

Reporting period VII-IX 2022
CIAK GROUP CONSOLIDATED



CIAK Grupa d.d. (ZB: CIAK-R-A; ciakgrupa.hr) has published results for the period VII–IX 2022. Report contains non audited financial statements for period ending 30 September, 2022, prepared by the company's Management in accordance with International financial reporting standards (IFRS).

CIAK Group financial results (IFRS)

VII -IX 2021	VII -IX 2022	In HRK thousands	I-IX 2021	I-IX 2022	%
337,791	444,258	Sales revenues	893,757	1,215,223	36
31,338	37,479	EBITDA ⁽¹⁾	71,866	84,127	17
32,691	37,479	EBITDA without one-off items ⁽²⁾	71,758	85,022	18
18,428	18,605	Profit / (Loss) from operations	37,909	33,819	(11)
19,781	18,605	Profit from operations without one-off items ⁽²⁾	37,801	34,714	(8)
(1,556)	(2,034)	Result from financial activities	(4,852)	(7,887)	63
16,872	16,571	Gross profit / (loss)	33,057	25,932	(22)
18,225	16,571	Gross profit / (loss) of period without one-off items⁽²⁾	32,949	27,119	(18)
#N/A	#N/A	Earnings per share ⁽³⁾	1.37	1.08	(22)
26,169	21,474	Simplified free cash flow ⁽⁴⁾	31,219	35,966	15
197,742	476,673	Net debt ⁽⁵⁾	197,742	476,673	141
29	49	Net gearing (%) ⁽⁶⁾	29	49	71
6,522	16,005	CAPEX	40,540	49,056	21

VII -IX 2021	VII -IX 2022	In EUR thousands ⁽⁷⁾	I-IX 2021	I-IX 2022	%
45,093	59,123	Sales revenues	118,718	161,384	36
4,183	4,988	EBITDA	9,546	11,172	17
4,364	4,988	EBITDA without one-off items	9,532	11,291	18
2,460	2,476	Profit / (Loss) from operations	5,035	4,491	(11)
2,641	2,476	Profit from operations without one-off items	5,021	4,610	(8)
(208)	(271)	Result from financial activities	(644)	(1,047)	63
2,252	2,205	Gross profit / (loss)	4,391	3,444	(22)
2,433	2,205	Gross profit / (loss) of period without one-off items	4,377	3,602	(18)
#N/A	#N/A	Earnings per share	0.18	0.14	(22)
3,493	2,858	Simplified free cash flow	4,147	4,776	15
26,380	63,326	Net debt	26,380	63,326	140
29	49	Net gearing (%)	29	49	71
870	2,126	CAPEX	5,408	6,517	21

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

⁽²⁾ EBITDA, operating and gross profit in I-IX 2022 were negatively affected by HRK 1.2 million one-off items, which are related to the principal and default interest costs of the litigation, and the subsequent customs costs of 2017; in I-XI 2021, EBITDA was positively affected by HRK 0.1 million related to cassasconto from advance payments (post IPO approach to one part of group suppliers) and the multi-year inventory write-off acquired through acquisition processes in previous periods

⁽³⁾ Earnings per share = net profit calculated according to the legal rate of income tax 18% / number of shares

⁽⁴⁾ Simplified Free Cash Flow = EBITDA without one-off items – CAPEX (capital expenditures)

⁽⁵⁾ Net debt = Long and short-term financial liabilities – Cash and cash equivalents

⁽⁶⁾ Gearing ratio = Long and short-term financial liabilities – Loans and deposits given - Cash and cash equivalents / (Long and short-term financial liabilities – Loans and deposits given - Cash and cash equivalents + Equity)

⁽⁷⁾ When converting the value from HRK to EUR, the following median exchange rates of Croatian National Bank (CNB) apply: for I-IX 2021 – 7.50 EUR/HRK; I-IX 2022 – 7.53 EUR/HRK. The results overview in EUR currency applies exclusively for reporting purposes and does not reflect the currency risk of the consolidated statement.

Compared to the same period last year, third quarter reports sales revenue growth amounted to HRK 106.5 million or 32%.

Reported EBITDA is HRK 37.5 million which is 20% increase in comparison with the same period last year when it was amounted to HRK 31.3 million.

The gross profit generated in the third quarter is approximately at the same levels as last year, which confirms business continuity and the sustainable level of profitability despite the volatile external environment and the general increase of inputs.

In line with the realization of planned acquisitions, net debt increased as a result of the increase in leases according to IFRS 16, and as of September 30, 2022 is HRK 476.7 million. On the other hand, considering the growth of consolidated EBITDA, the Net debt/EBITDA ratio is still stable at 3.10 and significantly below the possible rates at the consolidated level.

Capital investments amounted to HRK 49.1 million in the first three quarters of 2022 and are 21% higher compared to the same period last year. Reported CAPEX in both reporting periods includes investments in tangible and intangible fixed assets.

