

Reporting period X-XII 2022
CIAK GROUP CONSOLIDATED



CIAK Grupa d.d. (ZB: CIAK-R-A; ciakgrupa.hr) has published results for the period X–XII 2022. Report contains non audited financial statements for period ending 31 December, 2022, prepared by the company's Management in accordance with International financial reporting standards (IFRS).

CIAK Group financial results (IFRS)

X -XII 2021	X -XII 2022	In HRK thousands	I-XII 2021	I-XII 2022	%
451,578	491,261	Sales revenues	1,345,335	1,706,483	27
69,815	56,886	EBITDA ⁽¹⁾	141,681	141,012	(0)
46,099	56,886	EBITDA without one-off items ⁽²⁾	117,857	141,907	20
53,033	35,935	Profit / (Loss) from operations	90,942	69,753	(23)
29,317	35,935	Profit from operations without one-off items ⁽²⁾	67,118	70,648	5
(3,732)	(3,926)	Result from financial activities	(8,585)	(11,813)	38
49,301	32,009	Gross profit / (loss)	82,358	57,941	(30)
25,585	32,009	Gross profit / (loss) of period without one-off items ⁽²⁾	58,534	59,128	1
#N/A	#N/A	Earnings per share ⁽³⁾	3.55	2.17	(39)
15,833	38,428	Simplified free cash flow ⁽⁴⁾	47,052	74,393	58
336,845	366,302	Net debt ⁽⁵⁾	336,845	366,302	8
40	42	Net gearing (%) ⁽⁶⁾	40	42	4
30,265	18,458	CAPEX	70,805	67,515	(5)
X -XII 2021	X -XII 2022	In EUR thousands ⁽⁷⁾	I-XII 2021	I-XII 2022	%
60,112	65,193	Sales revenues	178,797	226,583	27
9,293	7,549	EBITDA	18,830	18,723	(0)
6,136	7,549	EBITDA without one-off items	15,663	18,842	20
7,059	4,769	Profit / (Loss) from operations	12,086	9,262	(23)
3,902	4,769	Profit from operations without one-off items	8,920	9,381	5
(497)	(521)	Result from financial activities	(1,141)	(1,569)	38
6,563	4,248	Gross profit / (loss)	10,945	7,693	(30)
3,406	4,248	Gross profit / (loss) of period without one-off items	7,779	7,851	1
#N/A	#N/A	Earnings per share	0.47	0.29	(39)
2,108	5,100	Simplified free cash flow	6,253	9,878	58
44,810	48,617	Net debt	44,810	48,617	8
40	42	Net gearing (%)	40	42	4
4,026	2,450	CAPEX	9,419	8,961	(5)

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

⁽²⁾ EBITDA, operating and gross profit in I-XII 2022 were negatively affected by HRK 1.2 million one-off items, which are related to the principal and default interest costs of the litigation, and the subsequent customs costs of 2017; in I-XII 2021, EBITDA was positively affected by HRK 23.8 million one-off items, which are related to income from subsequently collected receivables of previous periods, consolidation effects based on company acquisitions, cassasconto from advance payments (post IPO approach to one part of group suppliers) and the multi-year inventory write-off acquired through acquisition processes in previous periods

⁽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 following median exchange rates of Croatian National Bank (CNB) apply: for I-IX 2021 – 7.50 EUR/HRK; I-IX 2022 – 7.53 EUR/HRK. The results overview in EUR currency applies exclusively for reporting purposes and does not reflect the currency risk of the consolidated statement.

Compared to the same period last year, last quarter reports sales revenue growth amounted to HRK 39.7 million or 9%.

Reported EBITDA amounts to HRK 141 million and is at the same level as the previous year.

The reported EBITDA for the fourth quarter of 2021 was positively influenced by HRK 23.8 million of one-time consolidation effects resulting from company acquisitions, and one-time income from subsequently collected receivables of previous periods. Excluding one-off items, EBITDA in the last quarter of 2022 is HRK 13.8 million or 30% higher.

The gross profit without one-off items generated in 2022 is 1% higher compared to the last year, which confirms business continuity and the sustainable level of profitability despite the volatile external environment and the general increase of inputs.

In line with the realization of planned acquisitions, net debt increased by only HRK 29.5 million compared to the end of last year and as of December 31, 2022 is HRK 366.3 million. On the other hand, considering the growth of consolidated EBITDA, the Net debt/EBITDA ratio is still stable at 2.6 and significantly below the possible rates at the consolidated level.

Capital investments amounted to HRK 67.5 million in 2022 and are at almost the same level as compared to the previous year's investments. Reported CAPEX in both reporting periods includes investments in tangible and intangible fixed assets.

