

Podravka Inc.
Annual report
for 2024



1	STRUCTURE AND OWNERSHIP	3
2	CORPORATE PROFILE OF PODRAVKA GROUP	6
3	FOREWORD BY THE PRESIDENT OF THE MANAGEMENT BOARD OF PODRAVKA INC.	9
4	MANAGEMENT BOARD OF PODRAVKA INC.	12
5	SUPERVISORY BOARD OF PODRAVKA INC.	17
6	REPORT OF THE WORK OF THE SUPERVISORY BOARD OF PODRAVKA INC.	24
7	REPORT ON THE APPLICATION OF THE CORPORATE GOVERNANCE CODE	27
8	KEY BUSINESS INDICATORS	31
	Macroeconomic Environment	32
	Key Events	34
9	BUSINESS RESULTS AND SHARES	43
	Business Results	44
	Shares	50
10	EXPECTED DEVELOPMENT	52
11	BRANDS OF PODRAVKA INC.	55
12	INNOVATIONS, AWARDS AND RECOGNITIONS	62
	Research and Development	63
	New Products	65
	Digital Innovations	74
	Awards and Recognitions	76
13	SUSTAINABILITY STATEMENT	85
14	FINANCIAL REPORTS	87



1 Structure and ownership



STRUCTURE and Ownership

Podravka is a joint-stock company listed on the Prime Market of the Zagreb Stock Exchange. The Podravka Group is comprised of a number of affiliated companies owned by Podravka Inc.

PODRAVKA INC.

Name of subsidiary	Ownership interest of Podravka Inc.
Žito Ltd., Ljubljana, Slovenia	100.00%
Podravka Ltd., Ljubljana, Slovenia*	100.00%
Intes Storitve Ltd., Maribor, Slovenia*	100.00%
Žito maloprodaja Ltd., Ljubljana, Slovenia*	100.00%
Mirna Inc., Rovinj, Croatia	100.00%
Podravka-Lagris a.s., Dolni Lhota u Luhačovic, Czech Republic	100.00%
Podravka-Polska Sp.z o.o., Warszawa, Poland	100.00%
Podravka-International Kft, Budapest, Hungary	100.00%
Podravka Ltd., Belgrade, Serbia	100.00%
Podravka-Int. Deutschland –“Konar” GmbH, Germany	100.00%
Podravka-International s.r.o., Zvolen, Slovakia***	100.00%
Podravka Ltd., Podgorica, Montenegro	100.00%
Podravka-International Pty Ltd, Silverwater, Australia	100.00%
Podravka EOOD, Sofia ****, Bulgaria	100.00%
Podravka-International s.r.l., Bucharest, Romania	100.00%
Podravka DOOEL, Petrovec, North Macedonia	100.00%
Podravka Ltd., Sarajevo, Bosnia and Herzegovina	100.00%
Podravka USA Inc., New York, USA	100.00%
Podravka Ltd., Moskva, Russia	100.00%
Foodpro Limited, Dar es Salaam, Tanzania****	100.00%
Podravka Gulf Fze, Jebel Ali, Dubai, UAE	100.00%
Belupo Inc., Koprivnica, Croatia	100.00%
Farmavita Ltd. Sarajevo, Vogošća, Bosnia and Herzegovina**	65.00%
Ljekarne Deltis Pharm, Koprivnica, Croatia**	100.00%
Belupo dooel, Skopje, North Macedonia**	100.00%
Belupo s.r.o. Bratislava, Slovakia**	100.00%
Belupo Ltd. Ljubljana, Slovenia**	100.00%
Podravka Agri d.o.o.*****	100.00%

* Podravka Inc. holds these ownership interests indirectly through its subsidiary Žito Ltd.

** Podravka Inc. holds these ownership interests indirectly through its subsidiary Belupo Inc.

*** 25% of ownership interest is held indirectly through the subsidiary Podravka-Lagris a.s., Dolni Lhota u Luhačovic

**** 15% of ownership interest is held indirectly through the subsidiary Podravka-Int. Deutschland – “Konar” GmbH

***** Business activities are suspended during 2022

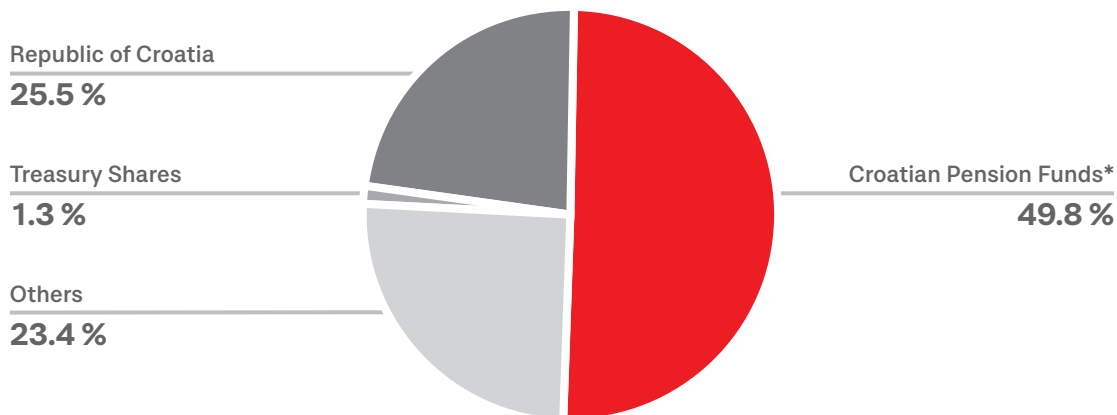
***** At the General Assembly of Podravka Agri Ltd. held on January 27, 2025, a decision was made to increase the share capital, through which the European Bank for Reconstruction and Development acquired a 15.01% ownership stake in Podravka Agri Ltd. On January 31, 2025, Podravka concluded the acquisition of the agricultural segment of the Fortenova Group. Through the newly established company Podravka Agri Ltd., in which Podravka Inc. holds 84.99% ownership and the European Bank for Reconstruction and Development (EBRD) holds 15.01%, the following companies were acquired: Belje plus Ltd., Vupik plus Ltd., PIK Vinkovci plus Ltd., Energija Gradec Ltd., Belje Agro-Vet plus Ltd., and Felix plus Ltd.

Note: Podravka Inc. does not own any subsidiaries.



OWNERSHIP STRUCTURE OF PODRAVKA INC.

as of December 31, 2024



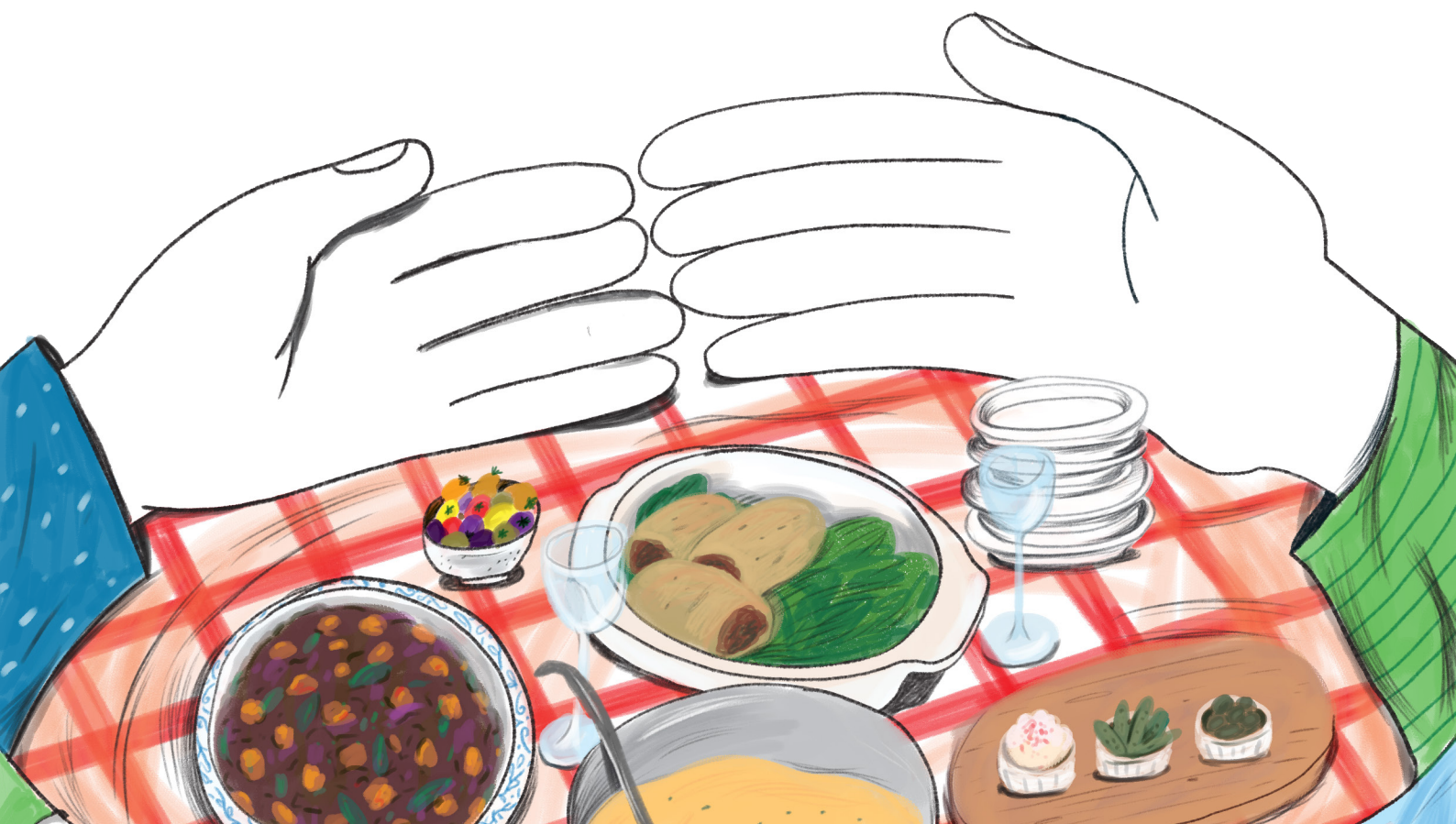
List of 10 largest shareholders Podravka Inc. as of 31 december 2024

Shareholder	Number of shares	% of ownership
1. PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
2. AZ mandatory pension fund, category B	932,563	13.1%
3. RSC** - Croatian Pension Insurance Institute	727,703	10.2%
4. Erste Plavi mandatory pension fund, category B	638,248	9.0%
5. Raiffeisen mandatory pension fund, category B	625,298	8.8%
6. RSC** - Republic of Croatia	452,792	6.4%
7. Capital Fund	406,842	5.7%
8. Pivac Brothers Meat Industry	370,977	5.2%
9. HPB – Republic of Croatia	167,281	2.3%
10. OTP banka D.D./aggregate custody accounts	97,035	1.4%
Other shareholders	1,603,620	22.5%
● Total	7,120,003	100.0%

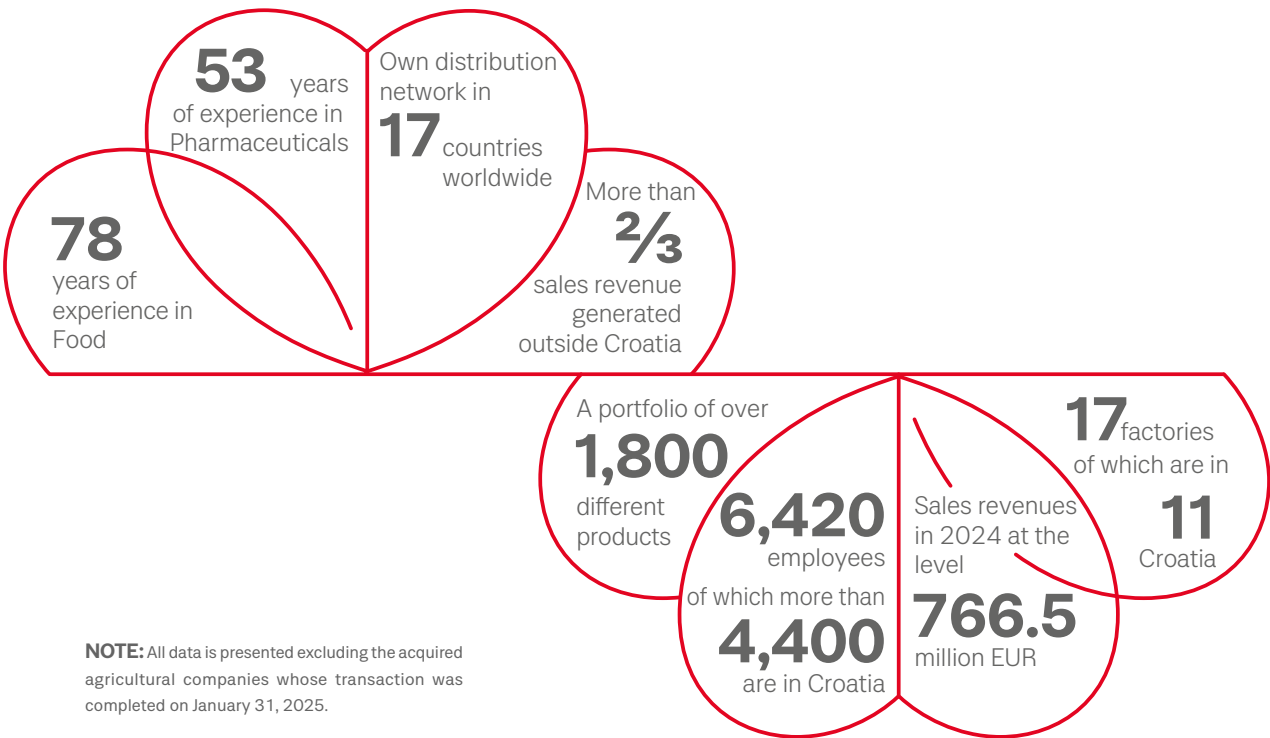
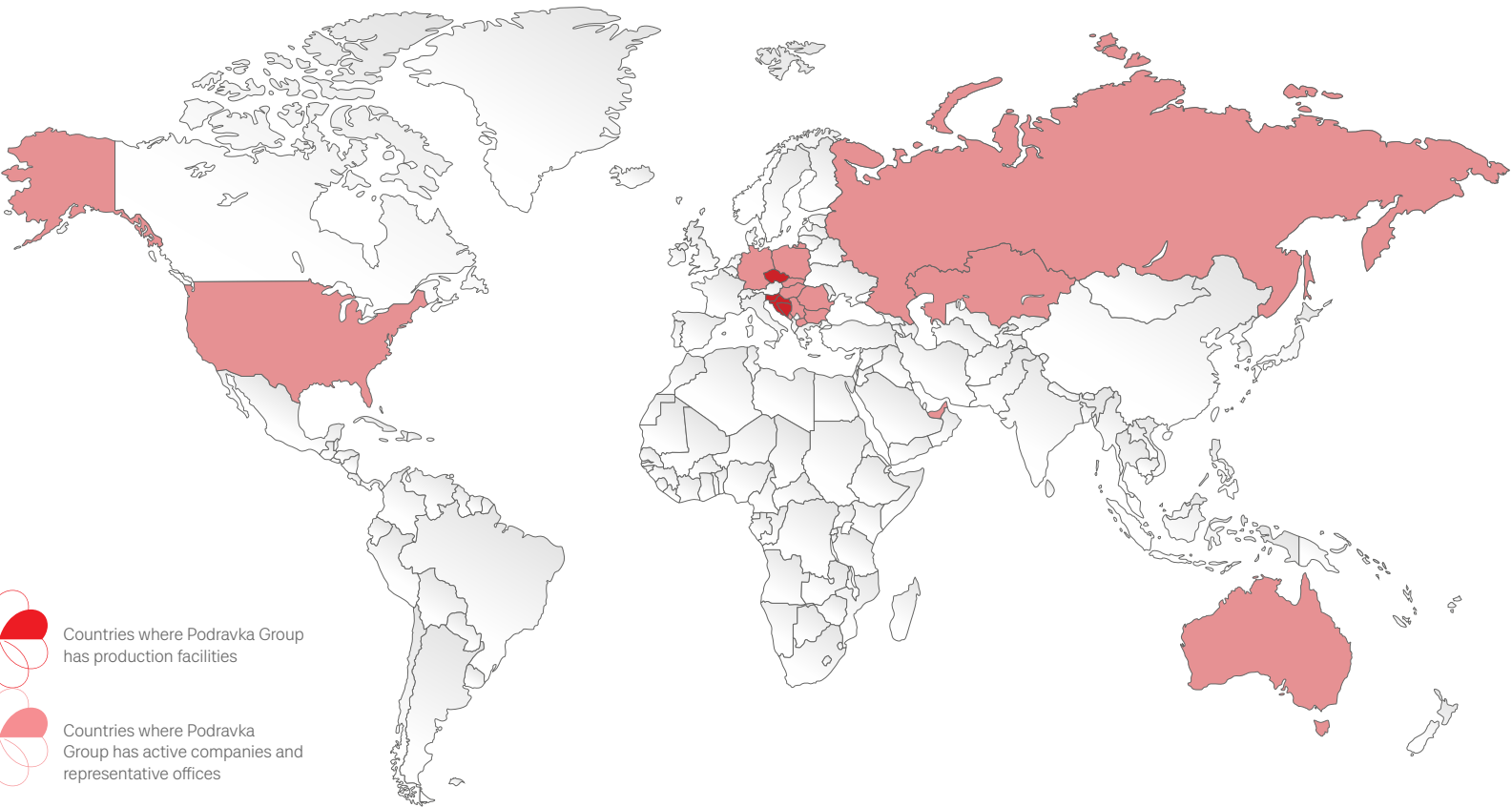
* Includes all mandatory and voluntary pension funds managed by the pension companies: AZ, ROMF, PBZCO and ERSTE.

** The Restructuring and Sale Centre holds 1,241,504 shares through four accounts, Capital Fund Inc. holds 406,842 shares, the Republic of Croatia additionally holds 167,281 shares on a separate account

2 Corporate profile of Podravka Group



- Headquarters: Koprivnica, Republic of Croatia
- The most internationalized company based in the Republic of Croatia
- The leading culinary institution in Central and Southeastern Europe





3 Foreword by the President of the Management Board of Podravka Inc.



Dear all,

It is my great pleasure to present to you the Podravka Group's Annual Report for 2024—a year that was truly historic for our company. First and foremost, I would like to extend my sincere congratulations to the employees of all our companies, whose dedication and hard work made these outstanding results possible.

The past year was filled with numerous business developments that have shaped the future of the Podravka Group. Our results clearly demonstrate the success of the changes we have implemented over the years—from increasing sales in export markets to strengthening our teams and improving efficiency. The financial figures confirm this: the Podravka Group achieved sales revenue of EUR 766.5 mil., representing a 7.4% increase, or EUR 52.7 mil., compared to the previous year. I am particularly pleased that this growth was recorded in both key segments of our business — Food and Pharmaceuticals. Revenue in the Food segment grew by nearly 7%, reaching EUR 591.6 mil., while Belupo's revenue increased by 9.2%, reaching EUR 174.9 mil. The Group's net profit amounted to EUR 73.9 mil. — an increase of 11.3% compared to the previous year.

These exceptional figures are the result of our strong focus on export markets and continuous business improvements. In the Food segment, where nearly 70% of revenue comes from international markets, we recorded an export revenue increase of 7.4%, or EUR 28.2 mil. I would particularly highlight the outstanding results in Western Europe, the USA, and Australia—our market adaptations and pricing policy adjustments led to sales growth of 57.2% in Germany and 34.6% in the USA, Canada, and Australia. Alongside strong revenue growth, the Food segment also achieved significant profitability growth, with normalized EBITDA increasing by 34.5% and normalized net profit by 49.5%.

In the Pharmaceutical segment, Belupo also made significant progress, with an 8% increase in sales in foreign markets, while normalized EBITDA grew by 17.1% and normalized net profit by 22.2%, confirming stable and profitable growth in this segment.



The year 2024 also marked the completion of the Podravka Group's most intensive investment cycle in its history. From 2021 to the end of 2024, we invested nearly EUR 250 mill. in modernization, the introduction of new technologies and digitalization, efficiency and energy improvements, and further enhancement of working conditions. As a result, we established a new Pasta Factory, a new tomato processing plant, 11 new production lines, 15 new packaging lines, a 13.2 MW solar power plant, a fully upgraded corporate vehicle fleet, and modern agricultural machinery. We also renovated our headquarters and other facilities and provided air conditioning for all production plants. The construction of a logistics and distribution center with a capacity of 62,000 pallet spaces represents the largest single investment in the entire cycle.

In parallel with technological modernization, we carried out extensive digitalization of our operations. We have digitalized all our factories as well as procurement, planning, and reporting processes. Additionally, we successfully transitioned our entire business to the SAP4HANA system. We have also begun implementing artificial intelligence on Coolinarika, the largest regional culinary web platform.

I would particularly highlight the historic breakthrough we achieved with the acquisition of agricultural companies Belje, Vupik, and PIK Vinkovci. With this move, the Podravka Group took over the management of a significant portion of Croatia's agricultural production – 3% of the country's total arable land, 50% of Croatia's pig production, 18% of its cattle production, 11% of its milk production, and 6% of its wine production. As a result, agriculture has become the third pillar of our business, alongside the food and pharmaceutical industries. To manage this new segment, we established the company Podravka Agri, opening new opportunities for growth and development across the entire Group.

Beyond these business successes, I am especially proud of the improvement in our employees' financial well-being. Last year was the first full year in which the new salary system for all employees of Podravka Inc. and Belupo was in place, correcting numerous inconsistencies in job valuation. As a result, the average salary of Podravka Inc. employees increased by approximately 63% compared to December 2021. Although it will be difficult to surpass 2024 in terms of the scope and significance of business events, we have created new opportunities that will drive future success. Equally important, we have built strong teams that will lead the Podravka Group through the rapidly emerging challenges in all markets.

Strengthened by new factories, facilities, and improved working conditions for all employees, and now with new companies under our umbrella, Podravka looks to the future with great confidence. Everything we have achieved so far enables us to look forward with full trust in our ability to expand our global presence and achieve even greater business success.

We see ourselves as leaders in the food processing industry across the entire region, and our goal is to continue building a sustainable and successful future for the entire Podravka Group.

I extend my gratitude to all our employees, partners, and shareholders for their contribution to these outstanding results and achievements. Together, we are building the Podravka of the future!

Sincerely,

Martina Dalić, PhD

President of the Management Board of Podravka Inc.



4 Management Board of Podravka Inc.





In accordance with the provisions of the Articles of Association of Podravka Inc., the Management Board consists of three to six members appointed by the Supervisory Board. The Management Board is appointed for a term determined by the Supervisory Board, with the possibility of reappointment. If the President and individual members of the Management Board are appointed during the term of the existing Management Board, their mandate lasts until the expiration of the entire Board's mandate. The term of office begins on the date of appointment unless otherwise specified by the Supervisory Board's decision.

Members of the Management Board manage the company's operations, and the organization and division of responsibilities among them are regulated by the Rules of Procedure of the Management Board, adopted by the Management Board of Podravka Inc. with the approval of the Supervisory Board of Podravka Inc.

The Management Board consists of the President and four members appointed by the Supervisory Board of Podravka Inc.

