

KOPRIVNICA, 30<sup>TH</sup> APRIL 2021

*Podravka Group*  
business results  
for January – March 2021  
UNAUDITED



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# Key financial indicators in 1 – 3 2021



## Key financial indicators in 1 – 3 2021

<b>(in HRK millions)</b>	<b>1 – 3 2020</b>	<b>1 – 3 2021</b>	<b>Δ</b>	<b>%</b>
Sales revenue	1,228.7	1,079.7	(149.1)	(12.1%)
EBITDA <sup>1</sup>	177.2	184.5	7.4	4.2%
Net profit after MI	91.0	105.2	14.2	15.6%
Net cash flow from operating activities	134.5	190.6	56.1	41.7%
Cash capital expenditures	47.2	18.8	(28.4)	(60.2%)
Normalized EBITDA <sup>2</sup>	174.6	184.9	10.3	5.9%
Normalized net profit after MI	89.3	105.5	16.2	18.1%

<b>(in HRK; market capitalization in HRKm)</b>	<b>31.12.2020</b>	<b>31.03.2021</b>	<b>Δ</b>	<b>%</b>
Net debt / normalized EBITDA	1.4	1.0	(0.3)	(24.2%)
Normalized Earnings per share	35.0	37.3	2.3	6.6%
Last price at the end of period	485.0	550.0	65.0	13.4%
Market capitalization	3,391.2	3,846.2	455.0	13.4%
Return on average equity <sup>3</sup>	7.6%	7.7%		+9 bp
Return on average assets <sup>4</sup>	5.1%	5.3%		+18 bp

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

### Key highlights in 1 – 3 2021:

- In 1 – 3 2021, the Podravka Group recorded a revenue decrease of HRK 149.1m (-12.1%), an increase in operating profit (EBIT) of HRK 8.2m (+6.6%) and an increase in net profit of HRK 14.2m (+15.6%),
- Lower sales revenues in 1 – 3 2021 period are primarily a result of an exceptionally significant increase in demand for products of the Food and Pharmaceuticals segments in the comparative period,
- A positive impact on operations came from the optimisation and cost control, and positive movements in foreign exchange differences on trade receivables and trade payables, as well as on borrowings at the Group level, which successfully compensated for lower sales revenues and resulted in the increase in profitability and net profit realised,
- Deleveraging at the Podravka Group level continued by a decrease in borrowings of HRK 41.9m. The net debt to normalized EBITDA ratio for the reporting period was 1.0.

<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 (31.3.2021) and comparative period (31.12.2020) 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 (31.3.2021) and comparative period (31.12.2020) divided by 2. Normalized Net income include the last 12 months period.



## Operations of the *Podravka Group* in conditions of COVID–19 disease



## **Operations of the Podravka Group in conditions of COVID-19 disease**

The outbreak of COVID-19 disease marked 2020 in all the Podravka Group's markets. Business operations in challenging and difficult conditions, due to the outbreak of COVID-19 disease, continued in the first quarter of 2021 as well.

The tightening of epidemiological measures introduced at the end of 2020, in Croatia and most of the countries in which the Podravka Group operates, continued in 2021. Introduction of strict epidemiological measures such as lockdown, introduction of curfew, reduced store opening hours, restrictions on the number of customers in stores, limited movement of people, closure of the Gastro channel, full or partial introduction of online classes, difficult access to health care facilities, reduced number of diagnostic procedures and consequently, lower levels of prescription drugs prescribed also affected the business operations of both segments of the Podravka Group. The sales of the Gastro channel (the Gastro channel includes HoReCa customers, institutional customers, industrial customers, etc.) is directly affected by restrictive measures. The share of Gastro channel sales of the Adria region in total sales revenues of the Podravka Group decreased from 6.7% in the comparative period to 6.6% in the reporting period. The share of Gastro channel sales in the 1 – 3 2021 period on international markets in total sales revenues of the Podravka Group was at the comparative period level and amounted to 1.3%.

In the reporting period, the Podravka Group did not receive subsidies based on difficult business conditions due to the situation caused by COVID-19 disease. The situation caused by COVID-19 disease did not give rise to new financial risks nor did it cause the need for provisions.

Even before the outbreak of COVID-19 disease in the European Union, the Podravka Group 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 disease 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 continued to be 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 to constantly communicate the need to implement the established anti-epidemic measures on a daily basis.

Work organization is still under strict control and in accordance with current epidemiological measures and the recommendations of the competent institutions. All employees, in cases where this is possible, are enabled to work from home, while the allowed number of employees in offices is reduced to a minimum. In order to better inform employees and ensure business continuity and reduce all external risks, a corresponding documentation set of policies and work instructions has been defined, which have been adequately communicated to all users of the Podravka Group's IT system. Despite all the 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.

# Significant events in 1 – 3 2021





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

At its meeting held on 3<sup>rd</sup> February, the Supervisory Board of Podravka Inc. unanimously appointed 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 23<sup>rd</sup> 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.



### ***The Podravka Group increased employees earnings***

At the session held on 18<sup>th</sup> March 2021, the Management Board of Podravka Inc. passed decisions improving the status and position of the Podravka Group's employees. These decisions aimed at increasing employees earnings will be implemented as of 1<sup>st</sup> April 2021.

An additional HRK 21m will be invested in measures to improve employees' rights. This investment in improving the material rights of employees will be offset by savings at other cost levels (savings through simplification of the organisation, savings on general and administrative expenses and marketing expenses).

### ***Proposal for dividend payment***

In accordance with the results achieved in 2020, the Supervisory Board of Podravka Inc. at the session held on April 30, 2021, adopted the proposal of the decision of the Management Board of Podravka Inc. on the use of profit for 2020, and sent it to the General Assembly of Podravka Inc. for its adoption. Based on this decision, it is proposed to pay a dividend to the shareholders of Podravka Inc. in the amount of HRK 9 per share. The final decision on the proposal for dividend payment will be made by the shareholders of Podravka Inc. at the General Assembly of the Company.

# Overview of sales revenues in 1 – 3 2021



## Overview of sales revenues in 1 – 3 2021

The situation caused by COVID-19 disease positively impacted the sales revenues trends in the first quarter of 2020 when was recorded a prominent effect of stockpiling of food and pharmaceutical products by customers in almost all markets in which the Podravka Group is present. Increased demand in the first quarter of 2020 significantly contributed to sales revenues of both business segments and all business units and categories, but this impact cannot be clearly distinguished from the impact of regular demand for products. The impact of the epidemiological situation in the reporting period, in most countries in which the Podravka Group operates, especially in the Adria region (mostly in Croatia), is completely different from the one recorded in the comparative period. Negative impact on sales revenues in the entire reporting period comes from the introduced strict epidemiological measures such as lockdown and curfew, reduced store opening hours, restrictions on the number of customers in stores, limited movement of people, closure of the Gastro channel (includes HoReCa customers, institutional customers, industrial customers, etc.), difficult access to health care facilities, reduced number of diagnostic procedures and consequently, lower levels of prescription drugs prescribed. Epidemiological measures, avoidance of social contacts and wearing masks resulted in the absence of influenza and viral diseases season, specific to the winter period of the year, which contributed to lower sales of Non-prescription drugs. All of the above affected the movements of sales revenues, but this effect cannot be clearly estimated or quantified.

