

KOPRIVNICA, 26TH FEBRUARY 2021

Podravka Inc.
business results for
January – December 2020
UNAUDITED



Content:

- 3 General information
- 5 Significant events in 1 – 12 2020
and after the balance sheet date
- 9 Operations of Podravka Inc.
in conditions of COVID-19 disease
- 12 Key business highlights of
Podravka Inc. in 1 – 12 2020
- 15 Share in 1 – 12 2020.
- 18 Additional tables for 1 – 12 2020
- 21 Unconsolidated financial
statements for 1 – 12 2020
- 29 Statement
of liability
- 30 Contact

General information



General information

Podravka prehrambena industrija Inc., Koprivnica, is incorporated in the Republic of Croatia. Today it is included in leading companies in industry operating in the area of South-Eastern, Central and Eastern Europe. The principal activity of the Company comprises production of a wide range of food products.

The Company is headquartered in Koprivnica, Croatia, Ante Starčevića 32.

The Company's shares are listed on the Prime market of the Zagreb Stock Exchange.

Management Board members as at 31 December 2020

PRESIDENT	Marin Pucar
MEMBER	Ljiljana Šapina
MEMBER	Davor Doko
MEMBER	Hrvoje Kolarić
MEMBER	Marko Đerek

The unaudited, unconsolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Significant events
in 1 – 12 2020
and after the balance sheet date



Marin Pucar, the President of the Management Board of Podravka and the Croatian Employers' Association passed away

Marin Pucar, the President of the Management Board of Podravka and the Croatian Employers' Association, one of our most prominent businessmen, passed away on 6th January 2021 after a serious illness, in the General Hospital In Koprivnica.

“Once a Podravka person, always a Podravka person!” are the words that Marin Pucar, as the President of the Management Board of Podravka used to say in his always emotional addresses to his Podravka fellows. They were not just words. Every day, with every decision, activity, project, meeting or socializing, he demonstrated how much of his knowledge, enthusiasm, experience and heart he incorporated into the “company with a heart”.



His professional career started at the food industry Gavrilović, from which, in 2001, he moved to Danica, the meat industry of Podravka, where in 2002, he became its director of sales, marketing and development. In 2003, he was appointed as the Executive Director of the Croatian market in Podravka. Marin Pucar held the role of a member of the Management Board of Podravka from 2008 to 2012, after which he went to Zvečevo to the position of a member of the Management Board, and in 2014 he became and remained until August 2016, the President of the Management Board of Zvečevo. After that, in February 2017, Marin Pucar returned to Podravka as the President of the Management Board.

Marin Pucar graduated from the Faculty of Economics, University of Zagreb, and completed postgraduate scientific studies in the Marketing Theory and Policy at the same Faculty. He continued his education and, among other things, in 2020 completed his doctoral Management study at the Faculty of Economics in Osijek on the topic “Strategy for managing brand expansion in the Croatian food industry”.

Significant business experience, continuous education, leadership skills and incredible energy, resulted in very successful operations of the Podravka Inc. under his leadership, as a result of organic growth and business development in the traditional markets where the Podravka Inc. has been a renowned manufacturer. This was recognized by the business community, so in addition to the numerous functions Marin Pucar held, including the position of the Deputy Chairman of the Board of the Croatian Chamber of Commerce, in September 2020 he was elected the President of the Croatian Employers' Association.

***The Supervisory Board appointed Martina Dalić, PhD,
as the new President of the Management
Board of Podravka Inc.***

At its meeting held on 3rd February, the Supervisory Board of Podravka Inc. unanimously elected Martina Dalić, PhD, as the new President of the Management Board of Podravka Inc. The mandate of the newly appointed President of the Management Board will last until 23rd February 2022, i.e. until the expiration of the mandate of the current Management Board.

Martina Dalić, PhD, is a person with extensive experience in the public and private sectors, but also in international institutions.

She comes to the position of the President of the Management Board of Podravka Inc. from the position of the director of the business consulting company Callidus Certus d.o.o., of which she is also the founder.



In her career in the public sector, she was the Deputy Prime Minister of the Republic of Croatia and Minister of the Economy, Entrepreneurship and Crafts (2016 – 2018), Minister of Finance (2010 – 2011), State Secretary (2004 – 2008) and Assistant Minister of Finance (1997 – 2000). She began her career in the public sector in 1995 at the Ministry of Finance. In addition, in 2011 she was elected a member of the Croatian Parliament and held that mandate until 2015.

She also gained significant experience through the private sector, so from 2008 to 2010 she was the President of the Management Board of Partner banka Zagreb, and from 2000 until 2004 the chief economist of Privredna banka Zagreb, a member of the Intesa Sanpaolo Group.