MEMBERS OF THE MANAGEMENT BOARD OF PODRAVKA INC. IN 2024:

1. Martina Dalić / *president*
2. Davor Doko / *member*
3. Ljiljana Šapina / *member*
4. Milan Tadić / *member*
5. Ivan Ostojić / *member*

The remuneration of the Management Board members of Podravka Inc. is determined by a contract concluded with the company and approved by the Supervisory Board of Podravka Inc. on behalf of the company.

Members of the Management Board of Podravka Inc. have not been granted or paid any compensation for their membership in the supervisory boards of Podravka Group companies.

In 2024, sixty meetings of the Management Board of Podravka Inc. were held, with a recorded attendance of 99% by the Board members.

BIOGRAPHIES OF THE MANAGEMENT BOARD MEMBERS

MARTINA DALIĆ

President of the Management Board



Martina Dalić was first appointed as President of the Management Board of Podravka Inc. in February 2021. She was reappointed as President of the Management Board of Podravka Inc. in February 2022.

Dr. Martina Dalić has extensive experience in both the public and private sectors, as well as in international institutions.

In her public sector career, she served as Deputy Prime Minister of the Republic of Croatia and Minister of Economy, Entrepreneurship, and Crafts (2016–2018), Minister of Finance (2010–2011), State Secretary (2004–2008), and Assistant Minister of Finance (1997–2000). She was also a member of the Croatian Parliament from 2011 to 2015.

She gained significant experience in the private sector as well. From 2008 to 2010, she was President of the Management Board of Partner Banka Zagreb, and from 2000 to 2004, she served as Chief Economist at Privredna Banka Zagreb. From 2015 to 2016, she was

a permanent advisor for public finance management at the International Monetary Fund in Washington.

Between 2005 and 2012, Dalić was Deputy Chief Negotiator and Negotiator for Croatia's accession to the European Union, responsible for four chapters: Customs Union, Taxation, Financial Control, and Budgetary and Financial Provisions.

She graduated from the Faculty of Economics at the University of Zagreb, where she began her professional career as an assistant at the Department of Organization and Management. She earned her Ph.D. in 2012.

DAVOR DOKO

*Member of the
Management Board*



Davor Doko was first appointed as a member of the Management Board of Podravka Inc. in May 2017. He was reappointed in February 2022.

He began his professional career in 2000 in the Asset Management Department of Zagrebačka Banka as an assistant portfolio manager, where he participated in establishing an investment fund management company within Zagrebačka Banka. Two years later, he joined the AZ Mandatory Pension Fund team. As a procurator and chief portfolio manager, he actively participated in the investment process.

Since 2006, he has been a member of the Management Board of Allianz ZB Ltd., a company managing mandatory pension funds, responsible for investments. In the AZ Voluntary Pension Funds, he was responsible for investments, managing all aspects of the investment process.

He graduated from the Faculty of Economics at the University of Zagreb. Throughout his career, he has attended numerous professional development programs and participated in conferences related to investment and capital markets.

LJILJANA ŠAPINA

*Member of the
Management Board*



Ljiljana Šapina was first appointed as a member of the Management Board of Podravka Inc. in February 2017. She was reappointed in February 2022.

She has been employed at Podravka Inc. since 1984, gaining experience in various managerial and director positions in Accounting and Finance, Retail, Gastro Sales, Frozen Program, Common Market Affairs, and Export Preparation. In 2012, she became Director of the Import-Export Logistics Service, and in 2015, she was appointed Head of the Import-Export Logistics Department.

She graduated in International Trade from the Faculty of Economics at the University of Zagreb, where she also earned her master's degree in 2012.

MILAN TADIĆ

*Member of the
Management Board*



Milan Tadić was appointed as a member of the Management Board of Podravka Inc. in February 2022. He began his professional career in 1986 at the Croatian Pension Insurance Institute as a property rights representative. He joined Podravka as a specialist and director of property rights affairs, later becoming Director of the Property Rights Affairs and Contracts Service. He also served as an advisor to the Management Board of Podravka Inc. for international markets, then as Executive Director for International Key Accounts and Executive Director for Central European Markets.

After holding executive director positions at Tvornica Duhana Rovinj, he returned to Podravka in 2014. Since then, he has held various roles, including Executive Director for Southeast Europe, Member of the Management Board of Žito, and Chief Director for the Adriatic Region.

He graduated from the Faculty of Law at the University of Osijek and completed managerial education programs at the Faculty of Economics at the University of Zagreb. He has also attended numerous managerial training sessions and courses in sales and management.

IVAN OSTOJIĆ

*Member of the
Management Board*



Ivan Ostojić was appointed as a member of the Management Board of Podravka Inc. in February 2022, with his term beginning on July 1, 2022.

He began his professional career in 1997 at the Ministry of Finance of the Republic of Croatia in the Directorate for Financial System and Capital Market, where he served as an advisor. From 2000 to 2001, he was a board member of the Directorate for Insurance Supervision and Chairman of the Examination Committee for Certified Insurance Brokers and Agents.

In 2001, he became Head of the Clients/Credit Department and a procurator at Wüstenrot Housing Savings Bank in Zagreb. In 2007, he was appointed a Management Board member responsible for sales and marketing, risk management, and treasury and credit back-office operations.

He graduated in 1996 from the Faculty of Tourism and Foreign Trade in Dubrovnik and earned a master's degree in 2000 from the Faculty of Political Science at the University of Zagreb.

He is a member of the Supervisory Board of Luka Ploče Inc.

5 Supervisory Board of Podravka Inc.





The Supervisory Board of the Company consists of nine members, eight of whom are elected by shareholders at the General Assembly by a three-quarters majority of votes, while one member of the Supervisory Board is appointed by the Workers' Council of the Company in the manner and procedure stipulated by the provisions of the Labor Law. Supervisory Board members are generally elected for a term of four years. The start of the mandate for each member of the Supervisory Board is calculated from the day of election or appointment, unless otherwise determined by the decision on election or appointment. The Supervisory Board oversees the management of the Company, and on matters within its competence, the Supervisory Board makes decisions in accordance with the law, the Articles of Association of Podravka Inc., and the Rules of Procedure of the Supervisory Board.

MEMBERS OF THE SUPERVISORY BOARD OF PODRAVKA INC. IN 2024:

1. Damir Grbavac / *president*
2. Luka Burilović / *vice President*
3. Damir Čukman / *member*
4. Damir Felak / *member*
5. Ksenija Horvat / *member (representative of the workers)*
6. Ante Jelčić / *member*
7. Petar Miladin / *member*
8. Darko Prpić / *member*
9. Krunoslav Vitelj / *member*

The independence of the members of the Supervisory Board in 2024 was 77.78%.

The President of the Supervisory Board, the Vice President of the Supervisory Board, and five members of the Supervisory Board are independent in accordance with the provisions of Article 255, paragraph 6 of the Companies Act and the Corporate Governance Code. Ksenija Horvat, as the representative of the workers, is not an independent member of the Supervisory Board. Petar Miladin is not an independent member of the Supervisory Board due to having served for more than 12 years on the Supervisory Board of the Company.

Member of the Supervisory Board Darko Prpić is an expert in accounting and auditing of financial statements.

The Supervisory Board of the Company consists of one woman and eight men. The Management of the Company consists of two women and three men.

Members of the Supervisory Board and the Management of the Company are selected primarily based on their expertise, knowledge, and relevant experience, with additional consideration given to the principle of gender balance.

Regarding The target of 30% representation of women on the Management Board of the company has been fully achieved, as the representation of women on the Management Board is at the level of 40%, while the Supervisory Board is composed of 11% women. The Podravka Group is committed to met the goals set by the EU Directive on improving gender balance at all levels.

The Supervisory Board will ensure the application of the gender equality principle when submitting proposals to the General Assembly of the Company regarding the election of new members of the Supervisory Board.

The Supervisory Board of Podravka Inc. has established the following committees: Audit Committee, Remuneration Committee, and Nomination Committee.

AUDIT COMMITTEE IN 2024:

1. Ivana Matovina / *president of the committee*
2. Darko Prpić / *vice president*
3. Damir Grbavac / *member*

All members of the Audit Committee are independent in accordance with the provisions of Article 255, paragraph 6 of the Companies Act and the Corporate Governance Code.

REMUNERATION COMMITTEE IN 2024:

1. Luka Burilović / *president of the committee*
2. Petar Miladin / *member*
3. Damir Grbavac / *member*

The President and one member of the Remuneration Committee are independent in accordance with the provisions of Article 255, paragraph 6 of the Companies Act and the Corporate Governance Code.

NOMINATION COMMITTEE IN 2024:

1. Damir Grbavac / *president of the Committee*
2. Luka Burilović / *member*
3. Krunoslav Vitelj / *member*

All members of the Nomination Committee are independent in accordance with the provisions of Article 255, paragraph 6 of the Companies Act and the Corporate Governance Code.

Members of the Supervisory Board of Podravka Inc. are entitled to a monthly fee set at a fixed amount in accordance with the Decision of the General Assembly on determining the remuneration for the work of the Supervisory Board members of the Company.

BIOGRAPHIES OF THE MEMBERS OF THE SUPERVISORY BOARD OF PODRAVKA INC.

DAMIR GRBAVAC

President of the Supervisory Board

Damir Grbavac was elected as a member of the Supervisory Board of Podravka Inc. in June 2022, with the term beginning on July 1, 2022. He has been the President of the Supervisory Board since November 2022.

He is the President of the Nomination Committee, a member of the Audit Committee, and the Remuneration Committee of Podravka Inc.

He began his professional career in 1978 at the Đuro Đaković Group, working from a credit officer to the Deputy General Director of the Holding. In 1997, he moved to Raiffeisenbank Austria Inc. in Zagreb as the Director of the Investment Banking Department. In the same year, he became a member of the Management Board of Raiffeisen Investments, and two years later, he became the President of the Management Board of Raiffeisen Securities Ltd. From 2003, he was an advisor to the Management Board of Raiffeisenbank Austria Inc. in Zagreb, and from 2004 to 2021, he was the President of the Management Board of Raiffeisen Pension Company. He served as a member of the Supervisory Board of companies such as Hrvatski Telekom Inc., Zagrebačka Burza Inc., and Podravka Inc. from 2017 to 2019. He was also a member of the Management Board of the Central Registry of Insured Persons in the first system and the President of the Association of Pension Fund Management Companies and Pension Insurance Companies.

He graduated from the Faculty of Economics at the University of Zagreb in 1978 and obtained a Master's degree from the same faculty in 1985.

LUKA BURILOVIĆ

Vice President of the Supervisory Board

Luka Burilović was elected as a member of the Supervisory Board of Podravka Inc. in June 2022, with the term beginning on September 8, 2022.

He is the President of the Remuneration Committee and a member of the Nomination Committee of Podravka Inc. Luka Burilović has been the President of the Croatian Chamber of Economy since 2014. Prior to that, he served as the CEO of Sladorana Inc. in Županja. In his professional career, he also worked as the Assistant Minister in the Ministry of Agriculture, Forestry, and Water Management, and from 1996 to 2004, he was the Deputy Mayor of the Municipality of Nijemci.

Burilović is a member of the Supervisory Board of HBOR and Podravka Inc. Among other roles, he is the President of the Croatian National Committee of the International Chamber of Commerce (ICC), a member of the Board of EUROCHAMBRES (the Association of European Chambers of Commerce), and a member of the Board of the Foundation of the Croatian Academy of Sciences and Arts.

He completed his postgraduate specialist and doctoral studies in economics and management at the Faculty of Economics at the University of Osijek.

He was awarded the Order of Danica Hrvatska with the image of Blaž Lorković for exceptional contributions to the economy.

DAMIR ČUKMAN

Member of the Supervisory Board

Damir Čukman was elected as a member of the Supervisory Board of Podravka Inc. in May 2023, with the term beginning on July 1, 2023.

He started his professional career in 2006 at Erste Securities Ltd., where he worked in various positions, including as the Head of the Asset Management Department, until 2010. In the same year, he became a portfolio manager at Erste Ltd., a pension fund management company. In 2016, he was one of the founders and the first president of the CFA Society Croatia. Since 2013, when he founded N3 Capital Partners Ltd., he has served as the CEO. Since 2021, he has been a member of the Supervisory Board of Quattro Logistics Inc.

He graduated in economics from the Zagreb School of Economics and Management in 2006 and also attended Università Commerciale Luigi Bocconi in Milan and the London School of Economics and Political Science.

DAMIR FELAK

Member of the Supervisory Board

Damir Felak was elected as a member of the Supervisory Board of Podravka Inc. in June 2022, with the term beginning on September 8, 2022. He began his professional career in 1990 in the Forestry Industry, which, in the following year, became part of the Public Company Hrvatske šume, where he worked until 1997. From 1993 to 1997, he was the Mayor of the Municipality of Sokolovac, and from 1997 to 2001, he served as the Deputy County Prefect of Koprivnica-Križevci County. He continued his career until 2015 at Hrvatske šume Ltd. as a forester, technical associate, forest manager, and senior technical associate. From 2008 to 2012, he was also a member of the Management Board, and since 2020, he has worked as a senior technical associate at Hrvatske šume.

He served as the President of the Croatian Chamber of Forestry Engineers and Wood Technology for ten years and was elected twice to the Croatian Parliament. He is currently the President of the County Assembly of Koprivnica-Križevci County.

He graduated from the Faculty of Forestry in 1990 and completed a postgraduate specialist study in Strategic Entrepreneurship at the Faculty of Economics at the University of Zagreb in 2013.

KSENIJA HORVAT

Member of the Supervisory Board

Ksenija Horvat was appointed as a member of the Supervisory Board of Podravka Inc. in June 2023 by the Workers' Council of the Company, with the term beginning on July 1, 2023.

She began her professional career at Podravka in 1984, working in administrative and later in market research positions for Croatia.

Since 2001, as the representative of the majority union at Podravka, the PPDIV Union, she has worked full-time for the union and has been one of the leading union negotiators for the improvement of workers' rights at Podravka through the collective agreement for the Podravka Group. She was first elected to the Workers' Council of Podravka Inc. in 2002 and has served as its President since 2013.

She was the workers' representative on the Supervisory Board of Podravka for the first time from 2004 to 2012, during which time she served as the Deputy President and Acting President of the Supervisory Board from 2009 to 2010.

ANTE JELČIĆ

Member of the Supervisory Board

Ante Jelčić was elected as a member of the Supervisory Board of Podravka Inc. in May 2023, with the term beginning on May 17, 2023.

He began his professional career in 2011 as an investment analyst at PBZ Croatia Osiguranje, where he remained until 2023, later becoming the Head of the Financial Markets Analysis Department. In 2023, he became a member of the Management Board of Gumiimpex – GRP Ltd., overseeing the Commercial Sector, Accounting and Finance, Controlling, IT, Human Resources, and General Affairs. From 2017 to 2019, he was a member of the Supervisory Board and the Audit Committee of the company Stanovi Jadran Inc., and from 2018 to 2019, he served as the Deputy President of the Supervisory Board and member of the Audit Committee of Jadran Inc. Crikvenica.

He earned a Master's degree in Mathematics from the Faculty of Science at the University of Zagreb in 2011. Since 2016, he has been teaching the Business Simulations course at the Master's University Program in Financial and Business Mathematics at the same faculty.

PETAR MILADIN

Member of the Supervisory Board

Petar Miladin was elected as a member of the Supervisory Board of Podravka Inc. in June 2022, with the term beginning on September 8, 2022. He is a member of the Remuneration Committee of Podravka Inc.

He started his career at the Municipal and Commercial Court in Zagreb, and in 1997, he joined the Faculty of Law at the University of Zagreb as a junior assistant in the Department of Commercial Law and Company Law. From 2013 to 2015, he served as the Vice Dean of the

Faculty of Law at the University of Zagreb. Since 2019, he has been employed at the Faculty of Law as a full professor with permanent tenure.

He obtained a Master's degree in Commercial Law and Company Law from the Postgraduate Scientific Study at the Faculty of Law at the University of Zagreb. He defended his doctoral dissertation in 2005.

DARKO PRPIĆ

Member of the Supervisory Board

Darko Prpić was elected as a member of the Supervisory Board of Podravka Inc. in May 2023, with the term beginning on July 1, 2023.

He is the Deputy President of the Audit Committee.

He began his professional career as an analyst at Allianz ZB Ltd., a company for managing mandatory pension funds, and from 2006, he worked as a financial analyst in Prpić Accounting, Auditing, and Tax Consultancy. Since 2007, he has served as the Director of Darfin Ltd., a company specializing in finance, accounting, securities, and consulting. Since 2017, he has been an auditor at UHY Rudan Ltd., and a member of the Supervisory Board of SQ Kapital Ltd.

He graduated in Finance from the Faculty of Economics at the University of Zagreb in 2003, and five years later, he became a permanent court expert in finance, accounting, and securities.

KRUNOSLAV VITELJ

Member of the Supervisory Board

Krunoslav Vitelj was elected as a member of the Supervisory Board of Podravka Inc. in June 2022, with the term beginning on September 8, 2022.

He is a member of the Nomination Committee of Podravka Inc. He began his professional career in 1977 at Podravka, where he held various managerial positions until 1991. In the same year, he became the head of the Koprivnica Municipal Assembly, and in 1993, he moved to the Ministry of the Interior of the Republic of Croatia, Police Department of Koprivnica-Križevci County, where he worked as the head of the Civil Protection, Fire Protection, and Inspection Department. He returned to Podravka in 1995 as an advisor to the President of the Management Board for human resources and legal affairs. The following year, he became the director of the Croatian Chamber of Commerce – County Chamber of Koprivnica, a position he has held since 2021.

He graduated from the Faculty of Economics at the University of Zagreb in 1993, where he also earned his Master's degree two years later.

In 2008, he obtained a qualification in Corporate Governance for members of supervisory and management boards at the Faculty of Economics at the University of Zagreb.

IVANA MATOVINA

President of the Audit Committee

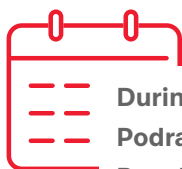
Ivana Matovina was appointed President of the Audit Committee of Podravka Inc. by the General Assembly, with the term beginning on June 30, 2021.

She began her professional career in 1996 as a head of accounting, and from 1997 to 2009, she worked at KPMG Croatia Ltd. After that, until 2011, she worked as a partner and director of Cinotti Auditing Ltd./Cinotti Consulting Ltd. In the same year, she founded her companies Antares Auditing Ltd./Antares Consulting Ltd., which specialize in auditing, internal auditing, accounting, business consulting, and education. From 2009 to 2012, she was a member of the Management Board of the Croatian Chamber of Auditors, and since 2012, she has been a member of the Financial Reporting Standards Committee and the Council of the Croatian Financial Services Supervisory Agency (HANFA).

She graduated in 1996 from the Faculty of Economics at the University of Zagreb, with a major in Accounting and Finance. She became a Chartered Accountant in the United Kingdom in 2000 and two years later earned the title of Croatian Certified Auditor.

6 Report of the work of the Supervisory Board of Podravka Inc.





During 2024, the Supervisory Board of Podravka Inc. (hereinafter: Supervisory Board) operated with the following members:

Damir Grbavac / *president;*

Luka Burilović / *vice president;*

Damir Čukman, Damir Felak, Ksenija Horvat, Ante Jelčić, Darko Prpić, Petar Miladin and Krunoslav Vitelj / *members of the Supervisory Board.*

The Supervisory Board, in accordance with the authority defined by the provisions of the Companies Act and the Statute of Podravka Inc., continuously monitored the management of the operations of Podravka Inc. and the Podravka Group during 2024, holding 18 meetings. Regarding attendance at the Supervisory Board meetings, Mr. Grbavac, Mrs. Horvat, Mr. Jelčić, Mr. Prpić, and Mr. Vitelj were present at all meetings, while Mr. Miladin missed three meetings, and Mr. Burilović, Mr. Felak, and Mr. Čukman missed one meeting.

In monitoring the management of operations, the Supervisory Board discussed all key issues related to the business of Podravka Inc. and its subsidiaries and regularly received written reports on the business performance, as well as materials with proposals for decisions from the Management of Podravka Inc., which were reviewed and decided upon in accordance with regulations. The Management of Podravka Inc. reported to the Supervisory Board on all significant business events, the course of business, and the overall status of Podravka Inc. and the Podravka Group.

The Supervisory Board determined that Podravka Inc. operated in accordance with the laws, the Statute of Podravka Inc., decisions of the General Assembly of Podravka Inc., and other relevant regulations and general acts.

The Supervisory Board reviewed and approved the audited Annual Financial Statements of Podravka Inc. and the

Podravka Group, as well as the report on the status of the Company and its subsidiaries for the year 2023, which was submitted by the Management of Podravka Inc. It also analyzed and approved the Business Plan for the Podravka Group for 2025, discussed the Strategic Plan for the Podravka Group for the period from 2025 to 2030, and provided necessary approvals for the acquisition of the agricultural segment, which includes the companies Belje plus Ltd., Vupik plus Ltd., PIK-Vinkovci plus Ltd., Energija Gradec Ltd., Belje Agro-Vet plus Ltd., and Felix plus Ltd. Additionally, the Supervisory Board provided approvals for the decisions of the Management of Podravka Inc. in accordance with applicable regulations and the Statute of Podravka Inc.

The continuous fulfillment of the Supervisory Board's monitoring function in the best interests of Podravka Inc., its shareholders, and other stakeholders, in accordance with positive regulations and internal acts of Podravka Inc., was also supported by the adequate support and information that the Supervisory Board received from the Management throughout the year. As the Supervisory Board was regularly informed by the Management about all significant business events, business results, and the status of Podravka Inc. and the Podravka Group, the Supervisory Board assesses that the cooperation with the Management was of high quality, constructive, and effective.

For the more efficient performance of its function, the Supervisory Board operates through the following committees: the Audit Committee, the Remuneration Committee, and the Nomination Committee.



The Audit Committee operated in 2024 with the following members: Ivana Matovina, as the President of the Audit Committee, Darko Prpić, Vice President of the Audit Committee, and Damir Grbavac, Member of the Audit Committee.

Audit Committee in 2024 held eleven meetings, three of which were conducted in writing. All members of the Audit Committee were present at all meetings.

The Audit Committee regularly informed the Supervisory Board about the recommendations made during its meetings and submitted its Report on its activities.

The Audit Committee reviewed and provided recommendations to the Supervisory Board for the adoption of the Annual Financial Statements of Podravka Inc. and the Podravka Group, as well as the reports on the status of the Company and its subsidiaries for the year 2023, including reports from the authorized auditors Ernst & Young Ltd., and the quarterly financial reports of Podravka Inc. and the Podravka Group for 2024.

Furthermore, the Audit Committee recommended to the Supervisory Board the appointment of the auditing firms Ernst & Young Ltd. and Grant Thornton Revizija Ltd. for conducting the joint statutory audit of Podravka Inc. and the Podravka Group.

The Audit Committee monitored the efficiency of the internal control and risk management systems, as well as the plan and execution of the Internal Audit work.

The Audit Committee also followed the sustainability reporting process.

The Nomination Committee operated in 2024 with the following members: Damir Grbavac, as President, Luka Burilović and Krunoslav Vitelj, as Members of the Nomination Committee. The Nomination Committee held one meeting in 2024, with all members present. The Nomination Committee submitted its Report on its activities to the Supervisory Board.

The Remuneration Committee operated in 2024 with the following members: Luka Burilović, as President, Damir Grbavac and Petar Miladin, as Members of the Remuneration Committee.