Main external parameters

VII -IX 2021	VII -IX 2022		I-IX 2021	I-IX 2022	%
2,339.57	1,976.21	Lead price (USD/t)*	2,164.02	2,167.59	0
6.35	7.46	Average USD/HRK	6.29	7.08	13
6.43	7.77	Closing USD/HRK	6.43	7.77	21
7.49	7.51	Average EUR/HRK	7.53	7.53	0
7.5	7.53	Closing EUR/HRK	7.5	7.53	0

* LME market data – period average

Key effects on business result in I-IX 2022 in comparison to I-IX 2021

- Sales revenues amounted to HRK 1,215.2 million are increased by 36% compared to the same period last year
- Average lead price on the London Stock Exchange in the first three quarters of 2022 was 2,167.59 USD/t, which is approximately equal to the average price of the same period last year
- Consolidated reported EBITDA amounted to 84.1 mHRK and is 17% higher, primarily as a result of higher realized revenues, continued optimization of procurement processes and the chronology of acquisitions this year and the previous year. EBITDA without one-off items amounts to HRK 85 million, i.e. 18% higher in comparison with the same period in 2021.
- Financial expenditures amounts to HRK 10.5 million and are HRK 3.8 million or 58% higher in comparison with the first three quarters of 2021, partly as a result of consolidation effects from inorganic growth that was not fully covered in the previous comparative reporting period (Q1- Q3/2021), and partly due to increase in interest expenses.

Statement by president of the Management Board, Mr. Ivan Leko:

The third quarter continues CIAK Group growth trend at the consolidated level.

With the continuation of organic growth as well via the consolidation of inorganic growth of acquisitions realized during last and this year, operating revenues for the third quarter grew by 32%, while the reported EBITDA for the third quarter amounted to HRK 37.5 million and was higher by 20% compared to the same period last year.

On the other hand, the consolidated gross profit generated in the third quarter is approximately at the same levels as last year, which confirms the continuity and stability of CIAK Group's operations despite the volatile external environment, growing inflationary pressures, the growth of reference interest rates and the general growth of inputs at all levels.

At the consolidated level in 2022, CIAK Group records HRK 1.22 billion or 36% growth in sales revenue, and delivered EBITDA in the amount of HRK 84.6 million which is 17% growth compared to the previous year.

Despite the above results, changes in the external environment are still visible at the global and local level, which are intensifying in certain segments and creating additional pressures on business performance, daily operational activities and ultimately at the financial results of all market participants.

In such environment, it is extremely important to maintain the optimal level of business performance at all segments. CIAK Group maintains its focus on this, as well as delivering the goals and results defined by CIAK Group's business plan. In parallel, delivery of key projects at the Group level and further development of strategic markets continues, aiming to ensure delivery of business results in the following periods.

**Consolidated Profit & Loss statement of CIAK Group
for period ending 30 September, 2022 and 2021 (in HRK thousands)**

VII -IX 2021	VII -IX 2022	In HRK thousands	Notes	I-IX 2021	I-IX 2022	%
337,791	444,258	Sales revenues		893,757	1,215,223	36
180	2,884	Other operating revenues		3,704	7,460	101
337,971	447,142	Operating revenues	1	897,461	1,222,683	36
42,515	53,397	Costs of raw materials and consumables		116,290	161,283	39
12,910	18,874	Amortization		33,957	50,308	48
48,699	73,023	Staff costs	3	134,496	204,450	52
191,228	255,229	Costs of goods sold		502,715	683,080	36
23,413	27,685	Other costs		63,244	85,703	36
1,932	929	Value adjustments		5,300	4,043	(24)
(1,154)	(598)	Provisions for costs and risks		3,550	(3)	(100)
319,542	428,537	Operating expenditures		859,552	1,188,864	38
18,428	18,605	Profit / (Loss) from operations		37,909	33,819	(11)
683	1,564	Financial revenues		1,794	2,590	44
2,239	3,598	Financial expenditures	4	6,646	10,477	58
(1,556)	(2,034)	Profit / (loss) from financial activities		(4,852)	(7,887)	63
16,872	16,571	Profit / (Loss) of the period		33,057	25,932	(22)

*Consolidated Statement of financial position of CIAK Group
at 31 December, 2021 and 30 September, 2022 (in HRK thousands)*

