



Podravka Inc.
business
results for
January -
March 2022
period
UNAUDITED

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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 March 2022

PRESIDENT	Martina Dalić
MEMBER	Ljiljana Šapina
MEMBER	Davor Doko
MEMBER	Milan Tadić

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 – 3 2022
and after the
balance sheet
date



Supervisory Board of Podravka Inc. appointed new Management Board under the continued leadership of Martina Dalić

At the session of the Podravka Inc. Supervisory Board held on 4th February 2022, the decision was made to appoint the Management Board that will lead the company in the five-year mandate, starting from 24th February 2022. The Supervisory Board appointed Martina Dalić, PhD the President of the Management Board, and previous Board members Davor Doko and Ljiljana Šapina received new mandates. The new Management Board members are Milan Tadić, previously Podravka's Head Director for the Adria Region, and Ivan Ostojić, a member of the Management Board of Wüstenrot stambena štedionica and member of the Podravka Supervisory Board, whose mandate will begin as of 1st July 2022.



Impact of the Ukrainian crisis on Podravka Inc.

In 2021, Podravka Inc. generated less than 2.0 % of total revenues in the markets of Russia and Ukraine. The Russian market is not so significant for Podravka Inc. in terms of total sales revenues or in terms of profitability, therefore overall developments in Russia and Ukraine did not have a significant impact on the profitability of Podravka Inc. Following the introduction of EU sanctions against Russia, difficult flow of goods and cash flows and high volatility of the ruble exchange rate, at the end of February Podravka Inc. discontinued all deliveries to Russia. All receivables until then had been secured, there were no problems with the collection of receivables, but the conversion of the Russian ruble was disabled for some time, which coupled with the exchange rate volatility resulted in foreign exchange losses (the impact of foreign exchange differences is explained in the Profitability in 1 – 3 2022 section). Podravka Inc. was not exposed in its operations to banks owned by legal entities from Russia.

The impact of movements of prices of raw materials, supplies and energy on the Podravka Inc. operations

After a sharp increase in the prices of raw materials, supplies and energy in the second half of 2021 due to a recovery in demand following the weakening of the pandemic and due to disruptions in supply chains, the Ukrainian crisis caused an additional rise in all prices of raw materials, supplies and energy in 1 – 3 2022. For example, compared to the beginning of 2021, the stock exchange price of natural gas is higher by 515 %, wheat by 67 %, soybean oil by 65 %, skimmed milk powder by 60 %, etc.¹ These trends had a significant negative impact on Podravka Inc.'s operations, where in the 1 – 3 2022 period, the estimated impact of the movement of prices of raw materials and supplies amounted to negative HRK 22.5m². Maximum efforts were made to increase business efficiency and optimize costs in order to amortize the strong growth of input prices as much as possible with internal reserves, but internal measures could not mitigate such strong price jumps. Consequently, in order to mitigate to some extent, the negative impact of strong growth in prices of raw materials, supplies and energy, Podravka Inc. corrected food prices in its markets, mainly in the range of 7 % to 10 %. Also, in the reporting period, sufficient quantities of raw materials and supplies were procured, in order to prevent potential supply risks and ensure business continuity.

Change in Podravka Inc. organization

In early March 2022, the Management Board of Podravka Inc. adopted a decision to change the organization of Podravka Inc. The goal of the new organization is to enhance and improve the efficiency of Podravka Inc., enable faster reaction and adjustment to market changes, clearer separation of roles and responsibilities between organizational units, clear definition of responsibilities and management roles of corporate functions of Podravka Inc. for the entire Podravka Group and faster and more efficient communication. Podravka Inc. is divided by the new organization into four business areas (Sales, Business Units, Finance, Supply Chain) and eight corporate functions.

The Sales business area is divided into three main divisions – the markets of the Republic of Croatia and the Republic of Slovenia, the market of Southeast Europe and the International markets. The former Adria region has been divided into two divisions for a better focus on the two largest markets of Croatia and Slovenia. The Sales business area is managed by the member of the Management Board of Podravka Inc. for sales, Milan Tadić.

The business area Business Units is divided into eight business units (BU Culinary, BU Soups, BU Cereals, snack and beverages, BU Creamy spreads and desserts, BU Bakery, BU Basic food, BU Meat products, BU Fish) and Quality Control and Corporate Development. Until 1st July 2022, the business area Business Units will be managed by the President of the Management Board of Podravka Inc. Martina Dalić, and from 1st July 2022 by the member of the Management Board of Podravka Inc. for business units, Ivan Ostojić.

