

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

CIAK Group financial results (IFRS)

X -XII 2022	X -XII 2023	In EUR thousands	I-XII 2022	I-XII 2023	%
65,193	82,883	Sales revenues	226,583	277,841	23
8,087	6,641	EBITDA ⁽¹⁾	19,262	23,105	20
8,087	6,641	EBITDA without one-off items ⁽²⁾	19,381	22,821	18
5,307	3,781	Profit / (Loss) from operations	9,800	12,025	23
5,307	3,781	Profit from operations without one-off items ⁽²⁾	9,919	11,741	18
(521)	(572)	Result from financial activities	(1,568)	(2,465)	57
4,786	3,210	Gross profit / (loss)	8,232	9,560	16
4,786	3,210	Gross profit / (loss) of period without one-off items ⁽²⁾	8,390	9,276	11
0.17	0.08	Earnings per share ⁽³⁾	0.31	0.35	14
5,643	3,131	Simplified free cash flow ⁽⁴⁾	10,420	9,313	(11)
48,617	60,713	Net debt ⁽⁵⁾	48,617	60,713	25
42	46	Net gearing (%) ⁽⁶⁾	42	46	9
2,444	3,510	CAPEX	8,961	13,509	51

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

⁽²⁾ EBITDA and operating profit in I-XII 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, while EBITDA, operating and gross profit in I-XII in 2023, were negatively affected by the write-off of short-term assets related to the two-year period 315 tEUR and positively affected by the income from the sale of long-term tangible assets of the company of EUR 599 thousand

⁽³⁾ Earnings per share = net 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 average exchange rates of Croatian National Bank (CNB) are applied for I-XII 2022 in accordance with accounting standards.

Compared to last year, reported sales revenue growth amounted to EUR 51.3 million or 23% increase.

Reported EBITDA is higher by EUR 3.8 million or 20% compared to the same period of the previous year.

The reported gross profit generated in the current year is higher by EUR 1.3 million or 16% compared to the previous year, which indicates a stable 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 December 31, 2023, amounts to EUR 60.7 million. The Net debt/EBITDA ratio as of December 31, 2023, is 2.63 and is significantly below the possible rates at the consolidated level.

Capital investments amounted to EUR 13,5 million in 2023 and were increased by 51% or EUR 4,6 million compared to the previous year. The presented CAPEX in both reporting periods includes investments in long-term tangible and intangible assets.

Main external parameters

X -XII 2022	X -XII 2023		I-XII 2022	I-XII 2023	%
2,098.19	2,123.23	Lead price (USD/t) *	2,141.64	2,138.18	(0)
1.02	1.08	Average USD/EUR	1.05	1.08	3
1.07	1.11	Closing USD/EUR	1.07	1.11	4
7.54	-	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-XII 2023 in comparison to I-XII 2022

- Sales revenues amounted to EUR 278 million and increased by 23% compared to the last year.
- Average lead price on the London Stock Exchange in 2023 was 2,138.18 USD/t, i.e., it was almost at the same level compared to the previous year.
- Consolidated EBITDA realized in 2023 amounts to EUR 23.1 million and is 20% higher compared to previous year, primarily because of higher realized revenues, continued optimization of procurement processes, and management of operating expenditures.
- Financial expenditures amounted EUR 2.7 million and are 28% higher in comparison with last year's realisation.

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

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

Compared to last year, at consolidated level CIAK Group reported EUR 282 million operating revenues or 24% increase, and EUR 23.1 EUR million reported EBITDA or 20% increase.

At the same time, the consolidated gross profit amounted to EUR 9.6 million, which is 16% increase compared to the last year.

The largest part of the growth is related to the organic growth of CIAK Group, which is result of the continued realization of synergistic effects and further development of realized acquisitions from previous periods.

In 2023, CIAK Group continued its acquisition activities and further expanded its operations at the Slovenian market, with smaller acquisitions in other markets.

At the same time, realized capital investments amounted to almost EUR 13.5 million and are 51% or EUR 4.6 million higher compared to the 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 of all previous years represents a good foundation for further business development, 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 2024.

