



*Podravka*  
*Group*  
business  
results for  
January -  
March 2023  
UNAUDITED

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Key financial  
indicators  
in 1 – 3 2023



## Key financial indicators in 1 – 3 2023

NOTE: Decimal differences in the document are possible due to rounding.

Pursuant to the Act on the introduction of the euro as the official currency in the Republic of Croatia, as of 1 January 2023 the Group adjusted the reporting of data published in previous periods in such a way that it converted the data previously published in HRK into EUR, applying the fixed conversion rate of EUR 1 = HRK 7,5345 in accordance with the rules for conversion and rounding from the aforementioned Act.

<b>(in EUR millions)</b>	<b>1-3 2022</b>	<b>1-3 2023</b>	<b>Δ</b>	<b>%</b>
Sales revenue	155.6	175.9	20.2	13.0%
EBITDA <sup>1</sup>	22.6	27.3	4.7	20.7%
Net profit after MI	11.8	15.7	3.9	32.9%
Net cash flow from operating activities	42.2	30.9	(11.2)	(26.6%)
Cash capital expenditures	8.4	11.8	3.4	39.9%
Normalized EBITDA <sup>2</sup>	22.7	27.6	4.9	21.7%
Normalized net profit after MI	11.8	15.9	4.1	34.4%
<b>(in EUR; market capitalization in EURm)</b>	<b>31.12.2022</b>	<b>31.3.2023</b>	<b>Δ</b>	<b>%</b>
Net debt / normalized EBITDA	0.7	0.5	(0.2)	(30.6%)
Normalized Earnings per share	5.9	6.5	0.6	9.9%
Last price at the end of period	84.1	92.0	7.9	9.3%
Market capitalization	590.6	645.7	55.1	9.3%
Return on average equity <sup>3</sup>	8.1%	8.5%		+0.35 pp
Return on average assets <sup>4</sup>	6.0%	6.0%		+0.09 pp

### Key highlights in 1 – 3 2023:

- In 1 – 3 2023, the Podravka Group recorded a revenue increase of EUR 20.2m (+13.0 %), where the Food segment revenues increased by EUR 7.3m (+5.9 %), while the Pharmaceuticals segment revenues grew by EUR 12.9m (+41.2 %) relative to the comparative period,
- Operating profit before depreciation and amortization (EBITDA) in 1 – 3 2023 amounted to EUR 27.3m, and it is EUR 4.7m (+20.7 %) higher than in the comparative period, while net profit after MI increased by EUR 3.9m (+32.9 %). The increase in the Group's profitability was achieved despite the strong increase in prices of raw materials, packaging and energy, primarily in the Food segment, where this cost increased by EUR 10.3m (+19.0 %), and despite the increase in staff costs of EUR 2.7m (+7.9 %) at the entire Group level,
- Total debt at the Podravka Group level grew by EUR 3.0m or +3.6 % due to financing regular operations, where the maturity structure of debt was changed in favour of the short-term portion, which is in part a consequence of using more favourable financing terms through short-term credit lines. At the end of the reporting period, net debt<sup>5</sup> amounted to EUR 45.7m, which is EUR 16.5m (-26.5 %) lower, while the leverage (net debt to normalized EBITDA ratio) at the end of the reporting period stood at 0.5.

<sup>1</sup> Reported EBITDA is calculated in a way that EBIT was increased by the depreciation, amortisation and value adjustments of the non-current assets.

<sup>2</sup> Normalized EBITDA is calculated in a way that normalized EBIT was increased by the depreciation and amortization.

<sup>3</sup> Normalized. Return on average equity is calculated in a way that normalized Net income is divided by average total shareholder's equity. Average total shareholder's equity is a sum of total shareholder's equity on the last day of reporting period (31.3.2023) and comparative period (31.12.2022) divided by 2. Normalized Net income include the last 12 months period.

<sup>4</sup> Normalized. Return on average assets is calculated in a way that normalized Net income is divided by average total asset. Average total asset is a sum of total asset on the last day of reporting period (31.3.2023) and comparative period (31.12.2022) divided by 2. Normalized Net income include the last 12 months period.

<sup>5</sup> Net debt= Financial debt – cash and cash equivalents

Significant  
events  
in 1 – 3 2023  
and after the  
balance sheet  
date



## **Significant events in 1 – 3 2023 and after the balance sheet date**

- *New nutrition strategy aimed at a balanced and sustainable diet adopted*
- *Podravka Group Business Sustainability Strategy for the period 2023-2030 adopted*
- *Investment cycle carried out according to plan. In the first quarter of 2023, realized investments in the amount of EUR 12.1m, almost 40 % more than in the same period last year*
- *Dividend distribution of EUR 2.65 per share proposed, 53 % higher than last year*
- *Podravka was awarded the Employer Partner and Mamforce certificates*
- *Podravka and Atlantic joined forces to strengthen the export of Croatian brands*
- *Podravka and citizens provided EUR 74,000 for renovation of school kitchens and dining halls*
- *Podravka is a signatory of the voluntary agreement “United against food waste”*
- *Vegeta BIO was declared the best product in the category and holder of the “Selected Product of the Year” mark for 2023*
- *Žito products received 35 gold medals for the quality of bread and bakery products*
- *Regular meetings of employees held and the new salary system initially presented*
- *Implications of the Russian-Ukrainian crisis on the Podravka Group's operations*



### ***New nutrition strategy aimed at a balanced and sustainable diet adopted***

Podravka adopted the initial nutrition strategy in 2014, and since then has reduced the amount of salt in its products by 300 tonnes and sugar by 1,423 tonnes. In addition to adjustments of the recipes of existing products, which were carried out in such a way that their distinctive flavours were preserved, new products were also developed that support a balanced diet or meet individual lifestyle needs. The range has been enriched with a series of new products without additives, flavour enhancers and colourings, with specific benefits such as gluten-free products, products enriched with proteins, vitamins, minerals, fibres, etc. In addition, Podravka has reduced the use of palm oil and uses RSPO palm oil and in addition launched lines of BIO products as well as products for vegetarians and vegans.

With its new nutrition strategy for the period until 2027, Podravka confirms its focus on healthy, balanced and sustainable nutrition through the development of new and innovative products. Podravka will continue to adjust and supplement its wide range of products in accordance with health recommendations, food trends and consumer needs.

The nutrition strategy for the period until the end of 2027 defines several key goals:

- In 75 % of new and innovative products, reduce the average content of salt and sugar by 20% compared to the current average content
- In 75 % of new and innovative products, incorporate at least one ingredient that supports a healthy and balanced diet, such as fibres, proteins, vitamins and minerals,
- At least 40 % of new and innovative products should be based on ingredients related to sustainable nutrition, such as fruits, vegetables, legumes, whole grains, plant sources of protein, etc.,
- Support sustainable nutrition with 100% of products.<sup>6</sup>

### ***Podravka Group Business Sustainability Strategy for the period 2023-2030 adopted***

Podravka Group continuously implements activities aimed at sustainability and social responsibility. With the adopted Business Sustainability Strategy, the Podravka Group continues to integrate sustainability into all aspects of business operations. The Strategy defines clear goals that the Podravka Group will achieve in the period up to 2030, with the year 2022 as the base year for measurement of the performance. Ten main strategic goals are contained in four strategic activity pillars – clean environment, healthy nutrition, care for employees and the community, and good corporate governance.

Podravka Group's focus on business sustainability is also reflected through key ESG indicators, so in 2022 compared to 2021, the energy consumption was reduced by 6.2 %, CO<sub>2</sub> emissions (scope 1) decreased by 9.2 %, energy produced from renewable sources increased by 16.5 %, environmentally acceptable packaging accounted for 87.8 % of the total packaging, own

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<sup>6</sup> Sustainable diet is nutritionally adequate (promotes the health and well-being of the individual), has a low impact on the environment during production and consumption, it is available and culturally acceptable (FAO and WHO 2019. Sustainable healthy diets – Guiding principles. Rome).

agricultural production of vegetables used as primary raw material met 9.3 % of the needs, etc. Podravka is among gender equality leaders – gender pay gap has been reduced to 1.9 % in 2022, compared to 2.2 % in 2021, the share of women in the workforce is 52 %, and the share of women in the Management Board is 40 %. During 2022, almost EUR 53m of capital investments were made, of which more than EUR 20m can be linked to taxonomy-eligible activities. In 2022 donations and sponsorships to community amounted to more than EUR 3m.

***Realized investments in the amount of EUR 12.1m, almost 40 % more than in the same period last year***

The investment cycle of the Podravka Group is carried out in accordance with the Podravka Group Business Strategy until 2025. During the first quarter of 2023, investments in the amount of EUR 12.1m were realized, which is almost 40 % more than in the same period last year. The priority is investment in modernization, the introduction of new technologies and digitization, raising efficiency and energy efficiency, and further improving working conditions. The significant capital projects in progress include:

- Construction of a new logistics and distribution centre in Koprivnica,
- Expansion of the Soups and Vegeta factory in Koprivnica,
- Modernization and increase of primary processing capacity of fresh tomatoes in continental Croatia and investment in agricultural machinery and irrigation,
- Modernization of the Meat industry Danica in Koprivnica,
- Concentration of bakery in Slovenia,
- Investing in additional solar power plants and reconstruction of the thermal energy production and supply system,
- Digitization of the production management system,
- Renovation of the remaining office spaces at the location of the company's headquarters, after the completion of works on the reconstruction and modernization of the main office building



The project of building a new logistics and distribution centre in Koprivnica is carried out according to plan. The construction of the new LDC is the largest investment within the Podravka Group's Business Strategy until 2025, and the total value of the project is EUR 48m. Construction works began in March 2023, and completion of the works is expected in the second part of 2024. With the start of construction works on the LDC, the implementation of the logistics processes optimization project continues; this project was launched in mid-2021 and resulted in detailed analyses of the supply chain and the definition of measures to improve these processes. The project of the new LDC construction covers 26,000 m<sup>2</sup> of gross floor plan area and consists of a fully automated high-bay warehouse, a shipping area, an administrative building and roads with all the necessary infrastructure, and the installation of solar panels on the roofs is planned. The total capacity of the LDC will be almost 62,000 pallet places in different temperature regimes. The selected site for the LDC is in the immediate vicinity of Podravka's factories and it enables connection with the existing export warehouse. The new LDC will meet the expected needs for storage space on the Croatian market in the next ten years, and if needed, it can be expanded in the future. With the construction of the LDC, the Podravka Group will increase its efficiency in the logistics and distribution segment of operations through the optimization of the number of warehouses, minimization of internal transport and better cost control. This will also have a positive impact on the environment through the reduction of carbon dioxide emissions.