Main external parameters

X -XII 2021	X -XII 2022		I-XII 2021	I-XII 2022	%
2,330.87	2,098.19	Lead price (USD/t)*	2,206.23	2,141.64	(3)
6.57	7.4	Average USD/HRK	6.36	7.16	13
6.64	7.06	Closing USD/HRK	6.64	7.06	6
7.51	7.54	Average EUR/HRK	7.52	7.53	0
7.52	7.53	Closing EUR/HRK	7.52	7.53	0

* LME market data – period average

Key effects on business result in I-XII 2022 in comparison to I-XII 2021

- Sales revenues amounted to HRK 1,706 million are increased by 27% compared to the same period last year.
- Average lead price on the London Stock Exchange in 2022 was 2,141.64 USD/t, i.e. it was 3% lower compared to the average price last year.
- Consolidated reported EBITDA without one-off items amounted to 141.9 mHRK and is 20% higher compared to EBITDA without one-off items of the previous year, primarily as a result of higher realized revenues, continued optimization of procurement processes and the chronology of acquisitions previous and this year.
- Financial expenditures amounts to HRK 16.8 million and are HRK 4.3 million or 34% higher in comparison with last year realisation, partly as a result of consolidation effects from inorganic growth that was not fully covered in the previous comparative reporting period and partly due to increase in interest expenses.

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

Business year 2022 carried on with providing global challenges at all levels. From the very beginning of the year, continuous changes in the external environment are still visible. In some business segments the subject changes are even more intensified and creating additional pressures on business performance, daily operational activities and the financial results of all market participants. In 2022 it is primarily reflected in growing inputs at all levels as a result of global inflation, growth in reference interest rates and additional as a result of instability caused by events in Eastern Europe which started at the beginning of the year.

Despite to all above stated, CIAK Group continues the trend of business growth and delivery of good business results.

CIAK Group's operating revenues at the consolidated level in 2022 amount to HRK 1.72 billion and are 25% higher than the year before. On the other hand, the reported EBITDA for 2022 is HRK 141 million and is at the level of realisation in 2021.

It is important to note that EBITDA without one-off items compared to 2021 is HRK 23 million or 20% higher.

Capital investments amount to almost HRK 70 million and are at the level of the previous year, which confirms the continuity of investments in the further development of CIAK Group.

At the end of 2022, CIAK Group employs 2,350 employees in six countries, which is over 10% increase in comparison to previous year.

Congratulations to all CIAK Group employees for achieving subject results. Despite the mentioned results, in the existing environment it is important to maintain the optimal level of business performance at the operational level. CIAK Group remains to keep the focus on it, as well as delivering the goals defined by CIAK Group's business plans. In parallel, the delivery of key projects at the CIAK Group level and the development of strategic markets continues, aiming to ensure continuity in the delivery of results in the following periods.

**Consolidated Profit & Loss statement of CIAK Group
for period ending 31 December, 2022 and 2021 (in HRK thousands)**

X -XII 2021	X -XII 2022	In HRK thousands	Notes	I-XII 2021	I-XII 2022	%
451,578	491,261	Sales revenues		1,345,335	1,706,483	27
31,559	6,724	Other operating revenues		35,263	14,184	(60)
483,137	497,984	Operating revenues	1	1,380,598	1,720,667	25
59,318	59,900	Costs of raw materials and consumables		175,608	221,183	26
16,782	20,951	Amortization		50,739	71,259	40
67,245	83,893	Staff costs	3	201,741	288,343	43
259,105	255,369	Costs of goods sold		761,820	938,449	23
31,167	30,442	Other costs		94,411	116,145	23
105	8,610	Value adjustments		5,405	12,653	134
(3,619)	2,885	Provisions for costs and risks		(69)	2,882	(-4,277)
430,104	462,049	Operating expenditures		1,289,656	1,650,914	28
53,033	35,935	Profit / (Loss) from operations		90,942	69,753	(23)
2,098	2,353	Financial revenues		3,891	4,943	27
5,830	6,279	Financial expenditures	4	12,476	16,756	34
(3,732)	(3,926)	Profit / (loss) from financial activities		(8,584)	(11,812)	38
49,301	32,009	Profit / (Loss) of the period		82,358	57,941	(30)

*Consolidated Statement of financial position of CIAK Group
at 31 December, 2021 and 31 December, 2022 (in HRK thousands)*

