)	3.547.068	3.718.433	3.889.925	3.718.433
Reclassification from long-term leasing	843.943	828.631	1.972.043	2.145.943
As at 31 December	**24.736.011**	**16.397.064**	**32.026.093**	**22.914.376**

35. OTHER SHORT-TERM LIABILIITIES

	COMPANY		GROUP	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Liabilities towards the state and other institutions	3.086.163	1.765.898	4.803.549	3.202.874
Liabilities toward employees	1.092.719	920.829	1.695.699	1.571.127
Other short-term liabilities	795.244	1.522.855	795.244	1.522.855
	4.974.126	**4.209.582**	**7.294.492**	**6.296.856**

Liabilities towards the state and other institutions at the level of the Company and the Group mostly refer to the liabilities for value added tax.

Other short-term liabilities in 2023 refer to liabilities to owners based on profit sharing in the amount of EUR 523,232 (EUR 1,506,627 in 2022), liabilities for factoring from the purchase of receivables in the amount of EUR 248,801 (EUR 0 in 2022) and other liabilities in the amount of EUR 23,211 (EUR 16,228 in 2022).

(All amounts are expressed in euros)

36. DEFFERED EXPENSES

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred expenses	3.371.686	1.670.991	2.301.287	1.600.486
	3.371.686	**1.670.991**	**2.301.287**	**1.600.486**

Deferred expenses refer to passive accruals that are used to record the calculated expenses for which invoices were not received in the corresponding business period (calculated expenses from 2023 for which an invoice was received in 2024), and for the record of deferred income from the sale of goods on reverse.

(All amounts are expressed in euros)

37. RELATED PARTIES TRANSACTIONS

Receivables and liabilities for goods, services and interest	Receivables		Liabilities	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Bartog d.o.o.	4.469.734	4.692.568	-	1.798.762
Bartog Adria d.o.o.	**494**	**-**	**-**	**-**
Gorski park Kupjak d.o.o.	**149.404**	**149.250**	**-**	**-**
Kaizen Partneri d.o.o.	**-**	**-**	**-**	**-**
Kaizen Institut d.o.o.	**-**	**-**	**-**	**-**
Tokić rast i razvoj d.o.o.	**-**	**-**	**-**	**-**
	4.619.664	**4.841.818**	**-**	**1.798.762**

Loan receivables and liabilities	Receivables	Receivables	Liabilities	Liabilities
	31.12.2023.	**31.12.2022.**	**31.12.2023.**	**31.12.2022.**
Ilija Tokić	**-**	**-**	**3.089**	**3.118**
	-	**-**	**3.089**	**3.118**

Purchase transactions	Income	Income	Expenses	Expenses
	31.12.2023.	**31.12.2022.**	**31.12.2023.**	**31.12.2022.**
Operating income and expenses				
Bartog d.o.o.	**11.787.589**	**8.821.221**	**1.917.700**	**1.030.599**
Bartog Adria d.o.o.	**956**	**956**	**83**	**-**
Gorski park Kupjak d.o.o.	**947**	**6.833**	**11.002**	**19.955**
Kaizen Partneri d.o.o.	**-**	**319**	**-**	**-**
Kaizen Institut d.o.o.	**-**	**72**	**-**	**37.629**
Tokić rast i razvoj d.o.o.	**319**	**319**	**-**	**-**
	11.789.810	**8.829.719**	**1.928.785**	**1.088.183**

Financial transactions	Income		Expenses	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Ilija Tokić	**115**	**-**	**-**	**-**
	115	**-**	**-**	**-**

(All amounts are expressed in euros)

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

38.1. Financial ratio

The Company's financial ratio, which is determined by the ratio of net debt to principal, can be presented as follows:

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Short-term loans (note 34)	24.736.011	16.397.064	32.026.093	22.914.376
Long-term loans (note 31)	13.232.078	14.923.166	21.667.452	23.598.766
Cash and cash equivalents (note 27)	2.507.974	5.105.403	3.084.128	5.997.657
Net debt	**35.460.115**	**26.214.827**	**50.609.417**	**40.515.485**
Owner's principal	57.814.847	50.025.745	54.639.956	46.169.246
Net debt to equity ratio	**61,3%**	**52,4%**	**92,6%**	**87,8%**

The owner's principal consists of share capital, reserves, own shares, retained earnings and current year's earnings.

