

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

CIAK Group financial results (IFRS)

IV -VI 2021	IV -VI 2022	In HRK thousands	I-VI 2021	I-VI 2022	%
310,761	397,149	Sales revenues	555,966	770,965	39
22,469	26,023	EBITDA ⁽¹⁾	40,528	46,648	15
21,888	26,023	EBITDA without one-off items ⁽²⁾	39,067	47,543	22
11,150	9,679	Profit / (Loss) from operations	19,481	15,214	(22)
10,569	9,679	Profit from operations without one-off items ⁽²⁾	18,020	16,109	(11)
(1,245)	(3,464)	Result from financial activities	(3,296)	(5,853)	78
9,904	6,215	Gross profit / (loss)	16,185	9,361	(42)
9,323	6,215	Gross profit / (loss) of period without one-off items ⁽²⁾	14,724	10,548	(28)
#N/A	#N/A	Earnings per share ⁽³⁾	0.67	0.39	(42)
3,863	8,647	Simplified free cash flow ⁽⁴⁾	(45,952)	7,507	(116)
178,313	433,304	Net debt ⁽⁵⁾	178,313	433,304	143
28	45	Net gearing (%) ⁽⁶⁾	28	45	62
18,026	17,376	CAPEX	85,020	40,036	(53)

IV -VI 2021	IV -VI 2022	In EUR thousands ⁽⁷⁾	I-VI 2021	I-VI 2022	%
41,283	52,690	Sales revenues	73,666	102,277	39
2,985	3,452	EBITDA	5,370	6,188	15
2,908	3,452	EBITDA without one-off items	5,176	6,307	22
1,481	1,284	Profit / (Loss) from operations	2,581	2,018	(22)
1,404	1,284	Profit from operations without one-off items	2,388	2,137	(10)
(165)	(460)	Result from financial activities	(437)	(776)	78
1,316	825	Gross profit / (loss)	2,145	1,242	(42)
1,239	825	Gross profit / (loss) of period without one-off items	1,951	1,399	(28)
#N/A	#N/A	Earnings per share	0.09	0.05	(42)
513	1,147	Simplified free cash flow	(6,089)	996	(116)
23,803	57,558	Net debt	23,803	57,558	142
28	45	Net gearing (%)	28	45	62
2,406	2,308	CAPEX	11,349	5,318	(53)

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

⁽²⁾ EBITDA, operating and gross profit in I-VI 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 1.5 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-VI 2021 – 7.49 EUR/HRK; I-VI 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, second quarter reports sales revenue growth amounted to HRK 86.4 million or 28%.

Reported EBITDA is HRK 26 million which is 16% increase in comparison with the same period last year when it was amounted to HRK 22.5 million.

In line with the realization of planned acquisitions, net debt increased in the first half of 2022. primarily as a result of the increase in leases according to IFRS 16, which is on June 30, 2022. amounted in total 433.3 mHRK. On the other hand, considering the growth of consolidated EBITDA, the Net debt/EBITDA ratio is still stable at 2.93 and significantly below the possible rates at the consolidated level.

Gearing ratio is 45% as at June 30, 2022 and is at a slightly higher level compared as at December 31, 2021.

Capital investments amounted to HRK 40 million in first half 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

IV -VI 2021	IV -VI 2022		I-VI 2021	I-VI 2022	%
2,128.14	2,198.90	Lead price (USD/t)*	2,072.00	2,268.73	9
6.25	7.06	Average USD/HRK	6.26	6.89	10
6.29	7.16	Closing USD/HRK	6.29	7.16	14
7.53	7.54	Average EUR/HRK	7.55	7.54	(0)
7.49	7.53	Closing EUR/HRK	7.49	7.53	0

* LME market data – period average

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

- Sales revenues amounted to HRK 771.0 million are increased by 39% compared to the same period last year
- Average lead price on the London Stock Exchange in the first half of 2022 was 2.268.73 USD/t, which is 9% higher in comparison with the average price of the same period last year
- Consolidated reported EBITDA is HRK 46.6 million and is 15% 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 47.5 million or 22% higher in comparison with same period in 2021
- Financial expenditures amount to HRK 6.9 million and are HRK 2.5 million or 56% higher in comparison with the first half of 2021

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

The second quarter of 2022 at the consolidated level of CIAK Group continues to follow the trend of business growth and business results.

In addition to the continuation of CIAK Group's organic growth, as of this year, last year's acquisitions are delivering full effects on consolidated level. This is also visible in the even stronger growth of revenues and realized reported EBITDA. In accordance with this, the first half of the year is followed by revenue growth of almost 40% at the consolidated level and EBITDA growth of 15%, compared to the same period of the previous year. Thus, consolidated revenues reached a level above 770 mHRK, and the consolidated reported EBITDA exceeded 46 mHRK. This is a solid position for entering the second half of the year, which is usually more business-intensive.

On the other hand, intensive changes in the external environment are visible at the global and local level, which result in negative effects on business and create additional pressure on the results of all market participants. Primarily in the form of rising inflation and operating costs at all levels, insufficient stability of continuous long-term market supply, and security risks caused by war events in Eastern Europe. Additionally, for the long time of period announcing of rise in benchmark interest rates globally has begun to realize and will also have an impact on market participants.

