



Koprivnica, 28 February 2023

## **Podravka Group successful in 2022 despite challenges: growth achieved in revenues and profit, salaries increased and investments completed**

- The Podravka Group (including Podravka Inc., Mirna Inc., Belupo Inc., Žito Ljubljana and other foreign subsidiaries) achieved **HRK 5.03 billion in revenues** in 2022, which is a growth of **HRK 395.3 million, or 8.5% over the year before.**
- **The net profits of the Group totalled HRK 369.6 million which is 19.5% more than the year before, while operative earnings before taxes, depreciation and amortisation (EBITDA) totalled HRK 707.2 million, which was also an increase of 19.5%.**
- **The Group results were to a certain extent the result of a one-time line item associated with the sale of property. However, even without the influence of this line item, the success indicators were higher than in 2021.**
  - The normalised EBITDA of the Podravka Group excluding the influence of the one-time line item was **HRK 627.7 million (3.3% more than 2021)**, while the net profit without the influence of the one-time line item was **HRK 311.1 million or 2.3% more than in 2021.**
- The market uncertainties and risks, particularly uncertainties and risks ensuing from the war in Ukraine, strongly influenced the operations of the Podravka Group and the market circumstances in which it operated. Other than limited accessibility to or loss of certain markets, the Group was also exposed to a strong surge in prices of raw materials, packaging and energy, particularly in the Food segment (Podravka Inc., Mirna, Žito Ljubljana). The total costs of raw materials, packaging and energy in food were HRK 340.3 million in 2022, an increase of 24% over prices in 2021. Furthermore, the members of the Podravka Group did not use measures to mitigate the increase in energy prices.
- In 2022, the Podravka Group increased wages and earnings twice. As a result, in December 2022 the wages and earnings of **Podravka employees were 18% higher than in December 2021**, and 27% higher in comparison with earnings in December 2020.
- The Podravka Group invested HRK 76.5 million kuna in this increase in wages and earnings in 2022, and part of the agreed earnings will be paid out in 2023.
- During 2022, the Podravka Group completed **investments values at HRK 396 million**, more than twice that in comparison with 2021.
- In 2023, the Podravka Group will continue to execute its set strategic goals, focusing on investments, modernisation of production processes, investing in its employees, and sustainable development focused on energy self-sufficiency and agricultural self-sufficiency.

“The last business year was much more difficult and challenging than we expected it to be at the start of the year. That is why I am exceptionally satisfied with the results achieved, as they reflect the daily



commitment of the entire team of Podravka, Belupo and other members of the Group, to overcome the many market challenges and issues that we faced last year. Last year was marked by efforts to overcome market instabilities caused by the war in Ukraine, and which was particularly evident in the rapid surge of prices of raw materials, packaging and energy, and the limited access we had to certain markets. Our results show that we succeeded in finding good solutions to the many challenges put before us last year. Meanwhile, we succeeded in detecting new market opportunities, which is why more than 40 percent of the total increase in sales came from increases in sales in the segment of gastro customers. I am particularly pleased that even under these unfavourable market conditions, we succeeded in completing all investments into modernisation on schedule. This required a great deal of energy, persistence, knowledge and the complete engagement of all employees of the Podravka Group. I would like to take this occasion to thank them for that," said **President of the Podravka Management Board, Martina Dalić.**

Despite the cost pressures, the Podravka Group invested nearly HRK 400 million in 2022 to modernise its operations, improve working conditions, implement new technologies, and digitalisation, so as to increase efficacy and energy efficiency. The investment into climate control of all production plants in Koprivnica and Varaždin, and the modernisation of production lines in the Cocktail snacks factory and Soups and Vegeta factory in Koprivnica and the Kalnik factory in Varaždin were completed. The construction of a solar electric plant on the rooftops of several factors was also completed, making this the largest rooftop solar electric plant in Croatia. For the first time in 18 years, Podravka commenced construction of a new factory, through the expansion of the Soups and Vegeta factory. This factory and the Maribor Bakery were also digitalised, and the bakery concentration project in Slovenia is unfolding as planned. One of the most important strategic projects in 2022 was the energy and IT reconstruction of the Podravka headquarters building in Koprivnica, which was renovated for the first time in 43 years. Given Podravka's commitment to sustainable operations, significant investments were also made in agricultural machinery and irrigation, on the path towards greater self-sufficiency in production.

Last year was a great year of celebration for Podravka, as it celebrated its 75<sup>th</sup> birthday. Starting out as a plant for fruit processing and jam production, the company has grown into the leading Croatian, and a truly multinational food company that has subsidiaries in 16 countries today, production in four countries, and its brands can be purchased in over 70 countries worldwide. However, instead of holding a celebration, Podravka decided to commemorate its 75<sup>th</sup> birthday with a one-time bonus payment of HRK 750 to each of its employees, and a donation of food valued at HRK 750,000 to social grocery stores throughout Croatia.

In 2022, Podravka increased employee wages and earnings twice. The first increase was in March and April, and the second following the completion of collective bargaining in December. The result of these measures is visible in the trend of the average salary and earnings of Podravka employees, whose net earnings in December 2022 were 18% higher than in December 2021. The steps taken in improving the material position of employees in 2022 also brought Podravka a faster wage increase than the national average (which was 8.2% in December) and inflation (13.1% in December). Further, all employees of Mirna, Podravka and Belupo received a one-time bonus success payment in the amount of HRK 2000 in December.



Yet another year of great uncertainty lies ahead of us. The circumstances in which we will do business and live in during 2023 will largely depend on the course of events in Ukraine. However, our strong position allows us to adapt quickly to changes, while achieving our strategic goals, including significant new investments and the completion of started investments, and our commitment to our new sustainability strategy.