In HRK thousands	Notes	31 December 2021	31 December 2022	%
TOTAL ASSETS				
Fixed assets				
Intangible assets		57,702	66,258	15
Real estate, plant and equipment		326,747	363,506	11
Loans and deposits given		2,542	2,388	(6)
Investment in holdings, securities and other fixed financial assets		2,260	2,235	(1)
Receivables		2,072	1,909	(8)
Deferred tax assets		2,169	2,720	25
Total fixed assets	5	393,492	439,016	12
Current assets				
Inventories	6	536,919	629,658	17
Customer receivables		209,298	234,979	12
Other receivables		23,693	17,674	(25)
Loans and deposits given		11,436	10,246	(10)
Cash & cash equivalents		75,547	105,954	40
Total current assets		856,893	998,511	17
Prepaid expenses and accrued revenues		28,369	30,848	9
Total assets		1,278,754	1,468,375	15
Equity and liabilities				
Equity and reserves				
Initial equity		197,520	197,520	0
Capital reserves		184,634	184,634	0
Other reserves		(2,800)	(1,606)	(43)
Retained profit / (Loss brought forward)		37,601	71,871	91
Profit / (Loss) of the period		69,695	42,856	(39)
Minority interest		8	(92)	(-1,250)
Total equity		486,658	495,183	2
Provisions		911	5,938	552
Long-term liabilities				
Long-term liabilities for loans and deposits	7	301,717	275,176	(9)
Other long-term liabilities		295	127	(57)
Deferred tax liability		5,989	5,875	(2)
Total long-term liabilities		308,001	281,178	(9)
Short-term liabilities				
Liabilities for bank's and other creditor's loans	7	110,675	197,080	78
Liabilities to suppliers		288,458	387,843	34
Taxes and similar liabilities		48,446	60,121	24
Other short-term liabilities		18,824	17,748	(6)
Liabilities to employees		11,398	15,446	36
Total short-term liabilities		477,801	678,238	42
Accruals and deferred income		5,383	7,838	46
Total liabilities		792,096	973,192	23
Total equity and liabilities		1,278,754	1,468,375	15

Financial result overview and notes

PROFIT AND LOSS STATEMENT

Notes

- 1 **Consolidated revenues** of the CIAK Group in 2022 were HRK 1,720.7 million and are HRK 340.1 million or 25% higher in comparison to the same period last year, of which:
 - o HRK 126 million related to organic growth
 - o HRK 214.1 million related to inorganic growth
- 2 **Consolidated annual EBITDA without one-off items** amounts to HRK 141.9 million and is 20% compared to consolidated EBITDA one-off items realised in last year.
- 3 **Staff costs** are HRK 86.6 million higher, i.e. 43% higher compared to 2021, primarily as result of inorganic growth which is not fully reflected in compared period.
- 4 **Financial expenditures** increased by 34% or HRK 4.3 million in comparison with previous period, partly as a result of consolidation effects by inorganic growth which is not fully reflected during compared period and partly due to the increase in interest expenses.

STATEMENT OF FINANCIAL POSITION

Notes

- 5 **Long-term asset** of the company increased HRK 45,5 million, i.e. 12% compared to 31 December 2021
- 6 **Inventory level** is 17% higher compared to the previous year ending, i.e. HRK 92.7 million
- 7 **Short-term and long-term loans** increased compared to the 31 December, 2021 by HRK 59.9 million, of which:
 - o HRK 8.2 million relates to increase of IFRS 16, long-term leases and loans from legal entities
 - o HRK 51.7 million relates to increase of debt toward financial institution and banks

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

One-off items in 2022 that had cumulative negative impact on the reported gross profit amount to a total of HRK 1.2 million, and relate to:

- HRK -0.8 million the principal and interest costs of the litigation
- HRK -0.4 million the subsequent customs costs of year 2017

Implications of the Russian invasion of Ukraine on the financial statements of 2022

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 70-75% of the Group's business is in the Republic of Croatia. In terms of procurement, our key principals are located 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.

Events after the balance sheet date

In February, 2023 CIAK Group finalized the acquisition transaction of the company Potokar d.o.o., Ljubljana, Slovenia. The Potokar company is one of the independent automotive aftermarket distributors (IAM) in Slovenia, generating turnover of more than 7 million EUR present at 18 locations throughout Slovenia with a portfolio of over 40.000 references. Company Potokar was one of the pioneers of automotive aftermarket in Slovenia, family company focused on partnership values that always had strong emphasis on business development and education of both employees and their loyal partners. Its brand name Potokar and core values of the company will continue to be nurtured by local team led by Mr. Peter Potokar as CEO, with even more strength and dedication for expansion of its offering on the market of Slovenia thanks to the support of CIAK Group.

Taking into consideration CIAK Group core business, company Potokar d.o.o. is one of the logical steps in further strengthening the growth of CIAK Group. As a family company, Potokar d.o.o. is also in business culture and business expertise very similar to the company CIAK Auto, therefore we expect to fully utilize the synergies of these two groups and enable the company for an even better result in the coming years, while also utilizing all positive aspects of Potokar to further strengthen CIAK Auto market position in Adria region.

With this transaction CIAK Group continues to be one of the leading IAM companies in Adria region, strongly present in the passenger car spare parts distribution networks in Croatia, Montenegro, Serbia, Bosnia and Hercegovina, North Macedonia and now Slovenia as a new market for CIAK Group.

Financial instruments and risks

The risks are explained in details in CIAK Group's audited Financial Statements for the year ending 31 December, 2021.

As at 31 December, 2022 CIAK Group had financial debt amounted to **HRK 472.3 million**, of which **HRK 124.3 million** was related to long-term leases (IFRS 16) and to a lesser extent corporate loans, while **HRK 348 million** was related to financial institutions and banks.

Management Board

Financial reports for period I-XII 2022 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