## Sales revenues by segment in 1 – 3 2021

<i>(in HRK millions)</i>	1 – 3 2020	1 – 3 2021	Δ	%
<b>Food</b>	<b>970.9</b>	<b>845.3</b>	<b>(125.5)</b>	<b>(12.9%)</b>
<i>Own brands</i>	915.2	797.6	(117.7)	(12.9%)
<i>Other sales</i>	55.6	47.8	(7.9)	(14.2%)
<b>Pharmaceuticals</b>	<b>257.9</b>	<b>234.3</b>	<b>(23.5)</b>	<b>(9.1%)</b>
<i>Own brands</i>	202.9	183.7	(19.2)	(9.5%)
<i>Other sales</i>	54.9	50.6	(4.3)	(7.9%)
<b>Podravka Group</b>	<b>1,228.7</b>	<b>1,079.7</b>	<b>(149.1)</b>	<b>(12.1%)</b>
<i>Own brands</i>	1,118.2	981.3	(136.9)	(12.2%)
<i>Other sales</i>	110.6	98.4	(12.2)	(11.0%)

### **Movements of the Food segment revenues (1 – 3 2021 compared to 1 – 3 2020):**

- OWN BRANDS recorded HRK 117.7m (-12.9%) lower sales, as a result of the exceptionally high demand and sales of food products from all business units in the comparative period,
- OTHER SALES recorded HRK 7.9m (-14.2%) lower sales, primarily as a result of lower sales of trade goods (primarily poppy seeds) in the markets of Austria and Romania,
- Overall, THE FOOD SEGMENT recorded HRK 125.5m (-12.9%) lower sales,

### **Movements of the Pharmaceuticals segment revenues (1 – 3 2021 compared to 1 – 3 2020):**

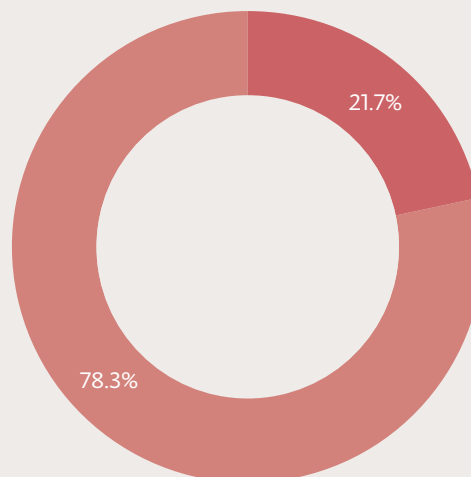
- OWN BRANDS recorded HRK 19.2m lower sales (-9.5%), as a result of the exceptionally high demand for pharmaceutical products, primarily in the OTC drugs category, in the comparative period,
- OTHER SALES recorded HRK 4.3m (-7.9%) lower revenues, due to the decrease in sales of trade goods in the markets of Bosnia and Herzegovina and Croatia,
- Overall, THE PHARMACEUTICALS SEGMENT recorded HRK 23.5m (-9.1%) lower sales revenues,

### **Movements of the Podravka Group revenues (1 – 3 2021 compared to 1 – 3 2020):**

- Podravka Group's OWN BRANDS recorded a decrease in sales of HRK 136.9m (-12.2%),
- The revenues of OTHER SALES are HRK 12.2m (-11.0%) lower,
- Overall, THE PODRAVKA GROUP sales revenues are HRK 149.1m (-12.1%) lower.

### **Sales revenues by segment in 1 – 3 2021**

- Pharmaceuticals segment 21.7%
- Food segment 78.3%





## Sales revenues by business unit and category in 1 – 3 2021

(in HRK millions)	1 – 3 2020	1 – 3 2021	Δ	%
BU Culinary*	265.6	250.9	(14.7)	(5.5%)
BU Baby food, sweets & snacks	114.7	110.8	(4.0)	(3.5%)
BU Podravka food	118.4	104.1	(14.3)	(12.0%)
BU Žito and Lagris	269.2	214.2	(55.0)	(20.4%)
BU Meat products	78.7	64.2	(14.6)	(18.5%)
BU Fish*	68.6	53.4	(15.2)	(22.2%)
Prescription drugs*	158.7	155.8	(3.0)	(1.9%)
Non-prescription programme*	44.2	27.9	(16.2)	(36.8%)
Other sales	110.6	98.4	(12.2)	(11.0%)
<i>Other sales Food*</i>	55.6	47.8	(7.9)	(14.2%)
<i>Other sales Pharmaceuticals</i>	54.9	50.6	(4.3)	(7.9%)
<b>Podravka Group</b>	<b>1,228.7</b>	<b>1,079.7</b>	<b>(149.1)</b>	<b>(12.1%)</b>

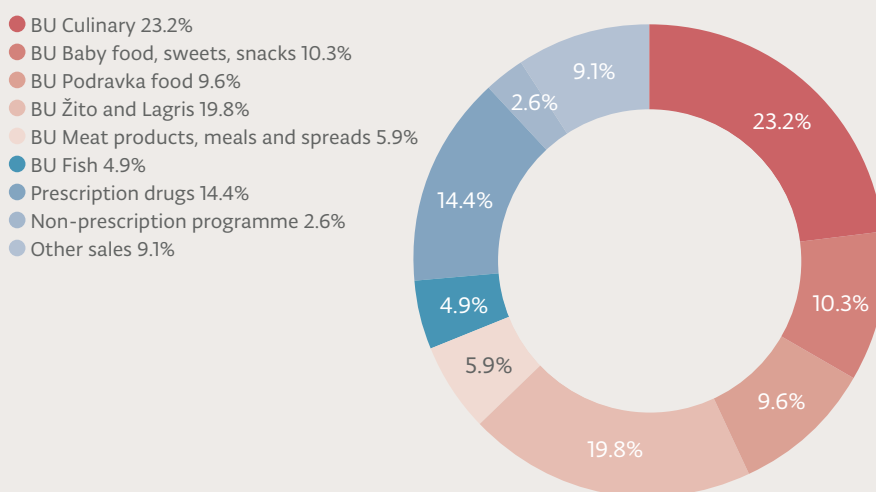
\*The difference in relation to the publication of business results for the period 1 – 3 2020, refers to changes in the categorisation of sales revenues, while at the total level of the period, there were no changes in the amount of sales revenues.

### Movements of revenues by business unit and category (1 – 3 2021 compared to 1 – 3 2020):

- The CULINARY BUSINESS UNIT recorded HRK 14.7m (-5.5%) lower sales, primarily in the Soups category. The business unit recorded growth in the Western Europe and Overseas, and New markets regions, which was not able to cancel out lower sales of other regions,
- The BABY FOOD, SWEETS AND SNACKS BUSINESS UNIT recorded a decline in sales of HRK 4.0m (-3.5%), where the increase in sales of Creamy spreads partially cancelled out the decrease in sales in the Baby food and Sweets categories. The business unit recorded lower sales in most regions, while the sales growth was recorded in the Western Europe and Overseas, and New markets regions,
- The PODRAVKA FOOD BUSINESS UNIT recorded HRK 14.3m (-12.0%) lower sales, primarily following the decrease in sales of the Vegetables, Flour and Tomato categories. The revenue growth was recorded in the markets of the Western Europe and Overseas, and the Central Europe, which partly compensated lower sales of the Adria and the Eastern Europe regions,
- The ŽITO AND LAGRIS BUSINESS UNIT records HRK 55.0m (-20.4%) lower sales than in the comparative period, primarily as a result of lower sales in the categories of Fresh bakery products, Rice, Pulses, porridge and oil products, and private labels, primarily in the markets of the Adria and Central Europe regions,

- The MEAT PRODUCTS, MEALS AND SPREADS BUSINESS UNIT recorded a decrease in sales of HRK 14.6m (-18.5%), primarily due to lower sales of the Canned ready-to-eat meals, Luncheon meat and Pates categories in the markets of the Adria region,
- The FISH BUSINESS UNIT in the observed period recorded HRK 15.2m (-22.2%) lower sales than in the comparative period, primarily due to the decrease in sales of the Tuna and Sardine categories in the Adria region,
- The PRESCRIPTION DRUGS CATEGORY recorded HRK 3.0m (-1.9%) lower sales, primarily due to difficult access to health care institutions in the conditions of COVID–19 disease and reduced number of diagnostic procedures in markets of Bosnia and Herzegovina, the Czech Republic and Poland,
- The revenues of the NON-PRESCRIPTION PROGRAMME CATEGORY are HRK 16.2m (-36.8%) lower, as a result of a decrease in sales of the OTC drugs subcategory, primarily in the market of Croatia, as a result of exceptionally high demand for Non-prescription drugs in the comparative period,
- The OTHER SALES CATEGORY recorded HRK 12.2m (-11.0%) lower sales. In the Food segment, other sales dropped by HRK 7.9m (-14.2%) mainly due to the decrease in sales of the Lagris trade goods (primarily poppy seeds) in the markets of Austria and Romania. In the Pharmaceuticals segment, other sales dropped by HRK 4.3m (-7.9%), primarily due to lower sales of trade goods in the markets of Bosnia and Herzegovina and Croatia.

