

CIAK Grupa d.d. (ZB: CIAK-R-A; ciakgrupa.hr) has published results for the period IV-VI / I-VI 2021. Report contains non audited financial statements for period ending 30 June, 2021, prepared by the company's Management in accordance with International financial reporting standards (IFRS).

CIAK Group financial results (IFRS)

IV.-VI.2020.	IV.-VI.2021.	In HRK thousands	I.-VI. 2020.	I.-VI. 2021.	%
216,239	310,761	Sales revenues	428,100	555,966	30
18,116	22,469	EBITDA ⁽¹⁾	32,268	40,528	26
18,120	24,169	EBITDA without one-off items ⁽²⁾	32,268	43,659	35
10,989	11,150	Profit / (Loss) from operations	18,539	19,481	5
10,993	14,860	Profit from operations without one-off items ⁽²⁾	18,539	25,977	40
(3,281)	(1,245)	Net result from financial activities	(5,329)	(3,296)	(38)
7,708	9,904	Net profit / (loss)	13,210	16,185	23
7,712	13,701	Net profit / (loss) of period without one-off items ⁽²⁾	13,210	22,826	73
11,422	6,144	Simplified free cash flow ⁽³⁾	18,986	(41,361)	(318)
235,413	178,313	Net debt ⁽⁴⁾	235,413	178,313	(24)
54	28	Net gearing (%) ⁽⁵⁾	54	28	(48)
6,698	18,026	CAPEX	13,282	85,020	540

IV.-VI.2020.	IV.-VI.2021.	In EUR thousands ⁽⁶⁾	I.-VI. 2020.	I.-VI. 2021.	%
28,540	41,283	Sales revenues	56,870	73,666	30
2,391	2,985	EBITDA ⁽¹⁾	4,287	5,370	25
2,391	3,211	EBITDA without one-off items ⁽²⁾	4,287	5,785	35
1,450	1,481	Profit / (Loss) from operations	2,463	2,581	5
1,451	1,974	Profit from operations without one-off items ⁽²⁾	2,463	3,442	40
(433)	(165)	Net result from financial activities	(708)	(437)	(38)
1,017	1,316	Net profit / (loss)	1,755	2,145	22
1,018	1,820	Net profit / (loss) of period without one-off items ⁽²⁾	1,755	3,024	72
1,508	816	Simplified free cash flow ⁽³⁾	2,522	(5,480)	(317)
31,144	23,803	Net debt ⁽⁴⁾	31,144	23,803	(24)
54	28	Net gearing (%) ⁽⁵⁾	54	28	(48)
886	2,406	CAPEX	1,757	11,349	546

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

⁽²⁾ EBITDA, operating and net profit in I-VI 2021 were negatively affected by HRK 3.1 million one-off items, which are related to the change in accounting approach, i.e. International financial reporting standards (IFRS) are now applied on quarterly basis. In 2020 the same have been applied on annual basis.

⁽³⁾ Simplified Free Cash Flow = EBITDA without one-off items – CAPEX (capital expenditures)

⁽⁴⁾ Net debt = Long and short-term financial liabilities – Cash and cash equivalents

⁽⁵⁾ 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)

⁽⁶⁾ When converting the value from HRK to EUR, the following median exchange rates of Croatian National Bank (CNB apply): for I-VI 2020 – 7.53 HRK/EUR; I-VI 2021 – 7.55 HRK/EUR. The results overview in EUR currency applies exclusively for reporting purposes and does not reflect the currency risks of the consolidated statement.

Compared to the same period last year, second quarter reports sales revenues growth amounted to HRK 94.5 million or 44%.

Reported EBITDA is HRK 22.5 million, while EBITDA without one-off items amounts over HRK 24 million which is 33% increase in comparison with the same period in 2020.

With further realization of planned acquisitions, net debt increased to HRK 178.3 million as at 30 June 2021, but compared to 30 June 2020 is still 24% lower.

Gearing ratio is 28% as at 30 June 2021 and reflects the stable level of the company capitalization in relation to its indebtedness.

