



*Podravka Inc.*  
business  
results for  
January -  
March 2023  
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 2023**

<b>PRESIDENT</b>	Martina Dalić
<b>MEMBER</b>	Ljiljana Šapina
<b>MEMBER</b>	Davor Doko
<b>MEMBER</b>	Milan Tadić
<b>MEMBER</b>	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 – 3 2023  
and after the  
balance sheet  
date



### **Significant events in 1 – 3 2023 and after the balance sheet date**

- *New nutrition strategy aimed at a balanced and sustainable diet adopted*
- *Podravka Group Business Sustainability Strategy for the period 2023-2030 adopted*
- *Investment cycle carried out according to plan. In the first quarter of 2023, realized investments in the amount of EUR 8.9m, 24 % more than in the same period last year*
- *Dividend distribution of EUR 2.65 per share proposed, 53 % higher than last year*
- *Podravka was awarded the Employer Partner and Mamforce certificates*
- *Podravka and Atlantic joined forces to strengthen the export of Croatian brands*
- *Podravka and citizens provided EUR 74,000 for renovation of school kitchens and dining halls*
- *Podravka is a signatory of the voluntary agreement “United against food waste”*
- *Vegeta BIO was declared the best product in the category and holder of the “Selected Product of the Year” mark for 2023*
- *Regular meetings of employees held and the new salary system initially presented*
- *Implications of the Russian-Ukrainian crisis on Podravka’s operations*

## ***New nutrition strategy aimed at a balanced and sustainable diet adopted*** <sup>1</sup>

Podravka adopted the initial nutrition strategy in 2014, and since then has reduced the amount of salt in its products by 300 tonnes and sugar by 1,423 tonnes. In addition to adjustments of the recipes of existing products, which were carried out in such a way that their distinctive flavours were preserved, new products were also developed that support a balanced diet or meet individual lifestyle needs. The range has been enriched with a series of new products without additives, flavour enhancers and colourings, with specific benefits such as gluten-free products, products enriched with proteins, vitamins, minerals, fibres, etc. In addition, Podravka has reduced the use of palm oil and uses RSPO palm oil and in addition launched lines of BIO products as well as products for vegetarians and vegans.

With its new nutrition strategy for the period until 2027, Podravka confirms its focus on healthy, balanced and sustainable nutrition through the development of new and innovative products. Podravka will continue to adjust and supplement its wide range of products in accordance with health recommendations, food trends and consumer needs.

The nutrition strategy for the period until the end of 2027 defines several key goals:

- In 75 % of new and innovative products, reduce the average content of salt and sugar by 20% compared to the current average content,
- In 75 % of new and innovative products, incorporate at least one ingredient that supports a healthy and balanced diet, such as fibres, proteins, vitamins and minerals,
- At least 40 % of new and innovative products should be based on ingredients related to sustainable nutrition, such as fruits, vegetables, legumes, whole grains, plant sources of protein, etc.,
- Support sustainable nutrition with 100% of products. <sup>2</sup>

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<sup>1</sup> The stated strategy and data in the text refer to Podravka Inc. and all associated companies within the Food segment.

<sup>2</sup> Sustainable diet is nutritionally adequate (promotes the health and well-being of the individual), has a low impact on the environment during production and consumption, it is available and culturally acceptable (FAO and WHO 2019. Sustainable healthy diets – Guiding principles. Rome).

### **Podravka Group Business Sustainability Strategy for the period 2023-2030 adopted <sup>3</sup>**

Podravka continuously implements activities aimed at sustainability and social responsibility. With the adopted Business Sustainability Strategy, the Podravka continues to integrate sustainability into all aspects of business operations. The Strategy defines clear goals that the Podravka will achieve in the period up to 2030, with the year 2022 as the base year for measurement of the performance. Ten main strategic goals are contained in four strategic activity pillars – clean environment, healthy nutrition, care for employees and the community, and good corporate governance.

Podravka's focus on business sustainability is also reflected through key ESG indicators, so in 2022 compared to 2021, the energy consumption was reduced by 6.2 %, CO<sub>2</sub> emissions (scope 1) decreased by 9.2 %, energy produced from renewable sources increased by 16.5 %, environmentally acceptable packaging accounted for 87.8 % of the total packaging, own agricultural production of vegetables used as primary raw material met 9.3 % of the needs, etc. Podravka is among gender equality leaders – gender pay gap has been reduced to 1.9 % in 2022, compared to 2.2 % in 2021, the share of women in the workforce is 52 %, and the share of women in the Management Board is 40 %. During 2022, almost EUR 53m of capital investments were made, of which more than EUR 20m can be linked to taxonomy-eligible activities. In 2022 donations and sponsorships to community amounted to more than EUR 3m.

### **Realized investments in the amount of EUR 8.9m, 24 % more than in the same period last year**

The investment cycle of Podravka is carried out in accordance with the Podravka Group Business Strategy until 2025. During the first quarter of 2023, at the level of Podravka Inc. investments in the amount of EUR 8.9m were realized, which is 24 % more than in the same period last year. The priority is investment in modernization, the introduction of new technologies and digitization, raising efficiency and energy efficiency, and further improving working conditions. The significant capital projects in progress include:

- Construction of a new logistics and distribution centre in Koprivnica,
- Expansion of the Soups and Vegeta factory in Koprivnica,
- Modernization and increase of primary processing capacity of fresh tomatoes in continental Croatia and investment in agricultural machinery and irrigation,

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<sup>3</sup> The stated strategy and data in the text refer to Podravka Inc. and all associated companies within the Food segment.



