



Podravka Inc.
business
results for
January -
December
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 December 2022

| | |
|------------------|-----------------|
| PRESIDENT | Martina Dalić |
| MEMBER | Ljiljana Šapina |
| MEMBER | Davor Doko |
| MEMBER | Milan Tadić |
| MEMBER | Ivan Ostojić |

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

Significant
events in
1 – 12 2022
and after the
balance sheet date



Significant events in 1 – 12 2022 and after the balance sheet date

- *The increase in the prices of raw materials, packaging and energy had a negative impact on Podravka Inc.'s operations, where the cost of raw materials, packaging and energy increased by HRK 185.8m or 20.0 % during 2022. (more details below)*
- *In 2022, salaries and earnings of employees were increased twice. The average net salary of Podravka employees in December 2022 is higher than in December 2021 by 14%. Podravka pays monthly tax-free allowances that increase the net salary and, together with it, make up the net earnings paid to the employees. Accordingly, average net earnings paid in December 2022 were 18% higher than in December 2021. (more details below)*
- *The investment cycle of Podravka Inc. is carried out in accordance with the adopted Strategy. During 2022, Podravka Inc. realized capital expenditure of HRK 307.3m, which is approximately three times the amount realized in 2021 (more details below)*
- *In October, the Poslovni dnevnik's award for best investor relations won (more details below)*
- *Podravka marked its 75th anniversary with a special one-time compensation to employees in the amount of HRK 750 and by donating food worth HRK 750,000 to social supermarkets throughout Croatia*
- *In March, the Decision on the change in Podravka Inc. organization (more details below)*
- *Change in Podravka Inc. organization brought a more prominent application of ESG criteria*
- *In November, Mr. Damir Grbavac appointed President of the Supervisory Board of Podravka Inc.*
- *In October, Mr. Želimir Vukina resigned from the position of president and member of the Supervisory Board of Podravka Inc.*
- *In June, the General Assembly of shareholders of Podravka Inc. was held (more details below)*
- *In February, the Supervisory Board of Podravka Inc. appointed the new Management Board, which continues to be led by Martina Dalić (more details below)*

Increase in prices of raw materials, packaging and energy

After a sharp increase in the prices of raw materials, packaging 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, in 2022, the Ukrainian crisis caused an additional rise in prices of all raw materials, packaging and energy. For example, compared to the beginning of 2021, at the end of 2022 the stock exchange price of natural gas was higher by 252 %, wheat by 45 %, soybean oil by 47 %, skimmed milk powder by 28 %, butter by 57 % etc.¹ During the year, stock price increases were even at higher levels. These trends had a significant negative impact on Podravka Inc.'s operations, where during 2022, the cost of raw materials, packaging and energy increased by HRK 185.8m or +20.0 %. The prices that have been realized in procurement in 2022, which define production costs in the following period, are 2 % to 88 % higher compared to the procurement in 2021. The energy prices (primarily gas and electricity) have significantly increased, which puts great pressure on the increase in expenses.

In response to the strong rise in the prices of input raw materials, a whole series of measures were taken with the aim of reducing or mitigating the increase in operating expenses. In the first part of the year, all business units, through the analysis of their portfolio, carried out the optimization of the product range in such a way that low-profitability products were identified, which were discontinued during the year with a defined dynamic. The optimization of the product range had a negative impact on sales, but it had a positive impact on the profitability of business units. With regard to the trends in energy prices, the dynamics of production was adapted to the movement of energy prices, and alternative cheaper energy sources were used according to the available infrastructure for their use. In procurement, the focus was on the further introduction of new suppliers, and significant savings were achieved through the competition of several suppliers and the increased use of electronic auctions.

The mentioned internal measures mitigated the increase in costs, however, it was not possible to compensate for such strong jumps in the prices of raw materials, packaging and energy. Consequently, in order to mitigate to a certain extent the negative impact of the strong increase in the prices of raw materials, packaging and energy, Podravka Inc. corrected the prices of food products according to its related companies, while on the domestic market of Croatia it increased prices once, at the end of the second quarter.

¹ Source Mintec global, a specialized platform for monitoring the prices of commodities. These numbers represent price trends on 31 December 2022 compared to 31 December 2020 on world exchanges (Title Transfer Facility, Euronext Paris, Chicago Mercantile Exchange, New Zealand Exchange, European Energy Exchange).

Salaries and earnings of employees increased twice during the year

During 2022, the salaries and earnings of employees were increased on two occasions as a result of efforts to continuously improve the material position of employees and protect the value of their incomes from the growing inflation of retail prices. Employees of the Podravka Inc. in Croatia receive, in addition to their net salary, a monthly non-taxable allowance in accordance with legal regulations, which, together with the net salary, makes up the total amount of monthly earnings paid to employees.

The first wave of increases in 2022 was implemented in March when the Management Board of Podravka Inc., despite the strong growth of uncertainty, persisted in implementing the decision on the increase in net salaries and non-taxable earnings that was made before the beginning of the crisis in Ukraine. The second wave of increases in 2022 was implemented in December after the conclusion of the Collective Agreements with the unions operating in the Podravka Group.

During 2022, an additional HRK 50.8m was invested in improving the material position of employees compared to 2021. The overall result of all these efforts is visible in the movement of the average salary and earnings of employees. The average net salary of employees of Podravka Inc. in December 2022 was 14% higher than in December 2021. Average net earnings of employees of Podravka Inc. in December 2022 are higher than those achieved in December 2021 by 18%. The steps made in improving the material position of employees in 2022 brought in Podravka faster salary growth than the national average (8.2% in December), but also inflation (13.1% in December).

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

Despite the pressures on operating expenses due to the exceptional rise in raw material prices, Podravka Inc.'s investment cycle is going according to plan. During 2022, Podravka Inc. realized capital expenditure of HRK 307.3m, which is approximately three times the amount realized in 2021.

The investment in AIR CONDITIONING OF ALL PRODUCTION PLANTS in Koprivnica and Varaždin has been completed. This investment significantly improved working conditions in these factories.