The Remuneration Committee held four meetings in 2024, with all members present. The Remuneration Committee regularly informed the Supervisory Board about the proposals and recommendations made during its meetings and submitted its Report on its activities.

The Supervisory Board conducted a self-assessment of its effectiveness, profile, and composition, as well as the effectiveness and composition of its committees and the individual performance of its members. The assessment was led by the President of the Supervisory Board without engaging external evaluators.

The Supervisory Board determined that its overall composition and profile, as well as the composition and profile of its committees, align with the needs and activities of Podravka Inc.

The Supervisory Board also supports Podravka Inc.'s commitment to gender balance across the entire company, particularly at senior management levels.

As of December 31, 2024, Podravka Inc. employed a total of 47% women. In the segment of highly educated employees, they make up 59%, while 38% of senior management positions are held by women.

This places Podravka Inc. among the leading companies in terms of gender equality, and the Supervisory Board considers this employee structure to be an excellent achievement.

The Supervisory Board's evaluation confirmed that all members of the Supervisory Board and its committees possess the necessary knowledge, capabilities, and professional experience.

They actively participated in the work, dedicating appropriate time and contributing effectively to discussions and decision-making on all issues that were on the agenda of the Supervisory Board and its committees.



7 Report on the application of the Corporate Governance Code





The Management Board of Podravka Inc. submits a Statement on the Application of the Corporate Governance Code based on the Accounting Act and the Companies Act.

Podravka Inc. continuously monitors the development of regulations in the area of corporate governance and improves its relationships with shareholders, investors, and the general public, applying high standards of communication.

In compliance with applicable legislation, particularly considering the OECD Guidelines for Corporate Governance and the Corporate Governance Code of HANFA and the Zagreb Stock Exchange, Podravka Inc. is one of the first joint-stock companies whose shares are listed on the regulated market to adopt the Corporate Governance Code in order to equalize the rights of all shareholders and establish an open, professional, and transparent approach to investor relations and the general public.

Key principles of corporate governance that Podravka Inc. follows include:

- Transparency of operations,
- Clearly defined procedures for the operation of the management board, supervisory board, and its committees, as well as the general assembly,
- Avoidance of conflicts of interest,
- Effective internal control, and
- An efficient accountability system.

Podravka Inc. annually completes two questionnaires. One in which it declares whether it has adhered to the provisions of the Corporate Governance Code and specifies any deviations from the Code along with the reasons (Compliance Questionnaire), and the other which provides detailed information on its corporate governance practices (Corporate Governance Practices Questionnaire). Both questionnaires are submitted to

HANFA, and the Compliance Questionnaire is published on the Zagreb Stock Exchange and Podravka's website at <https://www.podravka.hr/kompanija/investitori/korporativno-upravljanje/dokumenti/>.

In order to improve the corporate governance system, the Management Board of Podravka Inc., with the consent of the Supervisory Board of Podravka Inc., has adopted the Conflict of Interest Management Policy, which establishes mechanisms for early detection of potential conflicts of interest, preventing their occurrence, and measures to be taken in case a conflict of interest is identified.

This Policy applies to all members of the Management Board of Podravka Inc., all members of the Supervisory Board of Podravka Inc. and its committees, as well as to all employees of Podravka Inc.

Podravka Inc. will strive to ensure that the Group companies also respect and adopt behavior models based on the same principles that this Policy is founded upon.

For the prevention of conflicts of interest and related actions, the Company will periodically, at least once every two years, conduct training for managerial personnel and employees performing managerial tasks on the Company's business policy regarding conflicts of interest, competition bans, transactions with related parties, and other related actions, especially concerning the mechanisms established in the Company to manage these issues in line with best corporate governance practices.

In November 2024, training was held for the members of the Management Board and Supervisory Board of Podravka Inc. on the topic of Corporate Governance, which covered the monistic and dualistic systems, legal differences and similarities regarding structure,

appointment and dismissal, powers, and methods of operation, conflicts of interest, the position of a Supervisory Board member, including self-assessment, independence, equal gender representation, and managerial aspects of corporate governance.

The implementation of this Policy is overseen by the Internal Audit of Podravka Inc., which reports at least annually to the Audit Committee, Supervisory Board, and Management Board of Podravka Inc. on the effectiveness, reliability, and security of the systems and procedures prescribed by this Policy.

The Conflict of Interest Management Policy can be found at <https://www.podravka.hr/kompanija/investitori/korporativno-upravljanje/dokumenti/>

Aware of the importance of responsible and ethically based behavior in business, Podravka Inc. has adopted the Code of Ethics in Business Operations of the Podravka Group, committing to respect ethical principles in all its business relationships and to act in accordance with laws and regulations, principles of responsibility, truthfulness, effectiveness, transparency, quality, good faith, zero tolerance for corruption, respecting good business practices towards business partners, the community, and its employees, and respecting the human rights of all stakeholders. Special attention is focused on employees, suppliers, and vulnerable social groups – national minorities, children, persons with disabilities, migrant workers, and their families. The Code of Ethics defines business principles that cover the legality and transparency of operations, equal treatment and equal opportunities, professionalism and objectivity in work, relationships with the public and privacy protection, product quality, working in a safe environment, sustainable development, and community relations. In addition to business principles, the Code of Ethics defines behavioral principles that cover the confidentiality and secrecy of information, communication, attitude towards the Podravka

Group's assets, leadership style, conflicts of interest, criteria for business gifts and representation, and the strictest prohibition of corruption, bribery, extortion, and any similar behavior. The Code of Ethics also strictly prohibits the exploitation of child labor.

Every employee has the right to inform the Ethics Committee in writing, via email or by mail, about possible or committed violations,

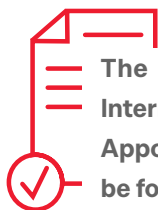


or non-compliance with the Code of Ethics, which ensures the protection of the employee who submits the report, including the prohibition of sanctions or discrimination in future work.

The Code of Ethics in Business Operations of the Podravka Group can be found at <https://www.podravka.hr/kompanija/investitori/korporativno-upravljanje/dokumenti/>

The Podravka Group continuously promotes a policy of diversity and non-discrimination. The diversity of employees is one of the strengths of the Podravka Group, and all employees are equal. Any form of discrimination or harassment based on bias or prejudice, such as discrimination due to race, ethnicity, skin color, gender, language, religion, political or other beliefs, national or social origin, financial status, union membership, education, social status, marital or family status, age, health condition, disability, genetic inheritance, gender identity, expression, or sexual orientation, as well as any other characteristic protected by applicable regulations, is prohibited.

Additionally, in Podravka Inc. and Belupo Inc., in accordance with the Whistleblower Protection Act, a Regulation has been adopted governing the internal reporting of irregularities and the appointment of a confidential person for internal reporting of irregularities. Irregularities can be reported in writing or orally, with written reports including any form of communication that provides a written record. Oral reporting can be done by phone or, at the request of the whistleblower, through a physical meeting within a reasonable time.



The Regulation on the Procedure for Internal Reporting of Irregularities and the Appointment of a Confidential Person can be found at the following links:

<https://www.podravka.hr/kompanija/investitori/korporativno-upravljanje/dokumenti/>

<https://belupoint.podravka.hr/unutarnja-prijava-nepravilnosti/Documents/Pravilnik%20o%20postupku%20unutarnjeg%20prijavljivanja%20nepravilnosti%20i%20imenovanju%20povjerljive%20osobe%202022..pdf>

In the Žito Group, a Regulation on the Prevention and Suppression of Mobbing has been adopted, and a commissioner has been appointed to receive reports and handle mobbing cases.

Podravka Inc. applies the Remuneration Policy approved by the General Assembly of the Company for the period from 2022 to 2025. The principles of the Remuneration Policy are designed to ensure competitiveness and attract and retain high-quality professionals with the necessary skills, expertise, and experience for positions on the Management Board. The Remuneration Policy can be found at <https://www.podravka.hr/kompanija/investitori/korporativno-upravljanje/glavna-skupstina/> (Decisions of the General Assembly of the Company from 14.06.2022).

An amendment to the Remuneration Policy approved by the General Assembly of the Company can be found at <https://www.podravka.hr/kompanija/investitori/korporativno-upravljanje/glavna-skupstina/> (Decisions of the General Assembly from 2024).

At the General Assembly, shareholders exercise their voting rights personally, through a legal representative or proxy. The right to participate and exercise voting rights at the General Assembly is granted to shareholders registered in the computer system of the Central Depository & Clearing Company Inc. who register to attend the General Assembly no later than seven days before the meeting.

The General Assembly can validly decide if at least thirty percent of the total number of shares with voting rights are represented. The General Assembly is chaired by the Chairman of the General Assembly, appointed by the Supervisory Board on the proposal of the Management Board.

Each Podravka Inc. share carries one vote at the General Assembly. At the General Assembly, shareholders, representatives, and proxies vote using ballots indicating the number of votes allocated to each participant.

All materials related to the convocation and holding of the General Assembly are available on Podravka Inc.'s website at <https://www.podravka.hr/kompanija/investitori/korporativno-upravljanje/glavna-skupstina/>.



8 Key Business Indicators

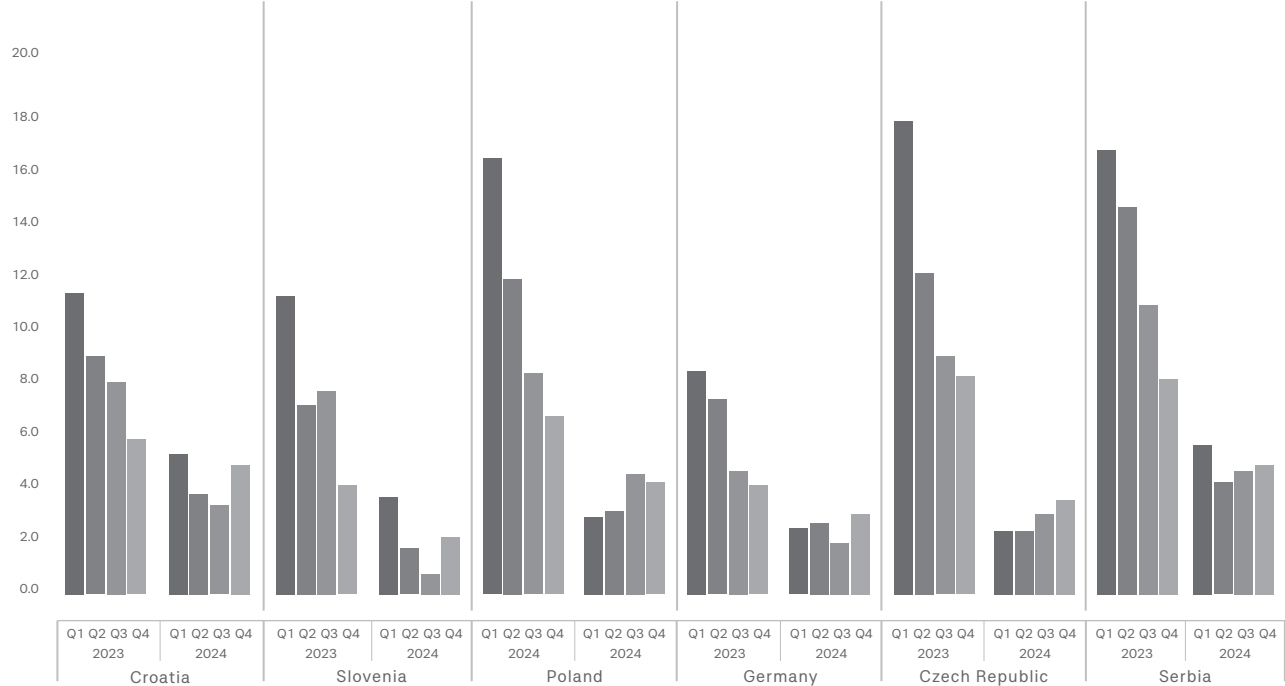


MACROECONOMIC environment

The Podravka Group is a multinational company with production facilities in four countries, distribution companies in 16 countries, including Australia and the USA, and exports its products to over sixty markets. Two-thirds of its sales are generated outside Croatia. The Podravka Group operates in the global market and addresses global challenges, which is why it is essential to continuously strengthen its competitiveness.

The business results of 2024 were achieved in an ongoing complex geopolitical environment, with the war in Ukraine and instabilities in the Middle East continuing to affect the European economy. Despite these challenges, the economies of Central and Southeastern Europe have shown resilience, with moderate but positive economic growth.

INFLATION RATE TRENDS FOR SELECTED COUNTRIES FROM 2023 TO 2024 (% comparison with the same quarter of the previous year)

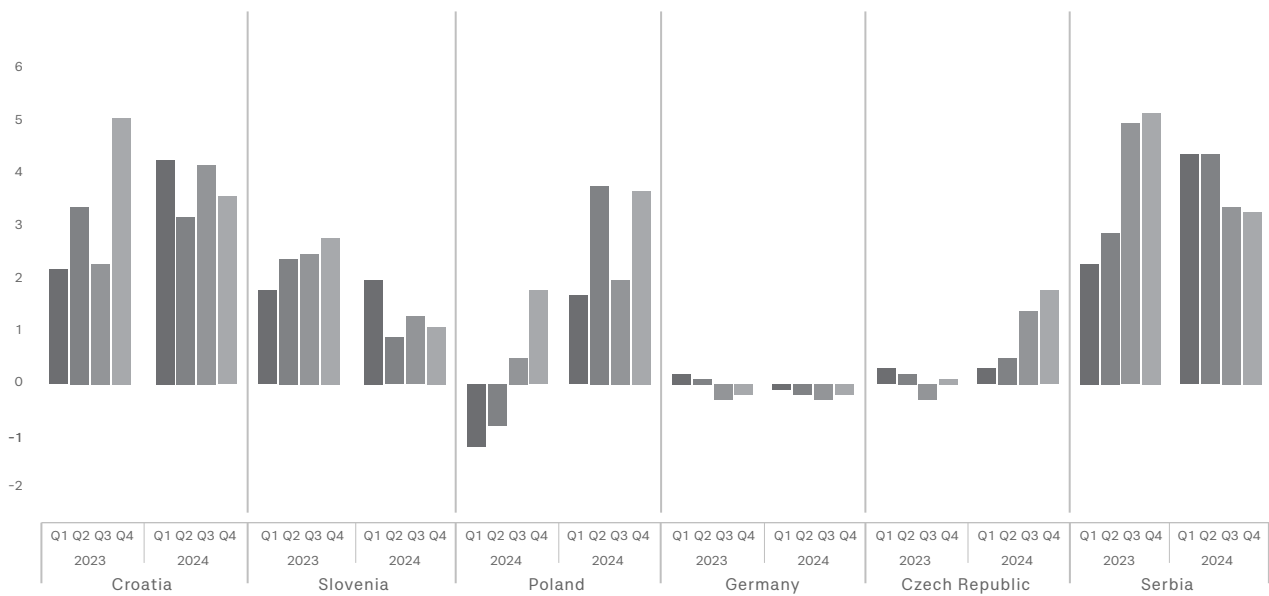


(Source: <https://ec.europa.eu/eurostat>)



**REAL GDP GROWTH RATE TRENDS FOR SELECTED COUNTRIES
FROM 2023 TO 2024**

(% comparison with the same quarter of the previous year)



(Source: <https://ec.europa.eu/eurostat>)



KEY events

The business results of the Podravka Group in 2024 confirm the continued stable growth and development. Progress has been made in all key business segments, with increased revenue and a stronger presence in international markets. Investments in modernization, new technologies, and the improvement of business processes have further strengthened the foundation for long-term sustainability and competitiveness.

The year was marked by the successful completion of the acquisition of the agricultural segment of the Fortenova Group, making agriculture the third pillar of the business, alongside Food and Pharmaceuticals. The most significant investment cycle in the company's history, worth nearly EUR 250 mil., was completed, covering the modernization of production capacities, the introduction of new technologies, and the improvement of working conditions. Podravka also launched new products such as Vegeta Fine Blend and O'Plant Muesli and introduced the innovative culinary AI assistant Coolie. The company received numerous awards for its successful business operations, nutritional strategy, and efforts in achieving gender equality.

ACQUISITION OF BELJE, VUPIK, AND PIK VINKOVCI COMPLETED

On January 31, 2025, Podravka completed the acquisition of the agricultural segment of the Fortenova Group. Through the newly established company Podravka Agri Ltd., in which Podravka holds 84.99% ownership and the European Bank for Reconstruction and Development (EBRD) holds 15.01%, the companies Belje, Vupik, PIK Vinkovci, Energija Gradec, Belje Agro-Vet, and Felix were acquired.

Agriculture has thus become the third pillar of the Podravka Group's business, alongside Food and Pharmaceuticals,

with the newly established Podravka Agri taking over the management of the agricultural companies. All acquired companies will continue to operate as independent entities but now within a strong and stable group.

Of the total transaction value of EUR 333 mil., Podravka secured EUR 283 mil. through a loan from Croatian banks, while the EBRD contributed EUR 50 mil. The partnership with the EBRD brings additional knowledge transfer, best global practices in agricultural system management, and enhanced corporate governance.

This acquisition further strengthens Podravka's position among leading domestic companies, most of whose revenue comes from international markets. It also continues the collaboration with the Fortenova Group, with companies such as Belje, Vupik, and PIK Vinkovci maintaining business relationships with companies like PIK Vrbovca, Zvijezda, and Jamnica.

Podravka will initiate an investment cycle in the acquired companies, focusing on modernization of technology, irrigation systems, and improving working conditions. Additionally, Podravka Agri will continue cooperation with all existing cooperants of the acquired companies in line with current contracts. There are also plans to further expand the cooperant network, strengthening domestic



production and the stability of the supply chain. Podravka remains permanently focused on improving cooperation with agricultural producers and will continue to be a reliable and high-quality partner in the years to come.

With this acquisition, a new chapter has begun for the Podravka Group, which now exceeds one billion euros in revenue and employs more than 8,800 people.

SUCCESSFULLY COMPLETED INVESTMENT CYCLE OF THE PODRAVKA GROUP WORTH NEARLY 250 MILLION EUROS

With the grand opening of the new logistics-distribution center (LDC) in Koprivnica, Podravka concluded its most significant investment cycle in its history by the end of 2024 – a cycle that began in 2021 and was carried out in accordance with the Business Strategy through 2025. The completed investment cycle, valued at nearly EUR 250 mil., represents the largest modernization leap in Podravka's history and was implemented without incurring any debt.

Throughout the entire investment cycle, production capacities were modernized, new technologies were introduced, working conditions were improved, and the foundation for long-term sustainability and growth was laid. As a result, a new Pasta Factory, a new tomato processing plant, 11 new production lines, 15 new packaging lines, a 13.2 MW solar power plant, a completely renewed company vehicle fleet, modern agricultural machinery, the renovation of the company headquarters and other facilities, air conditioning for all operations, and the construction of a logistics-distribution center with a capacity of 62,000 pallet spaces were achieved. This center is also the largest single investment of the entire cycle.

Among the largest investments made from 2021 to 2024 are:

- **New logistics-distribution center (LDC) in Koprivnica, valued at over EUR 48 mil., opened in 2024.** – Located in the Danica industrial zone in Koprivnica, it was designed to meet long-term storage needs in the Croatian market with the possibility of further expansion. With a total area of nearly 26,000 m², the LDC has a capacity of 62,000 pallet spaces, allowing for the storage of up to 32,500 tons of products. It is based on an advanced product storage and processing system that reduces internal transport, optimizes costs, and enables long-term energy savings, contributing significantly to the reduction of CO₂ emissions.
- **New tomato processing plant in Varaždin, valued at over EUR 13 mil., opened in 2024.** – with a daily capacity of 1,000 tons and an overall seasonal capacity of over 40,000 tons of processed tomatoes. This ensures Podravka's self-sufficiency in tomato production, meaning all tomatoes used in Podravka's products, such as passata, come exclusively from Croatian fields. This represents a significant step in modernizing and increasing the capacity for primary tomato processing in continental Croatia, ensuring



continuity in domestic production. The investment also includes agricultural machinery and irrigation systems.

- **Construction of a new Pasta Factory in Koprivnica, valued at over EUR 15 mil., opened in 2024.** – This is the first newly built food factory in the past 17 years and includes the production of industrial and twisted

pasta, with capacity expansion and investments in renewable energy. In 2024, the factory was complemented by a new highly automated noodle line, valued at over EUR 5.5 mil., with a capacity of more than 40 million noodle units per year. Podravka's noodles are produced for the Croatian market and exported to around fifteen Southeast and Central European markets. This project strengthens Podravka's position in the growing instant meals category, offering a fast and practical meal for a younger target audience.

- **Investments in technological modernization and environmental sustainability of production** – totaling more than EUR 25 mil., including investments in modernizing the Fruit and Vegetable Factory to increase capacity and add new lines worth over EUR 6 mil.; investment in an extruder worth EUR



3.6 mil. to support further growth in sales of existing and new breakfast cereal products; an automated line for packaging ready meals in pouch packaging valued at nearly EUR 2 mil.; investment in a fat cube packaging line worth over a million euros; investment in six new sterilizers at the Canned Meats Factory valued at EUR 2.5 mil.; construction of an ecological and green technology system for the disinfection of raw materials based on a natural method without chemicals; investment in replacing ammonia piping to ensure worker safety and production process safety; modernization of the fleet with the purchase of 42 new vehicles worth over EUR 4 mil.

- **Digitalization of production** – which includes the digitalization of over 100 production lines, enabling better efficiency of operations and the use of production resources by monitoring, recording, and controlling work on production lines.
- **Investments in improving working conditions** – including, among other things, energy and IT reconstruction and modernization of the company headquarters in Koprivnica, valued at nearly EUR 14 mil., completed in 2022. This was the first comprehensive building renovation since 1979, focusing on energy efficiency, modernizing spaces, and improving working conditions. The investment also included the renovation of other office spaces at the company headquarters and air conditioning of the factories.
- **Construction of a central transport and maintenance facility with accompanying buildings valued at EUR 3 mil.** – modernizing the logistics process, consolidating storage capacities and transport, while improving traffic safety and working conditions.
- **Investments in irrigation** – with irrigation systems being crucial for successful vegetable production, strengthening the competitiveness of domestic agricultural production. The investment ensures higher quantities of quality raw materials for Podravka's factories and the production of raw materials with controlled origin ("from field to table"), reducing the need for imported raw materials and lowering the costs of finished product production. The project is co-financed by the European Union and the Republic of Croatia through the Rural Development Program.
- **Investments in digitalization of planning and profitability reporting** – enabling the digitalization of planning processes and profitability reporting for business segments and markets. This achievement has significantly increased flexibility in planning and reporting processes, with many processes now highly automated.
- **Transition from the existing SAP system to SAP S/4HANA** – a project valued at over EUR 4 mil.,

successfully completed in the first quarter of 2025. The transition affected all business processes in 23 companies within the Podravka Group that were using the older version of SAP ERP. The changes primarily impacted finance, controlling, and sales, with selective transformation of existing business processes and simultaneous optimization and improvement of processes and master data.

- Investment maintenance, with EUR 22 mil. invested.

SIXTH SALARY INCREASE FOR PODRAVKA AND BELUPO EMPLOYEES IN THE LAST THREE YEARS

In December 2024, the negotiating teams of Podravka, Belupo, and the representative trade unions concluded negotiations for amendments to the Collective Agreement of the Podravka Group. As of January 1, 2025, the salaries of Podravka and Belupo employees increased again, along with improved material rights. The agreement resulted in a ninety euro increase in the base gross salary for all employees, with an additional three percent increase applied to this amount. The average salary increase for employees amounts to approximately nine percent, or 136 euros gross. It is important to note that, in addition to the basic salary increase, Podravka also pays various salary supplements such as seniority, shift work, and other occasional allowances, ensuring employees receive the maximum allowable tax-free benefits.

