

KOPRIVNICA, 28<sup>TH</sup> FEBRUARY 2022

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



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# Key financial indicators in 1 – 12 2021



## Key financial indicators in 1 – 12 2021

(in HRK millions)	2020	2021	Δ	%
Sales revenue	4,503.2	4,631.5	128.3	2.8%
EBITDA <sup>1</sup>	546.7	592.0	45.3	8.3%
Net profit after MI	248.9	309.2	60.3	24.2%
Net cash flow from operating activities	384.5	517.1	132.6	34.5%
Cash capital expenditures	192.4	170.3	(22.2)	(11.5%)
Normalized EBITDA <sup>2</sup>	543.1	607.7	64.6	11.9%
Normalized net profit after MI	244.4	304.1	59.7	24.4%

(in HRK; market capitalization in HRK <sub>m</sub> )	31.12.2020	31.12.2021	Δ	%
Net debt / normalized EBITDA	1.4	0.8	(0.6)	(43.9%)
Normalized Earnings per share	35.0	43.4	8.4	24.1%
Last price at the end of period	485.0	636.0	151.0	31.1%
Market capitalization	3,391.2	4,457.3	1,066.1	31.4%
Return on average equity <sup>3</sup>	7.6%	8.8%		+122 bp
Return on average assets <sup>4</sup>	5.1%	6.3%		+123 bp

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

### Key highlights in 1 – 12 2021:

- In 1 – 12 2021, the Podravka Group recorded a revenue increase of HRK 128.3m (+2.8%), an increase in operating profit (EBIT) of HRK 33.0m (+9.9%) and an increase in net profit of HRK 60.3m (+24.2%),
- Higher sales revenues in the reporting period are a result of sales revenues increase in both segments, where the Food segment revenues increased by HRK 74.2m (+2.1%), while the Pharmaceuticals segment revenues increased by HRK 54.1m (+5.5%),
- A positive impact on operations came from the cost control and positive movements in foreign exchange differences on trade receivables and trade payables, as well as on borrowings at the Group level, which resulted in profitability increase,
- Deleveraging at the Podravka Group level continued by a decrease in total borrowings of HRK 284.5m. The leverage (net debt to normalized EBITDA ratio) for the reporting period was 0.8.

<sup>1</sup> Reported EBITDA is calculated in a way that EBIT was increased by the depreciation, amortisation and value adjustments of the non-current assets.

<sup>2</sup> Normalized EBITDA is calculated in a way that normalized EBIT was increased by the depreciation and amortization.

<sup>3</sup> Normalized. Return on average equity is calculated in a way that normalized Net income is divided by average total shareholder's equity. Average total shareholder's equity is a sum of total shareholder's equity on the last day of reporting period (31.12.2021) and comparative period (31.12.2020) divided by 2. Normalized Net income include the last 12 months period.

<sup>4</sup> Normalized. Return on average assets is calculated in a way that normalized Net income is divided by average total asset. Average total asset is a sum of total asset on the last day of reporting period (31.12.2021) and comparative period (31.12.2020) divided by 2. Normalized Net income include the last 12 months period.

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



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

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

At the end of 2020, in Croatia and most of the countries in which the Podravka Group operates, the epidemiological situation deteriorated and strict measures were introduced, which also continued in the first half of 2021. Introduction of strict epidemiological measures such as lockdown, introduction of curfew, reduced store opening hours, restrictions on the number of customers in stores, limited movement of people, closure of the Gastro channel (the Gastro channel includes HoReCa customers, institutional customers, industrial customers, etc.), full or partial introduction of online classes, difficult access to health care facilities, reduced number of diagnostic procedures and consequently, lower levels of prescription drugs prescribed also affected the business operations of both segments of the Podravka Group. In May, epidemiological measures in Croatia and other European Union countries were gradually eased and mitigated. The easing of restrictive measures and the opening of hospitality facilities and state borders in the second quarter started earlier compared to the same period of 2020, which resulted in a better shoulder season. The significant easing of epidemiological measures and opening of all borders in the third quarter resulted in a very successful tourist season and sales growth in the Gastro channel following the opening and significant activation of hospitality activities. The more favourable epidemiological situation compared to 2020 continued in the fourth quarter as well, which had a positive impact on sales, but this effect cannot be quantified. The share of Gastro channel sales of the Adria region in total sales revenues of the Podravka Group increased from 7.0% in the comparative period to 8.4% in the reporting period. The share of Gastro channel sales in the 1-12 2021 period on international markets in total sales revenues of the Podravka Group increased to 1.6% in the reporting period compared to 1.2% in the comparative period.

In the reporting period, the Podravka Group received subsidies based on difficult business conditions due to the situation caused by COVID-19 disease in Serbia and in Slovenia in the total net amount of HRK 1.1m. The Podravka Group used the possibility of recognizing deferred tax in the amount of HRK 0.6 million in the Czech Republic, based on a law passed by the Czech government as part of a package of measures related to the COVID-19 disease pandemic. The situation caused by COVID-19 disease did not give rise to new financial risks.

Even before the outbreak of COVID-19 disease in the European Union, the Podravka Group continuously monitored the situation and took preventive and corrective measures in real time to manage potential health and business risks. With the first outbreak of COVID-19 disease in the Republic of Croatia, the Crisis Management Team was activated, which adopted measures in accordance with the recommendations of the World Health Organization and the competent national authorities of the Republic of Croatia. With increased attention, the development of the situation in the country and the region continued to be closely monitored, in order to ensure the health safety of employees and ensure business continuity. In addition, a separate e-mail address has been established for the two-way internal communication between employees and the Crisis Management Team and an internal portal to constantly communicate the need to implement the established anti-epidemic measures on a daily basis.

Work organization is still under strict control and in accordance with current epidemiological measures and the recommendations of the competent institutions. In order to better inform employees, ensure business continuity and reduce all external risks, a corresponding documentation set of policies and work instructions has been defined, which have been adequately communicated to all users of the Podravka Group's IT system. Despite all the challenges caused by the COVID-19 pandemic, thanks to the intensified efforts of the Corporate and Information Security sector and IT sector, there were no significant security incidents that would cause the unavailability of the IT system and consequently affect the company's business continuity.

Significant events  
in 1 – 12 2021  
and after the balance sheet date



## **Podravka Group Business strategy until 2025 and Three-year business plan**

### THE STRATEGIC PLAN OF THE PODRAVKA GROUP FOR THE 2021-2025 PERIOD ADOPTED

The Supervisory Board of Podravka Inc. approved in June the Strategic Plan of the Podravka Group (the Strategy) for the 2021 – 2025 period. The Business strategy includes both segments of the Podravka Group, Food and Pharmaceuticals, through three development pillars: focus on selected markets and product categories, increasing business efficiency through technological modernization and digital transformation of production and logistics processes, and acquisitions. The adopted Business strategy of the Podravka Group until 2025 implies investment of around HRK 5 billion in modernization and digitalization of production and logistics processes, marketing and acquisitions, and the main message in the implementation of the Strategy is „Delicious food and good health for our customers through knowledge and heart“.

### PODRAVKA GROUP THREE-YEAR BUSINESS PLAN 2022-2024 ADOPTED

In December, the Supervisory Board of Podravka Inc. has given its approval to the Management Board for the Podravka Group three-year business plan for the 2022 – 2024 period. With this, the Podravka Group has, for the first time in its history, received an operational business plan for a three-year period that is based on the previously adopted Strategic Plan to 2025 and a three-year investment, i.e. capital expenditure, plan. The adopted three-year plan follows the guidelines and objectives laid down in the strategy, providing a detailed overview of all business activities of both Podravka Group segments, Food and Pharmaceuticals, that will be implemented in the forthcoming period.

### **Strong investment cycle launched**

As part of preparatory steps in adopting the Strategy, in April the Supervisory Board gave its consent to the Management Board of Podravka to launch a strong investment cycle. The investment cycle includes the logistics processes optimization, technical and technological modernization, and digital transformation, in order for the Podravka Group to be at the optimal level of development and to be able to adequately respond to the increasing demands it faces. The investment cycle is one of the bases of the Strategy and the Three-year business plan.

In 2021, a logistics processes optimization project was implemented, during which detailed analyses in the supply chain were carried out and measures to improve the process were identified. Logistics optimization is planned through the investment project in the new logistics and distribution centre, which is one of the largest capital investments included in the three-year business plan. It will enable the consolidation of a larger number of the existing warehouses and thus significantly improve the efficiency of logistics and distribution processes, improve overall efficiency, and further strengthen the competitiveness of the Podravka Group's operations. In addition, the construction and use of a new logistics and distribution centre will have a positive impact on the environment through the reduction of CO<sub>2</sub> emissions. During 2021, the preparation of technical documentation and obtaining permits was started, and through 2022, construction works will begin in the Danica business zone in Koprivnica.

The technical and technological modernization and digital transformation relate to IT and energy reconstruction and modernization of the office building in Koprivnica. During September, the Supervisory Board gave its final approval to the Management Board and in October the reconstruction works on the office building began. The reconstruction and modernization are

carried out in the existing dimensions, with a careful cost management, and are financed from operating cash flow, without further borrowings. The completion is expected in July 2022, and it will contribute to the improvement in working conditions for Podravka's employees, improve the energy efficiency and corporate and IT security of the system.

The Food Division of the Podravka Group is focused on product development and innovation in products and packaging, increasing product availability and adapting products to the needs of different consumer groups. Therefore, in 2021, the Kalnik Factory in Varaždin started modernization, which includes a fruit processing line, an aseptic line and vacuum boilers, a line for filling vegetable sauces and products in squeeze packaging and relocation of the Tetrapak® line from the Umag Vegetable Factory. The project is applied for the Rural Development Program 2014 – 2020, for the implementation of measure M.4.2.1. Increase in value added to agricultural products and grants in the amount of HRK 19 million were obtained. Modernization will contribute to increasing sales revenues and reducing production costs, positively affect the quality of raw materials and enable the production of a new range of products, and the completion of works is planned for 2022.

Technological processes modernization has also begun at the Soup and Vegeta Factory in Koprivnica. Thus, in July 2021, the Management Board of Podravka decided on the technological modernization of production and packaging processes of spice cubes (broths). This is an investment that allows almost doubling the total production capacity of this category of products. This exploits the potential for further growth in many markets and enables further development of the range and innovation in products that generate annual sales revenue of over HRK 30 million.

To improve working conditions, reduce production costs and increase sales revenues, in May 2021, a decision was approved to invest in a line to produce extruded products at the Cocktail snacks factory in Koprivnica. During 2021, construction works were completed and the infrastructure for connections was established, while during 2022, works are expected to be completed and a new line put into operation.