From 2015 to 2016, she was a permanent advisor for public financial management at the International Monetary Fund, Washington DC.

In the period from 2005 to 2012, Martina Dalić, PhD, was the deputy chief negotiator and negotiator in the negotiating team for the accession of the Republic of Croatia to the European Union for four chapters (Customs union, Taxation, Financial control, and Financial and budgetary provisions).

Martina Dalić, PhD, graduated from the Faculty of Economics and Business in Zagreb, where she began her professional career as an assistant at the Department of Organization and Management. She received her master's degree in 1994, and defended her doctoral thesis in 2012.

She is the author of numerous professional and scientific papers.

Dividend distribution

As at 26th June 2020 the dividend was distributed to all shareholders recorded with the Central Depository and Clearing Company Inc. as at 29th May 2020. The dividend was distributed in the gross amount of HRK 9.00 per share, which equals the amount of the dividend from 2019 and implies the dividend yield of 2.2%¹. This is a continuation of the implementation of the Podravka Inc.'s dividend distribution policy in line with business results and development plans despite current circumstances and challenges of the Podravka Inc.'s business environment.

Lino Lada ice cream wins Golden Basket product of the year award for 2019

Lino Lada ice cream, produced in cooperation of Podravka and Ledo, has won the Golden Basket award for the best product in 2019 in the Croatian market, a prestigious annual award given by the magazine Ja TRGOVAC. In the category which traditionally has the largest number of applicants and strong competition of top domestic products Lino Lada ice cream won the jury with its unique flavour and innovation. The Golden Basket is a new important recognition for Lino Lada ice cream, which was declared the best in the world by the International Ice Cream Consortium at a competition in Sweden last year. The Lino Lada brand is once again proving to be a favourite cream spread, and winning the Golden Basket for the product of the year for the second year in a row is an additional confirmation of the quality and innovation of Podravka's products.

Podravka won the 2nd prize for best investor relations

During the conference of the Zagreb Stock Exchange and pension funds held in October in Rovinj, Podravka Inc. won the second prize of Poslovni dnevnik for best investor relations. The recognition is awarded by Poslovni dnevnik in cooperation with the Zagreb Stock Exchange for the 11th year in a row with the aim of finding and drawing attention to companies with transparent operations. The award is a great recognition for the effort Podravka Inc. invests in communication with existing shareholders and other investors, all with the aim of maintaining the highest level of transparency to which Podravka Inc. has committed as a member of the Zagreb Stock Exchange Prime Market.

¹ Dividend yield has been calculated as a ratio between gross amount of the dividend per share (HRK 9.00) and last trading price of the share (HRK 416.00) on the date of the General assembly (30th April 2020) when dividend payout was voted.

Operations of *Podravka Inc.* in conditions of COVID-19 disease



Operations of Podravka Inc. in conditions of COVID-19 disease

Operations in 2020 were marked by the emergence of COVID-19 disease in all the Podravka Inc.'s markets. In such extraordinary circumstances, especially in conditions of strict measures introduced from March to May, and tightening of measures at the end of the year, mainly in November and December, one of the key companies responsible for ensuring the continuity of production and the regular supply of food in Croatia is Podravka Inc. Workflows within the company were fully adapted as quickly as possible to the new situation so that the production of food products took place in line with the market needs. Although in the beginning of the crisis, the conditions of purchase and supply of raw materials and packaging for production purposes were very difficult, Podravka Inc. took all the necessary steps in short time to ensure sufficient quantities of its food products, thus meeting the needs of its loyal customers in the numerous markets in which it is present. Given the increase in demand compared to the one planned for the month of March, the production was continually adjusting, and work in Podravka Inc.'s factories was organized in three and four shifts, while home office was organized for all employees of the services for which this was possible, in order to reduce potential risk of the COVID-19 disease within the system.

The change in the organization of work represented additional burdens for the IT system security, which is one of the key foundations of business continuity. Any incident in the field of IT security has the potential to cause great financial damage and disrupt the normal business processes. In order to support the increased demands of home offices, a documentation set of policies and work instructions has been defined that were adequately communicated to all users of the Podravka Inc.'s IT system.

In March 2020, in two weeks, the number of remote client connections to the Podravka Inc.'s server increased approximately twenty times due to the drastically increased work from home of large number of employees and additional information and IT systems support was required. For this reason, in a very short period and with minimal additional necessary investments, the capacities of the IT system were activated, which supported the stated requirements of home offices.

