

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

CIAK Group financial results (IFRS)

X -XII 2020	X -XII 2021		In HRK thousands	I -XII 2020	I -XII 2021	%
292,849	458,403	Sales revenues		952,153	1,352,160	42
22,438	53,009	EBITDA ⁽¹⁾		80,039	124,875	56
24,838	46,093	EBITDA without one-off items ⁽²⁾		83,439	119,311	43
13,954	36,360	Profit / (Loss) from operations		44,893	74,269	65
16,354	29,444	Profit from operations without one-off items ⁽²⁾		48,293	68,705	42
(5,259)	(3,724)	Result from financial activities		(12,365)	(8,577)	(31)
8,695	32,636	Gross profit / (loss)		32,527	65,693	102
11,095	25,720	Gross profit / (loss) of period without one-off items ⁽²⁾		35,927	60,129	67
#N/A	#N/A	Earnings per share ⁽³⁾		1.35	2.56	90
17,964	(55,047)	Simplified free cash flow ⁽⁴⁾		59,893	(110,396)	(284)
67,785	333,892	Net debt ⁽⁵⁾		67,785	333,892	393
11	41	Net gearing (%) ⁽⁶⁾		11	41	273
6,874	101,140	CAPEX		23,546	229,707	876

X -XII 2020	X -XII 2021		In EUR thousands ⁽⁷⁾	I -XII 2020	I -XII 2021	%
38,765	61,020	Sales revenues		126,401	179,704	42
2,970	7,056	EBITDA		10,625	16,596	56
3,288	6,136	EBITDA without one-off items		11,077	15,857	43
1,847	4,840	Profit / (Loss) from operations		5,960	9,870	66
2,165	3,919	Profit from operations without one-off items		6,411	9,131	42
(696)	(496)	Result from financial activities		(1,641)	(1,140)	(31)
1,151	4,344	Gross profit / (loss)		4,318	8,731	102
1,469	3,424	Gross profit / (loss) of period without one-off items		4,769	7,991	68
#N/A	#N/A	Earnings per share		0.18	0.34	90
2,378	(7,328)	Simplified free cash flow		7,951	(14,672)	(285)
8,994	44,417	Net debt		8,994	44,417	394
11	41	Net gearing (%)		11	41	273
912	13,454	CAPEX		3,124	30,558	878

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

⁽²⁾ EBITDA, operating and net profit In I-XII 2021 were positively affected by HRK 5,5 million one-off items, which are related to the multi-year inventory write-off acquired through acquisition processes in previous periods and collected receivables from previous periods.

⁽³⁾ Earnings per share = nett profit / 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- XII 2020 – 7.54 EUR/HRK; I-XII 2021 – 7.52 EUR/HRK. The results overview in EUR currency applies exclusively for reporting purposes and does not reflect the currency risks of the consolidated statement.

Compared to the same period last year, last quarter reports sales revenues growth amounted to HRK 165.6 million or 57%.

Reported EBITDA is HRK 53.0 million which is 136% increase in comparison with the same period in 2020 when it was amounted to HRK 22.4 million.

With further realization of planned acquisitions, net debt increased to HRK 333.9 million as at 31 December 2021, but considering growth in reported EBITDA, Net debt / EBITDA ratio is 2.67 and on consolidated level is still significantly below level of possibility.

Gearing ratio is 41% as at 31 December 2021, and reflects the stable level of the company capitalization in relation to its indebtedness.

The increase in net debt and gearing ratio during 2021 is planned and expected, which is an effect of realized acquisitions and changes in balance sheet positions. Since the acquisitions of the largest companies were realized during the reporting year, through the following reporting periods, it is expected that the full effects will be presented on an annual basis, which will have an additional positive impact on these indicators.

Capital investments amounted to HRK 230 million in 2021 and are 876% higher compared to the same period last year. Out of the stated 230 mHRK, 159 mHRK (69%) relates to the acquisition CAPEX, and 71 mHRK (30%) to investments in tangible and intangible fixed assets.