The realisation of the investment in the expansion of the Soups and Vegeta Factory in Koprivnica is carried out in accordance with the planned dynamics. After the building permit was obtained and construction started in the fourth quarter of 2022, during the first quarter of 2023, the installation of technological equipment for dosing raw materials began. The start of commercial production is expected in the third quarter of 2023. This investment will ensure stability and security in the availability of industrial pasta as a strategic raw material in the production of soups, as well as the expansion of the soup production capacity.

An investment in the modernization and increase in the primary processing capacity of fresh tomatoes in continental Croatia is underway, which includes the construction of a factory within the existing Kalnik factory in Varaždin. The investment is being implemented according to plan. In a broader sense, the investment also includes investment in AGRICULTURAL MACHINERY AND IRRIGATION, which is necessary for the smooth performance of primary production. After conducting a tender for a technology supplier and creating a conceptual solution at the end of 2022, the technology supplier was selected during the first quarter of 2023, and the main project and cost estimate were prepared. The start of commercial production is expected in the third quarter of 2024. The investment will ensure an increase in the primary processing capacity of fresh tomatoes and the continuity of own production.

As part of the modernization of the Danica meat industry, an investment is underway to replace the sterilizer in the meat canning plant. During the first quarter of 2023, the reconstruction of the premises and the installation of technological equipment began. The final testing of the system and commissioning is expected in the third quarter of 2023. The investment will ensure an increase in the capacity of the meat product range sterilization process, and contribute to greater efficiency. Also, during the first quarter of 2023, an investment in the luncheon meat line of the Danica meat industry was launched. The investment will contribute to increasing the efficiency of the luncheon meat production, and its commissioning is expected at the end of 2023.

During the first quarter of 2023, the investment in the concentration of bakery in Slovenia continued. An automatic line for the production of bread was installed in the Vič bakery, and a shelf storage supplier was selected for the Maribor bakery. The concentration of bakery will result in the optimization of the production process, greater control of production costs and the creation of prerequisites for the production of new products.

The project of relocating frozen food production in Slovenia is carried out in accordance with the planned implementation dynamics. The investment will ensure the continuity of the frozen food range production, and a higher level of production efficiency. During the first quarter of 2023, construction works began, and the process of selecting equipment supplier was completed. The completion of the project is expected in the third quarter of 2023.

As part of the Podravka Group's investment in energy sustainability and efficiency, during the first quarter of 2023, all project documentation was prepared for the realization of the second phase of investment in solar power plants. The scope of the mentioned phase was expanded compared to the initially planned and, along with other production and storage locations of Podravka Inc. in Croatia, which were not included in the first phase of investment, it also includes the expansion of the Soups and Vegeta factory and facilities at the Belupo location. The completion of the second phase is expected in the third quarter of 2024. The third phase of the investment in solar power plants will relate to the new logistics and distribution centre in Koprivnica. The completion of the project is expected in the second half of 2025. The investment will greatly contribute to the reduction of electricity costs.

Additionally, as part of investments in energy sustainability and efficiency of the Podravka Group, during the first quarter of 2023, a design solution was created and a tender was conducted for the selection of a designer for the reconstruction of the thermal energy production and supply system at certain production sites in Koprivnica. The investment will ensure the safety and reliability of the thermal energy supply, as well as greater control of the thermal energy cost. The project completion is expected in the second half of 2024.

After completing the project of production management system digitalization at two production sites, the Soups and Vegeta factory and Maribor Bakery in 2022, the project continued during the first quarter of 2023 at other production sites in Croatia and Slovenia. This way, the monitoring of work on production lines will be digitized, which will enable better plant efficiency and use of production resources. The planned completion of the investment is at the end of 2023.

After the completion of the works on the reconstruction and modernization of the main office building, the renovation of other office spaces at the location of the company's headquarters also began. The renovation includes IT and energy reconstruction and overall modernization, which will significantly improve the working conditions of employees and reduce energy consumption. The completion of the project is expected at the end of 2023.

In the first quarter of 2023, there were continuous investments in the modernization and maintenance of machinery in accordance with the annual maintenance plan. Also, the majority of the investment in the modernization of the truck fleet was completed during 2022, and the remaining part of the fleet arrived during the first quarter of 2023. This investment will result in a reduction of maintenance costs and an increase in the efficiency, timeliness and reliability of transport and distribution.

### ***Dividend distribution of EUR 2.65 per share proposed, 53 % higher than last year***

Based on the results achieved in 2022, at the meeting held on 29th March 2023, the Management Board of Podravka proposed a dividend of EUR 2.65 per share, which is 53 % higher than last year. The Supervisory Board of Podravka Inc. adopted the proposal at the session held on 4th April 2023.

The amount of the dividend will be decided by the shareholders at the General Assembly of Podravka Inc. which will be held on 17th May 2023. If the General Assembly approves the dividend distribution proposal, the dividend will be paid on 14th July 2023 to all shareholders in the register of shareholders as at 15th June 2023.

Taking into account the last market price of the Podravka share at the end of 2022 (EUR 84.15), the proposed amount of the dividend implies a dividend yield of 3.1 %. With the continuity of the dividend yield over the years, the Podravka Group confirms its focus on meeting the expectations set by shareholders

### ***Podravka was awarded the Employer Partner and Mamforce certificates***

In the first quarter, Podravka received two prestigious certificates in the field of human resource management – Employer Partner and Mamforce.

The Employer Partner certificate is awarded by SELECTIO Group to companies that meet high quality standards in all areas of human resource management. In order to meet the criteria for obtaining the certificate, Podravka went through a detailed evaluation of the human resource management system, which evaluates the employer's practices and the experience of the employees in seven key areas. Podravka achieved excellent results in attracting and hiring talent and developing and rewarding employees. In addition to excellent results in these areas, initiatives for proactive change management based on analyses of the current state and future trends and benchmark analyses stand out. Also, by promoting leadership competencies and educating the company's management about change management, Podravka won high marks in the segment of employee education.

The Mamforce certificate is awarded to companies that implement family-friendly and gender-aware human resource management policies.

### ***Podravka and Atlantic joined forces to strengthen the export of Croatian brands***

The two leading Croatian manufacturing companies, the Podravka Group and the Atlantic Group, have agreed a cooperation on foreign markets, specifically in the United States of America and Austria. Atlantic's distribution company in Austria will ensure support for the placement of Podravka's products on the Austrian market, and at the same time, Podravka will launch Atlantic's products on the US market through its company in the USA. The goal of this cooperation is to maximize mutual synergies and, using the developed business network and market positions in the markets of Austria and the USA, to strengthen the placement of the products of both companies and to improve the recognisability of the brands.

### ***Podravka and citizens provided EUR 74,000 for renovation of school kitchens and dining halls***

Podravka, as a socially responsible company, has been supporting financially and with product donations many humanitarian, economic, cultural, sports and scientific projects throughout the Republic of Croatia for decades. Accordingly, throughout February and March 2023, Podravka carried out the campaign “We donate and renovate school kitchens” aimed at helping schools across Croatia to renovate kitchens and dining halls. In the period from 15th February to 15th March, in the campaign “We donate and renovate school kitchens”, EUR 0.10 was allocated from the sale of each blue Vegeta package, Podravka’s most famous brand, for donations to schools.

More than 150 schools from all parts of Croatia sent their applications to the Podravka and Vegeta competition for renovation of school kitchens and dining halls. Among the school applications received, ten of them were selected, and from 20th to 30th March, citizens had the opportunity to vote on the website for three schools to which the funds collected from the sale of the blue Vegeta packaging will be donated.

In the end, in order to help renovate a larger number of schools than initially planned, Podravka doubled the amount collected through the sales campaign and decided to help renovate school kitchens also of the remaining seven schools that entered the finals of the competition. Thus, Podravka and the citizens who participated in the campaign by buying the blue Vegeta packaging will together donate EUR 74,000 for the renovation of a total of ten school kitchens and dining halls. Out of this, the three schools with the highest number of votes will share the funds collected through the sales campaign, a total of EUR 37,000, while the remaining amount will be divided equally among the remaining seven schools.

For years, Podravka has been cooperating with many schools to improve school nutrition, and this initiative helped ensure the conditions for free meals in as many schools as possible to be of high quality and nutritious. Podravka will continue to develop its socially responsible component also through continuous promotion of an active lifestyle, a nutritionally balanced and healthy diet, all in accordance with the new Nutrition Strategy for the period until 2027.

### ***Podravka is a signatory of the voluntary agreement on the food waste prevention and reduction “United against food waste”***

Podravka Inc. is among the 33 signatories who in March 2023 together with the Ministry of Agriculture signed a voluntary agreement “United against food waste” aimed at preventing and reducing food waste. The agreement is one of the measures of the Plan to prevent and reduce food waste in the Republic of Croatia and the reform measure “Improving the food donation system in the Republic of Croatia” from the National Recovery and Resilience Plan.

With their signature, the signatories voluntarily undertake to invest efforts in reducing food waste in their business processes, to donate food, but also to actively communicate with consumers. The ultimate goal of the Agreement is to reduce the generation of food waste in the Republic of Croatia by 30 % by 2028.