With this sixth salary and material rights increase in the last three years, the average salary of Podravka employees has risen by approximately 63 percent compared to December 2021.

In addition to increasing employee salaries, an agreement has been reached with social partners to eliminate employee participation in the cost of hot meals. As a result, Podravka and Belupo provide a high-quality hot meal to all employees, fully covered by the

employer. Additionally, the support amount for new mothers, daily allowances for business trips, and other benefits are being increased.

SIGNIFICANT PROGRESS IN IMPLEMENTING THE SUSTAINABLE BUSINESS STRATEGY

The past year was also the first full year in which the Podravka Group implemented its Sustainable Business Strategy, adopted in 2023. Through a series of strategic investments and initiatives, significant improvements were made in energy efficiency and environmental responsibility, with considerable efforts directed at reducing the carbon footprint.



renewable energy sources. In 2024, the second phase of investments in solar power plants was completed, covering Podravka Group facilities in Koprivnica, Varaždin, Dugopolje, and Maribor. As a result, the share of renewable energy in total consumption reached 34%, contributing to a reduction in CO₂ emissions. The next step includes the installation of solar panels at the newly built logistics and distribution center in Koprivnica, with the third phase set to be completed in 2025. Previously, for the first phase of the investment—the largest integrated solar power plant project in Croatia—Podravka received the prestigious "Hrvoje Požar" award from the Croatian Energy Association in the category of implemented projects for rational energy management and environmental improvement.

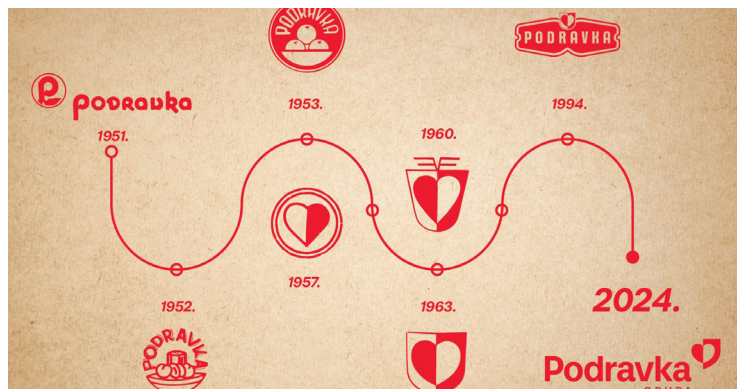
In addition to investments in renewable energy sources,

Podravka has continued initiatives focused on preserving natural resources. In collaboration with local communities and expert institutions, reforestation projects have been carried out in degraded areas, contributing to the restoration of forest ecosystems and increasing biodiversity. Through joint efforts of Podravka Group employees and experts involved in Project O₂, a total of two hectares of land in the Vukovar area have been reforested.

In 2024, the use of environmentally friendly materials was further improved, including an increased share of recyclable packaging. Special emphasis was placed on aluminum cans, which are fully recyclable, aligning with the company's long-term goals of reducing its environmental footprint. Podravka is also continuously committed to gender equality, striving for balanced representation of both genders within the company, particularly in high managerial positions. At the end of the past year, women made up 47% of the total workforce at Podravka Inc., accounting for as much as 63% of highly educated employees. Women held 38% of high managerial positions, while 40% of the Podravka Management Board was female.

The Podravka Group continues to implement its Sustainable Business Strategy through further investments in green technologies, resource optimization, and innovations in packaging and logistics, reaffirming its commitment to sustainable development and responsible business practices.

NEW CORPORATE LOGO OF THE PODRAVKA GROUP UNVEILED



To strengthen its presence in the global market and support the achievement of strategic goals set in its business and sustainability strategy, Podravka has redesigned its visual identity. The new visual identity is tailored to meet the company's current needs and objectives. For the first time, the corporate logo of the Podravka Group is separated from the brand's product logo. The new visual identity incorporates a heart element and the color red while retaining the key features of previous versions, thus preserving the company's long-standing recognizability and tradition. Additionally, this update enables more efficient communication with consumers and other stakeholders.

NEW VEGETA DESIGN REVEALED

After nearly a decade since its last refresh, Vegeta has unveiled a new visual identity that enhances its visibility and global appeal. The goal is for Podravka's innovative and globally most recognizable product to attract new generations of consumers with this redesign, further contributing to the overall recognition of Vegeta.

The redesign project was realized in collaboration with the globally renowned strategic marketing agency, BrandOpus. This agency, operating worldwide, specializes in creating designs that appeal to different markets – from Germany to Croatia and all the way to Australia.

¹ The stated claim and calculations are based on NIQ data from the retail panel in thirty (30) European countries (Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Czech Republic, Denmark, Estonia, France, Greece, Croatia, Ireland, Italy, Latvia, Lithuania, Netherlands, Norway, Germany, Hungary, Poland, Portugal, Romania, North Macedonia, Slovakia, Slovenia, Serbia, Spain, Sweden, Switzerland, and Ukraine), which shows that Vegeta is the leading brand by volume sales in the category of dehydrated (dry) food seasonings for the period October 2022 – September 2023 across the total retail market, according to local definitions (copyright © 2023, Nielsen Consumer LLC, all rights reserved).



NEW PRODUCTS: VEGETA FINE BLEND AND O'PLANT MUESLI LAUNCHED

Vegeta is the best-selling dehydrated food seasoning in Europe and the leading brand in the market that revolutionized the universal seasoning category by adding vegetable pieces, thus becoming the standard that others have followed. Continuous monitoring and listening to consumer needs has also led to innovations – just like Vegeta Fine Blend, a food seasoning without visible vegetable pieces. It is a universal seasoning that has not existed in the market before. Vegeta Fine Blend is ideal for all those dishes where a smooth texture of seasoning is needed.

O'Plant Muesli is a combination of whole grains sweetened with dates, available in four different varieties – with various seeds, cocoa, matcha, and fruit. They bear the “Živjeti zdravo” (Live Healthy) trademark awarded by the Croatian Institute for Public Health, exclusively for products that have been analyzed by their experts and declared to meet the highest nutritional criteria.

PODRAVKA LAUNCHES COOLIE, WINS AWARD FOR SUPERFOODCHEF-AI

At the end of 2024, Podravka launched Coolie, its new culinary AI assistant, which provides visitors and users of Coolinarika with help and inspiration for everyday cooking. This innovative project is the result of continuous investment in digitalization with the help of the agency O1 Content&Technology – C3 Croatia and Infobip.

Coolie has a database of over five thousand recipes from Coolinarika, and it can be interacted with through the Coolinarika website and WhatsApp channel – offering

personalized suggestions and guiding users through the cooking process in an engaging and intuitive way. Coolie is based on advanced AI technology, providing tailored culinary advice and support, enabling users to quickly and easily find meal inspiration.

At the end of 2023, Podravka launched SuperfoodChef-AI, the first version of the culinary AI assistant and the predecessor to Coolie, which had a database of around five hundred recipes. Coolie was developed by listening to consumer desires and needs, making it a significantly more proactive and personalized culinary assistant. In June 2024, SuperfoodChef-AI won two prestigious awards from the Native Advertising Institute in Copenhagen – in the categories of Best Use of Artificial Intelligence and Best Native Advertising Strategy, highlighting it as a leader in digital innovations.

PODRAVKA RECEIVED RECOGNITION FOR ITS NUTRITIONAL STRATEGY

In 2023, Podravka launched the communication campaign "Food That Cares for You." The main goals of the campaign were to raise awareness about the importance of healthy eating, highlight Podravka's products that support a nutritionally balanced diet while enabling delicious meals, and promote the Nutritional Strategy and all its initiatives. For the results achieved through this campaign, as well as for the ongoing efforts in previous years, Podravka won the HealthComm Award for the greatest contribution to public health.

Since the introduction of its initial Nutritional Strategy in 2014, Podravka has reduced salt by 350 tons and sugar by 1,784 tons in its products. On average, 17 percent of the salt has been removed from savory product categories, while 30 percent of the sugar has been removed from sweet categories.

Additionally, Podravka has developed its own tools for managing the nutritional quality of products – nutritional profiles. These profiles represent a unique methodology of recommended criteria for the content of macro and micronutrients per serving of a product, scientifically confirmed by the Faculty of Food Technology and Biotechnology at the University of Zagreb.



PODRAVKA AWARDED EQUAL PAY CHAMPION CERTIFICATION

Podravka integrates professional equality and equal opportunities into all human resource management processes, as confirmed by the attainment of the Equal Pay Champion certificate. This is the first certificate in Croatia based on the principle of "Equal Pay for Equal Work," launched to recognize employers committed to achieving equality, fairness, and justice within their organization. The emphasis is on actively fostering an inclusive organizational culture that ensures equal opportunities for all.

With the introduction of a new salary system in 2023, Podravka defined a new base salary regardless of the employee's gender, contributing to a reduction in the gender pay gap. Job applications are not gender-defined, ensuring equal hiring opportunities for both women and men. Likewise, depending on their qualifications, employees have equal opportunities for career development and advancement. When opening managerial and expert positions or considering promotions, additional competent female candidates are actively sought. A positive example is the Management Board of Podravka Inc., where women account for 40% of its members, aligning with the European Union's Gender Equality Strategy for 2025.

Podravka was among 16 employers recognized in 2024 for their efforts in reducing gender pay disparities and was named a leader in this field. The Equal Pay Champion certificate is awarded by the SELECTIO Group, the leading consultancy in human resources.

Additionally, Podravka has received MAMFORCE certificates, demonstrating that it is possible to be a responsible employer by ensuring a safe workplace, secure maternity and parental leave, and a work organization that supports responsible parenthood.

PODRAVKA RE-AWARDED THE EMPLOYER PARTNER CERTIFICATE



Podravka's commitment to achieving the highest standards in human resource management was once again recognized in February 2025. Podravka was re-awarded the Employer Partner certificate by SELECTIO Group. The Employer Partner certificate is the most prestigious regional recognition for excellence in human resource management. The certificate is awarded to business organizations that consistently meet high-quality standards and integrate practices throughout their human resources management system.

PODRAVKA ADOPTS THE NEW CODE OF ETHICS IN BUSINESS OPERATIONS

At the beginning of 2025, the Podravka Group adopted The Code of Ethics in Business Operations, representing an important part of the corporate culture. The Code defines fundamental ethical principles, rules of good and conscientious business conduct for all employees of Podravka Group companies, as well as for all individuals and legal entities engaged in any form of business relationship with the Group, regardless of their function or position. The Code also stipulates that all forms of corruption, favoritism toward family and/or relatives, direct or indirect discrimination, as well as any form of harassment or sexual harassment, are strictly prohibited and unacceptable.

PODRAVKA LAUNCHES SCHOLARSHIP PROGRAM FOR HIGH SCHOOL STUDENTS

In 2024, Podravka initiated a scholarship program for high school students pursuing vocational professions in short supply within the local community, under the name "The Little Secrets of Podravka's Great Masters." The total annual scholarship fund amounts to EUR 46,800 with 26 students signing scholarship agreements. The first scholarship recipients will join the Podravka team as early as September 2025. Additionally, Podravka has significantly increased scholarship amounts for the children of deceased employees, ensuring support throughout their education until they complete university. Beyond these initiatives, Podravka remains committed to the development of its employees by fostering the acquisition of new knowledge and skills, with a special focus on transferring specialized internal expertise. The "Knowledge for Excellence" program continues, and in 2024, Podravka also launched the Procurement Academy. Plans for 2025 and 2026 include the introduction of the Sales Academy, Technical Academy, and Production-Technology Academy.

PODRAVKA JOINS EUROPEAN WOMEN ON BOARDS, A NON- PROFIT ORGANIZATION PROMOTING GENDER EQUALITY ACROSS EUROPE

Podravka continuously cares for its employees and gender equality, and this partnership further strengthens Podravka's commitment to achieving gender equality

in the workplace. EWOB is a European non-profit organization based in Brussels. Since its founding in 2013, EWOB has worked to promote gender equality at the senior management level across Europe. The organization actively supports women and their career aspirations, offering professional development programs, international networking opportunities, and monthly events to its community, which today includes over five hundred members. EWOB also advocates for change across Europe through its own research and advocacy, in collaboration with local partners and European institutions.

PODRAVKA'S GENERAL ASSEMBLY APPROVES A DIVIDEND PAYMENT OF 3.20 EUROS PER SHARE, A 21 PERCENT INCREASE FROM LAST YEAR

At the General Assembly of Podravka Inc. held on May 16, 2024, shareholders of Podravka Inc. confirmed the proposal from the Management Board and Supervisory Board of Podravka Inc. to pay a dividend of 3.20 euros per share, which is a 21 percent increase compared to last year. The dividend was paid on July 12, 2024, to all shareholders registered in the shareholder register as of June 14, 2024. Considering the last market price of Podravka shares at the end of 2023 (163 euros), the dividend amount implies a dividend yield of two percent. With consistent dividend yields over the years, the Podravka Group confirms its focus on meeting the expectations set by shareholders.



PODRAVKA RECEIVES TWO ZAGREB STOCK EXCHANGE AWARDS

In an effort to enhance the recognition of the capital market and support its active participants, the Zagreb Stock Exchange awarded the Zagreb Stock Exchange Awards in 2024. Podravka was presented with the Silver Share of the Year Award, based on the trading volume and other relevant criteria achieved by Podravka's shares during 2024.

Additionally, Podravka received another award for investor relations, presented by Poslovni dnevnik in partnership with the Zagreb Stock Exchange. This is the fourth time in the last five years that Podravka has received this award, demonstrating a high level of transparency in reporting and timely, continuous communication of all significant events affecting business to investors and the public.

INVESTOR DAY HELD AT PODRAVKA'S HEADQUARTERS



In May, the Podravka Group Investor Day was held at Podravka's headquarters in Koprivnica, aiming to present business results and key ongoing projects and initiatives at the Group level. Representatives from pension and investment funds, banks, analysts, and investment service providers were welcomed by the President of the Management Board, Martina Dalić, and Management Board member, Davor Doko.

9 Business Results and Shares



BUSINESS results

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

SALES REVENUES BY BUSINESS UNITS IN 2024

SALES REVENUES BY BUSINESS UNITS

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
BU Culinary	82.5	95.9	13.4	16.2%
BU Soups	38.3	43.0	4.7	12.4%
BU Cereals, Snack and Beverages	35.7	38.8	3.1	8.5%
BU Creamy spreads and Desserts	33.0	38.1	5.1	15.5%
BU Bakery	2.6	2.9	0.3	10.9%
BU Fruits and Vegetables	54.2	57.2	3.0	5.4%
BU Basic food	18.4	17.1	(1.3)	(7.1%)
BU Meat products	39.2	42.6	3.5	8.9%
BU Fish	17.1	18.4	1.2	7.2%
Other sales	24.6	21.3	(3.4)	(13.7%)
TOTAL	345.7	375.3	29.6	8.6%

NOTE:

from 1st January 2024, as a result of internal reorganization, a part of the product range was separated from BU Basic food, and a new BU Fruit and vegetables was created. Historical data have been adjusted to the new structure for comparability purposes.

SALES REVENUES BY REGION IN 2024

SALES REVENUES BY REGION

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Markets of Croatia and Slovenia	201.4	210.1	8.7	4.3%
Southeastern Europe	70.3	75.5	5.3	7.5%
WE and Overseas	44.7	58.8	14.1	31.6%
Central Europe	24.6	25.7	1.2	4.8%
Eastern Europe	4.8	5.1	0.3	6.5%
TOTAL	345.7	375.3	29.6	8.6%

In 2024, total sales revenues of Podravka Inc. amounted to EUR 375.3m, which is EUR 29.6m (+8.6%) higher than in the comparative period.

Revenue growth was recorded by all business units except for the business units Basic food and Other sales. All markets achieved revenue growth.



PROFITABILITY OF PODRAVKA INC. IN 2024

NOTE: 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 2024” section.

PROFITABILITY OF PODRAVKA INC.

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Sales revenue	345.7	375.3	29.6	8.6%
Gross profit	91.4	115.8	24.3	26.6%
EBITDA*	36.6	53.0	16.4	44.8%
EBIT	20.5	36.8	16.4	79.9%
Net profit	47.4	52.8	5.4	11.3%
Gross margin	26.4%	30.8%		+440 bb
EBITDA margin	10.6%	14.1%		+353 bb
EBIT margin	5.9%	9.8%		+389 bb
Net margin	13.7%	14.1%		+35 bb

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

PROFITABILITY OF PODRAVKA INC. – NORMALIZED

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Sales revenue	345.7	375.3	29.6	8.6%
Gross profit	91.4	115.8	24.3	26.6%
EBITDA*	36.1	51.7	15.6	43.2%
EBIT	20.5	35.4	15.0	73.0%
Net profit	27.7	41.9	14.2	51.4%
Gross margin	26.4%	30.8%		+440 bb
EBITDA margin	10.4%	13.8%		+333 bb
EBIT margin	5.9%	9.4%		+352 bb
Net margin	8.0%	11.2%		+316 bb

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

In 2024, Podravka Inc. recorded an increase in gross profit of EUR 24.3m (+26.6%). Operating profit before depreciation and amortization (EBITDA) is EUR 16.4m (+44.8%) higher, while Normalized operating profit before depreciation and amortisation (EBITDA) is EUR 15.6m (+43.2%) higher than in the comparative period.

The increase in the normalized operating profit before depreciation and amortisation (EBITDA) was achieved due to higher sales revenues and higher gross profit, despite the increase in investments in improving the material status of employees, which resulted in EUR 13.4m (+18.7%) higher staff costs.

Net profit is EUR 5.4m higher (+11.3%), while normalized net profit is higher by EUR 14.2m (+51.4%) than in the comparative period. The difference between reported and normalized net profit primarily results from the effect of recorded tax incentives, which in 2023 amounted to EUR 19.7m, while in 2024 they amounted to EUR 8.5m.



KEY HIGHLIGHTS OF THE BALANCE SHEET AS OF 31 DECEMBER 2024

As of 31 December 2024, total assets of Podravka Inc. amounted to EUR 586.1m, which is 11.2% higher than as at 31 December 2023.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of Podravka Inc. are EUR 35.1m (+20.0%) higher compared to 31 December 2023, due to the realized capital investments implemented within the strong investment cycle on the basis of the adopted Business Strategy.

INVENTORIES

Inventories of Podravka Inc. are EUR 11.8m (+17.4%) higher than as of 31 December 2023 and are maintained at the optimum level in accordance with the needs of operations.

TRADE AND OTHER RECEIVABLES

Trade and other receivables of Podravka Inc. are EUR 16.7m (+22.2%) higher than as of 31

December 2023, as a result of the increase in sales revenues in the reporting period, and related-party transactions.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents of Podravka Inc. at the end of the observed period are EUR 2.9m lower (-17.6%) compared to 31 December 2023.

LONG-TERM AND SHORT-TERM BORROWINGS

As of 31 December 2024, long-term and short-term borrowings of Podravka Inc. are EUR 32.4m higher than as at 31 December 2023 primarily due to higher borrowings from related parties.

TRADE AND OTHER PAYABLES

Trade and other payables of Podravka Inc. are EUR 3.6m (-5.3%) lower compared to 31 December 2023. This movement is a result of regular business operations.

This movement is a result of regular business operations.

KEY HIGHLIGHTS OF THE CASH FLOW STATEMENT IN 2024

Net cash flow from operating activities in 2024 amounted to positive EUR 35.4m, due to business operations and movements in the working capital. Net cash flow from investing activities at the same time amounted to negative EUR 45.1m, primarily due to cash used for the purchase of non-current

tangible and intangible assets in the amount of EUR 52.2m. In the same period, net cash flow from financing activities amounted to positive EUR 6.8m, primarily due to the borrowings received from related companies and the dividend distribution. As of 31 December 2024, cash and cash equivalents amounted to EUR 13.8m.



ADDITIONAL TABLES FOR 2024

The reported EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments of non-current tangible and intangible assets. Value adjustments to non-current assets in the reporting and the comparative periods are presented in the table below.

VALUE ADJUSTMENTS

	1 - 12 2023	1 - 12 2024
(in EUR millions)	Podravka d.d.	Podravka d.d.
Investments in subsidiaries	0.36	-
Tangible assets	0.08	-
Intangible assets	0.16	-
TOTAL	0.59	-

REPORTED EBITDA CALCULATION

	1 - 12 2023	1 - 12 2024
(in EUR millions)	Podravka d.d.	Podravka d.d.
Reported EBIT	20.46	36.82
+ amortization and depreciation	15.58	16.21
+ value adjustments		
of non-current material and	0.59	-
non-material assets		
REPORTED EBITDA	36.63	53.03

NORMALIZED EBITDA CALCULATION

	1 - 12 2023	1 - 12 2024
(in EUR millions)	Podravka d.d.	Podravka d.d.
Normalized EBIT	20.48	35.44
+ amortization and depreciation	15.58	16.21
+ value adjustments		
of non-current material and	-	-
non-material assets		
NORMALIZED EBITDA	36.06	51.65

ONE-OFF ITEMS IN 2024 AND 2023

In 2024, Podravka Inc. incurred EUR 0.24m costs of severance payments for employees due to the reorganisation and long-term sick leaves, EUR 0.30m of provisions for one-time awards for the introduction of the new SAP system, and EUR 0.05m of costs arising from

changes in the fair value of investments in the Fortenova Group (old debt). In 2024, Podravka Inc. collected the border debt, including the related interest from the Fortenova Group based on the Settlement concluded in the Extraordinary Administration procedure over

the company Agrokor Inc. and its subsidiaries, in the total amount of EUR 8.25m. The effect in the income statement amounts to positive EUR 3.42m (of which the effect related to border debt amounts to EUR 1.97m, while financial income from interest amounts to EUR 1.45m). During 2024, the amount of expenses booked at Podravka Inc. related to the acquisition of the agro business of the Fortenova group in the amount of EUR 1.37m was invoiced to a related company. For the total effect of the acquisition costs, it is necessary to refer to the consolidated statements of the Podravka Group. The normalization below the EBIT result primarily relates to the tax incentives received in accordance with the Investment Promotion Act in the amount of EUR 8.5m. The estimated impact of all these one-off items on tax is EUR 0.51m (increases it).

In 2023, Podravka Inc. incurred EUR 0.05m costs of severance payments for employees on long-term sick leaves, cost of impairment of investment in the related company in Russia in the amount of EUR 0.36m, impairment of tangible assets related to equipment in the amount of EUR 0.08m, and impairment of intangible assets in the amount of EUR 0.16m. Positive effects during 2023 relate to the sale of a portion of non-operating assets in the amount of EUR 0.54m and the write-off of liabilities in the amount of EUR 0.08m. The normalization below the EBIT result primarily refers to the received tax incentives in accordance with the Investment Promotion Act in the amount of EUR 19.72m. The estimated impact of all these one-off items on tax amounts to EUR 4 thousand (decreases it).



