

**Reporting period VII-IX 2023**  
**CIAK GROUP CONSOLIDATED**



CIAK Grupa d.d. (ZB: CIAK-R-A; ciakgrupa.hr) has published results for the period VII–IX 2023. Report contains non audited financial statements for period ending September 30, 2023, prepared by the company's Management in accordance with International financial reporting standards (IFRS).

**CIAK Group financial results (IFRS)**

VII -IX 2022	VII -IX 2023	In EUR thousands	I-IX 2022	I-IX 2023	%
59,123	68,141	Sales revenues	161,384	194,958	21
4,988	5,946	EBITDA <sup>(1)</sup>	11,173	16,464	47
<b>4,988</b>	<b>5,347</b>	<b>EBITDA without one-off items <sup>(2)</sup></b>	<b>11,292</b>	<b>15,865</b>	<b>40</b>
2,476	3,246	Profit / (Loss) from operations	4,492	8,244	84
<b>2,476</b>	<b>2,647</b>	<b>Profit from operations without one-off items <sup>(2)</sup></b>	<b>4,611</b>	<b>7,645</b>	<b>66</b>
(271)	(752)	Result from financial activities	(1,048)	(1,894)	81
2,205	2,495	Gross profit / (loss)	3,444	6,350	84
<b>2,205</b>	<b>1,896</b>	<b>Gross profit / (loss) of period without one-off items<sup>(2)</sup></b>	<b>3,602</b>	<b>5,751</b>	<b>60</b>
<b>0.09</b>	<b>0.11</b>	<b>Earnings per share <sup>(3)</sup></b>	<b>0.14</b>	<b>0.27</b>	<b>90</b>
<b>2,862</b>	<b>473</b>	<b>Simplified free cash flow <sup>(4)</sup></b>	<b>4,775</b>	<b>5,866</b>	<b>23</b>
63,326	65,362	Net debt <sup>(5)</sup>	63,326	65,362	3
49	48	Net gearing (%) <sup>(6)</sup>	49	48	(2)
<b>2,126</b>	<b>4,874</b>	<b>CAPEX</b>	<b>6,517</b>	<b>9,999</b>	<b>53</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-IX 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. In I-IX 2023 period EBITDA, operating profit and gross profit has been positively affected by EUR 599 thousand via income from sale of long-term tangible assets of the company

<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, in the first three quarters of 2023 reports sales revenue growth amounted to EUR 33.6 million or 21%.

Reported EBITDA is higher by EUR 5.3 million or 47% compared to the same period of the previous year.

The reported gross profit generated in the reporting period of the current year is higher by EUR 2.9 million or 84% 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.

With the continuation of acquisitions and market consolidation, net debt as of September 30, 2023, amounts to EUR 65.4 million. The Net debt/EBITDA ratio as of September 30, 2023, is 2.66 and is significantly below the possible rates at the consolidated level.

Capital investments amounted to EUR 10 million in the first three quarters of the current year and increased by 53% or EUR 3,5 million compared to the same period of the previous year. The presented CAPEX in both reporting periods includes investments in long-term tangible and intangible assets.

### Main external parameters

VII -IX 2022	VII -IX 2023		I-IX 2022	I-IX 2023	%
1,976.21	2,170.20	Lead price (USD/t) *	2,167.59	2,143.19	(1)
1.01	1.09	Average USD/EUR	1.07	1.08	2
0.97	1.06	Closing USD/EUR	0.97	1.06	9
7.51	-	Average EUR/HRK	7.53	-	N/A
7.53	-	Closing EUR/HRK	7.53	-	N/A

\* LME market data – period average

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

- Sales revenues amounted to EUR 195 million and increased by 21% compared to the same period last year.
- Average lead price on the London Stock Exchange in the first three quarters of 2023 was 2,143.19 USD/t, i.e., it was 1% lower compared to the same period of the previous year.
- Consolidated EBITDA realised in the first three quarters of this year amounts to EUR 16.5 million and is 47% higher compared to the realised EBITDA of the same period last year, primarily because of higher realized revenues, continued optimization of procurement processes, and management of operating expenditures.
- Financial expenditures amounted to EUR 2.1 million and are 48% higher in comparison with last year realisation in the same reporting period.