The SOLAR POWER PLANT at the Danica site has been completed and put into operation. This investment has additionally increased the share of renewable sources in electricity production, and this is currently the largest integrated (built on the roofs of existing facilities/ buildings) solar power plant in the Republic of Croatia. The solar power plant has an installed capacity of 3,059 kW (a total of 9,272 panels) and an expected electricity production of 3,266,470 kW per year. It has been built on the roofs of the Soups and Vegeta factory (installed capacity 1,744 kW), the Baby food and creamy spreads factory (installed capacity 939 kW) and part of the Danica meat industry (installed capacity 376 kW). Management decided to speed up the implementation of the second and third phases of the solar power plant construction with the planned completion date of the major share of the investment in 2023. The investment will greatly contribute to the reduction of electricity costs and result in a higher level of production efficiency at production sites, which is of great importance in conditions of strong increases in energy costs. The second phase of the solar power plant construction includes the remaining facilities at the Danica site, and the project documentation has been fully prepared. The third phase of the investment in solar power plants refers to facilities at the Belupo site.

Works on the RECONSTRUCTION AND MODERNIZATION OF THE OFFICE BUILDING in Koprivnica have been completed, the facility was put into use, and the employees moved into the renovated administration building. This is the first complete renovation of the building since 1979, when it was built. The renovation included IT and energy reconstruction and overall modernization, due to which the working conditions of employees will be significantly improved and energy consumption will be reduced. As a result of the complete renovation, the number of workplaces in the building increased from the previous 521 to 586, and the energy class was raised from the previous level D to level A. Thanks to the energy renovation, energy consumption for heating will be reduced by about 82%, which is particularly significant in the circumstances of the huge increase in energy costs. The works on the building were completed on time and within the planned budget, despite numerous challenges such as rising prices and problems with the delivery of materials, especially after the beginning of the crisis in Ukraine. HRK 104.5m was invested in the renovation and modernization, which includes the renovation and modernization of almost 12.5 thousand square meters of interior spaces, as well as the parking lot and the environment.

The investment in the BOUILLON CUBES PACKAGING LINE in the Soups and Vegeta factory, that will result in raising the level of production efficiency, has been finalized and put into operation.

The investment in new PRODUCTION LINES OF THE KALNIK FACTORY in Varaždin was realized, and it will result in raising the level of production efficiency and creating preconditions for production of innovative products. With an investment of HRK 40m, Podravka introduced an innovation in the production and packaging of ajvar and other products, and modernized the factory. The project was co-financed by the EU and the Republic of Croatia with grants in the amount of HRK 19m.

The investment in the line for the PRODUCTION OF EXTRUDED PRODUCTS IN THE COCKTAIL SNACKS FACTORY has been successfully completed. It is an investment worth almost HRK 30m, with the implementation of which Podravka further modernized the technological production process, raised the level of production efficiency and ensured the prerequisites for further growth in sales of existing and new products in the category of breakfast cereals. This investment has also significantly improved working conditions, considering that the investment enabled automation and a continuous and coordinated production process.

An investment in a COMPLETELY ECOLOGICAL AND GREEN TECHNOLOGY FOR THE DISINFECTION OF RAW MATERIALS based on a natural method without the use of chemical substances was realized.

An investment in the EXPANSION OF THE SOUPS AND VEGETA FACTORY in Koprivnica was initiated. This investment will ensure stability and security in the availability of industrial pasta as a strategic raw material in the production of soups, as well as the expansion of the soup finalization capacity, which is one of the most profitable categories of the food product portfolio. The start of commercial production is expected in the second half of 2023.

An investment in the MODERNIZATION AND INCREASE IN THE PRIMARY PROCESSING CAPACITY OF FRESH TOMATOES IN CONTINENTAL CROATIA is underway, which includes the construction of a factory within the existing Kalnik factory in Varaždin. The investment will ensure an increase in the primary processing capacity of fresh tomatoes and the continuity of own production. The completion of the investment is expected at the beginning of 2024.

The project of building a new LOGISTICS AND DISTRIBUTION CENTRE in Koprivnica is carried out according to plan. The conceptual design has been successfully finalized, the designer has been selected, as well as the supplier of logistics technology and the supplier of storage racks. The deadline for completion of the investment will be defined by the period required for machinery delivery and it is expected in the third quarter of 2024. With the construction of the LDC, the Podravka Group will increase its efficiency in the logistics and distribution segment of operations through the optimization of the number of warehouses, minimization of internal transport and better cost control. This will also have a positive impact on the environment through the reduction of carbon dioxide emissions.

The project of production management system DIGITALIZATION at the Soups and Vegeta factory has been completed. This way, the monitoring, recording and control of work on production lines are digitized, which will enable better plant efficiency and use of production resources. During 2023, Podravka's other factories will also be digitized with the aim of enabling "paperless production".

Also, 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. The first results are manifested through an increase in the efficiency of the machinery, i.e. through a reduction in scrap.

Investment in AGRICULTURAL MACHINERY AND IRRIGATION in the Republic of Croatia was realized, and it will result in tripling the areas under irrigation. Namely, own irrigated areas available for planting will increase from around 15 hectares in 2021 to more than 150 hectares in 2023, i.e. in 2024, they will amount to almost 300 hectares. 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. Further procurement of machinery and surface irrigation is being prepared.

During 2022, there were continuous investments in the MODERNIZATION AND MAINTENANCE OF MACHINERY in accordance with the annual maintenance plan. Also, the majority of the investment in the MODERNIZATION OF THE TRUCK FLEET, which will result in a reduction in maintenance costs and an increase in the efficiency, timeliness and reliability of transport and distribution of products, was completed in 2022. The arrival of the rest of the truck fleet is expected in the first quarter of 2023.

Poslovni dnevnik award for best investor relations won

At the conference of the Zagreb Stock Exchange and the fund industry in Dubrovnik, Poslovni dnevnik's awards for the best investor relations were awarded for the 13th time in a row. On that occasion, Podravka received the 2nd award for the best investor relations. Poslovni dnevnik, in cooperation with the Zagreb Stock Exchange, awards the companies that have achieved the best investor relations, and the winners are decided on the basis of statistical criteria related to the issuer's compliance with the Stock Exchange Rules and on the basis of a survey conducted among capital market participants. This is the second time in the last three years that Podravka has received this award, which shows a high level of transparency in reporting and timely and continuous communication of all important business events to investors and the public.

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.