NORMALIZATION OF PODRAVKA INC. PROFIT AND LOSS STATEMENT

	1 - 12 2023	1 - 12 2024
(in EUR millions)	Podravka d.d.	Podravka d.d.
REPORTED EBIT	20.46	36.82
+ severance payments	0.05	0.24
+ sale of non-operating assets	(0.54)	(0.00)
+ liabilities write-off	(0.08)	-
+ investments in subsidiaries	0.36	-
+ reservations for rewards related to the new SAP system	-	0.30
+ cost related to the acquisition of Fortenova's agro business	-	1.37
+ revenues from the re-invoicing of costs related to the acquisition of Fortenova's agro business	-	(1.37)
+ change in the fair value of investments related to Fortenova's old debt	-	0.05
+ effect of Fortenova's collection of border debt	-	(1.97)
+ value adjustment of tangible assets	0.08	-
+ value adjustment of intangible assets	0.16	-
NORMALIZED EBIT	20.48	35.44
REPORTED NET PROFIT	47.40	52.77
+ normalizations above EBIT level	0.02	(1.38)
+ interest income based on Fortenova's border debt	-	(1.45)
+ tax benefits according to Investment Promotion Act	(19.72)	(8.50)
+ estimated impact of normalization on taxes	(0.004)	0.51
NORMALIZED NET PROFIT	27.70	41.95



SHARE IN 2024

LIST OF MAJOR SHAREHOLDERS AS OF 31 DECEMBER 2024

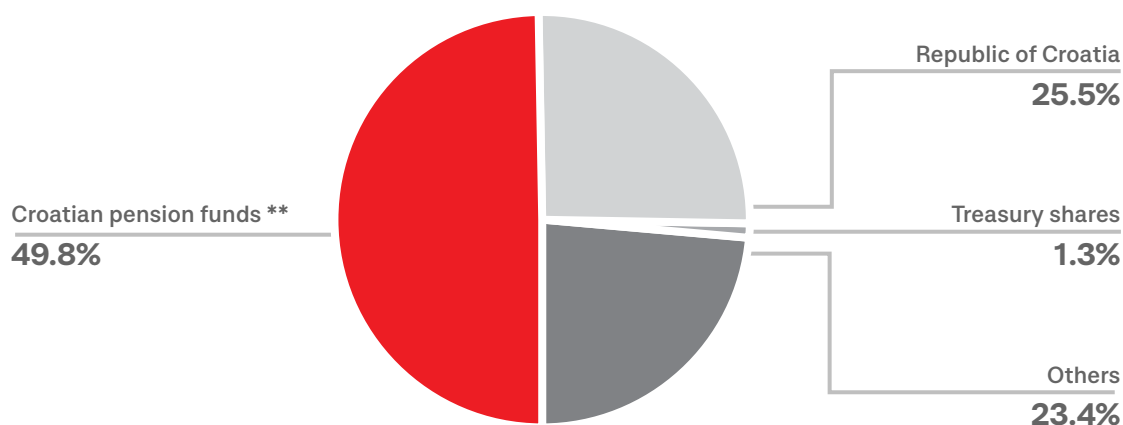
No. Shareholder	Number of shares	% of ownership
1. PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
2. AZ mandatory pension fund. category B	932,563	13.1%
3. RSC* - Croatian Pension Insurance Institute	727,703	10.2%
4. Erste Plavi mandatory pension fund. category B	638,248	9.0%
5. Raiffeisen mandatory pension fund. category B	625,298	8.8%
6. RSC* - Republic of Croatia	452,792	6.4%
7. Capital Fund	406,842	5.7%
8. Pivac Brothers Meat Industry	370,977	5.2%
9. HPB – Republic of Croatia	167,281	2.3%
10. OTP banka D.D./aggregate custody accounts	97,035	1.4%
Other shareholders	1,603,620	22.5%
Total	7,120,003	100.0%

*The Restructuring and Sale Centre holds 1,241,504 shares through four accounts, Capital fund Inc. holds 406,842 shares, the Republic of Croatia additionally holds 167,281 shares on a separate account.

Podravka Inc. has a stable ownership structure where the most significant stake is held by the Republic of Croatia and domestic pension funds. A total of 7,120,003 shares have been issued at nominal price of EUR 30.0 per share. As of 31 December 2024, the Republic of Croatia holds 25.5% stake, and domestic pension funds (mandatory and voluntary) hold a total of 49.8% stake. Podravka Inc.

has 1.3% of treasury shares. Podravka Inc.'s shares have been listed on the Prime Market of the Zagreb Stock Exchange and in eight Zagreb Stock Exchange indices (CROBEX, CROBEX10, CROBEXtr, CROBEX10tr, CROBEXprime, CROBEXplus, CROBEXnutris and ADRIAprime).

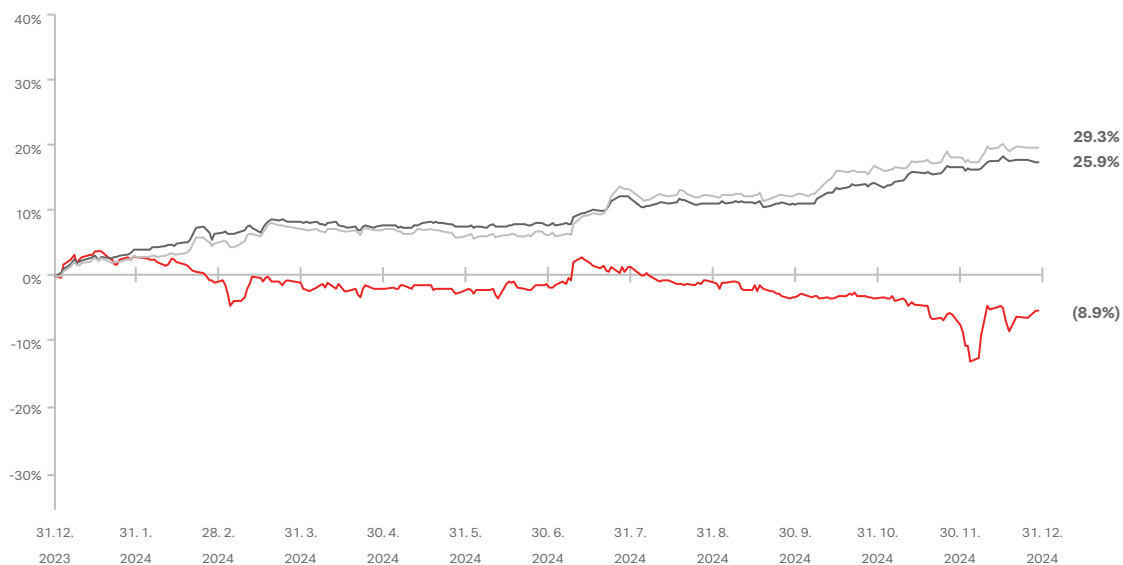
OWNERSHIP STRUCTURE AS OF 31 DECEMBER 2024



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

SHARE PRICE MOVEMENT IN 2024

PODR CROBEX CROBEX10



(CLOSING PRICE

IN EUR;

CLOSING POINTS)	31 DECEMBER 2023	31 DECEMBER 2024	%
PODR-R-A	163.0	148.5	(8.9%)
CROBEX	2,533.9	3,191.2	25.9%
CROBEX10	1,548.6	2,002.7	29.3%

In the reporting period, the price of Podravka's share decreased by 8.9% compared to the end of 2023. At the same time, the CROBEX and CROBEX10 stock indices grew by 25.9% and 29.3%, respectively.

RESULT ON THE CROATIAN CAPITAL MARKET IN 2024

(in EUR; in units) ²	1 - 12 2023	1 - 12 2024	%
Weighted average daily price	129.9	157.7	21.4%
Average daily number of transactions	14	12	(19.0%)
Average daily volume	1,366	725	(46.9%)
Average daily turnover	176,797.9	114,324.9	(35.3%)

In 2024, the weighted average daily price of Podravka's share recorded an increase of 21.4% relative to the comparative period. Compared to 2023, the average daily number of transactions is 19.0% lower, the average daily volume decreased by 46.9%, and the average daily turnover decreased by 35.3%.

² The weighted average daily price in the reporting period is calculated as the sum of the weighted average daily prices in the reporting period, multiplied by the daily volume weight. The daily volume weight is calculated as a ratio of daily volume and total volume in the reporting period. The formula, Weighted average daily price in the reporting period = $\sum \text{average daily price} \cdot (\text{daily volume} / \text{total volume in the reporting period})$. Other indicators are calculated as the average of average daily transactions/volume/turnover in the reporting period. Block trades are excluded from the calculation.



10 Expected Development





In June 2021, the Supervisory Board of Podravka Inc. gave its approval for the Group's Strategic Plan for the period from 2021 to 2025 (hereinafter: the Strategy). The activities and projects envisaged by the Strategy have been successfully implemented according to plan, despite numerous global challenges. In fact, all activities that have been carried out—details of which are available, among other sources, in this Annual Report—are rooted in the Strategy.

In 2024, in line with the Strategy, the largest investment cycle in the history of Podravka was successfully completed, with a total value expected to ultimately reach approximately €250 million. It is important to emphasize that this robust investment cycle was carried out without resorting to debt. These investments have driven substantial progress in modernization. Production capacities have been modernized, new technologies have been introduced, working conditions have been improved, and foundations for long-term sustainability and growth have been established.

The Podravka Group continuously recognizes consumer needs, and the investments undertaken enable even faster adaptation to changes in consumption habits

while maintaining high quality and the highest health standards of our products.

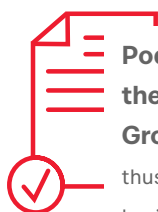
The goal of the Podravka Group is to be even closer to its consumers, by offering a wide range of high-quality products, in order to remain their reliable partner in navigating the challenges of modern life.

In the upcoming period, the focus will also be on implementing the objectives set out in the Business Sustainability Strategy and the Nutritional Strategy – both integrated with the business Strategy. The Business Sustainability Strategy is focused on a clean environment, employee and community care, responsible corporate governance, and healthy nutrition. The Nutritional Strategy reaffirms commitment to the principles of healthy and balanced nutrition, while defining the framework for developing new and innovative products based on high-value, quality ingredients. The Food segment of the Podravka Group will continue to emphasize product development and innovation in both products and packaging, aimed at increasing the availability of Podravka's products and adapting them to the needs and lifestyles of various consumer groups.

Future growth and development in the Food segment will focus on product categories with higher export potential, which is why an increase in the share of international markets in total sales revenue is expected — particularly Western Europe, the USA, and Australia.

The Croatian and Slovenian markets, as well as the markets of Southeast Europe, will remain dominant in the upcoming period, with a focus on further growth and maintaining high market positions, as well as expanding the corporate and institutional buyer channel.

The second segment of the Podravka Group, Pharmaceuticals, will continue to focus on stronger growth in international markets, expanding its portfolio with products in additional anatomical-therapeutic-chemical (ATC) groups, and stronger growth in the domestic market by introducing new products. Growth will be driven by the launch of new molecules in both prescription and over-the-counter programs. The growth levers will be the acceleration of the pharmaceutical segment's product development processes, optimization of key processes, and establishing stronger guidelines for monitoring efficiency.



Podravka completed the acquisition of the agricultural segment of the Fortenova Group on January 31, 2025. Agriculture has thus become the third pillar of the Podravka Group's business, alongside Food and Pharmaceuticals. Through the newly established company Podravka Agri Ltd., in which Podravka holds 84.99 percent ownership and the European Bank for Reconstruction and Development (EBRD) holds 15.01 percent, the companies Belje plus, Vupik plus, PIK Vinkovci plus, Energija Gradec, Belje Agro-Vet plus, and Felix plus have been acquired. Podravka Agri has taken over the management of the agricultural companies, which will continue to operate

as independent entities, but now within a strong and stable group.

This acquisition further strengthens Podravka's position among leading domestic companies, the majority of whose revenues come from international markets. It also continues the collaboration with the Fortenova Group, with Belje plus, Vupik plus, and PIK Vinkovci plus maintaining business relations with companies such as PIK Vrbovec plus, Zvijezda plus, and Jamnica plus.

Podravka plans to initiate an investment cycle in the acquired companies, focusing on the modernization of technology, irrigation systems, and improving working conditions. Employee care and their material rights remain a key priority. Cooperation with existing cooperants will continue, with plans to expand the supplier network, further strengthening domestic production and the stability of the supply chain.

This acquisition marks the beginning of a new chapter for the Podravka Group—now exceeding revenues of one billion euros and employing over 8,800 people.

Strategic decisions and investments made in 2024 provide a solid foundation for further growth and success. With a clear focus on expanding market presence, enhancing the product offer, and adopting sustainable practices, the Podravka Group is well-positioned to seize new opportunities and overcome potential challenges. The acquisition of agricultural companies is an event that opens new growth opportunities for the Podravka Group. This move also reaffirms the commitment to the development of the Croatian economy and domestic agriculture. This acquisition represents an opportunity for the entire Podravka Group to build a sustainable and successful future.

11 Brands of Podravka Inc.



FOOD

VEGETA is Podravka's most famous and strongest brand, which, in over six decades of its existence, has entered the kitchens of consumers in more than sixty countries, from Australia to the USA. Under the Vegeta brand, there are universal food seasonings, special food seasonings, meal preparation mixes, single spices, bouillons, and many others. Listening to the dietary needs and preferences of modern consumers, Vegeta has always provided new culinary solutions and followed the latest trends, whether in design, packaging, communication, or new products. For millions of consumers, Vegeta is an inspiration and help in everyday cooking, offering culinary ideas through numerous recipes. Vegeta is today the best-selling dehydrated food seasoning in Europe, seasoning a variety of dishes daily and winning the hearts and palates of its consumers.



FANT meal preparation mixes will enrich anyone's culinary skills, making every culinary attempt successful and delicious. Fant answers the everyday question "What to cook today?" enabling the simple preparation of even the most complicated dishes and guaranteeing excellent taste every time. In the wide assortment of Fant products, there is a variety of dishes, from traditional ones to international cuisine, as well as newer, modern dishes that can now be prepared in either a vegetarian or classic version, thanks to Fant. Fant also offers dehydrated sauces in a wide range of well-known flavors.

MAESTRO is a brand with a rich tradition in the Slovenian market that provides consumers with security, the warmth of home, and the ability to explore different flavors with a constant guarantee of quality. The assortment of single spices and special food seasonings under the Maestro brand has been an inspiration for creativity in the kitchen for over thirty years, and the tradition of spice production has lasted more than sixty years. With a wide assortment of Maestro spices, herbs, and spice mixes, anyone can easily become a maestro in their own kitchen.



Podravka

The homemade taste is a key value of **PODRAVKA SOUPS**. They are extremely easy to prepare, provide a quality meal in just a few minutes, and still leave room for personal creativity. Podravka soups continuously follow the latest dietary trends, and within the wide and diverse assortment of clear and cream soups, consumers have been finding their favorite flavors for over 65 years.



The practicality of preparation and excellent taste are characteristics of **TALIANETTA** pasta, which allow consumers to prepare a delicious and nutritious meal in just a few minutes. Talianetta responds to the increasing demand from consumers for semi-ready and instant meals, providing quick and quality solutions for a standalone meal or as a side dish to other dishes.

The logo for Talianetta, featuring the brand name in a stylized, cursive blue font with a registered trademark symbol.The logo for Fini-Mini, featuring the brand name in a bold, red, sans-serif font with a registered trademark symbol.

For those seeking solutions without cooking, there are products from the **FINI MINI** assortment – instant soups and noodles, meals ready in just a few minutes. These products are carefully prepared to meet the needs of modern consumers who appreciate convenience and the excellent taste of recognizable quality.

ČOKOLINO has always been associated with carefree childhood, joy, happiness, and moments of relaxation. Today, the Čokolino brand represents a tasty and practical, perfectly balanced cereal meal for all generations. In addition to the gluten-free version, extensions in the assortment combine the irresistible Čokolino taste with functional benefits, relevant to adult consumers. Since 2023, a new star has been added to the Čokolino assortment – Čokolino Dark. Čokolino's new strategy, which encourages all ages to engage in physical activity and sports in general, is perfectly complemented by our best football goalkeeper and new Čokolino ambassador – Dominik Livaković.

The logo for Čokolino, featuring the brand name in a bold, dark red, sans-serif font with a registered trademark symbol.The logo for Lino, featuring the brand name in a stylized, blue, rounded font with a registered trademark symbol.

LINO reveals a rich, diverse, and marvelous world of flavors, with tasty and healthy products carefully prepared for happy and healthy growth. The absolute hit among both small and large consumers, Lino Pillows cereals offer enjoyment with a crispy, creamy flavor. Listening to consumer desires, Lino cereals also provide wholegrain and gluten-free solutions. As a reliable manufacturer of baby food for over fifty years, Podravka offers a wide range of baby food that provides all the necessary ingredients for a child's growth and development. Thanks to convenient packaging, the natural and fine Lino baby products are also ideal for consumption outside the home.

The **KVIKI** brand has been bringing crispy snacks with excellent taste for over 45 years, delighting many consumers with its high-quality, fun, and quick snacks. The range offers a wide selection of salty baked, rather than fried, snacks, ensuring rich flavor and consistent quality, with carefully selected raw materials guaranteeing the quality of the final products. Kviki is the perfect snack for any sports gathering, movie night, party, and all the most important moments in life shared with friends. Whether laughing or crying, winning or losing, Kviki encourages us to spend more time with loved ones.

The logo for Kviki, featuring the brand name in a bold, white, sans-serif font with a black outline and a registered trademark symbol.



1001 CVET and PODRAVKA ČAJEVI ensure you find your perfect cup of enjoyment among a wide variety of unique blends made from the finest and highest-quality raw materials. 1001 CVET and Podravka teas are a healthy habit inspired by nature, composed of carefully grown and harvested medicinal plants and fruits, carefully blended to give them unforgettable aroma. With the new paper aroma packaging, which is environmentally sustainable and 100% recyclable, Podravka also cares about preserving nature.

LINO LADA is a well-known brand of creamy spreads, renowned for its superior product quality, the widest range of flavors, and extensive packaging options suited to different consumer segments and consumption occasions. Due to its innovation and continuous investment in brand development, Lino Lada is now a market leader in creamy spreads, both in Croatia and the rest of the Adriatic region, with growing demand in international markets as well. Lino Lada proudly introduced its new ambassador, one of the most famous footballers today, Luka Modrić. In addition to creamy spreads, Lino Lada is one of the most desired flavors in the ice cream category and can also be found in cereal pillows on impulse product shelves, and starting in 2024, in wafers and donuts. Lino Lada is also one of the few recognizable brands in the peanut butter category.



Always contemporary, creative, and practical, **DOLCELA** continually introduces its consumers to the most delicious desserts and new ways of using them, whether it's simple and quick or advanced and independent dessert preparation. In 2024, Dolcela is in step with current food trends, offering sweet options for those who watch their sugar intake and are looking for a snack or dessert rich in protein.

PODRAVKA is a market leader in the **READY MEALS AND SAUCES** category. Excellent homemade flavors, superior quality, and quick preparation are the main features of the broad range of ready meals. The category continued its positive growth trend and good results in 2024, especially in the domestic market, where it has seen market share growth for the second consecutive year. The latest addition to this category is the Gastro pouch ready meals line, designed for HoReCa customers. These products, due to their new type of packaging, represent an innovation in this segment, while maintaining all the main qualities of Podravka's ready meals—great taste, high quality, fast and simple preparation, and ambient storage and distribution. In a time when the entire HoReCa channel faces a shortage of skilled kitchen labor, ready meals in pouches provide an ideal solution.



PODRAVKA MEAT have been a consumer favorite since 1958. Podravka Chicken Pate, popularly known as Retrica, is not only recognized for its design but also for preserving the true treasure of taste, thanks to the excellent quality of ingredients and its unmatched spreadable texture. Following global food trends and consumer desires for quality and natural eating, a new generation of Podravka chicken pates was introduced, along with the new Chicken Pate Gold. Made from top-quality ingredients, selected meats, and finest spices, they create an irresistible flavor combination for tasty bites. They contain no preservatives, palm oil, or flavor enhancers, and are perfectly spreadable. For those seeking economical solutions, there are Piketa pates, available in various flavors and packaging.

Podravka 

PODRAVKA MEAT products, with their taste and quality, evoke positive emotions in us, reminiscent of the beloved flavors from our childhood—comfort food. For over sixty years, they have been an excellent protein meal for all generations, whether served as cold cuts, added to salads, or grilled. Due to their practical packaging, they are a popular choice for outdoor activities, hiking, or beach trips.

Knowledge, experience, dedication, and passion are woven into the creation of **PODRAVKA SEMI-DRY AND DRY CURED MEATS AND SAUSAGES**. The high meat content of the cured assortment makes these products a valuable source of protein, while quality ingredients and carefully selected spice blends ensure each product's characteristic, well-known aroma and flavor.

O'PLANT is the youngest brand in Podravka's portfolio. O'Plant faces the challenging task of uniting different plant-based products into a compact, recognizable concept, thereby creating the groundwork for further development of Podravka's plant-based platform and expansion into new market segments. O'Plant originated from the plant-based drinks category, but in 2023, it expanded through the market launch of several new products, such as O'Plant nuggets, patties, vegetable spreads, and plant-based burgers and cevapi. The development of new products continued into 2024 with the launch of fruit-grain porridges and breakfast cereals. O'Plant products are not only excellent plant-based alternatives to meat dishes but also serve as a nutritious and natural vegetable side dish that complements traditional meat meals perfectly.





The rich fish product assortment under the **EVA** and **MIRELA** brands includes a wide range of products from various fish species. The assortment features products made from sardines, tuna, mackerel, fish salads, and herring, with new additions such as Eva whiting and Eva salmon fillets. Products under the Eva and Mirela brands are rich in nutrients such as omega-3 fatty acids, protein, and vitamin D, making them part of a balanced and healthy diet. At the forefront of the assortment under the Eva and Mirela brands is the queen of the Adriatic—sardines, which, with their quality and exceptional taste, are among the healthiest fish. This quality and taste are attributed to the ideal temperature and salinity of the Adriatic Sea.

PODRAVKA TOMATO products are an essential ingredient in every kitchen, particularly in Mediterranean cuisine, perfectly blending with a wide range of culinary ingredients and recipes. Healthy and natural tomato products contribute to good health, inspire creativity in preparing quick and practical meals, and allow you to enjoy Mediterranean flavors and aromas year-round. Besides traditional Mediterranean dishes, they also fit excellently into well-established continental cuisine combinations. In 2024, Podravka began processing fresh tomatoes from Croatian fields, making tomato products even more natural and of higher quality, offering the taste of fresh tomatoes year-round.

For 75 years, **PODRAVKA FRUITS** have been processed from top-quality fruit. The recipes of leading products, such as rosehip jam, mixed fruit, or plum marmalade, are identical to the original recipes, guaranteeing the familiar full fruit flavor and the most natural sweet satisfaction. In 2024, Podravka's fruit range was expanded with new fruit spreads in squeeze packaging, offering potential for future growth.

Podravka

PODRAVKA VEGETABLES in sterilized or pickled assortments retain the highest nutritional values. These products are very practical, ready to consume year-round for various dish variations, from salads and sides to sauces, stews, and sandwiches.

The perfect texture and proven taste make **PODRAVKA CONDIMENTS** - ajvar, mustard, ketchup, and horseradish—ideal additions to a variety of dishes. Podravka's tasty and aromatic condiments hold special gastronomic value, offering consumers excitement and a top-notch taste experience. Some products, like ajvar, are rich in nutrients and can rightfully be considered superfoods.



The Podravka logo consists of the word "Podravka" in white, bold, sans-serif font, followed by a red shield icon containing a white stylized heart or leaf shape. The entire logo is set against a red rectangular background.

