

CIAK Grupa d.d. (ZB: CIAK-R-A; ciakgrupa.hr) has published results for the period I-III 2021. Report contains non audited financial statements for period ending 31 March, 2021, prepared by the company's Management in accordance with International financial reporting standards (IFRS).

CIAK Group financial results (IFRS)

In HRK thousands	I-III 2020	I-III 2021	%
Sales revenues	211,861	245,205	16
EBITDA ⁽¹⁾	14,152	18,059	28
EBITDA without one-off items ⁽²⁾	14,152	20,945	48
Profit / (Loss) from operations	7,550	8,331	10
Profit from operations without one-off items ⁽²⁾	7,550	11,217	49
Net result from financial activities	(2,048)	(2,051)	0
Net profit / (loss)	5,502	6,280	14
Net profit / (loss) of period without one-off items⁽²⁾	5,502	9,166	67
Simplified free cash flow ⁽³⁾	7,568	(46,049)	(708)
Net debt ⁽⁴⁾	237,716	163,345	(31)
Net gearing (%) ⁽⁵⁾	51	26	(50)
CAPEX	6,584	66,994	917

In EUR thousands ⁽⁶⁾	I-III 2020	I-III 2021	%
Sales revenues	28,329	32,406	14
EBITDA ⁽¹⁾	1,892	2,387	26
EBITDA without one-off items ⁽²⁾	1,892	2,768	46
Profit / (Loss) from operations	1,010	1,101	9
Profit from operations without one-off items ⁽²⁾	1,010	1,482	47
Net result from financial activities	(274)	(271)	(1)
Net profit / (loss)	736	830	13
Net profit / (loss) of period without one-off items⁽²⁾	736	1,211	65
Simplified free cash flow ⁽³⁾	1,012	(6,086)	(701)
Net debt ⁽⁴⁾	31,240	21,579	(31)
Net gearing (%) ⁽⁵⁾	51	26	(50)
CAPEX	865	8,850	923

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

⁽²⁾ EBITDA, operating and net profit In I-III 2021 were negatively affected by HRK 2.9 million one-off items, which are related to the change in accounting approach, i.e. International financial reporting standards (IFRS) are now applied on quarterly basis. In 2020 the same have been applied on annual basis.

⁽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- III 2020 – 7.41 HRK/EUR; I-III 2021 – 7.57 HRK/EUR. The results overview in EUR currency applies exclusively for reporting purposes and does not reflect the currency risks of the consolidated statement.

After the end one of the most challenging years of recent times, 2021 is certainly one of the highly ambitious years at the level of the entire national and world economy.

In this context, the first quarter of 2021 at the level of CIAK Group reflects the ambition of the set goals, and more importantly delivery of the results as well.

Consolidated revenues of CIAK Group realized in first quarter of 2021 were HRK 245 million or 16% higher compared to the same period last year. Reported EBITDA realized amounts to HRK 18 million, which is 28% higher in comparison with the same period in 2020.

This is primary result of higher sales and revenues, and at the same time optimization effects on the expenditure side, primarily in the area of procurement processes.

In the first quarter of 2021, acquisitions of two new companies were realized, of which one at the new market of Montenegro, which made CIAK Group the leader in the auto segment of the Montenegrin market. The effects of acquisitions on P&L items, realized sales and revenues, and reported EBITDA as well will be visible at the consolidated level from the second quarter of 2021.

With the realization of these acquisitions as well as the change of approach in procurement processes, net debt and reported EBITDA ratio on 31.3.2021. increased to 1.95 with a Gearing ratio of 26%. This is a short-term effect of realized acquisitions and changes in balance sheet positions, hence towards the end of 2021 and through the following reporting periods the effect of these acquisitions and reduction of subject indicators are expected to be delivered.

Main external parameters

	I-III 2020	I-III 2021	%
Lead price (USD/t)*	1,846.59	2,017.63	9
Average HRK/USD	6.78	6.27	(8)
Closing HRK/USD	6.88	6.45	(6)
Average HRK/EUR	7.48	7.57	1
Closing HRK/EUR	7.61	7.57	(1)

* LME market data – period average

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

- Sales revenues amounted to HRK 245 million were higher by 16% compared to the same period last year
- Average lead price on the London Stock Exchange in the first quarter of 2021 was 2,017.63 USD/t, which is 9% 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 18 million and compared with 2020 is 28% higher, primarily as a result of higher realized revenues and optimization of procurement processes
- Consolidated net profit is HRK 6.3 million and is 14% higher compared to same period last year
- Financial expenditures amount to HRK 2.4 million and are slightly lower compared to the first quarter of 2020, with a further decline in interest rates and financing costs
- With the finalization of acquisitions in the first quarter of 2021, the short-term effect of changes in balance sheet items, i.e. the increase in net debt to HRK 163 million, was realized. The effects of these acquisitions on consolidated EBITDA will be delivered in the next reporting periods, which is why the debt ratio is expected to improve.

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

The previous year 2020 must have been globally one of the most challenging in the modern era. Despite some progress in addressing the challenges of the global pandemic, it is becoming more clear that 2021 will certainly not be the year of the final solution in context of pandemic and the consequences related to the global economy. Therefore, it is very important to keep focus on proper planning, and even more important on achieving those business plans and goals.