- Modernization of the Meat industry Danica in Koprivnica,
- Investing in additional solar power plants and reconstruction of the thermal energy production and supply system,
- Digitization of the production management system,
- Renovation of the remaining office spaces at the location of the company's headquarters, after the completion of works on the reconstruction and modernization of the main office building.

The project of building a new logistics and distribution centre in Koprivnica is carried out according to plan. The construction of the new LDC is the largest investment within the Podravka Group's Business Strategy until 2025, and the total value of the project is EUR 48m. Construction works began in March 2023, and completion of the works is expected in the second part of 2024. With the start of construction works on the LDC, the implementation of the logistics processes optimization project continues; this project was launched in mid-2021 and resulted in detailed analyses of the supply chain and the definition of measures to improve these processes. The project of the new LDC construction covers 26,000 m<sup>2</sup> of gross floor plan area and consists of a fully automated high-bay warehouse, a shipping area, an administrative building and roads with all the necessary infrastructure, and the installation of solar panels on the roofs is planned. The total capacity of the LDC will be almost 62,000 pallet places in different temperature regimes. The selected site for the LDC is in the immediate vicinity of Podravka's factories and it enables connection with the existing export warehouse. The new LDC will meet the expected needs for storage space on the Croatian market in the next ten years, and if needed, it can be expanded in the future. With the construction of the LDC, Podravka 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 realisation of the investment in the expansion of the Soups and Vegeta Factory in Koprivnica is carried out in accordance with the planned dynamics. After the building permit was obtained and construction started in the fourth quarter of 2022, during the first quarter of 2023, the installation of technological equipment for dosing raw materials began. The start of commercial production is expected in the third quarter of 2023. 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 production capacity.

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 is being implemented according to plan. In a broader sense, the investment also includes investment in agricultural machinery and irrigation, which is necessary for the smooth performance of primary production. After conducting a tender for a technology supplier and creating a conceptual solution at the end of 2022, the technology supplier was selected during the first quarter of 2023, and the main project and cost estimate were prepared. The start of commercial production is expected in the third quarter of 2024. The investment will ensure an increase in the primary processing capacity of fresh tomatoes and the continuity of own production.

As part of the modernization of the Danica meat industry, an investment is underway to replace the sterilizer in the meat canning plant. During the first quarter of 2023, the reconstruction of the premises and the installation of technological equipment began. The final testing of the system and commissioning is expected in the third quarter of 2023. The investment will ensure an increase in the capacity of the meat product range sterilization process, and contribute to greater efficiency. Also, during the first quarter of 2023, an investment in the luncheon meat line of the Danica meat industry was launched. The investment will contribute to increasing the efficiency of the luncheon meat production, and its commissioning is expected at the end of 2023.

As part of Podravka's investment in energy sustainability and efficiency, during the first quarter of 2023, all project documentation was prepared for the realization of the second phase of investment in solar power plants. The scope of the mentioned phase was expanded compared to the initially planned and, along with other production and storage locations of Podravka Inc. in Croatia, which were not included in the first phase of investment, it also includes the expansion of the Soups and Vegeta factory. The completion of the second phase is expected in the third quarter of 2024. The third phase of the investment in solar power plants will relate to the new logistics and distribution centre in Koprivnica. The completion of the project is expected in the second half of 2025. The investment will greatly contribute to the reduction of electricity costs.

Additionally, as part of Podravka's investments in energy sustainability and efficiency, during the first quarter of 2023, a design solution was created and a tender was conducted for the selection of a designer for the reconstruction of the thermal energy production and supply system at certain production sites in Koprivnica. The investment will ensure the safety and reliability of the thermal energy supply, as well as greater control of the thermal energy cost. The project completion is expected in the second half of 2024.

After completing the project of production management system digitalization at the Soups and Vegeta factory, the project continued during the first quarter of 2023 at other production sites in Croatia. This way, the monitoring of work on production lines will be digitized, which will enable better plant efficiency and use of production resources. The planned completion of the investment is at the end of 2023.

After the completion of the works on the reconstruction and modernization of the main office building, the renovation of other office spaces at the location of the company's headquarters also began. The renovation includes IT and energy reconstruction and overall modernization, which will significantly improve the working conditions of employees and reduce energy consumption. The completion of the project is expected at the end of 2023.

In the first quarter of 2023, 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 was completed during 2022, and the remaining part of the fleet arrived during the first quarter of 2023. This investment will result in a reduction of maintenance costs and an increase in the efficiency, timeliness and reliability of transport and distribution.

### ***Dividend distribution of EUR 2.65 per share proposed, 53 % higher than last year***

Based on the results achieved in 2022, at the meeting held on 29th March 2023, the Management Board of Podravka proposed a dividend of EUR 2.65 per share, which is 53 % higher than last year. The Supervisory Board of Podravka Inc. adopted the proposal at the session held on 4th April 2023.

The amount of the dividend will be decided by the shareholders at the General Assembly of Podravka Inc. which will be held on 17th May 2023. If the General Assembly approves the dividend distribution proposal, the dividend will be paid on 14th July 2023 to all shareholders in the register of shareholders as at 15th June 2023.

