

CIAK Grupa d.d. (ZB: CIAK-R-A; ciakgrupa.hr) has published results for the period I–III 2022. Report contains non audited financial statements for period ending 31 March, 2022, prepared by the company's Management in accordance with International financial reporting standards (IFRS).

CIAK Group financial results (IFRS)

In HRK thousands	I-III 2021	I-III 2022	%
Sales revenues	245,205	373,816	52
EBITDA ⁽¹⁾	18,059	20,624	14
EBITDA without one-off items ⁽²⁾	17,179	21,519	25
Profit / (Loss) from operations	8,331	5,534	(34)
Profit from operations without one-off items ⁽²⁾	7,451	6,429	(14)
Result from financial activities	(2,051)	(2,388)	16
Gross profit / (loss)	6,280	3,146	(50)
Gross profit / (loss) of period without one-off items ⁽²⁾	5,400	4,333	(20)
Earnings per share ⁽³⁾	0.26	0.13	(50)
Simplified free cash flow ⁽⁴⁾	(49,815)	(1,141)	(98)
Net debt ⁽⁵⁾	163,345	372,235	128
Net gearing (%) ⁽⁶⁾	26	42	62
CAPEX	66,994	22,660	(66)

In EUR thousands ⁽⁷⁾	I-III 2021	I-III 2022	%
Sales revenues	32,406	49,588	53
EBITDA	2,387	2,736	15
EBITDA without one-off items	2,270	2,855	26
Profit / (Loss) from operations	1,101	734	(33)
Profit from operations without one-off items	985	853	(13)
Result from financial activities	(271)	(317)	17
Gross profit / (loss)	830	417	(50)
Gross profit / (loss) of period without one-off items	714	575	(19)
Earnings per share	0.03	0.02	(50)
Simplified free cash flow	(6,583)	(151)	(98)
Net debt	21,730	49,129	126
Net gearing (%)	26	42	62
CAPEX	8,912	2,991	(66)

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

⁽²⁾ EBITDA, operating and gross profit in I-III 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-III 2021, EBITDA was positively affected by HRK 0.9 million related to cassasconto from advance payments (post IPO approach to one part of group suppliers)

⁽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-III 2021 – 7.52 EUR/HRK; I-III 2022 – 7.58 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, first quarter reports sales revenue growth amounted to HRK 128.6 million or 52%.

Reported EBITDA is HRK 20.6 million which is 14% increase in comparison with the same period last year when it was amounted to HRK 18.1 million.

Despite the continued realization of planned acquisitions, net debt changed slightly in the first quarter of 2022 and as of March 31, 2022 is HRK 372.2 million, which is at approximately the same level as at December 31, 2021. On the other hand, given the growth of consolidated EBITDA, the Net Debt / EBITDA ratio is still at a very stable 2.58 and significantly below possible rates at the consolidated level.

Gearing ratio is 42% as at March 31, 2022 and is and is at approximately the same levels as at December 31, 2021.

Capital investments amounted to HRK 22.7 million in first quarter of 2022 and are 66% lower compared to the same period last year. Reported CAPEX in both reporting periods includes investments in tangible and intangible fixed assets and the realized acquisition CAPEX.

Main external parameters

	I-III 2021	I-III 2022	%
Lead price (USD/t)*	2,017.63	2,335.24	16
Average USD/HRK	6.27	6.71	7
Closing USD/HRK	6.64	6.81	2
Average EUR/HRK	7.57	7.54	(0)
Closing EUR/HRK	7.52	7.58	1

* LME market data – period average

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

- Sales revenues amounted to HRK 373.8 million are increased by 52% compared to the same period last year
- Average lead price on the London Stock Exchange in the first quarter of 2022 was 2,335.24 USD/t, which is 16% higher in comparison with the average price of the same period last year
- Consolidated reported EBITDA is HRK 20.6 million and is 14% higher, primarily as a result of higher realized revenues and optimisation of procurement processes, also due to chronology of acquisitions this year and last, while EBITDA without one-off items is HRK 21.5 million or 25% higher in comparison with same period in 2021
- Financial expenditures amount to HRK 2.9 million and are HRK 457 thousands or 19% higher in comparison with the first quarter of 2021

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

The previous year 2021 was historically the most successful for the CIAK Group. From all aspects: achieved business goals, realization of acquisitions and strategic projects, CIAK Group's positioning on the regional market as well as in delivering financial results. Thus, the CIAK Group has set the scale at an even higher level in achieving future goals and business results.

The current environment of global uncertainties caused by the on-going war has further intensified the already existing changes in the external environment caused by the pandemic and globally rising inflation, delivering additional challenges in global production and supply routes. These changes affects overall market as well as all participants of the same. Furthermore, they affect the formation of future business expectations.

Despite these circumstances, CIAK Group maintained a stable growth in generating revenues and financial results.

In the first quarter of 2022, realized consolidated revenues amounted to HRK 376 million, which is 52% increase in comparison with the same period of previous year. Reporting EBITDA amounts to HRK 20.6 million and is 14% higher, while EBITDA without one-off items is at the level of HRK 21.5 million or 25% higher compared to the previous period.

At the same time, it is important to highlight that the organic growth of consolidated revenues is more than 15% compared to the previous year.

At the same time, the realized capital investments amount to almost HRK 23 million.