### Sales revenues by business unit and category in 1 – 3 2021



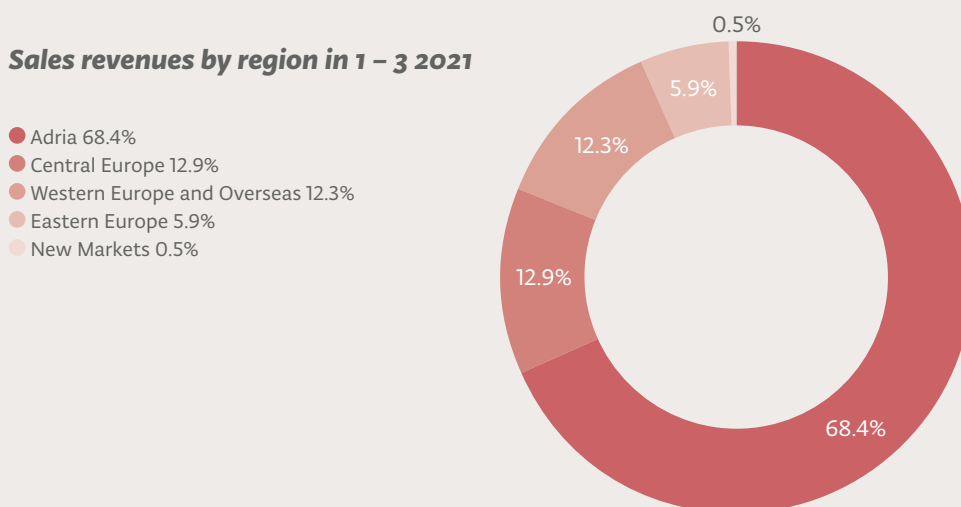
## Sales revenues by region in 1 – 3 2021

<b>(in HRK millions)</b>	<b>1 – 3 2020</b>	<b>1 – 3 2021</b>	<b>Δ</b>	<b>%</b>
<b>Adria</b>	<b>877.2</b>	<b>738.1</b>	<b>(139.1)</b>	<b>(15.9%)</b>
<i>Food</i>	<i>676.3</i>	<i>562.6</i>	<i>(113.7)</i>	<i>(16.8%)</i>
<i>Pharmaceuticals</i>	<i>200.9</i>	<i>175.5</i>	<i>(25.4)</i>	<i>(12.6%)</i>
<b>WE and Overseas</b>	<b>127.9</b>	<b>133.3</b>	<b>5.4</b>	<b>4.3%</b>
<i>Food</i>	<i>127.2</i>	<i>132.9</i>	<i>5.7</i>	<i>4.5%</i>
<i>Pharmaceuticals</i>	<i>0.7</i>	<i>0.4</i>	<i>(0.3)</i>	<i>(43.2%)</i>
<b>Central Europe</b>	<b>155.8</b>	<b>139.4</b>	<b>(16.4)</b>	<b>(10.5%)</b>
<i>Food</i>	<i>136.7</i>	<i>121.4</i>	<i>(15.3)</i>	<i>(11.2%)</i>
<i>Pharmaceuticals</i>	<i>19.1</i>	<i>18.1</i>	<i>(1.0)</i>	<i>(5.5%)</i>
<b>Eastern Europe</b>	<b>64.9</b>	<b>63.2</b>	<b>(1.6)</b>	<b>(2.5%)</b>
<i>Food</i>	<i>27.7</i>	<i>22.9</i>	<i>(4.9)</i>	<i>(17.5%)</i>
<i>Pharmaceuticals</i>	<i>37.1</i>	<i>40.4</i>	<i>3.2</i>	<i>8.7%</i>
<b>New markets</b>	<b>3.0</b>	<b>5.6</b>	<b>2.6</b>	<b>89.2%</b>
<i>Food</i>	<i>3.0</i>	<i>5.6</i>	<i>2.6</i>	<i>89.2%</i>
<i>Pharmaceuticals</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>n/a</i>
<b>Podravka Group</b>	<b>1,228.7</b>	<b>1,079.7</b>	<b>(149.1)</b>	<b>(12.1%)</b>

### Movements of sales revenues by region (1 – 3 2021 compared to 1 – 3 2020):

- The ADRIA REGION recorded a decrease in sales of HRK 139.1m (-15.9%) relative to the comparative period. Food segment revenues decreased by HRK 113.7m (-16.8%), primarily due to the exceptional demand for most product categories recorded in the comparative period. Pharmaceuticals segment revenues are HRK 25.4m lower (-12.6%), primarily due to lower demand and sales of the OTC drugs compared to the same period of the previous year,
- Revenues of the WESTERN EUROPE AND OVERSEAS REGION grew by HRK 5.4m (+4.3%) in the reporting period. The Food segment recorded revenue growth of HRK 5.7m (+4.5%), due to sales increase of almost all business units, with the largest absolute growth generated by the business unit Culinary and the business unit Podravka Food. Pharmaceuticals segment revenues are HRK 0.3m lower (-43.2%) due to the decrease in sales of Prescription drugs (dermatological drugs) in the market of Germany,
- The CENTRAL EUROPE REGION recorded HRK 16.4m (-10.5%) lower revenues. The Food segment recorded HRK 15.3m lower sales (-11.2%), where the increase in sales of the business unit Podravka Food was unable to cancel out lower sales of the business unit Žito and Lagris, primarily in the Basic food and Private labels categories, and lower sales of trade goods. The Pharmaceuticals segment recorded sales decrease of HRK 1.0m (-5.5%), primarily due to lower sales of Prescription drugs in the markets of Poland and the Czech Republic,
- In the reporting period, revenues of the EASTERN EUROPE REGION are HRK 1.6m lower (-2.5%). The Food segment recorded a revenue decrease of HRK 4.9m (-17.5%) and lower sales by most business units. The Pharmaceuticals segment recorded a sales increase of HRK 3.2m (+8.7%), due to the increase in sales of dermatological drugs and OTC drugs,
- The NEW MARKETS REGION recorded a sales growth of HRK 2.6m (+89.2%) as a result of Food segment sales increase by HRK 2.6m (+89.2%), primarily due to the sales increase of Universal seasonings and Creamy spreads.

### Sales revenues by region in 1 – 3 2021





# Profitability in 1 – 3 2021



## Profitability in 1 – 3 2021

**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 2021” section.

### Profitability of the Food segment in 1 – 3 2021

(in HRK millions)	Profitability of the Food segment				Normalized			
	1 – 3 20	1 – 3 21	Δ	%	1 – 3 20	1 – 3 21	Δ	%
Sales revenue	970.9	845.3	(125.5)	(12.9%)	970.9	845.3	(125.5)	(12.9%)
Gross profit	336.7	303.0	(33.7)	(10.0%)	336.7	303.0	(33.7)	(10.0%)
EBITDA*	148.3	135.1	(13.2)	(8.9%)	148.6	135.4	(13.2)	(8.9%)
EBIT	109.8	97.8	(12.0)	(10.9%)	110.0	98.1	(11.9)	(10.9%)
Net profit after MI	87.3	81.0	(6.3)	(7.2%)	87.5	81.3	(6.2)	(7.1%)
Gross margin	34.7%	35.8%		+116 bp	34.7%	35.8%		+116 bp
EBITDA margin	15.3%	16.0%		+70 bp	15.3%	16.0%		+71 bp
EBIT margin	11.3%	11.6%		+26 bp	11.3%	11.6%		+27 bp
Net margin after MI	9.0%	9.6%		+59 bp	9.0%	9.6%		+60 bp

\* 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 2021 compared to 1 – 3 2020):

- In 1 – 3 2021 period, the Food segment recorded a decrease in GROSS PROFIT of HRK 33.7m (-10.0%). The reported gross margin stood at 35.8%, which is an increase in relation to the comparative period. In the reporting period, positive trends in prices of raw materials and supplies were recorded if compared to 1 – 3 2020. The estimated effect of movements in raw materials and supplies in 1 - 3 2021 amounted to positive HRK 1.1m<sup>5</sup> compared to 1 – 3 2020, primarily related to meat and wheat,
- The reported OPERATING PROFIT (EBIT) is HRK 12.0m (-10.9%) lower than in the comparative period, while normalized operating profit is HRK 11.9m (-10.9%) lower. In addition to the impact above the gross profit level, the operating profit was positively affected by cost optimisation, primarily lower provisions for trade receivables, savings on marketing expenses and savings on logistics and distribution costs. In addition to achieved cost control and optimisation, EBIT was also impacted by positive movements in foreign exchange differences on trade receivables and trade payables (HRK +1.9m in 1 – 3 2021; HRK -6.9m in 1 – 3 2020),
- Reported NET PROFIT AFTER MINORITY INTERESTS is HRK 6.3m lower (-7.2%), while normalized net profit after minority interests is HRK 6.2m lower (-7.1%) compared to 1 – 3 2020. In addition to the impact above the EBIT level, net profit was positively impacted by foreign exchange differences on borrowings (HRK +0.1m in 1 – 3 2021; HRK -5.2m in 1 – 3 2020), which compensated for lower finance income. Following the decrease in pre-tax profit, the tax liability is HRK 1.9m lower.

