

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

CIAK Group financial results (IFRS)

VII.-IX.2020.	VII.-IX.2021.	In HRK thousands	I.-IX. 2020.	I.-IX. 2021.	%
231,204	337,791	Sales revenues	670,679	893,757	33
25,245	31,338	EBITDA ⁽¹⁾	57,601	71,866	25
26,245	32,691	EBITDA without one-off items ⁽²⁾	58,601	73,219	25
12,312	18,428	Profit / (Loss) from operations	30,939	37,909	23
13,312	19,781	Profit from operations without one-off items ⁽²⁾	31,939	39,262	23
(1,691)	(1,556)	Net result from financial activities	(7,107)	(4,852)	(32)
10,622	16,872	Net profit / (loss)	23,832	33,057	39
11,622	18,225	Net profit / (loss) of period without one-off items⁽²⁾	24,832	34,410	39
22,854	(10,857)	Simplified free cash flow ⁽³⁾	41,928	(55,348)	(232)
250,976	197,742	Net debt ⁽⁴⁾	250,976	197,742	(21)
54	29	Net gearing (%) ⁽⁵⁾	54	29	(46)
3,391	43,548	CAPEX	16,673	128,567	671

VII.-IX.2020.	VII.-IX.2021.	In EUR thousands ⁽⁶⁾	I-III 2020	I-III 2021	%
30,740	45,093	Sales revenues	89,120	118,718	33
3,356	4,183	EBITDA ⁽¹⁾	7,654	9,546	25
3,489	4,364	EBITDA without one-off items ⁽²⁾	7,787	9,726	25
1,637	2,460	Profit / (Loss) from operations	4,111	5,035	22
1,770	2,641	Profit from operations without one-off items ⁽²⁾	4,244	5,215	23
(225)	(208)	Net result from financial activities	(944)	(644)	(32)
1,412	2,252	Net profit / (loss)	3,167	4,391	39
1,545	2,433	Net profit / (loss) of period without one-off items⁽²⁾	3,300	4,571	39
3,039	(1,449)	Simplified free cash flow ⁽³⁾	5,571	(7,352)	(232)
33,267	26,380	Net debt ⁽⁴⁾	33,267	26,380	(21)
54	29	Net gearing (%) ⁽⁵⁾	54	29	(46)
449	5,809	CAPEX	2,210	17,152	676

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

⁽²⁾ EBITDA, operating and net profit in I-IX 2021 were negatively affected by HRK 1,4 million one-off items, which are related to the multi-year inventory write-off acquired through acquisition processes in previous periods.

⁽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- IX 2020 – 7.54 HRK/EUR; I-IX 2021 – 7.50 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, third quarter reports sales revenues growth amounted to HRK 106.6 million or 46%.

Reported EBITDA is HRK 31.3 million which is 24% increase in comparison with the same period in 2020 when it was amounted to HRK 25.2 million.

With further realization of planned acquisitions, net debt increased to HRK 197.8 million as at 30 September 2021, but compared to 30 September 2020 is still 21% lower.

Gearing ratio is 29% as at 30 September 2021, in comparison to the same period last year when it was 54%, and reflects the stable level of the company capitalization in relation to its indebtedness.

Net debt / EBITDA ratio is 2.10 and on consolidated level is still significantly below level of possibility.

The increase in net debt during the first three quarters of 2021 is planned and expected, which is an effect of realized acquisitions and changes in balance sheet positions. Through the upcoming 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 129 million in the first three quarters of 2021 and are 671% higher compared to the same period last year.

Main external parameters

VII.-IX.2020.	VII.-IX.2021.		I.-IX. 2020.	I.-IX. 2021.	%
1,873.44	2,339.57	Lead price (USD/t)*	1,800.04	2,164.02	20
6.44	6.35	Average USD/HRK	6.70	6.29	(6)
6.45	6.43	Closing USD/HRK	6.45	6.43	(0)
7.52	7.49	Average EUR/HRK	7.53	7.53	0
7.54	7.50	Closing EUR/HRK	7.54	7.50	(1)

* LME market data – period average

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

- Sales revenues amounted to HRK 894 million are increased by 33% compared to the same period last year
- Average lead price on the London Stock Exchange in the first three quarters of 2021 was 2,164.02 USD/t, which is 20% 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 71.9 million which is 25% higher, primarily as a result of higher realized revenues and optimization of procurement processes as well as acquisitions realized in this year
- Consolidated net profit is HRK 33.1 million and is 39% higher compared to same period last year
- Financial expenditures amount to HRK 6.6 million and are HRK 2.4 million or 27% lower compared to the first three quarters of 2020, with a further decline in interest rates costs and financing costs

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

The third quarter of CIAK Group continues to follow the started growth trend in 2021 on consolidated level, which is primarily the result of organic growth of the CIAK Group, but partly also of inorganic growth due to realized acquisitions in the first half of the year. The growth of consolidated sales revenues in the amount of HRK 223 million cumulatively for the period 1-9 / 2021 represents an increase of 33% compared to the same period last year. At the same time, delivered EBITDA in the same period amounts to HRK 71.9 million and represents a growth of HRK 14.3 million, of which the largest part or HRK 10 million refers to the organic growth of the CIAK Group.