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

CIAK Group continues the third quarter in 2023 with the delivery of good business results, above the realization of the previous year.

Compared to last year, cumulatively for the first nine months at the consolidated level, CIAK Group recorded a 21% increase in sales revenue, which totalled EUR 195 million, and an increase in EBITDA of 47% to a total amount of EUR 16.5 EUR million.

At the same time, the consolidated gross profit amounts to EUR 6.4 million, which is an increase of 84% compared to the same period last year.

Looking at the quarterly level, the third quarter of 2023 was as expected less intensive in growth compared to the first half of 2023, which is primarily the result of last year's stronger business growth in the second half of 2022.

At the same time, realized capital investments amount to almost EUR 10 million and are 53% or EUR 3.5 million higher compared to the same period last year. This sends a clear message that CIAK Group continues its business development and keeps its focus on long-term business development and delivery of business results.

The realization so far in 2023 represents a good foundation for the continuation of the business year, but with the challenges still present 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 in the continuation of work in 2023.

*Consolidated Profit & Loss statement of CIAK Group*

*for period ending 30 September 2022 and 30 September 2023 (in EUR thousands)*

VII -IX 2022	VII -IX 2023	In EUR thousands	I-IX 2022	I-IX 2023	%
<b>59,123</b>	<b>68,141</b>	<b>Sales revenues</b>	<b>161,384</b>	<b>194,958</b>	<b>21</b>
384	671	Other operating revenues	991	1,475	49
<b>59,507</b>	<b>68,812</b>	<b>Operating revenues</b>	<b>162,375</b>	<b>196,433</b>	<b>21</b>
7,106	7,897	Costs of raw materials and consumables	21,419	22,436	5
2,512	2,700	Amortization	6,681	8,220	23
9,718	12,638	Staff costs	27,151	34,620	28
33,967	36,194	Costs of goods sold	90,714	107,921	19
3,684	4,522	Other costs	11,381	12,812	13
124	1,534	Value adjustments	537	2,025	277
(80)	81	Provisions for costs and risks	0	155	100
<b>57,031</b>	<b>65,566</b>	<b>Operating expenditures</b>	<b>157,883</b>	<b>188,189</b>	<b>19</b>
<b>2,476</b>	<b>3,246</b>	<b>Profit / (Loss) from operations</b>	<b>4,492</b>	<b>8,244</b>	<b>84</b>
208	74	Financial revenues	344	163	(53)
479	826	Financial expenditures	1,392	2,057	48
<b>(271)</b>	<b>(752)</b>	<b>Profit / (loss) from financial activities</b>	<b>(1,048)</b>	<b>(1,894)</b>	<b>81</b>
<b>2,205</b>	<b>2,495</b>	<b>Profit / (Loss) of the period</b>	<b>3,444</b>	<b>6,350</b>	<b>84</b>

*Consolidated Statement of financial position of CIAK Group  
on 31 December 2022 and 30 September 2023 (in EUR thousands)*