### ***Vegeta BIO was declared the best product in the category and holder of the “Selected Product of the Year” mark for 2023***

Vegeta BIO universal food seasoning offers a natural taste and ingredients grown according to the rules of organic farming, and the product is also suitable for vegetarians and vegans. 120 grams of the product contains 375 grams of fresh vegetables. With more than ten types of vegetables and herbs and sea salt, Vegeta BIO is perfect for seasoning dishes, without the need to use additional salt. Vegeta BIO was developed in accordance with the Podravka's Nutrition Strategy.

Vegeta BIO was declared the best product in the category and holder of the “Selected Product of the Year” mark for 2023. This is an award for marketing innovation voted by consumers themselves.

### ***Žito products received 35 gold medals for the quality of bread and bakery products***

At this year's 23rd sensory evaluation of bread, rolls, fine pastries, biscuits, pasta and fresh desserts in the cold chain, out of a total of 37 products applied, as many as 35 Žito products received gold awards. Žito has thus reconfirmed the quality of its products. The evaluation is organized every year by the Chamber of Commerce of Slovenia, under the sponsorship of the Chamber of Agricultural and Food Enterprises. The commission, which consists of experts in the field of bakery, evaluates the appearance of the product, the characteristics of the crust and the crumb, as well as the smell and taste.

An integral part of the investment cycle of the Podravka Group is the business restructuring and production modernization project in the Žito Group, the implementation of which includes, among other things, investments in new production lines and the modernization of existing production, and an increase in efficiency.

### ***Regular meetings of employees held and the new salary system initially presented***

Regular meetings of Podravka employees were held at the beginning of April in Podravka's factories Danica, Soups and Vegeta factory, Kalnik and in the business headquarters in Koprivnica. There, a new salary system was initially presented, which is currently in the preparatory phase. The existing system was established in 1997, and during the last year numerous analyses were carried out that confirm its obsolescence and complexity. The new system would be based on tariff classes into which the jobs performed by an individual employee will be classified according to the complexity of the job, and it will improve quality and increase the fairness and transparency of the way salaries and rewards are determined.

### ***Implications of the Russian-Ukrainian crisis on the Podravka Group's operations***

The Russian market is of great importance for the Pharmaceuticals segment in terms of total sales revenues but also profitability, while in the Food segment the Russian market is not so significant in terms of total sales revenues or in terms of profitability. Management of Podravka Inc. continuously considers all risks associated with the Russian-Ukrainian conflict and assesses that these risks do not threaten Podravka Group's operations stability.





# Overview of sales revenues in 1 – 3 2023





### Sales revenues by segment in 1 – 3 2023

(in EUR millions)	1-3 2022	1-3 2023	Δ	%
<b>Food</b>	<b>124.4</b>	<b>131.7</b>	<b>7.3</b>	<b>5.9%</b>
<i>Own brands</i>	115.9	123.7	7.8	6.8%
<i>Other sales</i>	8.5	8.0	(0.5)	(5.7%)
<b>Pharmaceuticals</b>	<b>31.3</b>	<b>44.2</b>	<b>12.9</b>	<b>41.2%</b>
<i>Own brands</i>	24.0	36.6	12.6	52.8%
<i>Other sales</i>	7.3	7.6	0.2	3.3%
<b>Podravka Group</b>	<b>155.6</b>	<b>175.9</b>	<b>20.2</b>	<b>13.0%</b>
<i>Own brands</i>	139.8	160.3	20.5	14.6%
<i>Other sales</i>	15.8	15.5	(0.2)	(1.6%)

#### Movements of the Food segment revenues (1 – 3 2023 compared to 1 – 3 2022):

- OWN BRANDS recorded EUR 7.8m (+6.8 %) higher sales due to the increase in sales of almost all business units, other than BU Meat products and BU Fish,
- OTHER SALES recorded EUR 0.5m (-5.7 %) lower sales, primarily as a result of the decrease in trade goods sales in the markets of Croatia and Poland,
- Overall, the FOOD SEGMENT recorded EUR 7.3m (+5.9 %) higher sales.

#### Movements of the Pharmaceuticals segment revenues (1 – 3 2023 compared to 1 – 3 2022):

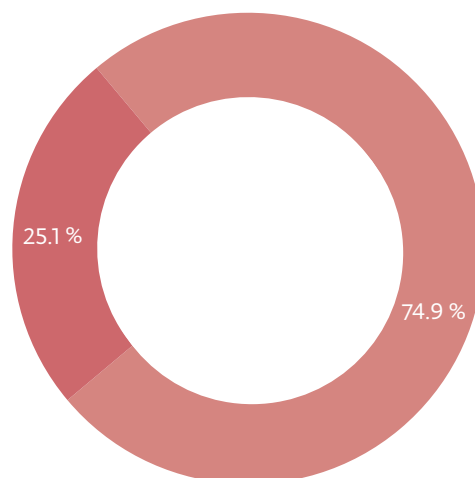
- OWN BRANDS recorded EUR 12.6m (+52.8 %) higher sales, as a result of the increase in sales revenues of Prescription drugs and Non-prescription drugs,
- OTHER SALES recorded EUR 0.2m (+3.3 %) higher revenues, due to the increase in trade goods sales in the markets of Bosnia and Herzegovina, and Croatia,
- Overall, the PHARMACEUTICALS SEGMENT recorded EUR 12.9m (+41.2 %) higher sales revenues.

#### Movements of the Podravka Group revenues (1 – 3 2023 compared to 1 – 3 2022):

- Podravka Group's OWN BRANDS recorded an increase in sales of EUR 20.5m (+14.6 %),
- The revenues of OTHER SALES are EUR 0.2m (-1.6 %) lower,
- Overall, the PODRAVKA GROUP sales revenues are EUR 20.2m (+13.0 %) higher.

### Sales revenues by segment in 1-3 2023

- Pharmaceuticals segment 25.1 %
- Food segment 74.9 %



### Sales revenues by business units and categories in 1 – 3 2023

#### Sales revenues by business units and categories

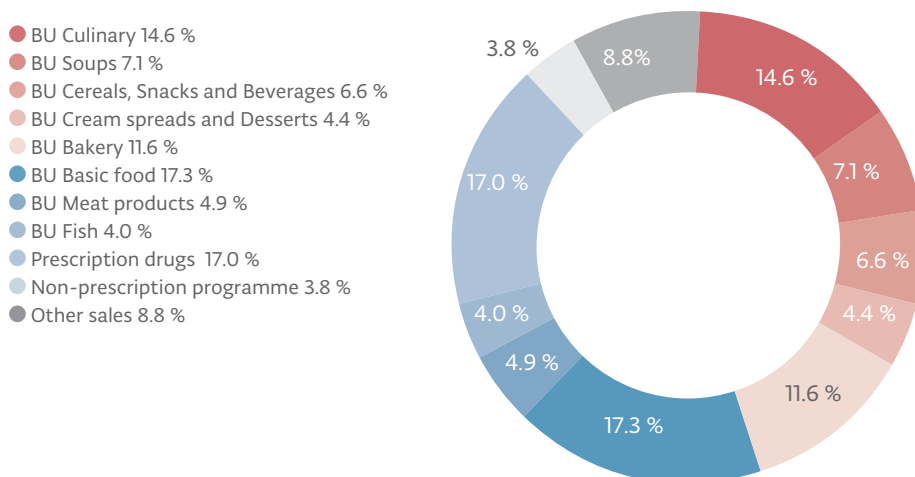
(in EUR millions)	1-3 2022	1-3 2023	Δ	%
BU Culinary	25.0	25.6	0.6	2.5%
BU Soups	10.5	12.4	2.0	18.7%
BU Cereals, Snack and Beverages	10.1	11.5	1.4	13.7%
BU Creamy spreads and Desserts	6.5	7.7	1.2	17.9%
BU Bakery	20.3	20.5	0.2	0.9%
BU Basic food	26.8	30.3	3.6	13.3%
BU Meat products	9.1	8.6	(0.6)	(6.3%)
BU Fish	7.6	7.1	(0.5)	(6.1%)
Prescription drugs	19.4	29.9	10.5	54.0%
Non-prescription programme	4.5	6.7	2.1	47.5%
Other sales	15.8	15.5	(0.2)	(1.6%)
<i>Other sales Food</i>	8.5	8.0	(0.5)	(5.7%)
<i>Other sales Pharmaceuticals</i>	7.3	7.6	0.2	3.3%
<b>Podravka Group</b>	<b>155.6</b>	<b>175.9</b>	<b>20.2</b>	<b>13.0%</b>

### **Movements of sales revenues by business units and categories (1 – 3 2023 compared to 1 – 3 2022):**

- The CULINARY BUSINESS UNIT recorded EUR 0.6m (+2.5 %) higher sales. Revenue growth was recorded mainly in the markets of Croatia and Slovenia and countries of Southeastern Europe. If the Russian market is excluded, the Culinary revenue growth would amount to +6.5 %,
- The SOUPS BUSINESS UNIT recorded EUR 2.0m (+18.7%) sales growth. The primary growth of the business unit was realised in the key markets of Croatia and Slovenia and the Southeastern Europe. The new Noodles subcategory, launched in the second half of 2022, contributes to an additional positive trend within the Soups business unit,
- The CEREALS, SNACK AND BEVERAGES BUSINESS UNIT recorded EUR 1.4m (+13.7 %) higher sales, through the increase in almost all categories, primarily in the markets of Croatia, Slovenia, Bosnia and Herzegovina, and Serbia,
- The CREAMY SPREADS AND DESSERTS BUSINESS UNIT records EUR 1.2m (+17.9 %) higher sales. The revenue growth was recorded in the Markets of Croatia and Slovenia and in the Southeastern Europe region, with the growth of all categories, whereby a significant sales and marketing focus was on leader products within the business unit,
- The BAKERY BUSINESS UNIT recorded EUR 0.2m (+0.9 %) sales growth, with the simultaneous implementation of the business unit portfolio optimization with the aim of increasing profitability. Revenue growth is primarily realised due to higher sales of the categories Bread and Rolls and salt bakery products, while the negative impact on revenues came from the termination of business cooperation with a manufacturer of confectionery products for which the Žito Group produced a private label, which will have positive effects on profitability,
- In the observed period, the BASIC FOOD BUSINESS UNIT recorded EUR 3.6m (+13.3 %) higher sales due to the increase in sales of most categories, with a further strong focus on the development of special sales channels on the Croatian market. The Croatian market, which is also the most important market in the business unit portfolio, and the Czech market contribute the most to the growth of sales revenues,
- In the reporting period, the MEAT PRODUCTS BUSINESS UNIT recorded EUR 0.6m (-6.3 %) lower sales, with the simultaneous implementation of the business unit portfolio optimization and the discontinuing of low turnover products with the aim of increasing profitability, primarily on the Croatian market,
- The FISH BUSINESS UNIT recorded EUR 0.5m (-6.1 %) lower sales, primarily due to the decrease in sales of almost all categories, primarily of the Tuna subcategory, due to changes in consumer consumption habits,