Even before the outbreak of COVID-19 in the European Union, Podravka Inc. continuously monitored the situation and took preventive and corrective measures in real time to manage potential health and business risks. With the first outbreak of COVID-19 in the Republic of Croatia, the Crisis Management Team was activated, which adopted measures in accordance with the recommendations of the World Health Organization and the competent national authorities of the Republic of Croatia. With increased attention, the development of the situation in the country and the region was closely monitored, in order to ensure the health safety of employees and ensure business continuity. In addition, a separate e-mail address has been established for the two-way internal communication between employees and the Crisis Management Team, and an internal portal in order to constantly communicate the need to implement the established anti-epidemic measures on a daily basis.

In order to ensure timely and sufficient quantities of raw materials and other goods needed for the smooth running of production and sales processes, the Podravka Inc.'s procurement function during the pandemic carried out a number of activities: intensifying communication with suppliers (especially of strategic categories), using alternative modes of transporting raw materials and supplies from abroad, short-term raising of inventory levels (safety stock) for materials with longer lead time, introducing alternative suppliers wherever possible, agreeing production priorities with Production Planning, and optimising unloading and warehousing with Logistics. By implementing these activities and reacting promptly, the Podravka Inc.'s procurement function has successfully adapted to the new conditions in accordance with the current situation and needs.

In the third and fourth quarters, business operations continued in COVID-19 disease conditions. Despite the opening of borders and the arrival of tourists, part of the restrictive measures were still in force. The shoulder season was absent, and the tourist season itself was shorter than usual due to the worsening epidemiological situation in the second half of August, which made the shoulder season impossible. With the arrival of winter, the measures were tightened and from the end of November, hospitality facilities, cafes, restaurants, hotel restaurants (except for hotel guests) were forced to close their doors and the sales in the Gastro channel decreased (the Gastro channel includes HoReCa customers, institutional customers, industrial customers, etc.).

The situation caused by COVID-19 disease did not give rise to new financial risks or cause a need for provisions or impairment of assets. During 2020, financing of all business needs, maintaining liquidity, dividend distribution to shareholders and the decrease in interest rates on borrowings were ensured.

Due to the COVID-19 pandemic, the exponential growth of cyber-attacks has accelerated. Therefore, the involvement of human resources in the Corporate and Information Security sector and IT sector in all elements of the Podravka Inc.'s IT system protection has been strengthened, with an emphasis on proactive activities aimed at reducing the risk of currently greatest security threats to the IT system (Ransomware, etc.). The occurrence of a series of phishing emails with COVID-19 topics was detected, to which users were warned by posts on the intranet and warning emails.

Despite all the above challenges caused by the COVID-19 pandemic, thanks to the intensified efforts of the Corporate and Information Security sector and IT sector, there were no significant security incidents that would cause the unavailability of the IT system and consequently affect the company's business continuity.

Key business highlights of *Podravka Inc.* in 1 – 12 2020



Key business highlights of Podravka Inc. in 1 – 12 2020

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 – 12 2020" section.

Decimal differences in the document are possible due to rounding.

Given the Podravka Inc.'s range of products, the situation caused by COVID-19 disease positively impacted the sales revenues trends in the first quarter, but this impact cannot be clearly distinguished from the impact of regular demand for products. A negative impact on sales revenues arises in the second and the third quarters, while in the fourth quarter sales revenues increased. The mentioned negative impact is primarily related to restrictive measures in April and May aimed at preventing the spread of COVID-19 disease (closing of the Gastro channel, shortened working hours of supermarkets, limiting the number of customers in supermarkets, ban on the movement of people outside the place of residence, closing of borders). The easing of the introduced measures started in mid-May, which was a positive moment, but despite this, there was no shoulder season in Croatia. Furthermore, the tourist season was weaker in the reporting than in the comparative period and it ended earlier than usual due to the worsening epidemiological situation in Croatia in mid-August, which also impacted the absence of the shoulder season. The epidemiological situation further deteriorated in the fourth quarter, causing the introduction of new restrictive measures in November. The Gastro channel (for which the last two months of the year are traditionally very important in terms of revenue) was completely closed, the number of customers in supermarkets was limited, which reduced the frequency of customers on a daily basis, and schools and universities were partially closed. All this affected the sales revenues trends, but the effect of the restrictive measures, the weak tourist season and reintroduction of restrictive measures and deterioration of the epidemiological situation on sales revenues cannot be clearly assessed or quantified.

