

KOPRIVNICA, 29<sup>TH</sup> OCTOBER 2020

*Podravka Inc.*  
business results for  
January – September 2020  
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 30 September 2020**

<b>PRESIDENT</b>	Marin Pucar
<b>MEMBER</b>	Ljiljana Šapina
<b>MEMBER</b>	Davor Doko
<b>MEMBER</b>	Hrvoje Kolarić
<b>MEMBER</b>	Marko Đerek

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

# Significant events in 1 – 9 2020



## **Dividend distribution**

As at 26<sup>th</sup> June 2020 the dividend was distributed to all shareholders recorded with the Central Depository and Clearing Company Inc. as at 29<sup>th</sup> May 2020. The dividend was distributed in the gross amount of HRK 9.00 per share, which equals the amount of the dividend from 2019 and implies the dividend yield of 2.2%<sup>1</sup>. This is a continuation of the implementation of the Podravka Inc.'s dividend distribution policy in line with business results and development plans despite current circumstances and challenges of the Podravka Inc.'s business environment.

## **Lino Lada ice cream wins Golden Basket product of the year award for 2019**

Lino Lada ice cream, produced in cooperation of Podravka and Ledo, has won the Golden Basket award for the best product in 2019 in the Croatian market, a prestigious annual award given by the magazine Ja TRGOVAC. In the category which traditionally has the largest number of applicants and strong competition of top domestic products, Lino Lada ice cream won the jury with its unique flavour and innovation. The Golden Basket is a new important recognition for Lino Lada ice cream, which was declared the best in the world by the International Ice Cream Consortium at a competition in Sweden last year. The Lino Lada brand is once again proving to be a favourite cream spread and winning the Golden Basket for the product of the year for the second year in a row is an additional confirmation of the quality and innovation of Podravka's products.

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<sup>1</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 416.00) on the date of the General assembly (30<sup>th</sup> April 2020) when dividend payout was voted.

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



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

Operations in the reporting period were marked by the emergence of COVID-19 disease in all the Podravka Inc.'s markets. In such extraordinary circumstances, especially in conditions of strict measures introduced from March to May, one of the key companies responsible for ensuring the continuity of production and the regular supply of food in Croatia is Podravka Inc. Workflows within the company were fully adapted as quickly as possible to the new situation so that the production of food products took place in line with the market needs. Although in the beginning of the crisis, the conditions of purchase and supply of raw materials and packaging for production purposes were very difficult, Podravka Inc. took all the necessary steps in short time to ensure sufficient quantities of its food products, thus meeting the needs of its loyal customers in the numerous markets in which it is present. Given the increase in demand compared to the one planned for the month of March, the production was continually adjusting, and work in Podravka Inc.'s factories was organized in three and four shifts, while home office was organized for all employees of the services for which this was possible, in order to reduce potential risk of the virus within the system. In the third quarter, business operations continued in conditions of COVID-19 disease. Despite the opening of borders and the arrival of tourists, part of the restrictive measures were still in force. The shoulder season was absent, and the tourist season itself was shorter than usual due to the worsening epidemiological situation in the second half of August.

It should be pointed out that despite numerous negative effects of COVID-19 disease on business (increase in prices of raw materials and packaging, increase in prices of transport services, impact of foreign exchange differences, etc.), after positive business trends from the first two months of the current year, Podravka Inc. managed to maintain its positive business trends also on the reporting period level, which once again confirms the company's ability to adapt its business in such unforeseen, extraordinary situations. Following the previously mentioned possibly stagnant consumer demand (publication of the 1 – 3 2020 results) for certain food products, the business of Podravka Inc. in the second quarter was quite challenging. With the aim of combating COVID-19 disease, numerous measures were introduced, not only in Croatia but also in many countries where Podravka Inc. is present (closing kindergartens, schools, HoReCa channel, intercity and inter-county traffic, closing of borders, shorter working hours of supermarkets, closing of many business entities in which direct contact with people is made), which consequently had a negative effect on the overall economic situation and activity (GDP decline, job losses, liquidity problems of business entities, reduced purchasing power and creation of uncertainty among citizens). The third quarter was less challenging compared to the second quarter, but business conditions remain difficult and challenging due to the weaker tourist season, the absence of the shoulder season, the lack of arrivals of the diaspora during the holidays (not only to Croatia but also to neighbouring countries) and the lack of numerous entertainment facilities that further attract tourists. The impact of the overall situation and the introduced measures on the operations of Podravka Inc. in 2020 cannot be assessed and quantified at this time.