Also, funds were approved for the modernization of the plant for processing fruits and vegetables, new technologies and new products of the Kalnik factory, which will affect the quality of raw materials and enable the production of a new range of products.

In Žito, a project to build a flow chamber and automate and expand the packaging plant in the Vrhnika bakery began last year. The flow chamber for raising dough will be put into operation during 2022, as well as the automation and expansion of the packaging plant related to the robotization of product packaging in cardboard boxes and the automatic transfer of pallets to the refrigerator. Both investments will increase equipment capacity and contribute to reducing labour costs while improving employee working conditions.

Podravka Lagris a.s. Lhota has invested in poppy seeds stabilization technology. The investment included construction works, electrical installations and poppy seeds stabilization equipment and a poppy seed grinding mill, all of which were completed in the last quarter of 2021. This investment contributed to increasing sales revenue and improving product quality.

In 2021, the other Podravka Group division, Pharmaceuticals, which includes Belupo, reconstructed the space of the weighing room in the solid drugs factory with the aim of minimizing cross-contamination. The project, completed in the last quarter 2021, included an investment in the space of weighing room for the production of solid drugs, weighing chambers and a facility for washing parts and HVAC system (heating, ventilation, air conditioning) for the renovated space.

## Care for employees

### DECISIONS TO INCREASE EMPLOYEES' EARNINGS

At the session held on 18<sup>th</sup> March 2021, the Management Board of Podravka Inc. passed decisions improving the status and position of the Podravka Group's employees. These decisions aimed at increasing employees' earnings were implemented as of 1<sup>st</sup> April 2021. HRK 21m has been invested in measures to improve employees' rights. This investment in improving the material rights of employees did not affect the efficiency of the Podravka Group's operations as it has been offset by savings at other cost levels (savings through simplification of the organisation, savings on general and administrative expenses and marketing expenses).

The second wave of salary raise within the year, the decision on the additional increase in employees' earnings, was passed on 11<sup>th</sup> February 2022, and is effective from 1<sup>st</sup> March of the same year. This increase raises the investment in employee salaries by around HRK 35 million annually. The increase in earnings in the second wave refers to the increase in the performance coefficient by 0.15 for all employees in Podravka d.d. and Mirna d.d. and to the increase in part of the coefficients for skilled and highly skilled workers from 1<sup>st</sup> March 2022. The increase in part of the coefficients for higher education employees, based on their individual work results, is in force from 1<sup>st</sup> May 2022. Due to the extension of coefficients range for employees with higher education, an annex to the Podravka Group Collective Agreement was signed.

In total, the Podravka Group invested more than HRK 55 million through two waves of increase in employee earnings. The total average increase in earnings, through both waves of raises, is between HRK 980 and 1,150, or between 18 and 28 percent on average, depending on the education and working conditions of employees.

### PODRAVKA INVESTS IN IMPROVING WORKING CONDITIONS IN FACTORIES

With the aim of improving the microclimatic working conditions in Podravka's factories in Koprivnica and Varaždin, the Management Board of Podravka Inc. has adopted a decision on investing in air conditioning and ventilation of these production facilities. This decision was made in accordance with the company's socially responsible business and care for employees, all with the aim to provide the most comfortable working conditions in these factories. It is estimated that by the end of 2022, the Baby food and creamy spreads factory, the Cocktail snacks factory, the Danica factory, the Mill factory and the Kalnik factory will be air-conditioned, which will certainly create better and safer working conditions for the employees.

### SOCIAL DIALOGUE

During the 2021, the Podravka Group has repeatedly shown how much it values the opinion of its employees. Immediately upon her arrival to the position of President of the Management Board of Podravka Inc., Martina Dalić, PhD, met with union representatives. In July, she participated in regular gatherings of Podravka and Belupo workers at several locations: in Danica production, at the Soup and Vegeta factory where the employees of the Baby food and creamy spreads factory were also present, in the seven-storey office building for all employees in the circle (the Mill factory, The Cocktail snacks factory, all units located in the physical vicinity of the headquarters), in the Kalnik factory in Varaždin and at Belupo.

During the year, regular contacts were held between the Management Board and other directors and trade union representatives.

On 11<sup>th</sup> February 2022, an amendment to the Podravka Group Collective Agreement was concluded, signed by all three unions operating in Podravka Inc. Through the agreed amendments, it has been enabled to increase the range of job complexity coefficients based on employees' individual results.

## ***Sustainable business***

### **PODRAVKA WON NEW RECOGNITION "SUSTAINABLE DEVELOPMENT LEADER 2021"**

Based on a national survey conducted on a nationally representative sample by the renowned market research agency Hendl, Podravka was recognized by many respondents as a company that has a positive impact on society and the environment and is thus ranked in the TOP 5 companies in Croatia that consumers consider socially and climate responsible.

### **CONSTRUCTION OF PODRAVKA'S 2.4 MW SOLAR POWER PLANT WITH CO-FINANCING FROM EU FUNDS**

Nurturing socially responsible business and respecting the principles of sustainable development, Podravka is continuously considering various opportunities to improve relations with the environment and raise the efficiency of the company's business to a higher level.

In this context, Podravka's solar power plant "Podravka – Danica", with a capacity of 2.4 MW, will be built in the Industrial Zone Danica, in Koprivnica. The solar power plant will produce electricity for own consumption. The expected annual production of this power plant is 3.2 GWh and its construction and commissioning will lead to significant savings in the cost of electricity from conventional sources for Podravka's factories, but also to a positive impact on the environment by reducing CO<sub>2</sub> emissions. Due to the solar power plant, up to 40% of the electricity consumption of the Soups and Vegeta factory, the Baby food factory and the Meat products factory will be from renewable sources.

## ***Relationship with the community***

Podravka continuously and through all available channels strives to help the community, including through donations. Caring for the needs and the most vulnerable citizen across the country is woven into the company with a heart, while socially responsible business and helping the community are only part of the principles that guide Podravka from year to year.

In addition to continuous cooperation with the Croatian Red Cross, Podravka was among the first companies to organize aid to the victims of the earthquake that hit the Sisačko-moslavačka county the most, and later, during the holidays, another donation was directed to the same area – presents for the children in the Kindergarten Bubamara from Glina. Also, with as much as 3.5 tons of Šumi candies, Žito delighted children and their families, end users of various organizations, pediatric clinics and covid wards throughout Slovenia.

Podravka Inc. and Handball Club Podravka s.d.d. concluded a new contract. For the first time, a three-year sponsorship agreement was signed that runs from 1<sup>st</sup> January 2022 to 30<sup>th</sup> June 2025. The new Sponsorship Agreement provides for a fixed and variable amount of sponsorship. Also, the first league football team Slaven Belupo is still one of the most important promoters of Belupo, so a new three-year agreement was signed with them by Belupo d.d. The new contract was concluded for the period from 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2024, also through a fixed and variable amount of sponsorship.

Also, bearing in mind their importance for the benefit of the community, the support for all other sports clubs and associations that bear Podravka's name continued.

## **Innovation**

### **NUTRITIONAL VALUE OF PRODUCTS**

The development of nutritionally balanced food products in accordance with our times and sustainable development, for the benefit of consumers health of all ages is one of the key goals of Podravka, whose product range regularly helps shape quality meals for individuals and families.

Podravka's nutritional strategy is focused on its own product range in the direction of reformulating the composition of a portion of the range in terms of salt, sugar (reduction of 1-3% per product), saturated fats and trans fats, development of new and innovative products with additional and optimal nutrient content that contribute to health, such as proteins, fibers and probiotics, development of products for children, the elderly and people with special dietary needs, providing mandatory and additional information on nutritional quality, educating consumers and employees of Podravka and cooperation with the local community.

### **PRODUCT INNOVATION AND AWARDS**

Guided by such principles, numerous new products have emerged. Žito responded to the trends with a line of protein products and Drožnik bread was created. Lino also joined the protein range with the new Čokolino Protein Power and gluten-free Čokolino was also presented to consumers. Also, for its youngest consumers, Lino has prepared Lino Frutolino BIO ready-made porridges, produced according to strict EU environmental standards.

One of the world's leading trends are plant-based products, which is the result of strengthening global environmental initiatives. Under the O'Plant brand, Podravka launched six herbal drinks based on almonds, oats and rice that are 100% of plant origin, without added sugar and lactose-free, and the range also includes Green Beast Burger – a plant-based burger based on pea protein.

### **DEVELOPMENT OF A PERSONALIZED CONCEPT FOR THE REDUCTION OF EXCESS WEIGHT IN CHILDREN**

In a joint scientific research project, the children's hospital Srebrnjak, Belupo and Podravka will develop a personalized concept for the reduction of excess weight and maintenance of a healthy body weight in the treatment of chronic diseases in children and adults. Overweight and obesity are global public health problems and risk factors for the development of main chronic non-communicable diseases. The project is fully in line with the Smart Specialization Strategy of the Republic of Croatia and the priorities of Belupo, which has positioned itself as one of the key players in food supplements production.

This project synergistically connects the internal potentials of our two divisions, Food and Pharmaceuticals. Nutritional quality and health are at the core and heart of Podravka's and Belupo's business. The value of the project, under the slogan "Food for Health", is HRK 9 million, including a non-refundable HRK 6.8 million from EU funds, and most of the funds will be invested in conducting a clinical study, research and development of new products, patent, but also in hiring new professionals.

### **NEW COOLINARIKA WON THE MIXX AWARD FOR THE BEST WEBSITE**

In addition to the launch of the new site at the beginning of the year, the most important event for Coolinarika was the MIXX award (best digital projects in the field of marketing communications) for the best website in the Best Website category.

Coolinarika has undergone a conceptual change that meets the challenge of the digital age and the needs of users and has continued to provide answers to questions about what and how to

cook today. Through the smart algorithm Taste Machine, the so-called taste profile is created for each user, by following their movement through the website, allowing personalization of content through understanding the needs of individuals. Coolinarika has also become adapted for mobile devices as a natural response to the needs of smartphone users. Simple, fast and smart application that meets all the culinary needs of visitors with a personalized approach deserved to become the owner of the valuable MIXX statue.

### ***Increasing the quality and security of the supply chain of primary raw materials***

Due to the extreme climatic conditions in the recent years, it is not possible to produce enough high-quality raw materials that would be healthy and affordable. However, the Podravka Group is actively working to increase the quality and security of the supply chain of primary raw materials by taking certain adaptation measures, such as installing irrigation systems on production areas, building a system of drainage of excess rainwater from endangered production areas, reducing pesticides and fertilizers in agriculture, etc.