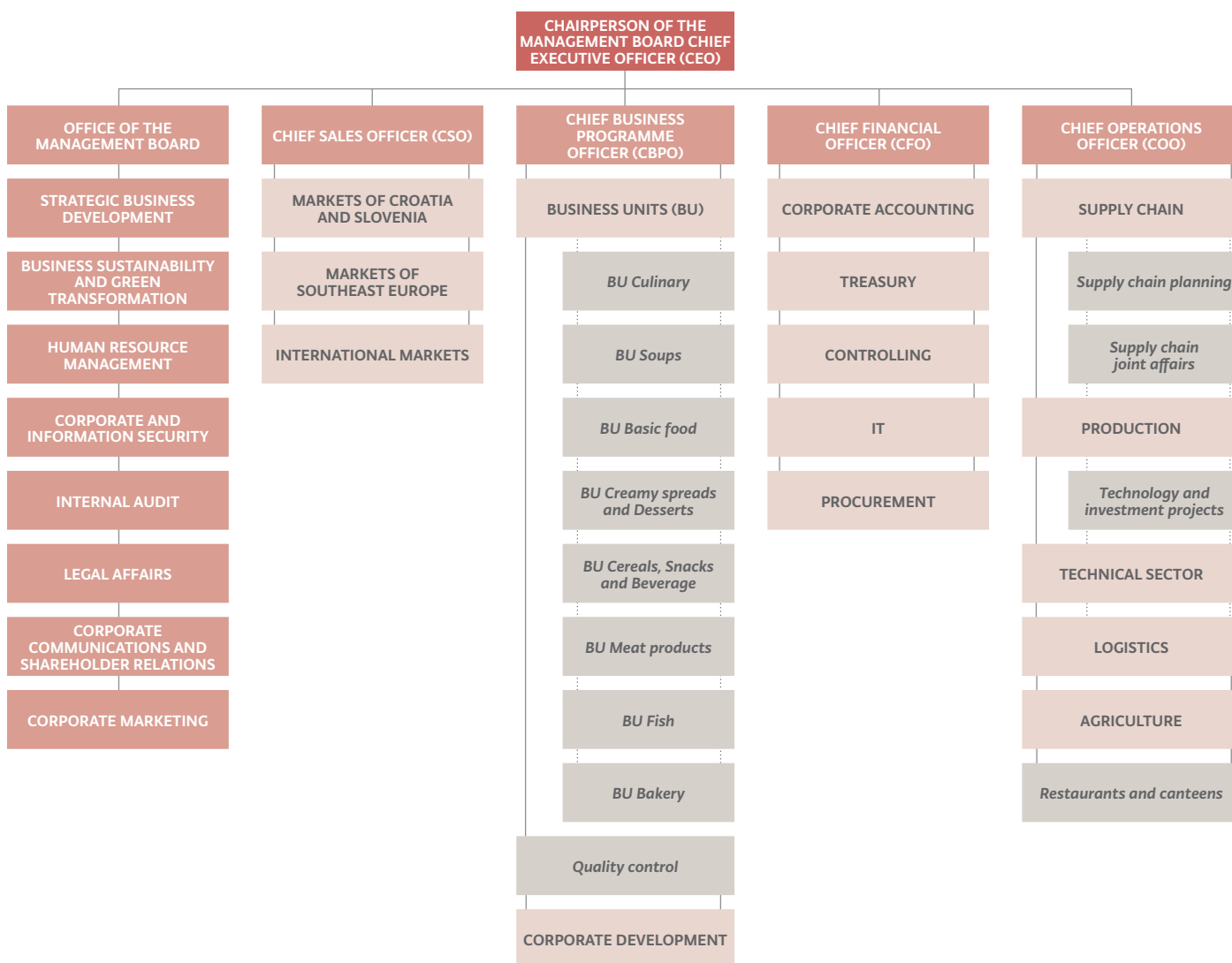
¹ Source Mintec global, a specialized platform for monitoring the prices of commodities. These numbers represent price trends on 31 March 2022 compared to 31 December 2020 on world exchanges (TFT Netherlands and Central European Gas Hub, Euronext Paris, CME Chicago, NZX New Zealand).

² Obtained as used volumes of raw materials and supplies in 1 – 3 2022*prices in 1 – 3 2022 – used volumes of raw materials and supplies in 1 – 3 2022*prices in 1 – 3 2021.

The business area Finance is divided into Corporate Accounting, Treasury and Controlling, and after the reorganization it also includes Procurement and IT. The business area Finance is managed by the member of the Management Board of Podravka Inc. for finance Davor Doko.

The business area Supply Chain includes Manufacturing, Technical Sector, Logistics, Agriculture, and Supply Chain Planning, Supply Chain Joint Operations, Technology and Investment Projects, and Restaurants and Canteens. The Production Sector manages all factories in Croatia, and the Supply Chain business area is managed by the member of the Management Board of Podravka Inc. for the supply chain, Ljiljana Šapina.

Corporate functions include Strategic Business Development, Business Sustainability and Green Transformation, Human Resource Management, Corporate and IT Security, Internal Audit, Legal Affairs, Corporate Communications and Stakeholder Relations, Corporate Marketing and the Office of the Management Board. Corporate functions are in charge of managing appropriate operations at the level of the Podravka Group, and they are managed by the President of the Management Board of Podravka Inc. Martina Dalić.



In line with the business trends and company's needs, and in order to place greater emphasis on strategy management and the impact of green policies, a stronger role is given to the Strategic Business Development and Business Sustainability and Green Transformation sectors. This is the result of the growing global emphasis on sustainable business and the focus of investors on the non-financial part of business. Through a proactive approach, Podravka Inc. has integrated the ESG report into its Annual Report and is continuously improving the range of information in accordance with the relevant European Union regulations in order to provide investors with all relevant information necessary for valuations. The next step in the transparency of non-financial reporting is the development of a Green Strategy, which will cover the operations of all parts of Podravka Inc. and which will define the goals of sustainable development of Podravka Inc., as well as procedures for achieving the defined goals.

Podravka's management and professional team has recently been strengthened by experts with knowledge and experience, who came from established companies where they had significant careers and excellent business results, and who will bring new business standards and practices to Podravka Inc. However, the new organization is equally an opportunity for advancement for Podravka's internal experts and managers who have many years of business experience and knowledge.

