

CIAK Grupa d.d. (ZB: CIAK-R-A; ciakgrupa.hr) has published results for the period I–III 2023. Report contains non audited financial statements for period ending 31 March, 2023, prepared by the company's Management in accordance with International financial reporting standards (IFRS).

### **CIAK Group financial results (IFRS)**

I-III 2022	I-III 2023	In EUR thousands	I-III 2022	I-III 2023	%
49,588	61,776	Sales revenues	49,588	61,776	25
2,736	4,938	EBITDA <sup>(1)</sup>	2,736	4,938	80
<b>2,855</b>	<b>4,938</b>	<b>EBITDA without one-off items <sup>(2)</sup></b>	<b>2,855</b>	<b>4,938</b>	<b>73</b>
734	2,437	Profit / (Loss) from operations	734	2,437	232
<b>853</b>	<b>2,437</b>	<b>Profit from operations without one-off items <sup>(2)</sup></b>	<b>853</b>	<b>2,437</b>	<b>186</b>
(317)	(438)	Result from financial activities	(317)	(438)	38
417	1,999	Gross profit / (loss)	417	1,999	379
<b>575</b>	<b>1,999</b>	<b>Gross profit / (loss) of period without one-off items <sup>(2)</sup></b>	<b>575</b>	<b>1,999</b>	<b>248</b>
<b>0.02</b>	<b>0.08</b>	<b>Earnings per share <sup>(3)</sup></b>	<b>0.02</b>	<b>0.08</b>	<b>381</b>
<b>775</b>	<b>2,131</b>	<b>Simplified free cash flow <sup>(4)</sup></b>	<b>775</b>	<b>2,131</b>	<b>175</b>
49,129	56,519	Net debt <sup>(5)</sup>	49,129	56,519	8
42	45	Net gearing (%) <sup>(6)</sup>	42	45	7
<b>2,080</b>	<b>2,807</b>	<b>CAPEX</b>	<b>2,080</b>	<b>2,807</b>	<b>35</b>

<sup>(1)</sup> EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) = EBIT (Earnings Before Interest and Taxes) + Amortization

<sup>(2)</sup> EBITDA and operating profit in I-III 2022 were negatively affected by EUR 119 thousand one-off items, i.e. gross profit by EUR 157 thousand which are related to the principal and default interest costs of the litigation, and the subsequent customs costs of 2017

<sup>(3)</sup> Earnings per share = net profit / number of shares

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

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

<sup>(6)</sup> 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)

<sup>(7)</sup> When converting the value from HRK to EUR, the average exchange rates of Croatian National Bank (CNB) are applied for I-XII 2022 in accordance with accounting standards.

Compared to the same period last year, first quarter of 2023 reports sales revenue growth amounted to EUR 12.2 million or 25%.

Reported EBITDA is 80% higher compared to the same quarter of the previous year.

The reported gross profit generated in the first quarter of the current year is EUR 1.6 million or 379% higher compared to the same reporting period of the previous year, which indicates a strong increase in profitability and further strengthening of the market position despite the volatile external environment and the general increase of inputs.

In line with the realization of acquisitions and market consolidation, net debt increased by EUR 7.4 million compared to the end of the first quarter last year and as of March 31, 2023 amounts to EUR 56.5 million. Along with the growth of consolidated EBITDA, the Net debt/EBITDA ratio at March 31, 2023 is 2.63 and is significantly below the possible rates at the consolidated level, while in the same period last year it was 3.10.

Capital investments amounted to EUR 2.8 million in the first quarter of the current year and increased by 35% or EUR 727 thousand compared to the first quarter of the previous year. The presented CAPEX in both reporting periods includes investments in long-term tangible and intangible assets.

### Main external parameters

I-III 2022	I-III 2023		I-III 2022	I-III 2023	%
2,330.87	2,098.19	Lead price (USD/t)*	2,335.24	2,140.46	(8)
1.12	1.07	Average USD/EUR	1.12	1.07	(4)
1.11	1.09	Closing USD/EUR	1.11	1.09	(2)
7.54	-	Average EUR/HRK	7.54	-	N/A
7.58	-	Closing EUR/HRK	7.58	-	N/A

\* LME market data – period average

### Key effects on business result in I-III 2023 in comparison to I-III 2022

- Sales revenues amounted to EUR 61.8 million and increased by 25% compared to the same period last year.
- Average lead price on the London Stock Exchange in the first quarter of 2023 was USD 2,140.46/t, i.e. it was 8% lower compared to the same period of the previous year.
- Consolidated EBITDA realised in the first quarter of this year amounts to almost EUR 5 million and is 80% higher compared to the realised EBITDA of the same period last year, primarily as a result of higher realized revenues, continued optimization of procurement processes, and management of operating expenditures
- Financial expenditures amount to EUR 479 thousand and are EUR 97 thousand or 25% higher in comparison with last year realisation in the same reporting period.

