

KOPRIVNICA, 30TH APRIL 2021

Podravka Inc.
business results for
January – March 2021
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 2021

PRESIDENT	Martina Dalić
MEMBER	Ljiljana Šapina
MEMBER	Davor Doko
MEMBER	Hrvoje Kolarić
MEMBER	Marko Đerek

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

Significant events in 1 – 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 3rd 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 23rd February 2022, i.e. until the expiration of the mandate of the current Management Board.

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

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



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

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

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

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

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

She is the author of numerous professional and scientific papers.

Podravka Inc. increased employees earnings

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

An additional HRK 18m 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.

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



Operations of Podravka Inc. 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 Podravka Inc. 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 reflected on the operations of Podravka Inc. The sales of the Gastro channel (the Gastro channel includes HoReCa customers, institutional customers, industrial customers, etc.) is directly affected by restrictive measures.

Podravka Inc. did not apply for government 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, Podravka Inc. continuously monitored the situation and took preventive and corrective measures in real time to manage potential health and business risks. With the first outbreak of COVID-19 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.

The organization of work 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, and 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 Inc.'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.

Key business highlights of *Podravka Inc.* in 1 – 3 2021



Key business highlights of Podravka Inc. 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 products by customers in almost all markets in which Podravka Inc. is present. Increased demand in the first quarter of 2020 significantly contributed to sales revenues of all business units, 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 Podravka Inc. 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 comes from the introduced strict epidemiological measures, primarily measures such as the introduction of 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.). All of the above affected the movements of sales revenues, but this effect cannot be clearly estimated or quantified.

Decimal differences are possible due to rounding.

Overview of sales revenues in 1-3 2021

Sales revenues by business unit

<i>(in HRK millions)</i>	1 – 3 2020	1 – 3 2021	Δ	%
BU Culinary	211.6	201.5	(10.1)	(4.8%)
BU Baby food, sweets & snacks	100.4	97.8	(2.6)	(2.6%)
BU Podravka food	103.4	90.0	(13.4)	(12.9%)
BU Žito and Lagris	17.7	16.3	(1.4)	(7.7%)
BU Meat products	70.3	56.8	(13.5)	(19.2%)
BU Fish	48.9	35.6	(13.3)	(27.2%)
Other sales	31.7	28.3	(3.4)	(10.7%)
Total	583.9	526.3	(57.6)	(9.9%)

Sales revenues by region

<i>(in HRK millions)</i>	1 – 3 2020	1 – 3 2021	Δ	%
Adria	452.4	380.5	(71.9)	(15.9%)
WE and Overseas	65.3	78.5	13.2	20.2%
Central Europe	48.3	47.1	(1.2)	(2.4%)
Eastern Europe	15.5	14.9	(0.6)	(3.9%)
New markets	2.4	5.3	2.9	117.8%
Total	583.9	526.3	(57.6)	(9.9%)

In the 1 – 3 2021 period, total sales revenues of Podravka Inc. amounted to HRK 526.3m, which is HRK 57.6m (-9.9%) lower than in the comparative period. All business units recorded lower levels of sales due to exceptionally high demand and sales of food products in the comparative period. The most significant decrease in sales was recorded in the Adria region which traditionally holds the largest stake in sales revenues, while the Western Europe and Overseas, and the New markets regions recorded a sales revenues increase.

Profitability of Podravka Inc. 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.

Decimal differences in the document are possible due to rounding.