Main external parameters

X -XII 2020	X -XII 2021		I -XII 2020	I -XII 2021	%
1,901.41	2,330.87	Lead price (USD/t)*	1,825.58	2,206.23	21
6.34	6.57	Average USD/HRK	6.61	6.36	(4)
6.14	6.64	Closing USD/HRK	6.14	6.64	8
7.55	7.51	Average EUR/HRK	7.53	7.52	(0)
7.54	7.52	Closing EUR/HRK	7.54	7.52	(0)

* LME market data – period average

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

- Sales revenues amounted to HRK 1.352 million are increased by 42% compared to the same period last year
- Average lead price on the London Stock Exchange in the first three quarters of 2021 was 2,206.23 USD/t, which is 21% 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 124.9 million which is 56% higher, primarily as a result of higher realized revenues and optimization of procurement processes as well as acquisitions realized in this year
- Financial expenditures amount to HRK 12.5 million are HRK 2.9 million or 19% lower compared to 2020, with a further decline in interest rates costs and financing costs

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

Looking at 2021, we can say that it was the year of the CIAK Group's business major step forward. The acquisition of six companies in four countries is a very important step in consolidating the regional market. Accordingly, the CIAK Group further strengthened its position in the regional market and provided the foundations for the next business development cycle of the CIAK Group. In addition, further development as well as organic growth of our basis companies has continued, resulting in the CIAK Group's best business year historically.

Consolidated revenues in 2021 grew by over 40% to 1,371 mHRK, while the CIAK Group's EBITDA grew by 56% to almost 125 mHRK.

The number of employees in 2021 increased by 720 or 58%, and now the CIAK Group employs almost 2,000 employees in six countries.

In parallel, we have significantly expanded and strengthened our base of business partners, customers and suppliers at the regional and global level.

These are great results, and we should congratulate to our associates and CIAK Group employees.

However, consolidation and further development of business, achieving synergy effects at the Group level and optimizing business processes is a continuous activity. This is not behind us and is still the focus of the CIAK Group's day-to-day operations. The environment in which we find ourselves remains unpredictable, input prices in the international and local markets are constantly rising and consequently creating pressure on all subsequent outputs of production and business activities. Therefore, it is very important to keep the focus on the optimal way of doing business, the level of management, and consequently on the delivery of key business goals and projects. With this approach, the CIAK Group will continue to operate in 2022.

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

X -XII 2020	X -XII 2021	In HRK thousands	Notes	I -XII 2020	I -XII 2021	%
292,849	458,403	Sales revenues		952,153	1,352,160	42
(8,004)	14,609	Other operating revenues		14,345	18,312	28
284,845	473,012	Operating revenues	1	966,498	1,370,472	42
34,369	58,542	Costs of raw materials and consumables		107,782	174,832	62
8,484	16,649	Amortization		35,146	50,606	44
43,014	67,245	Staff costs	3	151,215	201,741	33
171,025	257,965	Costs of goods sold		551,710	760,680	38
17,436	40,708	Other costs		74,627	103,952	39
(994)	(840)	Value adjustments		2,666	4,460	67
(2,443)	(3,619)	Provisions for costs and risks		(1,540)	(69)	(96)
270,891	436,652	Operating expenditures		921,606	1,296,203	41
13,954	36,360	Profit / (Loss) from operations		44,893	74,269	65
1,051	2,098	Financial revenues		3,018	3,891	29
6,310	5,822	Financial expenditures	4	15,383	12,468	(19)
(5,259)	(3,724)	Profit / (loss) from financial activities		(12,366)	(8,576)	(31)
8,695	32,636	Profit / (Loss) of the period		32,527	65,693	102

*Consolidated Statement of financial position of CIAK Group
at 31 December 2020 and 31 December 2021 (in HRK thousands)*