PODRAVKA FLOUR has been synonymous with quality for years and is an essential ingredient in the preparation of delicious breads, pastries, cakes, and similar products. The Podravka flour range consists of standard types of flour, as well as specialty and purpose-specific flours, with its distinctive and unique packaging further enhancing the brand's image and status.

ZLATO POLJE is synonymous with high-quality side dishes such as rice, pasta, polenta, semolina, cereals, and frozen side dishes (croquettes, rolls, štrukli, and dumplings). Through a wide assortment, Zlato Polje offers products for the entire day and for all occasions. The Zlato Polje brand also includes the **NATURA** sub-line of products. **NATURA** products are synonymous with items grown in an environmentally friendly way, while **BIO NATURA** products are carefully selected organic products from pristine areas of nature, ensuring healthy and safe nutrition.



12 Innovations, Awards and Recognitions



RESEARCH and Development

Considering the current guidelines for healthy and sustainable nutrition, the Nutritional Strategy of the Podravka Group for the period from 2022 to 2027 reaffirms the company's commitment to promoting healthy, balanced, and sustainable nutrition through greater availability of nutritionally better products. This is a confirmation of responsibility towards consumers, as well as an awareness of the importance of nutritionally quality products in daily nutrition and their long-term positive impact on consumer health.

Commitment to achieving the goals of the Nutritional Strategy involves active development and innovation of products, as well as monitoring consumer trends and habits. The impact of new generations of consumers significantly directs portfolio development, and it is the company's responsibility to offer them quality products they want and need, which they will willingly accept. Continuous portfolio development towards better options inevitably encourages consumers to adopt proper dietary habits. The development of new and innovation of existing products with less salt and sugar, as well as products without the addition of these nutrients, whose excessive long-term intake is harmful to health, contributes to improving the quality of the company's overall food product portfolio, providing consumers with more choices in ensuring sustainable nutrition.

KEY COMMITMENTS OF THE NUTRITIONAL STRATEGY:

- In at least 75% of new and innovated products, reduce the average content of salt and added sugars by 20%,
- In at least 75% of new and innovated products, incorporate at least one ingredient that supports healthy and balanced nutrition, such as fiber, protein, vitamins, and minerals,

- At least 40% of new and innovated products should be based on ingredients related to sustainable nutrition, such as fruits, vegetables, legumes, whole grains, and plant-based protein sources,
- Ensure 100% of products support sustainable nutrition.

In achieving the goals of the Nutrition Strategy, with a focus on the development of new products and the innovation of existing ones, significant efforts were made over the past year to improve the nutritional quality of various Podravka product categories.

Thus, in 62% of new and innovated products in the savory categories, such as soups and semi-prepared meals, meal mixes, sauces, spice mixes, marinades, vegetable pastes, fish salads, and bakery products, the salt content was reduced on average by 30%. In 60% of new and innovated products in the sweet categories of Podravka's products, such as baby food, breakfast cereals, dessert mixes, creamy spreads, jams, and condiments, products were introduced with an average of 61% less sugar.

Sustainable nutrition, in addition to nutritionally better products with less salt and sugar, contributes to health by encouraging the consumption of food categories that are deficient in diets, such as vegetables, fruits, whole grains, nuts, and legumes, as well as by adjusting portion sizes to real dietary needs. It is defined as nutritionally adequate, accessible, and culturally acceptable, with an optimal environmental impact during production and consumption.

The commitment of the Nutritional Strategy to support sustainable nutrition with the entire product portfolio means that every product, through its composition or



various forms of communication, helps make proper nutrition accessible and is a valuable part of the solution for the daily adoption of healthy and sustainable dietary patterns. In 2024, 77% of new and innovated products contained positive ingredients such as proteins, fibers, vitamins, and minerals, while 58% of new and innovated products were based on a significant proportion of ingredients related to sustainable nutrition, such as fruits, vegetables, legumes, whole grains, and plant-based protein sources. The contribution made in 2024 represents progress in the portfolio development, with 63% of products encouraging sustainable nutrition.

Collaboration with the local community in 2024 was reflected in the development of standards for school meals and educational activities aimed at children. The project "Smart Meal for Smart Children" was aimed at improving and standardizing nutrition in 18 primary schools in the Koprivnica-Križevci County. In 2024, over 3,400 children participated in the project, for whom Podravka's nutritionists created 250 standards for meals prepared in schools during forty working weeks.

As part of additional nutritional support for the local community, as well as more broadly, Podravka's nutritionists prepared more than eighty hours of educational workshops for children and adults.



NEW Products

FOOD

In the assortment of **universal meal enhancers**, a crucial innovation relates to the introduction of a **new, modern, attractive, and iconic visual expression of Vegeta**, almost ten years after the last refresh. The packaging redesign retained the core elements of Vegeta's recognizability, conveying to consumers the most important aspect – the enjoyment of a delicious meal prepared with Vegeta. **Vegeta in its new design** was launched on the shelves of German stores in late 2024, and in Croatian stores in early 2025.

Vegeta further strengthened its portfolio with two innovative products, bringing modernity, playfulness, encouragement for creativity, and experimentation in the kitchen - **Vegeta Fine Blend 200g** and **Vegeta Umami Liquid Seasoning 170ml**. Vegeta Fine Blend offers a real innovation to the universal seasonings market due to its fine-ground, powdered structure with no visible vegetable pieces, guaranteeing the same excellent taste. Vegeta Umami Liquid Seasoning provides a rounded, rich flavor and the ultimate experience of savoring the perfect taste of dishes – the umami flavor.

In the category of **special meal enhancers** Vegeta significantly strengthened its assortment with the introduction of several modern products for everyday preparation of popular dishes, such as **Vegeta Natur for pizza 10g**, **Vegeta Natur for risotto 30g**, **Vegeta Natur for pasta 30g**, while the popular potato seasoning received a larger, more attractive packaging – **XXL Vegeta Natur for potatoes 100g**. The world of liquid special seasonings was expanded with three attractive Vegeta grill marinades - **Vegeta Grill Teriyaki Honey Marinade 75g**, **Vegeta Grill Mustard Mediterranean Herb Marinade 75g**, and **Vegeta Grill Sweet Chili Marinade 75g**.



Last year also marked a significant upgrade to the **mono-spices** assortment, with Vegeta Maestro offering a wide range that covers all culinary needs of modern consumers. New mono-spices were launched, such as **saffron, coriander, and fine sea salt**. At the same time, existing mono-spices like **chives, marjoram, rosemary, and nutmeg** can now be found in attractive glass shakers, while **black peppercorns and curry** are now available in bag versions.



Along with these assortment expansions in existing lines of special meal enhancers and mono-spices, the Maestro special seasonings range in Slovenia underwent a redesign of 15 products to increase visibility, attractiveness, and recognizability. Additionally, new products were launched, such as **Maestro Crispy Potatoes 30g, Maestro Golden Chicken 30g, Maestro Dried Vegetables 250g**, and parsley received a larger, more attractive packaging – **Maestro Parsley 30g**.

In the **preparation mix**, category, the Fant brand follows market trends and offers consumers innovations, both in meal preparation methods and flavors. In 2024, the **traditional assortment and dehydrated sauces** were **redesigned**, making Fant more modern and appealing to younger consumers while retaining the recognizability of key design elements. The existing range of Fant dehydrated sauces was further expanded with four new modern and popular sauces, prepared in line with consumer needs and tastes - **Fant Green Pepper Sauce 30g, Fant Curry Sauce 28g, Fant Creamy Delicacy Sauce 40g, and Fant Four Cheese Sauce 42g.**



Podravka soups are a nourishing and practical solution for every occasion and taste. The practicality and excellent flavor were the hallmarks of innovations in this category in the past year – new products include **Mushroom, Vegetable and Pasta Stew, Bean and Barley Stew, and Fine Vegetable and Meat Stew**. Podravka stews will significantly shorten the preparation time of this favorite meal, but will still offer consumers a nutritious and tasty dish with excellent flavor. They will also turn many into excellent cooks, as these complex dishes are nearly ready in just about fifteen minutes using Podravka stews.

Tasty creamy pastas under the **Talianetta** brand were enriched with a new flavor of fine pasta in a cheese sauce. **Mac'n'cheese** is a new flavor in the wide range of Talianetta semi-prepared meals. This favorite flavor among younger generations, presented by Podravka, offers a full taste of a three-cheese combination and delicious pasta, ensuring simple and quick preparation with excellent results.



For those who need a quick and tasty meal on the go, there's a new addition to the Fini-Mini range – three new flavors of instant noodles in cups. **Fini-Mini Spicy beef**, **Fini-Mini Teriyaki chicken** and **Fini-Mini Curry** combine tasty noodles with exotic flavors typical for the noodles category in one meal, and all that's needed for their preparation is hot water and just four minutes of time.



Last year, **Podravka's fruit and vegetable** range featured new fruit spreads. The **Extra Fig Jam**, was launched, adding a new flavor to Podravka's quartet of extra jams, which carries the aromas of summer and the Adriatic. The range of Podravka's best-selling Plum Jam was complemented by **Choco-Plum Jam**, an innovative product that perfectly combines the best of chocolate spreads and plum jams. The product excellently blends the juicy fruit taste of plums with the bittersweet notes of chocolate.

Jams can also be fun, as shown by the **new Podravka squeeze jam range**. These are three new products - **Strawberry Squeeze Jam**, **Apricot Squeeze Jam**, and **Cherry, Blackberry, and Strawberry Squeeze Jam**, filled into plastic squeeze bottles. These products open up entirely new ways to use and enjoy the fruity taste of Podravka jams, making them the most natural sweet pleasure.

For true culinary connoisseurs, Podravka launched Podravka **Pesto Genovese** i **Pesto Tuna** in 2024. These are top-quality products that turn the simplest meal into a gourmet delicacy filled with Mediterranean aromas and flavors.



Last year, under the **Eva brand** two new products were launched - **Eva whiting in vegetable oil** and **Eva salmon fillets in vegetable oil**. These high-quality, nutritionally rich products will delight even the most demanding fish lovers. Each 100 grams of the product contains a wealth of nutrients such as omega-3 fatty acids, an abundance of protein, calcium, and vitamin D, and what is even more important for food enthusiasts – all rounded off with excellent taste and flawless quality. The products are ready for immediate consumption and can also serve as the base for preparing a more complex meal. By adding pasta, grains, legumes, or vegetables, consumers can create a filling yet light meal that will energize them for the entire day.



In 2024, Lino Lada thought outside the box and expanded its range with two new products - **creamy peanut butter** and **crunchy peanut butter by Lino Lada**. Made from the finest peanuts, Lino Lada's peanut butter will impress even the most demanding and loyal consumers with its taste and aroma of true peanuts – all with an impressive 98% peanuts and no added sugar or palm oil. For classic lovers and those who enjoy smooth textures, there's creamy peanut butter, and for those who prefer crunchy, there's crunchy peanut butter by Lino Lada, with lots of peanut pieces for even more flavor.

Lino Lada also ventured into the world of impulse products last year. In collaboration with Kraš, they launched **Tortica Lino Lada**, the recognizable crispy wafer filled with Lino Lada Duo. With its attractive and striking yellow packaging, it found its way to consumers of all ages. Lino Lada Milk became the delicious filling for **Lino Lada donuts**, small dark donuts filled with the distinctive Lino Lada Milk cream.

Preparing yeast dough is no longer just for the bravest. In addition to the Croissant mix, **Dolcela** now offers a new mix for **Cheese Biscuits**, which allows you to make the quickest and finest biscuits.

The Hi Protein line was enriched with another shake - **Vanilla Shake**. The rich and full taste of vanilla will satisfy all sweet tooths, especially those who pay attention to their diet as it contains no sugar. Dolcela also launched another new product for those who don't have much time to prepare – **Mug cake**, a cup cake ready for consumption in just 45 seconds. The product is rich in proteins, fibers, and contains 30% less sugar.

The Želin product line has been enriched with the innovative **Želin Super!** product that turns your favorite fruit into jam, without the addition of sugar.

The popular Vanillin sugar now also has its powdered version, so consumers can now buy **Vanillin Sugar in Powder form (100g)**, on the shelves, which can enhance almost any dessert, especially those like donuts and vanillin crescent rolls.



Ready meals in pouches are Podravka's latest step into innovative packaging of already well-known flavors and products. Designed for the HoReCa channel, this product line combines Podravka's familiar flavors with new, innovative packaging – exactly what customers in the HoReCa channel are looking for. Best-seller products like **meatballs in tomato sauce**, **beans with hamburger**, or **baked beans as a veggie** option, **Bolognese sauce**, **chicken paprika**, or the timeless **beef goulash** were complemented in 2024 with new products – **pulled pork**, **fillets**, and **shepherd's stew**, as well as **bakery fillings**.

A **redesign**, or beautification of the **appearance of the canned meat products line**, is a novelty in the category of Podravka meat products. This very traditional category has been beautified with a new design to make it more appealing to younger consumers, while the use of the same basic colors in the design allows our regular consumers to recognize their favorite products by color, even in their new look.

Last year, the **dry-cured assortment** was expanded with new products. The **Pannonia dry sausage** is an excellent choice for those who love tasty and high-quality meat products. Made from premium cuts of pork with the addition of natural spices – garlic and whole peppercorns – it delivers a rich flavor. The **Čajna sausage**, **Češnjovka**, and **Spicy sausage** will surely find their place in delicious sandwiches, colorful canapés, or cold platters, appealing to both traditional and more sophisticated tastes. These sausages modernly present the flavors of tradition and the key values of the Podravka brand. Alongside the dry-cured products, two Podravka legends were launched in the grill assortment – **Grill Kranjska sausage** and **Grill Jeger**. Made from high-quality meat, gluten-free, with no flavor enhancers or colorants, they offer a rich and juicy taste, making them ideal for any barbecue.



In the **frozen side dish** category, two new products were launched on the Slovenian market: **O'Plant spinach croquettes** and **Zlato polje croquettes with ham**. These products were introduced to expand the offering, attract younger consumers to the category, and further strengthen the O'Plant and Zlato polje brands.

At the end of 2024, Podravka launched a frozen side dish assortment under the **Zlato polje brand** on the Croatian market to strengthen Podravka's position in the frozen food segment. **Zlato polje croquettes, dumplings, balls, and štrukli** are high-quality and innovative products that fully meet the demands of modern consumers.

Recognizing the importance of time and health in today's world, Podravka developed a new line of products – **O'Plant fruit and grain snacks** offering consumers quick and nutritious options that seamlessly integrate into busy lifestyles. This vibrant combination of fruit and grains provides a solution for a nutritionally balanced meal on the go. Enriched with essential nutrients such as B vitamins and iron, the convenient on-the-go packaging allows consumers to enjoy a quick, healthy, and high-quality meal no matter where they are. The products contain no added sugar, only naturally occurring sugars from fruit and grains. The variety of flavors available in the O'Plant fruit and grain snack line adds excitement to the diet. The fruit comes from organic farming, which represents a significant step toward a healthier lifestyle and a sustainable approach to nature.

O'Plant muesli takes the next step in healthy, tasty, and sustainable living. Created with consumer health in mind, these muesli contain over 75% whole grains, are sweetened with the natural sweetness of dates, and are minimally processed. They are the ideal choice for everyday healthy habits. O'Plant muesli are perfect for all occasions, whether as a quick and tasty breakfast, a light snack, or a nutritious dinner. They can also be used as a base for baking bread, preparing fruit snacks, muffins, or other creative culinary ideas. Rich in premium ingredients – whole grains, seeds of various types and shapes, and natural additives such as dates for subtle sweetness, matcha powder, and spelt – these muesli are free from added sugar but full of flavor. With their natural and sustainable composition, O'Plant muesli carry the "Live Healthy" title. Combined with O'Plant plant-based drinks, they create a perfectly balanced meal.



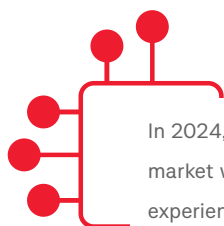
On the global market, tea is a category that continues to show consistent growth. The largest growth within the category is observed in ready-to-drink teas and teas with functional additives that contribute to health. In line with trends, **Podravka's functional teas, Relax and Beauty**, are designed to offer more than just taste – they become part of a healthy and balanced lifestyle. Podravka's Beauty tea 40g is a refined herbal blend enriched with lemongrass, lavender, and biotin, which helps maintain healthy hair and skin. It is ideal for those who want to combine the pleasure of drinking tea with caring for their appearance. Podravka's Relax tea 36g is a perfect blend of lemon balm and hemp, created for moments of deep relaxation, allowing a break from everyday stress. With a rich flavor and natural ingredients, these teas win with their quality and clearly defined functionality, setting new standards in the growing category.

Savory snacks represent a rapidly growing category that has gained increasing popularity in recent years. The COVID-19 pandemic further fueled the demand for practical and tasty food that can be enjoyed at home or on the go. The cracker category, in particular, stands out, showing potential for growth in the upcoming periods. For this reason, the beloved snack brand, **Kviki**, has introduced a new product line that will delight all true snack lovers. The new **Kviki crackers** offer the perfect combination of flavor and natural ingredients. Baked, not fried, they have a lower fat content and feel non-greasy to the touch. Available in three irresistible flavors – salted, Mediterranean, and cayenne pepper – they come in a convenient one-bite format ideal for snacking. The salted crackers are lightly seasoned with 100% sea salt, while the Mediterranean flavor brings a harmony of natural spices – oregano, marjoram, basil, and rosemary – offering a refreshing taste of the Mediterranean. For those who enjoy spicy notes, there's cayenne pepper with the natural aroma of smoked paprika. With perfect crunch, interesting flavors, and less fat, Kviki crackers become the ideal choice for any occasion. Whether you snack on them alone, serve them as party bites with dips and spreads, or use them as a crunchy addition to salads, Kviki crackers will impress all lovers of premium snacks.



In the bakery sector, Žito continuously follows food trends and brings innovative products to the market that focus on better nutritional values, sustainability, and consumer satisfaction. A new member has joined the Žito bread family – Krpan bread. This innovative bread, in the recognizable heart shape, contains 25% less salt than the market average and offers exceptional taste thanks to the innovative combination of ingredients, including buttermilk and molasses. All bread crumbs produced by Žito since 2024 carry the clean label, meaning they contain no additives or preservatives. Additionally, this means that the bread is specifically baked for the production of crumbs, containing only water, flour, yeast, and salt.

DIGITAL Innovations



In 2024, **Vegeta** Vegeta continued the redesign of its market websites to provide users with an even better experience. A campaign was also launched for the new product, **Vegeta Fine blend** which for the first time used an **AI generator** as a tool to create attractive and thematically tailored images in a prize contest.

Vegeta, with its new design, first appeared on the shelves of German stores, which led to the first Vegeta advertising campaign on the **Netflix streaming service** in Germany. The ads were displayed within Netflix content, and the percentage of full video ad views was as high as 97.88%.

In the Swedish market, Vegeta implemented its first **digital coupon campaign**, where users could download a coupon from a dedicated landing page and use it for a discount at the point of sale, thus connecting digital activation with physical retail.

At the end of 2024, the redesigned Lino.eu website was launched, featuring a fresh, modern look and new functionalities that reflect the latest trends in web design, tailored specifically for a younger target audience.

As part of the launch of **Lino cereals in the German market**, a direct communication campaign with consumers was tested for the first time. Thanks to the newly launched **Lino Whatsapp chatbot**, users could quickly get to know Lino products and learn more information. The goal of the campaign was to engage and attract consumers to the Lino WhatsApp channel and encourage them to purchase Lino cereals at targeted retail locations.

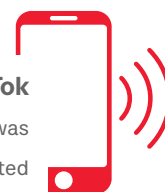
Specially created events with popular influencers – Over the past year, Podravka organized

three successful, specially created events designed for specific brands and new product launches. All three events resulted in rich content, as the main guests were influencers who, in addition to on-site activations, created and shared content on their social media channels. For example, at the **Čokolino Dark brunch** event, twenty well-known influencers gathered, and the outcome was over one hundred posts shared through social media and portals, all organically..

Fini-Mini Noodles – Podravka's first TikTok campaign – advertising on TikTok in Croatia was launched in August. Podravka immediately started advertising in September as part of the Fini-Mini Noodles campaign. With the primary target group in mind, TikTok proved to be the ideal social network. Over 2.8 million impressions were generated, with 18,865 clicks. Along with excellent media results, a 67% lower cost per click was achieved compared to the usual price for such activities on Meta platforms.

In **North Macedonia**, a **Noodles pop-up event** was held, where a branded truck with recognizable noodle bowls visited busy locations in the city. The campaign began with teaser announcements on social media in collaboration with influencers, and the event itself included product tastings, sample giveaways, and a concert by well-known performers, attracting a large number of visitors.

In **Slovenia**, the Maestro campaign titled **„Iščemo slovenski okus“** (Searching for the Slovenian Taste) engaged users in creating a unique product. **Handwritten recipes were collected on the campaign's landing page, which were later digitized, creating a database of traditional Slovenian dishes.** From this database, a special



spice blend was created in collaboration with the winner of Slovenian Masterchef, and at the final birthday event, the "found" Slovenian taste – an authentic, locally inspired product celebrating tradition and innovation with the help of the latest technologies and digital advertising channels – was presented.

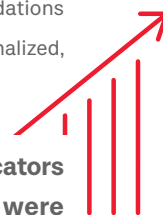


The corporate campaign **"Can. The Most Loved Packaging"** aimed to send the message that Podravka is a company committed to sustainable business practices and to educate consumers and the public about the benefits of cans. Specifically for this campaign, one of the leading portals in Croatia (24sata) created a new display format, the **"roll on"**, which Podravka was the first to use. In this campaign, Podravka also used **programmatic contextual advertising** for the first time on Earth Day – Podravka's ads appeared alongside all relevant content, thereby attracting user attention. The "attention" parameter for these formats was 30% higher than the average.

The **agricultural campaign "Local in the Leading Role"**, focusing on tomatoes, aimed to bring the message of self-sufficiency closer to a younger target group and emphasize the importance of domestic production. For the first time (still in the test phase for the Croatian market), Podravka used **Connected TV – smart TV advertising** achieving a reach of nearly 400,000 screens and message visibility of 80% (compared to the projected 65%).

Talianetta – AI Cross Platform Project - To showcase the benefits and ease of use of Talianetta products, the most innovative multi-cross-platform project was designed, successfully combining online and offline activities with the use of AI technology (creating fun postcard formats with the Talianetta assortment). Readers themselves participated in content creation, and over the course of a month, there was a 355% increase in sign-ups (a total of 427) compared to the initial plan.

In September 2024, **Coolie** - an innovative AI-powered culinary assistant – was launched to provide users with culinary advice and support. Coolie, developed from the pilot project SuperfoodChef-AI, was created by listening to the desires and needs of consumers. It was enhanced with a database of 5,000 recipes for a more complete user experience. It is also available on the **new WhatsApp channel**, where it can analyze user data, understand it, and offer recommendations based on users' eating habits, making it personalized, proactive, and predictive.



At the end of 2024, **key performance indicators (KPIs) for the WhatsApp channel were exceeded several times**, with 5,269 new phone numbers collected in three months (+370% KPI). The number of sessions initiated was 12,077 (+259%), while the total number of users reached 9,289 (+315% KPI).