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

The previous year was for CIAK Group a year of integration and consolidation of acquisitions realized during previous periods. Observing from all aspects: the achieved business goals, the realization of acquisitions and strategic projects, the positioning of the CIAK Group on the regional market, and finally the delivery of financial results, we can conclude that we achieved the key goals for the mentioned period.

The external environment at the global level continues to provide challenges that affect the entire market as well as all present participants. In addition, they influence the formation of future expectations at all levels of business.

In the first quarter of 2023, realized consolidated revenues amounts to EUR 61.8 million, which is 25% higher compared to the same period of the previous year. Reported EBITDA amounts to almost EUR 5 million, which represents an increase of 80% compared to the same period last year.

At the same time, it is important to note that organic growth represents almost the entire growth of consolidated revenues as well as realized EBITDA, which sends a clear message that the integration process of the acquisitions realized from 2021 onwards as well as synergistic effects at the Group level have been implemented successfully.

At the same time, realized capital investments amounts to almost EUR 2.8 million, which is 35% more compared to the same period last year. This sends a clear message that CIAK Group keeps its focus on long-term business development and delivery of business results.

The realization of the first quarter of 2023 represents a good basis for the continuation of the business year 2023, but with the aforementioned challenges in the external environment, the CIAK Group maintains its focus on 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 a priority of work in our Group in 2023.

*Consolidated Profit & Loss statement of CIAK Group  
for period ending 31 March, 2022 and 31 March, 2023 (in EUR thousands)*

I-III 2022	I-III 2023	In EUR thousands	I-III 2022	I-III 2023	%
<b>49,588</b>	<b>61,776</b>	<b>Sales revenues</b>	<b>49,588</b>	<b>61,776</b>	<b>25</b>
356	433	Other operating revenues	356	433	22
<b>49,944</b>	<b>62,209</b>	<b>Operating revenues</b>	<b>49,944</b>	<b>62,209</b>	<b>25</b>
7,215	7,693	Costs of raw materials and consumables	7,215	7,693	7
2,002	2,501	Amortization	2,002	2,501	25
8,340	10,590	Staff costs	8,340	10,590	27
27,845	34,596	Costs of goods sold	27,845	34,596	24
3,593	3,765	Other costs	3,593	3,765	5
199	446	Value adjustments	199	446	124
16	181	Provisions for costs and risks	16	181	1.031
<b>49,210</b>	<b>59,772</b>	<b>Operating expenditures</b>	<b>49,210</b>	<b>59,772</b>	<b>21</b>
<b>734</b>	<b>2,437</b>	<b>Profit / (Loss) from operations</b>	<b>734</b>	<b>2,437</b>	<b>232</b>
65	41	Financial revenues	65	41	(37)
382	479	Financial expenditures	382	479	25
<b>(317)</b>	<b>(438)</b>	<b>Profit / (loss) from financial activities</b>	<b>(317)</b>	<b>(438)</b>	<b>38</b>
<b>417</b>	<b>1,999</b>	<b>Profit / (Loss) of the period</b>	<b>417</b>	<b>1,999</b>	<b>379</b>

*Consolidated Statement of financial position of CIAK Group  
at 31 December, 2022 and 31 March, 2023 (in EUR thousands)*

In EUR thousands	Notes	31 December 2022	31 March 2023	%
<b>TOTAL ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets		8,794	8,880	1
Real estate, plant and equipment		47,899	48,099	0
Loans and deposits given		317	317	0
Investment in holdings, securities and other fixed financial assets		306	306	0
Receivables		253	253	0
Deferred tax assets		361	365	1
<b>Total fixed assets</b>	<b>5</b>	<b>57,930</b>	<b>58,220</b>	<b>1</b>
<b>Current assets</b>				
Inventories	<b>6</b>	84,479	87,425	3
Customer receivables		31,187	34,158	10
Other receivables		2,346	3,304	41
Loans and deposits given		451	543	20
Cash & cash equivalents		14,062	6,503	(54)
<b>Total current assets</b>		<b>132,525</b>	<b>131,933</b>	<b>(0)</b>
<b>Prepaid expenses and accrued revenues</b>		<b>4,094</b>	<b>3,464</b>	<b>(15)</b>
<b>Total assets</b>		<b>194,549</b>	<b>193,617</b>	<b>(0)</b>
<b>Equity and liabilities</b>				
<b>Equity and reserves</b>				
Initial equity		26,215	26,215	0
Capital reserves		24,505	24,505	0
Other reserves		34	34	0
Retained profit / (Loss brought forward)		9,371	15,250	63
Profit / (Loss) of the period		6,046	1,640	(73)
Minority interest		(12)	(12)	(-1,263)
<b>Total equity</b>		<b>66,159</b>	<b>67,632</b>	<b>2</b>
<b>Provisions</b>		<b>8</b>	<b>3</b>	<b>(63)</b>
<b>Long-term liabilities</b>				
Long-term liabilities for loans and deposits	<b>8</b>	36,598	39,744	9
Other long-term liabilities		17	17	0
Deferred tax liability		780	778	(0)
<b>Total long-term liabilities</b>		<b>37,395</b>	<b>40,539</b>	<b>8</b>
<b>Short-term liabilities</b>				
Liabilities for bank's and other creditor's loans	<b>8</b>	26,081	23,278	(11)
Liabilities to suppliers	<b>7</b>	51,475	47,375	(8)
Taxes and similar liabilities		8,082	8,242	2
Other short-term liabilities		2,356	2,419	3
Liabilities to employees		2,050	2,386	16
<b>Total short-term liabilities</b>		<b>90,044</b>	<b>83,700</b>	<b>(7)</b>
<b>Accruals and deferred income</b>		<b>943</b>	<b>1,743</b>	<b>85</b>
<b>Total liabilities</b>		<b>128,390</b>	<b>125,985</b>	<b>(2)</b>
<b>Total equity and liabilities</b>		<b>194,549</b>	<b>193,617</b>	<b>(0)</b>