(in HRK millions)	Profitability of Podravka Inc.				Normalized			
	1 – 3 2020	1 – 3 2021	Δ	%	1 – 3 2020	1 – 3 2021	Δ	%
Sales revenue	583.9	526.3	(57.6)	(9.9%)	583.9	526.3	(57.6)	(9.9%)
Gross profit	178.7	168.4	(10.4)	(5.8%)	178.7	168.4	(10.4)	(5.8%)
EBITDA*	98.3	97.8	(0.5)	(0.5%)	98.6	98.1	(0.4)	(0.4%)
EBIT	73.7	73.2	(0.4)	(0.6%)	73.9	73.6	(0.4)	(0.5%)
Net profit	56.4	58.9	2.6	4.5%	56.6	59.2	2.6	4.6%
Gross margin	30.6%	32.0%		+138 bp	30.6%	32.0%		+138 bp
EBITDA margin	16.8%	18.6%		+175 bp	16.9%	18.6%		+177 bp
EBIT margin	12.6%	13.9%		+130 bp	12.7%	14.0%		+132 bp
Net margin	9.7%	11.2%		+154 bp	9.7%	11.2%		+156 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 2021 period, Podravka Inc. recorded sales revenues of HRK 526.3m, which is HRK 57.6m (-9.9%) lower than in the comparative period. Gross profit amounted to HRK 168.4m, which is HRK 10.4m (-5.8%) lower than in the comparative period. The cost of goods sold decreased by 11.7%, with an increase in the gross margin which at the end of the reporting period amounted to 32.0%. The reported operating profit (EBIT) amounts to HRK 73.2m, while in the comparative period it amounted to HRK 73.7m, which is a decrease of HRK 0.4m (-0.6%). A positive impact on operating profit comes from cost optimisation and savings on several cost levels, primarily on costs of marketing investments and of logistics and distribution costs, as well as from lower provisions for trade receivables. In addition to savings, operating profit was impacted by positive movements in foreign exchange differences on trade receivables and trade payables (HRK +2.0m in 1 – 3 2021; HRK -6.6m in 1 – 3 2020), and positive movements in foreign exchange differences on borrowings (HRK -0.2m in 1 – 3 2021; HRK -5.5m in 1 – 3 2020), which compensated for lower finance income than in the comparative period. Following the increase in pre-tax profit, the tax liability is HRK 0.7m higher. These positive impacts successfully cancelled out the decrease in

sales revenues. The company recorded a net profit of HRK 58.9m, which is HRK 2.6m (+4.5%) higher compared to 1 – 3 2020. Normalized net profit amounted to HRK 59.2m.

As at 31 March 2021, total assets of Podravka Inc. amounted to HRK 3,116.1m, which is 1.9% higher than at the end of 2020. The significant increase on the assets side was recorded by trade and other receivables position (HRK +53.7m), cash and cash equivalents position (HRK +13.8m) and right-of-use assets position (HRK +3.1m), while the significant decrease was recorded by property, plant and equipment position (HRK -7.3m), intangible assets position (HRK -2.0m) and inventories position (HRK -1.4m). On the equity and liabilities side, an increase is recorded by retained earnings position (HRK +58.9m), trade and other payables position (HRK +23.9m) and income tax payable position (HRK +9.4m), while a decrease is recorded by long-term and short-term borrowings positions. Indebtedness of Podravka Inc. decreased in the reporting period due to the repayment of a portion of borrowings (long-term and short-term) which are lower by HRK 43.0m.

Cash flow from operating activities in 1 – 3 2021 amounted to positive HRK 70.4m, due to business operations and movements in the working capital. Cash flow from investing activities at the same time amounted to negative HRK 11.7m, 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 44.8m, due to the repayment of borrowings and the repayment of lease liabilities. As at 31 March 2021, cash and cash equivalents amounted to HRK 16.1m.

Share in 1 – 3 2021



List of major shareholders as at 31 March 2021

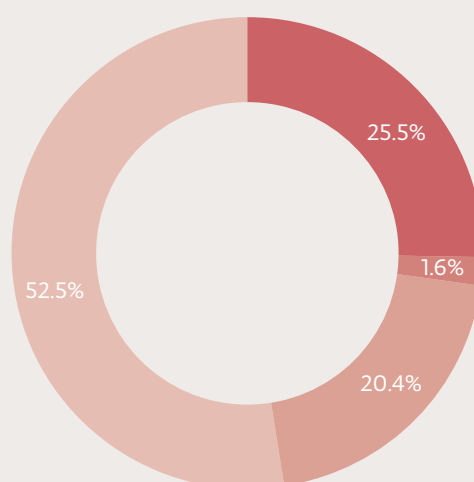
No.	Shareholder	Number of shares	% of ownership
1.	Republic of Croatia*	1,815,376	25.5%
2.	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
3.	AZ mandatory pension fund, category B	917,563	12.9%
4.	Erste Plavi mandatory pension fund, category B	724,373	10.2%
5.	Raiffeisen mandatory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

* The Restructuring and Sale Centre holds 1,241,253 shares through four accounts, Kapitalni fond Inc. holds 406,842 shares, the Republic of Croatia additionally holds 167,281 shares on a separate account.

Podravka Inc. has a stable ownership structure where the most significant stake is held by the Republic of Croatia and domestic pension funds. 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).