At the end of November 2024, a Meta campaign was launched with the goal of introducing users to Coolie and inviting them to join WhatsApp via Facebook and Instagram. The campaign became **Podravka's most successful digital campaign** in terms of clicks in the last four years, with the number of clicks reaching 71,000 (+43% KPI), while the reach reached 2,455,700 users (+64% KPI).

In September 2024, Coolinarika also joined advertising on TikTok, resulting in an increase of over 2,917,000 (+269%) average monthly views, with the average monthly number of users exceeding 3,474,000 (+354%). Thus, Coolinarika finished the year as **Podravka's largest TikTok channel**, with nearly 80,000 followers.



Awards and Recognitions

PODRAVKA AWARDED THE EQUAL PAY CHAMPION CERTIFICATE

Podravka's activities aimed at achieving professional equality and equal opportunities have been recognized and awarded the Equal Pay Champion certificate, presented by SELECTIO, the most renowned consulting group for human resources in Croatia.

This certificate was awarded for the first time in Croatia, and Podravka is among 16 employers who received recognition for their efforts in reducing gender pay gaps and were named leaders in this area.



LEADER RECOGNIZES INVESTMENT IN THE PASTA FACTORY

Podravka's investment in the construction of the Pasta Factory in Koprivnica has won the 100% Lider Invest award for the best mid-sized investment. The award ceremony was held during the Financial and Investment Forum organized by Lider Media.

The Pasta Factory is the first newly built factory in Podravka's Food segment in the last 17 years. With its construction, Podravka secured its own production of industrial pasta for Podravka soups and the production of twisted and short pasta under the Zlato polje brand.



NUTRITIONAL STRATEGY RESULTS EARN AWARD FOR CONTRIBUTION TO PUBLIC HEALTH

In 2024, Podravka won the HealthComm Award for its results derived from the Nutritional Strategy, recognizing its contribution to public health. Health is always a pressing issue, and Podravka's efforts to raise awareness about the importance of proper and balanced nutrition, which contributes to maintaining health, were recognized.

Podravka continues to adapt and expand its wide product range in line with health recommendations, dietary trends, and consumer needs. This includes products with reduced salt and added sugars, enriched with fiber, proteins, vitamins, and minerals, as well as products based on fruits, vegetables, legumes, whole grains, and plant-based protein sources.



PODRAVKA NAMED BRAND LEADER

At the 2024 Brand Forum, Podravka received the prestigious Brand Leader award. Under the motto "Everything is a brand. Or it wants to be!", the first business radio station PoslovniFM established this award to recognize the best corporate brands. The expert jury, led by Tihomir Vranešević, one of the leading brand experts in Croatia, decided to award Podravka one of six prizes.



PODRAVKA AWARDED SPECIAL RECOGNITION FROM CROATIAN EXPORTERS – PLATINUM KEY

The Croatian Exporters Association once again recognized Podravka's work, awarding it a special recognition for exporters who continuously demonstrate excellence – the Platinum Key award, created to celebrate the 20th anniversary of the Association. Podravka is now among the distinguished companies, as it has received nine Golden Key awards in the past ten years. One of the Golden Keys, for the best exporter to Poland for the previous year, was awarded to Podravka last year as well.



COMMUNICATION CAMPAIGN FOCUSED ON AGRICULTURE WINS PRESTIGIOUS REGIONAL AWARD

For its successful communication campaign focused on agricultural activities, Podravka received the prestigious regional the! award. The international jury made this decision as part of the KOMferencija organized by the Croatian Public Relations Association.

Throughout most of the year, Podravka actively wrote and reported on all its plans and activities related to the revitalization of agricultural production. The goal of this strong communication campaign was primarily to show agricultural producers that Podravka is serious about its intentions and that, through joint efforts, the main goal – self-sufficiency in tomato production – can be achieved.



PODRAVKA WINS TWO ZAGREB STOCK EXCHANGE AWARDS AGAIN

In 2024, Podravka received two awards from the Zagreb Stock Exchange – the Silver Share of the Year and the second award for investor relations. The awards are presented by Poslovni dnevnik in partnership with the Zagreb Stock Exchange.

The Silver Share of the Year was awarded based on the trading volume of Podravka's shares throughout the year, while the second award for investor relations was given based on the transparency of operations, good relations, and communication with investors.



SUPERIOR TASTE AWARD

The Superior Taste Award is an annual award for any consumer food or beverage product. Products are blind-tested in Brussels by a group of professional chefs and sommeliers who assess the products based on criteria such as first impressions, appearance, smell, taste, texture (food), or overall sensation (beverages). The jury consists of over two hundred professional taste experts who are members of the world's most prestigious association of chefs & sommeliers. Products that achieve a global score above 70% receive the Superior Taste Award. In 2024, seven Podravka products won Superior Taste Award honors.

The highest ratings were given to the 100% Fruit Blueberry Fruit Spread, which won three STA stars for the third year in a row and earned the Crystal Taste Award. This is further confirmation of the product's premium quality, which contains no added colors or preservatives. Other award-winning products are new additions to Podravka's portfolio. Kviki Salty Crackers received two STA stars. One STA star was awarded to Čokolino Dark, Kviki Mediterranean Crackers, Žito Krpan Bread, Vegeta Natur Garlic Pasta, and Vegeta Natur Onion Pasta.



VEGETA IS NUMBER 1 IN EUROPE

Vegeta has been confirmed as the best-selling universal seasoning in Europe once again, according to the respected research agency Nielsen, based on regular reports from the retail panel for the period from December 2023 to November 2024. The collected sales data for thirty European countries show that Vegeta is the number 1 product in Europe in terms of volume sales in the category of dehydrated meal additives, which includes universal meal additives, dehydrated special meal additives, and mono-seasonings.



WOMEN CHOOSE VEGETA AS THE BEST MEAL ADDITIVE

The Woman's Choice Awards is a prestigious selection traditionally organized by the popular Croatian portal miss7. The greatest value of this award comes from the hands of end consumers, specifically women who make decisions every day on which products to purchase or which services to use. For the seventh consecutive year, Vegeta received the title of favorite meal additive in this selection.



VEGETA AND VEGETA BIO WIN VALUABLE DESIGN AWARDS

The limited edition of Vegeta BIO won the third prize in the graphic design category at Design Week in Zagreb. Awards were given in six categories, with three awards presented in each category by an international panel of designers. Additionally, Vegeta won the Golden Paragon 2024 Polish Merchants award, a valuable recognition in the seasoning, mixes, and instant products category.

ČOKOLINO DARK AND VEGETA NATUR PASTES SELECTED AS PRODUCTS OF THE YEAR

In 2024, Čokolino Dark and Vegeta Natur Pastes won the international Product of the Year license, also known in Croatia as “Selected Product of the Year” or the red stamp. This renowned global award for marketing innovation is chosen by consumers. Podravka continuously recognizes consumer needs and rewards their loyalty by listening to their desires and offering solutions for specific dietary needs. This award, based on consumer opinion and selection, is the biggest motivation and confirmation of innovation. The survey was conducted by the independent agency NIQ on a sample of 998 consumers, a representative sample of the Croatian population balanced by gender, age, and region, and it selected the best products based on criteria such as product innovativeness, attractiveness compared to other products in the category, and purchase intent. Čokolino Dark and Vegeta Natur Pastes were also named Products of the Year 2024 in Slovenia.



ČOKOLINO DARK WINS GOLDEN BASKET AWARD FOR PRODUCT OF THE YEAR

Podravka also received the Golden Basket Award – Product of the Year in 2024. The best product of the year was Čokolino Dark. This award recognizes outstanding achievements of products in responding to changes in retail and consumer needs. This recognition confirms the successful response to trends and consumer demands in the breakfast cereals category.





LINO CEREAL FOR CHILDREN NAMED COOLEST BRAND AGAIN

Lino Cereal for Children has been named the coolest cereal by young people for the fourth time, winning the Coolest Brand award organized by JoomBoos. This award is based on an Ipsos survey among young people aged 12 to 24. The sales results and the long-standing leadership position of Lino Cereal in the children's cereal segment in Croatia further confirm this achievement. Ipsos also confirmed this in 2024.

PODRAVKA'S PÂTÉS ARE THE BEST-SELLING IN CROATIA

Only top-quality ingredients create the superior flavors that make Podravka's chicken pâté the first choice of consumers in Croatia. This has been confirmed by Nielsen research, which shows that Podravka is the leading brand in both volume and value sales of chicken pâtés in Croatia over the past twelve months, ending in August 2024.



LINO NJUPALICE BEST ACCORDING TO MOMS

Moms have chosen – Lino Njupalice pâté is the best in the pâté category in 2024. This is based on an annual consumer satisfaction survey conducted exclusively with moms. In the online survey, moms rate products or services available in the Croatian market that they regularly use or have recently used.



PODRAVKA KETCHUP WINS EFFIE AWARD

In 2024, Podravka, in collaboration with the Kofein agency, won a bronze Effie in the Food category with the project Ketching up with the competition. This campaign, The Fun Face of Tomato, not only increased sales of Podravka ketchup but also created a community of flavor enthusiasts, doubled market share, and improved the image of Podravka ketchup. The Effie Awards Croatia 2024 competition evaluates the effectiveness of market communications, focusing primarily on results.



DOMAĆE U GLAVNOJ ULOZI WINS BRONZE IDEJA X

Podravka also won a bronze IdejaX statue in the Best on Market group in the Food category in 2024, for the Domaće u glavnoj ulozi campaign, supported by the ZOO agency. This corporate campaign aimed to remind consumers in a unique and fun way of the love and passion Podravka invests in agriculture and the exceptional quality of its products that reach store shelves daily.



SUPERFOODCHEF-AI BY COOLINARIKA PROVES ITS VALUE WITH NUMEROUS AWARDS AND FINALIST SPOTS

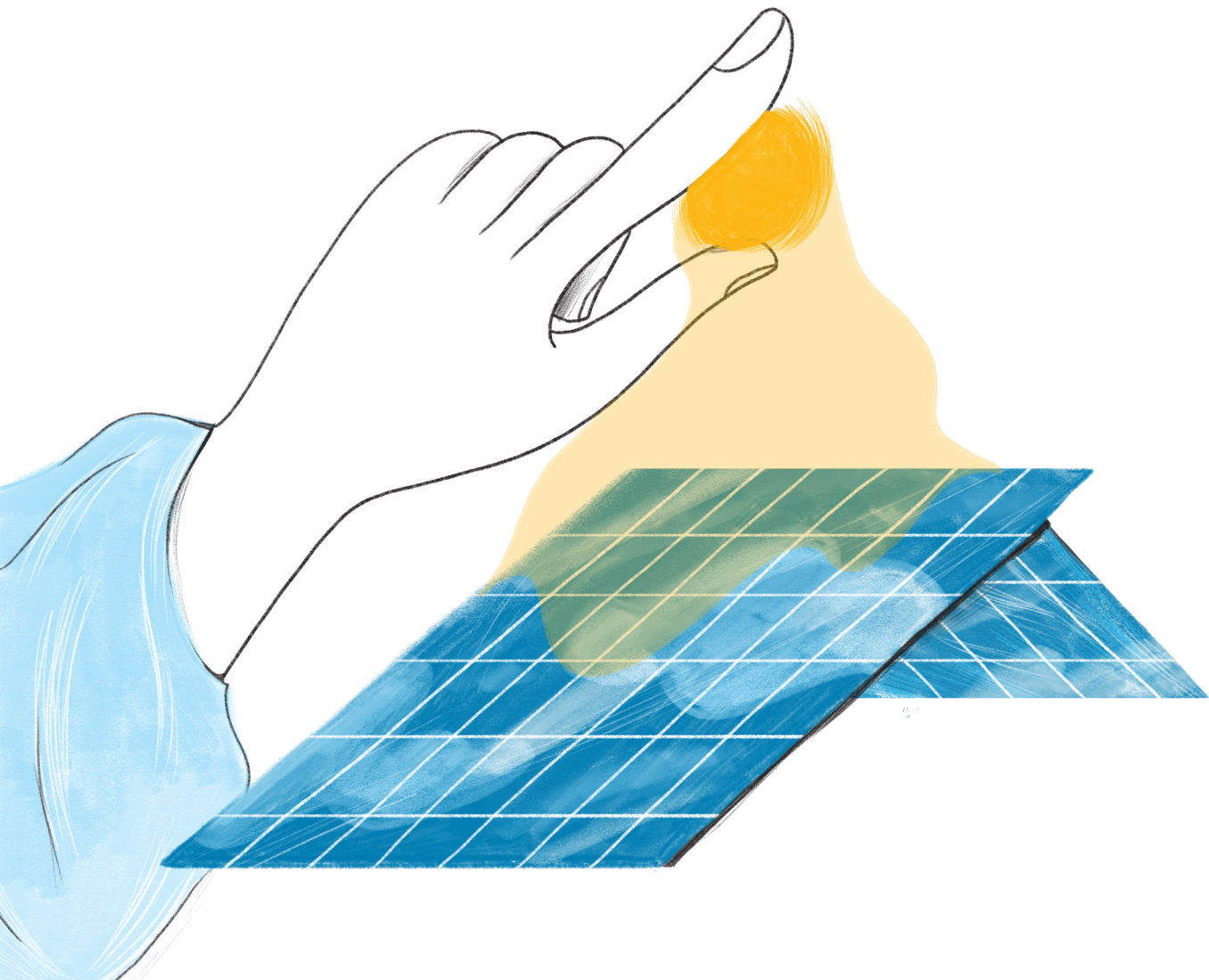
SuperfoodChef-AI by Coolinarika, an AI-driven culinary assistant, is a digital solution that promotes more balanced nutritional choices and educates users about cooking and superfood ingredients through interactive communication. Its value to both Coolinarika and Podravka has been confirmed by numerous industry accolades, even on a global scale. The Native Advertising Institute Copenhagen, a gathering of the world's leading experts in native advertising and branded content, recognized SuperfoodChef-AI and awarded it two silver awards in the Best Use of Artificial Intelligence and Best Native Advertising Strategy categories. In the SoMo Borac competition, which gathers the best digital experts from the region and awards outstanding digital works in various categories, SuperfoodChef-AI won main awards for Digital Product of the Year and Best Media Feature, and reached the final in the Best Storytelling category. At the Marketing Week Awards in London, one of the most important UK marketing awards, SuperfoodChef-AI by Coolinarika was recognized by the jury and placed in the final in the Brand Innovation category. At the Communication Days in Rovinj, SuperfoodChef-AI by Coolinarika became a finalist for the MIXX awards in the Best Digital Product and Best Tech & Innovation categories.



SLOVENIAN WEBSI AWARDS PODRAVKA'S TWO CAMPAIGNS

At the largest festival of Slovenian digital communications, WEBSI Day 2024, Podravka's projects from the Slovenian market won two major awards. First place in the Social Networks category went to the Vegeta - First Lady of Slovenian Cuisine campaign for its social media communication. In the Product and Landing Pages for Personalities category, the top prize went to the AI.VAR Online project, an innovative tool powered by Chat GPT that showcases the Ajvar Squeeze product.

13 Sustainability Statement



The company applies the exemption from the obligation to prepare a non-financial statement in its separate annual reports in accordance with Article 61, paragraph (7) of the Accounting Act, given that the Company's data is included in the consolidated management report prepared in accordance with Articles 32 and 36 of the Accounting Act.

14 Financial Reports



STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Management Board is required to prepare the separate financial statements for each financial year which give a true and fair view of the financial position of the Company, and of the results of its operations and its cash flows, in accordance with applicable accounting standards, and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. It has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting suitable accounting policies to conform with applicable accounting standards and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. After making enquiries, the Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the separate financial statements.

The Management Board is also responsible for the preparation of the Annual report and the Statement on implementation of the corporate governance code in accordance with the Croatian Accounting Act. The Annual report and the Statement on implementation of corporate governance code are authorised and signed by the Management Board. The Management Board is responsible for the submission to the Supervisory Board of annual financial statements for the Company and the Group, following which the Supervisory Board is required to approve the annual financial statements for submission to the General Assembly of Shareholders for adoption.

The annual financial statements for the Group (the Company and its subsidiaries) are published separately and issued simultaneously with the separate financial statements.

Martina Dalić

President of the Management Board

Davor Doko

Member of the Management Board

Ljiljana Šapina

Member of the Management Board

Milan Tadić

Member of the Management Board

Ivan Ostojić

Member of the Management Board

Podravka
PREHRAMBENA INDUSTRIJA D.D.
KOPRIVNICA 173

Podravka d.d.
Ante Starčevića 32
48 000 Koprivnica
Republic of Croatia

Koprivnica, 15 April 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Podravka d.d.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Podravka d.d. (the Company), which comprise the statement of financial position as at 31 December 2024, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matters is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How we addressed Key Audit Matter
<p>Impairment of investments in subsidiaries and related loans</p> <p>Impairments of the Company's investments in subsidiaries and related loans are disclosed in Note 10 Other expenses. In addition, Note 20 Investments in subsidiaries and Note 36 Related party transactions disclose the underlying assets in the financial statements and a description of the accounting policy and key judgements and estimates are included in Note 3 Material accounting policy information and Note 6 Key accounting judgements and estimates, respectively.</p> <p>Management annually performs impairment tests for investments in subsidiaries and related loans where indicators of impairment exists. For investments identified as such, management assesses potential impairment loss by comparing the carrying amount with the recoverable amount. Recoverable amounts are generally measured by using appropriate valuation techniques, such as present value techniques based on management's view of variables and market conditions, the timing of future operating expenditure, and the most appropriate discount and long term growth rates.</p> <p>Due to complexity and judgement used in the assessment of impairment indicators, and the application of valuation techniques, impairment of Company's investments in subsidiaries and related loans is considered a key audit matter.</p>	<p>Audit procedures included understanding of the investment impairment process and walk through of controls implemented within. We examined the methodology used by management to assess the carrying value of respective investment in subsidiaries and related loans to determine its compliance with IFRS as adopted by the EU and consistency of application.</p> <p>For the investments where impairment indicators were not identified by the Company, we evaluated the management's impairment indicators assessment by considering factors such as insufficient net assets, declining financial performance, or existence of any overdue loans and receivables.</p> <p>We evaluated the assumptions used in the current year assessment of impairment indicators and tested whether these assumptions are in line with the results achieved in the current year as well as current development in the industry and the Company's expectations for the key inputs.</p> <p>In respect of impairment tests performed by management, we evaluated the subsidiaries' future cash flow forecasts and the process by which they were prepared. We compared the budget inputs in the models to the approved budgets and forecast inputs in the models to management plans.</p> <p>We compared current year actual results with the figures included in the prior year forecasts to evaluate assumptions used. We also compared management's key assumption for long-term growth rate by comparing it to historical growth results and market data.</p> <p>We performed audit procedures on the mathematical integrity of the impairment models and sensitivity analysis and tested the appropriateness of discount rates used in the calculation with the assistance of the specialists. We also assessed the completeness of the impairment charges by comparing calculated impairment loss with accounting records.</p> <p>We also assessed on the adequacy of the relevant disclosures in the financial statements and if these are in line with the requirements of the IFRS as adopted by the EU.</p>

Key Audit Matter	How we addressed Key Audit Matter
<p>Impairment of brands</p> <p>A description of the key judgements and estimates regarding impairment of the Company's brands are included in Note 3 Material accounting policy information and Note 6 Key accounting judgements and estimates. The assets are presented in Note 16 Intangible assets.</p> <p>The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, requires management judgement in both identifying and valuing the relevant cash generating units. Recoverable amounts are generally measured by using appropriate valuation techniques, such as present value techniques based on management's view of variables and market conditions, including future price and volume growth rates, the timing of future operating expenditure, and the most appropriate discount, long term growth rates and royalty rate.</p> <p>Considering the above mentioned, we believe that the assessment of recoverable amounts of brands is a key audit matter.</p>	<p>Audit procedures included understanding of the assets impairment process and walk through of controls implemented within. We examined the methodology used by management to assess the carrying value of respective intangible assets to determine its compliance with IFRS as adopted by the EU and consistency of application.</p> <p>We evaluated the future cash flow forecasts and the process by which they were prepared. We compared the budget inputs in the model to the approved budgets and forecast inputs in the model to management plans.</p> <p>We compared current year actual results with the figures included in the prior year forecast to evaluate assumptions used. We also evaluated management's key assumption for long-term growth rate by comparing it to historical growth results.</p> <p>We performed audit procedures on the mathematical integrity of the impairment models and sensitivity analysis and tested the appropriateness of discount rates and royalty rates used in the calculation with the assistance of the specialists.</p> <p>We also assessed on the adequacy of the relevant disclosures in the financial statements and if these are in line with the requirements of the IFRS as adopted by the EU.</p>

Key Audit Matter	How we addressed Key Audit Matter
<p>Recognition of revenue: valuation of customer discounts, incentives and rebates</p> <p>As indicated in Note 3 Material accounting policy information and Note 8 Sales revenue to the financial statements, the Company recognizes revenue net of volume rebates, trade discounts, returns, listing fees and various promotional and marketing activities that are integral part of contracts with customers. Revenue measurement and presentation therefore involves estimates related to such agreements or actions.</p> <p>At the reporting date, amounts for discounts, incentives and rebates that have been incurred and not yet paid by the customers are estimated and accrued. Due to the variety of contractual terms across the markets, management is required to monitor a large number of individual customer arrangements in order to estimate the discounts, incentives and rebates amounts at the reporting date. This is considered complex and includes risk of incorrect inclusion or non-inclusion of discounts, incentives and rebates in the current period and year-end accruals, or incorrect calculation of these amounts recorded as at the reporting date.</p> <p>Due to the above mentioned, measurement and presentation of these costs is considered a key audit matter due to the judgements required and the number of unique customer arrangements they relate to.</p>	<p>Our audit procedures included understanding of the revenue recognition process including discounts, incentives and rebates recognition and assessing compliance with the policies in terms of applicable accounting standards. We walked through and tested the operation effectiveness of the controls over revenue recognition process.</p> <p>Based on a sample, we assessed revenue transactions, taking place at either side of the balance sheet date as well as credit notes issued after the reporting date to evaluate whether that revenue was recognised in the correct period.</p> <p>We also developed an expectation of the current year sales revenue balance considering historical revenue and discounts, incentives and rebates information, compared it to the actual sales revenues and examined unexpected differences.</p> <p>On a sample of key customers, we inspected respective contractual terms and recalculated the amount of discounts, incentives and rebates. Where our recalculation based on contractual terms differed from management records, we obtained support for the differences to vouch their validity.</p> <p>We obtained customer confirmations of amounts outstanding at the reporting date for a sample of customers and gained understanding of any significant differences between customer confirmations received and the Company's accounting records.</p> <p>We also assessed on the adequacy of the relevant disclosures in the financial statements and if these are in line with the requirements of the IFRS as adopted by the EU.</p>

Other information

Management is responsible for the other information. Other information comprises information included in the Annual Report, but does not include financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report and Corporate Governance Report, we also performed procedures required by the Accounting Act. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of Article 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in Article 25 of the Accounting Act.

Based on the procedures undertaken, to the extent we are able to assess it, we report that:

1. the information given in the enclosed Management Report and Corporate Governance Report is consistent, in all material respects, with the enclosed financial statements;
2. the enclosed Management Report is prepared in accordance with requirements of Article 24 of the Accounting Act; and
3. the enclosed Corporate Governance Report includes the information specified in Article 25 of the Accounting Act.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit of financial statements, we are also required to report if we have identified material misstatements in the other information. We have nothing to report in this respect.