Despite the situation and challenges caused by COVID-19 disease in the reporting period, Podravka Inc. did not receive any subsidies or grants, new financial risks have not been identified nor was there a need for provisions or impairment of assets.

The guidelines and recommendations of the Croatian National Civil Protection Headquarters are obeyed and implemented in order to protect the health of employees and minimise potential risks to the company's operations in each segment of the business organisation. Increased attention is being paid to the development of the situation on a daily basis, and appropriate measures are being taken in accordance with the recommendations of the competent authorities, with particular emphasis on the health and safety of our employees and ensuring business continuity. In addition, a special internal communication channel has been established for all inquiries related to these issues, so that all our employees receive all the necessary instructions and information in a timely manner.

Key business  
highlights of  
*Podravka Inc.*  
in 1 – 9 2020



## Key business highlights of Podravka Inc. in 1 – 9 2020

**NOTE:** The overview and explanation of the EBITDA calculation, overview of one-off items and the overview of methodology of calculation of the normalized result are provided in the “Additional tables for 1 – 9 2020” section. Decimal differences are possible due to rounding.

(in HRK millions)	Profitability of Podravka Inc.				Normalized			
	1 – 9 19	1 – 9 20	Δ	%	1 – 9 19	1 – 9 20	Δ	%
Sales revenue	1,566.1	1,589.4	23.3	1.5%	1,566.1	1,589.4	23.3	1.5%
Gross profit	483.5	483.7	0.2	0.0%	483.5	483.7	0.2	0.0%
EBITDA*	217.8	228.8	11.0	5.0%	218.2	231.0	12.8	5.8%
EBIT	144.9	155.2	10.3	7.1%	145.3	157.3	12.1	8.3%
Net profit after MI	161.6	184.2	22.7	14.0%	161.9	186.0	24.1	14.9%
Gross margin	30.9%	30.4%		-44 bp	30.9%	30.4%		-44 bp
EBITDA margin	13.9%	14.4%		+49 bp	13.9%	14.5%		+60 bp
EBIT margin	9.3%	9.8%		+51 bp	9.3%	9.9%		+62 bp
Net margin after MI	10.3%	11.6%		+128 bp	10.3%	11.7%		+137 bp

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

In the 1 – 9 2020 period, Podravka Inc. recorded sales revenues of HRK 1,589.4m, which is 1.5% higher than in the comparative period. Gross profit amounted to HRK 483.7m, while cost of goods sold increased by 2.1%, which resulted in a gross margin of 30.4%. The reported operating profit (EBIT) amounts to HRK 155.2m (+7.1%), while in the comparative period it amounted to HRK 144.9m. A negative impact on operating profit comes from unfavourable movements in foreign exchange differences on trade receivables and trade payables (HRK -8.8m in 1 – 9 2020; HRK +2.0m in 1 – 9 2019), and a positive impact comes from savings on multiple cost levels, primarily on costs of marketing investments, general and administrative expenses and selling and distribution costs. Reported net profit in the 1 – 9 2020 period amounted to HRK 184.2m, which is 14.0% higher compared to 1 – 9 2019. In addition, the increase in reported net profit is a result of the positive impact of higher finance income. Normalized net profit amounted to HRK 186.0m.

As at 30 September 2020, total assets of Podravka Inc. amounted to HRK 3,159.7m, which is 3.8% higher than at the end of 2019. The significant increase on the assets side was recorded by inventories (HRK +65.1m), trade and other receivables (HRK +30.1m) and cash and cash equivalents (HRK +15.9m). On the equity and liabilities side, an increase is recorded by provisions (HRK +81.1m) and retained profit (HRK +40.2m), while a decrease is recorded by trade payables (HRK -11.7m).