In HRK thousands	Notes	31.12.2020	31.12.2021	%
TOTAL ASSETS				
Fixed assets				
Intangible assets		6,238	31,735	409
Real estate, plant and equipment		202,466	323,793	60
Loans and deposits given		491	2,542	418
Investment in holdings, securities and other fixed financial assets		0	2,260	100
Receivables		1,380	2,072	50
Deferred tax assets		2,695	2,169	(20)
Total fixed assets	5	213,271	364,571	71
Current assets				
Inventories	6	319,329	532,219	67
Customer receivables		153,238	210,156	37
Other receivables		13,438	23,693	76
Loans and deposits given		12,376	11,436	(8)
Cash & cash equivalents		199,397	75,546	(62)
Total current assets		697,777	853,050	22
Prepaid expenses and accrued revenues		11,670	29,287	151
Total assets		922,718	1,246,908	35
Equity and liabilities				
Equity and reserves				
Initial equity		197,520	197,520	0
Capital reserves		184,763	184,634	(0)
Other reserves		0	(2,800)	100
Retained profit / (Loss brought forward)		11,152	37,506	236
Profit / (Loss) of the period		26,447	50,534	91
Minority interest		3,829	8	(100)
Total equity		423,711	467,402	10
Provisions		281	911	224
Long-term liabilities				
Long-term liabilities for loans and deposits	7	187,526	301,146	61
Other long-term liabilities		819	295	(64)
Deferred tax liability		17	136	700
Total long-term liabilities		188,363	301,577	60
Short-term liabilities				
Liabilities for bank's and other creditor's loans	7	79,656	108,292	36
Liabilities to suppliers		172,556	283,758	64
Taxes and similar liabilities		25,609	48,446	89
Other short-term liabilities		19,710	18,823	(5)
Liabilities to employees		8,782	11,398	30
Total short-term liabilities		306,314	470,717	54
Accruals and deferred income		4,050	6,300	56
Total liabilities		499,007	779,506	56
Total equity and liabilities		922,718	1,246,908	35

Financial results overview and notes

PROFIT AND LOSS STATEMENT

Notes

- 1 **Consolidated revenues** of the CIAK Group in 2021 were HRK 1,370.5 million and are HRK 404 million or 42% higher in comparison to the same period last year, of which:
 - HRK 161 million relates to organic growth
 - HRK 243 million relates to inorganic growth
- 2 **Reported EBITDA** is HRK 124.9 million and is 56% or HRK 44.8 million higher than in the same period last year, of which:
 - HRK 16.8 million relates to organic growth
 - HRK 21 million relates to inorganic growth
 - HRK 7 million relates to one-off items effect
- 3 **Staff costs** are HRK 50.5 million or 33% higher than in 2020.
- 4 **Financial expenditures** decreased by 19% or HRK 2.9 million compared to the comparable period.

STATEMENT OF FINANCIAL POSITION

Notes

- 5 **Long-term asset** of the company is amounted to HRK 151.3 million or 71% higher compared to 31 December, 2020.
- 6 **Inventory level** is 67% higher compared to previous year ending, i.e. HRK 212.9 million, of which:
 - HRK 84.5 million relates to organic growth
 - HRK 128.4 million relates to inorganic growth
- 7 **Short-term and long-term loans** increased in 2021 by HRK 142.3 million, of which:
 - HRK 66.3 million relates to IFRS 16, long-term leases and loans from legal entities
 - HRK 76 million relates to increase of debt toward financial institutions and banks
- 8 The full effects of the purchase prices allocation of acquired companies at the consolidated level of the CIAK Group, i.e. the allocation of goodwill and badwill, are not final in the unaudited consolidated financial statements. They will be fully reflected in the audited consolidated reports for 2021.

One-off items in EBITDA, operating and net profit

One-off items in 2021 that had a cumulative positive impact on the reported EBITDA amount to a total of HRK 5.5 million, and relate to:

- HRK -1.4 million the cost of multi-year inventory write-off acquired through acquisition processes in previous periods
- HRK +6.9 million collected receivables from previous periods.

Acquisitions of companies are consolidated in the reporting period 1.1.-31.12.2021: Trgometal d.o.o. and Next Auto d.o.o. as of March 2021, Cordia trade d.o.o. from April 2021, TM-Auto d.o.o. from May 2021, Auto Milovanović and Lukena from July 2021.

Financial instruments and risks

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

As at 31 December, 2021 CIAK Group had financial debt amounted to HRK 409.4 million, of which HRK 115 million was related to long-term leases (IFRS 16) and to a lesser extent corporate loans, while HRK 294.5 million was related to financial institutions and banks.

Management Board

Financial reports for period I-XII 2021 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