

CIAK Grupa d.d. (ZB: CIAK-R-A; ciakgrupa.hr) has published results for the period X-XII/ I-XII 2020. Report contains non audited financial statements for period ending 31 December, 2020, prepared by the company's Management in accordance with International financial reporting standards (IFRS).

CIAK Group financial results (IFRS)

X-XII 2019	X-XII 2020	In HRK millions	I-XII 2019	I-XII 2020	%
259	280	Sales revenues	996	950	(5)
29	21	EBITDA ⁽¹⁾	85	79	(7)
33	25	EBITDA without one-off items ⁽²⁾	89	82	(7)
20	13	Profit / (Loss) from operations	51	44	(13)
24	17	Profit from operations without one-off items ⁽²⁾	54	48	(12)
(5)	(5)	Net result from financial activities	(12)	(12)	1
6	3	Net profit / (loss)	30	27	(10)
9	6	Net profit / (loss) of period without one-off items ⁽²⁾	33	30	(10)
28	18	Simplified free cash flow ⁽³⁾	62	59	(6)
246	69	Net debt ⁽⁴⁾	246	69	(72)
57	12	Net gearing (%) ⁽⁵⁾	57	12	(79)
4	7	CAPEX	26	24	(11)

X-XII 2019	X-XII 2020	In EUR millions ⁽⁶⁾	I-XII 2019	I-XII 2020	%
35	37	Sales revenues	134	126	(6)
4	3	EBITDA ⁽¹⁾	11	10	(9)
4	3	EBITDA without one-off items ⁽²⁾	12	11	(9)
3	2	Profit / (Loss) from operations	7	6	(14)
3	2	Profit from operations without one-off items ⁽²⁾	7	6	(14)
(1)	(1)	Net result from financial activities	(2)	(2)	(1)
1	0	Net profit / (loss)	4	4	(11)
1	1	Net profit / (loss) of period without one-off items ⁽²⁾	4	4	(11)
4	2	Simplified free cash flow ⁽³⁾	8	8	(7)
33	9	Net debt ⁽⁴⁾	33	9	(72)
57	12	Net gearing (%) ⁽⁵⁾	57	12	(79)
1	1	CAPEX	4	3	(12)

⁽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 2020 were negatively affected by HRK 3.4 million one-off items related to one-off higher payments to employees in December, reduction of supplier bonuses received and other one-off operating expenses, while EBITDA, operating and net profit in I-XII 2019 were negatively affected by HRK 3.7 million one-off items mainly related to impairments of plastic business segment and reclassification of maintenance costs

⁽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- XII 2019 – 7,41 HRK/EUR; I-XII 2020 – 7,53 HRK/EUR; on 31 December, 2019 – 7,44 HRK/EUR; on 31 December, 2020 – 7,54 HRK/EUR. The results overview in EUR currency applies exclusively for reporting purposes and does not reflect the currency risks of the consolidated statement.

Last year, 2020 was globally one of the most challenging years in modern era. COVID-19 pandemic combined with lockdown and restricted movement of people, goods and services during some periods of 2020 inevitably caused negative effect on the level of national and global economy. In despite, CIAK Group consolidated results show less negative effects in comparison with market averages.

Consolidated incomes of CIAK Group achieved during 2020 are HRK 965 million or 4% less compared with 2019. EBITDA without one-off items is HRK 82 million, and although is 7% less in comparison with 2019, shows very steady level of delivery considering above listed external environment conditions.

That is primary the result of several factors, main of them are related to CIAK Group's diversification of business and drivers of EBITDA generation, while on the other hand having wide range of business partners with well-balanced level of bilateral business relations on both purchase/sales side. Above all that, high-levelled diversification of customer's portfolio decreases overexposure on individual level. In the end, company's right-in-time activities and decisions on the operating level are uniting factor for all above mentioned during year 2020.

During fourth quarter of 2020 CIAK Grupa d.d. IPO process was finalized in which CIAK Group recapitalization was delivered by amount somewhat greater than HRK 222 million.

That brought net debt and reported EBITDA ratio down to 0,88 with gearing ratio 12%.