(in HRK millions)	Profitability of Podravka Inc.				Normalized			
	2019	2020	Δ	%	2019	2020	Δ	%
Sales revenue	2,078.8	2,112.2	33.4	1.6%	2,078.8	2,112.2	33.4	1.6%
Gross profit	624.5	634.4	9.9	1.6%	624.5	634.4	9.9	1.6%
EBITDA*	229.3	267.3	38.0	16.5%	234.1	266.3	32.2	13.7%
EBIT	115.2	167.7	52.5	45.6%	136.6	167.9	31.3	22.9%
Net profit	145.2	193.8	48.6	33.5%	152.8	194.0	41.2	27.0%
Gross margin	30.0%	30.0%		-1 bp	30.0%	30.0%		-1 bp
EBITDA margin	11.0%	12.7%		+162 bp	11.3%	12.6%		+135 bp
EBIT margin	5.5%	7.9%		+240 bp	6.6%	7.9%		+138 bp
Net margin	7.0%	9.2%		+219 bp	7.3%	9.2%		+184 bp

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

In the 1 – 12 2020 period, Podravka Inc. recorded sales revenues of HRK 2,112.2m, which is HRK 33.4m (+1.6%) higher than in the comparative period. Gross profit amounted to HRK 634.4m, which is HRK 9.9m (+1.6%) higher than in the comparative period. The cost of goods sold increased by 1.6%, which resulted in a gross margin of 30.0%. The reported operating profit (EBIT) amounts to HRK 167.7m, while in the comparative period it amounted to HRK 115.2m, which is an increase of HRK 52.5m (+45.6%). A negative impact on operating profit comes from unfavourable movements in foreign exchange differences on trade receivables and trade payables (HRK -8.8m in 1 – 12 2020; HRK +4.6m in 1 – 12 2019), and a positive impact comes from savings on multiple cost levels, primarily on costs of marketing investments and selling and distribution costs. Reported net profit in the 1 – 12 2020 period amounted to HRK 193.8m, which is HRK 48.6m (+33.5%) higher compared to 1 – 12 2019. In addition, net profit was affected by negative movements of foreign exchange differences on borrowings (HRK -2.1m in 1 – 12 2020; HRK -1.0m in 1 – 12 2019), which was cancelled out by a positive impact of higher finance income and lower finance costs. Following the increase in pre-tax profit, the tax liability is HRK 20.1m higher. Normalized net profit amounted to HRK 194.0m.

As at 31 December 2020, total assets of Podravka Inc. amounted to HRK 3,056.6m, which is 0.5% higher than at the end of 2019. The significant increase on the assets side was recorded by inventories (HRK +19.4m), property plant and equipment (HRK +10.4m), investments in subsidiaries (HRK +6.0m) and deferred tax asset (HRK +4.0m), while the significant decrease was recorded by trade and other receivables (HRK -22.6m) and right-of-use assets (HRK -2.5m). On the equity and liabilities side, an increase is recorded by provisions (HRK +79.6m) and retained profit (HRK +49.8m), while a decrease is recorded by trade and other payables (HRK -44.0m) and income tax liability (HRK -14.8m). Indebtedness of Podravka Inc. decreased in the reporting period, primarily due to the repayment of a portion of borrowings, that are lower by HRK 60.4m.

Cash flow from operating activities in 1 – 12 2020 amounted to positive HRK 175.9m, due to business operations and movements in the working capital. Cash flow from investing activities at the same time amounted to negative HRK 63.1m, primarily due to cash used for the purchase of non-current tangible and intangible assets. In the same period, cash flow from financing activities amounted to negative HRK 112.7m, due to the dividend distribution and repayment of borrowings. As at 31 December 2020, cash and cash equivalents amounted to HRK 2.3m, which is at the same level as in the comparative period.

Share in 1 – 12 2020



List of major shareholders as at 31 December 2020

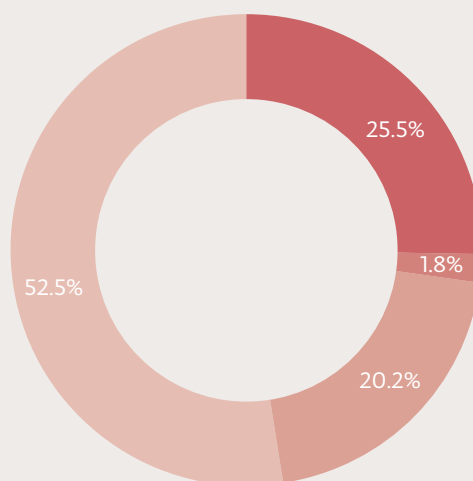
No.	Shareholder	Number of shares	% of ownership
1	Republic of Croatia*	1,815,376	25.5%
2	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
3	AZ mandatory pension fund, category B	917,563	12.9%
4	Erste Plavi mandatory pension fund, category B	724,373	10.2%
5	Raiffeisen mandatory pension fund, category B	625,298	8.8%
6	Podravka Inc. - treasury account	127,916	1.8%
	Other shareholders	1,811,833	25.4%
	Total	7,120,003	100.0%

* The Restructuring and Sale Centre holds 1,241,253 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. As at 31 December 2020, the Republic of Croatia holds 25.5% stake, and domestic pension funds (mandatory and voluntary) hold a total of 52.5% stake. Podravka Inc. has 1.8% of treasury shares. Podravka Inc.'s shares have been listed on the Prime Market of the Zagreb Stock Exchange and in six Zagreb Stock Exchange indices (CROBEX, CROBEX10, CROBEXtr, CROBEXprime, CROBEXnutr and ADRIAprime).