Also, in 2021, for the first time, the production of cucumbers (1.17 ha) and peppers (3.5 ha) was organized, which resulted in positive changes in production, from a higher number of seasonal workers, the introduction of new production technologies, irrigation and mechanization. At the same time, Podravka's tomato processing factory in Umag was actively working on the purchase and processing of tomatoes – around 1.9 million seedlings on an area of more than 100 hectares. In parallel with the expansion of vegetable production (cucumbers, peppers, peas and beets), cereals (wheat, corn, rye) and oilseeds (oilseed rape) were also sown. These increases in own production are the direction in which the Podravka Group is going and wants to go, and the current expansion of production has created the conditions for further growth and development.

### ***Dividend paid in cash***

In accordance with the results achieved in 2020, the Supervisory Board of Podravka Inc. at the session held on 30<sup>th</sup> April 2021, adopted the proposal of the decision of the Management Board of Podravka Inc. on the use of profit for 2020, and passed it to the General Assembly of Podravka Inc. for its adoption. On 29<sup>th</sup> June 2021, the General Assembly adopted the decision to distribute dividend to the shareholders of Podravka Inc. in the amount of HRK 9 per share, which implies a dividend yield<sup>5</sup> of 1.5%. The dividend was paid on 27<sup>th</sup> August to all shareholders registered in register of shareholders as at 29<sup>th</sup> July 2021.

### ***Podravka share won Zagreb Stock Exchange award***

Share of Podravka Inc. was declared the “Top Turnover Stock” at the 10<sup>th</sup> Zagreb Stock Exchange Awards for 2021. This category considers statistical indicators during the year and share turnover on the capital market. Zagreb Stock Exchange awards are a recognition of excellence and a further incentive for successful business of participants in the capital market.

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<sup>5</sup> Dividend yield has been calculated as a ratio between gross amount of the dividend per share (HRK 9.00) and last trading price of the share (HRK 596.00) on the date of the General assembly (29<sup>th</sup> June 2021) when dividend payout was voted.

## **Events after the balance sheet date**

### **SUPERVISORY BOARD OF PODRAVKA APPOINTED NEW MANAGEMENT BOARD UNDER THE CONTINUED LEADERSHIP OF MARTINA DALIĆ**

At the session of the Podravka Inc. Supervisory Board held on 4<sup>th</sup> February 2022, the decision was made to appoint the next Management Board that will be led in the five-year mandate by Martina Dalić, PhD, the current President of the Management Board of Podravka Inc. The new Management Board mandate began on 24<sup>th</sup> February 2022. Previous Board members Davor Doko and Ljiljana Šapina received a new mandate. The new Management Board members are Milan Tadić, until the appointment Podravka's Head Director for the Adria Region, and Ivan Ostojić, arriving from the position of a member of the Management Board of Wüstenrot stambena štedionica and member of the Podravka Supervisory Board, and whose mandate will begin as of 1<sup>st</sup> July 2022

The decision on the new Management Board of Podravka Inc. was adopted almost a month before the expiration of the mandate of the previous Management Board, which confirms the focus of the Supervisory Board on continuous improvement of the quality of corporate governance and the success of the current leadership of the President of the Management Board Martina Dalić, PhD.



# Overview of sales revenues in 1 – 12 2021



## Overview of sales revenues in 1 – 12 2021

The situation caused by COVID-19 disease positively impacted the sales revenues trends in 2020 when a prominent effect of stockpiling of food and pharmaceutical products by customers was recorded in almost all markets in which the Podravka Group is present. Increased demand in 2020 significantly contributed to sales revenues of both business segments and almost all business units and categories, but this impact could not be clearly distinguished from the impact of regular demand for products. In 2021, the epidemiological situation also had a significant impact in most countries in which the Podravka Group operates, especially in the Adria region (mostly in Croatia), which is different from the one recorded in 2020. Negative impact on sales revenues in the first three months of 2021 comes from the introduced strict epidemiological measures such as lockdown and curfew, reduced store opening hours, restrictions on the number of customers in stores, limited movement of people, closure of the Gastro channel (includes HoReCa customers, institutional customers, industrial customers, etc.), difficult access to health care facilities, reduced number of diagnostic procedures and consequently, lower levels of prescription drugs prescribed. The positive impact on sales revenues in the reporting period comes from the easing of measures which began in May and a significant easing in the third quarter, which gave a boost to the tourist season and the arrival of foreign guests in Croatia. Positive trends continued until the end of 2021 since there was no new lockdown, as was the case in the comparative period. The successful tourist season, easing of epidemiological measures in the countries where the Podravka Group is present with its range, opening of the Gastro channel in Croatia and abroad and the absence of strict epidemiological measures in the fourth quarter positively reflected on the movements of sales revenues, but this effect cannot be clearly estimated or quantified.

## Sales revenues by segment in 1 – 12 2021

<i>(in HRK millions)</i>	2020	2021	Δ	%
<b>Food</b>	<b>3,527.0</b>	<b>3,601.3</b>	<b>74.2</b>	<b>2.1%</b>
<i>Own brands</i>	3,319.7	3,379.9	60.2	1.8%
<i>Other sales*</i>	207.3	221.4	14.0	6.8%
<b>Pharmaceuticals</b>	<b>976.2</b>	<b>1,030.3</b>	<b>54.1</b>	<b>5.5%</b>
<i>Own brands</i>	785.8	820.3	34.5	4.4%
<i>Other sales</i>	190.4	210.0	19.5	10.3%
<b>Podravka Group</b>	<b>4,503.2</b>	<b>4,631.5</b>	<b>128.3</b>	<b>2.8%</b>
<i>Own brands</i>	4,105.4	4,200.2	94.8	2.3%
<i>Other sales*</i>	397.8	431.3	33.5	8.4%

\*Includes the new line of plant-based milk products.

### **Movements of the Food segment revenues (1 – 12 2021 compared to 1 – 12 2020):**

- OWN BRANDS recorded HRK 60.2m (+1.8%) higher sales, where the increase in sales of business units Culinary, Podravka Food and Baby food, sweets and snacks successfully cancelled out lower sales of other business units in the comparative period,
- OTHER SALES recorded HRK 14.0m (+6.8%) higher sales, primarily as a result of the increase in trade goods sales in the markets of Croatia, Benelux and Slovenia,
- Overall, the Food segment recorded HRK 74.2m (+2.1%) higher sales,

### **Movements of the Pharmaceuticals segment revenues (1 – 12 2021 compared to 1 – 12 2020):**

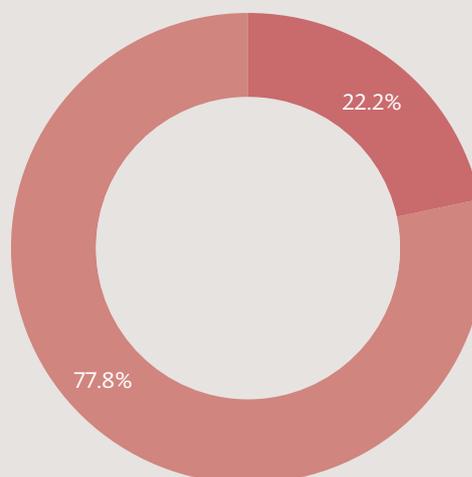
- OWN BRANDS recorded HRK 34.5m higher sales (+4.4%), as a result of sales increase of prescription drugs, primarily in the markets of Russia, Bosnia and Herzegovina and Slovenia,
- OTHER SALES recorded HRK 19.5m (+10.3%) higher revenues, due to the increase in trade goods sales in the market of Bosnia and Herzegovina,
- Overall, the PHARMACEUTICALS SEGMENT recorded HRK 54.1m (+5.5%) higher sales revenues,

### **Movements of the Podravka Group revenues (1 – 12 2021 compared to 1 – 12 2020):**

- Podravka Group's OWN BRANDS recorded an increase in sales of HRK 94.8m (+2.3%),
- The revenues of OTHER SALES are HRK 33.5m (+8.4%) higher,
- Overall, the PODRAVKA GROUP sales revenues are HRK 128.3m (+2.8%) higher.

### **Sales revenues by segment in 2021**

- Pharmaceuticals segment 22.2%
- Food segment 77.8%



## Sales revenues by business unit and category in 1 – 12 2021

(in HRK millions)	2020	2021	Δ	%
BU Culinary	1,003.1	1,047.0	43.8	4.4%
BU Baby food, sweets & snacks	460.8	473.4	12.6	2.7%
BU Podravka food	403.1	440.3	37.2	9.2%
BU Žito and Lagris	926.2	902.9	(23.3)	(2.5%)
BU Meat products	305.4	304.0	(1.4)	(0.5%)
BU Fish	221.0	212.4	(8.6)	(3.9%)
Prescription drugs	665.9	697.1	31.2	4.7%
Non-prescription programme	119.8	123.2	3.4	2.8%
Other sales	397.8	431.3	33.5	8.4%
<i>Other sales Food*</i>	207.3	221.4	14.0	6.8%
<i>Other sales Pharmaceuticals</i>	190.4	210.0	19.5	10.3%
<b>Podravka Group</b>	<b>4,503.2</b>	<b>4,631.5</b>	<b>128.3</b>	<b>2.8%</b>

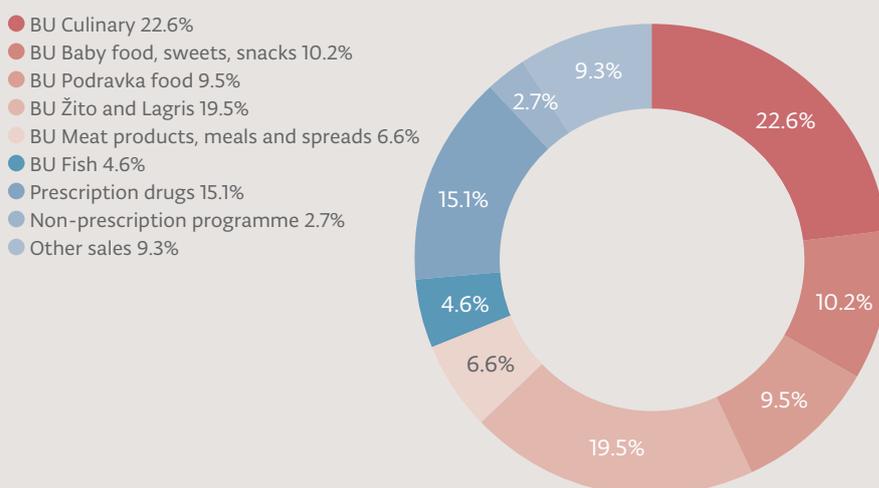
\* Includes the new line of plant milk products.