Cash flow from operating activities in 1 – 9 2020 amounted to positive HRK 114.9m, due to business operations and movements in the working capital. Cash flow from investing activities at the same time amounted to negative HRK 65.5m, primarily due to cash used for the purchase of non-current tangible and intangible assets. In the same period, cash flow from financing activities amounted to negative HRK 33.5m relative to the comparative period, due to the dividend distribution. In the 1 – 9 2020 period, cash at bank and in hand increased by HRK 15.9m and consequently the amount of cash and cash equivalents as at 30 September 2020 was HRK 18.0m.

# Share in 1 – 9 2020



### List of major shareholders as at 30 September 2020

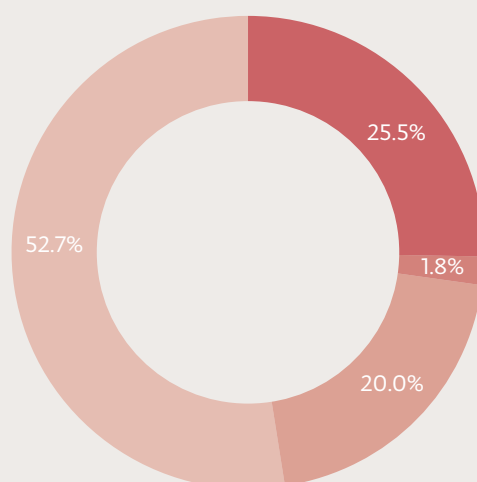
No.	Shareholder	Number of shares	% of ownership
1	Republic of Croatia*	1,815,376	25.5%
2	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
3	AZ mandatory pension fund, category B	932,563	13.1%
4	Erste Plavi mandatory pension fund, category B	724,941	10.2%
5	Raiffeisen mandatory pension fund, category B	625,298	8.8%
6	Podravka Inc. - treasury account	127,916	1.8%
	Other shareholders	1,796,265	25.2%
	<b>Total</b>	<b>7,120,003</b>	<b>100.0%</b>

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

Podravka Inc. has a stable ownership structure where the most significant stake is held by the Republic of Croatia and domestic pension funds. As at 30 September 2020, the Republic of Croatia holds 25.5% stake, and domestic pension funds (mandatory and voluntary) hold a total of 52.7% stake. Podravka Inc. has 1.8% 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).

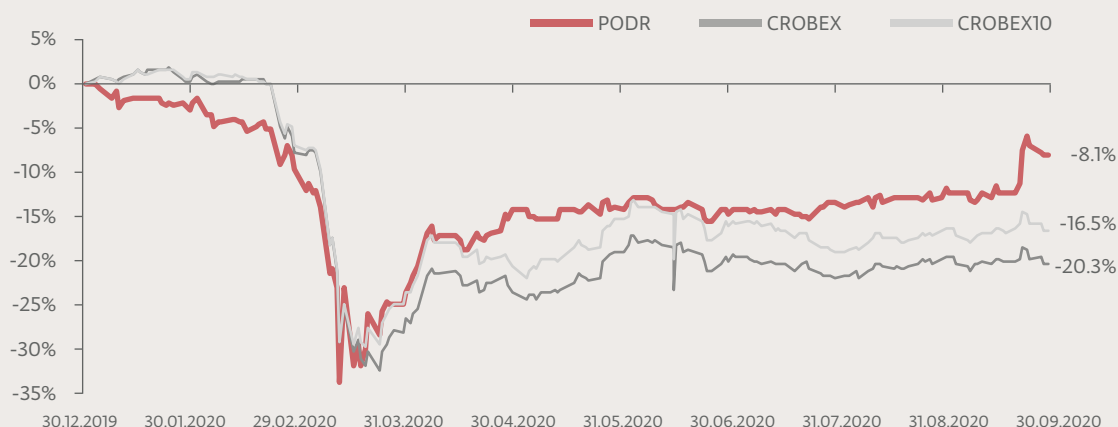
### Ownership structure as at 30 September 2020

- Republic of Croatia 25.5%
- Treasury shares 1.8%
- Others 20.0%
- Croatian pension funds\*\* 52.7%



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

## Share price movement in 1 – 9 2020



<i>(closing price in HRK; closing points)</i>	<b>31 December 2019</b>	<b>30 September 2020</b>	<b>%</b>
PODR	484.0	445.0	(8.1%)
CROBEX	2,017.4	1,608.5	(20.3%)
CROBEX10	1,199.9	1,001.8	(16.5%)

In the 1 – 9 2020 period, Podravka's share price decreased by 8.1%, while the comparable CROBEX and CROBEX10 stock indices plummeted by 20.3% and 16.5%, respectively.