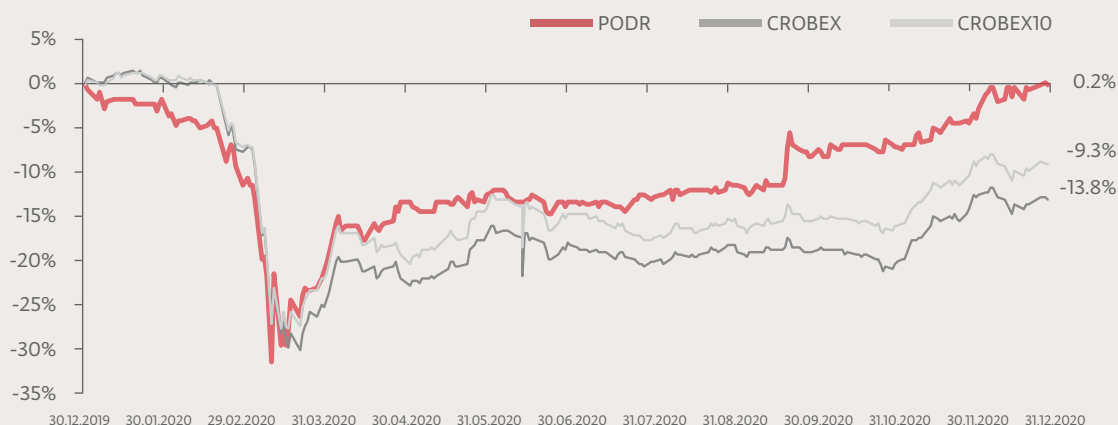
Ownership structure as at 31 December 2020

- Republic of Croatia 25.5%
- Treasury shares 1.8%
- Others 20.2%
- Croatian pension funds** 52.5%



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

Share price movement in 1 – 12 2020



(closing price in HRK; closing points)	31 December 2019	31 December 2020	%
PODR	484.0	485.0	0.2%
CROBEX	2,017.4	1,739.3	(13.8%)
CROBEX10	1,199.9	1,087.8	(9.3%)

In the 1 – 12 2020 period, Podravka's share price remained on the comparative period level with a mild increase of 0.2%, while the comparable CROBEX and CROBEX10 stock indices dropped by 13.8% and 9.3%, respectively.

Result on the Croatian capital market in 1 – 12 2020

(in HRK; in units)²	2019	2020	%
Weighted average daily price	429.1	413.3	(3.7%)
Average daily number of transactions	12	14	10.7%
Average daily volume	1,110	1,277	15.1%
Average daily turnover	476,423.6	527,877.8	10.8%

Relative to the comparative period, in the 1 – 12 2020 period, the weighted average daily price of Podravka's share decreased by 3.7%. The average daily volume increased by 15.1%, while the average daily turnover and the average daily number of transactions increased by 10.8% and 10.7%, respectively, compared to the 1 – 12 2019 period.

² 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.

Additional tables for 1 – 12 2020



Additional tables for 1 – 12 2020

EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments to non-current assets. The table below presents value adjustments to non-current assets in the reporting and the comparative period.

Value adjustments	2019	2020
(in HRK millions)	Podravka Inc.	Podravka Inc.
Production line equipment	0.5	-
Loans to subsidiaries	10.0	(0.9)
Investments in real estates	10.4	-
Claimed receivables related to relationship with Fortenova Group	(12.1)	-
Investments in subsidiaries	4.6	2.1
Other	3.3	-
Total	16.7	1.2

The line item Other includes other value adjustments to non-current assets.