Change of Podravka Inc. organization brought a more evident application of the ESG criteria

In accordance with the ESG criteria and the Code of Ethical Principles³, Podravka Inc. is committed to equal opportunities and equality of all employees regardless of gender and to a zero tolerance for any form of discrimination. With 40 % of women in the Management Board and 33 % in the Supervisory Board, Podravka Inc. is among the leaders of gender equality in Croatia, and with the implementation of the new organization from 1st April 2022, the share of women in top management increased from 24 % to 43 %. As at 31st March 2022, 47 % of employees of Podravka Inc. were women, and out of the total number of employees with higher education, women make up as much as 62 %. Although the gender pay gap is 4.3 %, it is far below the national average (11.2 %) and the EU average (13.0 %). The intention of Podravka Inc. is to further reduce the pay gap between male and female employees in the coming period through various measures. More detailed quantitative indicators of the Social criteria are available within the ESG report in the Annual Report of Podravka Inc. for 2021.⁴

Podravka Inc. increased employees' earnings

On 11th February 2022, the Management Board of Podravka Inc. passed decisions increasing the salaries and earnings of Podravka Inc. employees, which is the second salary increase in less than a year, and which is effective from 1st March 2022 for payment in April. This decision was made following the efforts of the Management Board to continuously improve the position of employees in the company as well as their material rights.

The increase in earnings was carried out through the increase in the performance coefficient by 0.15 for all employees, which covered more than 3000 employees of Podravka Inc. and the increase in coefficients for part of skilled and highly skilled workers. In addition, additional coefficients were created for employees with higher education, thus opening the possibility for the advancement of employees with higher education. Also, an additional budget was allocated

³ Available at <https://www.podravka.com/investors/corporate-governance/documents/>.

⁴ Available at <https://www.podravka.com/investors/financial-reports/>.

for employees working in positions that require higher education in order to reward those workers who are the most productive and who had outstanding business results in the previous period.

Taking into account the increase in 2021 and 2022, in less than a year net earnings of Podravka Inc. employees increased on average between HRK 980 and HRK 1,150, or on average between 18 % and 28 %, depending on education and working conditions. The new salary increase in 2022 represents an increase in investments in employee earnings of around HRK 35m annually, while in 2021 investments in salaries increased by HRK 19m, so that in less than a year Podravka Inc. has invested more than HRK 54m in improving salaries and total employees' earnings. In 2022, staff costs will not grow above the above mentioned amounts, but it is expected that the improvement of employees' material rights will continue in the coming years in accordance with the possibilities and results of Podravka Inc.

Podravka Inc. investment cycle implemented in line with the adopted strategy

The project of building a new logistics and distribution centre in Koprivnica is carried out according to plan. The development of the conceptual design is in progress, and in the coming period it is planned to order machinery and project design with the aim of starting construction work in the autumn of 2022, while the deadline for completion of the investment will define the period for machinery delivery. With the construction of the LDC, Podravka Inc. will increase its efficiency in the logistics and distribution segment of operations through the optimization of the number of warehouses, minimization of internal transport and greater cost control. This will also have a positive impact on the environment through the reduction of carbon dioxide.

During the first quarter of 2022, the LEAN management implementation program was launched in Podravka with a focus on improving business processes and increasing productivity in the areas of production, maintenance and logistics. Through education and training of employees, the implementation of methodology and tools is carried out that will continuously improve the processes, facilitate work and increase employee safety, and reduce unnecessary activities in the system, thus optimizing the use of resources (time, materials and energy). Also, at a production site, the Soups and Vegeta factory, a pilot project of production management system digitalization was launched, which digitalizes the monitoring, recording and control of work on production lines, which will enable better plant efficiency and use of production resources. After the system implementation at the mentioned production site, further expansion of the system to other production sites is expected during the last quarter of 2022. At the end of the third quarter of 2022, the solar power plant at the Danica site is expected to start operating, which puts additional focus on the use of renewable energy sources, in order to increase energy efficiency and the share of renewable sources in electricity production.

In the first quarter of 2022, an investment in the expansion of the Soups and Vegeta factory in Koprivnica was launched, where the machinery was ordered, and the start of construction work is expected in the autumn. This investment will ensure stability and security in the availability of industrial pasta as a strategic raw material in the production of soups, which is one of the most profitable categories of the food products portfolio. For the Soups and Vegeta factory it should be noted that the already launched investment in the bouillon cubes packaging line will be finalized by the end of the year in accordance with the investment plan. Initiated investments in new production lines in the Kalnik

factory (processing lines, filling lines, relocation of lines from the Umag factory) will be realized by the end of 2022, and will result in raising the level of production efficiency and creating preconditions for production of innovative products, while the launched investment in the line for the production of extruded products in the Cocktail snacks factory is expected to be completed in the third quarter of 2022.

Investment in agricultural machinery and irrigation in the Republic of Croatia is carried out in accordance with the plan and is expected to be completed by the end of June, i.e. before the start of the season. The goal of the investment is to reduce the procurement cost of raw materials and services of agro-technical operations and to increase self-sufficiency and reduce dependence on imported raw materials. Investments in the modernization and maintenance of machinery have begun in accordance with the annual investment plan, most of which will be finalized by the end of the year. Also, Podravka Inc. is investing in the modernization of its truck fleet, which will result in a reduction in maintenance costs and an increase in the efficiency, timeliness and reliability of transport and distribution of products.

The investment in air conditioning of production plants in Koprivnica and Varaždin is being completed in accordance with the defined deadlines, while works on the reconstruction and modernization of the office building in Koprivnica are proceeding according to plan and completion is expected by the end of July.