- The PRESCRIPTION DRUGS CATEGORY recorded EUR 10.5m (+54.0 %) higher sales, primarily due to the increase in sales of dermatological drugs, drugs for nervous system, and cardiovascular drugs,
- The revenues of the NON-PRESCRIPTION PROGRAMME CATEGORY are EUR 2.1m (+47.5 %) higher, as a result of the increase in sales of the OTC drugs subcategory,
- The OTHER SALES CATEGORY recorded EUR 0.2m (-1.6 %) lower sales. In the Food segment, other sales decreased by EUR 0.5m (-5.7 %), mainly due to the decrease in trade goods sales in the Croatian market. In the Pharmaceuticals segment, other sales grew by EUR 0.2m (+3.3 %), primarily due to higher trade goods sales in the markets of Bosnia and Herzegovina, and Croatia.

### Sales revenues by business unit and category in 1 – 3 2023



## Sales revenues by region in 1 – 3 2023

### Sales revenues by region

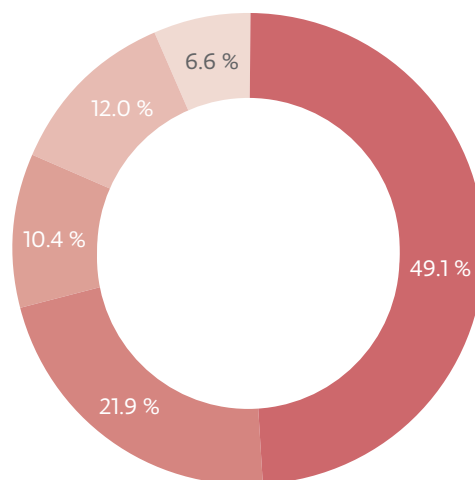
<b>(in EUR millions)</b>	<b>1-3 2022</b>	<b>1-3 2023</b>	<b>Δ</b>	<b>%</b>
<b>Markets of Croatia and Slovenia</b>	<b>76.3</b>	<b>86.3</b>	<b>9.9</b>	<b>13.0%</b>
<i>Food</i>	61.6	67.6	6.1	9.9%
<i>Pharmaceuticals</i>	14.8	18.6	3.9	26.1%
<b>Southeastern Europe</b>	<b>35.2</b>	<b>38.6</b>	<b>3.3</b>	<b>9.4%</b>
<i>Food</i>	23.9	26.2	2.3	9.7%
<i>Pharmaceuticals</i>	11.3	12.3	1.0	8.9%
<b>WE and Overseas</b>	<b>18.5</b>	<b>18.2</b>	<b>(0.2)</b>	<b>(1.2%)</b>
<i>Food</i>	18.3	18.1	(0.3)	(1.6%)
<i>Pharmaceuticals</i>	0.1	0.2	0.1	67.3%
<b>Central Europe</b>	<b>19.7</b>	<b>21.1</b>	<b>1.4</b>	<b>7.0%</b>
<i>Food</i>	17.6	18.2	0.6	3.7%
<i>Pharmaceuticals</i>	2.1	2.9	0.7	34.2%
<b>Eastern Europe</b>	<b>5.8</b>	<b>11.7</b>	<b>5.8</b>	<b>100.0%</b>
<i>Food</i>	2.9	1.5	(1.4)	(47.4%)
<i>Pharmaceuticals</i>	2.9	10.2	7.2	246.3%
<b>Podravka Group</b>	<b>155.6</b>	<b>175.9</b>	<b>20.3</b>	<b>13.0%</b>

### Movements of sales revenues by region (1 – 3 2023 compared to 1 – 3 2022):

- The MARKETS OF CROATIA AND SLOVENIA recorded a sales increase of EUR 9.9m (+13.0 %). Food segment revenues increased by EUR 6.1m (+9.9 %), primarily due to sales increase of the business units Basic food and Cereals, Snack and Beverages. In the market of Croatia and Slovenia, the Retail sales channel achieved the strongest revenue growth of EUR 4.1m (+8.7 %), while Special sales channels recorded revenue growth of EUR 1.9m (+12.9 %). Pharmaceuticals segment revenues are EUR 3.9m higher (+26.1 %), due to higher sales of Prescription drugs and the Non-prescription programme,
- Revenues of the SOUTHEASTERN EUROPE REGION grew by EUR 3.3m (+9.4 %) in the reporting period. The Food segment recorded revenue growth of EUR 2.3m (+9.7 %), due to the increase in sales of almost all business units, with the largest absolute growth was generated by the business units Soups and Basic food. Pharmaceuticals segment revenues are EUR 1.0m higher (+8.9 %), primarily due to Prescription drugs and trade goods sales increase,
- The WESTERN EUROPE AND OVERSEAS REGION recorded EUR 0.2m (-1.2 %) lower sales. The Food segment recorded EUR 0.3m (-1.6 %) lower sales due to sales decrease in the business units Bakery, Meat products and Fish, which was mitigated by the increase in revenues of the business units Culinary and Soups. The Pharmaceuticals segment revenues are EUR 0.1m (+67.3 %) higher, primarily due to an increase in other sales revenues,
- Revenues of the CENTRAL EUROPE REGION are EUR 1.4m (+7.0 %) higher in the reporting period. The Food segment recorded revenue growth of EUR 0.6m (+3.7 %), primarily as a result of an increase in sales of the Basic food business unit and trade goods. The Pharmaceuticals segment revenues are EUR 0.7m higher (+34.2 %) due to higher sales of the Prescription drugs category,
- The EASTERN EUROPE REGION recorded an increase in revenues of EUR 5.8m (+100.0 %), primarily as a result of the increase in sales of the Pharmaceuticals segment of EUR 7.2m (+246.3 %) due to the increase in sales of the Prescription drugs category. The Food segment recorded EUR 1.4m (-47.4 %) lower revenue following the termination of operations on the Russian market.

### Sales revenues by region in 1-3 2023

- Markets of Croatia and Slovenia 49.1 %
- Southeastern Europe 21.9 %
- Western Europe and Overseas 10.4 %
- Central Europe 12.0 %
- Eastern Europe 6.6 %







Profitability  
in 1 – 3 2023

## Profitability in 1 – 3 2023

**NOTE:** The overview and explanation of value adjustments to non-current assets used in the EBITDA calculation, the overview and explanation of items treated as one-off by management and the overview of methodology of calculation of the normalized result are provided in the "Additional tables for 1 – 3 2023" section.

### Profitability of the Food segment in 1 – 3 2023

(in EUR millions)	Profitability of the Food segment				Normalized			
	1-3 2022	1-3 2023	Δ	%	1-3 2022	1-3 2023	Δ	%
Sales revenue	124.4	131.7	7.3	5.9%	124.4	131.7	7.3	5.9%
Gross profit	43.1	40.3	(2.8)	(6.4%)	43.1	40.3	(2.8)	(6.4%)
EBITDA*	18.8	14.5	(4.3)	(22.9%)	18.9	14.8	(4.1)	(21.6%)
EBIT	13.7	8.8	(4.8)	(35.3%)	13.7	9.1	(4.6)	(33.4%)
Net profit after MI	11.1	7.4	(3.6)	(32.9%)	11.1	7.7	(3.4)	(31.0%)
Gross margin	34.7%	30.6%		-4.04 pp	34.7%	30.6%		-4.04 pp
EBITDA margin	15.1%	11.0%		-4.12 pp	15.2%	11.2%		-3.94 pp
EBIT margin	11.0%	6.7%		-4.28 pp	11.0%	6.9%		-4.10 pp
Net margin after MI	8.9%	5.6%		-3.26 pp	8.9%	5.8%		-3.11 pp

\* EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments of non-current assets; normalized EBITDA is calculated in a way that normalized EBIT was increased by depreciation and amortization.

#### Profitability of the Food segment (1 – 3 2023 compared to 1 – 3 2022):

- In the 1 – 3 2023 period, the Food segment recorded a decrease in gross profit of EUR 2.8m (-6.4 %), while operating profit (EBIT) is EUR 4.8m (-35.3 %) lower,
- A significant negative impact on the operating profit (EBIT) came from: i) an increase in the costs of raw materials, packaging and energy of EUR 10.3m (+19.0 %), ii) investing in improving the material status of employees, which resulted in an increase in staff costs of EUR 2.2m (+8.5 %), and iii) the investment cycle, which resulted in an increase in depreciation costs of EUR 0.5m (+9.9 %). These negative impacts were partially mitigated through cost management of marketing investments, optimization of the product range, management of the production process, the use of alternative energy sources, and changes in procurement processes,
- Net profit after minority interests is EUR 3.6m lower (-32.9 %). There were no significant impacts on net profit below the EBIT level other than tax expense which is EUR 1.1m lower compared to 1 – 3 2022.