Reported EBITDA calculation	2019	2020
(in HRK millions)	Podravka Inc.	Podravka Inc.
Reported EBIT	115.2	167.7
+amortization and depreciation	97.5	98.4
+value adjustments	16.7	1.2
Reported EBITDA	229.3	267.3

Normalized EBITDA calculation	2019	2020
(in HRK millions)	Podravka Inc.	Podravka Inc.
Normalized EBIT	136.6	167.9
+amortization and depreciation	97.5	98.4
Normalized EBITDA	234.1	266.3

One-off items in 1 – 12 2020 and 1 – 12 2019

In the 1 – 12 2020 period, Podravka Inc. incurred HRK 4.2m costs of severance payments for employees on long-term sick leaves, HRK 5.3m of income from reversal of impairment of receivables, HRK 0.05m of cost related to the process of closing a related company in Africa, HRK 0.9m of income from value adjustment to a loan given to a related company, and HRK 2.1m of costs from value adjustment of a stake in related company presented in the table Value adjustments in the “Additional tables for 1 – 12 2020” section, treated by the company’s management as one-off item. The estimated impact of these one-off items on taxes is HRK 0.03m (decreases it).

In the 1 – 12 2019 period, Podravka Inc. incurred HRK 4.8m costs of severance payments for employees on long-term sick leaves and a costs from value adjustments to non-current assets in the net amount of HRK 16.7m, presented in the table Value adjustments in the “Additional tables for 1 – 12 2020” section, treated by the company’s management as one-off item. The estimated impact of these one-off items on taxes is HRK 13.8m (decreases it) and includes tax effect of capital contribution to Podravka Africa (from 31 December 2020 Foodpro Limited Tanzania) by Podravka Inc. (HRK -9.2m) and the tax effect of impairment of receivable of Podravka Inc. from Podravka Moscow (HRK -0.9m).

Normalization of Podravka Inc. Profit and Loss Statement

(in HRK millions)	2019	2020
	Podravka Inc.	Podravka Inc.
Reported EBIT	115.2	167.7
+production line equipment	0.5	-
+loans to subsidiaries	10.0	(0.9)
+investments in real estate	10.4	-
+claimed receivables related to relationship with Fortenova Group	(12.1)	-
+investments in subsidiaries	4.6	2.1
+other	3.3	-
+reversal of receivable impairment	-	(5.3)
+cost related to closing of affiliated company in Africa	-	0.0
+severance payments (long term sick-leave)	4.8	4.2
Normalized EBIT	136.6	167.9
Reported Net Income	145.2	193.8
+normalizations above EBIT level	21.4	0.2
+estimated impact of normalization on taxes*	(13.8)	(0.0)
Normalized Net Income	152.8	194.0

* In 2019 includes tax effect of capital contribution to Podravka Africa (from 31 December 2020 Foodpro Limited Tanzania) by Podravka Inc. (HRK -9.2m) and the tax effect of impairment of receivable of Podravka Inc. from Podravka Podravka Moscow (HRK -0.9m).

Unconsolidated financial statements in 1 – 12 2020



Unconsolidated Profit and Loss Statement in 1 – 12 2020

<i>(in HRK thousands)</i>	2019	% of sales revenues	2020	% of sales revenues	% change
Sales revenue	2,078,804	100.0%	2,112,160	100.0%	1.6%
Cost of goods sold	(1,454,255)	(70.0%)	(1,477,751)	(70.0%)	1.6%
Gross profit	624,548	30.0%	634,409	30.0%	1.6%
General and administrative expenses	(152,800)	(7.4%)	(153,949)	(7.3%)	0.8%
Selling and distribution costs	(193,535)	(9.3%)	(185,248)	(8.8%)	(4.3%)
Marketing expenses	(152,986)	(7.4%)	(125,050)	(5.9%)	(18.3%)
Other (expenses) / income, net	(10,059)	(0.5%)	(2,470)	(0.1%)	(75.4%)
Operating profit	115,169	5.5%	167,691	7.9%	45.6%
Financial income	51,159	2.5%	65,082	3.1%	27.2%
Other financial expenses	(5,081)	(0.2%)	(3,452)	(0.2%)	(32.1%)
Interest expenses	(5,229)	(0.3%)	(3,340)	(0.2%)	(36.1%)
Net foreign exchange differences on borrowings	(967)	(0.0%)	(2,145)	(0.1%)	121.8%
Net finance costs	39,883	1.9%	56,145	2.7%	40.8%
Profit before tax	155,052	7.5%	223,837	10.6%	44.4%
Current income tax	(24,437)	(1.2%)	(33,680)	(1.6%)	37.8%
Deferred tax	14,575	0.7%	3,675	0.2%	(74.8%)
Income tax	(9,863)	(0.5%)	(30,005)	(1.4%)	204.2%
Net profit for the year	145,189	7.0%	193,832	9.2%	33.5%