## Result on the Croatian capital market in 1 – 9 2020

<i>(in HRK; in units)<sup>2</sup></i>	<b>1 – 9 2019</b>	<b>1 – 9 2020</b>	<b>%</b>
Weighted average daily price	412.2	404.1	(2.0%)
Average daily number of transactions	12	16	36.6%
Average daily volume	1,065	1,416	32.9%
Average daily turnover	439,142.5	572,030.7	30.3%

After the first half of 2020, marked by a mild recovery of share prices compared to the first quarter of 2020, in the 1 – 9 2020 period the weighted average daily price of Podravka's share decreased by 2.0% relative to the comparative period. The average daily volume increased by 32.9%, while the average daily turnover and the average daily number of transactions increased by 30.3% and 36.6%, respectively, compared to the 1 – 9 2019 period.

<sup>2</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.

# Additional tables for 1 – 9 2020





### **Additional tables for 1 – 9 2020**

EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments to non-current assets. In the 1 – 9 2020 and 1 – 9 2019 periods, there were no value adjustments to non-current assets.

<b>Reported EBITDA calculation</b>	<b>1 – 9 2019</b>	<b>1 – 9 2020</b>
<b>(in HRK millions)</b>	<b>Podravka Inc.</b>	<b>Podravka Inc.</b>
Reported EBIT	144.9	155.2
+depreciation and amortization	72.9	73.6
<b>Reported EBITDA</b>	<b>217.8</b>	<b>228.8</b>

<b>Normalized EBITDA calculation</b>	<b>1 – 9 2019</b>	<b>1 – 9 2020</b>
<b>(in HRK millions)</b>	<b>Podravka Inc.</b>	<b>Podravka Inc.</b>
Normalized EBIT	145.3	157.3
+depreciation and amortization	72.9	73.6
<b>Normalized EBITDA</b>	<b>218.2</b>	<b>231.0</b>

### **One-off items in 1 – 9 2020**

In the 1 – 9 2019 period, Podravka Inc. incurred HRK 0.4m 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 taxes is HRK -0.1m.

In the 1 – 9 2020 period, Podravka Inc. incurred HRK 2.1m 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 taxes is HRK -0.4m.

## Normalization of Podravka Inc. Profit and Loss Statement

<b>(in HRK millions)</b>	<b>1 – 9 2019</b>	<b>1 – 9 2020</b>
	<b>Podravka Inc.</b>	<b>Podravka Inc.</b>
<b>Reported EBIT</b>	<b>144.9</b>	<b>155.2</b>
+severance payments (long term sick-leave)	0.4	2.1
<b>Normalized EBIT</b>	<b>145.3</b>	<b>157.3</b>
<b>Reported Net Income</b>	<b>161.6</b>	<b>184.2</b>
+severance payments (long term sick-leave)	0.4	2.1
+estimated impact of normalization on taxes	(0.1)	(0.4)
<b>Normalized Net Income</b>	<b>161.9</b>	<b>186.0</b>