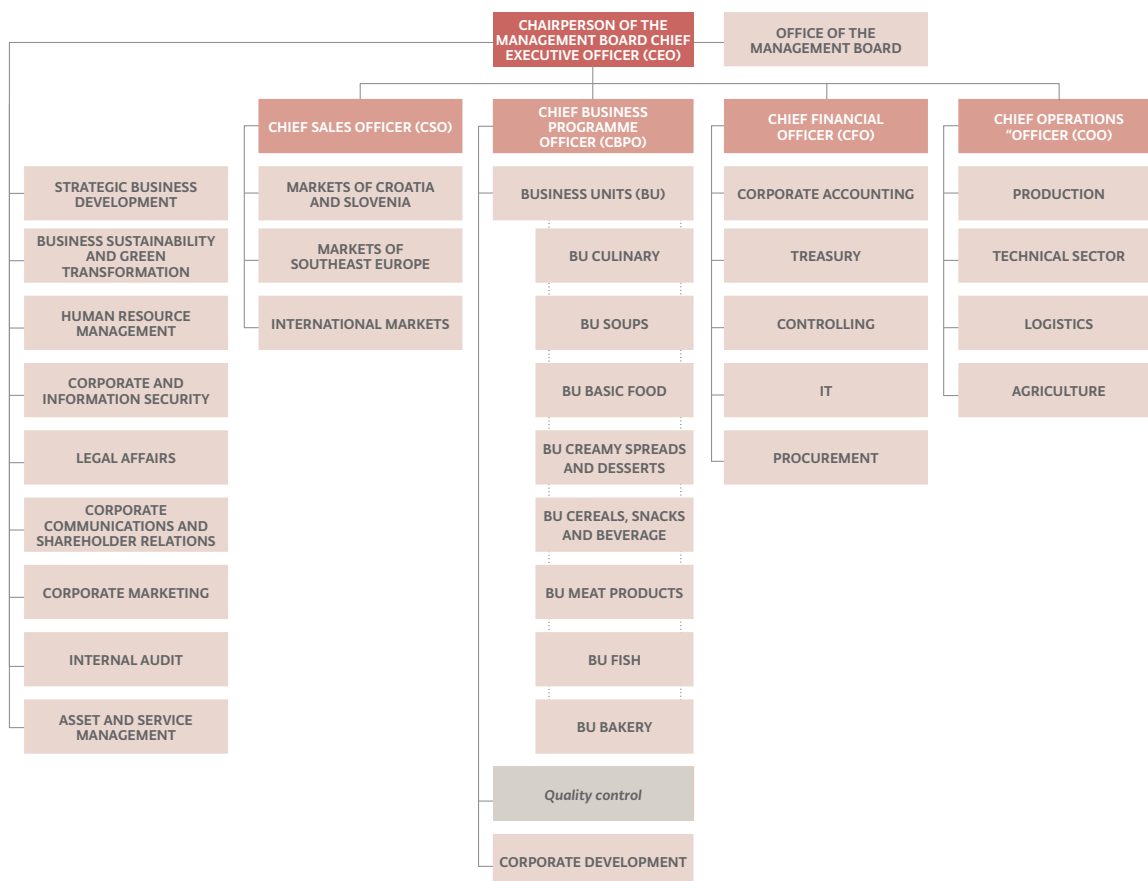
The Sales business area is divided into three main divisions – the markets of the Republic of Croatia and the Republic of Slovenia, the market of Southeastern Europe and the International markets. The former Adria region has been divided into two divisions for a better focus on the two largest markets 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. The portfolio of the previous business unit Žito and Lagris has been divided into other business units according to the product categories, while the bakery has been separated into a separate business unit. Management of the BU Bakery is located in Ljubljana, but in all its activities it operates within the business area Business Units. The business area Business Units is managed by the member of the Management Board of Podravka Inc. for business units, Ivan Ostojić.

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 Production, Technical Sector, Logistics and Agriculture. The Production Sector manages all factories in Croatia. 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 Resources Management, Corporate and IT Security, Legal Affairs, Corporate Communications and Stakeholder Relations, Corporate Marketing, Internal Audit, Asset and Service Management 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 increasing the range of information in accordance with the relevant European Union regulations in order to provide investors with all relevant information necessary for valuations.

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

In accordance with the ESG criteria and the Code of Ethical Principles², 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 25 % in the Supervisory Board as at 31st December 2022, Podravka Inc. is among leaders of gender equality in Croatia, and with the implementation of the new organization from 1st April

² Available at <https://www.podravka.com/investors/corporate-governance/documents/>

2022, the share of women in top management increased from 24 % to 43 %. As at 31st December 2022, 47 % of employees in Podravka Inc. were women, and out of the total number of employees with university education, women make up as much as 61 %. Although there is a gender pay gap of 2.7 %, 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.

Management of Podravka Inc. this year also adopted the Rulebook on the procedure for internal reporting of irregularities and the appointment of a confidentiality officer, which regulates the procedure for internal reporting of irregularities in Podravka Inc., and the procedure for appointing the confidentiality officer for internal reporting of irregularities, in accordance with the Act on the Protection of Whistleblowers, all with the aim of protecting the rights of its employees and creating positive and equal working conditions.

The General Assembly of shareholders of Podravka Inc. held

On 14th June 2022, the General Assembly of shareholders of Podravka Inc. was held. Based on the decision of the General Assembly, there was a change in the composition of the Supervisory Board, and as of 1st July 2022, Damir Grbavac was elected a new member of the Supervisory Board instead of Ivan Ostojić, who became a member of the Management Board of Podravka Inc. on the same day. In September 2022, the mandate of four members of the Supervisory Board expired: Petar Miladin, Luka Burilović, Krunoslav Vitelj and Dajana Milodanović. By the decision of the General Assembly, Petar Miladin, Luka Burilović and Krunoslav Vitelj received new mandates in the Supervisory Board, and Damir Felak replaced Dajana Milodanović in the Supervisory Board. Thus, as of September 2022, the Supervisory Board had the following composition: Želimir Vukina, Luka Burilović, Ksenija Horvat, Krunoslav Vitelj, Tomislav Kitonić, Marina Dabić, Petar Miladin, Damir Grbavac and Damir Felak. Želimir Vukina resigned from the position of president and member of the Supervisory Board as of 1st November 2022, and Damir Grbavac was elected president of the Supervisory Board as of the same day.

The General Assembly also confirmed the proposal of dividend distribution for 2021 to Podravka Inc. shareholders in the amount of HRK 13.00 per share. The dividend was paid on 12th August 2022 to shareholders registered as at 14th July 2022 in the system of the Central Depository and Clearing Company (SKDD) for which the SKDD had the necessary data for the payment of the net amount. Taking into account the last market price of the Podravka share (HRK 600.00) on the date of dividend distribution (12th August 2022), the dividend amount paid implies a dividend yield of 2.2 %. With the continuity of the dividend yield over the years, Podravka Inc. puts the emphasis and focus on the realization of the expectations set by the shareholders.