## Movements of revenues by business unit and category (1 – 12 2021 compared to 1 – 12 2020):

- The CULINARY BUSINESS UNIT recorded HRK 43.8m (+4.4%) higher sales, primarily due to Universal seasonings and Soups categories sales increase. Significant revenue growth was recorded in the Adria region and the Western Europe and Overseas region,
- The BABY FOOD, SWEETS AND SNACKS BUSINESS UNIT recorded a sales increase of HRK 12.6m (+2.7%), due to sales increase of the categories Creamy spreads, Baby food and Snacks. The business unit recorded a sales increase in all regions,
- The PODRAVKA FOOD BUSINESS UNIT recorded HRK 37.2m (+9.2%) higher sales, following the increase in sales of the Flour, Condiments, and Vegetables categories. Sales revenues grow in most regions, primarily in the Adria region,
- The ŽITO AND LAGRIS BUSINESS UNIT records HRK 23.3m (-2.5%) lower sales than in the comparative period, mainly as a result of lower sales in the categories private labels, Confectionery and Basic Food, primarily in the markets of the Western Europe and Overseas region and the Central Europe region,

- The MEAT PRODUCTS, MEALS AND SPREADS BUSINESS UNIT recorded a sales decrease of HRK 1.4m (-0.5%), primarily due to lower sales of the Other meat products, Luncheon meat and Pâtés categories. Central Europe region sales increase mitigated the sales decrease of the majority of regions,
- The FISH BUSINESS UNIT in the observed period recorded HRK 8.6m (-3.9%) lower sales than in the comparative period, primarily due to sales decrease of the Tuna category in the Adria region,
- The PRESCRIPTION DRUGS CATEGORY recorded HRK 31.2m (+4.7%) higher sales, primarily due to dermatological drugs sales increase. The greatest contribution to the increase in sales revenues was made by the markets of Russia, Bosnia and Herzegovina and Slovakia,
- The revenues of the NON-PRESCRIPTION PROGRAMME CATEGORY are HRK 3.4m (+2.8%) higher, as a result of sales increase of the herbal products subcategory in the Croatian market,
- The OTHER SALES CATEGORY recorded HRK 33.5m (+8.4%) higher sales. In the Food segment, other sales grew by HRK 14.0m (+6.8%) mainly due to the increase in trade goods sales in the Croatian market. In the Pharmaceuticals segment, other sales grew by HRK 19.5m (+10.3%), primarily due to higher trade goods sales in the market of Bosnia and Herzegovina.

### Sales revenues by business unit and category in 2021



## Sales revenues by region in 1 – 12 2021

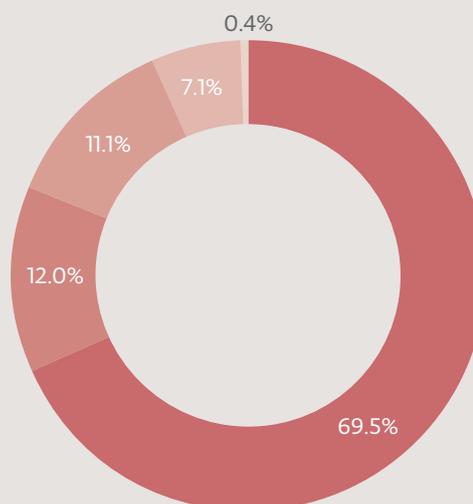
<b>(in HRK millions)</b>	<b>2020</b>	<b>2021</b>	<b>Δ</b>	<b>%</b>
<b>Adria</b>	<b>3,111.5</b>	<b>3,218.5</b>	<b>107.0</b>	<b>3.4%</b>
<i>Food</i>	2,409.9	2,482.0	72.1	3.0%
<i>Pharmaceuticals</i>	701.6	736.5	34.9	5.0%
<b>WE and Overseas</b>	<b>505.0</b>	<b>512.4</b>	<b>7.5</b>	<b>1.5%</b>
<i>Food</i>	502.8	508.7	5.9	1.2%
<i>Pharmaceuticals</i>	2.2	3.7	1.6	72.0%
<b>Central Europe</b>	<b>558.4</b>	<b>553.8</b>	<b>(4.6)</b>	<b>(0.8%)</b>
<i>Food</i>	495.2	486.8	(8.4)	(1.7%)
<i>Pharmaceuticals</i>	63.2	67.0	3.8	6.1%
<b>Eastern Europe</b>	<b>313.3</b>	<b>326.6</b>	<b>13.3</b>	<b>4.2%</b>
<i>Food</i>	105.9	105.4	(0.5)	(0.5%)
<i>Pharmaceuticals</i>	207.4	221.2	13.8	6.7%
<b>New markets</b>	<b>15.0</b>	<b>20.1</b>	<b>5.1</b>	<b>34.2%</b>
<i>Food</i>	13.2	18.4	5.2	39.4%
<i>Pharmaceuticals</i>	1.8	1.8	(0.1)	(3.4%)
<b>Podravka Group</b>	<b>4,503.2</b>	<b>4,631.5</b>	<b>128.3</b>	<b>2.8%</b>

### Movements of sales revenues by region (1 – 12 2021 compared to 1 – 12 2020):

- The ADRIA REGION recorded a sales increase of HRK 107.0m (+3.4%) relative to the comparative period. Food segment revenues increased by HRK 72.1m (+3.0%), primarily due to sales increase of the business units Culinary and Podravka food. Pharmaceuticals segment revenues are HRK 34.9m higher (+5.0%), due to higher demand and sales of trade goods and Prescription drugs compared to the same period of the previous year,
- Revenues of the WESTERN EUROPE AND OVERSEAS REGION grew by HRK 7.5m (+1.5%) in the reporting period. The Food segment recorded revenue growth of HRK 5.9m (+1.2%), due to sales increase of almost all business units, with the largest absolute growth generated by the business units Culinary, Podravka Food, and Baby food, sweets and snacks. Pharmaceuticals segment revenues are HRK 1.6m higher (+72.0%) due to Prescription drugs sales increase,
- The CENTRAL EUROPE REGION recorded HRK 4.6m (-0.8%) lower revenues. The Food segment recorded HRK 8.4m lower sales (-1.7%), where the sales increase of the business units Podravka Food, Meat products, meals and spreads, and Baby food, sweets and snacks was unable to cancel out lower sales of other business units and trade goods. The Pharmaceuticals segment recorded sales increase of HRK 3.8m (+6.1%), primarily due to sales increase of Prescription drugs and Non-prescription programme,
- In the reporting period, revenues of the EASTERN EUROPE REGION are HRK 13.3m higher (+4.2%). The Food segment recorded a revenue decrease of HRK 0.5m (-0.5%) and lower sales of a portion of business units was recorded. The Pharmaceuticals segment recorded a sales increase of HRK 13.8m (+6.7%), due to the increase in sales of Prescription drugs,
- The NEW MARKETS REGION recorded a sales growth of HRK 5.1m (+34.2%) as a result of Food segment sales increase of HRK 5.2m (+39.4%), primarily due to the sales increase of Universal seasonings and Creamy spreads. Sales revenues of the Pharmaceuticals segment are HRK 0.1m (-3.4%) lower than in the comparative period due to lower sales of Prescription drugs.

### Sales revenues by region in 2021

- Adria 69.5%
- Central Europe 12.0%
- Western Europe and Overseas 11.1%
- Eastern Europe 7.1%
- New Markets 0.4%



# Profitability in 1 – 12 2021



## Profitability in 1 – 12 2021

**NOTE:** the overview and explanation of value adjustments to non-current assets used in the EBITDA calculation, the overview and explanation of items treated as one-off by management and the overview of methodology of calculation of the normalized result are provided in the "Additional tables for 1 – 12 2021"

### Profitability of the Food segment in 1 – 12 2021

(in HRK millions)	Profitability of the Food segment				Normalized			
	2020	2021	Δ	%	2020	2021	Δ	%
Sales revenue	3,527.0	3,601.3	74.2	2.1%	3,527.0	3,601.3	74.2	2.1%
Gross profit	1,191.1	1,193.6	2.5	0.2%	1,191.1	1,195.6	4.5	0.4%
EBITDA*	388.1	381.3	(6.8)	(1.8%)	387.3	396.1	8.8	2.3%
EBIT	232.7	221.2	(11.5)	(4.9%)	232.0	242.6	10.6	4.6%
Net profit after MI	181.8	202.4	20.5	11.3%	181.1	194.9	13.8	7.6%
Gross margin	33.8%	33.1%		-63 bp	33.8%	33.2%		-57 bp
EBITDA margin	11.0%	10.6%		-42 bp	11.0%	11.0%		+2 bp
EBIT margin	6.6%	6.1%		-46 bp	6.6%	6.7%		+16 bp
Net margin after MI	5.2%	5.6%		+46 bp	5.1%	5.4%		+28 bp

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

### Profitability of the Food segment (1 – 12 2021 compared to 1 – 12 2020):

- In the 1 – 12 2021 period, the Food segment recorded an increase in GROSS PROFIT of HRK 2.5m (+0.2%), while the gross margin realised was 33.1%. In the reporting period, negative trends in prices of raw materials and supplies were recorded if compared to 1 – 12 2020. The estimated effect of movements in prices of raw materials and supplies in 2021 amounted to negative HRK 16.7m<sup>6</sup> compared to 2020, primarily related to cereals and mill products, and fats and oils,
- Reported OPERATING PROFIT (EBIT) is HRK 11.5m (-4.9%) lower than in the comparative period, while normalized operating profit is HRK 10.6m (+4.6%) higher. In addition to the impact above the gross profit level, the positive effect comes from savings on marketing expenses and movements in foreign exchange differences on trade receivables and trade payables (HRK +3.5m in 1 – 12 2021; HRK -10.4m in 1 – 12 2020),
- Reported NET PROFIT AFTER MINORITY INTERESTS is HRK 20.5m higher (+11.3%), while normalized net profit after minority interests is HRK 13.8m higher (+7.6%) compared to 1 – 12 2020. In addition to the impact above the EBIT level, net profit was positively impacted by foreign exchange differences on borrowings (HRK +1.1m in 1 – 12 2021; HRK -2.7m in 1 – 12 2020) and lower finance costs. Following the effect of deferred tax, the tax cost is HRK 25.5m lower.

<sup>6</sup> Obtained as used volumes of raw materials and supplies in 1 – 12 2021\*prices in 1 – 12 2021 – used volumes of raw materials and supplies in 1 – 12 2021\*prices in 1 – 12 2020.