# Unconsolidated financial statements in 1 – 9 2020



## Unconsolidated Profit and Loss Statement in 1 – 9 2020

(in HRK thousands)	1 – 9 2019	% of sales revenues	1 – 9 2020	% of sales revenues	%
Sales revenue	1,566,067	100.0%	1,589,359	100.0%	1.5%
Cost of goods sold	(1,082,530)	(69.1%)	(1,105,611)	(69.6%)	2.1%
<b>Gross profit</b>	<b>483,537</b>	<b>30.9%</b>	<b>483,748</b>	<b>30.4%</b>	<b>0.0%</b>
General and administrative exp.	(109,578)	(7.0%)	(106,335)	(6.7%)	(3.0%)
Selling and distribution costs	(143,321)	(9.2%)	(135,723)	(8.5%)	(5.3%)
Marketing expenses	(88,700)	(5.7%)	(79,382)	(5.0%)	(10.5%)
Other (expenses) / income, net	2,965	0.2%	(7,093)	(0.4%)	339.2%
<b>Operating profit</b>	<b>144,904</b>	<b>9.3%</b>	<b>155,214</b>	<b>9.8%</b>	<b>7.1%</b>
Financial income	49,914	3.2%	64,615	4.1%	(29.5%)
Other financial expenses	(4,079)	(0.3%)	(2,763)	(0.2%)	(32.3%)
Interest expenses	(3,673)	(0.2%)	(2,621)	(0.2%)	(28.6%)
Net foreign exchange differences on borrowings	662	0.0%	(1,980)	(0.1%)	(399.2%)
<b>Net finance costs</b>	<b>42,824</b>	<b>2.7%</b>	<b>57,252</b>	<b>3.6%</b>	<b>(33.7%)</b>
<b>Profit before tax</b>	<b>187,727</b>	<b>12.0%</b>	<b>212,466</b>	<b>13.4%</b>	<b>13.2%</b>
Current income tax	(24,611)	(1.6%)	(29,433)	(1.9%)	19.6%
Deferred tax	(1,563)	(0.1%)	1,202	0.1%	(176.9%)
<b>Income tax</b>	<b>(26,174)</b>	<b>(1.7%)</b>	<b>(28,231)</b>	<b>(1.8%)</b>	<b>7.9%</b>
<b>Net profit for the year</b>	<b>161,554</b>	<b>10.3%</b>	<b>184,235</b>	<b>11.6%</b>	<b>14.0%</b>
Net profit / (loss) attributable to:					
<b>Equity holders of the parent</b>	<b>161,554</b>	<b>10.3%</b>	<b>184,235</b>	<b>11.6%</b>	<b>14.0%</b>
Non-controlling interests	0	0.0%	0	0.0%	n/a

## Unconsolidated Balance Sheet as at 30 September 2020

<i>(in HRK thousands)</i>	31 Dec 2019	% share	30 Sep 2020	% share	% change
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investments in subsidiaries	978,279	32.2%	986,352	31.2%	0.8%
Investment property	110,000	3.6%	109,425	3.5%	(0.5%)
Intangible assets	84,738	2.8%	84,615	2.7%	(0.1%)
Property, plant and equipment	801,195	26.3%	806,541	25.5%	0.7%
Right-of-use assets	36,822	1.2%	27,357	0.9%	(25.7%)
Deferred tax assets	44,389	1.5%	45,590	1.4%	2.7%
Non-current financial assets	37,152	1.2%	38,357	1.2%	3.2%
<b>Total non-current assets</b>	<b>2,092,575</b>	<b>68.8%</b>	<b>2,098,237</b>	<b>66.4%</b>	<b>0.3%</b>
<b>Current assets</b>					
Inventories	437,901	14.4%	503,033	15.9%	14.9%
Trade and other receivables	508,929	16.7%	538,987	17.1%	5.9%
Financial assets at fair value through profit and loss	7	0.0%	368	0.0%	n/a
Cash and cash equivalents	2,180	0.1%	18,038	0.6%	727.4%
Non-current assets held for sale	1,075	0.0%	1,075	0.0%	0.0%
<b>Total current assets</b>	<b>950,092</b>	<b>31.2%</b>	<b>1,061,501</b>	<b>33.6%</b>	<b>11.7%</b>
<b>Total assets</b>	<b>3,042,667</b>	<b>100.0%</b>	<b>3,159,738</b>	<b>100.0%</b>	<b>3.8%</b>