## Profitability of the Pharmaceuticals segment in 1 – 3 2023

(in EUR millions)	Profitability of the Pharmaceutical segment				Normalized			
	1-3 2022	1-3 2023	Δ	%	1-3 2022	1-3 2023	Δ	%
Sales revenue	31.3	44.2	12.9	41.2%	31.3	44.2	12.9	41.2%
Gross profit	14.7	22.2	7.5	51.1%	14.7	22.2	7.5	51.1%
EBITDA*	3.8	12.8	9.0	237.5%	3.8	12.8	9.0	237.5%
EBIT	1.6	10.6	9.0	555.8%	1.6	10.6	9.0	555.8%
Net profit after MI	0.7	8.3	7.5	1020.6%	0.7	8.3	7.5	1020.6%
Gross margin	47.0%	50.3%		+3.31 pp	47.0%	50.3%		+3.31 pp
EBITDA margin	12.1%	29.0%		+16.85 pp	12.1%	29.0%		+16.85 pp
EBIT margin	5.2%	24.0%		+18.8 pp	5.2%	24.0%		+18.8 pp
Net margin after MI	2.4%	18.7%		+16.34 pp	2.4%	18.7%		+16.34 pp

\* EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments of non current assets; normalized EBITDA is calculated in a way that normalized EBIT was increased by depreciation and amortization.

### Profitability of the Pharmaceuticals segment (1 – 3 2023 compared to 1 – 3 2022):

- The Pharmaceuticals segment recorded EUR 7.5m (+51.1 %) higher GROSS PROFIT, with an increase in gross margin from 47.0 % to 50.3 %,
- OPERATING PROFIT (EBIT) is higher by EUR 9.0m (+555.8 %). The most significant impact on the increase in operating profit (EBIT) came from the growth of gross profit and from the movements in foreign exchange differences on trade receivables and trade payables (EUR -0.3m in 1 – 3 2023; EUR -3.2m in 1 – 3 2022),
- NET PROFIT AFTER MINORITY INTERESTS is EUR 7.5m (+1,020.6 %) higher. In addition to the impact above the EBIT level, net profit after minority interests was impacted by higher tax expense,
- In the 1 – 3 2023 period, there were no one-off items in the Pharmaceuticals segment.

## Profitability of the Podravka Group in 1 – 3 2023

(in EUR millions)	Profitability of the Podravka Group				Normalized			
	1-3 2022	1-3 2023	Δ	%	1-3 2022	1-3 2023	Δ	%
Sales revenue	155.6	175.9	20.2	13.0%	155.6	175.9	20.2	13.0%
Gross profit	57.8	62.5	4.7	8.2%	57.8	62.5	4.7	8.2%
EBITDA*	22.6	27.3	4.7	20.7%	22.7	27.6	4.9	21.7%
EBIT	15.3	19.4	4.1	27.1%	15.3	19.7	4.4	28.6%
Net profit after MI	11.8	15.7	3.9	32.9%	11.8	15.9	4.1	34.4%
Gross margin	37.1%	35.6%		-1.58 pp	37.1%	35.6%		-1.58 pp
EBITDA margin	14.5%	15.5%		+0.99 pp	14.6%	15.7%		+1.13 pp
EBIT margin	9.8%	11.0%		+1.22 pp	9.9%	11.2%		+1.36 pp
Net margin after MI	7.6%	8.9%		+1.33 pp	7.6%	9.0%		+1.44 pp

\* EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments of non-current assets; normalized EBITDA is calculated in a way that normalized EBIT was increased by depreciation and amortization.

### Profitability of the Podravka Group (1 – 3 2023 compared to 1 – 3 2022):

- In the observed period, the Podravka Group recorded EUR 4.7m (+8.2 %) higher GROSS PROFIT, where the positive impact came from the Pharmaceuticals segment,
- OPERATING PROFIT (EBIT) is EUR 4.1m (+27.1 %) higher, where the growth of the operating profit of the Pharmaceuticals compensated for the decrease in the operating profit of the Food segment,
- NET PROFIT AFTER MINORITY INTERESTS is EUR 3.9m higher (+32.9 %), due to the growth of the Pharmaceuticals.

# Key highlights of the income statement in 1 – 3 2023



## Key highlights of the income statement in 1 – 3 2023

Podravka group (in EUR millions)	Reported				Normalized			
	1-3 2022	1-3 2023	Δ	%	1-3 2022	1-3 2023	Δ	%
Cost of goods sold	97.8	113.3	15.5	15.8%	97.8	113.3	15.5	15.8%
General and administrative expenses	10.2	12.0	1.7	17.0%	10.2	11.7	1.5	14.6%
Selling and distribution costs	19.9	21.7	1.8	9.1%	19.9	21.7	1.8	9.1%
Marketing expenses	9.9	9.5	(0.4)	(3.5%)	9.9	9.5	(0.4)	(3.5%)
Other expenses (income). net	2.5	(0.1)	(2.6)	(102.3%)	2.5	(0.0)	(2.6)	(101.6%)
<b>Total operating expenses</b>	<b>140.3</b>	<b>156.4</b>	<b>16.1</b>	<b>11.5%</b>	<b>140.3</b>	<b>156.1</b>	<b>15.8</b>	<b>11.3%</b>

### Cost of goods sold

Cost of goods sold increased by 15.8 % relative to the comparative period due to movements in prices of raw materials, packaging and energy, and investments in improving the material status of employees.

### General and administrative expenses

In relation to the comparative period, general and administrative expenses are EUR 1.7m higher (+17.0 %), due to investments in improving the material status of employees.

### Selling and distribution costs

In the observed period, selling and distribution costs are EUR 1.8m (+9.1 %) higher than in the comparative period, primarily as a result of higher costs of transportation and distribution, and investments in improving the material status of employees.

### Marketing expenses

In the reporting period, marketing expenses (which include marketing investments expenses and marketing department expenses) are 3.5 % lower than in the comparative period. In this, the costs of marketing investments are lower by EUR 0.4m (-9.6 %) where strategic goals were tried to be achieved with a lower or the same level of marketing investments, while the costs of the marketing department are higher by EUR 0.1m (+1.8 %).



### ***Other expenses (income), neto***

In the reporting period, other expenses and income, net amounted to EUR -0.1m (positive impact), while in the comparative period they amounted to EUR 2.5m (negative impact). This was mainly affected by foreign exchange differences from trade receivables and trade payables which in 1 – 3 2023 amounted to EUR -0.4m, while in the previous period they amounted to EUR -3.2m.

### ***Net finance costs***

In the observed period, net finance costs amounted to EUR -0.3m (negative impact), while in the comparative period they also amounted to EUR -0.3m (negative impact).

### ***Income tax***

The reported income tax of the Podravka Group in 1 – 3 2023 is EUR +0.3m (+11.8 %) higher than in the comparative period.

Key  
highlights of  
the balance  
sheet as at  
31 March  
2023



## **Key highlights of the balance sheet as at 31 March 2023**

### **Property, plant and equipment**

Property, plant and equipment of the Podravka Group are EUR 5.0m or +1.7 % higher compared to 31 December 2022, due to the realized capital investments in the reporting period.

### **Inventories**

Inventories of the Podravka Group are EUR 1.2m (-0.7 %) lower than as at 31 December 2022 and are maintained at the optimum level in accordance with the needs of operations.

### **Trade and other receivables**

Trade and other receivables of the Podravka Group are EUR 6.6m (+5.6 %) higher than as at 31 December 2022, as a result of the increase in sales revenues in the reporting period.

### **Cash and cash equivalents**

Cash and cash equivalents of the Podravka Group at the end of the observed period are EUR 19.5m higher (+88.9 %) compared to 31 December 2022. This is explained in the “Key highlights of the cash flow statement in 1 – 3 2023” section.

### **Long-term and short-term borrowings**

As at 31 March 2023, long-term and short-term borrowings of the Podravka Group are EUR 3.3m higher than as at 31 December 2022 due to financing current operations. In the observed period, long-term debt is lower by EUR 1.7m, while short-term debt is higher by EUR 5.1m, primarily as a result of using more favourable financing terms through short-term credit lines.

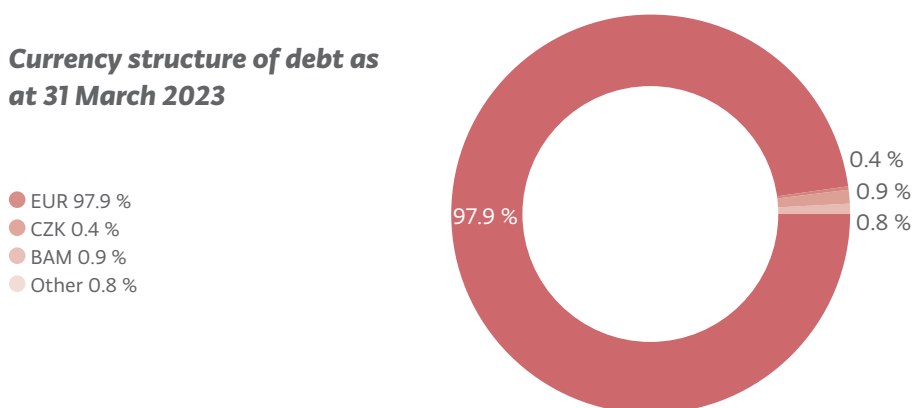
### **Trade and other payables**

Trade and other payables of the Podravka Group are EUR 10.4m or +10.9 % higher compared to 31 December 2022. The movement is a result of regular operations, but also of the trends in the prices of raw materials and supplies in the reporting period.

## Indebtedness

As at 31 March 2023, the total debt of the Podravka Group related to borrowings and other interest-bearing financial liabilities amounted to EUR 87.1m, of which EUR 2.1m relates to long-term borrowings, EUR 72.8m to short-term borrowings, while EUR 12.2m relates to liabilities for right-of-use assets. The average weighted cost of debt on all the stated liabilities as at 31 March 2023 was 0.7 %, while if right-of-use assets are excluded it was 0.5 %.