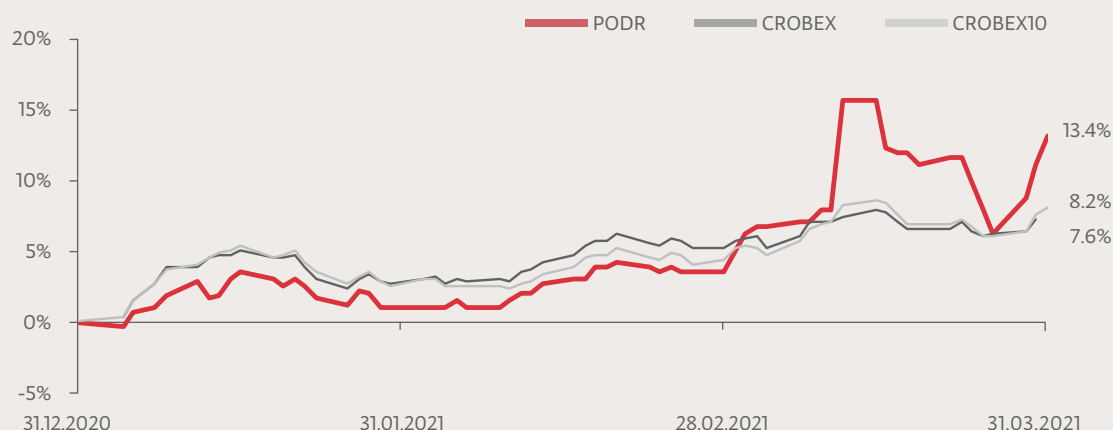
Ownership structure as at 31 March 2021

- 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



<i>(closing price in HRK; closing points)</i>	31 December 2020	31 March 2021	%
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

<i>(in HRK; in units)¹</i>	1 – 3 2020	1 – 3 2021	%
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%).

¹ The weighted average daily price in the reporting period is calculated as the sum of the weighted average daily prices in the reporting period, multiplied by the daily volume weight. The daily volume weight is calculated as a ratio of daily volume and total volume in the reporting period. The formula, Weighted average daily price in the reporting period = \sum average daily price*(daily volume/total volume in the reporting period).

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

Additional tables for 1 – 3 2021



Additional tables for 1 – 3 2021

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 period.

Reported EBITDA calculation	1 – 3 2020	1 – 3 2021
(in HRK millions)	Podravka Inc.	Podravka Inc.
Reported EBIT	73.7	73.2
+amortization and depreciation	24.6	24.6
+value adjustments	-	-
Reported EBITDA	98.3	97.8

Normalized EBITDA calculation	1 – 3 2020	1 – 3 2021
(in HRK millions)	Podravka Inc.	Podravka Inc.
Normalized EBIT	73.9	73.6
+amortization and depreciation	24.6	24.6
Normalized EBITDA	98.6	98.1

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

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 the above one-off item on tax is HRK 0.1m (decreases it).

In the 1 – 3 2020 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 the 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 2020	1 – 3 2021
	<i>Podravka Inc.</i>	<i>Podravka Inc.</i>
Reported EBIT	73.7	73.2
+severance payments (long term sick-leave)	0.3	0.3
Normalized EBIT	73.9	73.6
Reported Net Income	56.4	58.9
+normalizations above EBIT level	0.3	0.3
+estimated impact of normalization on taxes	(0.0)	(0.1)
Normalized Net Income	56.6	59.2

Unconsolidated 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	583,881	100.0%	526,269	100.0%	(9.9%)
Cost of goods sold	(405,149)	(69.4%)	(357,910)	(68.0%)	(11.7%)
Gross profit	178,732	30.6%	168,359	32.0%	(5.8%)
General and administrative expenses	(30,190)	(5.2%)	(34,101)	(6.5%)	13.0%
Selling and distribution costs	(44,277)	(7.6%)	(42,878)	(8.1%)	(3.2%)
Marketing expenses	(24,665)	(4.2%)	(20,558)	(3.9%)	(16.6%)
Other (expenses) / income, net	(5,930)	(1.0%)	2,425	0.5%	(140.9%)
Operating profit	73,671	12.6%	73,246	13.9%	(0.6%)
Financial income	2,647	0.5%	690	0.1%	(74.0%)
Other financial expenses	(953)	(0.2%)	(837)	(0.2%)	(12.1%)
Interest expenses	(896)	(0.2%)	(627)	(0.1%)	(30.0%)
Net foreign exchange differences on borrowings	(5,480)	(0.9%)	(207)	(0.0%)	(96.2%)
Net finance costs	(4,681)	(0.8%)	(982)	(0.2%)	79.0%
Profit before tax	68,989	11.8%	72,264	13.7%	4.7%
Current income tax	(12,003)	(2.1%)	(13,629)	(2.6%)	13.5%
Deferred tax	(612)	(0.1%)	303	0.1%	149.5%
Income tax	(12,616)	(2.2%)	(13,326)	(2.5%)	5.6%
Net profit for the year	56,374	9.7%	58,939	11.2%	4.5%