Net debt / EBITDA ratio is 2.02 and on consolidated level is still significantly below level of possibility.

The increase in net debt during the first half of 2021 is planned and expected, which is a short-term effect of realized acquisitions and changes in balance sheet positions. Towards the end of 2021 and through the following reporting periods, it is expected that the positive effects of these acquisitions will continue to generate and that these indicators will decrease.

Capital investments amounted to HRK 85 million in the first half of 2021 and are 540% higher compared to the same period last year.

Main external parameters

IV.-VI.2020.	IV.-VI.2021.		I.-VI. 2020.	I.-VI. 2021.	%
1,672.99	2,128.14	Lead price (USD/t)*	1,761.87	2,072.00	18
6.89	6.25	Average HRK/USD	6.84	6.26	(8)
6.71	6.29	Closing HRK/USD	6.71	6.29	(6)
7.58	7.53	Average HRK/EUR	7.53	7.55	0
7.56	7.49	Closing HRK/EUR	7.56	7.49	(1)

* LME market data – period average

Key effects on business result in I-VI 2021 in comparison to business in I-VI 2020

- Sales revenues amounted to HRK 556 million are increased by 30% compared to the same period last year
- Average lead price on the London Stock Exchange in the first semester of 2021 was 2,072.00 USD/t, which is 18% higher in comparison with the average price of the same period last year, which had an impact on the level of revenues in the Ecology segment.
- Consolidated reported EBITDA is HRK 40.5 million which is 28% higher, primarily as a result of higher realized revenues and optimization of procurement processes as well as acquisitions realized in first quarter of this year
- Consolidated net profit is HRK 16.2 million and is 23% higher compared to same period last year
- Financial expenditures amount to HRK 4.4 million and are 32% lower compared to the first semester of 2020, with a further decline in interest rates costs and financing costs

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

The second quarter of CIAK Group continues to follow the started growth trend in 2021 on consolidated level. On top of the organic growth of the CIAK Group, the finalization of acquisitions in the first quarter is already delivering the first results. This is also reflected in the even stronger revenue growth and EBITDA delivery. Accordingly, the first half of the year was followed by revenue growth of 25% at the consolidated level and EBITDA growth of 26%, compared to the same period last year. Thus, consolidated revenues reached the level of almost HRK 560 million, and consolidated reported EBITDA exceeded HRK 40 million. This is a good result and a starting position for entering the second half of the year, which is usually more business intensive.

Nevertheless, globally much still depends on the external environment factors, which are dictating the dynamic of the realization of all other parameters. Such as the tourist season at the local level, or the prices of raw materials, goods and services at the global level. For this reason, business challenges today are even higher, which is why our focus remains on keeping the optimal level of business performance in all segments, as well as continuation in delivering goals and results defined by the CIAK Group business plan. In the second quarter, the implementation and delivery of CIAK Group's strategic projects for 2021 was continued, targeting to ensure even stronger consolidated position for the delivery of results in the upcoming periods.

***Consolidated Profit & Loss statement of CIAK Group
for period ending 30 June, 2021 and 2020 (in HRK thousands)***

IV.-VI.2020.	IV.-VI.2021.	In HRK thousands	I.-VI. 2020.	I.-VI. 2021.	%
216,239	310,761	Sales revenues	428,100	555,966	30
14,329	2,083	Other operating revenues	19,299	3,524	(82)
230,568	312,844	Operating revenues	447,400	559,490	25
20,249	38,676	Costs of raw materials and consumables	50,458	73,775	46
7,127	11,319	Amortization	13,729	21,047	53
34,341	45,364	Staff costs	68,715	85,797	25
138,358	185,079	Costs of goods sold	253,401	311,487	23
19,575	18,018	Other costs	42,252	39,831	(6)
(71)	336	Value adjustments	306	3,368	1.001
0	2,901	Provisions for costs and risks	0	4,704	100
219,579	301,694	Operating expenditures	428,861	540,009	26
10,989	11,150	Profit / (Loss) from operations	18,539	19,481	5
655	738	Financial revenues	1,121	1,111	(1)
3,936	1,983	Financial expenditures	6,450	4,407	(32)
(3,281)	(1,245)	Net profit / (loss) from financial activities	(5,329)	(3,296)	(38)
7,708	9,904	Profit / (Loss) of the period	13,210	16,185	23