### Currency structure of debt as at 31 March 2023



Analysing the debt currency structure, the highest exposure, of 97.9 %, was in the Euro (EUR). The debt share in the Bosnia and Herzegovina mark (BAM) amounted to 0.9 %, in the Czech koruna (CZK) to 0.4 %, while the remainder of 0.8 % relates to other currencies.

(in EUR millions)*	2022	1-3 2023	Δ	%
Financial debt <sup>7</sup>	84.0	87.1	3.0	3.6%
Cash and cash equivalents	21.9	41.4	19.5	88.9%
Net debt <sup>8</sup>	62.1	45.7	(16.5)	(26.5%)
Interest expense	0.7	0.7	(0.0)	(2.1%)
Net debt / normalized EBITDA	0.75	0.52	-0.23	-0.31
Normalized EBIT / Interest expense	73.3	81.0	7.7	10.5%
Equity to assets ratio <sup>9</sup>	71.8%	71.0%		-0.77 pp

\* NOTE: all indicators are calculated in a way that income statement items are calculated at the level of the last 12 months, while balance sheet items are taken at the period end.

Net debt decrease as at 31 March 2023 compared to 31 December 2022 is the result of an increase in the line item cash and cash equivalents. The increase in normalized EBITDA and the decrease in net debt led to a lower net debt to normalized EBITDA ratio. The decrease in interest expense and the increase in normalized EBIT have driven the rise in the interest coverage ratio (Normalized EBIT / Interest expense).

<sup>7</sup> Financial debt: long-term and short-term borrowings + lease liabilities + financial liabilities at fair value through profit or loss. The data is provided in the "Consolidated statements of financial position as at 31 March 2023" section.

<sup>8</sup> Net debt: Financial debt – Cash and cash equivalents.

<sup>9</sup> Equity to assets ratio: total shareholder's equity / total assets. The data is provided in the "Consolidated statements of financial position as at 31 March 2023" section.



# Key highlights of the cash flow statement in 1 – 3 2023



## Key highlights of the cash flow statement in 1 – 3 2023

<i>(in EUR millions)</i>	<b>1-3 2022</b>	<b>1-3 2023</b>	<b>Δ</b>
Net cash flow from operating activities	42.2	30.9	(26.6%)
Net cash flow from investing activities	(8.2)	(11.5)	(40.2%)
Net cash flow from financing activities	(9.8)	0.1	100.8%
<b>Net increase / (decrease) of cash and cash equivalents</b>	<b>24.1</b>	<b>19.5</b>	<b>(19.1%)</b>

### **Net cash flow from operating activities**

In the observed period, net cash flow from operating activities amounted to positive EUR 30.9m as a result of operating business and dynamics of movements in the working capital.

### **Net cash flow from investing activities**

Net cash flow from investing activities in the reporting period amounted to negative EUR 11.5m, primarily as a result of cash capital expenditures which is by EUR +3.4m (+39.9 %) higher compared to the same period of the previous year. The most significant CAPITAL EXPENDITURES in 1 – 3 2023 were related to:

- Continued investment activities related to investment in the expansion of the Soups and Vegeta factory, which creates preconditions for the consolidation of pasta production in order to improve business,
- Continued investment activities related to investment in the construction of a new logistics and distribution centre with the aim of increasing efficiency in the logistics and distribution segment of business through optimization of the number of warehouse spaces, minimization of internal transport, greater control of costs and reduction of carbon dioxide emissions,
- Continued investment activities related to the Bakery concentration project in order to improve production efficiency and reduce operating expenses (investment in an automatic line for making bread and a shock freezer, and the extension of the existing shipping area),
- Investment in the construction of the new tomato factory in continental Croatia and the purchase of agricultural machinery and irrigation equipment for the purpose of increasing the primary processing capacity of fresh tomatoes and ensuring continuity of own production,
- Continued investment activities related to the investment in the modernization of the truck fleet aimed at improving the timeliness, quality, reliability and efficiency of transport and distribution of products.

The above capital expenditures are expected to positively impact the operating profitability increase. In 2023 expected capital expenditures are at a level of approximately EUR 106.2m, while in 2024 expected capital expenditures amount to EUR 79.6m and in 2025 to approximately EUR 45.5m.

### **Net cash flow from financing activities**

In the 1 – 3 2023 period, net cash flow from financing activities amounted to positive EUR 0.1m, and it increased by EUR 9.9m primarily due to the higher amount of borrowings received. The difference in relation to the repayment of borrowings in the balance sheet primarily relates to foreign exchange differences.

# Share in 1 – 3 2023





### List of major shareholders as at 31 March 2023

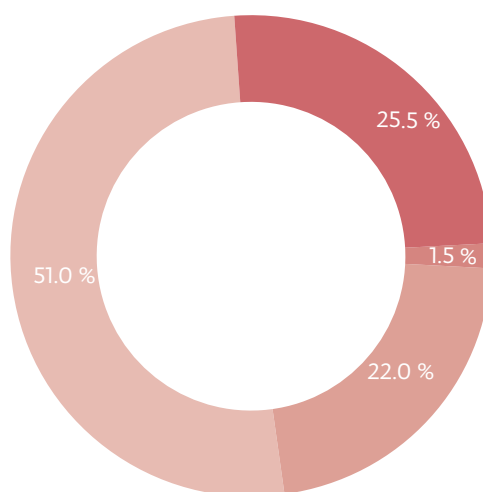
No.	Shareholder	Number of shares	% of ownership
1.	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
2.	AZ mandatory pension fund, category B	932,563	13.1%
3.	RSC* - Croatian Pension Insurance Institute	727,703	10.2%
4.	Erste Plavi mandatory pension fund, category B	638,248	9.0%
5.	Raiffeisen mandatory pension fund, category B	625,298	8.8%
6.	RSC* - Republic of Croatia	452,792	6.4%
7.	Capital Fund	406,842	5.7%
8.	Pivac Brothers Meat Industry	234,697	3.3%
9.	Republic of Croatia	167,281	2.3%
10.	OTP banka D.D./aggregate custody account	119,999	1.7%
	Other shareholders	1,716,936	24.1%
	<b>Total</b>	<b>7,120,003</b>	<b>100.0%</b>

\* The Restructuring and Sale Centre holds 1,241,504 shares through four accounts, Kapitalni fond Inc. holds 406,842 shares, the Republic of Croatia additionally holds 167,281 shares on a separate account.

Podravka Inc. has a stable ownership structure where the most significant stake is held by the Republic of Croatia and domestic pension funds. A total of 7,120,003 shares have been issued at nominal price of HRK 220.0 per share. As at 31 March 2023, the Republic of Croatia holds 25.5 % stake, and domestic pension funds (mandatory and voluntary) hold a total of 51.0 % stake. Podravka Inc. has 1.5 % of treasury shares. Podravka Inc.'s shares have been listed on the Prime Market of the Zagreb Stock Exchange and in eight Zagreb Stock Exchange indices (CROBEX, CROBEX10, CROBEXtr, CROBEX1otr, CROBEXprime, CROBEXplus, CROBEXnutris and ADRIAprime).

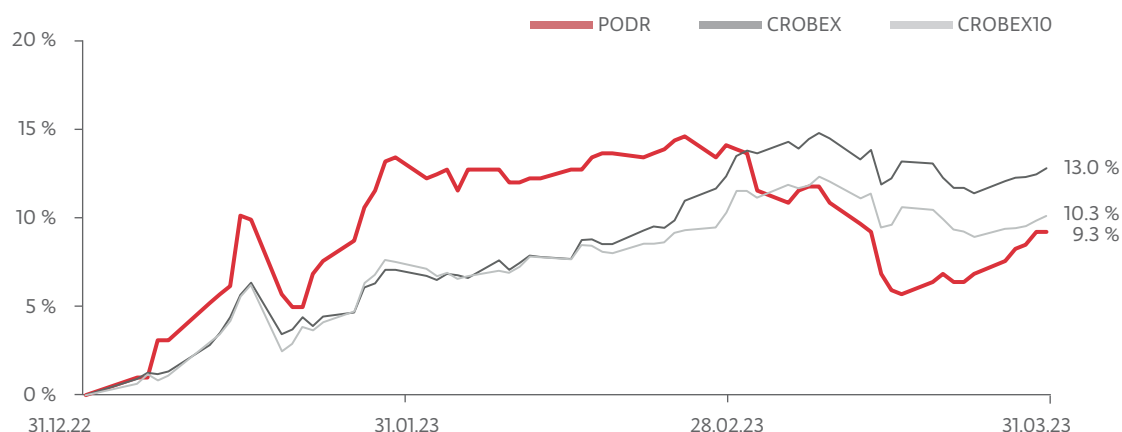
#### Ownership structure as at 31 March 2023

- Republic of Croatia 25.5 %
- Treasury shares 1.5 %
- Others 22.0 %
- Croatian pension funds\*\* 51.0 %



\*\* Includes all mandatory and voluntary pension funds managed by the pension companies: AZ, ROMF, PBZCO and ERSTE.

## Share price movement in 1 – 3 2023



<b>(closing price in EUR; closing points)</b>	<b>31 December 2022</b>	<b>31 March 2023</b>	<b>%</b>
PODR	84.1	92.0	9.3%
CROBEX	1,979.9	2,237.4	13.0%
CROBEX10	1,156.2	1,274.9	10.3%

In the reporting period, the price of Podravka's share increased by 9.3 % compared to the end of 2022. At the same time, the CROBEX and CROBEX10 stock indices increased by 13.0 % and 10.3 %, respectively.