Supervisory Board of Podravka Inc. appointed new Management Board in February, 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. Milan Tadić, previously Podravka's Head Director for the Adria Region, was appointed as a new member of the Management Board. As of 1st July 2022, the Management Board operates in full composition following the arrival of Ivan Ostojić, until then a member of the Management Board of Wüstenrot stambena štedionica and a member of the Podravka Inc. Supervisory Board.



Implications of the Russian-Ukrainian crisis on Podravka Inc.'s

In 2022, Podravka Inc. generated less than 0.7 % of total revenues in the markets of Russia and Ukraine. Management of Podravka Inc. continuously considers all risks associated with the Russian-Ukrainian conflict and assesses that these risks do not threaten Podravka Inc.'s operations stability.

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

The first half of 2022 was still marked by the COVID–19 pandemic and epidemiological measures that differed in scope and duration in individual countries. In all markets where Podravka Inc. operates, epidemiological measures in the first quarter of 2022 created certain restrictions related to consumer behaviour and effect on the business itself. Since the second quarter of 2022, the epidemiological measures have been completely lifted, which made everyday business easier. It is not possible to quantify or assess the impact of COVID–19 disease on sales revenue trends of Podravka Inc.. The recovery of the Special sales channels (HoReCa customers, institutional customers, industrial customers, etc.) was evident already in the first quarter of 2022, primarily in the markets of Croatia and Slovenia. In the reporting period, Podravka Inc. received subsidies in Croatia in the total net amount of HRK 0.8m, while 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 – 12 2022



Key business highlights of Podravka Inc. 1 – 12 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 – 12 2022" section for better understanding of business units and regions.

Decimal differences are possible due to rounding.

Overview of sales revenues in 1 – 12 2022

Sales revenues by business unit

| <i>(in HRK millions)</i> | 2021 | 2022 | Δ | % |
|---------------------------------|----------------|----------------|--------------|-------------|
| BU Culinary | 571.5 | 589.8 | 18.3 | 3.2% |
| BU Soups | 226.6 | 261.3 | 34.7 | 15.3% |
| BU Cereals, Snack and Beverages | 226.5 | 236.7 | 10.2 | 4.5% |
| BU Creamy spreads and Desserts | 205.8 | 209.1 | 3.3 | 1.6% |
| BU Bakery | 25.9 | 29.1 | 3.2 | 12.4% |
| BU Basic food | 415.4 | 483.1 | 67.6 | 16.3% |
| BU Meat products | 275.2 | 291.9 | 16.7 | 6.1% |
| BU Fish | 127.9 | 118.8 | (9.1) | (7.1%) |
| Other sales | 127.7 | 179.3 | 51.6 | 40.4% |
| Total | 2,202.7 | 2,399.1 | 196.5 | 8.9% |

Sales revenues by region

| <i>(in HRK millions)</i> | 2021 | 2022 | Δ | % |
|---------------------------------|----------------|----------------|--------------|-------------|
| Markets of Croatia and Slovenia | 1,237.4 | 1,377.4 | 140.0 | 11.3% |
| Southeastern Europe | 419.7 | 460.9 | 41.2 | 9.8% |
| WE and Overseas | 303.6 | 318.4 | 14.8 | 4.9% |
| Central Europe | 181.4 | 202.2 | 20.8 | 11.5% |
| Eastern Europe | 60.6 | 40.3 | (20.3) | (33.5%) |
| Total | 2,202.7 | 2,399.1 | 196.5 | 8.9% |

In the 1 – 12 2022 period, total sales revenues of Podravka Inc. amounted to HRK 2,399.1m, which is HRK 196.5m (+8.9 %) higher than in the comparative period. Almost all business units recorded a sales increase, while the business unit Fish recorded a sales decrease due to lower sales of the Tuna and Mackerel categories.

Profitability of Podravka Inc. in 1 – 12 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 – 12 2022” section.

Decimal differences are possible due to rounding.

| (in HRK millions) | Profitability of Podravka Inc. | | | | Normalized | | | |
|-------------------|--------------------------------|---------|--------|---------|------------|---------|--------|---------|
| | 2021 | 2022 | Δ | % | 2021 | 2022 | Δ | % |
| Sales revenue | 2,202.7 | 2,399.1 | 196.5 | 8.9% | 2,202.7 | 2,399.1 | 196.5 | 8.9% |
| Gross profit | 663.0 | 679.4 | 16.4 | 2.5% | 663.0 | 679.4 | 16.4 | 2.5% |
| EBITDA* | 291.0 | 257.2 | (33.8) | (11.6%) | 292.4 | 266.5 | (26.0) | (8.9%) |
| EBIT | 186.0 | 140.9 | (45.2) | (24.3%) | 192.8 | 159.9 | (32.8) | (17.0%) |
| Net profit | 245.1 | 198.1 | (47.0) | (19.2%) | 225.5 | 213.7 | (11.8) | (5.2%) |
| Gross margin | 30.1% | 28.3% | | -178 bp | 30.1% | 28.3% | | -178 bp |
| EBITDA margin | 13.2% | 10.7% | | -249 bp | 13.3% | 11.1% | | -217 bp |
| EBIT margin | 8.4% | 5.9% | | -257 bp | 8.8% | 6.7% | | -209 bp |
| Net margin | 11.1% | 8.3% | | -287 bp | 10.2% | 8.9% | | -133 bp |

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

In the 1 – 12 2022 period, Podravka Inc. recorded an increase in gross profit of HRK 16.4m (+2.5 %), while operating profit (EBIT) is HRK 45.2m (-24.3 %) lower. At the normalized level, the operating profit (EBIT) is lower by HRK 32.8m (-17.0 %).

A significant negative impact on the operating profit (EBIT) came from: i) an increase in the costs of raw materials, packaging and energy of HRK 185.8m (+20.0 %), ii) investing in improving the material status of employees, which resulted in an increase in staff costs of HRK 50.8m (+11.2 %), iii) an increase in transportation costs of HRK 6.8m (+23.7 %) and iv) the investment cycle, which resulted in an increase in depreciation costs of HRK 6.8m (+6.9 %). These negative impacts were partially mitigated through optimization of the product range, management of the production process and the use of alternative energy sources, as well as changes in procurement processes, as explained in the “Increase in prices of raw materials, packaging and energy” section.

Reported net profit is HRK 47.0m lower (-19.2 %), while normalized net profit is HRK 11.8m lower (-5.2 %). In addition to the impact above the EBIT level, net profit was positively impacted by the higher amount of profit withdrawn from related companies, by HRK +14.8m (+21.2 %). The reported tax expense is HRK 16.9m higher (+154.0 %), while normalized tax expense is HRK 5.9m lower (-15.9 %).