Unconsolidated Balance Sheet as at 31 March 2021

(in HRK thousands)	31 Dec 2020	% share	31 Mar 2021	% share	% change
ASSETS					
Non-current assets					
Investments in subsidiaries	984,250	32.2%	984,323	31.6%	0.0%
Investment property	109,055	3.6%	108,684	3.5%	(0.3%)
Intangible assets	84,121	2.8%	82,165	2.6%	(2.3%)
Property, plant and equipment	811,568	26.6%	804,311	25.8%	(0.9%)
Right-of-use assets	34,370	1.1%	37,519	1.2%	9.2%
Deferred tax assets	48,390	1.6%	48,693	1.6%	0.6%
Non-current financial assets	37,691	1.2%	37,093	1.2%	(1.6%)
Total non-current assets	2,109,445	69.0%	2,102,788	67.5%	(0.3%)
Current assets					
Inventories	457,306	15.0%	455,889	14.6%	(0.3%)
Trade and other receivables	486,336	15.9%	540,051	17.3%	11.0%
Income tax claims	144	0.0%	159	0.0%	10.4%
Financial assets at fair value through profit and loss	49	0.0%	28	0.0%	(42.9%)
Cash and cash equivalents	2,282	0.1%	16,125	0.5%	606.6%
Non-current assets held for sale	1,075	0.0%	1,075	0.0%	0.0%
Total current assets	947,192	31.0%	1,013,327	32.5%	7.0%
Total assets	3,056,637	100.0%	3,116,115	100.0%	1.9%

Unconsolidated Balance Sheet as at 31 March 2021

<i>(in HRK thousands)</i>	31 Dec 2020	% share	31 Mar 2021	% share	% change
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	1,701,709	55.7%	1,706,988	54.8%	0.3%
Reserves	510,313	16.7%	510,313	16.4%	0.0%
Retained earnings / (accumulated losses)	199,852	6.5%	258,791	8.3%	29.5%
Total shareholders' equity	2,411,874	78.9%	2,476,092	79.5%	2.7%
Non-current liabilities					
Borrowings	92,489	3.0%	59,245	1.9%	(35.9%)
Provisions	34,682	1.1%	34,899	1.1%	0.6%
Right-of-use asset liability	25,830	0.8%	28,309	0.9%	9.6%
Total non-current liabilities	153,001	5.0%	122,453	3.9%	(20.0%)
Current liabilities					
Trade and other payables	297,694	9.7%	321,632	10.3%	8.0%
Income tax payable	476	0.0%	9,913	0.3%	n/p
Financial liabilities at fair value through profit and loss	66	0.0%	160	0.0%	142.4%
Borrowings	166,507	5.4%	156,708	5.0%	(5.9%)
Current portion of long-term debt for right-of-use asset	9,946	0.3%	10,218	0.3%	2.7%
Provisions	17,073	0.6%	18,939	0.6%	10.9%
Total current liabilities	491,762	16.1%	517,570	16.6%	5.2%
Total liabilities	644,763	21.1%	640,023	20.5%	(0.7%)
Total equity and liabilities	3,056,637	100.0%	3,116,115	100.0%	1.9%