Podravka Inc. presented new Vegeta BIO with organically grown vegetables and spices

In March 2022, Podravka Inc. presented its new product – Vegeta BIO – which contains 400 grams of fresh organically grown vegetables. This product was designed in response to the needs of increasingly demanding consumers in Central and Western Europe, and has found its place also on Croatian shelves, following the trends of healthy food. As the increase in consumer awareness of proven and sustainable products is at the highest levels so far, the Vegeta brand, which is an unquestionable guarantee of quality, has brought a novelty that meets all the set consumer prerequisites. Vegeta BIO contains organically grown vegetables and spices, and with a combination of sea salt, it is an ideal universal food seasoning that will perfectly complement any dish. The development of the food portfolio in the BIO segment is in line with nutritional preferences and increasing consumer awareness of the importance of a healthy diet.

Proposition to pay dividend in cash

At the session held on 4th April 2022, the Supervisory Board of Podravka Inc. adopted the proposal of the decision of the Management Board of Podravka Inc. on the use of profit for 2021, which will be submitted to the General Assembly of Podravka Inc. to vote on. The proposed dividend to the shareholders of Podravka Inc. is in the amount of HRK 13 per share. If the General Assembly approves the dividend distribution proposition, the dividend will be paid on 12th August 2022 to all shareholders registered in the register of shareholders on 14th July 2022. Taking into account the last market price of the Podravka Inc. share (HRK 630.0) on the day of the announcement of the dividend distribution proposition, the proposed dividend amount implies a dividend yield of 2.1%. By continuity in dividend yield over the years, Podravka Inc. places emphasis on communication and focus on meeting the expectations set by shareholders.

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

Operations in the conditions of COVID-19 disease continued in the first quarter of 2022, and Podravka Inc. continuously monitored the situation and took preventive and corrective measures in real time to manage potential health and business risks, while the organization of work was under strict control and in accordance with epidemiological measures and recommendations of the competent institutions. Measures to combat COVID-19 were applied differently in different markets in which Podravka Inc. operates, so the impacts on business were different from market to market. In the reporting period, sales revenues grew, and it is not possible to quantify or assess the impact of COVID-19 disease and epidemiological measures on sales revenue trends. However, the recovery of the Gastro channel (HoReCa customers, institutional customers, industrial customers, etc.) is noticeable, primarily in the markets of Croatia and Slovenia. In the reporting period, Podravka Inc. did not receive any subsidies, there were no financial impacts or risks caused by COVID-19, or value adjustments or any other situation that could be connected with COVID-19 disease.



Key business
highlights of
Podravka Inc.

in 1 – 3 2022



Key business highlights of Podravka Inc. in 1 – 3 2022

NOTE: At the beginning of March 2022, Podravka Inc. completed the process of internal reorganization by business units and regions with the aim of increasing business efficiency. The new internal reorganization defined eight business units instead of the previous six, and a new division of regions was made, while the number of regions remained the same. An overview is presented in the “Additional tables for 1 – 3 2022” section for better understanding of business units and regions.

Decimal differences are possible due to rounding.

Overview of sales revenues in 1 – 3 2022

Sales revenues by business unit

<i>(in HRK millions)</i>	1 – 3 2021	1 – 3 2022	Δ	%
BU Culinary	145.8	152.7	6.9	4.8 %
BU Soups	55.6	68.5	13.0	23.4 %
BU Cereals, Snack and Beverages	56.1	55.8	(0.3)	(0.6 %)
BU Creamy spreads and Desserts	46.2	42.4	(3.9)	(8.3 %)
BU Bakery	5.9	7.5	1.6	26.5 %
BU Basic food	96.1	106.4	10.3	10.7 %
BU Meat products	57.5	61.5	4.0	7.0 %
BU Fish	34.9	38.2	3.3	9.5 %
Other sales	28.3	41.6	13.3	47.0 %
Total	526.3	574.5	48.3	9.2 %

Sales revenues by region

<i>(in HRK millions)</i>	1 – 3 2021	1 – 3 2022	Δ	%
Markets of Croatia and Slovenia	278.5	304.0	25.6	9.2 %
Southeastern Europe	102.0	121.6	19.6	19.2 %
WE and Overseas	83.8	87.1	3.3	4.0 %
Central Europe	47.1	48.4	1.3	2.7 %
Eastern Europe	14.9	13.4	(1.5)	(10.0 %)
Total	526.3	574.5	48.3	9.2 %

In the 1 – 3 2022 period, total sales revenues of Podravka Inc. amounted to HRK 574.5m, which is HRK 48.3m (+9.2 %) higher than in the comparative period. Most business units recorded a sales increase, while the business unit Cereals, snack and drinks and the business unit Creamy spreads and sweets recorded lower sales due to lower sales of the Cereals category and the Creamy spreads category. Positive movements are also recorded at the level of all regions, except for the Eastern Europe region, primarily due to the discontinued deliveries to the market of Russia.

Profitability of Podravka Inc. In 1 – 3 2022

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 2022” section.

Decimal differences are possible due to rounding.