Key highlights
of the balance
sheet as at 31
December 2022
and of the cash
flow statement in
period 1 - 12 2022



Key highlights of the balance sheet as at 31 December 2022

As at 31 December 2022, total assets of Podravka Inc. amounted to HRK 3,624.0m, which is 17.8 % higher than at the end of 2021.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of Podravka Inc. are HRK 211.1m or +25.6 % higher compared to 31 December 2021, due to the realized capital investments in the reporting period.

INVENTORIES

Inventories of Podravka Inc. are HRK 180.7m (+41.3 %) higher than as at 31 December 2021. This is a result of the strategic increase in inventories of Podravka Inc., with the aim of procuring sufficient amount of raw materials to ensure business continuity and control of future expenses of raw materials and packaging, but also of the increase in prices of raw materials and packaging.

TRADE AND OTHER RECEIVABLES

Trade and other receivables of Podravka Inc. are HRK 24.3m (+5.1 %) higher than as at 31 December 2021, as a result of sales revenues growth in the reporting period.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents of Podravka Inc. at the end of the observed period are HRK 26.4m higher (+1,056.5 %) compared to 31 December 2021.

LONG-TERM AND SHORT-TERM BORROWINGS

As at 31 December 2022, long-term and short-term borrowings of Podravka Inc. are HRK 339.1m higher than as at 31 December 2021 due to financing regular business operations, whereby the ageing structure was changed. The long-term debt is lower by HRK 13.8m, while the short-term debt is higher by HRK 352.9m, in part as a result of using more favourable financing terms through short-term credit lines.

TRADE AND OTHER PAYABLES

Trade and other payables of Podravka Inc. are HRK 98.4m or +37.5 % higher compared to 31 December 2021. The movement is primarily a result of the increase in trade payables due to procurement of sufficient raw materials and supplies, the increase in prices of raw materials and supplies procured in the reporting period, and due to higher level of capital expenditure.

Key highlights of the cash flow statement in 1 – 12 2022

Cash flow from operating activities in 1 – 12 2022 amounted to positive HRK 167.8m, due to business operations and movements in the working capital. Cash flow from investing activities at the same time amounted to negative HRK 358.2m, 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 positive HRK 253.2m, primarily due to borrowings received. As at 31 December 2022, cash and cash equivalents amounted to HRK 28.9m.

Share in

1 – 12 2022



List of major shareholders as at 31 December 2022

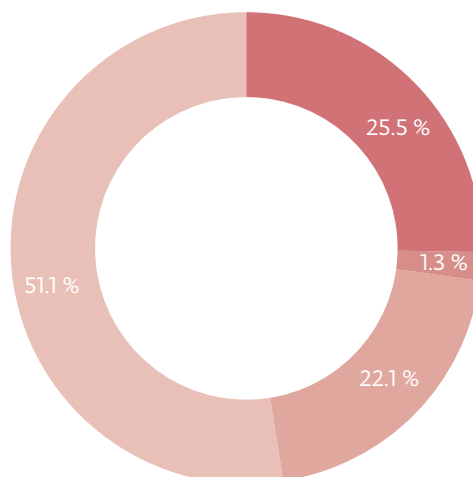
| No. | Shareholder | Number of shares | % of ownership |
|-----|---|------------------|----------------|
| 1. | PBZ Croatia Osiguranje mandatory pension fund, category B | 1,097,644 | 15.4% |
| 2. | AZ mandatory pension fund, category B | 932,563 | 13.1% |
| 3. | RSC* - Croatian Pension Insurance Institute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

* The Restructuring and Sale Centre holds 1,241,504 shares through four accounts, Capital fund 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 December 2022, the Republic of Croatia holds 25.5 % stake, and domestic pension funds (mandatory and voluntary) hold a total of 51.1 % stake. Podravka Inc. has 1.3 % 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).

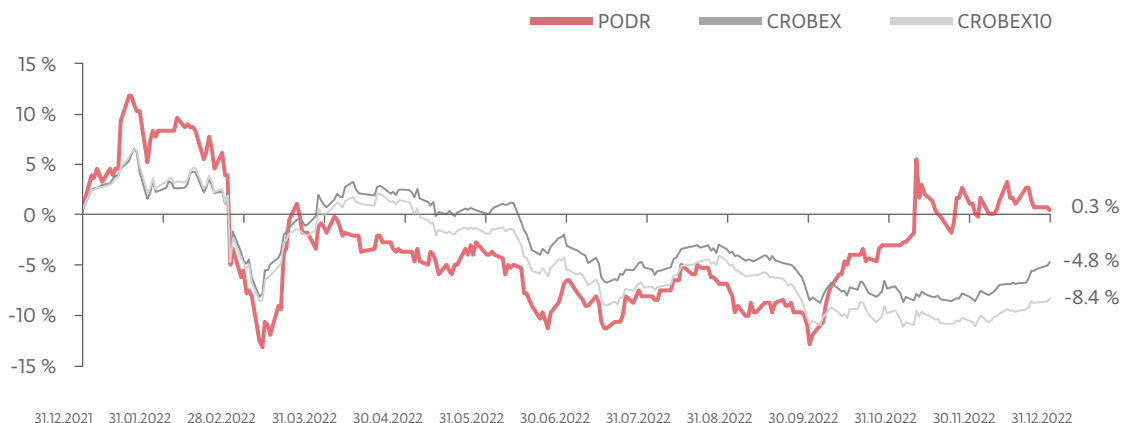
Ownership structure as at 31 December 2022

- Republic of Croatia 25.5 %
- Treasury shares 1.3 %
- Others 22.1 %
- Croatian pension funds** 51.1 %



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

Share price movement in 1 – 12 2022



| (closing price in HRK; closing points) | 31 December 2021 | 31 December 2022 | % |
|---|-------------------------|-------------------------|----------|
| PODR | 632.0 | 634.0 | 0.3% |
| CROBEX | 2,079.4 | 1,979.9 | (4.8%) |
| CROBEX10 | 1,262.3 | 1,156.2 | (8.4%) |

In the reporting period, the price of Podravka's share increased by 0.3 % compared to the end of 2021, while the CROBEX and CROBEX10 stock indices decreased by 4.8 % and 8.4 %, respectively.

