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PRESS RELEASE

BUSINESS RESULTS OF PODRAVKA GROUP FOR JANUARY TO
SEPTEMBER 2020

**Despite difficult operating conditions, the Podravka Group
achieved growth in revenues and net profits**

- Sales revenues increased by HRK 90.1 million or 2.8%
- Achieved net profits of HRK 210.1 million, up 8.1% over the year before
- Private label brands achieved sales revenue growth of HRK 103 million, with growth in both segments: Food and Pharmaceuticals
- Business programme Cuisine and the region Central Europe achieved the highest growth in sales revenues over the same period one year earlier
- Under these difficult operating conditions, the company has shown it has excellent capacities to adapt to the newly arisen extraordinary situations, and successfully respond to numerous challenges

At today's session, the Supervisory Board of Podravka d.d. confirmed the unaudited business results of the Podravka Group for the first nine months of 2020. The Board expressed its great satisfaction and full support for all efforts taken to keep the company functioning and achieving positive indicators at virtually all levels of operations, despite the hindered operating conditions caused by the COVID-19 crisis.

“Despite numerous negative impacts on operations, including in particular the negative exchange rates, increasing prices of raw materials, weak tourism



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season, and many others, we have succeeded in implementing a rapid transformation of operations to respond to the many challenges we faced, achieving results that we can, and must, all be proud of. I would like to take this opportunity to especially thank all our employees, for their outstanding contributions in these trying times, and to tell them that we will continue to reward them, as we have already specially rewarded them twice this year, and improve their status in our company. The time before us is full of unknowns, though I am certain that we will continue to successfully handle all the challenges we will face, and continue to build an even more successful Podravka Group," stated **Marin Pucar, Chairman of the Podravka Group Management Board upon release of the business results.**

In the first nine months of 2020, the net profits of the Podravka Group were HRK 210.1 million, up 8.1 percent over the same period one year earlier. The growing sales of the organic assortment and simultaneous control of operating costs resulted in this increased profitability.

Sales revenues of the Podravka Group increased by HRK 90.1 million to HRK 3328.6 million, up 2.8 percent over the same period one year earlier. The trend in sales revenues was due to the growth in both business segments, Food and Pharmaceuticals.

The Food segment achieved sales revenues of HRK 2619.7 million, which is an increase of HRK 69.4 million over one year earlier. Within this segment, the highest growth of HRK 58.1 million was achieved by the business programme Cuisine and HRK 20.8 million by the business programme Children's food, desserts and snacks. Significant growth of sales revenues, in the amount of HRK 16,9 million, has been achieved by business programme Meat products, dishes and spreads. The business programme Fish also saw a growth, in the amount of HRK 14 million.



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The second segment of the Podravka Group, Pharmaceuticals, achieved HRK 708.9 million in sales revenues, which represents growth of HRK 20.7 million over the same period one year earlier. In this segment, the category of Over-the-counter medications saw a HRK 10.6 million increase in sales, while the category of Subscription medications showed a drop in sales of HRK 4.6 million, which was fully compensated by the growth in sales in the category Other of HRK 14.7 million over one year earlier.

Regarding the achieved sales revenues of the Podravka Group by region, the highest growth of HRK 42.5 million was achieved in Central Europe, followed by the Adria region (HRK 35.8 million) and Western Europe and Transoceanic Countries (HRK 24.2 million) over the year before.

Despite numerous negative impacts caused by the COVID-19 crisis on operations (increased costs of raw materials and packaging, impacts of exchange rates, increased cost of transport services and hindered delivery conditions, a weak tourism season and increasing complexity in the gastro segment, among others), the Podravka Group has succeeded in keeping and continuing with the positive business trends in comparison to the preceding period. This once again confirms the company's capabilities to adapt its operations, even in such unpredictable and exceptional circumstances as those now.