<sup>5</sup> Obtained as used volumes of raw materials and supplies in 1 – 3 2021\*prices in 1 – 3 2021 – used volumes of raw materials and supplies in 1 – 3 2021\*prices in 1 – 3 2020.

## Profitability of the Pharmaceutical segment in 1 – 3 2021

(in HRK millions)	Profitability of the Pharmaceutical segment				Normalized			
	1 – 3 20	1 – 3 21	Δ	%	1 – 3 20	1 – 3 21	Δ	%
Sales revenue	257.9	234.3	(23.5)	(9.1%)	257.9	234.3	(23.5)	(9.1%)
Gross profit	120.5	108.8	(11.7)	(9.7%)	117.7	108.8	(8.8)	(7.5%)
EBITDA*	28.8	49.4	20.6	71.5%	26.0	49.4	23.4	90.1%
EBIT	13.2	33.3	20.2	152.8%	10.4	33.3	23.0	221.8%
Net profit after MI	3.7	24.2	20.5	551.1%	1.8	24.2	22.4	1,256.5%
Gross margin	46.7%	46.4%		-29 bp	45.6%	46.4%		+81 bp
EBITDA margin	11.2%	21.1%		+992 bp	10.1%	21.1%		+1101 bp
EBIT margin	5.1%	14.2%		+911 bp	4.0%	14.2%		+1021 bp
Net margin after MI	1.4%	10.3%		+888 bp	0.7%	10.3%		+963 bp

\* 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 2021 compared to 1 – 3 2020):

- The Pharmaceuticals segment recorded HRK 11.7m (-9.7%) lower reported GROSS PROFIT, and HRK 8.8m (-7.5%) lower normalized gross profit. The reported gross margin is 46.4%, which is at the same level as in the comparative period,
- Reported OPERATING PROFIT (EBIT) is HRK 20.2m (+152.8%) higher, while normalized operating profit is HRK 23.0m (+221.8%) higher. In addition to the impact above the gross profit level, the increase in operating profit is a result of savings and cost optimisation, primarily on marketing expenses. A positive impact also came from movements in foreign exchange differences on trade receivables and trade payables (HRK +3.8m in 1 – 3 2021; HRK -27.1m in 1 – 3 2020),
- Reported NET PROFIT AFTER MINORITY INTERESTS is HRK 20.5m (+551.1%) higher, while normalized net profit after minority interests is HRK 22.4m higher. In addition to the impact above the EBIT level, net profit after minority interests was impacted by favourable movements in foreign exchange differences on borrowings (HRK -0.4m in 1 – 3 2021; HRK -6.3m in 1 – 3 2020). The higher level of pre-tax profit resulted in the increase in tax liability of HRK 4.0m.

## Profitability of the Podravka Group in 1 – 3 2021

(in HRK millions)	Profitability of the Podravka Group				Normalized			
	1 – 3 20	1 – 3 21	Δ	%	1 – 3 20	1 – 3 21	Δ	%
Sales revenue	1,228.7	1,079.7	(149.1)	(12.1%)	1,228.7	1,079.7	(149.1)	(12.1%)
Gross profit	457.2	411.8	(45.4)	(9.9%)	454.4	411.8	(42.5)	(9.4%)
EBITDA*	177.2	184.5	7.4	4.2%	174.6	184.9	10.3	5.9%
EBIT	123.0	131.1	8.2	6.6%	120.4	131.4	11.0	9.2%
Net profit after MI	91.0	105.2	14.2	15.6%	89.3	105.5	16.2	18.1%
Gross margin	37.2%	38.1%		+94 bp	37.0%	38.1%		+117 bp
EBITDA margin	14.4%	17.1%		+267 bp	14.2%	17.1%		+291 bp
EBIT margin	10.0%	12.1%		+214 bp	9.8%	12.2%		+238 bp
Net margin after MI	7.4%	9.7%		+234 bp	7.3%	9.8%		+250 bp

\* 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 2021 compared to 1 – 3 2020):

- In the observed period, the Podravka Group recorded HRK 45.4m (-9.9%) lower reported GROSS PROFIT, while normalized gross profit was HRK 42.5m (-9.4%) lower. Cost of goods sold decreased by 13.4%, with the increase in reported gross margin, which amounted to 38.1% at the end of the reporting period,
- The reported OPERATING PROFIT (EBIT) is HRK 8.2m (+6.6%) higher, while normalized operating profit is HRK 11.0m (+9.2%) higher. In addition to the impact above the gross profit level, the increase in operating profit came from cost optimisation and savings, primarily on marketing expenses in both segments, on logistics and distribution costs and lower provisions for trade receivables in the Food segment. Operating profit was also impacted by favourable movements in foreign exchange differences on trade receivables and trade payables (HRK +5.7m in 1 – 3 2021; HRK -33.9m in 1 – 3 2020),
- Reported NET PROFIT AFTER MINORITY INTERESTS is HRK 14.2m higher (+15.6%), while normalized net profit after minority interests is HRK 16.2m higher (+18.1%). In addition to the impact above the EBIT level, net profit after minority interests was impacted by favourable movements in foreign exchange differences on borrowings (HRK -0.3m in 1 – 3 2021; HRK -11.5m in 1 – 3 2020) relative to the comparative period, and lower finance costs. The tax liability is HRK 2.1m higher.



# Key highlights of the income statement in 1 – 3 2021



## Key highlights of the income statement in 1 – 3 2021

Podravka Group (in HRK millions)	Reported				Normalized			
	1 – 3 20	1 – 3 21	Δ	%	1 – 3 20	1 – 3 21	Δ	%
Cost of goods sold	771.6	667.9	(103.7)	(13.4%)	774.4	667.9	(106.5)	(13.8%)
General and administrative expenses	73.4	76.0	2.6	3.5%	73.2	75.7	2.5	3.4%
Selling and distribution costs	148.2	140.9	(7.3)	(4.9%)	148.2	140.9	(7.3)	(4.9%)
Marketing expenses	81.8	73.9	(7.9)	(9.7%)	81.8	73.9	(7.9)	(9.7%)
Other expenses (income), net	30.8	(10.1)	(40.8)	(132.8%)	30.8	(10.1)	(40.8)	(132.8%)
<b>Total operating expenses</b>	<b>1,105.8</b>	<b>948.5</b>	<b>(157.2)</b>	<b>(14.2%)</b>	<b>1,108.3</b>	<b>948.2</b>	<b>(160.1)</b>	<b>(14.4%)</b>

### Cost of goods sold

Cost of goods sold decreased by 13.4% relative to the comparative period due to a lower level of sales realized, the structure of sales and movements in prices of raw materials and supplies (estimated positive impact in the Food segment of HRK 1.1m<sup>6</sup>, primarily from meat and wheat). On the normalized level, cost of goods sold decreased by 13.8%.

### General and administrative expenses

In relation to the comparative period, general and administrative expenses are HRK 2.6m higher (+3.5%) due to different dynamics of movements in provisions. On the normalized level, general and administrative expenses are HRK 2.5m higher (+3.4%).

### Selling and distribution costs

In the observed period, selling and distribution costs are HRK 7.3m (-4.9%) lower than in the comparative period, primarily as a result of lower provisions for trade payables and lower costs of transportation and services.