Result on the Croatian capital market in 1 – 12 2022

| (in HRK; in units)³ | 2021 | 2022 | % |
|---------------------------------------|-------------|-------------|----------|
| Weighted average daily price | 589.2 | 613.6 | 4.1% |
| Average daily number of transactions | 13 | 14 | 6.3% |
| Average daily volume | 1,488 | 1,214 | (18.4%) |
| Average daily turnover | 876,746.7 | 744,668.7 | (15.1%) |

At the annual level, the weighted average daily price of Podravka's share recorded an increase of 4.1 % relative to the comparative period. Compared to 1 – 12 2021, the average daily volume decreased by 18.4 %, the average daily turnover decreased by 15.1 %, while the average daily number of transactions is 6.3 % higher.

³ 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 = $\sum \text{average daily price} \cdot (\text{daily volume} / \text{total volume in the reporting period})$.

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

Climate risks according to double materiality




Climate risks according to double materiality

Environmental protection is one of the Podravka's priorities, and it is carried out by applying the principles of sustainable development and cleaner production. All activities must be in accordance with the applicable national legal provisions regarding environmental protection as well as the regulations of the countries in which the company operates. In case of the absence of national regulations, international standards are applied.

CO₂ is emitted in the production process, while there are no emissions of other greenhouse gases. In the production process, the use of renewable energy sources is increasingly prevalent (wood chip boiler, photovoltaic power plant at the Kalnik factory in Varaždin, and the power plant on the roofs of the Danica industrial zone in Koprivnica), and through planned capital investments, the share of renewable energy sources will further increase. Through a strong investment cycle, investments were continued in increasing the energy efficiency of property and plant and, consequently, lower consumption of energy sources, which further reduces CO₂ emissions and thus the negative impact on the climate. CO₂ and very small amounts of CH₄ and N₂O are emitted through the logistics and distribution part of the business (vehicle fleet). Investments in the vehicle fleet and the procurement and use of new freight vehicles reduce CO₂ emissions and contribute to the environmental goal of preventing climate change.

The effect of climate change on the operations of the Podravka is most visible in agricultural production, on assets, and the availability and prices of certain raw materials. The negative financial impact of extreme weather associated with climate change in 2022 amounted to HRK 2.5m, while no such financial impact was recorded in 2021. In AGRICULTURAL PRODUCTION, a storm accompanied by hail, which affected part of the crops in May and June 2022, completely destroyed the planted pepper and cucumber crops and part of the pea and corn crops. Containers with seedlings intended for planting were also destroyed. Given that the field was completely under water, it was not possible to immediately start planting the remaining seedlings, and part of them was donated to subcontractors so that they would not perish in the field (the value of the donated seedlings was approximately HRK 40,000). In addition to the stormy weather, in 2022 the drought had a negative effect on yields and caused damage to peas. All agricultural crops were insured against damage caused by wind, storm, fire, etc., so the insurance covered damage caused by the storm and hail on peppers, cucumbers and peas in the amount of HRK 1.1m. The impact of climate change in the form of storms was also recorded on PROPERTY where raw materials and finished products are stored. Most existing warehouses were built at a time when construction standards did not anticipate the extremes we face today. Due to storms, several warehouses were damaged in 2022, and the resulting damage required the repair and adjustment of parts of the buildings, given that similar weather problems are expected in the future as well. In addition to breakages, there was also damage caused by the penetration of water through roofs and gutters, considering that due to the large amount of water, the drainage system collapses and water enters the premises. Unplanned HRK 0.3m was spent on the repair and restoration of damage to warehouses damaged by storms in 2022, and the reported damage to the inventories of goods stored in facilities damaged by storms amounted to HRK 1.1m. In the PROCUREMENT of raw materials and primary agricultural raw materials, the impact of climate change was also recorded, in the form of the availability and price of certain raw materials due to temperature shocks, droughts, changes in the amount and distribution of precipitation, reduction in the period of vegetation.

An illustration featuring a person's face in profile at the top right, wearing dark sunglasses and having a white beard. Below the face, a hand is shown watering a small green plant with a blue watering can. The text is centered on the left side of the page.

Additional
tables for
1 – 12 2022

Additional tables for 1 – 12 2022

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 periods.

| Value adjustments | 2021 | 2022 |
|-----------------------------|----------------------|----------------------|
| (in HRK millions) | Podravka Inc. | Podravka Inc. |
| Investments in subsidiaries | 5.3 | 8.9 |
| Intangible assets | - | 0.9 |
| Total | 5.3 | 9.8 |

| Reported EBITDA calculation | 2021 | 2022 |
|------------------------------------|----------------------|----------------------|
| (in HRK millions) | Podravka Inc. | Podravka Inc. |
| Reported EBIT | 186.0 | 140.9 |
| +amortization and depreciation | 99.7 | 106.5 |
| +value adjustments | 5.3 | 9.8 |
| Reported EBITDA | 291.0 | 257.2 |

| Normalized EBITDA calculation | 2021 | 2022 |
|--------------------------------------|----------------------|----------------------|
| (in HRK millions) | Podravka Inc. | Podravka Inc. |
| Normalized EBIT | 192.8 | 159.9 |
| +amortization and depreciation | 99.7 | 106.5 |
| +value adjustments | - | - |
| Normalized EBITDA | 292.4 | 266.5 |

One-off items in 1 – 12 2022 and 1 – 12 2021

In the 1 – 12 2022 period, Podravka Inc. incurred HRK 0.4m costs of severance payments for employees on long-term sick leaves, HRK 8.9m of impairment of investment in the related company in Russia, HRK 10.5m of one-off effect of the difference in actuarial calculation according to the new collective agreement (the result of an increase in severance pay for retirement from HRK 10 to HRK 15 thousand) and HRK 0.9m of impairment of intangible assets. Positive effects in 2022 relate to the sale of part of non-operating assets in the amount of HRK 0.3m and the reversal of impairment of receivables in the amount of HRK 1.3m related to the related company in Russia. The estimated impact of these one-off items on tax is HRK 3.4m (decreases it).

In the 1 – 12 2021 period, Podravka Inc. incurred HRK 1.8m costs of severance pays for employees on long-term sick leaves, and HRK 5.3m of impairment of investments in subsidiaries. A positive effect comes from reversal of impairment of receivables in the amount of HRK 0.4m and deferred tax asset in the amount of HRK 25.1m based on the revaluation of recoverability of tax on the basis of losses on financial assets. All the above is treated by the company's management as one-off items. The estimated impact of these one-off items on tax is HRK 1.2m (decreases it).