Unconsolidated Cash Flow Statement in 1 – 3 2021

(in HRK thousands)	1 – 3 2020	1 – 3 2021	%
Profit / (loss) for the year	68,989	72,265	4.7%
Depreciation and amortization	24,627	24,569	(0.2%)
Reversal of impairment of given loans and interests	0	(58)	(100.0%)
Remeasurement of financial instruments at fair value	(2,073)	114	105.5%
Share based payment transactions	1,606	1,788	11.3%
(Profit) / Loss on disposal of long-term assets	(124)	1	100.8%
(Profit) / Loss on disposal of assets held for sale	(70)	(12)	82.9%
Impairment of trade receivables	1,288	(765)	(159.4%)
(Decrease) / Increase in provisions	(2,089)	1,376	165.9%
Interest income	(574)	(690)	(20.2%)
Interest expense	1,849	1,350	(27.0%)
Effect of changes in foreign exchange rates	5,667	124	(97.8%)
Changes in working capital:			
(Increase) / Decrease in inventories	(3,499)	1,417	140.5%
(Increase) / Decrease in trade receivables	(81,308)	(50,604)	37.8%
(Decrease) / Increase in trade payables	35,927	25,182	(29.9%)
Cash generated from operations	50,216	76,057	51.5%
Income tax paid	(3,491)	(4,208)	(20.5%)
Interest paid	(1,835)	(1,434)	21.9%
Net cash from operating activities	44,890	70,415	56.9%

Unconsolidated Cash Flow Statement in 1 – 3 2021

(in HRK thousands)	1 – 3 2020	1 – 3 2021	%
Cash flow from investing activities			
Increase of investments in subsidiaries	0	(74)	(100.0%)
Purchase of property, plant, equipment and intangibles	(27,811)	(12,297)	55.8%
Proceeds from sale of property, plant, equipment and intangibles	152	20	(86.8%)
Loans given	(1,541)	0	100.0%
Proceeds from given loans	5	361	n/a
Collected interest	309	244	(21.0%)
Net cash flow from investing activities	(28,886)	(11,746)	59.3%
Cash flow from financing activities			
Proceeds from borrowings	130,322	9,813	(92.5%)
Repayment of borrowings	(53,188)	(53,196)	(0.0%)
Sale of treasury shares	0	2,035	100.0%
Repayment of lease	(3,301)	(3,432)	(4.0%)
Dividend payout	0	(46)	(100.0%)
Net cash from financing activities	73,833	(44,826)	(160.7%)
Net (decrease) / increase of cash and cash equivalents	89,837	13,843	(84.6%)
Cash and cash equivalents at beginning of the year	2,180	2,282	4.7%
Cash and cash equivalents at the end of year	92,017	16,125	(82.5%)

Unconsolidated Statement of Changes in Equity in 1 – 3 2021

(in HRK thousands)	Share capital	Reserve for treasury shares	Legal reserves	Reinvested profit reserve	Statutory reserves	Other reserves	Retained earnings/ accumulated loss	Total
As at 1 January 2020	1,696,863	147,604	36,605	-	-	246,480	150,057	2,277,609
<i>Comprehensive income</i>								
Profit for the year	-	-	-	-	-	-	193,832	193,832
Actuarial losses (net of deferred tax)	-	-	-	-	-	(1,484)	-	(1,484)
Other comprehensive income	-	-	-	-	-	(1,484)	-	(1,484)
Total comprehensive income	-	-	-	-	-	(1,484)	193,832	192,348
<i>Transactions with owners recognized directly in equity</i>								
Allocation from retained earnings	-	-	7,259	-	-	73,849	(81,108)	-
Exercise of options	(3,722)	-	-	-	-	-	-	(3,722)
Fair value of share-based payment transactions	8,566	-	-	-	-	-	-	8,566
Dividends paid	-	-	-	-	-	-	(62,929)	(62,929)
Total transactions with owners recognized directly in equity	4,844	-	7,259	-	-	73,849	(144,037)	(58,085)
As at 31 December 2020	1,701,707	147,604	43,864	-	-	318,845	199,852	2,411,872
<i>Comprehensive income</i>								
Profit for the year	-	-	-	-	-	-	58,939	58,939
Actuarial losses (net of deferred tax)	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	58,939	58,939
<i>Transactions with owners recognized directly in equity</i>								
Allocation from retained earnings	-	-	-	-	-	-	-	-
Exercise of options	3,493	-	-	-	-	-	-	3,493
Fair value of share-based payment transactions	1,788	-	-	-	-	-	-	1,788
Total transactions with owners recognized directly in equity	5,281	-	-	-	-	-	-	5,281
As at 31 March 2021	1,706,988	147,604	43,864	-	-	318,845	258,791	2,476,092

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 impairment of inventories has been separated and adjusted.

Podravka Inc. Annual Report for 2020 available at:

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



MANAGEMENT BOARD

Koprivnica, 30 April 2021

**STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING
FINANCIAL STATEMENTS**

Unaudited financial statements of Podravka Inc. 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.

Unaudited financial statements of Podravka Inc. 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



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