*Consolidated Statement of financial position of CIAK Group
at 31 December 2020 and 30 June 2021 (in HRK thousands)*

In HRK thousands	31.12.2020	30.6.2021	%
TOTAL ASSETS			
Fixed assets			
Intangible assets	6,238	6,279	1
Real estate, plant and equipment	202,466	228,996	13
Loans and deposits given	491	1,110	126
Receivables	1,380	2,307	67
Deferred tax assets	2,695	2,538	(6)
Total fixed assets	213,271	241,230	13
Current assets			
Inventories	319,329	404,842	27
Customer receivables	153,238	190,194	24
Other receivables	13,438	25,640	91
Loans and deposits given	12,376	14,441	17
Cash & cash equivalents	199,397	71,495	(64)
Total current assets	697,777	706,612	1
Prepaid expenses and accrued revenues	11,670	14,224	22
Total assets	922,718	962,066	4
Equity and liabilities			
Equity and reserves			
Initial equity	197,520	197,520	0
Capital reserves	184,763	184,634	(0)
Retained profit / (Loss brought forward)	11,152	23,193	108
Profit / (Loss) of the period	26,447	16,365	(38)
Minority interest	3,829	3,649	(5)
Total equity	423,711	425,361	0
Provisions	281	278	(1)
Long-term liabilities			
Long-term liabilities for loans and deposits	187,526	176,773	(6)
Other long-term liabilities	819	819	0
Deferred tax liability	17	17	0
Total long-term liabilities	188,363	177,610	(6)
Short-term liabilities			
Liabilities for bank's and other creditor's loans	79,656	73,035	(8)
Liabilities to suppliers	172,556	209,021	21
Taxes and similar liabilities	25,609	41,662	63
Other short-term liabilities	19,710	22,195	13
Liabilities to employees	8,782	10,383	18
Total short-term liabilities	306,314	356,296	16
Accruals and deferred income	4,050	2,521	(38)
Total liabilities	499,007	536,705	8
Total equity and liabilities	922,718	962,066	4

Financial results overview and notes

PROFIT AND LOSS STATEMENT

Notes

- 1 **Consolidated revenues** of the CIAK Group in the first semester of 2021 were HRK 560 million or 25% higher in comparison to the same period last year.
- 2 **Reported EBITDA** is HRK 40.5 million and is 26% higher than in the same period last year.
- 3 Consolidated **Net profit** is HRK 16.2 million which is 23% higher than in the same period last year.
- 4 **Staff costs** are HRK 17 million or 25% higher than in the first semester of 2020.
- 5 **Financial expenditures** decreased by 32% compared to the comparable period.

STATEMENT OF FINANCIAL POSITION

Notes

- 6 **Long-term asset** of the company is HRK 28 million or 13% higher compared to 31 December, 2020.
- 7 **Inventory level** is 27% higher compared to previous year ending, i.e. HRK 86 million.
- 8 **Short-term loans** decreased in the first semester of 2021 by almost HRK 7 million or 8%.

One-off items in EBITDA, operating and net profit

One-off items in the first half of 2021 that had a cumulative negative impact on the reported EBITDA amount to a total of HRK 3.1 million, and relate to:

- reservations for unused holidays
- receivables impairments
- allocation of suppliers rebates to the inventory
- unrealized margins in inventories related to the intragroup sales (PURP)
- the effect of the application of IFRS 16 on operating expenses, depreciation and finance costs from long-term leases

Financial instruments and risks

The risks are explained in details in CIAK Group's audited Financial Statements for the year ending 31 December, 2020.

As at 30 June, 2021 CIAK Group had financial debt amounted to HRK 250 million, of which HRK 73 million was related to short-term debt and HRK 177 million to long-term debt.

Management Board

Financial reports for period I-VI 2021 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