### Marketing expenses

In the reporting period, marketing expenses (which include marketing investments expenses and marketing department expenses) are HRK 7.9m lower (-9.7%) than in the comparative period. In the Food segment, marketing expenses decreased by HRK 4.6m (-10.9%), while in the Pharmaceuticals segment the decrease amounted to HRK 3.3m (-8.4%).

<sup>6</sup> Obtained as used volumes of raw materials and supplies in 1 - 3 2021\*prices in 1 - 3 2021 - used volumes of raw materials and supplies in 1 - 3 2021\*prices in 1 - 3 2020.

**Other income (expenses), net**

In the reporting period, other income and expenses, net amounted to HRK -10.1m, while in the comparative period they amounted to HRK +30.8m, mainly due to positive movements in foreign exchange differences on trade receivables and trade payables, which amounted to HRK +5.7m in the 1 – 3 2021 period, while in the comparative period they amounted to HRK -33.9m.

**Net finance costs**

In the observed period, net finance costs amounted to HRK -2.4m, while in the comparative period they amounted to HRK -9.9m. This is mainly a result of favourable movements in foreign exchange differences on borrowings (HRK -0.3m in 1 – 3 2021; HRK -11.5m in 1 – 3 2020) and of HRK 4.6m lower finance income. Interest expenses on borrowings are HRK 1.1m (-35.3%) lower due to refinancing of borrowings under more favourable commercial terms with a continuous decrease in the total borrowings.

**Income tax**

In the 1 – 3 2021 period, the income tax of the Podravka Group is HRK 2.1m (+10.8%) higher than in the comparative period, as a result of higher level of pre-tax profit in the Pharmaceuticals segment.

# Key highlights of the balance sheet as at 31 March 2021





## **Key highlights of the balance sheet as at 31 March 2021**

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

Property, plant and equipment of the Podravka Group are HRK 21.2m or -1.0% lower, compared to 31 December 2020, due to the regular depreciation of the current period.

### **Inventories**

Inventories of the Podravka Group are HRK 31.8m (+3.2%) higher than as at 31 December 2020, and HRK 34.8m (+3.6%) higher than as at 31 March 2020. The movement in inventories compared to 31 March 2020 is primarily the result of the increase in inventories of raw materials and supplies in the Pharmaceuticals segment in the reporting period, partly due to the procurement of sufficient amounts of raw materials and supplies for ensuring production continuity and market supply of drugs with respect to the situation caused by COVID-19 disease, and partly due to lower sales than expected on the Croatian market. Inventories of the Food segment are lower than in the comparative period.

### **Trade and other receivables**

Trade and other receivables of the Podravka Group are HRK 57.3m (+5.9%) higher than as at 31 December 2020, and HRK 45.6m (-4.2%) lower than as at 31 March 2020, in line with the regular operations of the Food segment in the reporting period and exceptional sales growth of food products in the comparative period, while in the Pharmaceuticals segment the increase in receivables is a result of the increase in the number of days to collect receivables on the Croatian market in the reporting period.

### **Cash and cash equivalents**

Cash and cash equivalents of the Podravka Group at the end of the observed period are HRK 126.2m higher (+243.4%) compared to 31 December 2020. This is explained in the “Key characteristics of the cash flow statement in 1 – 3 2021” section.

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

As at 31 March 2021, long-term and short-term borrowings of the Podravka Group are HRK 41.9m lower than as at 31 December 2020. In the observed period, long-term debt is lower by HRK 69.6m due to regular repayments of long-term borrowings. Short-term debt increased by HRK 27.7m as a result of short-term borrowings taken to ensure the required liquidity level in everyday operations.

### **Trade and other payables**

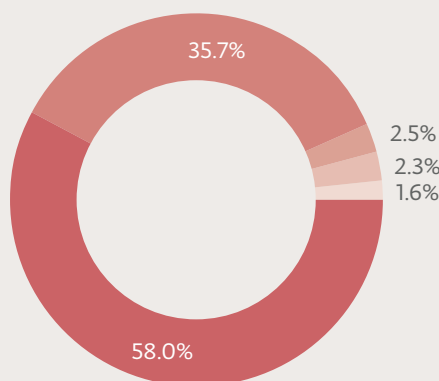
Trade and other payables of the Podravka Group are HRK 100.7m or +18.1% higher compared to 31 December 2020, and HRK 70.6m (-9.7%) lower compared to 31 March 2020. The movement in relation to 31 March 2020 is primarily a result of the procurement of sufficient amounts of raw materials and supplies for ensuring production continuity and market supply of food products from the Food segment in the comparative period.

## Indebtedness

As at 31 March 2021, the total debt of the Podravka Group related to borrowings and other interest-bearing financial liabilities amounted to HRK 744.7m, of which HRK 231.6m relates to long-term borrowings, HRK 409.7m to short-term borrowings, HRK 103.3m to liabilities for right-of-use assets, while HRK 0.2m relates to financial liabilities at fair value through profit or loss. The AVERAGE WEIGHTED COST OF DEBT ON all the stated liabilities as at 31 March 2021 was 1.0%, while if right-of-use assets are excluded it is 0.8%.

## Currency structure of debt as at 31 March 2021

- HRK 58.0%
- EUR 35.7%
- CZK 2.5%
- BAM 2.3%
- Other 1.6%



Analysing the debt currency structure, the highest exposure, of 58.0%, is in the domestic currency (HRK), while the exposure toward the Euro (EUR) has been additionally reduced down to 35.7%. Debt share in the Czech koruna (CZK) amounted to 2.5%, in the Bosnia and Herzegovina mark (BAM) to 2.3%, while the remainder of 1.6% relates to other currencies.

(in HRK millions)*	2020	1 – 3 2021	Δ	%
Financial debt <sup>7</sup>	785.2	744.7	(40.5)	(5.2%)
Cash and cash equivalents	51.9	178.1	126.2	243.4%
Net debt <sup>8</sup>	733.3	566.6	(166.7)	(22.7%)
Interest expense	11.5	10.4	(1.1)	(9.7%)
Net debt / normalized EBITDA	1.4	1.0	(0.3)	(24.2%)
Normalized EBIT / Interest expense	28.3	32.4	4.1	14.5%
Equity to assets ratio <sup>9</sup>	69.4%	69.1%		-24 bp

\* 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 2021 relative to the comparative period is a result of the repayment of a portion of borrowings compared to 31 December 2020. Normalized EBITDA increase with the decline in net debt led to a lower net debt to normalized EBITDA ratio. Normalized EBIT increase with the decrease in interest expense has driven the rise in the interest coverage ratio (Normalized EBIT / Interest expense).

<sup>7</sup> Financial debt: long-term and short-term borrowings + liabilities for right-of-use assets + financial liabilities at fair value through profit or loss. The data is provided in the "Consolidated statements of financial position as at 31 March 2021" 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 2021" section.

# Key highlights of the cash flow statement in 1 – 3 2021



### **Key highlights of the cash flow statement in 1 – 3 2021**

<b>(in HRK millions)</b>	<b>1 – 3 2020</b>	<b>1 – 3 2021</b>	<b>Δ</b>
Net cash flow from operating activities	134.5	190.6	56.1
Net cash flow from investing activities	(46.3)	(13.5)	32.9
Net cash flow from financing activities	121.1	(50.9)	(172.0)
<b>Net increase / (decrease) of cash and cash equivalents</b>	<b>209.3</b>	<b>126.2</b>	<b>(83.0)</b>

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

In the observed period, net cash flow from operating activities amounted to positive HRK 190.6m 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 reported period amounted to negative HRK 13.5m, primarily as a result of capital expenditure amounting to HRK 18.8m. The most significant CAPITAL EXPENDITURES in 1 – 3 2021 were related to:

- investment in vegetable sauces production line, which creates preconditions for new products production and increases the existing vegetable processing capacity,
- investment in the fruit processing line, aseptic line and vacuum boilers, which ensures business continuity and increases productivity,
- investment in the Tetra Pak line relocation from the Umag factory to the Kalnik factory, which will result in the consolidation of vegetable-based products production,
- continued investing activities in the Štagelj facility reconstruction, which creates preconditions for the facility commercialization and allows operating income increase.