Unconsolidated Balance Sheet as at 31 December 2020

(in HRK thousands)	31 Dec 2019	% share	31 Dec 2020	% share	% change
ASSETS					
Non-current assets					
Investments in subsidiaries	978,279	32.2%	984,250	32.2%	0.6%
Investment property	110,000	3.6%	109,055	3.6%	(0.9%)
Intangible assets	84,738	2.8%	84,121	2.8%	(0.7%)
Property, plant and equipment	801,195	26.3%	811,568	26.6%	1.3%
Right-of-use assets	36,822	1.2%	34,370	1.1%	(6.7%)
Deferred tax assets	44,389	1.5%	48,390	1.6%	9.0%
Non-current financial assets	37,152	1.2%	37,691	1.2%	1.5%
Total non-current assets	2,092,575	68.8%	2,109,445	69.0%	0.8%
Current assets					
Inventories	437,901	14.4%	457,306	15.0%	4.4%
Trade and other receivables	508,929	16.7%	486,336	15.9%	(4.4%)
Income tax claims	0	0.0%	144	0.0%	n/a
Financial assets at fair value through profit and loss	7	0.0%	49	0.0%	600.0%
Cash and cash equivalents	2,180	0.1%	2,282	0.1%	4.7%
Non-current assets held for sale	1,075	0.0%	1,075	0.0%	0.0%
Total current assets	950,092	31.2%	947,192	31.0%	(0.3%)
Total assets	3,042,667	100.0%	3,056,637	100.0%	0.5%

Unconsolidated Balance Sheet as at 31 December 2020

<i>(in HRK thousands)</i>	31 Dec 2019	% share	31 Dec 2020	% share	% change
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	1,696,863	55.8%	1,701,709	55.7%	0.3%
Reserves	430,689	14.2%	510,313	16.7%	18.5%
Retained earnings / (accumulated losses)	150,057	4.9%	199,852	6.5%	33.2%
Total shareholders' equity	2,277,609	74.9%	2,411,874	78.9%	5.9%
Non-current liabilities					
Borrowings	152,925	5.0%	92,489	3.0%	(39.5%)
Provisions	34,787	1.1%	34,682	1.1%	(0.3%)
Right-of-use asset liability	26,925	0.9%	25,830	0.8%	(4.1%)
Total non-current liabilities	214,637	7.1%	153,001	5.0%	(28.7%)
Current liabilities					
Trade and other payables	341,676	11.2%	297,694	9.7%	(12.9%)
Income tax payable	15,227	0.5%	476	0.0%	(96.9%)
Financial liabilities at fair value through profit and loss	292	0.0%	66	0.0%	(77.4%)
Borrowings	166,438	5.5%	166,507	5.4%	0.0%
Current portion of long-term debt for right-of-use asset	10,730	0.4%	9,946	0.3%	(7.3%)
Provisions	16,058	0.5%	17,073	0.6%	6.3%
Total current liabilities	550,421	18.1%	491,762	16.1%	(10.7%)
Total liabilities	765,058	25.1%	644,763	21.1%	(15.7%)
Total equity and liabilities	3,042,667	100.0%	3,056,637	100.0%	0.5%

Unconsolidated Cash Flow Statement in 1 – 12 2020

(in HRK thousands)	2019	2020	% change
Profit / (loss) for the year	155,052	223,837	44.4%
Depreciation and amortization	97,489	98,370	0.9%
(Profit) / loss on impairment of asset held for sale, current and non-current assets	3,746	0	(100.0%)
(Profit) / loss on impairment of investments in properties	10,399	0	(100.0%)
Reversal of impairment of financial assets	(12,124)	0	100.0%
Reversal of impairment of given loans and interests	0	(878)	(100.0%)
Reversal of impairment of other receivables	0	(5,299)	(100.0%)
Impairment of investment	4,637	2,102	(54.7%)
Impairment of given loans and interests	10,019	0	(100.0%)
Remeasurement of financial instruments at fair value	166	(268)	(261.4%)
Dividend income	(45,874)	(61,671)	(34.4%)
Share based payment transactions	2,318	8,566	269.5%
(Profit) / Loss on disposal of long-term assets	(716)	(829)	(15.8%)
(Profit) / Loss on disposal of assets held for sale	0	(9)	(100.0%)
Impairment of trade receivables	2,129	(316)	(114.8%)
Subsidiary liquidation	0	45	100.0%
(Decrease) / Increase in provisions	5,249	(194)	(103.7%)
Interest income	(4,896)	(3,142)	35.8%
Interest expense	9,754	6,792	(30.4%)
Effect of changes in foreign exchange rates	322	3,597	1017.1%
Changes in working capital:			
(Increase) / Decrease in inventories	(69,645)	(19,405)	72.1%
(Increase) / Decrease in trade receivables	(24,039)	25,264	205.1%
(Decrease) / Increase in trade payables	(19,927)	(45,714)	(129.4%)
Cash generated from operations	124,059	230,848	86.1%
Income tax paid	(21,700)	(48,137)	(121.8%)
Interest paid	(10,071)	(6,814)	32.3%
Net cash from operating activities	92,288	175,897	90.6%