Normalization of Podravka Inc. Profit and Loss Statement

| (in HRK millions) | 2021 | 2022 |
|---|---------------|---------------|
| | Podravka Inc. | Podravka Inc. |
| Reported EBIT | 186.0 | 140.9 |
| +severance payments | 1.8 | 0.4 |
| +reversal of receivable impairment | (0.4) | (1.3) |
| +investments in subsidiaries | 5.3 | 8.9 |
| +actuarial calculation | - | 10.5 |
| +revenue from the sale of the asset | - | (0.3) |
| +value adjustments of intangible asset | - | 0.9 |
| Normalized EBIT | 192.8 | 159.9 |
| Reported Net Income | 245.1 | 198.1 |
| +normalizations above EBIT level | 6.7 | 19.1 |
| +effect of differed tax asset | (25.1) | - |
| +estimated impact of normalization on taxes | (1.2) | (3.4) |
| Normalized Net Income | 225.5 | 213.7 |

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 – 12 2022



Unconsolidated Profit and Loss Statement in 1 – 12 2022

| <i>(in HRK thousands)</i> | 2021 | % of sales revenues | 2022 | % of sales revenues | % change |
|--|-----------------|---------------------|-----------------|---------------------|----------------|
| Sales revenue | 2,202,681 | 100.0% | 2,399,146 | 100.0% | 8.9% |
| Cost of goods sold | (1,539,680) | (69.9%) | (1,719,768) | (71.7%) | 11.7% |
| Gross profit | 663,000 | 30.1% | 679,379 | 28.3% | 2.5% |
| General and administrative expenses | (150,991) | (6.9%) | (171,921) | (7.2%) | 13.9% |
| Selling and distribution costs | (207,026) | (9.4%) | (231,197) | (9.6%) | 11.7% |
| Marketing expenses | (122,535) | (5.6%) | (133,074) | (5.5%) | 8.6% |
| Other (expenses) / income, net | 3,593 | 0.2% | (2,324) | (0.1%) | 164.7% |
| Operating profit | 186,041 | 8.4% | 140,862 | 5.9% | (24.3%) |
| Financial income | 72,784 | 3.3% | 87,564 | 3.6% | 20.3% |
| Other financial expenses | (1,613) | (0.1%) | (237) | (0.0%) | (85.3%) |
| Interest expenses | (1,952) | (0.1%) | (2,075) | (0.1%) | 6.3% |
| Net foreign exchange differences on borrowings | 846 | 0.0% | (89) | (0.0%) | (110.5%) |
| Net finance costs | 70,064 | 3.2% | 85,163 | 3.5% | 21.5% |
| Profit before tax | 256,105 | 11.6% | 226,024 | 9.4% | (11.7%) |
| Current income tax | (36,907) | (1.7%) | (33,045) | (1.4%) | (10.5%) |
| Deferred tax | 25,906 | 1.2% | 5,099 | 0.2% | (80.3%) |
| Income tax | (11,001) | (0.5%) | (27,946) | (1.2%) | 154.0% |
| Net profit for the year | 245,104 | 11.1% | 198,079 | 8.3% | (19.2%) |

Unconsolidated Balance Sheet as at 31 December 2022

| (in HRK thousands) | 31 Dec 2021 | % share | 31 Dec 2022 | % share | % change |
|--|------------------|---------------|------------------|---------------|--------------|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Intangible assets | 85,770 | 2.8% | 87,062 | 2.4% | 1.5% |
| Property, plant and equipment | 826,190 | 26.9% | 1,037,334 | 28.6% | 25.6% |
| Right-of-use assets | 39,427 | 1.3% | 34,614 | 1.0% | (12.2%) |
| Investment property | 107,574 | 3.5% | 105,601 | 2.9% | (1.8%) |
| Investments in subsidiaries | 984,188 | 32.0% | 977,403 | 27.0% | (0.7%) |
| Non-current financial assets | 37,359 | 1.2% | 37,342 | 1.0% | (0.0%) |
| Deferred tax assets | 74,129 | 2.4% | 77,850 | 2.1% | 5.0% |
| Total non-current assets | 2,154,637 | 70.1% | 2,357,206 | 65.0% | 9.4% |
| Current assets | | | | | |
| Inventories | 437,462 | 14.2% | 618,163 | 17.1% | 41.3% |
| Trade and other receivables | 478,856 | 15.6% | 503,168 | 13.9% | 5.1% |
| Financial assets at fair value through profit and loss | 0 | 0.0% | 91 | 0.0% | n/a |
| Debit securities at amortized cost | 0 | 0.0% | 113,012 | 3.1% | n/a |
| Income tax receivables | 1,194 | 0.0% | 2,383 | 0.1% | 99.6% |
| Cash and cash equivalents | 2,500 | 0.1% | 28,912 | 0.8% | n/a |
| Non-current assets held for sale | 1,075 | 0.0% | 1,075 | 0.0% | 0.0% |
| Total current assets | 921,087 | 29.9% | 1,266,804 | 35.0% | 37.5% |
| Total assets | 3,075,724 | 100.0% | 3,624,010 | 100.0% | 17.8% |

Unconsolidated Balance Sheet as at 31 December 2022

| <i>(in HRK thousands)</i> | 31 Dec 2021 | % share | 31 Dec 2022 | % share | % change |
|--|------------------|---------------|------------------|---------------|----------------|
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' equity | | | | | |
| Issued capital | 1,566,401 | 50.9% | 1,566,401 | 43.2% | 0.0% |
| Share premium | 186,031 | 6.0% | 183,541 | 5.1% | (1.3%) |
| Treasury shares | (39,388) | (1.3%) | (42,448) | (1.2%) | 7.8% |
| Reserves | 639,649 | 20.8% | 770,134 | 21.3% | 20.4% |
| Retained earnings / (accumulated loss) | 253,248 | 8.2% | 235,896 | 6.5% | (6.9%) |
| Attributable to equity holders of the parent | 2,605,941 | 84.7% | 2,713,524 | 74.9% | 4.1% |
| Non-current liabilities | | | | | |
| Borrowings | 14,799 | 0.5% | 1,002 | 0.0% | (93.2%) |
| Lease liabilities | 28,548 | 0.9% | 23,791 | 0.7% | (16.7%) |
| Non-current provisions for employee benefits | 24,739 | 0.8% | 32,165 | 0.9% | 30.0% |
| Other non-current provisions | 11,577 | 0.4% | 11,423 | 0.3% | (1.3%) |
| Total non-current liabilities | 79,663 | 2.6% | 68,381 | 1.9% | (14.2%) |
| Current liabilities | | | | | |
| Trade and other payables | 262,164 | 8.5% | 360,599 | 10.0% | 37.5% |
| Financial liabilities at fair value through profit or loss | 35 | 0.0% | 0 | 0.0% | (100.0%) |
| Borrowings | 95,601 | 3.1% | 448,526 | 12.4% | 369.2% |
| Lease liabilities | 11,981 | 0.4% | 11,943 | 0.3% | (0.3%) |
| Current provisions for employee benefits | 20,179 | 0.7% | 20,877 | 0.6% | 3.5% |
| Other current provisions | 160 | 0.0% | 160 | 0.0% | 0.0% |
| Total current liabilities | 390,120 | 12.7% | 842,105 | 23.2% | 115.9% |
| Total liabilities | 469,783 | 15.3% | 910,486 | 25.1% | 93.8% |
| Total equity and liabilities | 3,075,724 | 100.0% | 3,624,010 | 100.0% | 17.8% |