In the circumstances of still challenging global external environment in terms of market supply continuity, logistical challenges and rising prices of raw materials, goods and services, the CIAK Group maintains stable growth of business and financial results. Continuous implementation of strategic projects, further consolidation of acquired companies and synergies as well as keeping the optimal level of business performance in all segments is still at focus on the Group level, with the aim of ensuring an even stronger consolidated position of the CIAK Group.

**Consolidated Profit & Loss statement of CIAK Group
for period ending 31 September, 2021 and 2020 (in HRK thousands)**

VII.-IX.2020.	VII.-IX.2021.	In HRK thousands	I.-IX. 2020.	I.-IX. 2021.	%
231,204	337,791	Sales revenues	670,679	893,757	33
2,962	180	Other operating revenues	10,974	3,704	(66)
234,166	337,971	Operating revenues	681,654	897,461	32
22,955	42,515	Costs of raw materials and consumables	73,413	116,290	58
12,933	12,910	Amortization	26,662	33,957	27
39,487	48,699	Staff costs	108,202	134,496	24
127,284	191,228	Costs of goods sold	380,685	502,715	32
14,938	23,413	Other costs	57,190	63,244	11
3,353	1,932	Value adjustments	3,659	5,300	45
903	(1,154)	Provisions for costs and risks	903	3,550	293
221,854	319,542	Operating expenditures	650,715	859,552	32
12,312	18,428	Profit / (Loss) from operations	30,939	37,909	23
933	683	Financial revenues	1,966	1,794	(9)
2,624	2,239	Financial expenditures	9,073	6,646	(27)
(1,691)	(1,556)	Net profit / (loss) from financial activities	(7,107)	(4,852)	(32)
10,622	16,872	Profit / (Loss) of the period	23,832	33,057	39

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

In HRK thousands	31.12.2020	30.9.2021	%
TOTAL ASSETS			
Fixed assets			
Intangible assets	6,238	6,436	3
Real estate, plant and equipment	202,466	243,915	20
Loans and deposits given	491	1,120	128
Receivables	1,380	1,759	27
Deferred tax assets	2,695	2,522	(6)
Total fixed assets	213,271	255,751	20
Current assets	0	0	
Inventories	319,329	436,596	37
Customer receivables	153,238	196,941	29
Other receivables	13,438	34,315	155
Loans and deposits given	12,376	13,858	12
Cash & cash equivalents	199,397	93,049	(53)
Total current assets	697,777	774,759	11
Prepaid expenses and accrued revenues	11,670	30,302	160
Total assets	922,718	1,060,813	15
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	24,988	124
Profit / (Loss) of the period	26,447	33,176	25
Minority interest	3,829	3,689	(4)
Total equity	423,711	444,008	5
Provisions	281	277	(1)
Long-term liabilities			
Long-term liabilities for loans and deposits	187,526	212,115	13
Other long-term liabilities	819	819	0
Deferred tax liability	17	17	0
Total long-term liabilities	188,363	212,951	13
Short-term liabilities			
Liabilities for bank's and other creditor's loans	79,656	78,676	(1)
Liabilities to suppliers	172,556	241,852	40
Taxes and similar liabilities	25,609	43,631	70
Other short-term liabilities	19,710	23,988	22
Liabilities to employees	8,782	10,894	24
Total short-term liabilities	306,314	399,041	30
Accruals and deferred income	4,050	4,536	12
Total liabilities	499,007	616,805	24
Total equity and liabilities	922,718	1,060,813	15

Financial results overview and notes

PROFIT AND LOSS STATEMENT

Notes

- 1 **Consolidated revenues** of the CIAK Group in the first three quarters of 2021 were HRK 897 million or 32% higher in comparison to the same period last year.
- 2 **Reported EBITDA** is HRK 71.9 million and is 25% higher than in the same period last year.
- 3 **Staff costs** are HRK 26.3 million or 24% higher than in the first three quarters of 2020.
- 4 **Financial expenditures** decreased by 27% compared to the comparable period.

STATEMENT OF FINANCIAL POSITION

Notes

- 5 **Long-term asset** of the company is amounted to HRK 42.5 million or 20% higher compared to 31 December, 2020.
- 6 **Inventory level** is 37% higher compared to previous year ending, i.e. HRK 117.3 million.
- 7 **Short-term loans** decreased in the first three quarters of 2021 by almost HRK 1 million or 1%.

One-off items in EBITDA, operating and net profit

One-off items in 2021 that had a cumulative negative impact on the reported EBITDA amount to a total of HRK 1.4 million, and relate to:

- the cost of multi-year inventory write-off acquired through acquisition processes in previous periods.

Financial instruments and risks

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

As at 30 September, 2021 CIAK Group had financial debt amounted to HRK 290.8 million, of which HRK 79 million was related to short-term debt and HRK 212 million to long-term debt.

Management Board

Financial reports for period I-IX 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