In EUR thousands	Notes	31 December 2022	30 September 2023	%
<b>TOTAL ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets		8,794	8,960	2
Real estate, plant and equipment		47,899	54,553	14
Loans and deposits given		317	357	13
Investment in holdings, securities and other fixed financial assets		306	306	0
Receivables		253	247	(2)
Deferred tax assets		361	361	0
<b>Total fixed assets</b>	<b>5</b>	<b>57,930</b>	<b>64,784</b>	<b>12</b>
<b>Current assets</b>				
Inventories	<b>6</b>	84,479	98,643	17
Customer receivables		31,187	33,648	8
Other receivables		2,346	3,100	32
Loans and deposits given		451	1,129	150
Cash & cash equivalents		14,062	6,657	(53)
<b>Total current assets</b>		<b>132,525</b>	<b>143,177</b>	<b>8</b>
<b>Prepaid expenses and accrued revenues</b>		<b>4,094</b>	<b>6,333</b>	<b>55</b>
<b>Total assets</b>		<b>194,549</b>	<b>214,295</b>	<b>10</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	454	1.235
Retained profit / (Loss brought forward)		9,371	12,161	30
Profit / (Loss) of the period		6,046	5,343	(12)
Minority interest		(12)	(17)	42
<b>Total equity</b>		<b>66,159</b>	<b>68,661</b>	<b>4</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>7</b>	36,598	39,226	7
Other long-term liabilities		17	0	(100)
Deferred tax liability		780	774	(1)
<b>Total long-term liabilities</b>		<b>37,395</b>	<b>40,000</b>	<b>7</b>
<b>Short-term liabilities</b>				
Liabilities for bank's and other creditor's loans	<b>7</b>	26,081	32,793	26
Liabilities to suppliers		51,475	58,101	13
Taxes and similar liabilities		8,082	8,035	(1)
Other short-term liabilities		2,356	2,121	(10)
Liabilities to employees		2,050	2,553	25
<b>Total short-term liabilities</b>		<b>90,044</b>	<b>103,603</b>	<b>15</b>
<b>Accruals and deferred income</b>		<b>943</b>	<b>2,028</b>	<b>115</b>
<b>Total liabilities</b>		<b>128,390</b>	<b>145,633</b>	<b>13</b>
<b>Total equity and liabilities</b>		<b>194,549</b>	<b>214,295</b>	<b>10</b>

## Financial result overview and notes

### PROFIT AND LOSS STATEMENT

#### Notes

- 1 **Consolidated revenues** of the CIAK Group in first three quarters of 2023 amounted to EUR 196.4 million, which is EUR 34.1 million or 21% higher compared to the same reporting period last year, of which:
  - o EUR 29.2 million related to organic growth
  - o EUR 4.9 million related to inorganic growth
- 2 **Consolidated EBITDA** realised in the reported period of the current year amounted to EUR 16.5 million and is 47% higher compared to consolidated EBITDA realised in the same period last year.
- 3 **Staff costs** are EUR 7.5 million or 28% higher compared to the first three quarters realisation of the previous year, primarily because of an increase in employee wages.
- 4 **Financial expenditures** compared to the same period last year are higher by EUR 666 thousand or 48%, partly because of an increase in interest expenses which, on the other hand, are partially optimized by reducing negative exchange rates differences.

### STATEMENT OF FINANCIAL POSITION

#### Notes

- 5 **Long-term asset** of the company is higher, compared to the end of the previous year, i.e., higher by 12% or EUR 6.9 million.
- 6 Compared to the end of the previous year, **inventory level** is EUR 14.2 million or 17% higher at the reporting date, partially as an effect of the acquisition realized in 2023.
- 7 **Short-term and long-term loans** increased compared to the 31 December 2022 by EUR 9.3 million, of which:
  - o EUR 2.8 million relates to decrease of IFRS 16, long-term leases and loans from legal entities
  - o EUR 6.5 million relates to increase of debt toward financial institution and banks

### One-off items in EBITDA, operating and gross/net profit

The result of the third quarter of the current year was positively influenced by the income from the sale of the company's real estate, which amounted to EUR 599 thousand in total.

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 65-70% of the Group's business is in the Republic of Croatia. In terms of procurement, our key principals are 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.

### *Financial instruments and risks*

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

As of 30 December 2023, CIAK Group had financial debt amounted to **EUR 72 million**, of which **EUR 19.3 million** was related to long-term leases (IFRS 16) and to a lesser extent corporate loans, while **EUR 52.7 million** was related to financial institutions and banks.

### *Management Board*

Financial reports for period I-IX 2023 were prepared in accordance with International financial reporting standards (IFRS), i.e., they accurately 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>