All the above capital expenditures are expected to positively impact the operating profitability increase.

In 2021, EXPECTED CAPITAL EXPENDITURES amount to HRK 272.3m and in the 2022-2023 period expected capital expenditures are at a level of approximately HRK 200.0m.

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

In the 1 – 3 2021 period, net cash flow from financing activities amounted to negative HRK 50.9m, mainly as a result of borrowings repayment and repayment of lease liabilities. The difference in relation to the repayment of borrowings in the balance sheet primarily relates to foreign exchange differences.

# Share in 1– 3 2021





### List of major shareholders as at 31 March 2021

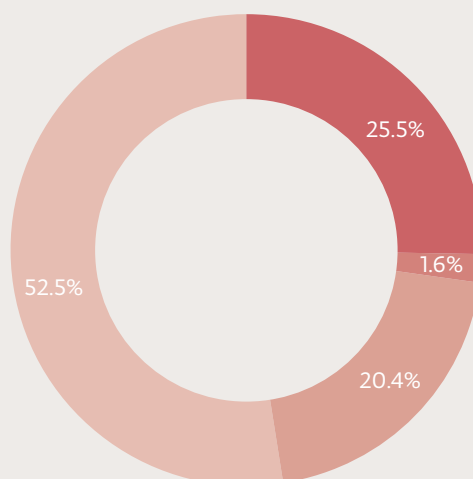
No.	Shareholder	Number of shares	% of ownership
1.	Republic of Croatia*	1,815,376	25.5%
2.	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
3.	AZ mandatory pension fund, category B	917,563	12.9%
4.	Erste Plavi mandatory pension fund, category B	724,373	10.2%
5.	Raiffeisen mandatory pension fund, category B	625,298	8.8%
6.	Podravka Inc. - treasury account	116,916	1.6%
	Other shareholders	1,822,833	25.6%
	<b>Total</b>	<b>7,120,003</b>	<b>100.0%</b>

\* 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. A total of 7,120,003 shares have been issued at nominal price of HRK 220.0 per share. As at 31 March 2021, 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 1.6% 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).

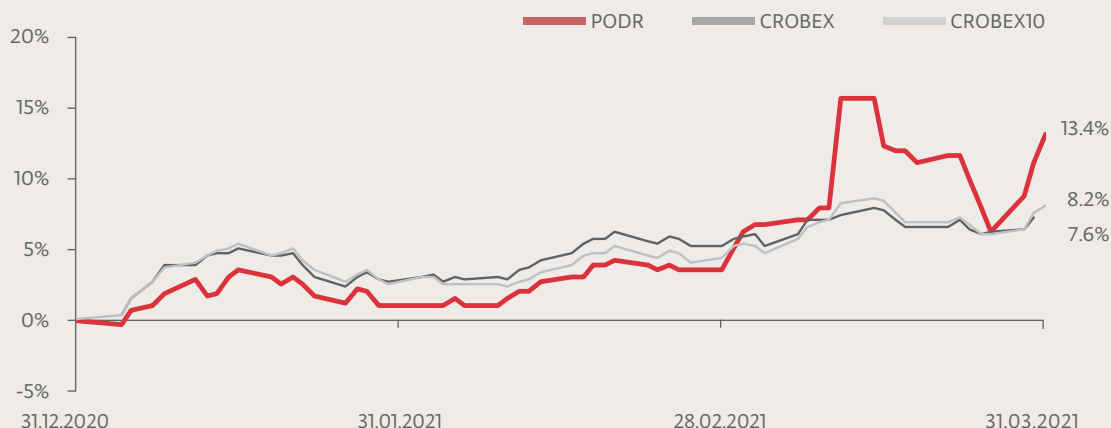
### Ownership structure as at 31 March 2021

- Republic of Croatia 25.5%
- Treasury shares 1.6%
- Others 20.4%
- 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 – 3 2021



<b>(closing price in HRK; closing points)</b>	<b>31 December 2020</b>	<b>31 March 2021</b>	<b>%</b>
PODR	485.0	550.0	13.4%
CROBEX	1,739.3	1,872.2	7.6%
CROBEX10	1,087.8	1,177.0	8.2%

In the reporting period, the price of Podravka's share recorded a double-digit growth of 13.4% compared to the end of 2020, while the comparable CROBEX and CROBEX10 stock indices increased by 7.6% and 8.2%, respectively.

### Result on the Croatian capital market in 1 – 3 2021

<b>(in HRK; in units)<sup>10</sup></b>	<b>1 – 3 2020</b>	<b>1 – 3 2021</b>	<b>%</b>
Weighted average daily price	392.9	506.7	29.0%
Average daily number of transactions	23	12	(48.4%)
Average daily volume	2,078	1,286	(38.1%)
Average daily turnover	816,476.3	651,487.1	(20.2%)

Relative to the comparative period, in the 1 – 3 2021 period, the weighted average daily price of Podravka's share recorded a significant increase of 29.0% despite the simultaneous decrease in other indicators. Compared to 1 – 3 2020, the average daily volume decreased by 38.1%, the average daily turnover decreased by 20.2%, while the average daily number of transactions was almost halved (-48.4%).

<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 HRK millions; last price and earnings per share in HRK)<sup>20</sup>

	2020	1 – 3 2021	%
Last price	485.0	550.0	13.4%
Weighted average number of shares <sup>11</sup>	6,992,087	6,993,021	0.0%
Market capitalization <sup>12</sup>	3,391.2	3,846.2	13.4%
EV	4,179.4	4,470.2	7.0%
Normalized earnings per share <sup>14</sup>	35.0	37.3	6.6%
EV / sales revenue	0.9	1.0	10.6%
EV / normalized EBITDA	7.7	8.1	5.0%
EV / normalized EBIT	12.9	13.3	3.4%
Last price / normalized earnings per share ratio (P / E)	13.9	14.8	6.4%

\*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.

<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.

# Additional tables for 1 – 3 2021



### 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. The table below presents value adjustments to non-current assets in the reporting and the comparative period.

<b>Reported EBITDA calculation</b>		<b>1 – 3 2020</b>			<b>1 – 3 2021</b>		
<b>(in HRK millions)</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	
Reported EBIT	123.0	109.8	13.2	131.1	97.8	33.3	
+depreciation and amortization	54.2	38.5	15.6	53.4	37.3	16.1	
+value adjustment	-	-	-	-	-	-	
<b>Reported EBITDA</b>	<b>177.2</b>	<b>148.3</b>	<b>28.8</b>	<b>184.5</b>	<b>135.1</b>	<b>49.4</b>	

<b>Normalized EBITDA calculation</b>		<b>1 – 3 2020</b>			<b>1 – 3 2021</b>		
<b>(in HRK millions)</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	
Normalized EBIT	120.4	110.0	10.4	131.4	98.1	33.3	
+depreciation and amortization	54.2	38.5	15.6	53.4	37.3	16.1	
+value adjustment	-	-	-	-	-	-	
<b>Normalized EBITDA</b>	<b>174.6</b>	<b>148.6</b>	<b>26.0</b>	<b>184.9</b>	<b>135.4</b>	<b>49.4</b>	



### **One-off items in 1 – 3 2021 and 1 – 3 2020**

In 1 – 3 2021 period, the Food segment incurred HRK 0.3m costs of severance payments for employees on long-term sick leaves, treated by the company's management as one-off item. The Pharmaceuticals segment did not record any one-off items in the reporting period. The estimated impact of the above one-off item on tax of the Food segment is HRK 0.1m (decreases it).

In 1 – 3 2020 period, the Food segment incurred HRK 0.3m costs of severance payments for employees on long-term sick leaves, treated by the company's management as one-off item. In the same period, the Pharmaceuticals segment recorded HRK 2.8m of income related to returns for defective raw materials received in 2018. The estimated impact of the above one-off item on tax of the Food segment is HRK 0.05m (decreases it). The estimated impact of the one-off item on tax of the Pharmaceuticals segment is HRK 0.9m (increases it).