Unconsolidated Cash Flow Statement in 1 – 12 2022

| (in HRK thousands) | 2021 | 2022 | % |
|---|----------------|----------------|----------------|
| Profit / (loss) for the year | 256,105 | 226,025 | (11.7%) |
| Depreciation and amortization | 99,670 | 106,511 | 6.9% |
| Impairment of long-term intangible assets | 0 | 926 | 100.0% |
| Impairment of investment | 5,101 | 8,923 | 74.9% |
| Impairment / (reversal of impairment) of loans given and interest | (1,642) | 586 | 135.7% |
| Remeasurement of financial assets and liabilities at FVTPL | 17 | (126) | (841.2%) |
| Dividend income | (69,862) | (84,652) | (21.2%) |
| Share-based payment transactions | 4,783 | 5,769 | 20.6% |
| Gain on disposal of non-current assets | (251) | (1,383) | (451.0%) |
| Impairment on trade receivables and other receivables | 324 | 4,248 | n/a |
| Increase in provisions | 3,684 | 10,172 | 176.1% |
| Interest income | (2,921) | (2,786) | 4.6% |
| Interest expense | 3,548 | 2,312 | (34.8%) |
| Foreign exchange differences | (251) | (148) | 41.0% |
| Total adjustments | 42,200 | 50,352 | 19.3% |
| Changes in working capital: | | | |
| (Increase) / Decrease in inventories | 19,843 | (180,701) | n/a |
| (Increase) / Decrease in trade receivables | (14,057) | 3,071 | 121.8% |
| (Decrease) / Increase in trade payables | (32,636) | 69,065 | 311.6% |
| Cash generated from operations | 271,455 | 167,812 | (38.2%) |
| Income tax paid | (38,428) | (34,242) | 10.9% |
| Interest paid | (3,806) | (2,226) | 41.5% |
| Net cash from operating activities | 229,221 | 131,344 | (42.7%) |

Unconsolidated Cash Flow Statement in 1 – 12 2022

| (in HRK thousands) | 2021 | 2022 | % |
|--|------------------|------------------|-----------------|
| Cash flows from investing activities | | | |
| Increase of investments in subsidiaries | (5,039) | (2,138) | 57.6% |
| Investment in debt instruments at amortized cost | 0 | (112,905) | (100.0%) |
| Purchase of property, plant, equipment and intangibles | (103,637) | (307,319) | (196.5%) |
| Proceeds from sale of property, plant, equipment and intangibles | 343 | 2,228 | 549.6% |
| Loans given | 0 | (67,653) | (100.0%) |
| Proceeds from loans given | 1,425 | 68,960 | n/a |
| Interest received | 3,772 | 571 | (84.9%) |
| Dividends received | 45,421 | 60,083 | 32.3% |
| Net cash from investing activities | (57,715) | (358,173) | (520.6%) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | 97,121 | 722,591 | 644.0% |
| Repayment of borrowings | (200,270) | (358,948) | (79.2%) |
| Purchase of treasury shares | 0 | (26,691) | (100.0%) |
| Sale of treasury shares | 7,983 | 20,827 | 160.9% |
| Repayment of lease liabilities | (13,340) | (13,272) | 0.5% |
| Dividend paid | (62,782) | (91,266) | (45.4%) |
| Net cash from financing activities | (171,288) | 253,241 | 247.8% |
| Net increase of cash and cash equivalents | 218 | 26,412 | n/a |
| Cash and cash equivalents at beginning of year | 2,282 | 2,500 | 9.6% |
| Cash and cash equivalents at the end of year | 2,500 | 28,912 | n/a |

Unconsolidated Statement of Changes in Equity in 1 – 12 2022

| (in HRK thousands) | Subscribed capital | Capital gains | Treasury shares | Provision for treasury shares | Legal reserves | Other reserves | Retained earnings | Total |
|---|--------------------|---------------|-----------------|-------------------------------|----------------|----------------|-------------------|-----------|
| As at 1 January 2021 | 1,566,401 | 182,875 | (47,569) | - | - | 510,313 | 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 | - | - | - | - | - | 129,752 | (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 | - | - | 129,752 | (191,708) | (50,619) |
| As at 31 December 2021 | 1,566,401 | 186,031 | (39,388) | - | - | 639,649 | 253,248 | 2,605,941 |
| <i>Comprehensive income</i> | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | - | - | 198,079 | 198,079 |
| Actuarial losses (net of deferred tax) | - | - | - | - | - | 1,806 | - | 1,806 |
| Other comprehensive income | - | - | - | - | - | 1,806 | - | 1,806 |
| Total comprehensive income | - | - | - | - | - | 1,806 | 198,079 | 199,885 |
| <i>Transactions with owners recognized directly in equity</i> | - | - | - | - | - | - | - | - |
| Allocation from retained earnings | - | - | - | - | - | 128,679 | (128,679) | - |
| Exercise of options | - | (8,259) | 23,631 | - | - | - | 4,473 | 19,845 |
| Fair value of share-based payment transactions | - | 5,769 | - | - | - | - | - | 5,769 |
| Purchase of treasury shares | - | - | (26,691) | - | - | - | - | (26,691) |
| Dividend announced | - | - | - | - | - | - | (91,225) | (91,225) |
| Total transactions with owners recognized directly in equity | - | (2,490) | (3,060) | - | - | 128,679 | (215,431) | (92,302) |
| As at 31 December 2022 | 1,566,401 | 183,541 | (42,448) | - | - | 770,134 | 235,896 | 2,713,524 |

Notes to the financial statements

In 1-12 2022 period there were no changes in accounting policies.

The audited Annual report of the Podravka Inc. for 2021 are available at:

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



MANAGEMENT BOARD

Koprivnica, 23 February 2023

STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

According to our best knowledge consolidated unaudited financial statements of Podravka Inc. for the period 1 - 12 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.

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