## Profitability of the Pharmaceuticals segment in 1 – 12 2021

(in HRK millions)	Profitability of the Pharmaceutical segment				Normalized			
	2020	2021	Δ	%	2020	2021	Δ	%
Sales revenue	976.2	1,030.3	54.1	5.5%	976.2	1,030.3	54.1	5.5%
Gross profit	468.3	484.5	16.2	3.5%	465.5	484.5	19.1	4.1%
EBITDA*	158.6	210.7	52.2	32.9%	155.7	211.5	55.8	35.8%
EBIT	99.7	144.1	44.4	44.6%	92.9	146.9	54.0	58.2%
Net profit after MI	67.1	106.9	39.7	59.2%	63.3	109.2	45.9	72.5%
Gross margin	48.0%	47.0%		-94 bp	47.7%	47.0%		-65 bp
EBITDA margin	16.2%	20.5%		+421 bp	16.0%	20.5%		+458 bp
EBIT margin	10.2%	14.0%		+378 bp	9.5%	14.3%		+475 bp
Net margin after MI	6.9%	10.4%		+350 bp	6.5%	10.6%		+411 bp

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

### Profitability of the Pharmaceuticals segment (1 – 12 2021 compared to 1 – 12 2020):

- The Pharmaceuticals segment recorded HRK 16.2m (+3.5%) higher reported GROSS PROFIT and HRK 19.1m (+4.1%) higher normalized gross profit. The reported gross margin was 47.0%, which is lower than in the comparative period, due to the increase in the share of trade goods in sales revenues,
- Reported OPERATING PROFIT (EBIT) is HRK 44.4m (+44.6%) higher, while normalized is HRK 54.0m (+58.2%) higher. In addition to the impact above the gross profit level, EBIT was positively affected by the movements in foreign exchange differences on trade receivables and trade payables (HRK +9.9m in 1-12 2021; HRK -35.5m in 1-12 2020),
- Reported NET PROFIT AFTER MINORITY INTERESTS is HRK 39.7m (+59.2%) higher, while normalized is HRK 45.9m (+72.5%) higher. In addition to the impact above the EBIT level, net profit after minority interests was positively impacted by movements in foreign exchange differences on borrowings (HRK +0.0m in 1-12 2021; HRK -1.4m in 1-12 2020) and lower finance costs. The higher level of pre-tax profit resulted in the increase in tax cost of HRK 9.0m.

## Profitability of the Podravka Group in 1 – 12 2021

(in HRK millions)	Profitability of the Podravka Group				Normalized			
	2020	2021	Δ	%	2020	2021	Δ	%
Sales revenue	4,503.2	4,631.5	128.3	2.8%	4,503.2	4,631.5	128.3	2.8%
Gross profit	1,659.4	1,678.1	18.7	1.1%	1,656.6	1,680.2	23.6	1.4%
EBITDA*	546.7	592.0	45.3	8.3%	543.1	607.7	64.6	11.9%
EBIT	332.3	365.3	33.0	9.9%	324.8	389.5	64.7	19.9%
Net profit after MI	248.9	309.2	60.3	24.2%	244.4	304.1	59.7	24.4%
Gross margin	36.8%	36.2%		-62 bp	36.8%	36.3%		-51 bp
EBITDA margin	12.1%	12.8%		+64 bp	12.1%	13.1%		+106 bp
EBIT margin	7.4%	7.9%		+51 bp	7.2%	8.4%		+120 bp
Net margin after MI	5.5%	6.7%		+115 bp	5.4%	6.6%		+114 bp

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

### Profitability of the Podravka Group (1 – 12 2021 compared to 1 – 12 2020):

- In the observed period, the Podravka Group recorded HRK 18.7m (+1.1%) higher reported gross profit, while normalized gross profit was HRK 23.6m (+1.4%) higher. Cost of goods sold increased by 3.9%, while the reported gross margin was 36.2%,
- Reported operating profit (EBIT) is HRK 33.0m (+9.9%) higher, while normalized is HRK 64.7m (+19.9%) higher. In addition to the impact above the gross profit level, the increase in operating profit was impacted by lower costs of marketing investments and favourable movements in foreign exchange differences on trade receivables and trade payables (HRK +13.5m in 1 – 12 2021; HRK -45.9m in 1 – 12 2020),
- Reported net profit after minority interests is HRK 60.3m higher (+24.2%), while normalized is HRK 59.7m higher (+24.4%). In addition to the impact above the EBIT level, net profit after minority interests was positively impacted by movements in foreign exchange differences on borrowings (HRK +1.2m in 1 – 12 2021; HRK -4.1m in 1 – 12 2020) relative to the comparative period, and lower finance costs. The tax cost is HRK 16.4m lower due to the effects of deferred tax in the Food segment.

## Key highlights of the income statement in 1 – 12 2021



## Key highlights of the income statement in 1 – 12 2021

Podravka Group (in HRK millions)	Reported				Normalized			
	2020	2021	Δ	%	2020	2021	Δ	%
Cost of goods sold	2,843.8	2,953.4	109.6	3.9%	2,846.6	2,951.4	104.7	3.7%
General and administrative expenses	335.9	346.1	10.2	3.0%	331.7	330.5	(1.2)	(0.4%)
Selling and distribution costs	592.6	619.4	26.9	4.5%	592.6	619.4	26.9	4.5%
Marketing expenses	377.4	373.8	(3.7)	(1.0%)	377.4	373.8	(3.7)	(1.0%)
Other expenses (income), net	21.2	(26.5)	(47.6)	(225.0%)	30.1	(33.0)	(63.1)	(209.8%)
<b>Total operating expenses</b>	<b>4,170.9</b>	<b>4,266.2</b>	<b>95.3</b>	<b>2.3%</b>	<b>4,178.4</b>	<b>4,242.0</b>	<b>63.6</b>	<b>1.5%</b>

### Cost of goods sold

Cost of goods sold increased by 3.9% relative to the comparative period due to a higher level of sales realized, the structure of sales, improved material rights of employees and movements in prices of raw materials and supplies (estimated negative impact in the Food segment of HRK 16.7m<sup>7</sup>, primarily from grains and mill products, and fats and oils). On the normalized level, cost of goods sold increased by 3.7%.

### General and administrative expenses

In relation to the comparative period, general and administrative expenses are HRK 10.2m higher (+3.0%) following the improved material rights of employees and other expenses relative to the comparative period. On the normalized level, general and administrative expenses decreased by HRK 1.2m (-0.4%).

### Selling and distribution costs

In the observed period, selling and distribution costs are HRK 26.9m (+4.5%) higher than in the comparative period, primarily as a result of improving material rights of employees, higher costs of transportation services and other expenses.

### Marketing expenses

In the reporting period, marketing expenses (which include marketing investments expenses and marketing department expenses) are HRK 3.7m lower (-1.0%) than in the comparative period. In the Food segment, marketing expenses decreased by HRK 8.0m (-3.6%), while in the Pharmaceuticals segment they are HRK 4.3m (+2.8%) higher.

<sup>7</sup> Obtained as used volumes of raw materials and supplies in 1 – 12 2021\*prices in 1 – 12 2021 - used volumes of raw materials and supplies in 1 – 12 2021\*prices in 1 – 12 2020.

**Other expenses (income), net**

In the reporting period, other expenses and income, net amounted to HRK -26.5m (positive impact), while in the comparative period they amounted to HRK +21.2m (negative impact), mainly due to positive movements in foreign exchange differences on trade receivables and trade payables, which amounted to HRK +13.5m in the 1 – 12 2021 period, while in the comparative period they amounted to HRK -45.9m.

**Net finance costs**

In the observed period, net finance costs amounted to HRK 6.0m, while in the comparative period they amounted to HRK 18.3m. This is mainly a result of favourable movements in foreign exchange differences on borrowings (HRK +1.2m in 1 – 12 2021; HRK -4.1m in 1 – 12 2020) and of HRK 2.3m lower other finance costs. At the same time, interest expense on borrowings is HRK 4.6m (-40.4%) lower due to refinancing of borrowings under more favourable commercial terms, with a continuous decrease in the total borrowings.

**Income tax**

In the 1 – 12 2021 period, the income tax of the Podravka Group is HRK 16.4m (-28.4%) lower than in the comparative period, as a result of effects of deferred tax asset in the amount of HRK 25.1m in the Food segment.

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



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

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

Property, plant and equipment of the Podravka Group are HRK 15.8m or -0.7% lower compared to 31 December 2020, due to the regular depreciation of the current period.

### **Inventories**

Inventories of the Podravka Group are HRK 46.7m (-4.8%) lower than as at 31 December 2020, as a result of the decrease in inventories of both business segments in the reporting period.

### **Trade and other receivables**

Trade and other receivables of the Podravka Group are HRK 53.1m (+5.5%) higher than as at 31 December 2020, in line with the regular operations of both segments in the reporting period.

### **Cash and cash equivalents**

Cash and cash equivalents of the Podravka Group at the end of the observed period are HRK 18.6m lower (-35.8%) compared to 31 December 2020. This is explained in the “Key characteristics of the cash flow statement in 1 – 12 2021” section.

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

As at 31 December 2021, long-term and short-term borrowings of the Podravka Group are HRK 284.5m lower than as at 31 December 2020. In the observed period, long-term debt is lower by HRK 161.5m due to regular repayment of borrowings and pre-payment of a portion of borrowings. Short-term debt is lower by HRK 123.1m as a result of regular repayment of borrowings.

### **Trade and other payables**

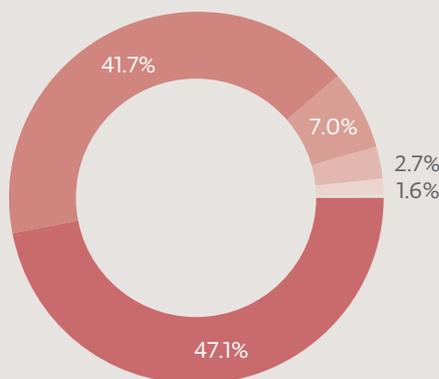
Trade and other payables of the Podravka Group are HRK 23.6m or -4.3% lower compared to 31 December 2020. The movement is primarily a result of regular operations in the reporting period.

## Indebtedness

As at 31 December 2021, the total debt of the Podravka Group related to borrowings and other interest-bearing financial liabilities amounted to HRK 493.8m, of which HRK 139.7m relates to long-term borrowings, HRK 258.9m to short-term borrowings, HRK 95.2m to liabilities for right-of-use assets, while financial liabilities at fair value through profit or loss amounted to HRK 0.04m. The AVERAGE WEIGHTED COST OF DEBT on all the stated liabilities as at 31 December 2021 was 1.2%, while if right-of-use assets are excluded it was 0.9%.