## Result on the Croatian capital market in 1 – 3 2023

<b>(in EUR; in units)<sup>10</sup></b>	<b>1-3 2022</b>	<b>1-3 2023</b>	<b>%</b>
Weighted average daily price	84.6	92.8	9.8%
Average daily number of transactions	26	10	(60.9%)
Average daily volume	1,418	729	(48.6%)
Average daily turnover	118,027.7	66,628.0	(43.5%)

At the annual level, the weighted average daily price of Podravka's share recorded an increase of 9.8 % relative to the comparative period. Compared to 1 – 3 2022, the average daily volume decreased by 48.6 %, the average daily turnover decreased by 43.5 %, while the average daily number of transactions is 60.9 % lower.

<sup>10</sup> The weighted average daily price in the reporting period is calculated as the sum of the weighted average daily prices in the reporting period, multiplied by the daily volume weight. The daily volume weight is calculated as a ratio of daily volume and total volume in the reporting period. The formula, Weighted average daily price in the reporting period =  $\sum$  average daily price\*(daily volume/total volume in the reporting period).

Other indicators are calculated as the average of average daily transactions/volume/turnover in the reporting period. Block trades are excluded from the calculation.

## Valuation

(in EUR millions; last price and earnings per share in EUR)\*

	2022	1-3 2023	%
Last price	84.1	92.0	9.3%
Weighted average number of shares <sup>11</sup>	7,018,424	7,018,447	0.0%
Market capitalization <sup>12</sup>	590.6	645.7	9.3%
EV <sup>13</sup>	662.1	701.1	5.9%
Normalized earnings per share <sup>14</sup>	5.9	6.5	9.9%
EV / sales revenue	1.0	1.0	2.8%
EV / normalized EBITDA	7.9	7.9	(0.0%)
EV / normalized EBIT	12.5	12.2	(2.2%)
Last price / normalized earnings per share ratio (P / E)	14.3	14.2	(0.5%)

\* NOTE: all indicators are calculated in a way that income statement items are calculated at the level of the last 12 months, while balance sheet items are taken at the period end.


<sup>11</sup> The weighted average number of shares is calculated on the basis of previous 12 months period by dividing the sum of the weighted number of shares of each individual month by the total number of calendar days in the previous 12 months. The weighted number of shares on a monthly basis is calculated by reducing the total number of issued shares by the amount of treasury shares and multiplying the difference by the number of days of that month.

Other indicators are calculated as the average of average daily transactions/volume/turnover in the reporting period. Block trades are excluded from the calculation.

<sup>12</sup> Market Capitalization: Last price \* Weighted average number of shares.

<sup>13</sup> Enterprise value: Market Capitalization + Net debt + Minority interests.

<sup>14</sup> Normalized earnings per share is calculated in a way that normalized Net income after minority interests is divided with weighted average number of shares. Normalized Net income after minority interests include the last 12 months period.

An illustration of a person with orange hair and sunglasses looking down at a hand watering a plant. The hand is holding a small blue teardrop-shaped object over a green plant. The text is centered in the middle of the page.

Additional  
tables  
for 1 – 3 2023

### Calculation of reported and normalized EBITDA

EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments to non-current assets. There were no value adjustments to non-current assets in the reporting and the comparative periods.

<b>Reported EBITDA calculation</b>		<b>1-3 2022</b>			<b>1-3 2023</b>		
<b>(in EUR millions)</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	
Reported EBIT	15.29	13.67	1.61	19.43	8.84	10.58	
+amortization and depreciation	7.32	5.14	2.18	7.86	5.66	2.21	
+value adjustments	-	-	-	-	-	-	
<b>Reported EBITDA</b>	<b>22.61</b>	<b>18.82</b>	<b>3.79</b>	<b>27.29</b>	<b>14.50</b>	<b>12.79</b>	

<b>Normalized EBITDA calculation</b>		<b>1-3 2022</b>			<b>1-3 2023</b>		
<b>(in EUR millions)</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	
Normalized EBIT	15.34	13.73	1.61	19.73	9.14	10.58	
+amortization and depreciation	7.32	5.14	2.18	7.86	5.66	2.21	
+value adjustments	-	-	-	-	-	-	
<b>Normalized EBITDA</b>	<b>22.66</b>	<b>18.87</b>	<b>3.79</b>	<b>27.59</b>	<b>14.80</b>	<b>12.79</b>	

### One-off items in 1 – 3 2023 and 1 – 3 2022

In the 1 – 3 2023 period, the Food segment incurred EUR 0.3m costs of severance payments for employees (long-term sick leaves and the restructuring of the Žito Group), and EUR 0.02 income from the sale of equipment also related to the restructuring of the Žito Group.

In the Pharmaceuticals segment there were no one-off items.

The estimated impact of this one-off item on tax of Food is EUR 0.06m (decreases it).

In the 1 – 3 2022 period, the Food segment incurred EUR 0.06m costs of severance payments for employees (long-term sick leaves and the restructuring on the market of Russia), treated as one-off item.

In the Pharmaceuticals segment there were no one-off items.

The estimated impact of this one-off item on tax of Food is EUR 0.01m (decreases it).

### Normalization of the Profit and Loss Statement by segments

Reported and normalized profitability (in EUR millions)	1-3 2022			1-3 2023		
	Group	Food	Pharma	Group	Food	Pharma
Reported EBITDA	22.61	18.82	3.79	27.29	14.50	12.79
+severance payments	0.06	0.06	-	0.32	0.32	-
+revenues from the sale of asset	-	-	-	(0.02)	(0.02)	-
Normalized EBITDA	22.66	18.87	3.79	27.59	14.80	12.79
Reported EBIT	15.29	13.67	1.61	19.43	8.84	10.58
+normalizations above EBITDA level	0.06	0.06	-	0.30	0.30	-
Normalized EBIT	15.34	13.73	1.61	19.73	9.14	10.58
Reported Net profit after MI	11.79	11.05	0.74	15.67	7.41	8.25
+normalizations above EBIT level	0.06	0.06	-	0.30	0.30	-
+estimated impact of normalization on taxes	(0.01)	(0.01)	-	(0.06)	(0.06)	-
Normalized Net profit after MI	11.83	11.10	0.74	15.91	7.65	8.25

Consolidated  
financial  
statements  
in 1 – 3 2023





## Consolidated Profit and Loss Statement in 1 - 3 2023

(in EUR thousands)	1-3 2022	% of sales revenues	1-3 2023	% of sales revenues	% change
Sales revenue	155,628	100.0%	175,860	100.0%	13.0%
Cost of goods sold	(97,820)	(62.9%)	(113,310)	(64.4%)	15.8%
<b>Gross profit</b>	<b>57,808</b>	<b>37.1%</b>	<b>62,549</b>	<b>35.6%</b>	<b>8.2%</b>
General and administrative expenses	(10,230)	(6.6%)	(11,972)	(6.8%)	17.0%
Selling and distribution costs	(19,872)	(12.8%)	(21,689)	(12.3%)	9.1%
Marketing expenses	(9,870)	(6.3%)	(9,520)	(5.4%)	(3.5%)
Other (expenses) / income, net	(2,547)	(1.6%)	58	0.0%	102.3%
<b>Operating profit</b>	<b>15,288</b>	<b>9.8%</b>	<b>19,427</b>	<b>11.0%</b>	<b>27.1%</b>
Financial income	10	0.0%	90	0.1%	804.9%
Other financial expenses	(6)	(0.0%)	(182)	(0.1%)	3180.4%
Interest expenses	(204)	(0.1%)	(189)	(0.1%)	(7.3%)
Net foreign exchange differences on borrowings	(123)	(0.1%)	(6)	(0.0%)	(95.0%)
<b>Net finance costs</b>	<b>(323)</b>	<b>(0.2%)</b>	<b>(288)</b>	<b>(0.2%)</b>	<b>(10.8%)</b>
<b>Profit before tax</b>	<b>14,965</b>	<b>9.6%</b>	<b>19,139</b>	<b>10.9%</b>	<b>27.9%</b>
Current income tax	(2,932)	(1.9%)	(1,599)	(0.9%)	(45.5%)
Deferred tax	124	0.1%	(1,539)	(0.9%)	1338.7%
<b>Income tax</b>	<b>(2,807)</b>	<b>(1.8%)</b>	<b>(3,138)</b>	<b>(1.8%)</b>	<b>11.8%</b>
<b>Net profit for the year</b>	<b>12,157</b>	<b>7.8%</b>	<b>16,001</b>	<b>9.1%</b>	<b>31.6%</b>
Net profit / (loss) attributable to:					
<b>Equity holders of the parent</b>	<b>11,789</b>	<b>7.6%</b>	<b>15,666</b>	<b>8.9%</b>	<b>32.9%</b>
Non-controlling interests	369	0.2%	335	0.2%	9.1%

## Consolidated Balance Sheet as at 31 March 2023

<i>(in EUR thousands)</i>	<b>31 Dec 2022</b>	<b>% share</b>	<b>31 March 2023</b>	<b>% share</b>	<b>% change</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	3,876	0.5%	3,876	0.5%	0.0%
Intangible assets	32,082	4.4%	32,502	4.2%	1.3%
Property, plant and equipment	300,791	40.9%	305,783	40.0%	1.7%
Right-of-use assets	11,140	1.5%	11,132	1.5%	(0.1%)
Investment property	14,016	1.9%	13,967	1.8%	(0.3%)
Non-current financial assets	5,728	0.8%	5,726	0.7%	(0.0%)
Deferred tax assets	16,962	2.3%	15,391	2.0%	(9.3%)
<b>Total non-current assets</b>	<b>384,595</b>	<b>52.2%</b>	<b>388,377</b>	<b>50.8%</b>	<b>1.0%</b>
<b>Kratkotrajna imovina</b>					
Inventories	167,062	22.7%	165,884	21.7%	(0.7%)
Trade and other receivables	118,036	16.0%	124,647	16.3%	5.6%
Financial assets at fair value through profit and loss	12	0.0%	2	0.0%	(83.3%)
Debit securities at amortized cost	39,767	5.4%	39,767	5.2%	0.0%
Income tax receivable	533	0.1%	851	0.1%	59.7%
Cash and cash equivalents	21,913	3.0%	41,403	5.4%	88.9%
Non-current assets held for sale	4,304	0.6%	4,225	0.6%	(1.8%)
<b>Total current assets</b>	<b>351,627</b>	<b>47.8%</b>	<b>376,779</b>	<b>49.2%</b>	<b>7.2%</b>
<b>Total assets</b>	<b>736,222</b>	<b>100.0%</b>	<b>765,156</b>	<b>100.0%</b>	<b>3.9%</b>