(in HRK millions)	Profitability of Podravka Inc.				Normalized			
	1 – 3 2021	1 – 3 2022	Δ	%	1 – 3 2021	1 – 3 2022	Δ	%
Sales revenue	526.3	574.5	48.3	9.2 %	526.3	574.5	48.3	9.2 %
Gross profit	168.4	184.2	15.8	9.4 %	168.4	184.2	15.8	9.4 %
EBITDA*	97.8	106.6	8.8	9.0 %	98.1	106.9	8.8	9.0 %
EBIT	73.2	81.6	8.4	11.4 %	73.6	81.9	8.3	11.3 %
Net profit	58.9	66.4	7.4	12.6 %	59.2	66.6	7.4	12.5 %
Gross margin	32.0 %	32.1 %		+7 bp	32.0 %	32.1 %		+7 bp
EBITDA margin	18.6 %	18.6 %		-2 bp	18.6 %	18.6 %		-4 bp
EBIT margin	13.9 %	14.2 %		+29 bp	14.0 %	14.3 %		+27 bp
Net margin	11.2 %	11.6 %		+35 bp	11.2 %	11.6 %		+34 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 – 3 2022 period, Podravka Inc. gross profit amounted to HRK 184.2m, which is HRK 15.8m (+9.4 %) higher than in the comparative period. The cost of goods sold increased by 9.1 %, with a mild gross margin increase which stood at 32.1 % at the end of the reporting period. The reported operating profit (EBIT) amounted to HRK 81.6m, while in the comparative period it amounted to HRK 73.2m, which is an increase of HRK 8.4m (+11.4 %). In addition to impacts above the gross profit level, EBIT was mainly impacted by the increase in selling costs and costs of logistics and distribution, and an impact also comes from movements in foreign exchange differences on trade receivables and trade payables (HRK +0.2m in 1 – 3 2022; HRK +2.0m in 1 – 3 2021). Reported net profit amounted to HRK 66.4m, which is HRK 7.4m (+12.6 %) higher compared to 1 – 3 2021, while normalized net profit amounted to HRK 66.6m. Net profit was

also affected by movements in foreign exchange differences on borrowings (HRK -0.6m in 1 – 3 2022; HRK -0.2m in 1 – 3 2021). The tax liability is HRK 1.5m higher.

As at 31 March 2022, total assets of Podravka Inc. amounted to HRK 3,292.7m, which is 7.1 % higher than at the end of 2021. The significant increase on the assets side was recorded by trade and other receivables position (HRK +83.8m), cash and cash equivalents position (HRK +82.8m) and property, plant and equipment position (HRK +24.4m), while there was no significant decrease on the assets side. On the equity and liabilities side, an increase is recorded by trade and other payables position (HRK +149.6m), and retained earnings position (HRK +67.0m), while a decrease was recorded by long-term borrowings position (HRK -6.3m) and short-term borrowings position (HRK -6.0m). Indebtedness of Podravka Inc. decreased in the reporting period due to the repayment of a portion of borrowings, which are in total (long-term and short-term) lower by HRK 12.4m.

Cash flow from operating activities in 1 – 3 2022 amounted to positive HRK 148.9m, due to business operations and movements in the working capital. Cash flow from investing activities at the same time amounted to negative HRK 50.9m, 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 15.2m, due to the repayment of borrowings and the payment of lease liabilities. As at 31 March 2022, cash and cash equivalents amounted to HRK 85.3m.

Share in

1 - 3 2022



List of major shareholders as at 31 March 2022

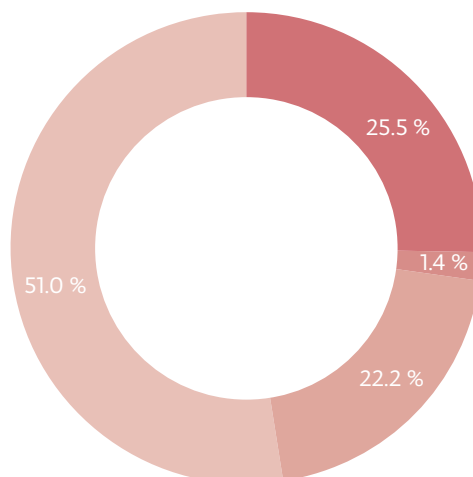
No.	Shareholder	Number of shares	% of ownership
1.	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4 %
2.	AZ mandatory pension fund, category B	921,563	12.9 %
3.	RSC* - Croatian Pension Insurance Institute	727,703	10.2 %
4.	Erste Plavi mandatory pension fund, category B	638,248	9.0 %
5.	Raiffeisen mandatory pension fund, category B	625,298	8.8 %
6.	RSC* - Republic of Croatia	452,792	6.4 %
7.	Capital Fund	406,842	5.7 %
8.	Pivac Brothers Meat Industry	226,659	3.2 %
9.	Republic of Croatia	167,281	2.3 %
10.	Podravka Inc. - treasury account	98,616	1.4 %
	Other shareholders	1,757,357	24.7 %
	Total	7,120,003	100.0 %

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

Podravka Inc. has a stable ownership structure where the most significant stake is held by the Republic of Croatia and domestic pension funds. A total of 7,120,003 shares have been issued at nominal price of HRK 220.0 per share. As at 31 March 2022, the Republic of Croatia holds 25.5 % stake, and domestic pension funds (mandatory and voluntary) hold a total of 51.0 % stake. Podravka Inc. has 1.4 % of treasury shares. Podravka Inc.'s shares have been listed on the Prime Market of the Zagreb Stock Exchange and in eight Zagreb Stock Exchange indices (CROBEX, CROBEX10, CROBEXtr, CROBEX10tr, CROBEXprime, CROBEXplus, CROBEXnutris and ADRIAprime).