Therefore the realization of the first quarter of 2022 represents a good foundation for 2022, but with all the mentioned challenges in the external environment, the CIAK Group keeps in focus further consolidation and optimization of business processes at the Group level. The optimal way of doing business, the level of management, and the delivery of key business goals and projects is the key approach in 2022.

**Consolidated Profit & Loss statement of CIAK Group
for period ending 31 March, 2022 and 2021 (in HRK thousands)**

In HRK thousands	Notes	I-III 2021	I-III 2022	%
Sales revenues		245,205	373,816	52
Other operating revenues		1,441	2,106	46
Operating revenues	1	246,646	375,922	52
Costs of raw materials and consumables		35,099	54,386	55
Amortization		9,728	15,090	55
Staff costs	3	40,432	63,348	57
Costs of goods sold		126,408	209,331	66
Other costs		21,813	26,607	22
Value adjustments		3,032	1,502	(50)
Provisions for costs and risks		1,803	124	(93)
Operating expenditures		238,315	370,388	55
Profit / (Loss) from operations		8,331	5,534	(34)
Financial revenues		373	493	32
Financial expenditures	4	2,424	2,881	19
Profit / (loss) from financial activities		(2,051)	(2,389)	16
Profit / (Loss) of the period		6,280	3,146	(50)

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

In HRK thousands	Notes	31 December 2021	31 March 2022	%
TOTAL ASSETS				
Fixed assets				
Intangible assets		57,702	59,635	3
Real estate, plant and equipment		326,747	334,745	2
Loans and deposits given		2,542	2,502	(2)
Investment in holdings, securities and other fixed financial assets		2,260	2,235	(1)
Receivables		2,072	2,267	9
Deferred tax assets		2,169	2,046	(6)
Total fixed assets	5	393,492	403,430	3
Current assets				
Inventories	6	536,919	564,735	5
Customer receivables		209,298	216,392	3
Other receivables		23,693	21,038	(11)
Loans and deposits given		11,436	12,006	5
Cash & cash equivalents		75,547	74,128	(2)
Total current assets		856,893	888,299	4
Prepaid expenses and accrued revenues		28,369	20,736	(27)
Total assets		1,278,754	1,312,465	3
Equity and liabilities				
Equity and reserves				
Initial equity		197,520	197,520	0
Capital reserves		184,634	184,634	0
Other reserves		(2,800)	(2,800)	0
Retained profit / (Loss brought forward)		37,601	105,433	180
Profit / (Loss) of the period		69,695	3,177	(95)
Minority interest		8	8	0
Total equity		486,658	487,972	0
Provisions		911	766	(16)
Long-term liabilities				
Long-term liabilities for loans and deposits	7	301,717	320,273	6
Other long-term liabilities		295	295	0
Deferred tax liability		5,989	5,990	0
Total long-term liabilities		308,001	326,558	6
Short-term liabilities				
Liabilities for bank's and other creditor's loans	7	110,675	126,090	14
Liabilities to suppliers		288,458	285,153	(1)
Taxes and similar liabilities		48,446	49,931	3
Other short-term liabilities		18,824	17,324	(8)
Liabilities to employees		11,398	13,299	17
Total short-term liabilities		477,801	491,797	3
Accruals and deferred income		5,383	5,372	(0)
Total liabilities		792,096	824,493	4
Total equity and liabilities		1,278,754	1,312,465	3

Financial result overview and notes

PROFIT AND LOSS STATEMENT

Notes

- 1 **Consolidated revenues** of the CIAK Group in first quarter of 2022 were HRK 375.9 million and are HRK 129.3 million or 52% higher in comparison to the same period last year, of which:
 - HRK 37.1 million relates to organic growth
 - HRK 92.2 million relates to inorganic growth
- 2 **Reported EBITDA** amounts to HRK 20.6 million and is 14% or HRK 2.5 million higher than in the same period last year
- 3 **Staff costs** are HRK 22.9 million or 57% higher than in first quarter of 2021, primarily as result of inorganic growth that hasn't started in all its intensity during the last year's compared period (Q1/2021)
- 4 **Financial expenditures** increased by 19% or HRK 0.5 million in comparison with previous period, primarily as a result of consolidation effects by inorganic growth that hasn't started in all its intensity during the last year's compared period (Q1/2021)

STATEMENT OF FINANCIAL POSITION

Notes

- 5 **Long-term asset** of the company increased HRK 9.9 million or 3% compared to 31 December 2021
- 6 **Inventory level** is 5% higher compared to the previous year ending, i.e. HRK 27.8 million
- 7 **Short-term and long-term loans** increased compared to the 31 December, 2021 by HRK 34 million, of which:
 - HRK 0.2 million relates to increase of IFRS 16, long-term leases and loans from legal entities
 - HRK 33.8 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

Acquisitions of companies Mika komerc d.o.o., Euroguma trejd d.o.o. and DBH d.o.o. are finalized in February, 2022 and are consolidated on CIAK Group's level in reporting period 1.1.-31.3.2022.

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 31 March, 2022 CIAK Group had financial debt amounted to HRK 446.4 million, of which HRK 119.4 million was related to long-term leases (IFRS 16) and to a lesser extent corporate loans, while HRK 327 million was related to financial institutions and banks.

Management Board

Financial reports for period I-III 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