## Financial result overview and notes

### PROFIT AND LOSS STATEMENT

#### Notes

- 1 Consolidated revenues** of the CIAK Group in first quarter of 2023 amounted to EUR 62.2 million, which is EUR 12.3 million or 25% higher compared to the same reporting period last year, of which:
  - EUR 11.5 million related to organic growth
  - EUR 0.8 million related to inorganic growth
- 2 Consolidated EBITDA** realised in the first quarter of the current year amounted to 4.9 EUR million and is 80% higher compared to consolidated EBITDA realised in the same period last year.
- 3 Staff costs** are EUR 2.3 million, i.e. 27% higher compared to the quarterly realisation of the previous year, primarily as a result of an increase in employee wages.
- 4 Financial expenditures** compared to the comparative period are higher by 25% or EUR 97 thousand, partly as a result of consolidation effects from inorganic growth that was not fully reflected in the previous reporting period, and partly due to an increase in interest expenses.

### STATEMENT OF FINANCIAL POSITION

#### Notes

- 5 Long-term asset** of the company are at almost the same level compared to the end of the previous year, that is, they are higher by 1% or EUR 290 thousand.
- 6** Compared to the end of the previous year, **inventory level** is 3% or almost EUR 3 million higher at the reporting date.
- 7 Payables to suppliers** decreased by 8% or EUR 4.1 million at 31 March, 2023 compared to the end of the previous year
- 8 Short-term and long-term loans** increased compared to the 31 December, 2022 by EUR 342 thousand, of which:
  - EUR 820 thousand relates to decrease of IFRS 16, long-term leases and loans from legal entities
  - EUR 1,162 thousand 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 EUR 157 thousand, and relate to:

- EUR 109 thousand the principal and interest costs of the litigation
- EUR 48 thousand the subsequent customs costs of year 2017

### Implications of the Russian invasion of Ukraine on the financial statements of 2023

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, etc. which indirectly could affect some segments of CIAK Group business.

### *Significant events in the reporting period*

In February, 2023 CIAK Group finalized the acquisition transaction of the company Potokar d.o.o., Ljubljana, Slovenia. The Potokar company is one of the independent automotive aftermarket distributors (IAM) in Slovenia, generating annual turnover of more than 7 million EUR present at 18 locations throughout Slovenia with a portfolio of over 40.000 references. Company Potokar was one of the pioneers of automotive aftermarket in Slovenia, family company focused on partnership values that always had strong emphasis on business development and education of both employees and their loyal partners. Its brand name Potokar and core values of the company will continue to be nurtured by local team led by Mr. Peter Potokar as CEO, with even more strength and dedication for expansion of its offering on the market of Slovenia thanks to the support of CIAK Group.

Taking into consideration CIAK Group core business, company Potokar d.o.o. is one of the logical steps in further strengthening the growth of CIAK Group. As a family company, Potokar d.o.o. is also in business culture and business expertise very similar to the company CIAK Auto, therefore we expect to fully utilize the synergies of these two groups and enable the company for an even better result in the coming years, while also utilizing all positive aspects of Potokar to further strengthen CIAK Auto market position in Adria region.

With this transaction CIAK Group continues to be one of the leading IAM companies in Adria region, strongly present in the passenger car spare parts distribution networks in Croatia, Montenegro, Serbia, Bosnia and Hercegovina, North Macedonia and now Slovenia as a new market for CIAK Group.

### *Financial instruments and risks*

The risks are explained in details in CIAK Group's audited Financial Statements for the year ending 31 December, 2022.

As at 31 March, 2023 CIAK Group had financial debt amounted to **EUR 63 million**, of which **EUR 15.7 million** was related to long-term leases (IFRS 16) and to a lesser extent corporate loans, while **EUR 47.3 million** was related to financial institutions and banks.

### *Management Board*

Financial reports for period I-III 2023 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:

<b>Ivan Leko</b>	<b>President of the Management Board</b>
<b>Dominik Leko</b>	<b>Member</b>
<b>Dalibor Bagarić</b>	<b>Member</b>
<b>Ivica Greguraš</b>	<b>Member</b>
<b>Ivan Miloš</b>	<b>Member</b>