Liabilities for long-term loans include debt to financial institutions (banks and leasing), and liabilities for long-term leases, which are classified as financial debt according to IFRS-16.

38.2. Categories of financial instruments

	COMPANY		GROUP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Financial assets				
Financial assets that are not measured at fair value				
Long-term receivables (note 22)	47.471	38.391	608.897	452.620
Long-term and other financial assets (note 21, 26)	14.065.537	13.739.369	397.068	102.667
Trade receivables (note 24)	19.448.639	16.187.646	23.274.064	19.683.107
Other receivables (note 25)	91.802	36.256	361.886	164.369
Cash, cash equivalents and deposits (note 27)	2.507.974	5.105.403	3.084.128	5.997.657
Financial liabilities				
Financial liabilities at amortized cost				
Received loans (note 31, 34)	(37.968.089)	(31.320.231)	(53.693.545)	(46.513.142)
Trade liabilities and other liabilities	(23.354.896)	(23.885.786)	(41.246.319)	(39.621.314)

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

38.3. Objectives of financial risk management

The group continuously monitors and manages financial risks, which are divided into: credit risk, liquidity risk and market risks (interest, price and currency risk). Exposure to currency, interest and credit risk occurs during regular business operations.

The Group's risk management program focuses on the unpredictability of the financial market and is aimed at minimizing its potential negative impact on the Group's operations.

38.4. Price risk management

The largest market where the Company acquires trade goods for resale is the EU market, while the majority of sales revenue is generated on the domestic market. In its operations, the Company and the Group face fluctuations in purchase prices, primarily the price of iron, tires and oil. In order to reduce these impacts, the Group's central procurement continuously monitors the movement of prices and trends on the market, jointly appears before suppliers for certain strategic product categories, negotiates to improve procurement conditions (prices and payment terms). Timely contracting, distribution of risks partly to suppliers, and optimization of stocks, are some of the activities that the Company and Group carry out in order to better assess price movements and reduce the risk of price fluctuations on the market.

38.5. Interest rate risk

Interest rate risk is the risk of changes in the value of a financial instrument due to changes in market interest rates. Interest rate risk is related to changes in the return of assets and liabilities and in values resulting from the movement of interest rates. The Group's interest rate risk arises from credit liabilities. The Company and Group continuously monitor changes and forecasts of interest rates, different situations are simulated, taking into account refinancing, restoration of the current situation as well as alternative financing.

38.6. Credit risk

Credit risk represents the risk of non-payment or non-fulfillment of contractual obligations by customers, which may affect a possible financial loss. The company and the Group have defined procedures for determining credit limits for customers, payment delays, mandatory insurance instruments, and receivables collection procedures as part of their credit policies.

The objective of the Group's credit policies is better protection against possible financial risks and losses due to non-fulfillment of contractual obligations, better monitoring of receivables collection, and faster reaction due to negative changes in customers' operations.

The group has contracted insurance for the collection of receivables for all foreign customers who have an agreed payment delay.

(All amounts are expressed in euros)

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

38.7. Currency risk management

The company carries out certain transactions in foreign currency, and in this regard, it is exposed to the risks of exchange rate differences. The following table shows the accounting amounts of monetary assets and monetary liabilities of the Company and the Group in foreign currency as of the reporting date. The amounts were converted into euros at the middle exchange rate of the Croatian National Bank (HNB).

COMPANY	Assets		Liabilities		Net foreign exchange position	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	2023	2022
USD	2.601	12.051	54	47.719	2.547	(35.667)
HUF	135.411	56.166	-	-	135.411	56.166
	138.012	**68.218**	**54**	**47.719**	**137.958**	**20.499**

GROUP	Assets		Liabilities		Net foreign exchange position	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	2023	2022
USD	3.974	12.051	467.826	47.719	(463.852)	(35.667)
HUF	135.411	56.166	-	-	135.411	56.166
	139.385	**68.218**	**467.826**	**47.719**	**(328.441)**	**20.499**

Analysis of sensitivity to currency risk

The sensitivity analysis includes only open monetary items in foreign currency and their translation at the end of the period. A negative number shows a decrease in profit, that is, a positive number shows an increase in profit if the euro changes in relation to the currencies in question by the above-mentioned percentage.