In HRK thousands	Notes	31 December 2021	30 September 2022	%
TOTAL ASSETS				
Fixed assets				
Intangible assets		57,702	61,034	6
Real estate, plant and equipment		326,747	405,846	24
Loans and deposits given		2,542	2,466	(3)
Investment in holdings, securities and other fixed financial assets		2,260	2,235	(1)
Receivables		2,072	1,876	(9)
Deferred tax assets		2,169	2,070	(5)
Total fixed assets	5	393,492	475,527	21
Current assets				
Inventories	6	536,919	593,590	11
Customer receivables		209,298	223,426	7
Other receivables		23,693	25,875	9
Loans and deposits given		11,436	12,171	6
Cash & cash equivalents		75,547	47,525	(37)
Total current assets		856,893	902,587	5
Prepaid expenses and accrued revenues		28,369	30,134	6
Total assets		1,278,754	1,408,248	10
Equity and liabilities				
Equity and reserves				
Initial equity		197,520	197,520	0
Capital reserves		184,634	184,634	0
Other reserves		(2,800)	(1,532)	(45)
Retained profit / (Loss brought forward)		37,601	70,485	87
Profit / (Loss) of the period		69,695	21,264	(69)
Minority interest		8	8	0
Total equity		486,658	472,379	(3)
Provisions		911	1,784	96
Long-term liabilities				
Long-term liabilities for loans and deposits	7	301,717	336,779	12
Other long-term liabilities		295	295	0
Deferred tax liability		5,989	5,870	(2)
Total long-term liabilities		308,001	342,944	11
Short-term liabilities				
Liabilities for bank's and other creditor's loans	7	110,675	187,419	69
Liabilities to suppliers		288,458	317,503	10
Taxes and similar liabilities		48,446	49,016	1
Other short-term liabilities		18,824	14,944	(21)
Liabilities to employees		11,398	14,644	28
Total short-term liabilities		477,801	583,526	22
Accruals and deferred income		5,383	7,616	41
Total liabilities		792,096	935,869	18
Total equity and liabilities		1,278,754	1,408,248	10

Financial result overview and notes

PROFIT AND LOSS STATEMENT

Notes

- 1 **Consolidated revenues** of the CIAK Group in the first three quarters of 2022 were HRK 1,222.7 million and are HRK 325.2 million or 36% higher in comparison to the same period last year, of which:
 - o HRK 117.3 million related to organic growth
 - o HRK 207.9 million related to inorganic growth
- 2 **Reported EBITDA** amounts to HRK 84.1 million and is 17% or HRK 12.3 million higher in comparison with the same period last year
- 3 **Staff costs** are HRK 70 million higher, i.e. 57% higher compared to 2021, primarily as result of inorganic growth which is not fully reflected in the last year's compared period (Q1-Q3/2021)
- 4 **Financial expenditures** increased by 58% or HRK 3.8 million in comparison with previous period, partly as a result of consolidation effects by inorganic growth which is not fully reflected during the last year's compared period (Q1-Q3/2021) and partly due to the increase in interest expenses.

STATEMENT OF FINANCIAL POSITION

Notes

- 5 **Long-term asset** of the company increased HRK 82 million, i.e. 21% compared to 31 December 2021 as a result of the increase in long-term leases according to IFRS 16.
- 6 **Inventory level** is 11% higher compared to the previous year ending, i.e. HRK 56.7 million
- 7 **Short-term and long-term loans** increased compared to the 31 December, 2021 by HRK 111.8 million, of which:
 - o HRK 59.9 million relates to increase of IFRS 16, long-term leases and loans from legal entities
 - o HRK 51.9 million relates to increase of debt toward financial institution and banks

One-off items in EBITDA, operating and gross/net profit

One-off items in 2022 that had cumulative negative impact on the reported gross profit amount to a total of HRK 1.2 million, and relate to:

- HRK -0.8 million the principal and interest costs of the litigation
- HRK -0.4 million the subsequent customs costs of year 2017

Implications of the Russian invasion of Ukraine on the financial statements for the first three quarters of 2022

CIAK Group does not have a business relationship with entities from Russia and Ukraine, and in its operations it is not directly exposed to such entities, given that the Group does not provide its services and products to entities from Russia and Ukraine, and that entities from Russia and Ukraine do not provide their services and products to the Group. The area of the Group's business from the point of view of sales is mostly in the countries where the Group is present: Croatia, Slovenia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia, of which 70-75% of the Group's business is in the Republic of Croatia. In terms of procurement, our key principals are located in Europe and EU countries for the largest part of our business (car segment, truck segment, ecology), and for the wholesale segment, imports from Asia. Accordingly, the current situation in Russia does not have any direct impact on the Group.

However, the aforementioned situation globally affects other factors that indirectly have an impact on the entire global market, namely the further rise in the prices of raw materials and energy, pressures on the growth of interest rates, and the like which indirectly could affect some segments of CIAK Group business.

Financial instruments and risks

The risks are explained in details in CIAK Grupa's audited Financial Statements for the year ending 31 December, 2021.

As at 30 September, 2022 CIAK Group had financial debt amounted to **HRK 524.2 million**, of which **HRK 175.9 million** was related to long-term leases (IFRS 16) and to a lesser extent corporate loans, while HRK 348.3 million was related to financial institutions and banks.

Management Board

Financial reports for period I-IX 2022 were prepared in accordance with International financial reporting standards (IFRS), i.e. they actually show, in all material respects, the financial position of the company, the results of its operations and cash flows.

Management Board:

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