Taking into account the last market price of the Podravka share at the end of 2022 (EUR 84.15), the proposed amount of the dividend implies a dividend yield of 3.1 %. With the continuity of the dividend yield over the years, Podravka confirms its focus on meeting the expectations set by shareholders.

### ***Podravka was awarded the Employer Partner and Mamforce certificates***

In the first quarter, Podravka received two prestigious certificates in the field of human resource management – Employer Partner and Mamforce.

The Employer Partner certificate is awarded by SELECTIO Group to companies that meet high quality standards in all areas of human resource management. In order to meet the criteria for obtaining the certificate, Podravka went through a detailed evaluation of the human resource management system, which evaluates the employer's practices and the experience of the employees in seven key areas. Podravka achieved excellent results in attracting and hiring talent and developing and rewarding employees. In addition to excellent results in these areas, initiatives for proactive change management based on analyses of the current state and future trends and benchmark analyses stand out. Also, by promoting leadership competencies and educating the company's management about change management, Podravka won high marks in the segment of employee education.

The Mamforce certificate is awarded to companies that implement family-friendly and gender-aware human resource management policies.

### ***Podravka and Atlantic joined forces to strengthen the export of Croatian brands***

The two leading Croatian manufacturing companies, Podravka and Atlantic Grupa, have agreed a cooperation on foreign markets, specifically in the United States of America and Austria. Atlantic's distribution company in Austria will ensure support for the placement of Podravka's products on the Austrian market, and at the same time, Podravka will launch Atlantic's products on the US market through its company in the USA. The goal of this cooperation is to maximize mutual synergies and, using the developed business network and market positions in the markets of Austria and the USA, to strengthen the placement of the products of both companies and to improve the recognisability of the brands.

### ***Podravka and citizens provided EUR 74,000 for renovation of school kitchens and dining halls***

Podravka, as a socially responsible company, has been supporting financially and with product donations many humanitarian, economic, cultural, sports and scientific projects throughout the Republic of Croatia for decades. Accordingly, throughout February and March 2023, Podravka carried out the campaign "We donate and renovate school kitchens" aimed at helping schools across Croatia to renovate kitchens and dining halls. In the period from 15th February to 15th March, in the campaign "We donate and renovate school kitchens", EUR 0.10 was allocated from the sale of each blue Vegeta package, Podravka's most famous brand, for donations to schools.

More than 150 schools from all parts of Croatia sent their applications to the Podravka and Vegeta competition for renovation of school kitchens and dining halls. Among the school applications received, ten of them were selected, and from 20th to 30th March, citizens had the opportunity to vote on the website for three schools to which the funds collected from the sale of the blue Vegeta packaging will be donated.

In the end, in order to help renovate a larger number of schools than initially planned, Podravka doubled the amount collected through the sales campaign and decided to help renovate school kitchens also of the remaining seven schools that entered the finals of the competition. Thus, Podravka and the citizens who participated in the campaign by buying the blue Vegeta packaging will together donate EUR 74,000 for the renovation of a total of ten school kitchens and dining halls. Out of this, the three schools with the highest number of votes will share the funds collected through the sales campaign, a total of EUR 37,000, while the remaining amount will be divided equally among the remaining seven schools.

For years, Podravka has been cooperating with many schools to improve school nutrition, and this initiative helped ensure the conditions for free meals in as many schools as possible to be of high quality and nutritious. Podravka will continue to develop its socially responsible component also through continuous promotion of an active lifestyle, a nutritionally balanced and healthy diet, all in accordance with the new Nutrition Strategy for the period until 2027.

### ***Podravka is a signatory of the voluntary agreement on the food waste prevention and reduction “United against food waste”***

Podravka Inc. is among the 33 signatories who in March 2023 together with the Ministry of Agriculture signed a voluntary agreement “United against food waste” aimed at preventing and reducing food waste. The agreement is one of the measures of the Plan to prevent and reduce food waste in the Republic of Croatia and the reform measure “Improving the food donation system in the Republic of Croatia” from the National Recovery and Resilience Plan.

With their signature, the signatories voluntarily undertake to invest efforts in reducing food waste in their business processes, to donate food, but also to actively communicate with consumers. The ultimate goal of the Agreement is to reduce the generation of food waste in the Republic of Croatia by 30 % by 2028.

### ***Vegeta BIO was declared the best product in the category and holder of the “Selected Product of the Year” mark for 2023***

Vegeta BIO universal food seasoning offers a natural taste and ingredients grown according to the rules of organic farming, and the product is also suitable for vegetarians and vegans. 120 grams of the product contains 375 grams of fresh vegetables. With more than ten types of vegetables and herbs and sea salt, Vegeta BIO is perfect for seasoning dishes, without the need to use additional salt. Vegeta BIO was developed in accordance with the Podravka’s Nutrition Strategy.

Vegeta BIO was declared the best product in the category and holder of the “Selected Product of the Year” mark for 2023. This is an award for marketing innovation voted by consumers themselves.

### ***Regular meetings of employees held and the new salary system initially presented***

Regular meetings of Podravka employees were held at the beginning of April in Podravka’s factories Danica, Soups and Vegeta factory, Kalnik and in the business headquarters in Koprivnica. There, a new salary system was initially presented, which is currently in the preparatory phase. The existing system was established in 1997, and during the last year numerous analyses were carried out that confirm its obsolescence and complexity. The new system would be based on tariff classes into which the jobs performed by an individual employee will be classified according to the complexity of the job, and it will improve quality and increase the fairness and transparency of the way salaries and rewards are determined.