Main external parameters

X-XII 2019	X-XII 2020		I-XII 2019	I-XII 2020	%
2.045,22	1.901,41	Lead price (USD/t)*	1.999,68	1.825,58	(9)
6,72	6,34	Average HRK/USD	6,62	6,61	(0)
6,65	6,14	Closing HRK/USD	6,65	6,14	(8)
7,43	7,55	Average HRK/EUR	7,41	7,53	2
7,44	7,54	Closing HRK/EUR	7,44	7,54	1

* LME market data – period average

Key effects on business result in I-XII 2020 in comparison to business in I-XII 2019

- Sales revenues were HRK 950 million and compared with 2019 were 5% lower primary as result from COVID measures taken nationally and globally
- Average lead price on London metal exchange during 2020 was 1.825,58 USD/t which is 9% less than average price during year 2019 and it has affected revenues level in Ecology segment
- Consolidated EBITDA without one-off items was HRK 82 million and compared with 2019 is 7% lower, primary as a result of lower generated revenues
- Consolidated net profit is HRK 27 million and is 10% less compared to previous year
- Financial expenditures in year 2020 are HRK 15 million and are on the same level as were during 2019, in despite currency exchange rate EUR/HRK growth and negative effect by HRK 4 million, primary due to interests expenses optimization and decrease by HRK 3 million compared to previous year
- IPO process finalization and recapitalization amounted to somewhat greater than HRK 222 million decreased Net debt to level of HRK 69 million at 31 December, 2020, and Net debt and EBITDA ratio down to 0,88

Statement by CEO, Mr. Ivan Leko:

In year 2020, being unpredictable and challenging, CIAK Group delivered key goals: (i) delivering business results almost on the same level as in the pre-Covid year and (ii) IPO process finalization and recapitalization of CIAK Grupa d.d.

By delivering those goals, CIAK Group made several points of which three key points are: (i) the business of CIAK Group is consistent and diversified in its EBITDA delivery portfolio, despite unstable external environment, (ii) Business politics, business approach and everyday operating and strategic decisions of CIAK Group were successful in delivering business result in the given uncertain circumstances (iii) and last, market and investors have recognized CIAK Group as important participant on regional level and have shown their trust through everyday cooperation and support, as well by supporting IPO process during one of the most uncertain year in new history.

Finalizing IPO process we continue to build balance position of CIAK Group as a good foundation for further development and achievements of even better results. Despite all of the world efforts Pandemic is still ongoing and considering that, there is no room for relaxation and that's why CIAK Group will maintain to keep efforts in delivering strategic projects and achieving business goals.

Consolidated Profit & Loss statement of CIAK Group
for period ending 31 December, 2019 and 2020 (in HRK millions)

X-XII 2019	X-XII 2020	In HRK millions	Notes	I-XII 2019	I-XII 2020	%
259	280	Sales revenues		996	950	(5)
2	3	Other operating revenues		5	14	166
261	283	Operating revenues	1	1.001	965	(4)
28	40	Costs of raw materials and consumables		111	113	2
9	8	Amortization		34	35	1
41	43	Staff costs		144	151	5
138	150	Costs of goods sold		571	530	(7)
22	33	Other costs		86	90	5
3	(1)	Value adjustments		4	3	(34)
(0)	(2)	Provisions for costs and risks		(0)	(2)	8.377
240	270	Operating expenditures		951	920	(3)
20	13	Profit / (Loss) from operations		51	44	(13)
1	1	Financial revenues		3	3	2
6	6	Financial expenditures	4	15	15	1
(5)	(5)	Net profit / (loss) from financial activities		(12)	(12)	1
6	3	Profit / (Loss) of the period	3	30	27	(10)

*Consolidated Statement of financial position of CIAK Group
at 31.12.2019 and 31.12.2020 (in HRK millions)*