## Normalization of the Profit and Loss Statement by segments

<b>Reported and normalized profitability</b>	<b>1 – 3 2020</b>			<b>1 – 3 2021</b>		
<b>(in HRK millions)</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>
<b>Reported gross profit</b>	<b>457.2</b>	<b>336.7</b>	<b>120.5</b>	<b>411.8</b>	<b>303.0</b>	<b>108.8</b>
+revenues from return of raw materials	(2.8)	-	(2.8)	-	-	-
<b>Normalized gross profit</b>	<b>454.4</b>	<b>336.7</b>	<b>117.7</b>	<b>411.8</b>	<b>303.0</b>	<b>108.8</b>
<b>Reported EBITDA</b>	<b>177.2</b>	<b>148.3</b>	<b>28.8</b>	<b>184.5</b>	<b>135.1</b>	<b>49.4</b>
+revenues from return of raw materials	(2.8)	-	(2.8)	-	-	-
+severance payments (long term sick-leave)	0.3	0.3	-	0.3	0.3	-
<b>Normalized EBITDA</b>	<b>174.6</b>	<b>148.6</b>	<b>26.0</b>	<b>184.9</b>	<b>135.4</b>	<b>49.4</b>
<b>Reported EBIT</b>	<b>123.0</b>	<b>109.8</b>	<b>13.2</b>	<b>131.1</b>	<b>97.8</b>	<b>33.3</b>
+revenues from return of raw materials	(2.8)	-	(2.8)	-	-	-
+severance payments (long term sick-leave)	0.3	0.3	-	0.3	0.3	-
<b>Normalized EBIT</b>	<b>120.4</b>	<b>110.0</b>	<b>10.4</b>	<b>131.4</b>	<b>98.1</b>	<b>33.3</b>
<b>Reported Net profit after MI</b>	<b>91.0</b>	<b>87.3</b>	<b>3.7</b>	<b>105.2</b>	<b>81.0</b>	<b>24.2</b>
+normalizations above EBIT level	(2.6)	0.3	(2.8)	0.3	0.3	-
+estimated impact of normalization on taxes	0.9	(0.0)	0.9	(0.1)	(0.1)	-
<b>Normalized Net profit after MI</b>	<b>89.3</b>	<b>87.5</b>	<b>1.8</b>	<b>105.5</b>	<b>81.3</b>	<b>24.2</b>

# Consolidated financial statements in 1 – 3 2021



## Consolidated Profit and Loss Statement in 1 – 3 2021

<i>(in HRK thousands)</i>	1 – 3 2020	% of sales revenues	1 – 3 2021	% of sales revenues	% change
Sales revenue	1,228,741	100.0%	1,079,680	100.0%	(12.1%)
Cost of goods sold	(771,558)	(62.8%)	(667,858)	(61.9%)	(13.4%)
<b>Gross profit</b>	<b>457,182</b>	<b>37.2%</b>	<b>411,822</b>	<b>38.1%</b>	<b>(9.9%)</b>
General and administrative expenses	(73,438)	(6.0%)	(75,997)	(7.0%)	3.5%
Selling and distribution costs	(148,176)	(12.1%)	(140,857)	(13.0%)	(4.9%)
Marketing expenses	(81,829)	(6.7%)	(73,919)	(6.8%)	(9.7%)
Other (expenses) / income, net	(30,764)	(2.5%)	10,084	0.9%	(132.8%)
<b>Operating profit</b>	<b>122,976</b>	<b>10.0%</b>	<b>131,133</b>	<b>12.1%</b>	<b>6.6%</b>
Financial income	4,946	0.4%	307	0.0%	(93.8%)
Other financial expenses	(187)	(0.0%)	(424)	(0.0%)	126.5%
Interest expenses	(3,154)	(0.3%)	(2,040)	(0.2%)	(35.3%)
Net foreign exchange differences on borrowings	(11,456)	(0.9%)	(274)	(0.0%)	(97.6%)
<b>Net finance costs</b>	<b>(9,851)</b>	<b>(0.8%)</b>	<b>(2,431)</b>	<b>(0.2%)</b>	<b>(75.3%)</b>
<b>Profit before tax</b>	<b>113,124</b>	<b>9.2%</b>	<b>128,702</b>	<b>11.9%</b>	<b>13.8%</b>
Current income tax	(19,089)	(1.6%)	(17,091)	(1.6%)	(10.5%)
Deferred tax	63	0.0%	(3,992)	(0.4%)	6414.7%
<b>Income tax</b>	<b>(19,026)</b>	<b>(1.5%)</b>	<b>(21,083)</b>	<b>(2.0%)</b>	<b>10.8%</b>
<b>Net profit for the year</b>	<b>94,098</b>	<b>7.7%</b>	<b>107,619</b>	<b>10.0%</b>	<b>14.4%</b>
Net profit / (loss) attributable to:					
<b>Equity holders of the parent</b>	<b>91,008</b>	<b>7.4%</b>	<b>105,202</b>	<b>9.7%</b>	<b>15.6%</b>
Non-controlling interests	(3,090)	(0.3%)	(2,417)	(0.2%)	(21.8%)

## Consolidated Balance Sheet as at 31 March 2021

(in HRK thousands)	31 Dec 2020	% share	31 Mar 2021	% share	% change
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	26,819	0.5%	26,819	0.5%	0.0%
Investment property	117,086	2.4%	116,744	2.3%	(0.3%)
Intangible assets	253,155	5.1%	251,797	4.9%	(0.5%)
Property, plant and equipment	2,222,277	45.0%	2,201,098	42.9%	(1.0%)
Right-of-use assets	100,318	2.0%	101,569	2.0%	1.2%
Deferred tax assets	141,411	2.9%	137,576	2.7%	(2.7%)
Non-current financial assets	43,291	0.9%	43,158	0.8%	(0.3%)
<b>Total non-current assets</b>	<b>2,904,357</b>	<b>58.8%</b>	<b>2,878,761</b>	<b>56.1%</b>	<b>(0.9%)</b>
<b>Current assets</b>					
Inventories	980,437	19.8%	1,012,238	19.7%	3.2%
Trade and other receivables	972,996	19.7%	1,030,247	20.1%	5.9%
Financial assets at fair value through profit and loss	106	0.0%	28	0.0%	(73.6%)
Income tax receivable	2,023	0.0%	2,280	0.0%	12.7%
Cash and cash equivalents	51,856	1.0%	178,082	3.5%	243.4%
Non-current assets held for sale	28,873	0.6%	25,298	0.5%	(12.4%)
<b>Total current assets</b>	<b>2,036,291</b>	<b>41.2%</b>	<b>2,248,173</b>	<b>43.9%</b>	<b>10.4%</b>
<b>Total assets</b>	<b>4,940,648</b>	<b>100.0%</b>	<b>5,126,934</b>	<b>100.0%</b>	<b>3.8%</b>



## Consolidated Balance Sheet as at 31 March 2021

<i>(in HRK thousands)</i>	31 Dec 2020	% share	31 Mar 2021	% share	% change
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Share capital	1,706,048	34.5%	1,710,993	33.4%	0.3%
Reserves	951,174	19.3%	955,285	18.6%	0.4%
Retained earnings / (accumulated losses)	714,828	14.5%	820,022	16.0%	14.7%
<b>Attributable to equity holders of the parent</b>	<b>3,372,050</b>	<b>68.3%</b>	<b>3,486,300</b>	<b>68.0%</b>	<b>3.4%</b>
Non-controlling interests	54,932	1.1%	57,449	1.1%	4.6%
<b>Total shareholders' equity</b>	<b>3,426,982</b>	<b>69.4%</b>	<b>3,543,749</b>	<b>69.1%</b>	<b>3.4%</b>
<b>Non-current liabilities</b>					
Borrowings	301,194	6.1%	231,589	4.5%	(23.1%)
Provisions	78,474	1.6%	78,120	1.5%	(0.5%)
Other non - current liabilities	19,129	0.4%	18,424	0.4%	(3.7%)
Right-of-use asset liability	68,642	1.4%	70,470	1.4%	2.7%
Deferred tax liability	39,034	0.8%	39,243	0.8%	0.5%
<b>Total non-current liabilities</b>	<b>506,473</b>	<b>10.3%</b>	<b>437,846</b>	<b>8.5%</b>	<b>(13.5%)</b>
<b>Current liabilities</b>					
Trade and other payables	554,909	11.2%	655,601	12.8%	18.1%
Income tax payable	4,747	0.1%	13,209	0.3%	178.3%
Financial liabilities at fair value through profit and loss	66	0.0%	160	0.0%	142.4%
Borrowings	381,978	7.7%	409,653	8.0%	7.2%
Current portion of long-term debt for right-of-use asset	33,322	0.7%	32,819	0.6%	(1.5%)
Provisions	32,171	0.7%	33,896	0.7%	5.4%
<b>Total current liabilities</b>	<b>1,007,193</b>	<b>20.4%</b>	<b>1,145,339</b>	<b>22.3%</b>	<b>13.7%</b>
<b>Total liabilities</b>	<b>1,513,666</b>	<b>30.6%</b>	<b>1,583,185</b>	<b>30.9%</b>	<b>4.6%</b>
<b>Total equity and liabilities</b>	<b>4,940,648</b>	<b>100.0%</b>	<b>5,126,934</b>	<b>100.0%</b>	<b>3.8%</b>