### ***Implications of the Russian-Ukrainian crisis on Podravka’s operations***

The Russian market is not so significant in terms of total sales revenues or in terms of profitability. Management of Podravka Inc. continuously considers all risks associated with the Russian-Ukrainian conflict and assesses that these risks do not threaten the stability of operations.



Key business  
highlights of  
*Podravka Inc.*  
in 1 – 3 2023



## Key business highlights of Podravka Inc. 1 – 3 2023

**NOTE:** Pursuant to the Act on the introduction of the euro as the official currency in the Republic of Croatia, as of 1 January 2023, Podravka Inc. adjusted the reporting of data published in previous periods in such a way that it converted the data previously published in HRK into EUR, applying the fixed conversion rate of EUR 1 = HRK 7,5345 in accordance with the rules for conversion and rounding from the aforementioned Act.

Decimal differences are possible due to rounding.

## Overview of sales revenues in 1 – 3 2023

### Sales revenues by business units

<i>(in EUR millions)</i>	<b>1 – 3 2022</b>	<b>1-3 2023</b>	<b>Δ</b>	<b>%</b>
BU Culinary	20.3	21.9	1.6	7.9%
BU Soups	9.1	10.3	1.2	13.0%
BU Cereals, Snack and Beverages	7.4	9.0	1.6	21.4%
BU Creamy spreads and Desserts	5.6	6.9	1.3	22.8%
BU Bakery	1.0	0.9	(0.1)	(7.0%)
BU Basic food	14.1	17.6	3.5	24.9%
BU Meat products	8.2	7.8	(0.3)	(3.9%)
BU Fish	5.1	4.3	(0.8)	(15.4%)
Other sales	5.5	5.2	(0.3)	(5.1%)
<b>Total</b>	<b>76.3</b>	<b>84.0</b>	<b>7.7</b>	<b>10.1%</b>

### Sales revenues by region

<i>(in EUR millions)</i>	<b>1-3 2022</b>	<b>1-3 2023</b>	<b>Δ</b>	<b>%</b>
Markets of Croatia and Slovenia	40.4	45.8	5.4	13.5%
Southeastern Europe	16.1	18.0	1.8	11.4%
WE and Overseas	11.6	11.7	0.1	0.8%
Central Europe	6.4	7.2	0.8	12.3%
Eastern Europe	1.8	1.3	(0.4)	(24.3%)
<b>Total</b>	<b>76.3</b>	<b>84.0</b>	<b>7.7</b>	<b>10.1%</b>

In the 1 – 3 2023 period, total sales revenues of Podravka Inc. amounted to EUR 84.0m, which is EUR 7.7m (+10.1 %) higher than in the comparative period. Sales increase was recorded by business units Culinary, Soups, Cereals, snack and drinks, Creamy spreads and desserts and Basic food, while the decrease in revenues was recorded by business units Bakery, Meat products, Fish and other sales.

### Profitability of Podravka Inc. in 1 – 3 2023

**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 2023” section.

(in EUR millions)	Profitability of Podravka Inc.				Normalized			
	1-3 2022	1-3 2023	Δ	%	1-3 2022	1-3 2023	Δ	%
Sales revenue	76.3	84.0	7.7	10.1%	76.3	84.0	7.7	10.1%
Gross profit	24.4	23.2	(1.3)	(5.1%)	24.4	23.2	(1.3)	(5.1%)
EBITDA*	14.2	10.0	(4.2)	(29.4%)	14.2	10.0	(4.2)	(29.5%)
EBIT	10.8	6.2	(4.7)	(43.1%)	10.9	6.2	(4.7)	(43.1%)
Net profit	8.8	5.0	(3.8)	(42.7%)	8.8	5.1	(3.8)	(42.8%)
Gross margin	32.1%	27.6%		-4.45 pp	32.1%	27.6%		-4.45 pp
EBITDA margin	18.6%	11.9%		-6.66 pp	18.6%	11.9%		-6.69 pp
EBIT margin	14.2%	7.3%		-6.86 pp	14.3%	7.4%		-6.89 pp
Net margin	11.6%	6.0%		-5.55 pp	11.6%	6.0%		-5.57 pp

\* 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 2023 period, Podravka Inc. recorded a decrease in gross profit of EUR 1.3m (-5.1 %), while operating profit (EBIT) is EUR 4.7m (-43.1 %) lower than in the comparative period.

A negative impact on the operating profit (EBIT) came from: i) an increase in the costs of raw materials, packaging and energy of EUR 7.9m (+23.3 %), ii) investing in improving the material status of employees, which resulted in an increase in staff costs of EUR 2.4m (+18.1 %), iii) net provisions for trade receivables which resulted in an increase in cost of EUR 1.5m, iv) the investment cycle, which resulted in an increase in depreciation costs of EUR 0.5m (+15.2 %). These negative impacts were partially mitigated through optimization of the product range, management of the production process, the use of alternative energy sources, and changes in procurement processes.

Net profit is EUR 3.8m lower (-42.7 %) which was, in addition to the impacts above the EBIT level, affected by EUR 0.9m (-43.2 %) lower tax expense.