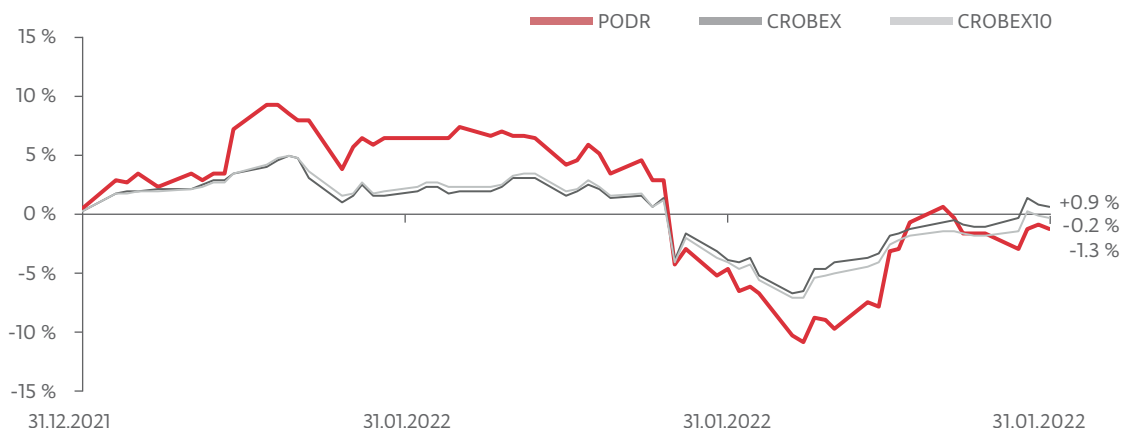
Ownership structure as at 31 March 2022

- Republic of Croatia 25.5 %
- Treasury shares 1.4 %
- Others 22.2 %
- Croatian pension funds** 51.0 %



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

Share price movement in 1 – 3 2022



<i>(closing price in HRK; closing points)</i>	31 December 2021	31 March 2022	%
PODR	632.0	624.0	(1.3 %)
CROBEX	2,079.4	2,098.5	0.9 %
CROBEX10	1,262.3	1,259.8	(0.2 %)

In the reporting period, the price of Podravka's share dropped by 1.3 % compared to 1 – 3 2021, while the CROBEX stock index increased by 0.9 % and CROBEX10 decreased by 0.2 %.


Result on the Croatian capital market in 1 – 3 2022

<i>(in HRK; in units)⁵</i>	1 – 3 2021	1 – 3 2022	%
Weighted average daily price	506.7	637.1	25.7 %
Average daily number of transactions	12	26	116.4 %
Average daily volume	1,286	1,484	15.4 %
Average daily turnover	651,487.1	903,622.9	38.7 %

In the 1 – 3 2022 period, the weighted average daily price of Podravka's share recorded an increase of 25.7 % relative to the comparative period. Compared to 1 – 3 2021, the average daily volume increased by 15.4 %, the average daily turnover increased by 38.7 %, while the average daily number of transactions is 116.4 % higher.

⁵ 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.

An illustration featuring a person with orange hair and sunglasses in the upper right, and a hand holding a watering can in the lower right. The watering can is pouring blue water onto a green plant with blue leaves. The text is centered on the left side.

Additional
tables for
1 – 3 2022

Additional tables for 1 – 3 2022

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

Reported EBITDA calculation	1 – 3 2021	1 – 3 2022
(in HRK millions)	Podravka Inc.	Podravka Inc.
Reported EBIT	73.2	81.6
+amortization and depreciation	24.6	25.0
Reported EBITDA	97.8	106.6

Normalized EBITDA calculation	1 – 3 2021	1 – 3 2022
(in HRK millions)	Podravka Inc.	Podravka Inc.
Normalized EBIT	73.6	81.9
+amortization and depreciation	24.6	25.0
Normalized EBITDA	98.1	106.9

One-off items in 1 – 3 2022 and 1 – 3 2021

In the 1 – 3 2022 period, Podravka Inc. 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 estimated impact of this one-off item on tax is HRK 0.1m (decreases it).

In the 1 – 3 2021 period, Podravka Inc. 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 estimated impact of this one-off item on tax is HRK 0.05m (decreases it).

Normalization of Podravka Inc. Profit and Loss Statement

<i>(in HRK millions)</i>	1 – 3 2021	1 – 3 2022
	<i>Podravka Inc.</i>	<i>Podravka Inc.</i>
Reported EBIT	73.2	81.6
+severance payments (long term sick-leave)	0.3	0.3
Normalized EBIT	73.6	81.9
Reported Net Income	58.9	66.4
+normalizations above EBIT level	0.3	0.3
+estimated impact of normalization on taxes	(0.1)	(0.0)
Normalized Net Income	59.2	66.6

New business units and regions

At the beginning of March 2022, Podravka Inc. completed the process of internal reorganization by business units and regions with the aim of increasing business efficiency. The new internal reorganization defined eight business units instead of the previous six, and a new division of regions was made, while the number of regions remained the same.

BUSINESS UNITS:

- BU CULINARY: Food Seasonings,
- BU SOUPS: Soups, Instant meals,
- BU CEREALS, SNACK AND DRINKS: Cereals, Baby food, Snack, Tea and Beverages,
- BU CREAMY SPREADS AND DESSERTS: Creamy spreads, Desserts,
- BU BAKERY: Bread, Rolls and salt bakery products, Sweet bakery products, Confectionery,
- BU CORE FOOD: Condiments, Tomato products, Processed fruit, Vegetables, Podravka flour, Side dishes, Wellness food,
- BU MEAT PRODUCTS: Ready meals, Pates, Dried Meat and Sausage Products, Chilled ready meals, Other products,
- BU FISH: Fish products, Fish salads, Fish other.

REGIONS:

- **MARKETS OF CROATIA AND SLOVENIA:** Croatia, Slovenia,
- **SOUTHEASTERN EUROPE:** Bosnia and Herzegovina, North Macedonia, Serbia, Montenegro, Kosovo, Bulgaria, Albania, Greece,
- **WESTERN EUROPE AND OVERSEAS:** Germany, Austria, Switzerland, France, Great Britain, Italy, Scandinavia, Benelux, Ireland, Spain, Portugal, Malta, the USA, Canada, Australia, New Zealand, MENA, Africa, Asia, South America,
- **CENTRAL EUROPE:** Poland, the Czech Republic, Slovakia, Hungary, Romania,
- **EASTERN EUROPE:** the Russian Federation, Ukraine, the Baltics, Uzbekistan, Moldova, Belarus, Georgia.