Unconsolidated Cash Flow Statement in 1 – 12 2020

(in HRK thousands)	2019	2020	% change
Cash flow from investing activities			
Increase of investments in subsidiaries	(3,827)	(2,102)	45.1%
Purchase of property, plant, equipment and intangibles	(69,000)	(98,029)	(42.1%)
Proceeds from sale of property, plant, equipment and intangibles	1,017	1,178	15.8%
Loans given	(2,459)	(16,900)	(587.3%)
Proceeds from given loans	297	14,490	4778.8%
Collected interest	356	1,193	235.1%
Collected dividends	15,871	37,070	133.6%
Net cash flow from investing activities	(57,745)	(63,100)	(9.3%)
Cash flow from financing activities			
Proceeds from borrowings	310,638	242,517	(21.9%)
Repayment of borrowings	(343,285)	(281,449)	18.0%
Sale of treasury shares	6,129	0	(100.0%)
Repayment of lease	(11,835)	(11,217)	5.2%
Dividend payout	(62,177)	(62,546)	(0.6%)
Net cash from financing activities	(100,530)	(112,695)	(12.1%)
Net (decrease) / increase of cash and cash equivalents	(65,987)	102	100.2%
Cash and cash equivalents at beginning of the year	68,167	2,180	(96.8%)
Cash and cash equivalents at the end of year	2,180	2,282	4.7%

Unconsolidated Statement of Changes in Equity in 1 – 12 2020

(in HRK thousands)	Share capital	Reserve for treasury shares	Legal reserves	Reinvested profit reserve	Statutory reserves	Other reserves	Retained earnings/ accumulated loss	Total
As at 31 December 2018	1,690,066	147,604	30,948	-	-	203,715	116,836	2,189,169
Comprehensive income	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	145,189	145,189
Actuarial losses (net of deferred tax)	-	-	-	-	-	(639)	-	(639)
Other comprehensive income	-	-	-	-	-	(639)	-	(639)
Total comprehensive income	-	-	-	-	-	(639)	145,189	144,550
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	5,657	-	-	43,404	(49,061)	-
Exercise of options	4,479	-	-	-	-	-	-	4,479
Fair value of share-based payment transactions	2,318	-	-	-	-	-	-	2,318
Dividends paid	-	-	-	-	-	-	(62,907)	(62,907)
Total transactions with owners recognized directly in equity	6,797	-	5,657	-	-	43,404	(111,968)	(56,110)
As at 31 December 2019	1,696,863	147,604	36,605	-	-	246,480	150,057	2,277,609
Comprehensive income	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	193,832	193,832
Actuarial losses (net of deferred tax)	-	-	-	-	-	(1,483)	-	(1,483)
Other comprehensive income	-	-	-	-	-	(1,483)	-	(1,483)
Total comprehensive income	-	-	-	-	-	(1,483)	193,832	192,349
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	7,259	-	-	73,850	(81,109)	-
Exercise of options	(3,722)	-	-	-	-	-	-	(3,722)
Fair value of share-based payment transactions	8,566	-	-	-	-	-	-	8,566
Dividends paid	-	-	-	-	-	-	(62,928)	(62,928)
Total transactions with owners recognized directly in equity	4,844	-	7,259	-	-	73,850	(144,037)	(58,084)
As at 31 December 2020	1,701,707	147,604	43,864	-	-	318,847	199,852	2,411,874

Notes to the financial statements

In accounting policies in 2020, the model for calculating expected credit losses for trade receivables has been amended by including macroeconomic impact in the calculation. In order to take into account, the specific characteristics of segments business, the unique model for determining the impairment of inventories has been separated and adjusted.



MANAGEMENT BOARD

Koprivnica, 26 February 2021

STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited financial statements of Podravka Inc. for the period 1 - 12 2020 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.

Unaudited financial statements of Podravka Inc. for the period 1 - 12 2020 were approved by the Management Board of PODRAVKA Inc. on 26 February 2021.

Corporate Accounting Director:
Julijana Artner Kukec

Board Member:
Davor Doko



Contact

Podravka Inc.
Ante Starčevića 32, 48 000 Koprivnica
www.podravka.hr

Investor Relations
e-mail: *ir@podravka.hr*
Tel: +385 48 65 16 35