## Currency structure of debt as at 31 December 2021

- EUR 47.1%
- HRK 41.7%
- CZK 7.0%
- BAM 2.7%
- Other 1.6%



Analysing the debt currency structure, the highest exposure, of 47.1%, was toward the Euro (EUR), while the exposure to the domestic currency (HRK) was 41.7%. The debt share in the Czech koruna (CZK) amounted to 7.0%, in the Bosnia and Herzegovina mark (BAM) to 2.7%, while the remainder of 1.6% relates to other currencies.

(in HRK millions)*	2020	2021	Δ	%
Financial debt <sup>8</sup>	785.2	493.8	(291.4)	(37.1%)
Cash and cash equivalents	51.9	33.3	(18.6)	(35.8%)
Net debt <sup>9</sup>	733.3	460.5	(272.8)	(37.2%)
Interest expense	11.5	6.8	(4.6)	(40.4%)
Net debt / normalized EBITDA	1.4	0.8	(0.6)	(43.9%)
Normalized EBIT / Interest expense	28.3	56.9	28.7	101.3%
Equity to assets ratio <sup>10</sup>	69.4%	75.3%		+592 bp

\* NOTE: all indicators are calculated in a way that income statement items are calculated at the level of the last 12 months, while balance sheet items are taken at the period end.

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

<sup>8</sup> Financial debt: long-term and short-term borrowings + liabilities for right-of-use assets + financial liabilities at fair value through profit or loss. The data is provided in the "Consolidated statements of financial position as at 31 December 2021" section.

<sup>9</sup> Net debt: Financial debt – Cash and cash equivalents.

<sup>10</sup> Equity to assets ratio: total shareholder's equity / total assets. The data is provided in the "Consolidated statements of financial position as at 31 December 2021" section.

# Key highlights of the cash flow statement in 1 – 12 2021



## Key highlights of the cash flow statement in 1 – 12 2021

(in HRK millions)	2020	2021	Δ
Net cash flow from operating activities	384.5	517.1	132.6
Net cash flow from investing activities	(186.9)	(156.4)	30.5
Net cash flow from financing activities	(201.3)	(379.2)	(177.9)
<b>Net increase / (decrease) of cash and cash equivalents</b>	<b>(3.7)</b>	<b>(18.6)</b>	<b>(14.8)</b>

### Net cash flow from operating activities

In the observed period, net cash flow from operating activities amounted to positive HRK 517.1m as a result of operating business and dynamics of movements in the working capital.

### Net cash flow from investing activities

Net cash flow from investing activities in the reporting period amounted to negative HRK 156.4m, primarily as a result of cash CAPITAL EXPENDITURES amounting to HRK 170.3m. The most significant capital expenditures in 1 – 12 2021 were related to:

- investment in the fruit processing line, aseptic line and vacuum boilers, which ensures business continuity and increases productivity,
- investment in vegetable sauces production line, which creates preconditions for new products production and increases the existing vegetable processing capacity,
- investment in the line for the production of extruded products in the Cocktail snacks factory in order to increase capacities,
- investment in the reconstruction of the weighing room in the solid drugs factory of Belupo Inc., which ensures a compliance with regulatory requirements and consequently the business continuity,
- investment in the construction of a system for fumigation of raw materials, which ensures continuity and safety of production,
- investment in IT and energy renovation of the Office building with the aim to increase energy efficiency and improve working conditions,
- investment in the Tetra Pak line relocation from the Umag factory to the Kalnik factory, which will result in the consolidation of vegetable-based products production,
- replacement of the ammonia pipeline and transition of the cooling system to glycol in the Danica factory, which ensures business continuity,
- investment in the improvement of poppy seeds production technology in the Lagris factory in the Czech Republic, aimed at improving business and operating revenue growth.

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

In 2022, EXPECTED CAPITAL EXPENDITURES amount to HRK 500.0m, in 2023 expected capital expenditures are also at a level of approximately HRK 500.0m, while in the 2024 – 2025 period expected capital expenditures amount to HRK 250.0m.

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

In the 1 – 12 2021 period, net cash flow from financing activities amounted to negative HRK 379.2m, mainly as a result of repayment of borrowings and dividend distribution. The difference in relation to the repayment of borrowings in the balance sheet primarily relates to foreign exchange differences.

# Share in 1 – 12 2021



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

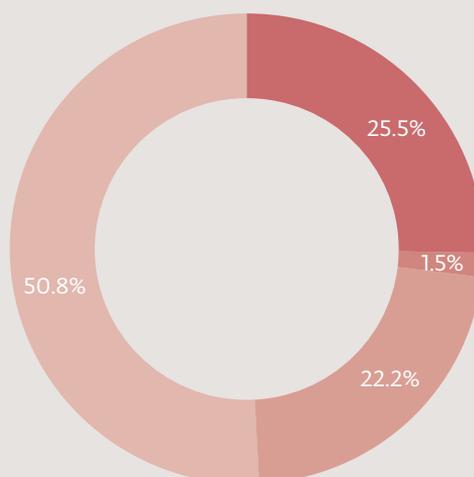
No.	Shareholder	Number of shares	% of ownership
1.	Republic of Croatia*	1,815,627	25.5%
2.	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
3.	AZ mandatory pension fund, category B	917,563	12.9%
4.	Erste Plavi mandatory pension fund, category B	638,248	9.0%
5.	Raiffeisen mandatory pension fund, category B	625,298	8.8%
6.	Podravka Inc. - treasury account	105,916	1.5%
	Other shareholders	1,919,707	27.0%
	<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, Kapitalni fond Inc. holds 406,842 shares, the Republic of Croatia additionally holds 167,281 shares on a separate account.

Podravka Inc. has a stable ownership structure where the most significant stake is held by the Republic of Croatia and domestic pension funds. A total of 7,120,003 shares have been issued at nominal price of HRK 220.0 per share. As at 31 December 2021, the Republic of Croatia holds 25.5% stake, and domestic pension funds (mandatory and voluntary) hold a total of 50.8% 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 six Zagreb Stock Exchange indices (CROBEX, CROBEX10, CROBEXtr, CROBEXprime, CROBEXnutr and ADRIAprime).

### Ownership structure as at 31 December 2021

- Republic of Croatia 25.5%
- Treasury shares 1.5%
- Others 22.2%
- Croatian pension funds\*\* 50.8%



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

## Share price movement in 1 – 12 2021



<b>(closing price in HRK; closing points)</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>%</b>
PODR	485.0	632.0	30.3%
CROBEX	1,739.3	2,079.4	19.6%
CROBEX10	1,087.8	1,262.3	16.0%

In the reporting period, the price of Podravka's share recorded a double-digit growth of 30.3% compared to the end of 2020, while the comparable CROBEX and CROBEX10 stock indices increased by 19.6% and 16.0%, respectively.

## Result on the Croatian capital market in 1 – 12 2021

<b>(in HRK; in units)<sup>11</sup></b>	<b>2020</b>	<b>2021</b>	<b>%</b>
Weighted average daily price	413.3	589.2	42.6%
Average daily number of transactions	14	13	(0.5%)
Average daily volume	1.277	1.488	16.5%
Average daily turnover	527,877.8	876,746.7	66.1%

At the annual level, the weighted average daily price of Podravka's share recorded a significant increase of 42.6% relative to the comparative period. Compared to 1-12 2020, the average daily volume increased by 16.5%, the average daily turnover increased by 66.1%, while the average daily number of transactions is 0.5% lower.

<sup>11</sup> The weighted average daily price in the reporting period is calculated as the sum of the weighted average daily prices in the reporting period, multiplied by the daily volume weight. The daily volume weight is calculated as a ratio of daily volume and total volume in the reporting period. The formula, Weighted average daily price in the reporting period =  $\sum$  average daily price\*(daily volume/total volume in the reporting period).

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

## Valuation

(in HRK millions; last price and earnings per share in HRK)<sup>2\*</sup>

	2020	2021	%
Last price	485.0	632.0	30.3%
Weighted average number of shares <sup>12</sup>	6,992,087	7,008,269	0.2%
Market capitalization <sup>13</sup>	3,391.2	4,429.2	30.6%
EV <sup>14</sup>	4,179.4	4,953.0	18.5%
Normalized earnings per share <sup>15</sup>	35.0	43.4	24.1%
EV / sales revenue	0.9	1.1	15.2%
EV / normalized EBITDA	7.7	8.2	5.9%
EV / normalized EBIT	12.9	12.7	(1.2%)
Last price / normalized earnings per share ratio (P / E)	13.9	14.6	5.0%

\* NOTE: all indicators are calculated in a way that income statement items are calculated at the level of the last 12 months, while balance sheet items are taken at the period end.

<sup>12</sup> The weighted average number of shares is calculated on the basis of previous 12 months period by dividing the sum of the weighted number of shares of each individual month by the total number of calendar days in the previous 12 months. The weighted number of shares on a monthly basis is calculated by reducing the total number of issued shares by the amount of treasury shares and multiplying the difference by the number of days of that month.

<sup>13</sup> Market Capitalization: Last price \* Weighted average number of shares.

<sup>14</sup> Enterprise value: Market Capitalization + Net debt + Minority interests.

<sup>15</sup> Normalized earnings per share is calculated in a way that normalized Net income after minority interests is divided with weighted average number of shares. Normalized Net income after minority interests include the last 12 months period.

# Additional tables for 1 – 12 2021



## Calculation of reported and normalized EBITDA

EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments to non-current assets. The table below presents value adjustments to non-current assets in the reporting and the comparative periods.