Unconsolidated financial statements in 1 – 3 2022



Unconsolidated Profit and Loss Statement in 1 – 3 2022

<i>(in HRK thousands)</i>	1 – 3 2021	% of sales revenues	1 – 3 2022	% of sales revenues	% change
Sales revenue	526,269	100.0 %	574,537	100.0 %	9.2 %
Cost of goods sold	(357,910)	(68.0 %)	(390,338)	(67.9 %)	9.1 %
Gross profit	168,359	32.0 %	184,199	32.1 %	9.4 %
General and administrative expenses	(34,101)	(6.5 %)	(34,849)	(6.1 %)	2.2 %
Selling and distribution costs	(42,878)	(8.1 %)	(47,667)	(8.3 %)	11.2 %
Marketing expenses	(20,558)	(3.9 %)	(21,373)	(3.7 %)	4.0 %
Other (expenses) / income, net	2,425	0.5 %	1,306	0.2 %	46.1 %
Operating profit	73,246	13.9 %	81,616	14.2 %	11.4 %
Financial income	690	0.1 %	593	0.1 %	(13.9 %)
Other financial expenses	(837)	(0.2 %)	(70)	(0.0 %)	(91.6 %)
Interest expenses	(627)	(0.1 %)	(277)	(0.0 %)	(55.9 %)
Net foreign exchange differences on borrowings	(207)	(0.0 %)	(644)	(0.1 %)	(210.6 %)
Net finance costs	(982)	(0.2 %)	(397)	(0.1 %)	59.6 %
Profit before tax	72,264	13.7 %	81,219	14.1 %	12.4 %
Current income tax	(13,629)	(2.6 %)	(15,984)	(2.8 %)	17.3 %
Deferred tax	303	0.1 %	1,133	0.2 %	273.9 %
Income tax	(13,326)	(2.5 %)	(14,851)	(2.6 %)	11.4 %
Net profit for the year	58,939	11.2 %	66,369	11.6 %	12.6 %

Unconsolidated Balance Sheet as at 31 March 2022

(in HRK thousands)	31 Dec 2021	% share	31 Mar 2022	% share	% change
ASSETS					
Non-current assets					
Intangible assets	85,770	2.8 %	90,412	2.7 %	5.4 %
Property, plant and equipment	826,190	26.9 %	850,585	25.8 %	3.0 %
Right-of-use assets	39,427	1.3 %	38,826	1.2 %	(1.5 %)
Investment property	107,574	3.5 %	107,204	3.3 %	(0.3 %)
Investment in subsidiary	984,188	32.0 %	984,188	29.9 %	0.0 %
Non-current financial assets	37,359	1.2 %	39,467	1.2 %	5.6 %
Deferred tax assets	74,129	2.4 %	75,126	2.3 %	1.3 %
Total non-current assets	2,154,637	70.1 %	2,185,808	66.4 %	1.4 %
Current assets					
Inventories	437,462	14.2 %	456,568	13.9 %	4.4 %
Trade and other receivables	478,856	15.6 %	562,702	17.1 %	17.5 %
Financial assets at fair value through profit and loss	0	0.0 %	0	0.0 %	n/a
Income tax receivable	1,194	0.0 %	1,196	0.0 %	0.2 %
Cash and cash equivalents	2,500	0.1 %	85,326	2.6 %	3313.0 %
Non-current assets held for sale	1,075	0.0 %	1,075	0.0 %	0.0 %
Total current assets	921,087	29.9 %	1,106,867	33.6 %	20.2 %
Total assets	3,075,724	100.0 %	3,292,675	100.0 %	7.1 %

Unconsolidated Balance Sheet as at 31 March 2022

(in HRK thousands)	31 Dec 2021	% share	31 Mar 2022	% share	% change
EQUITY AND LIABILITIES					
Shareholders' equity					
Subscribed capital	1,566,401	50.9 %	1,566,401	47.6 %	0.0 %
Capital gains	186,031	6.0 %	185,579	5.6 %	(0.2 %)
Treasury shares	(39,388)	(1.3 %)	(37,150)	(1.1 %)	(5.7 %)
Reserves	639,649	20.8 %	639,649	19.4 %	0.0 %
Retained earnings / (accumulated losses)	253,248	8.2 %	320,238	9.7 %	26.5 %
Total shareholders' equity	2,605,941	84.7 %	2,674,717	81.2 %	2.6 %
Non-current liabilities					
Borrowings	14,799	0.5 %	8,466	0.3 %	(42.8 %)
Lease liabilities	28,548	0.9 %	27,529	0.8 %	(3.6 %)
Non-current provisions for employee benefits	24,739	0.8 %	24,739	0.8 %	0.0 %
Other non-current provisions	11,577	0.4 %	11,576	0.4 %	(0.0 %)
Total non-current liabilities	79,663	2.6 %	72,310	2.2 %	(9.2 %)
Current liabilities					
Trade and other payables	262,164	8.5 %	411,771	12.5 %	57.1 %
Income tax payable	0	0.0 %	10,396	0.3 %	n/a
Financial liabilities at fair value through profit and loss	35	0.0 %	77	0.0 %	120.0 %
Borrowings	95,601	3.1 %	89,574	2.7 %	(6.3 %)
Lease liabilities	11,981	0.4 %	12,430	0.4 %	3.7 %
Current provisions for employee benefits	20,179	0.7 %	21,240	0.6 %	5.3 %
Other current provisions	160	0.0 %	160	0.0 %	0.0 %
Total current liabilities	390,120	12.7 %	545,648	16.6 %	39.9 %
Total liabilities	469,783	15.3 %	617,958	18.8 %	31.5 %
Total equity and liabilities	3,075,724	100.0 %	3,292,675	100.0 %	7.1 %