	Curreny impact USD	
COMPANY	31 December 2023	31 December 2022
Exchange rate differences (2%)	*+/- 51	*+/- 713

GROUP	31 December 2023	31 December 2022
Exchange rate differences (2%)	*+/- 9.277	*+/- 713

(All amounts are expressed in euros)

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

38.8. Liquidity risk management

The Group manages liquidity risk by setting appropriate frameworks, with the aim of more efficient management of short-term and long-term financial and liquidity requirements, thereby maintaining adequate liquidity reserves and available credit lines. The Group's liquidity management policy implies a process of continuous cash flow management on an annual, monthly and daily level through regular analysis and monitoring of due receivables from customers, liabilities to suppliers, banks and other financial institutions, as well as monitoring of planned and realized cash flows, all with the aim timely assurance of an acceptable level of liquidity of companies within the Group.

The following table analyzes the remaining period until the contractual maturities of the Company's non-derivative financial assets and liabilities. The table is compiled based on non-discounted cash inflows and outflows for financial assets and liabilities as of the earliest date on which the Company can request payment or be called upon to pay.

COMPANY							
2023	Average weighted interest rate	Up to 1 month	From 1 to 3 months	From 3 month to 1 year	From 1 to 5 years	Over 5 years	Total
Assets							
Non-bearing interest	-	17.981.006	3.982.548	-	362.343	-	22.325.898
Interest-bearing	-	-	-	-	-	-	-
		17.981.006	**3.982.548**	**-**	**362.343**	**-**	**22.325.898**
Liabilities							
Non-bearing interest	-	15.752.630	7.602.266	-	-	-	23.354.896
Interest-bearing	3,84%	385.472	770.944	23.642.882	12.327.094	841.697	37.968.089
		16.138.102	**8.373.210**	**23.642.882**	**12.327.094**	**841.697**	**61.322.985**
2022	**Average weighted interest rate**						
Assets							
Non-bearing interest	-	17.988.905	3.427.694	-	41.402	-	21.458.001
Interest-bearing	-	-	-	-	-	-	-
		17.988.905	**3.427.694**	**-**	**41.402**	**-**	**21.458.001**
Liabilities							
Non-bearing interest	-	10.584.248	13.301.538	-	-	-	23.885.786
Interest-bearing	1,00%	379.154	758.308	15.262.388	10.772.812	4.147.569	31.320.231
		10.963.402	**14.059.846**	**15.262.388**	**10.772.812**	**4.147.569**	**55.206.016**

(All amounts are expressed in euros)

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

38.8. Liquidity risk management (continued)

GROUP							
2023	Average weighted interest rate	Up to 1 month	From 1 to 3 months	From 3 month to 1 year	From 1 to 5 years	Over 5 years	Total
Assets							
Non-bearing interest	-	22.268.702	4.282.831	5.773	362.343	-	26.919.649
Interest-bearing	-	-	-	-	-	-	-
		22.268.702	**4.282.831**	**5.773**	**362.343**	**-**	**26.919.649**
Liabilities							
Non-bearing interest	-	24.989.584	15.332.509	924.226	-	-	41.246.319
Interest-bearing	4,11%	1.227.726	1.204.084	31.507.884	18.912.155	841.697	53.693.545
		26.217.311	**16.536.592**	**32.432.110**	**18.912.155**	**841.697**	**94.939.864**
2022	**Average weighted interest rate**						
Assets							
Non-bearing interest	-	27.539.901	4.836.688	7.147	41.402	-	32.425.138
Interest-bearing		-	-	-	-		-
		27.539.901	**4.836.688**	**7.147**	**41.402**	**-**	**32.425.138**
Liabilities							
Non-bearing interest	-	17.956.659	20.782.081	116.845	-	-	38.855.585
Interest-bearing	1,44%	664.053	1.589.239	22.720.268	16.311.784	5.571.818	46.857.163
		18.620.712	**22.371.320**	**22.837.113**	**16.311.784**	**5.571.818**	**85.712.748**

38.9. The fair value of financial instruments

Held-to-maturity financial instruments in the normal operating business are recorded at acquisition cost or net amount reduced by the repaid portion, whichever is lower.

Fair value is the price that would be realized by the sale of an asset or paid for the transfer of a liability in a transaction between market participants on the measurement date, regardless of whether it would be immediately visible or estimated by applying some other valuation technique.