## Consolidated Cash Flow Statement in 1 – 3 2021

<i>(in HRK thousands)</i>	<b>1 – 3 2020</b>	<b>1 – 3 2021</b>	<b>% change</b>
<b>Profit / (loss) for the year</b>	<b>94,098</b>	<b>107,620</b>	<b>14.4%</b>
Income tax	19,026	21,083	10.8%
Depreciation and amortization	54,183	53,408	(1.4%)
Remeasurement of financial instruments at fair value	(4,903)	172	103.5%
Share based payment transactions	1,606	2,824	75.8%
(Profit) / Loss on disposal of property, plant, equipment and intangibles	(598)	(374)	37.5%
(Profit) / Loss on disposal of assets held for sale	0	(789)	(100.0%)
(Profit) / Loss on write off of right-of-use assets	(71)	(47)	33.8%
Impairment of trade receivables	1,875	(668)	(135.6%)
(Decrease) / Increase in provisions	649	1,371	111.2%
Interest income	(42)	(307)	(631.0%)
Interest expense	2,661	1,629	(38.8%)
Interest expense on right-of-use assets	681	661	(2.9%)
Effect of changes in foreign exchange rates	19,492	2,783	(85.7%)
<b>Changes in working capital:</b>			
(Increase) / Decrease in inventories	(29,173)	(31,802)	(9.0%)
(Increase) / Decrease in trade receivables	(128,914)	(54,823)	57.5%
(Decrease) / Increase in trade payables	113,461	98,998	(12.7%)
<b>Cash generated from operations</b>	<b>144,031</b>	<b>201,739</b>	<b>40.1%</b>
Income tax paid	(6,143)	(8,894)	(44.8%)
Interest paid	(3,339)	(2,215)	33.7%
<b>Net cash from operating activities</b>	<b>134,549</b>	<b>190,630</b>	<b>41.7%</b>

## Consolidated Cash Flow Statement in 1 – 3 2021

<b>(in HRK thousands)</b>	<b>1 – 3 2020</b>	<b>1 – 3 2021</b>	<b>% change</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant, equipment and intangibles	(47,184)	(18,765)	60.2%
Proceeds from sale of property, plant, equipment and intangibles	801	4,968	520.2%
Repayment of loans receivable	4	23	475.0%
Collected interest	42	307	631.0%
<b>Net cash from investing activities</b>	<b>(46,337)</b>	<b>(13,467)</b>	<b>70.9%</b>
<b>Cash flow from financing activities</b>			
Dividend payout	0	(47)	(100.0%)
Acquisition of additional non-controlling interests	0	(74)	(100.0%)
Sale of treasury shares	0	2,035	100.0%
Proceeds from borrowings	228,628	64,372	(71.8%)
Repayment of borrowings	(97,870)	(107,734)	(10.1%)
Repayment of lease	(9,704)	(9,489)	2.2%
<b>Net cash from financing activities</b>	<b>121,054</b>	<b>(50,937)</b>	<b>(142.1%)</b>
<b>Net (decrease) / increase of cash and cash equivalents</b>	<b>209,266</b>	<b>126,226</b>	<b>(39.7%)</b>
Cash and cash equivalents at beginning of the year	55,589	51,856	(6.7%)
<b>Cash and cash equivalents at the end of year</b>	<b>264,855</b>	<b>178,082</b>	<b>(32.8%)</b>

## Consolidated Statement of Changes in Equity in 1 – 3 2021

<b>(in HRK thousands)</b>	<b>Share capital</b>	<b>Reserve for treasury shares</b>	<b>Legal reserves</b>	<b>Reinvested profit reserve</b>	<b>Statutory reserves</b>	<b>Other reserves</b>	<b>Retained earnings/ accumulated loss</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total</b>
<b>As at 1 January 2020</b>	<b>1,698,636</b>	<b>147,604</b>	<b>66,358</b>	<b>189,738</b>	<b>64,046</b>	<b>385,834</b>	<b>620,878</b>	<b>3,173,094</b>	<b>46,334</b>	<b>3,219,428</b>
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	248,934	248,934	7,200	256,134
Foreign exchange differences	-	-	-	-	-	8,141	-	8,141	487	8,628
Actuarial losses (net of deferred tax)	-	-	-	-	-	(2,602)	-	(2,602)	-	(2,602)
Other comprehensive income	-	-	-	-	-	5,539	-	5,539	487	6,026
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,539</b>	<b>248,934</b>	<b>254,473</b>	<b>7,687</b>	<b>262,160</b>
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	10,238	-	3,505	78,312	(92,055)	-	-	-
Subsidiary liquidation	-	-	-	-	-	-	-	-	911	911
Exercise of options	(3,708)	-	-	-	-	-	-	(3,708)	-	(3,708)
Fair value of share-based payment transactions	11,120	-	-	-	-	-	-	11,120	-	11,120
Dividends paid	-	-	-	-	-	-	(62,929)	(62,929)	-	(62,929)
<b>Total transactions with owners recognized directly in equity</b>	<b>7,412</b>	<b>-</b>	<b>10,238</b>	<b>-</b>	<b>3,505</b>	<b>78,312</b>	<b>(154,984)</b>	<b>(55,517)</b>	<b>911</b>	<b>(54,605)</b>
<b>As at 31 December 2020</b>	<b>1,706,048</b>	<b>147,604</b>	<b>76,596</b>	<b>189,738</b>	<b>67,551</b>	<b>469,685</b>	<b>714,828</b>	<b>3,372,050</b>	<b>54,932</b>	<b>3,426,983</b>
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	105,202	105,202	2,417	107,619
Foreign exchange differences	-	-	-	-	-	4,070	-	4,070	207	4,277
Other comprehensive income	-	-	-	-	-	4,070	-	4,070	207	4,277
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,070</b>	<b>105,202</b>	<b>109,273</b>	<b>2,624</b>	<b>111,897</b>
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	8	-	-	-	(8)	-	-	-
Additional acquisition of minority interests	-	-	-	-	-	33	-	33	(107)	(74)
Exercise of options	2,120	-	-	-	-	-	-	2,120	-	2,120
Fair value of share-based payment transactions	2,824	-	-	-	-	-	-	2,824	-	2,824
<b>Total transactions with owners recognized directly in equity</b>	<b>4,944</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>(8)</b>	<b>4,977</b>	<b>(107)</b>	<b>4,870</b>
<b>As at 31 March 2021</b>	<b>1,710,993</b>	<b>147,604</b>	<b>76,604</b>	<b>189,738</b>	<b>67,551</b>	<b>473,788</b>	<b>820,022</b>	<b>3,486,300</b>	<b>57,449</b>	<b>3,543,749</b>

# 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 specifics of the business segments, the single model for determining the value adjustment of inventories was separated and adjusted to a model for the Food segment and a model for the Pharmaceuticals segment.

The audited Annual report of the Podravka Group for 2020 are available at:

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





MANAGEMENT BOARD

Koprivnica, 30 April 2021

## STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Consolidated unaudited financial statements of Podravka Group for the period 1 - 3 2021 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.

Consolidated unaudited financial statements of Podravka Group for the period 1 - 3 2021 were approved by the Management Board of PODRAVKA Inc. on 30 April 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