Unconsolidated Cash Flow Statement in 1 – 3 2022

<i>(in HRK thousands)</i>	1 – 3 2021	1 – 3 2022	% change
Profit before tax	72,265	81,219	12.4 %
Depreciation and amortization	24,569	25,032	1.9 %
Reversal of impairment of loans given and interest	(58)	(608)	(948.3 %)
Remeasurement of financial instruments at fair value	114	42	(63.2 %)
Share based payment transactions	1,788	319	(82.2 %)
(Profit) / Loss on disposal of long-term assets	(11)	(68)	(518.2 %)
(Profit) / Loss on disposal of assets held for sale	0	(1)	(100.0 %)
Impairment / (Reversal of impairment) of trade and other receivables	(765)	127	116.6 %
Increase / (Decrease) in provisions	1,376	1,061	(22.9 %)
Interest income	(690)	(593)	14.1 %
Interest expense	1,350	305	(77.4 %)
Effect of changes in foreign exchange rates	124	520	319.4 %
Total adjustments	27,797	26,136	(6.0 %)
Changes in working capital:			
(Increase) / Decrease in inventories	1,417	(19,106)	n/a
(Increase) / Decrease in trade receivables	(50,604)	(84,132)	(66.3 %)
(Decrease) / Increase in trade payables	25,182	150,695	498.4 %
Cash generated from operations	76,057	154,812	103.5 %
Income tax paid	(4,208)	(5,603)	(33.2 %)
Interest paid	(1,434)	(350)	75.6 %
Net cash from operating activities	70,415	148,859	111.4 %

Unconsolidated Cash Flow Statement in 1 – 3 2022

(in HRK millions)	1 – 3 2021	1 – 3 2022	% change
Cash flow from investing activities			
Increase of investments in subsidiaries	(74)	0	100.0 %
Purchase of property, plant, equipment and intangibles	(12,297)	(51,005)	(314.8 %)
Proceeds from sale of property, plant, equipment and intangibles	20	115	475.0 %
Proceeds from sale of of assets held for sale	0	1	100.0 %
Repayment of loan receivable	361	0	(100.0 %)
Collected interest	244	34	(86.1 %)
Net cash flow from investing activities	(11,746)	(50,855)	(333.0 %)
Cash flow from financing activities			
Proceeds from borrowings	9,813	25,135	156.1 %
Repayment of borrowings	(53,196)	(37,846)	28.9 %
Purchase of treasury shares	0	(477)	(100.0 %)
Sale of treasury shares	2,035	1,337	(34.3 %)
Repayment of lease	(3,432)	(3,316)	3.4 %
Dividend pay-out	(46)	(11)	76.1 %
Net cash from financing activities	(44,826)	(15,178)	66.1 %
Net (decrease) / increase of cash and cash equivalents	13,843	82,826	498.3 %
Cash and cash equivalents at beginning of the year	2,282	2,500	9.6 %
Cash and cash equivalents at the end of year	16,125	85,326	429.2 %

Unconsolidated Statement of Changes in Equity in 1 – 3 2022

<i>(in HRK thousands)</i>	<i>Subscribed capital</i>	<i>Capital gains</i>	<i>Treasury shares</i>	<i>Provision for treasury shares</i>	<i>Legal reserves</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total</i>
As at 1 January 2021	1,566,401	182,875	(47,569)	147,604	43,864	318,845	199,852	2,411,872
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	245,104	245,104
Actuarial losses (net of deferred tax)	-	-	-	-	-	(416)	-	(416)
Other comprehensive income	-	-	-	-	-	(416)	-	(416)
Total comprehensive income	-	-	-	-	-	(416)	245,104	244,688
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	-	-	9,692	120,060	(129,752)	-
Exercise of options	-	(1,627)	8,181	-	-	-	1,171	7,725
Fair value of share-based payment transactions	-	4,783	-	-	-	-	-	4,783
Dividends paid	-	-	-	-	-	-	(63,127)	(63,127)
Total transactions with owners recognized directly in equity	-	3,156	8,181	-	9,692	120,060	(191,708)	(50,619)
As at 31 December 2021	1,566,401	186,031	(39,388)	147,604	53,556	438,489	253,248	2,605,941
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	66,369	66,369
Actuarial losses (net of deferred tax)	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	66,369	66,369
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	-	-	-	-	-	-
Exercise of options	-	(771)	2,715	-	-	-	621	2,565
Fair value of share-based payment transactions	-	319	-	-	-	-	-	319
Treasury shares purchase	-	-	(477)	-	-	-	-	(477)
Total transactions with owners recognized directly in equity	-	(452)	2,238	-	-	-	621	2,407
As at 31 March 2022	1,566,401	185,579	(37,150)	147,604	53,556	438,489	320,238	2,674,717

Notes to the financial statements

In 1 – 3 2022 period there were no changes in accounting policies.

Podravka Inc. Annual Report for 2021 available at:

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



MANAGEMENT BOARD

Koprivnica, 29 April 2022

STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited financial statements of Podravka Inc. for the period 1 - 3 2022 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 - 3 2022 were approved by the Management Board of PODRAVKA Inc. on 29 April 2022.

Corporate Accounting Director:
Julijana Artner Kuček



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