On 31 December 2023 the reported amounts of cash, receivables, short-term liabilities, calculated expenses, short-term loans and other financial instruments roughly correspond to their market value.

(All amounts are expressed in euros)

39. OFF-BALANCE SHEET LIABILITIES

On 31 December 2023 the Company Tokić d.o.o. had recorded off-balance sheet liabilities related to guarantees issued in favor of banks and suppliers for the debts of the related company Bartog d.o.o. and off-balance sheet receivables for received guarantees and guarantees from the related company Bartog d.o.o. for own debts. Off-balance sheet liabilities and claims refer to issued and received guarantees, promissory notes and corporate guarantees, and serve as an instrument to secure payment in the event that the debtor is unable to meet his obligations when due. An overview of off-balance sheet liabilities is shown below:

Bank	Description	Type of insurance	Amount EUR	Maturity date
Intesa Sanpaolo d.d., SLO	Short-term loan	Corporate guarantee	3.200.000	29.8.2024
Intesa Sanpaolo d.d., SLO	Warranty framework	Corporate guarantee	1.200.000	28.6.2024
OTP banka d.d.	Factoring	Guarantee	2.500.000	29.9.2024
Gorenjska banka d.d., SLO	Long-term loan	Promissory notes	1.340.000	1.6.2026
Gorenjska banka d.d., SLO	Revolving	Promissory notes	1.050.000	9.6.2024
Gorenjska banka d.d., SLO	Overdraft	Promissory notes	1.000.000	25.5.2024
Nova kreditna banka Maribor d.d., SLO	Short-term loan	Payment guarantee	2.000.000	30.9.2024
Nova kreditna banka Maribor d.d., SLO	Overdraft	Payment guarantee	2.500.000	30.9.2024
Poštanska banka d.d.	Long-term loan	Corporate guarantee	2.200.000	31.10.2028
Total			**16.990.000**	

40. EVENTS AFTER THE REPORTING PERIOD

Opening new locations and expanding the retail network

- On 5 March 2024. was signed a contract for the lease of business premises in Kukuljanovo, as part of which the opening of a branch office with associated storage space of 700 m^2 is planned in June 2024.

Other events

- In January 2024, was appointed as the new director of the Bartog company.

The impact of the Ukrainian crisis and the crisis in the supply chains on the operations of the Company and the Group

After the start of the war between Russia and Ukraine, 24.02.2022. and the introduction of sanctions by the European Union against Russia, an assessment was made of potential risks that could affect the operations of the Company and the Group.

The company and Group are not significantly or directly exposed to Ukraine, Russia or Belarus.

Sale of the company Tokić d.o.o. and the company Bartog d.o.o. it is mostly oriented towards the domestic market. So, in 2023 Company Tokić achieved 78% of total revenue on the domestic market. At the Group level, income from foreign markets accounts for 14% of consolidated income and was achieved mainly in Western European countries.

In the procurement segment, most suppliers are European companies and European manufacturers of auto parts and tires, while a smaller part is in Asia.

However, the effect on the general economic situation may require changes in certain assumptions and estimates. Tokić's management has no knowledge that military operations in Ukraine could lead to significant adjustments in the book value of assets and liabilities in the next financial year. At this time, the management is not able to reliably assess the effect, given that the situation changes from day to day.

The long-term effect can also affect the volume of trade, cash flows and profitability. Despite the above, on the date of issuance of these financial statements, the Company continues to settle its due obligations and, as a result, prepares financial statements under the assumption of continuity of operations.

Challenges in the supply chain due to the lack of raw materials, problems in transport, inflationary pressures and a longer process of delivering goods are expected in the coming period as well. The company and the GROUP undertake numerous activities to reduce risks in operational business, ensure enough goods, reduce the impact of price growth, and ultimately amortize the mentioned obstacles in business with the aim of maintaining the quality of service to the end customer.

41. UNPREDICTABLE LIABILITIES

According to the assessment of the Company's Management, on 31 December 2023, the Company has no significant contingent liabilities that would require disclosure in the notes to the financial statements.

Court proceedings

On 31 December 2023, there was no significant court proceedings against the Company, which is expected to fail, and which was not disclosed in the financial statements.

42. APPROVAL OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The standalone and consolidated financial statements were approved by the Management Board of the Company and the Group on 7 th May 2024.

Chairman of the Board:
Ivan Šantorić

Board member:
Dražen Jurković

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