## **Key highlights of the balance sheet as at 31 March 2023**

As at 31 March 2023, total assets of Podravka Inc. amounted to EUR 503.3m, which is 4.6 % higher than as at 31 December 2022.

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

Property, plant and equipment of Podravka Inc. are EUR 4.6m or +3.4 % higher compared to 31 December 2022, due to the realized capital investments in the reporting period.

### **Inventories**

Inventories of Podravka Inc. are EUR 0.5m (-0.6 %) lower than as at 31 December 2022 and are maintained at the optimum level.

### **Trade and other receivables**

Trade and other receivables of Podravka Inc. are EUR 12.6m (+18.9 %) higher than as at 31 December 2022, 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 EUR 5.1m higher (+134.0 %) compared to 31 December 2022.

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

As at 31 March 2023, long-term and short-term borrowings of Podravka Inc. are EUR 8.1m higher than as at 31 December 2022 due to financing current operations, whereby the increase relates to the short-term debt.

### **Trade and other payables**

Trade and other payables of Podravka Inc. are EUR 10.5m or +21.9 % higher compared to 31 December 2022. The movement is a result of regular business operations, but also of the movements in prices of raw materials and supplies in the reporting period.

## **Key highlights of the cash flow statement in 1 – 3 2023**

Cash flow from operating activities in 1 – 3 2023 amounted to positive EUR 13.7m, due to business operations and movements in the working capital. Cash flow from investing activities at the same time amounted to negative EUR 13.4m, 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 EUR 6.2m, primarily due to borrowings received. As at 31 March 2023, cash and cash equivalents amounted to EUR 9.0m.

# Share in

## 1 - 3 2023



### List of major shareholders as at 31 March 2023

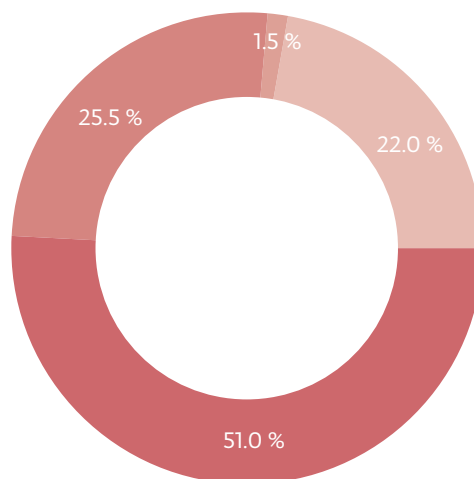
No.	Shareholder	Number of shares	% of ownership
1.	PBZ Croatia Osiguranje mandatory pension fund. category B	1,097,644	15.4%
2.	AZ mandatory pension fund. category B	932,563	13.1%
3.	RSC* - Croatian Pension Insurance Institute	727,703	10.2%
4.	Erste Plavi mandatory pension fund. category B	638,248	9.0%
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 Inc./aggregate custody account	119,999	1.7%
	Other shareholders	1,716,936	24.1%
	<b>Total</b>	<b>7,120,003</b>	<b>100.0%</b>

\* 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 March 2023, 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 1.5 % 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, CROBEX1otr, CROBEXprime, CROBEXplus, CROBEXnutris and ADRIAprime).

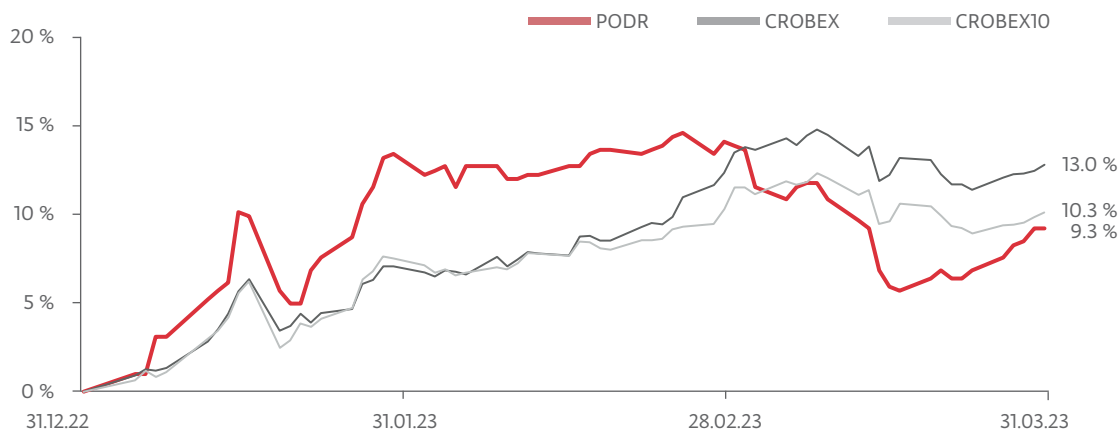
### Ownership structure as at 31 March 2023

- Croatian pension funds\*\* 51.0 %
- Republic of Croatia 25.5 %
- Others 22.0 %
- Treasury shares 1.5 %



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

### Share price movement in 1 – 3 2023



<i>(closing price in EUR; closing points)</i>	<b>31 December 2022</b>	<b>31 March 2023</b>	<b>%</b>
PODR	84.1	92.0	9.3%
CROBEX	1,979.9	2,237.4	13.0%
CROBEX10	1,156.2	1,274.9	10.3%


In the reporting period, the price of Podravka's share increased by 9.3 % compared to the end of 2022. At the same time, the CROBEX and CROBEX10 stock indices increased by 13.0 % and 10.3 %, respectively.