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

X -XII 2022	X -XII 2023	In EUR thousands	I-XII 2022	I-XII 2023	%
65,193	82,883	Sales revenues	226,583	277,841	23
301	1,984	Other operating revenues	1,292	3,820	196
65,494	84,867	Operating revenues	227,875	281,661	24
8,088	9,835	Costs of raw materials and consumables	29,507	32,271	9
2,780	2,860	Amortization	9,462	11,080	17
10,899	13,778	Staff costs	38,051	48,397	27
33,889	45,484	Costs of goods sold	124,605	153,406	23
3,537	6,838	Other costs	14,919	19,650	32
1,143	2,096	Value adjustments	1,680	4,482	167
(148)	195	Provisions for costs and risks	(149)	350	(335)
60,188	81,086	Operating expenditures	218,075	269,636	24
5,307	3,781	Profit / (Loss) from operations	9,800	12,025	23
199	82	Financial revenues	544	245	(55)
720	653	Financial expenditures	2,112	2,710	28
(521)	(572)	Profit / (loss) from financial activities	(1,568)	(2,465)	57
4,786	3,210	Profit / (Loss) of the period	8,232	9,560	16
		Net profit / (Loss) of the period	6,126	6,974	14

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

In EUR thousands	Notes	31 December 2022	31 December 2023	%
Fixed assets				
Intangible assets		8,794	9,301	6
Real estate, plant and equipment		47,899	54,810	14
Loans and deposits given		317	365	15
Investment in holdings, securities and other fixed financial assets		306	306	0
Receivables		253	300	19
Deferred tax assets		361	295	(18)
Total fixed assets	5	57,930	65,377	13
Current assets				
Inventories	6	84,479	96,156	14
Customer receivables		31,187	36,648	18
Other receivables		2,346	2,650	13
Loans and deposits given		451	1,310	190
Cash & cash equivalents		14,062	13,706	(3)
Total current assets		132,525	150,470	14
Prepaid expenses and accrued revenues		4,094	6,524	59
Total assets		194,549	222,371	14
Equity and liabilities				
Equity and reserves				
Initial equity		26,215	26,215	0
Capital reserves		24,505	24,505	0
Other reserves		34	604	1.676
Retained profit / (Loss brought forward)		9,371	11,847	26
Profit / (Loss) of the period		6,046	7,000	16
Minority interest		(12)	(37)	208
Total equity		66,159	70,133	6
Provisions		8	3	(63)
Long-term liabilities				
Long-term liabilities for loans and deposits	7	36,598	54,480	49
Other long-term liabilities		17	1,171	6.788
Deferred tax liability		780	777	(0)
Total long-term liabilities		37,395	56,428	51
Short-term liabilities				
Liabilities for bank's and other creditor's loans	7	26,081	19,939	(24)
Liabilities to suppliers		51,475	58,820	14
Taxes and similar liabilities		8,082	9,774	21
Other short-term liabilities		2,356	2,602	10
Liabilities to employees		2,050	2,724	33
Total short-term liabilities		90,044	93,858	4
Accruals and deferred income		943	1,949	107
Total liabilities		128,390	152,238	19
Total equity and liabilities		194,549	222,371	14

Financial result overview and notes

PROFIT AND LOSS STATEMENT

Notes

- 1 Consolidated revenues** of the CIAK Group in 2023 amounted to EUR 281.7 million, which is EUR 53.8 million or 24% higher compared to the same reporting period last year, of which:
 - o EUR 46.7 million related to organic growth
 - o EUR 7.1 million related to inorganic growth
- 2 Consolidated EBITDA** realised in 2023 amounted to EUR 23.1 million and is 20% higher compared to consolidated EBITDA realised in the previous year.
- 3 Staff costs** are EUR 10.4 million or 27% higher compared to the previous year, primarily because of an increase in employee wages.
- 4 Financial expenditures** compared to the previous year are higher by EUR 598 thousand or 28%, partly because of an increase in interest expenses which, on the other hand, partially optimized by reducing negative exchange rates differences.

STATEMENT OF FINANCIAL POSITION

Notes

- 5 Long-term assets** of the company are higher, compared to the end of the previous year, i.e., higher by 13% or EUR 7.5 million mostly due to realized capital expenditures.
- Compared to the end of the previous year, **inventory level** is EUR 11.7 million or 14% higher at the reporting date, partly as an effect of the acquisition realized in 2023.
- Short-term and long-term loans** increased compared to the 31 December 2022 by EUR 11.7 million, of which:
 - o EUR 3.2 million relates to increase of IFRS 16, long-term leases and loans from legal entities
 - o EUR 8.5 million relates to increase of debt toward banks

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

The result of 2023 was negatively affected by the write-off of short-term assets related to the two-year period EUR 315 thousand and 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 approx. 65% 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 31 December 2023, CIAK Group had financial debt amounted to **EUR 74,4 million**, of which **EUR 24.4 million** was related to long-term leases (IFRS 16) and to a lesser extent corporate loans, while **EUR 50 million** was related to banks.

Management Board

Financial reports for period I-XII 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:

Ivan Leko	President of the Management Board
Dominik Leko	Member
Dalibor Bagarić	Member
Ivica Greguraš	Member
Ivan Miloš	Member