## Consolidated Balance Sheet as at 31 March 2023

(in EUR thousands)	31 Dec 2022	% share	31 March 2023	% share	% change
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Subscribed capital	207,897	28.2%	207,897	27.2%	0.0%
Capital gains	24,780	3.4%	24,857	3.2%	0.3%
Treasury shares	(5,634)	(0.8%)	(7,027)	(0.9%)	24.7%
Reserves	163,898	22.3%	164,081	21.4%	0.1%
Retained earnings / (accumulated losses)	128,241	17.4%	143,914	18.8%	12.2%
<b>Attributable to equity holders of the parent</b>	<b>519,182</b>	<b>70.5%</b>	<b>533,722</b>	<b>69.8%</b>	<b>2.8%</b>
Non-controlling interests	9,424	1.3%	9,759	1.3%	3.6%
<b>Total shareholders' equity</b>	<b>528,606</b>	<b>71.8%</b>	<b>543,481</b>	<b>71.0%</b>	<b>2.8%</b>
<b>Non-current liabilities</b>					
Borrowings	3,797	0.5%	2,059	0.3%	(45.8%)
Lease liabilities	6,253	0.8%	6,393	0.8%	2.2%
Non-current provisions for employee benefits	7,596	1.0%	7,519	1.0%	(1.0%)
Other non-current provisions	4,686	0.6%	4,685	0.6%	(0.0%)
Other non - current liabilities	2,799	0.4%	2,869	0.4%	2.5%
Deferred tax liability	4,166	0.6%	4,145	0.5%	(0.5%)
<b>Total non-current liabilities</b>	<b>29,297</b>	<b>4.0%</b>	<b>27,670</b>	<b>3.6%</b>	<b>(5.6%)</b>
<b>Current liabilities</b>					
Trade and other payables	94,976	12.9%	105,351	13.8%	10.9%
Income tax payable	3,608	0.5%	3,818	0.5%	5.8%
Borrowings	67,738	9.2%	72,823	9.5%	7.5%
Lease liabilities	6,249	0.8%	5,791	0.8%	(7.3%)
Current provisions for employee benefits	5,564	0.8%	6,039	0.8%	8.5%
Other current provisions	184	0.0%	183	0.0%	(0.5%)
<b>Total current liabilities</b>	<b>178,319</b>	<b>24.2%</b>	<b>194,005</b>	<b>25.4%</b>	<b>8.8%</b>
<b>Total liabilities</b>	<b>207,616</b>	<b>28.2%</b>	<b>221,675</b>	<b>29.0%</b>	<b>6.8%</b>
<b>Total equity and liabilities</b>	<b>736,222</b>	<b>100.0%</b>	<b>765,156</b>	<b>100.0%</b>	<b>3.9%</b>

## Consolidated Cash Flow Statement in 1-3 2023

<b>(in EUR thousands)</b>	<b>1-3 2022</b>	<b>1-3 2023</b>	<b>%change</b>
<b>Profit before tax</b>	<b>14,965</b>	<b>19,139</b>	<b>27.9%</b>
Depreciation and amortization	7,320	7,864	7.4%
Reversal of impairment of given loans and interests	0	(1)	(100.0%)
Remeasurement of financial instruments at fair value	2	10	400.0%
Share based payment transactions	42	126	200.0%
(Profit) / Loss on sale and disposal of non-current assets	(175)	(117)	33.1%
Adjustment for impairment losses of trade and other receivables	29	77	165.5%
(Decrease) / Increase in provisions	18	397	2105.6%
Interest income	(6)	(90)	(1400.0%)
Interest expenses	204	362	77.5%
Effect of changes in foreign exchange rates	883	284	(67.8%)
<b>Total adjustments</b>	<b>8,317</b>	<b>8,912</b>	<b>7.2%</b>
<b>Changes in working capital:</b>			
(Increase) / Decrease in inventories	(11,473)	1,179	110.3%
(Increase) / Decrease in trade receivables	(1,240)	(6,687)	(439.3%)
(Decrease) / Increase in trade payables	33,268	10,440	(68.6%)
<b>Cash generated from operations</b>	<b>43,837</b>	<b>32,983</b>	<b>(24.8%)</b>
Income tax paid	(1,459)	(1,707)	(17.0%)
Interest paid	(225)	(355)	(57.8%)
<b>Net cash from operating activities</b>	<b>42,153</b>	<b>30,921</b>	<b>(26.6%)</b>

## Consolidated Cash Flow Statement in 1-3 2023

<b>(in EUR thousands)</b>	<b>1-3 2022</b>	<b>1-3 2023</b>	<b>%change</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant, equipment and intangibles	(8,413)	(11,767)	(39.9%)
Proceeds from sale of property, plant, equipment and intangibles	196	165	(15.8%)
Loans given	(2)	0	100.0%
Repayment of loans given	2	1	(50.0%)
Interest received	6	90	1400.0%
<b>Net cash from investing activities</b>	<b>(8,211)</b>	<b>(11,511)</b>	<b>(40.2%)</b>
<b>Cash flow from financing activities</b>			
Dividend pay-out	(1)	(4)	(300.0%)
Purchase of treasury shares	(63)	(1,543)	(2349.2%)
Sale of treasury shares	177	109	(38.4%)
Proceeds from borrowings	5,743	39,886	594.5%
Repayment of borrowings	(14,421)	(36,680)	(154.4%)
Repayment of lease	(1,283)	(1,688)	(31.6%)
<b>Net cash from financing activities</b>	<b>(9,848)</b>	<b>80</b>	<b>100.8%</b>
<b>Net (decrease) / increase of cash and cash equivalents</b>	<b>24,094</b>	<b>19,490</b>	<b>(19.1%)</b>
Cash and cash equivalents at beginning of the year	4,420	21,913	395.8%
<b>Cash and cash equivalents at the end of year</b>	<b>28,514</b>	<b>41,403</b>	<b>45.2%</b>

## Consolidated Statement of Changes in Equity in 1-3 2023

<i>(in EUR thousands)</i>	Subscribed capital	Capital gains	Treasury shares	Other reserves	Retained earnings/ accumulated loss	Total	Non-controlling interests	Total
As at 1 January 2022	207,897	25,415	(5,228)	144,706	109,123	481,913	8,400	490,313
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	49,058	49,058	1,024	50,082
Foreign exchange differences	-	-	-	572	-	572	18	590
Actuarial losses (net of deferred tax)	-	-	-	805	-	805	-	805
<b>Other comprehensive income</b>	-	-	-	<b>1,377</b>	-	<b>1,377</b>	<b>18</b>	<b>1,395</b>
<b>Total comprehensive income</b>	-	-	-	<b>1,377</b>	<b>49,058</b>	<b>50,435</b>	<b>1,042</b>	<b>51,477</b>
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	-	17,824	(17,824)	-	-	-
Additional acquisition of minority interests	-	-	-	(9)	-	(9)	(18)	(27)
Exercise of options	-	(1,947)	3,136	-	(34)	1,155	-	1,155
Fair value of share-based payment transactions	-	1,312	-	-	-	1,312	-	1,312
Dividends paid	-	-	-	-	(12,082)	(12,082)	-	(12,082)
<b>Total transactions with owners recognized directly in equity</b>	-	<b>(635)</b>	<b>(406)</b>	<b>17,815</b>	<b>(29,940)</b>	<b>(13,166)</b>	<b>(18)</b>	<b>(13,184)</b>
As at 31 December 2022	207,897	24,780	(5,634)	163,898	128,241	519,182	9,424	528,606
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	15,666	15,666	335	16,001
Foreign exchange differences	-	-	-	183	-	183	-	183
Other comprehensive income	-	-	-	183	-	183	-	183
<b>Total comprehensive income</b>	-	-	-	<b>183</b>	<b>15,666</b>	<b>15,849</b>	<b>335</b>	<b>16,184</b>
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	-	-	-	-	-	-
Additional acquisition of minority interests	-	-	-	-	-	-	-	-
Exercise of options	-	(49)	150	-	7	108	-	108
Fair value of share-based payment transactions	-	126	-	-	-	126	-	126
Treasury shares purchase	-	-	(1,543)	-	-	(1,543)	-	(1,543)
Dividends paid	-	-	-	-	-	-	-	-
<b>Total transactions with owners recognized directly in equity</b>	-	<b>77</b>	<b>(1,393)</b>	-	<b>7</b>	<b>(1,309)</b>	-	<b>(1,309)</b>
As at 31 March 2023	207,897	24,857	(7,027)	164,081	143,914	533,722	9,759	543,481

# Notes to the financial statements

In 1-3 2023 period there were no changes in accounting policies.

The audited Annual report of the Podravka Group for 2022 are available at:

*<https://www.podravka.com/investors/financial-reports/>*





MANAGEMENT BOARD

Koprivnica, 24 April 2023

## STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

According to our best knowledge consolidated unaudited financial statements of Podravka Group for the period 1 - 3 2023 have been prepared in compliance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards (IFRS) and provide an overall and true presentation of assets, liabilities, profit and loss, financial position and business operations of Podravka Group and all subsidiary companies involved in the consolidation.

Corporate Accounting Director:  
Julijana Artner Kukec

Board Member:  
Davor Doko



# Contact

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