In HRK millions	Notes	31.12.2019	31.12.2020	%
TOTAL ASSETS				
Fixed assets				
Intangible assets		5	6	20
Real estate, plant and equipment		202	202	0
Loans and deposits given		1	2	206
Receivables		0	0	100
Deferred tax assets		6	3	(54)
Total fixed assets		213	213	(0)
Current assets				
Inventories		287	319	11
Customer receivables		151	154	3
Other receivables		19	13	(28)
Loans and deposits given		9	11	30
Cash & cash equivalents	10	35	199	471
Total current assets		500	698	40
Prepaid expenses and accrued revenues		9	12	33
Total assets		722	923	28
Equity and liabilities				
Equity and reserves	5			
Initial equity		134	198	47
Capital reserves		32	185	472
Retained profit / (Loss brought forward)		(18)	11	(161)
Profit / (Loss) of the period		29	26	(10)
Minority interest		4	4	5
Total equity		181	424	134
Provisions		0	2	10.124
Long-term liabilities				
Long-term liabilities for loans and deposits		192	191	(1)
Other long-term liabilities		0	1	100
Deferred tax liability		0	0	138
Total long-term liabilities		192	192	(0)
Short-term liabilities				
Liabilities for bank's and other creditor's loans		88	78	(12)
Liabilities to suppliers	9	196	162	(18)
Taxes and similar liabilities		29	25	(11)
Other short-term liabilities		26	28	8
Liabilities to employees		8	9	7
Total short-term liabilities		346	301	(13)
Accruals and deferred income		2	4	131
Total liabilities		541	499	(8)
Total equity and liabilities		722	923	28

Financial results overview and notes

PROFIT AND LOSS STATEMENT

Notes

- 1 **Consolidated revenues** of CIAK Group in year 2020 were HRK 965 million or 4% less than 2019.
- 2 **EBITDA** without one-off items is HRK 82 million and, although in comparison to 2019 is less by 7%, shows very stable level of realization considering already mentioned terms in external environment.
- 3 Consolidated **Net profit** is HRK 27 million which is 10% less in comparison to 2019.
- 4 **Financial expenditures** realized in 2020 are being kept on the level of ones realized in year 2019, with changed structure where interest rates expenditures are decreased by HRK 3 million as consequence of better financing terms, while on the other hand negative exchange rate effect increased due to a EUR/HRK exchange rate growth.

STATEMENT OF FINANCIAL POSITION

Notes

- 5 In fourth quarter 2020 CIAK Grupa d.d. IPO process was finalized in which CIAK Group recapitalization was delivered by amount somewhat greater than HRK 222 million.
- 6 Consolidated **Net debt** at 31 December, 2020 is amounted to HRK 69 million and is decreased by HRK 177 million in comparison to 31 December, 2019 when it was amounted to HRK 246 million.
- 7 **Net debt and EBITDA** ratio at 31 December, 2020 is 0,88 compared to 31 December, 2019 when it was amounted to 2,89.
- 8 **Gearing rate** is 12% at 31.12.2020 compared to 31.12.2019, when it was 57%.
- 9 **Liabilities to suppliers** decreased to HRK 162 million at 31.12.2020, which is HRK 34 million or 18% lower compared to last year closing date.
- 10 Position of **Cash and cash equivalent** amounted to almost HRK 200 million at 31.12.2020. while at 31.12.2019 it was amounted to HRK 35 million.
- 11 **Capital investments** in 2020 amounted to HRK 24 million, which compared to 2019 is at the high level of 89% despite the pandemic in 2020.

One-off items in EBITDA, operating and net profit

One-off items in 2020 amount to a total HRK 3.4 million, relating to:

- HRK 1.4 million higher realized staff cost in December, as a one-off extraordinary compensation to employees
- HRK 1.2 million revalorization of suppliers bonuses
- HRK 0.8 million other one-off operating costs (severance packages, etc.)

Financial instruments and risks

The risks are explained in details in CIAK Grupa's audited Financial Statements for the year ending 31 December, 2019.

On 31 December, 2020 CIAK Group had financial debt amounted to HRK 269 million, of which HRK 78 million was related to short-term debt and HRK 191 million to long-term debt (overall HRK 218 million is related to bank loans and other financial institutions, while HRK 50 million related to leases).

Management Board

Financial reports for period ending 31 December, 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.

In 2019, the company had one director and on 27 April, 2020 formed a Management Board.

Management Board:

Ivan Leko	CEO
Dominik Leko	Member
Dalibor Bagarić	Member
Ivica Greguraš	Member
Ivan Miloš	Member