### Result on the Croatian capital market in 1 – 3 2023

<i>(in EUR; in units)<sup>4</sup></i>	<b>1-3 2022</b>	<b>1-3 2023</b>	<b>%</b>
Weighted average daily price	84.6	92.8	9.8%
Average daily number of transactions	26	10	(60.9%)
Average daily volume	1,418	729	(48.6%)
Average daily turnover	118,027.7	66,628.0	(43.5%)

At the annual level, the weighted average daily price of Podravka's share recorded an increase of 9.8 % relative to the comparative period. Compared to 1 – 3 2022, the average daily volume decreased by 48.6 %, the average daily turnover decreased by 43.5 %, while the average daily number of transactions is 60.9 % lower.

<sup>4</sup> The weighted average daily price in the reporting period is calculated as the sum of the weighted average daily prices in the reporting period, multiplied by the daily volume weight. The daily volume weight is calculated as a ratio of daily volume and total volume in the reporting period. The formula, Weighted average daily price in the reporting period =  $\sum \text{average daily price} \cdot (\text{daily volume} / \text{total volume in the reporting period})$ . Other indicators are calculated as the average of average daily transactions/volume/turnover in the reporting period. Block trades are excluded from the calculation.

An illustration of a person with short, curly brown hair and black sunglasses, shown in profile from the top right. Their hand is extended from the right, holding a small blue watering can with a white handle, from which a single blue drop of water is falling onto a small green plant with several leaves. The background is plain white.

Additional  
tables for  
1 – 3 2023

### **Additional tables for 1 – 3 2023**

EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments to non-current assets.

<b>Reported EBITDA calculation</b>	<b>1-3 2022</b>	<b>1-3 2023</b>
<b>(in EUR millions)</b>	<b>Podravka Inc.</b>	<b>Podravka Inc.</b>
Reported EBIT	10.83	6.16
+amortization and depreciation	3.32	3.83
+value adjustments	-	-
<b>Reported EBITDA</b>	<b>14.15</b>	<b>9.99</b>

<b>Normalized EBITDA calculation</b>	<b>1-3 2022</b>	<b>1-3 2023</b>
<b>(in EUR millions)</b>	<b>Podravka Inc.</b>	<b>Podravka Inc.</b>
Normalized EBIT	10.87	6.18
+amortization and depreciation	3.32	3.83
+value adjustments	-	-
<b>Normalized EBITDA</b>	<b>14.19</b>	<b>10.01</b>

### **One-off items in 1 – 3 2023 and 1 – 3 2022**

In the 1 – 3 2023 period, Podravka Inc. incurred EUR 0.02m 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 EUR 3 thousand (decreases it).

In the 1 – 3 2022 period, Podravka Inc. incurred EUR 0.04m 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 EUR 6 thousand (decreases it).

## Normalization of Podravka Inc. Profit and Loss Statement

<b>(in EUR millions)</b>	<b>1-3 2022</b>	<b>1-3 2023</b>
	<b>Podravka Inc.</b>	<b>Podravka Inc.</b>
<b>Reported EBIT</b>	<b>10.83</b>	<b>6.16</b>
+severance payments (long-term sick leave)	0.04	0.02
<b>Normalized EBIT</b>	<b>10.87</b>	<b>6.18</b>
<b>Reported Net Income</b>	<b>8.81</b>	<b>5.04</b>
+normalizations above EBIT level	0.04	0.02
+estimated impact of normalization on taxes	(0.01)	(0.00)
<b>Normalized Net Income</b>	<b>8.84</b>	<b>5.06</b>

# Unconsolidated financial statements in 1 – 3 2023





## Unconsolidated Profit and Loss Statement in 1-3 2023

<i>(in EUR thousands)</i>	1-3 2022	% of sales revenues	1-3 2023	% of sales revenues	% change
Sales revenue	76,254	100.0%	83,982	100.0%	10.1%
Cost of goods sold	(51,807)	(67.9%)	(60,793)	(72.4%)	17.3%
<b>Gross profit</b>	<b>24,447</b>	<b>32.1%</b>	<b>23,189</b>	<b>27.6%</b>	<b>(5.1%)</b>
General and administrative expenses	(4,625)	(6.1%)	(5,515)	(6.6%)	19.2%
Selling and distribution costs	(6,326)	(8.3%)	(8,487)	(10.1%)	34.1%
Marketing expenses	(2,837)	(3.7%)	(3,002)	(3.6%)	5.8%
Other (expenses) / income. net	173	0.2%	(20)	(0.0%)	111.8%
<b>Operating profit</b>	<b>10,832</b>	<b>14.2%</b>	<b>6,165</b>	<b>7.3%</b>	<b>(43.1%)</b>
Financial income	79	0.1%	123	0.1%	56.6%
Other financial expenses	(9)	(0.0%)	(63)	(0.1%)	573.9%
Interest expenses	(37)	(0.0%)	(70)	(0.1%)	89.8%
Net foreign exchange differences on borrowings	(85)	(0.1%)	6	0.0%	107.2%
<b>Net finance costs</b>	<b>(53)</b>	<b>(0.1%)</b>	<b>(3)</b>	<b>(0.0%)</b>	<b>94.6%</b>
<b>Profit before tax</b>	<b>10,780</b>	<b>14.1%</b>	<b>6,162</b>	<b>7.3%</b>	<b>(42.8%)</b>
Current income tax	(2,121)	(2.8%)	(1,042)	(1.2%)	(50.9%)
Deferred tax	150	0.2%	(76)	(0.1%)	(150.8%)
<b>Income tax</b>	<b>(1,971)</b>	<b>(2.6%)</b>	<b>(1,119)</b>	<b>(1.3%)</b>	<b>(43.2%)</b>
<b>Net profit for the year</b>	<b>8,809</b>	<b>11.6%</b>	<b>5,043</b>	<b>6.0%</b>	<b>(42.7%)</b>