<b>Value adjustments</b>	<b>2020</b>			<b>2021</b>		
	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>
<b>(in HRK millions)</b>						
Production line equipment	0.1	0.1	-	-	-	-
Intangible assets	-	-	-	7.7	6.6	1.1
Tangible assets	-	-	-	0.9	-	0.9
Reversal of impairment	(4.0)	-	(4.0)	-	-	-
<b>Total</b>	<b>(3.9)</b>	<b>0.1</b>	<b>(4.0)</b>	<b>8.6</b>	<b>6.6</b>	<b>2.0</b>

<b>Reported EBITDA calculation</b>	<b>2020</b>			<b>2021</b>		
	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>
<b>(in HRK millions)</b>						
Reported EBIT	332.3	232.7	99.7	365.3	221.2	144.1
+depreciation and amortization	218.2	155.3	62.9	218.2	153.5	64.7
+value adjustment	(3.9)	0.1	(4.0)	8.6	6.6	2.0
<b>Reported EBITDA</b>	<b>546.7</b>	<b>388.1</b>	<b>158.6</b>	<b>592.0</b>	<b>381.3</b>	<b>210.7</b>

<b>Normalized EBITDA calculation</b>	<b>2020</b>			<b>2021</b>		
	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>
<b>(in HRK millions)</b>						
Normalized EBIT	324.8	232.0	92.9	389.5	242.6	146.9
+depreciation and amortization	218.2	155.3	62.9	218.2	153.5	64.7
+value adjustment	-	-	-	-	-	-
<b>Normalized EBITDA</b>	<b>543.1</b>	<b>387.3</b>	<b>155.7</b>	<b>607.7</b>	<b>396.1</b>	<b>211.5</b>

### **One-off items in 1 – 12 2021 and 1 – 12 2020**

In the 1 – 12 2021 period, the Food segment incurred HRK 1.8m costs of severance payments for employees on long-term sick leaves, HRK 2.0m of costs of write-offs of raw materials and packaging, HRK 6.6m of impairment of intangible assets, HRK 9.8m of provisions for estimated potential risks, HRK 0.4m of income from reversal of impairment of receivables, and HRK 1.7m of cost related to the process of closing a subsidiary in Africa. A positive effect comes from 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 Pharmaceuticals segment recorded HRK 2.5m costs of severance payments for employees and the gain on sale of property in the amount of HRK 1.6m, cost of impairment of intangible assets in the amount of HRK 1.1m and cost of impairment of tangible assets in the amount of HRK 0.9m, treated by the company's management as one-off items. The estimated impact of these one-off items on tax of Food is HRK 3.8m (decreases it) and includes tax effect of the reduction of Podravka Inc. stake in the company Foodpro Limited Tanzania (HRK -0.6m) and the tax effect of value adjustment to the investment in the company Podravka Poland (HRK -0.3m), while the impact on tax of Pharmaceuticals is HRK 0.4m (decreases it).

In the 1 – 12 2020 period, the Food segment incurred HRK 4.2m costs of severance payments for employees on long-term sick leaves, HRK 0.1m of costs from value adjustments to equipment under construction, HRK 5.3m of income from reversal of impairment of receivables, and HRK 0.2m of cost related to the process of closing a subsidiary in Africa, treated by the company's management as one-off items. As at 31 December 2020, the Pharmaceuticals segment analysed the value of its rights for operating pharmacies using the discounted cash flow method and comparable market transactions method. Both methods indicate a higher fair value, or market value, than the one recorded in business books, and in accordance with the analysis, the reversal of impairment of rights for operating pharmacies in the amount of HRK 4.0m (pre-tax) was recognised. This amount is treated as one-off item for the reporting period, as well as income of HRK 2.8m related to returns for defective raw materials received in 2018, and HRK 1.7m of charge for early repayment of a borrowing. The estimated impact of these one-off items on tax of Food is HRK 0.05m (decreases it) and includes tax effect of the reduction of Podravka Inc. stake in the company Foodpro Limited Tanzania (HRK -0.4m) and the tax effect of value adjustment to a loan given by Podravka Inc. to a related company (HRK +0.2m). The estimated impact of these one-off items on tax of Pharmaceuticals is HRK 1.3m (increases it).

## Normalization of the Profit and Loss Statement by segments

Reported and normalized profitability (in HRK millions)	2020			2021		
	Group	Food	Pharma	Group	Food	Pharma
<b>Reported gross profit</b>	<b>1,659.4</b>	<b>1,191.1</b>	<b>468.3</b>	<b>1,678.1</b>	<b>1,193.6</b>	<b>484.5</b>
+revenues from return of raw materials	(2.8)	-	(2.8)	-	-	-
+write-off of raw materials and packaging	-	-	-	2.0	2.0	-
<b>Normalized gross profit</b>	<b>1,656.6</b>	<b>1,191.1</b>	<b>465.5</b>	<b>1,680.2</b>	<b>1,195.6</b>	<b>484.5</b>
<b>Reported EBITDA</b>	<b>546.7</b>	<b>388.1</b>	<b>158.6</b>	<b>592.0</b>	<b>381.3</b>	<b>210.7</b>
+revenues from return of raw materials	(2.8)	-	(2.8)	-	-	-
+write-off of raw materials and packaging	-	-	-	2.0	2.0	-
+severance payments	4.2	4.2	-	4.2	1.8	2.5
+reversal of impairment of receivables	(5.3)	(5.3)	-	(0.4)	(0.4)	-
+cost related to the process of closing subsidiary in Africa	0.2	0.2	-	1.6	1.6	-
+provision for estimated potential risks	-	-	-	9.8	9.8	-
+gain on sale of property	-	-	-	(1.6)	-	(1.6)
<b>Normalized EBITDA</b>	<b>543.1</b>	<b>387.3</b>	<b>155.7</b>	<b>607.7</b>	<b>396.1</b>	<b>211.5</b>
<b>Reported EBIT</b>	<b>332.3</b>	<b>232.7</b>	<b>99.7</b>	<b>365.3</b>	<b>221.2</b>	<b>144.1</b>
+normalizations above EBITDA level	(3.6)	(0.8)	(2.8)	15.6	14.8	0.9
+product line equipment	0.1	0.1	-	-	-	-
+intangible assets	-	-	-	7.7	6.6	1.1
+tangible assets	-	-	-	0.9	-	0.9
+reversal of impairment	(4.0)	-	(4.0)	-	-	-
<b>Normalized EBIT</b>	<b>324.8</b>	<b>232.0</b>	<b>92.9</b>	<b>389.5</b>	<b>242.6</b>	<b>146.9</b>
<b>Reported Net profit after MI</b>	<b>248.9</b>	<b>181.8</b>	<b>67.1</b>	<b>309.2</b>	<b>202.4</b>	<b>106.9</b>
+normalizations above EBIT level	(7.5)	(0.7)	(6.8)	24.2	21.4	2.8
+pre-payment fee	1.7	-	1.7	-	-	-
+effect of deferred tax asset	-	-	-	(25.1)	(25.1)	-
+estimated impact of normalization on taxes*	1.3	(0.0)	1.3	(4.3)	(3.8)	(0.4)
<b>Normalized Net profit after MI</b>	<b>244.4</b>	<b>181.1</b>	<b>63.3</b>	<b>304.1</b>	<b>194.9</b>	<b>109.2</b>

\* Includes tax effect of reduction of Podravka Inc. stake in the company Foodpro Limited Tanzania (HRK -0.6m) and the tax effect of value adjustment to investment in company Podravka Poland (HRK -0.3m).

# Consolidated financial statements in 1 – 12 2021



## Consolidated Profit and Loss Statement in 1 – 12 2021

<b>(in HRK thousands)</b>	<b>2020</b>	<b>% of sales revenues</b>	<b>2021</b>	<b>% of sales revenues</b>	<b>% change</b>
Sales revenue	4,503,217	100.0%	4,631,519	100.0%	2.8%
Cost of goods sold	(2,843,802)	(63.2%)	(2,953,381)	(63.8%)	3.9%
<b>Gross profit</b>	<b>1,659,415</b>	<b>36.8%</b>	<b>1,678,138</b>	<b>36.2%</b>	<b>1.1%</b>
General and administrative expenses	(335,920)	(7.5%)	(346,110)	(7.5%)	3.0%
Selling and distribution costs	(592,555)	(13.2%)	(619,421)	(13.4%)	4.5%
Marketing expenses	(377,441)	(8.4%)	(373,762)	(8.1%)	(1.0%)
Other (expenses) / income, net	(21,154)	(0.5%)	26,453	0.6%	225.0%
<b>Operating profit</b>	<b>332,346</b>	<b>7.4%</b>	<b>365,299</b>	<b>7.9%</b>	<b>9.9%</b>
Financial income	542	0.0%	629	0.0%	15.9%
Other financial expenses	(3,286)	(0.1%)	(954)	(0.0%)	(71.0%)
Interest expenses	(11,486)	(0.3%)	(6,848)	(0.1%)	(40.4%)
Net foreign exchange differences on borrowings	(4,106)	(0.1%)	1,154	0.0%	(128.1%)
<b>Net finance costs</b>	<b>(18,335)</b>	<b>(0.4%)</b>	<b>(6,019)</b>	<b>(0.1%)</b>	<b>(67.2%)</b>
<b>Profit before tax</b>	<b>314,010</b>	<b>7.0%</b>	<b>359,280</b>	<b>7.8%</b>	<b>14.4%</b>
Current income tax	(50,503)	(1.1%)	(51,256)	(1.1%)	1.5%
Deferred tax	(7,373)	(0.2%)	9,798	0.2%	(232.9%)
<b>Income tax</b>	<b>(57,876)</b>	<b>(1.3%)</b>	<b>(41,458)</b>	<b>(0.9%)</b>	<b>(28.4%)</b>
<b>Net profit for the year</b>	<b>256,134</b>	<b>5.7%</b>	<b>317,822</b>	<b>6.9%</b>	<b>24.1%</b>
Net profit / (loss) attributable to:					
<b>Equity holders of the parent</b>	<b>248,934</b>	<b>5.5%</b>	<b>309,221</b>	<b>6.7%</b>	<b>24.2%</b>
Non-controlling interests	(7,200)	(0.2%)	(8,601)	(0.2%)	19.5%

## Consolidated Balance Sheet as at 31 December 2021

(in HRK thousands)	31 Dec 2020	% share	31 Dec 2021	% share	% change
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	26,819	0.5%	28,103	0.6%	4.8%
Intangible assets	253,155	5.1%	249,235	5.1%	(1.5%)
Property, plant and equipment	2,222,277	45.0%	2,206,453	44.9%	(0.7%)
Right-of-use assets	100,318	2.0%	93,234	1.9%	(7.1%)
Investment property	117,086	2.4%	115,406	2.4%	(1.4%)
Non-current financial assets	43,291	0.9%	43,209	0.9%	(0.2%)
Deferred tax assets	141,411	2.9%	150,101	3.1%	6.1%
<b>Total non-current assets</b>	<b>2,904,357</b>	<b>58.8%</b>	<b>2,885,741</b>	<b>58.8%</b>	<b>(0.6%)</b>
<b>Current assets</b>					
Inventories	980,437	19.8%	933,710	19.0%	(4.8%)
Trade and other receivables	972,996	19.7%	1,026,086	20.9%	5.5%
Financial assets at fair value through profit and loss	106	0.0%	0	0.0%	(100.0%)
Income tax receivable	2,023	0.0%	6,426	0.1%	217.6%
Cash and cash equivalents	51,856	1.0%	33,306	0.7%	(35.8%)
Non-current assets held for sale	28,873	0.6%	23,683	0.5%	(18.0%)
<b>Total current assets</b>	<b>2,036,291</b>	<b>41.2%</b>	<b>2,023,211</b>	<b>41.2%</b>	<b>(0.6%)</b>
<b>Total assets</b>	<b>4,940,648</b>	<b>100.0%</b>	<b>4,908,952</b>	<b>100.0%</b>	<b>(0.6%)</b>