Due to all of the above mentioned, business challenges are present, and the focus is still on maintaining the optimal way of doing business in all segments, as well as delivering the goals and results defined by CIAK Group's business plan. In the second quarter, the implementation and delivery of CIAK Group's strategic projects for 2022 continued, as well as the development of strategic markets aimed at building an even stronger consolidated position for delivering results in next period.

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

IV -VI 2021	IV -VI 2022	In HRK thousands	Notes	I-VI 2021	I-VI 2022	%
310,761	397,149	Sales revenues		555,966	770,965	39
2,083	1,893	Other operating revenues		3,524	4,575	30
312,844	399,042	Operating revenues	1	559,490	775,540	39
38,676	53,500	Costs of raw materials and consumables		73,775	107,886	46
11,319	16,344	Amortization		21,047	31,434	49
45,364	68,556	Staff costs	3	85,797	131,428	53
185,079	217,945	Costs of goods sold		311,487	427,851	37
18,018	30,934	Other costs		39,831	58,018	46
336	1,612	Value adjustments		3,368	3,114	(8)
2,901	472	Provisions for costs and risks		4,704	595	(87)
301,694	389,363	Operating expenditures		540,009	760,326	41
11,150	9,679	Profit / (Loss) from operations		19,481	15,214	(22)
738	533	Financial revenues		1,111	1,025	(8)
1,983	3,997	Financial expenditures	4	4,407	6,878	56
(1,245)	(3,464)	Profit / (loss) from financial activities		(3,296)	(5,853)	78
9,904	6,215	Profit / (Loss) of the period		16,185	9,361	(42)

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

In HRK thousands	Notes	31 December 2021	30 June 2022	%
TOTAL ASSETS				
Fixed assets				
Intangible assets		57,702	60,737	5
Real estate, plant and equipment		326,747	377,814	16
Loans and deposits given		2,542	2,497	(2)
Investment in holdings, securities and other fixed financial assets		2,260	2,235	(1)
Receivables		2,072	1,878	(9)
Deferred tax assets		2,169	2,069	(5)
Total fixed assets	5	393,492	447,230	14
Current assets				
Inventories	6	536,919	581,832	8
Customer receivables		209,298	233,064	11
Other receivables		23,693	18,370	(22)
Loans and deposits given		11,436	12,054	5
Cash & cash equivalents		75,547	70,602	(7)
Total current assets		856,893	915,922	7
Prepaid expenses and accrued revenues		28,369	24,247	(15)
Total assets		1,278,754	1,387,399	8
Equity and liabilities				
Equity and reserves				
Initial equity		197,520	197,520	0
Capital reserves		184,634	184,634	0
Other reserves		(2,800)	(2,999)	7
Retained profit / (Loss brought forward)		37,601	70,472	87
Profit / (Loss) of the period		69,695	7,494	(89)
Minority interest		8	8	0
Total equity		486,658	457,129	(6)
Provisions		911	1,332	46
Long-term liabilities				
Long-term liabilities for loans and deposits	7	301,717	332,968	10
Other long-term liabilities		295	295	0
Deferred tax liability		5,989	5,870	(2)
Total long-term liabilities		308,001	339,133	10
Short-term liabilities				
Liabilities for bank's and other creditor's loans	7	110,675	170,938	54
Liabilities to suppliers		288,458	302,912	5
Taxes and similar liabilities		48,446	46,719	(4)
Other short-term liabilities		18,824	48,603	158
Liabilities to employees		11,398	14,109	24
Total short-term liabilities		477,801	583,281	22
Accruals and deferred income		5,383	6,524	21
Total liabilities		792,096	930,270	17
Total equity and liabilities		1,278,754	1,387,399	8

Financial result overview and notes

PROFIT AND LOSS STATEMENT

Notes

- 1 Consolidated revenues** of the CIAK Group in first half of 2022 were HRK 775.5 million and are HRK 216 million or 39% higher in comparison to the same period last year, of which:
 - HRK 87.4 million relates to organic growth
 - HRK 128.6 million relates to inorganic growth
- 2 Reported EBITDA** amounts to HRK 46.6 million and is 15% or HRK 6.1 million higher than in the same period last year
- 3 Staff costs** are HRK 45.6 million or 57% higher than in first half of 2021, primarily as result of inorganic growth which is not fully reflected in the last year's compared period (H1/2021)
- 4 Financial expenditures** increased by 56% or HRK 2.5 million in comparison with previous period, primarily as a result of consolidation effects by inorganic growth which is not fully reflected during the last year's compared period (H1/2021) and partly due to the increase in interest expenses.

STATEMENT OF FINANCIAL POSITION

Notes

- 5 Long-term asset** of the company increased HRK 53.7 million or 17% compared to 31 December 2021 as a result of the increase in long-term leases according to IFRS 16.
- 6 Inventory level** is 8% higher compared to the previous year ending, i.e. HRK 44.9 million
- 7 Short-term and long-term loans** increased compared to the 31 December, 2021 by HRK 91.5 million, of which:
 - HRK 37.1 million relates to increase of IFRS 16, long-term leases and loans from legal entities
 - HRK 54.4 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

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 June, 2022 CIAK Group had financial debt amounted to HRK 503.9 million, of which HRK 153.2 million was related to long-term leases (IFRS 16) and to a lesser extent corporate loans, while HRK 350.7 million was related to financial institutions and banks.

Implications of the Russian invasion of Ukraine on the financial statements for the first half 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.

Management Board

Financial reports for period I-VI 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