## Unconsolidated Balance Sheet as at 31 March 2023

(in EUR thousands)	31 Dec 2022	% share	31 Mar 2023	% share	% change
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	11,555	2.4%	12,177	2.4%	5.4%
Property, plant and equipment	137,678	28.6%	142,308	28.3%	3.4%
Right-of-use assets	4,594	1.0%	4,178	0.8%	(9.1%)
Investment property	14,016	2.9%	13,966	2.8%	(0.4%)
Investments in subsidiaries	129,724	27.0%	129,724	25.8%	0.0%
Non-current financial assets	4,956	1.0%	4,945	1.0%	(0.2%)
Deferred tax assets	10,333	2.1%	10,255	2.0%	(0.8%)
<b>Total non-current assets</b>	<b>312,856</b>	<b>65.0%</b>	<b>317,553</b>	<b>63.1%</b>	<b>1.5%</b>
<b>Current assets</b>					
Inventories	82,044	17.1%	81,557	16.2%	(0.6%)
Trade and other receivables	66,782	13.9%	79,384	15.8%	18.9%
Financial assets at fair value through profit and loss	12	0.0%	2	0.0%	(83.3%)
Debit securities at amortized cost	14,999	3.1%	14,999	3.0%	0.0%
Income tax receivables	316	0.1%	729	0.1%	130.7%
Cash and cash equivalents	3,837	0.8%	8,979	1.8%	134.0%
Non-current assets held for sale	143	0.0%	143	0.0%	0.0%
<b>Total current assets</b>	<b>168,133</b>	<b>35.0%</b>	<b>185,793</b>	<b>36.9%</b>	<b>10.5%</b>
<b>Total assets</b>	<b>480,989</b>	<b>100.0%</b>	<b>503,346</b>	<b>100.0%</b>	<b>4.6%</b>

## Unconsolidated Balance Sheet as at 31 March 2023

(in EUR thousands)	31 Dec 2022	% share	31 Mar 2023	% share	% change
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Issued capital	207,897	43.2%	207,897	41.3%	0.0%
Share premium	24,360	5.1%	24,437	4.9%	0.3%
Treasury shares	(5,634)	(1.2%)	(7,027)	(1.4%)	24.7%
Reserves	102,214	21.3%	102,214	20.3%	0.0%
Retained earnings / (accumulated loss)	31,309	6.5%	36,359	7.2%	16.1%
<b>Attributable to equity holders of the parent</b>	<b>360,146</b>	<b>74.9%</b>	<b>363,880</b>	<b>72.3%</b>	<b>1.0%</b>
<b>Non-current liabilities</b>					
Borrowings	133	0.0%	133	0.0%	0.0%
Lease liabilities	3,158	0.7%	2,848	0.6%	(9.8%)
Non-current provisions for employee benefits	4,269	0.9%	4,269	0.8%	0.0%
Other non-current provisions	1,516	0.3%	1,542	0.3%	1.7%
<b>Total non-current liabilities</b>	<b>9,076</b>	<b>1.9%</b>	<b>8,792</b>	<b>1.7%</b>	<b>(3.1%)</b>
<b>Current liabilities</b>					
Trade and other payables	47,860	10.0%	58,346	11.6%	21.9%
Income tax payable	0	0.0%	214	0.0%	n/a
Borrowings	59,530	12.4%	67,587	13.4%	13.5%
Lease liabilities	1,585	0.3%	1,468	0.3%	(7.4%)
Current provisions for employee benefits	2,771	0.6%	3,038	0.6%	9.6%
Other current provisions	21	0.0%	21	0.0%	0.0%
<b>Total current liabilities</b>	<b>111,767</b>	<b>23.2%</b>	<b>130,674</b>	<b>26.0%</b>	<b>16.9%</b>
<b>Total liabilities</b>	<b>120,843</b>	<b>25.1%</b>	<b>139,466</b>	<b>27.7%</b>	<b>15.4%</b>
<b>Total equity and liabilities</b>	<b>480,989</b>	<b>100.0%</b>	<b>503,346</b>	<b>100.0%</b>	<b>4.6%</b>