## Unconsolidated Balance Sheet as at 30 September 2020

<i>(in HRK thousands)</i>	31 Dec 2019	% share	30 Sep 2020	% share	% change
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Share capital	1,696,863	55.8%	1,698,972	53.8%	0.1%
Reserves	430,689	14.2%	511,797	16.2%	18.8%
Retained earnings / (accumulated losses)	150,057	4.9%	190,255	6.0%	26.8%
<b>Total shareholders' equity</b>	<b>2,277,609</b>	<b>74.9%</b>	<b>2,401,024</b>	<b>76.0%</b>	<b>5.4%</b>
<b>Non-current liabilities</b>					
Borrowings	152,925	5.0%	125,915	4.0%	(17.7%)
Provisions	34,787	1.1%	32,769	1.0%	(5.8%)
Right-of-use asset liability	26,925	0.9%	20,093	0.6%	(25.4%)
<b>Total non-current liabilities</b>	<b>214,637</b>	<b>7.1%</b>	<b>178,777</b>	<b>5.7%</b>	<b>(16.7%)</b>
<b>Current liabilities</b>					
Trade and other payables	341,676	11.2%	329,998	10.4%	(3.4%)
Income tax payable	15,227	0.5%	17,329	0.5%	13.8%
Financial liabilities at fair value through profit and loss	292	0.0%	39	0.0%	(86.6%)
Borrowings	166,438	5.5%	210,386	6.7%	26.4%
Current portion of long-term debt for right-of-use asset	10,730	0.4%	8,210	0.3%	(23.5%)
Provisions	16,058	0.5%	13,975	0.4%	(13.0%)
<b>Total current liabilities</b>	<b>550,421</b>	<b>18.1%</b>	<b>579,937</b>	<b>18.4%</b>	<b>5.4%</b>
<b>Total liabilities</b>	<b>765,058</b>	<b>25.1%</b>	<b>758,714</b>	<b>24.0%</b>	<b>(0.8%)</b>
<b>Total equity and liabilities</b>	<b>3,042,667</b>	<b>100.0%</b>	<b>3,159,738</b>	<b>100.0%</b>	<b>3.8%</b>

## Unconsolidated Cash Flow Statement in 1 – 9 2020

<b>(in HRK thousands)</b>	<b>1 – 9 2019</b>	<b>1 – 9 2020</b>	<b>%</b>
<b>Profit / (loss) for the year</b>	<b>161,554</b>	<b>184,235</b>	<b>14.0%</b>
Income tax	26,174	28,231	7.9%
Depreciation and amortization	72,943	73,632	0.9%
Remeasurement of financial instruments at fair value	(305)	(615)	(101.6%)
Dividend income	(45,874)	(61,671)	(34.4%)
Share based payment transactions	1,153	5,831	405.7%
Profit) / Loss on disposal of property, plant, equipment and intangibles	(290)	(988)	(240.7%)
(Profit) / Loss on disposal of assets held for sale	0	(9)	(100.0%)
Impairment of trade receivables	2,124	449	(78.9%)
(Decrease) / Increase in provisions	950	(4,102)	(531.8%)
Interest income	(3,651)	(2,330)	36.2%
Impairment of given loans and interests	0	37	100.0%
Interest expense	7,668	5,384	(29.8%)
Effect of changes in foreign exchange rates	(1,043)	3,397	425.7%
<b>Changes in working capital:</b>			
(Increase) / Decrease in inventories	(90,182)	(65,132)	27.8%
(Increase) / Decrease in trade receivables	(51,606)	(5,384)	89.6%
(Decrease) / Increase in trade payables	(13,392)	(13,502)	(0.8%)
<b>Cash generated from operations</b>	<b>66,223</b>	<b>147,463</b>	<b>122.7%</b>
Income tax paid	(18,209)	(27,099)	(48.8%)
Interest paid	(7,973)	(5,490)	31.1%
<b>Net cash from operating activities</b>	<b>40,041</b>	<b>114,874</b>	<b>186.9%</b>

## Unconsolidated Cash Flow Statement in 1 – 9 2020

<b>(in HRK thousands)</b>	<b>1 – 9 2019</b>	<b>1 – 9 2020</b>	<b>%</b>
<b>Cash flow from investing activities</b>			
Increase of investments in subsidiaries and third parties	(2,798)	(2,102)	24.9%
Decrease of investments in business shares	20	0	(100.0%)
Purchase of property, plant, equipment and intangibles	(49,463)	(71,057)	(43.7%)
Proceeds from sale of property, plant, equipment and intangibles	346	1,117	222.8%
Loans given	(1,000)	(16,900)	n/a
Proceeds from given loans	299	13,814	n/a
Collected interest	247	539	118.2%
Collected dividends	15,871	9,070	(42.9%)
<b>Net cash from investing activities</b>	<b>(36,478)</b>	<b>(65,519)</b>	<b>(79.6%)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	251,507	241,328	(4.0%)
Repayment of borrowings	(229,754)	(203,023)	11.6%
Repayment of lease	(8,765)	(8,865)	(1.1%)
Sale of treasury shares	5,307	0	(100.0%)
Dividend payout	(62,940)	(62,938)	0.0%
<b>Net cash from financing activities</b>	<b>(44,645)</b>	<b>(33,498)</b>	<b>25.0%</b>
<b>Net increase / (decrease) of cash and cash equivalents</b>	<b>(41,082)</b>	<b>15,857</b>	<b>138.6%</b>
Cash and cash equivalents at beginning of the year	68,167.0	2,180	(96.8%)
<b>Cash and cash equivalents at the end of year</b>	<b>27,085</b>	<b>18,038</b>	<b>(33.4%)</b>