## Consolidated Balance Sheet as at 31 December 2021

<i>(in HRK thousands)</i>	31 Dec 2020	% share	31 Dec 2021	% share	% change
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Subscribed capital	1,566,401	31.7%	1,566,401	31.9%	0.0%
Capital gains	187,215	3.8%	191,489	3.9%	2.3%
Treasury shares	(47,568)	(1.0%)	(39,387)	(0.8%)	(17.2%)
Reserves	951,174	19.3%	1,090,288	22.2%	14.6%
Retained earnings / (accumulated losses)	714,828	14.5%	822,186	16.7%	15.0%
<b>Attributable to equity holders of the parent</b>	<b>3,372,050</b>	<b>68.3%</b>	<b>3,630,977</b>	<b>74.0%</b>	<b>7.7%</b>
Non-controlling interests	54,932	1.1%	63,289	1.3%	15.2%
<b>Total shareholders' equity</b>	<b>3,426,982</b>	<b>69.4%</b>	<b>3,694,266</b>	<b>75.3%</b>	<b>7.8%</b>
<b>Non-current liabilities</b>					
Borrowings	301,194	6.1%	139,740	2.8%	(53.6%)
Lease liabilities	68,642	1.4%	62,769	1.3%	(8.6%)
Non-current provisions for employee benefits	52,024	1.1%	52,825	1.1%	1.5%
Other non-current provisions	26,450	0.5%	34,265	0.7%	29.5%
Other non-current liabilities	19,129	0.4%	18,445	0.4%	(3.6%)
Deferred tax liability	39,034	0.8%	37,984	0.8%	(2.7%)
<b>Total non-current liabilities</b>	<b>506,473</b>	<b>10.3%</b>	<b>346,028</b>	<b>7.0%</b>	<b>(31.7%)</b>
<b>Current liabilities</b>					
Trade and other payables	554,910	11.2%	531,316	10.8%	(4.3%)
Income tax payable	4,747	0.1%	2,419	0.0%	(49.0%)
Financial liabilities at fair value through profit and loss	66	0.0%	35	0.0%	(47.0%)
Borrowings	381,977	7.7%	258,884	5.3%	(32.2%)
Lease liabilities	33,322	0.7%	32,403	0.7%	(2.8%)
Current provisions for employee benefits	32,030	0.6%	42,221	0.9%	31.8%
Other current provisions	141	0.0%	1,380	0.0%	878.7%
<b>Total current liabilities</b>	<b>1,007,193</b>	<b>20.4%</b>	<b>868,658</b>	<b>17.7%</b>	<b>(13.8%)</b>
<b>Total liabilities</b>	<b>1,513,666</b>	<b>30.6%</b>	<b>1,214,686</b>	<b>24.7%</b>	<b>(19.8%)</b>
<b>Total equity and liabilities</b>	<b>4,940,648</b>	<b>100.0%</b>	<b>4,908,952</b>	<b>100.0%</b>	<b>(0.6%)</b>

## Consolidated Cash Flow Statement in 1 – 12 2021

(in HRK thousands)	2020	2021	%change
<b>Profit before tax</b>	<b>314,010</b>	<b>359,280</b>	<b>14.4%</b>
Depreciation and amortization	218,225	218,166	(0.0%)
Impairment of intangible assets	(4,000)	7,674	291.9%
Adjustment for impairment losses of trade and other receivables	(5,246)	533	110.2%
Impairment of property, plant and equipment	132	766	480.3%
Remeasurement of financial instruments at fair value	(321)	75	123.4%
Share based payment transactions	11,120	6,260	(43.7%)
Gain on sale and disposal of non-current assets	323	(396)	(222.6%)
(Profit) / Loss on disposal of assets held for sale	(1,320)	(5,272)	(299.4%)
Increase in provisions	4,375	20,046	358.2%
Interest income	(211)	(613)	(190.5%)
Dividend income and similar	0	(12)	(100.0%)
Interest expense	14,771	7,784	(47.3%)
Effect of changes in foreign exchange rates	11,708	(950)	(108.1%)
<b>Total adjustments</b>	<b>249,556</b>	<b>254,061</b>	<b>1.8%</b>
<b>Changes in working capital:</b>			
(Increase) / Decrease in inventories	(32,177)	46,727	245.2%
(Increase) / Decrease in trade receivables	(18,740)	(53,649)	(186.3%)
(Decrease) / Increase in trade payables	(53,450)	(23,058)	56.9%
<b>Cash generated from operations</b>	<b>459,199</b>	<b>583,361</b>	<b>27.0%</b>
Income tax paid	(59,953)	(58,224)	2.9%
Interest paid	(14,792)	(8,077)	45.4%
<b>Net cash from operating activities</b>	<b>384,454</b>	<b>517,060</b>	<b>34.5%</b>

## Consolidated Cash Flow Statement in 1 – 12 2021

<b>(in HRK thousands)</b>	<b>2020</b>	<b>2021</b>	<b>%change</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant, equipment and intangibles	(192,417)	(170,264)	11.5%
Proceeds from sale of property, plant, equipment and intangibles	3,200	1,669	(47.8%)
Proceeds from sale of assets held for sale	2,091	11,532	451.5%
Loans given	(39)	(3)	92.3%
Repayment of loans given	71	20	(71.8%)
Interest received	189	613	224.3%
Dividends received	0	12	100.0%
<b>Net cash from investing activities</b>	<b>(186,905)</b>	<b>(156,421)</b>	<b>16.3%</b>
<b>Cash flow from financing activities</b>			
Dividend pay-out	(62,546)	(62,782)	(0.4%)
Acquisition of additional non-controlling interests	0	(74)	(100.0%)
Sale of treasury shares	0	7,983	100.0%
Proceeds from borrowings	389,411	226,847	(41.7%)
Repayment of borrowings	(491,496)	(512,326)	(4.2%)
Repayment of lease	(36,651)	(38,837)	(6.0%)
<b>Net cash from financing activities</b>	<b>(201,282)</b>	<b>(379,189)</b>	<b>(88.4%)</b>
<b>Net (decrease) / increase of cash and cash equivalents</b>	<b>(3,733)</b>	<b>(18,550)</b>	<b>(396.9%)</b>
Cash and cash equivalents at beginning of the year	55,589	51,856	(6.7%)
<b>Cash and cash equivalents at the end of year</b>	<b>51,856</b>	<b>33,306</b>	<b>(35.8%)</b>

## Consolidated Statement of Changes in Equity in 1 – 12 2021

(in HRK thousands)	Subscribed capital	Capital gains	Treasury shares	Provision for treasury shares	Legal reserves	Reinvested profit reserve	Statutory reserves	Other reserves	Retained earnings/accumulated loss	Total	Non-controlling interests	Total
As at 1 January 2020	1,566,401	179,803	(47,568)	147,604	66,358	189,738	64,046	385,834	620,878	3,173,094	46,334	3,219,428
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	248,934	248,934	7,200	256,134
Foreign exchange differences	-	-	-	-	-	-	-	8,141	-	8,141	487	8,628
Actuarial losses (net of deferred tax)	-	-	-	-	-	-	-	(2,602)	-	(2,602)	-	(2,602)
Other comprehensive income	-	-	-	-	-	-	-	5,539	-	5,539	487	6,026
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	5,539	248,934	254,473	7,687	262,160
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	-	-	10,238	-	3,505	78,312	(92,055)	-	-	-
Subsidiary liquidation	-	-	-	-	-	-	-	-	-	-	911	911
Exercise of options	-	(3,708)	-	-	-	-	-	-	-	(3,708)	-	(3,708)
Fair value of share-based payment transactions	-	11,120	-	-	-	-	-	-	-	11,120	-	11,120
Dividends paid	-	-	-	-	-	-	-	-	(62,929)	(62,929)	-	(62,929)
<b>Total transactions with owners recognized directly in equity</b>	-	7,412	-	-	10,238	-	3,505	78,312	(154,984)	(55,517)	911	(54,606)
As at 31 December 2020	1,566,401	187,215	(47,568)	147,604	76,596	189,738	67,551	469,685	714,828	3,372,050	54,932	3,426,982
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	309,221	309,221	8,601	317,822
Foreign exchange differences	-	-	-	-	-	-	-	502	-	502	(137)	365
Other comprehensive income	-	-	-	-	-	-	-	(467)	-	(467)	(137)	(604)
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	(467)	309,221	308,754	8,464	317,218
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	-	-	9,712	-	2,621	127,215	(139,548)	-	-	-
Additional acquisition of minority interests	-	-	-	-	-	-	-	33	-	33	(107)	(74)
Exercise of options	-	(1,986)	8,181	-	-	-	-	-	812	7,007	-	7,007
Fair value of share-based payment transactions	-	6,260	-	-	-	-	-	-	-	6,260	-	6,260
Dividends paid	-	-	-	-	-	-	-	-	(63,127)	(63,127)	-	(63,127)
<b>Total transactions with owners recognized directly in equity</b>	-	4,274	8,181	-	9,712	-	2,621	127,248	(201,863)	(49,827)	(107)	(49,934)
As at 31 December 2021	1,566,401	191,489	(39,387)	147,604	86,308	189,738	70,172	596,466	822,186	3,630,977	63,289	3,694,266

# Notes to the financial statements

In 1 – 12 2021 period there were no changes in accounting policies.

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

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



MANAGEMENT BOARD

Koprivnica, 28 February 2022

## STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Consolidated unaudited financial statements of Podravka Group for the period 1 - 12 2021 have been prepared in compliance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards (IFRS) and provide an overall and true presentation of assets, liabilities, profit and loss, financial position and business operations of Podravka Group and all subsidiary companies involved in the consolidation.

Consolidated unaudited financial statements of Podravka Group for the period 1 - 12 2021 were approved by the Management Board of PODRAVKA Inc. on 28 February 2022.

*Artner*

Corporate Accounting Director:  
Julijana Artner Kukec



Board Member:  
Davor Doko

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# Contact

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