## Unconsolidated Cash Flow Statement in 1-3 2023

(in EUR thousands)	1-3 2022	1-3 2023	%
<b>Profit / (loss) for the year</b>	<b>10,780</b>	<b>6,162</b>	<b>(42.8%)</b>
Depreciation and amortization	3,322	3,828	15.2%
Impairment / (reversal of impairment) of loans given and interest	(81)	(20)	75.3%
Remeasurement of financial assets and liabilities at FVTPL	6	10	66.7%
Share-based payment transactions	42	126	200.0%
Gain on disposal of non-current assets	(9)	(12)	(33.3%)
Impairment on trade receivables and other receivables	17	1,496	8700.0%
Increase in provisions	141	293	107.8%
Interest income	(79)	(123)	(55.7%)
Interest expense	40	122	205.0%
Foreign exchange differences	69	9	(87.0%)
<b>Total adjustments</b>	<b>3,468</b>	<b>5,729</b>	<b>65.2%</b>
<b>Changes in working capital:</b>			
(Increase) / Decrease in inventories	(2,536)	487	119.2%
(Increase) / Decrease in trade receivables	(11,166)	(8,594)	23.0%
(Decrease) / Increase in trade payables	20,001	9,914	(50.4%)
<b>Cash generated from operations</b>	<b>20,547</b>	<b>13,698</b>	<b>(33.3%)</b>
Income tax paid	(744)	(1,241)	(66.8%)
Interest paid	(46)	(116)	(152.2%)
<b>Net cash from operating activities</b>	<b>19,757</b>	<b>12,341</b>	<b>(37.5%)</b>

## Unconsolidated Cash Flow Statement in 1-3 2023

<b>(in EUR thousands)</b>	<b>1-3 2022</b>	<b>1-3 2023</b>	<b>%</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangibles	(6,770)	(8,652)	(27.8%)
Proceeds from sale of property, plant, equipment and intangibles	15	12	(20.0%)
Loans given	0	(4,800)	(100.0%)
Proceeds from loans given	0	20	100.0%
Interest received	5	58	1060.0%
<b>Net cash from investing activities</b>	<b>(6,750)</b>	<b>(13,362)</b>	<b>(98.0%)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	3,336	42,883	1185.5%
Repayment of borrowings	(5,023)	(34,833)	(593.5%)
Purchase of treasury shares	(63)	(1,543)	(2349.2%)
Sale of treasury shares	177	109	(38.4%)
Repayment of lease liabilities	(440)	(449)	(2.0%)
Dividend paid	(1)	(4)	(300.0%)
<b>Net cash from financing activities</b>	<b>(2,014)</b>	<b>6,163</b>	<b>406.0%</b>
<b>Net increase of cash and cash equivalents</b>	<b>10,993</b>	<b>5,142</b>	<b>(53.2%)</b>
Cash and cash equivalents at beginning of year	332	3,837	1055.7%
<b>Cash and cash equivalents at the end of year</b>	<b>11,325</b>	<b>8,979</b>	<b>(20.7%)</b>

## Unconsolidated Statement of Changes in Equity in 1-3 2023

(in EUR thousands)	Subscribed capital	Capital gains	Treasury shares	Other reserves	Retained earnings	Total
<b>As at 1 January 2022</b>	<b>207,897</b>	<b>24,690</b>	<b>(5,228)</b>	<b>84,895</b>	<b>33,612</b>	<b>345,866</b>
<i>Comprehensive income</i>	-	-	-	-	-	-
Profit for the year	-	-	-	-	26,290	26,290
Actuarial losses (net of deferred tax)	-	-	-	240	-	240
<b>Other comprehensive income</b>	-	-	-	<b>240</b>	-	<b>240</b>
<b>Total comprehensive income</b>	-	-	-	<b>240</b>	<b>26,290</b>	<b>26,530</b>
<i>Transactions with owners recognized directly in equity</i>						
Allocation from retained earnings	-	-	-	17,079	(17,079)	-
Exercise of options	-	(1,096)	3,136	-	594	2,634
Fair value of share-based payment transactions	-	766	-	-	-	766
Purchase of treasury shares	-	-	(3,542)	-	-	(3,542)
Dividends paid	-	-	-	-	(12,108)	(12,108)
<b>Total transactions with owners recognized directly in equity</b>	-	<b>(330)</b>	<b>(406)</b>	<b>17,079</b>	<b>(28,593)</b>	<b>(12,250)</b>
<b>As at 31 December 2022</b>	<b>207,897</b>	<b>24,360</b>	<b>(5,634)</b>	<b>102,214</b>	<b>31,309</b>	<b>360,146</b>
<i>Comprehensive income</i>						
Profit for the year	-	-	-	-	5,043	5,043
Actuarial losses (net of deferred tax)	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	<b>5,043</b>	<b>5,043</b>
<i>Transactions with owners recognized directly in equity</i>						
Allocation from retained earnings	-	-	-	-	-	-
Exercise of options	-	(49)	150	-	7	108
Fair value of share-based payment transactions	-	126	-	-	-	126
Purchase of treasury shares	-	-	(1,543)	-	-	(1,543)
<b>Total transactions with owners recognized directly in equity</b>	-	<b>77</b>	<b>(1,393)</b>	-	<b>7</b>	<b>(1,309)</b>
<b>As at 31 March 2023</b>	<b>207,897</b>	<b>24,437</b>	<b>(7,027)</b>	<b>102,214</b>	<b>36,359</b>	<b>363,880</b>

# Notes to the financial statements

In 1 – 3 2023 period there were no changes in accounting policies.

Podravka Inc. Annual Report for 2022 available at:

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



MANAGEMENT BOARD

Koprivnica, 24 April 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 - 3 2023 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

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