## Unconsolidated Statement of Changes in Equity in 1 – 9 2020

(in HRK thousands)	Share capital	Reserve for treasury shares	Legal reserves	Reinvested profit reserve	Statutory reserves	Other reserves	Retained earnings/ accumulated loss	Total
<b>As at 31 December 2018</b>	<b>1,690,066</b>	<b>147,604</b>	<b>30,948</b>	-	-	<b>203,715</b>	<b>116,836</b>	<b>2,189,169</b>
Comprehensive income	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	145,189	145,189
Actuarial losses (net of deferred tax)	-	-	-	-	-	(639)	-	(639)
Other comprehensive income	-	-	-	-	-	(639)	-	(639)
<b>Total comprehensive income</b>	-	-	-	-	-	<b>(639)</b>	<b>145,189</b>	<b>144,550</b>
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	5,657	-	-	43,404	(49,061)	-
Exercise of options	4,479	-	-	-	-	-	-	4,479
Fair value of share-based payment transactions	2,318	-	-	-	-	-	-	2,318
Dividends paid	-	-	-	-	-	-	(62,907)	(62,907)
<b>Total transactions with owners recognized directly in equity</b>	<b>6,797</b>	-	<b>5,657</b>	-	-	<b>43,404</b>	<b>(111,968)</b>	<b>(56,110)</b>
<b>As at 31 December 2019</b>	<b>1,696,863</b>	<b>147,604</b>	<b>36,605</b>	-	-	<b>246,480</b>	<b>150,057</b>	<b>2,277,609</b>
Comprehensive income	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	184,235	184,235
<b>Other comprehensive income</b>	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	-	<b>184,235</b>	<b>184,235</b>
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	7,259	-	-	73,849	(81,108)	-
Exercise of options	(3,722)	-	-	-	-	-	-	(3,722)
Fair value of share-based payment transactions	5,831	-	-	-	-	-	-	5,831
Dividends paid	-	-	-	-	-	-	(62,929)	(62,929)
<b>Total transactions with owners recognized directly in equity</b>	<b>2,109</b>	-	<b>7,259</b>	-	-	<b>73,849</b>	<b>(144,037)</b>	<b>(60,820)</b>
<b>As at 30 September 2020</b>	<b>1,698,972</b>	<b>147,604</b>	<b>43,864</b>	-	-	<b>320,329</b>	<b>190,255</b>	<b>2,401,024</b>

# Notes to the financial statements

In accounting policies in 2020, the model for calculating expected credit losses for trade receivables has been amended by including macroeconomic impact in the calculation. In order to take into account, the specific characteristics of segments business, the unique model for determining the impairment of inventories has been separated and adjusted.



MANAGEMENT BOARD

Koprivnica, 29 October 2020

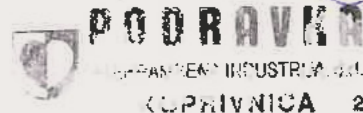
## STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited financial statements of Podravka Inc. for the period 1 - 9 2020 have been prepared in compliance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards (IFRS) and provide an overall and true presentation of assets, liabilities, profit and loss, financial position and business operations.

Unaudited financial statements of Podravka Inc. for the period 1 - 9 2020 were approved by the Management Board of PODRAVKA d.d. on 29 October 2020.

Corporate Accounting Director:  
Julijana Artner Kukec

Board Member:  
Davor Doko



# Contact

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