First quarter of 2021 on CIAK Group level in that sense follows ambitious business plans, and what is even more important, it follows realization of the plans and delivery of business results and targets set.

CIAK Group's consolidated revenues increased by 16% compared to the same period last year, and reported EBITDA realized increased by 28%. These figures do not include the effects of two strategically important acquisitions that were realized in first quarter of 2021 which represents even stronger base for next period and business results future delivery. That is the reason why we are entering in the next period with even stronger position.

By achieving two acquisitions already in the first quarter after the finalization of IPO process, the CIAK Group showed determination in delivering business plans, as well as the ambition of the set long-term goals. Operations of CIAK Group will continue in this context taking into account all the challenges which current external environment still brings.

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

In HRK thousands	Notes	I-III 2020	I-III 2021	%
Sales revenues		211,861	245,205	16
Other operating revenues		4,970	1,441	(71)
Operating revenues	1	216,832	246,646	14
Costs of raw materials and consumables		30,209	35,099	16
Amortization		6,602	9,728	47
Staff costs	4	34,374	40,433	18
Costs of goods sold		115,043	126,408	10
Other costs		22,677	21,813	(4)
Value adjustments		377	3,032	703
Provisions for costs and risks		0	1,803	100
Operating expenditures		209,282	238,315	14
Profit / (Loss) from operations		7,550	8,331	10
Financial revenues		466	373	(20)
Financial expenditures		2,514	2,424	(4)
Net profit / (loss) from financial activities		(2,048)	(2,051)	0
Profit / (Loss) of the period		5,502	6,280	14

*Consolidated Statement of financial position of CIAK Group
at 31.12.2020 and 31.03.2021 (in HRK millions)*

In HRK thousands	Notes	31.12.2020	31.3.2021	%
TOTAL ASSETS				
Fixed assets				
Intangible assets		6,238	6,444	3
Real estate, plant and equipment		202,466	221,049	9
Loans and deposits given		491	766	56
Receivables		1,380	2,316	68
Deferred tax assets		2,695	2,538	(6)
Total fixed assets	6	213,271	233,114	9
Current assets				
Inventories	7			
Customer receivables		153,238	184,921	21
Other receivables		13,438	17,129	27
Loans and deposits given		12,376	16,064	30
Cash & cash equivalents		199,397	89,438	(55)
Total current assets		697,777	671,168	(4)
Prepaid expenses and accrued revenues		11,670	10,866	(7)
Total assets		922,718	915,148	(1)
Equity and liabilities				
Equity and reserves				
Initial equity		197,520	197,520	0
Capital reserves		184,763	184,763	0
Retained profit / (Loss brought forward)		11,152	31,872	186
Profit / (Loss) of the period		26,447	6,490	(75)
Minority interest		3,829	3,636	(5)
Total equity		423,711	424,280	0
Provisions		281	279	(1)
Long-term liabilities				
Long-term liabilities for loans and deposits		187,526	186,555	(1)
Other long-term liabilities		819	4,193	412
Deferred tax liability		17	17	(0)
Total long-term liabilities		188,363	190,765	1
Short-term liabilities				
Liabilities for bank's and other creditor's loans	8	79,656	66,228	(17)
Liabilities to suppliers		172,556	161,943	(6)
Taxes and similar liabilities		25,609	36,540	43
Other short-term liabilities		19,710	20,829	6
Liabilities to employees		8,782	9,754	11
Total short-term liabilities		306,314	295,295	(4)
Accruals and deferred income		4,050	4,529	12
Total liabilities		499,007	490,868	(2)
Total equity and liabilities		922,718	915,148	(1)

Financial results overview and notes

PROFIT AND LOSS STATEMENT

Notes

- 1 **Consolidated revenues** of the CIAK Group in the first quarter of 2021 were HRK 247 million or 14% higher compared to the same period last year.
- 2 **Reported EBITDA** is HRK 18 million and is 28% higher than in the same period last year.
- 3 Consolidated **Net profit** is HRK 6.3 million which is 14% higher than in the same period last year.
- 4 **Staff costs** are HRK 6 million or 18% higher than in the first quarter of 2020.
- 5 **Financial expenditures** decreased by 4% compared to the comparable period.

STATEMENT OF FINANCIAL POSITION

Notes

- 6 **Long-term asset** of the company is HRK 20 million or 9% higher compared to 31 December, 2020.
- 7 **Inventory level** is 14% higher compared to previous year ending, i.e. HRK 44 million.
- 8 **Short-term loans** decreased in the first quarter of 2021 by almost HRK 14 million or 17%.

One-off items in EBITDA, operating and net profit

One-off items in 2021 are amounted to HRK 2.9 million, and are related to the change in accounting approach, i.e. International financial reporting standards (IFRS) are now applied on quarterly basis. In 2020 the same have been applied on annual basis.

Effect of the same in 2021 are:

- reservations for unused holidays
- receivables impairments
- allocation of suppliers rebates to the inventory
- unrealized margins in inventories related to the intragroup sales (PURP)

Financial instruments and risks

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

On 31 March, 2021 CIAK Group had financial debt amounted to HRK 253 million, of which HRK 66 million was related to short-term debt and HRK 187 million to long-term debt.

Management Board

Financial reports for period I-III 2020 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