Responsibilities of management and Audit Committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of ISAs:

Appointment of Auditor and Period of Engagement

Ernst & Young d.o.o. was initially appointed as auditors of the Company on 18 June 2019. Our appointment has been renewed annually by General Assembly of Shareholders, with the most recent reappointment on 16 May 2024, representing a total period of uninterrupted engagement appointment of 6 years.

Grant Thornton revizija d.o.o. was initially appointed as auditors of the Company on 17 May 2023. Our appointment has been renewed annually by General Assembly of Shareholders, with the most recent reappointment on 16 May 2024, representing a total period of uninterrupted engagement appointment of 2 years.

Consistence with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 15 April 2025 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company and its controlled undertakings within the European Union. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the financial statements.

Report based on Delegated Regulation (EU) 2018/815 on supplementing Directive 2004/109/EZ of European parliament and Council related to regulatory technical standard for specification of single electronic reporting format of reporting

Independent report on the compliance of financial statements prepared pursuant to Article 462(5) of the Capital Market Act (Official Gazette 65/18, 17/20,83/21 and 151/22) applying the requirements of the Delegated Regulation (EU) 2018 / 815 on establishing of single electronic reporting format for issuers (the ESEF Regulation).

We have conducted a reasonable assurance engagement on whether the financial statements, as contained in the attached electronic file PodravkaInc-2024-12-31-0-en, are prepared, for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, in all material respects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the management and Audit Committee

Management is responsible for the preparation of the financial statements in accordance with ESEF Regulation. Furthermore, management is responsible for maintaining an internal control system that reasonably ensures the preparation of financial statements without material non-compliances with ESEF Regulation requirements, whether due to fraud or error.

Management is also responsible for:

- the public disclosure of financial statements included in the annual report, in XHTML format and
- selecting and using XBRL codes in accordance with ESEF regulation

Audit Committee is responsible for overseeing the preparation of the financial statements in ESEF format as part of the financial reporting process.

Auditor's responsibilities

Our responsibility is to express a conclusion, based on the audit evidence gathered, as to whether the financial statements are free from material non-compliances with the requirements of the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with International Standard for Assurance Engagements ISAE 3000 (revised)- Assurance engagements other than audits or reviews of historical financial information.

Work performed

The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high degree of assurance, however it does not guarantee that the scope of procedures will identify all significant (material) non-compliance with ESEF regulation.

In respect of the subject matter, we have performed the following procedures:

- we read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or error; and
- Based on this, devise and implement procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The aim of our procedures was to assess whether:

- the financial statements, which are included in the annual report, are prepared in the relevant XHTML format,
- the information contained in the financial statements required by the ESEF Regulation is marked and all markings meet the following requirements:
 - the XBRL markup language was used,
 - the basic taxonomy elements listed in the ESEF Regulation with the closest accounting significance have been used, unless an additional taxonomy element has been created in accordance with Annex IV. ESEF Regulation,
 - the labeled elements comply with the common labeling rules under the ESEF Regulation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures performed and evidence gathered, the financial statements presented in ESEF format for the year ended on 31 December 2024, contained in the aforementioned attached electronic file and prepared pursuant to Article 462 paragraph 5 of the Capital Market Act prepared for public disclosure, are prepared in all material respects in line with the requirements of Articles 3, 4 and 6 of the ESEF Regulation. Further to this conclusion, as well as the opinion contained in this independent auditor's report related to accompanying financial statements and annual report for the year ended 31 December 2024, we do not express any opinion on the information contained in these presentations or on any other information contained in the aforementioned file.

The partners in charge of the audit resulting in this independent auditor's report are Berislav Horvat for Ernst & Young d.o.o. and Vedran Miloš for Grant Thornton revizija d.o.o.



Berislav Horvat
President of the Management Board and Certified auditor
15 April 2025



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Zagreb, Radnička cesta 50

Ernst & Young d.o.o.
Radnička cesta 50
10000 Zagreb
Republic of Croatia



Vedran Miloš
Director and Certified auditor
15 April 2025



Grant Thornton

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HR - 10000 Zagreb

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Ulica Grada Vukovara 284
10000 Zagreb
Republic of Croatia

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands of EUR)

	Note	2024	2023
Revenue from sales	8	375,328	345,746
Cost of goods sold	11	(259,547)	(254,300)
Gross profit		115,781	91,446
Other income	9	3,608	1,632
General and administrative expenses	11	(28,598)	(25,390)
Selling and distribution costs	11	(33,352)	(29,346)
Marketing expenses	11	(20,532)	(17,286)
Other expenses	10	(90)	(596)
Operating profit		36,817	20,460
Finance income	13	16,281	12,017
Finance expenses	14	(1,811)	(708)
Net finance income		14,470	11,309
Profit before tax		51,287	31,769
Income tax	15	1,480	15,631
Net profit for the year		52,767	47,400
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial profit/(loss) - (net of deferred tax)		(53)	(14)
Change in fair value of equity instruments through OCI (net of deferred tax)		21	-
Total other comprehensive income /(loss)		(32)	(14)
Total comprehensive income		52,735	47,386

The accompanying accounting policies and notes form an integral part of these separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

(in thousands of EUR)

	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets	16	15,421	13,109
Property, plant and equipment	17	210,361	175,305
Right-of-use assets	18	4,482	3,756
Investment property	19	13,698	13,819
Investments in subsidiaries	20	129,901	129,816
Non-current financial assets	21	146	4,915
Deferred tax assets	15	23,442	21,876
Total non-current assets		397,451	362,596
Current assets			
Inventories	22	79,438	67,673
Trade and other receivables	23	91,805	75,106
Financial assets at fair value through profit and loss	24	2	59
Income tax receivables		-	1,239
Cash and cash equivalents	25	13,752	16,698
Current assets excluding assets classified as held for sale		184,997	160,775
Non-current assets held for sale	26	3,633	3,633
Total current assets		188,630	164,408
Total assets		586,081	527,004
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	27	213,600	213,600
Share premium	27	16,982	17,179
Treasury shares	27	(8,533)	(6,929)
Reserves	28	134,205	109,621
Retained earnings	29	59,176	53,365
Total equity		415,430	386,836
Non-current liabilities			
Lease liabilities	18	3,680	2,322
Non-current provisions for employee benefits	32	4,116	4,114
Other non-current provisions	32	1,745	1,624
Total non-current liabilities		9,541	8,060
Current liabilities			
Trade and other payables	33	64,279	67,896
Financial liabilities at fair value through profit or loss	30	30	9
Borrowings	31	91,069	58,677
Lease liabilities	18	991	1,577
Current provisions for employee benefits	32	4,721	3,932
Other current provisions	32	20	17
Total current liabilities		161,110	132,108
Total liabilities		170,651	140,168
Total liabilities and shareholders' equity		586,081	527,004

The accompanying accounting policies and notes form an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

<i>(in thousands of EUR)</i>	Issued capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total
As at 1 January 2023	207,897	24,360	(5,634)	102,214	31,309	360,146
<i>Comprehensive income</i>						
Profit for the year	-	-	-	-	47,400	47,400
Actuarial losses (net of deferred tax)	-	-	-	(14)	-	(14)
Other comprehensive income/(loss)	-	-	-	(14)	-	(14)
Total comprehensive income	-	-	-	(14)	47,400	47,386
<i>Transactions with owners recognised directly in equity</i>						
Allocation from retained earnings (note 28)	-	-	-	7,421	(7,421)	-
Share-based payment	-	(2,159)	3,955	-	656	2,452
Fair value of share-based payment transactions (note 35)	-	681	-	-	-	681
Purchase of treasury shares	-	-	(5,250)	-	-	(5,250)
Dividend declared	-	-	-	-	(18,579)	(18,579)
Increase in share capital - HRK to EUR conversion	5,703	(5,703)	-	-	-	-
Total transactions with owners recognised directly in equity	5,703	(7,181)	(1,295)	7,421	(25,344)	(20,696)
As at 31 December 2023	213,600	17,179	(6,929)	109,621	53,365	386,836
<i>Comprehensive income</i>						
Profit for the year	-	-	-	-	52,767	52,767
Actuarial losses (net of deferred tax)	-	-	-	(53)	-	(53)
Change in fair value of equity instruments through OCI (net of deferred tax)	-	-	-	21	-	21
Other comprehensive income/(loss)	-	-	-	(32)	-	(32)
Total comprehensive income	-	-	-	(32)	52,767	52,735
<i>Transactions with owners recognised directly in equity</i>						
Allocation from retained earnings (note 28 (i))	-	-	-	24,616	(24,616)	-
Share-based payment	-	(964)	1,581	-	139	756
Fair value of share-based payment transactions (note 35)	-	767	-	-	-	767
Purchase of treasury shares	-	-	(3,185)	-	-	(3,185)
Dividend declared	-	-	-	-	(22,479)	(22,479)
Total transactions with owners recognised directly in equity	-	(197)	(1,604)	24,616	(46,956)	(24,141)
As at 31 December 2024	213,600	16,982	(8,533)	134,205	59,176	415,430

The accompanying accounting policies and notes form an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands of EUR)

	Note	2024	2023
Profit before tax		51,287	31,769
Depreciation and amortization	11	16,214	15,578
Impairment of long-term intangible assets	16	-	157
Impairment of long-term tangible assets	17	-	77
Reversal of impairment of non-current financial assets	9	(1,970)	-
Impairment of investment	10	-	359
Reversal of impairment of loans given and interest	9	(249)	(439)
Reversal of impairment of assets held for sale	26	(4)	(2)
Remeasurement of financial assets and liabilities at FVTPL	13, 14	78	(38)
Dividend income etc.	13	(13,896)	(11,116)
Share-based payment transactions	35	767	681
Gain on disposal of non-current assets and right-of-use assets	9	(75)	(534)
Loss on write-off of assets held for sale	26	-	2
Reversal of impairment of trade and other receivables		(155)	(1,174)
Increase in provisions		850	1,093
Gain on write-off of liabilities		(790)	(75)
Change in fair value of financial assets through OCI		52	-
Interest income	13	(2,384)	(863)
Interest expense	14	1,687	688
Foreign exchange differences		(4)	7
Total adjustments		121	4,401
Changes in working capital:			
(Increase)/decrease in inventories		(11,765)	14,371
Decrease/(increase) in receivables		246	(8,172)
(Decrease)/increase in payables		(1,243)	25,066
Cash generated from operations		38,646	67,435
Income tax (paid)/refund		(176)	2,996
Interest and fess paid		(3,051)	(675)
Net cash from operating activities		35,419	69,756
Cash flows from investing activities			
Increase of investments in subsidiaries		(85)	(451)
Proceeds from investment in debt instruments at amortised cost		-	15,173
Proceeds from financial instruments		6,801	-
Purchase of property, plant, equipment and intangibles		(52,165)	(56,924)
Proceeds from sale of property, plant, equipment and intangibles		402	627
Deposits given		(15,092)	-
Loans given		(3,066)	(10,000)
Proceeds from loans given		3,145	6,820
Interest received		2,034	427
Dividends received		12,896	3,451
Net cash from investing activities		(45,130)	(40,877)
Cash flows from financing activities			
Proceeds from borrowings		51,667	94,085
Repayment of borrowings		(18,272)	(87,199)
Purchase of treasury shares		(3,185)	(5,250)
Sale of treasury shares		854	2,625
Repayment of lease liabilities		(1,952)	(1,812)
Dividend paid		(22,347)	(18,467)
Net cash from financing activities		6,765	(16,018)
Net (decrease)/increase in cash and cash equivalents		(2,946)	12,861
Cash and cash equivalents at beginning of year		16,698	3,837
Cash and cash equivalents at the end of year	25	13,752	16,698

The accompanying accounting policies and notes form an integral part of these separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 1 – GENERAL INFORMATION

History and incorporation

Podravka prehrambena industrija d.d., Koprivnica ('the Company'), is incorporated in the Republic of Croatia. In 1934, the brothers Wolf opened in Koprivnica a fruit processing unit, the predecessor of the Company. Today, the Company is one of the 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 foodstuffs. Podravka d.d. was established as a joint stock company under entity's registration number 010006549 and personal identification number 18928523252.

The Company is headquartered in Koprivnica, Croatia, Ante Starčevića 32. The main location of the Company's operations is Koprivnica, the Republic of Croatia.

The Company's shares were listed on the official market of the Zagreb Stock Exchange until 27 December 2018, since when they have been listed on the Prime Market of the Zagreb Stock Exchange. The shareholder structure is shown in note 27.

Podravka d.d. is the ultimate parent company of the Group.

During 2024, there were no changes in the Company's name or other identification of the reported entity.

General Assembly

The General Assembly of the Company consists of the shareholders of Podravka d.d.

Supervisory Board:

Members of the Supervisory Board in 2024:

President	Damir Grbavac	(01 July 2022 to 30 June 2026)
Deputy President	Luka Burilović	(21 Feb. 2017 to 07 Sept. 2026)
Member	Ante Jelčić	(17 May 2023 to 16 May 2027)
Member	Ksenija Horvat	(01 July 2015 to 30 June 2027)
Member	Damir Felak	(08 Sept. 2022 to 07 Sept. 2026)
Member	Petar Miladin	(08 Sept. 2010 to 07 Sept. 2026)
Member	Damir Čukman	(01 July 2023 to 30 June 2027)
Member	Krunoslav Vitelj	(08 Sept. 2018 to 07 Sept. 2026)
Member	Darko Prpić	(01 July 2023 to 30 June 2027)

Management Board:

President	Martina Dalić	(04 Feb. 2021 to 23 Feb. 2027)
Member	Davor Doko	(01 May 2017 to 23 Feb 2027)
Member	Ljiljana Šapina	(24 Feb. 2017 to 23 Feb. 2027)
Member	Milan Tadić	(24 Feb. 2022 to 23 Feb 2027)
Member	Ivan Ostojić	(01 July 2022 to 23 Feb. 2027)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 2 – BASIS OF PREPARATION

(i) Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

These financial statements represent those of the Company only. The consolidated financial statements of the Company and its subsidiaries ("the Group"), which the Company is also required to prepare in accordance with EU IFRS and Croatian law, are published separately and issued simultaneously with these separate financial statements.

The Financial statements are available on the Company's website.

These financial statements were authorised for issue by the Management Board on 15 April 2025.

(ii) Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except where stated otherwise (see note 7).

(iii) Functional and presentation currency

The items included in the Company's financial statements are expressed in the currency of the primary economic environment in which the Company operates (functional currency EUR), rounded to the nearest thousand.

(iv) Gross profit

Gross profit is the difference between the total revenues generated from the sale of products and services and the costs contained in the products sold.

(v) Operating profit

Operating profit is gross profit increased by other income and reduced by sales, distribution, marketing, general, administrative, research and development expenses and other expenses.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements.

3.1 Investments in subsidiaries

Investments in subsidiaries are accounted for initially at cost and subsequently at cost less impairment losses. Investments in subsidiaries are tested annually for impairment (note 6) for investments in subsidiaries for which indicators of impairment have been identified.

3.2 Revenue recognition

Revenue is recognised, net of value-added tax, volume rebates, trade discounts, returns, listing fees and various promotional and marketing activities that are an integral part of contracts with customers.

In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer.

Company's sales contracts generally comprise of only one performance obligation. As such, the Company does not disclose information about the allocation of the transaction price.

(i) Revenue from sales of products and merchandise – wholesale

The Company manufactures and sells its own products and goods of third parties (for which the Company is a distributor) in the wholesale market. Revenue is recognised when the Company transfers the promised goods or services to the wholesaler.

Products are sold with volume discounts and customers have a right to return products in the wholesale market in case of defects. Sales are recorded based on the price specific in the sales contracts, net of estimated volume rebates and trade discounts and returns. The volume discounts are assessed based on contracts with customers. No element of financing is deemed present in the sales.

(ii) Revenue from sales of products and merchandise – retail

Sales of products and goods sold in retail stores are recognised when the Company sells a product to the customer. Retail sales are usually in cash or by credit card. The Company does not operate any customer loyalty programmes.

(iii) Revenue from services

Sales of services, such as private label production, are recognised in the accounting period in which the services are rendered.

(iv) Finance income

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised when the right to receive payment is established.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Leases

The Company leases certain property (including long-term lease of agricultural land), plant and equipment.

The Company elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value in the amount up to EUR 5 thousand (low-value assets). Assessment of asset of a low value starts from the assessment of new assets, regardless of the age of that asset at the time of assessment. If a lessee subleases an asset the head lease does not qualify as a lease of a low value asset. In short-term leases and leases of a low value asset, lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Company at the commencement date also recognizes lease liabilities at the present value of the minimum future lease payments (discounted value). Interest rate implicit in the lease contract is used for discounting or if that rate cannot be readily determined, the incremental borrowing rate at the commencement date is used.

Lease liabilities are measured at the effective interest rate method and re-measured to include changes due to reassessments (changes in fixed payments, lease terms, discount rates and other similar changes).

In the statement of financial position, right-of-use assets is reported as a separate line under long-term assets, lease liabilities are disclosed as a separate item within long-term and short-term liabilities.

The statement of comprehensive income includes the cost of depreciation of the right-of-use assets and interest expenses on lease liabilities (see note 18).

3.4 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions associated with them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the separate statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.5 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the General Assembly of the Company's shareholders.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

At the separate level, the following segments are internally monitored and reported:

- BU Culinary
- BU Basic Food
- BU Fruit and Vegetables
- BU Meat products
- BU Soups
- BU Cereals, Snacks and Beverages
- BU Creamy spreads and Desserts
- BU Fish
- BU Bakery
- Other sales

The Company identifies business segments on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker (the Management Board of the Company) in order to allocate resources to the segments and to assess their performance. During 2024, the Company reconsidered internal monitoring and reporting by segments reorganizing individual product groups within existing segments.

Territorial analysis of operations by segment is presented in note 8.

3.7 Taxation

(i) Income tax

Current tax is the expected tax liability on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax liability in respect of previous years.

(ii) Deferred tax assets and liabilities

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax asset recognised on the basis of tax losses carried forward is recognised in accordance with tax legislation of the country where the Company operates for the period envisaged by the law and is discharged at the expiry of this period if it is not used until then.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.7 Taxation (continued)

(iii) Investment tax credits

Investment tax credits are incentives arising from government incentive schemes which enable the Company to reduce its income tax liability or liabilities arising from other specified taxes in future periods, and are linked to the construction or acquisition of certain assets and/or performance of certain activities and/or fulfilment of certain specific conditions prescribed in the relevant regulation for investment incentives by the relevant authorities. Tax investment credits are initially recognized as a deferred tax asset and an income tax benefit in the amount equal to the lower of the maximum authorized credit and the estimated amount of credit that the Company expected it will be able to utilize until the incentive expires. Deferred tax assets recognized as a result of investment tax credits is utilized during the period of the incentive, i.e. until the expiration of the credits (if so specified) in accordance with and subject to the availability of tax obligations in future years against which the credits can be offset.

3.8 Property, plant and equipment

Land and assets under construction are not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10 to 50 years
Equipment	3 to 30 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined as the difference between the income from the disposal and the asset's carrying amount and are recognised in profit or loss within other income/expenses.

3.9 Investment property

Investment property is carried at historical cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation of buildings is calculated using the straight-line method to allocate the cost over their useful lives generally ranging from 10 to 50 years.

3.10 Intangible assets

(i) Brands and distribution rights

Product distribution rights and some brands have a definite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of distribution rights over their useful lives estimated at 3-15 years.

Rights to acquired trademarks and know-how are carried at cost and have an indefinite useful life, since based on an analysis of all of the relevant factors at the reporting date, there is no foreseeable limit to the period of time over which identified rights are expected to generate net cash inflows. Intangible assets with indefinite useful lives are tested annually for impairment and are stated at cost less accumulated impairment loss (note 3.11).

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.10 Intangible assets (continued)

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives estimated at 5 years.

3.11 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (except for inventories and deferred taxes) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Intangible assets with indefinite useful lives and other intangible assets are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is expensed immediately.

3.12 Inventories

Inventories of raw materials and spare parts are stated at the lower of cost, determined using the weighted average cost method, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The cost of work-in-progress and finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Merchandise is carried at the lower of purchase cost and selling price (less applicable taxes and rebates).

3.13 Trade receivables

Trade receivables are recognised initially at cost which is equal to the fair value at the moment of recognition and subsequently measured at amortised cost using the effective interest method, if significant; if not, at nominal amount less an allowance for impairment.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less. Bank overdrafts are included within current liabilities on the separate statement of financial position.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.15 Share capital

Share capital consists of ordinary shares. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds of those transactions. Any excess of the fair value of the consideration received over the par value of the shares issued is presented in the notes as a share premium.

If the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

3.16 Employee benefits

(i) Pension obligations and post-employment benefits

In the normal course of business through salary payment, the Company makes payments to mandatory pension funds managed by third parties on behalf of its employees as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Company is not obliged to provide any other post-employment benefits with respect to these pension schemes.

(ii) Termination benefits

Termination benefits are recognized when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iii) Regular retirement benefits

Benefits falling due more than 12 months after the reporting date are discounted to their present value based on the calculation performed at each reporting date by an independent actuary, using assumptions regarding the number of staff likely to earn regular retirement benefits, estimated benefit cost and the discount rate which is determined as average expected rate of return on investment in government and corporate bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

(iv) Long-term employee benefits

The Company recognises a liability for long-term employee benefits (jubilee awards) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit liability is determined annually by an independent actuary, using assumptions regarding the likely number of staff to whom the benefits will be payable, estimated benefit cost and the discount rate which is determined as the average expected rate of return on investment in corporate bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.16 Employee benefits (continued)

(v) Short-term employee benefits

The Company recognises a provision for employee bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Share-based payments

The Company operates a remuneration plan in the form of stock options and shares. Certain members of management receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for equity instruments.

Share-based payments to employees for services rendered that were settled by equity instruments are measured at fair value of the equity instruments at the grant date. The fair value of share-based payments settled by equity is recognized as expenditure over the period of acquiring the conditions, based on estimates relating to equity instruments for which conditions will eventually be vested.

3.17 Financial instruments

A. Financial assets

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

The structure of the Company's financial assets is simple and primarily relates to trade receivables without a significant financial component, loans given and short-term deposits in banks, while forward contracts are of insignificant amount. This significantly reduces the complexity of the assessment whether the financial assets meet the criterion of 'solely payments of principal and interest'.

B. Financial liabilities

Financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

C. Derivative financial instruments and hedging activities

The Company holds derivative financial instruments to hedge its foreign currency. Derivatives are initially recognised at fair value. Subsequent to initial recognition, derivatives are also measured at fair value, and changes therein are recognised in profit or loss.

During 2024 and 2023, the Company had no transactions related to hedge accounting.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.17 Financial instruments (continued)

D. Impairment of non-derivative financial assets

Recognition of impairment losses

The Company recognises loss allowances for estimated credit losses (ECLs) on:

- financial assets measured at amortised cost;
- debt instruments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss (ECLs).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if the receivable is past due for a period longer than the average collection period in the normal course of the Company's operations in the relevant market.

The Company assumes that the credit risk on a financial asset has increased significantly if early warning indicators have been activated in accordance with the Company's policy or contractual terms of the instrument.

The Company considers a financial asset to be fully or partially in default if:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are estimate of credit losses. Credit losses are measured as the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. Regular external trade receivables that are not past due and uncollected receivables past due up to 360 days from the maturity date are impaired using the percentage that reflects the expectations of the non-collection of trade receivables (ECL). The percentage of impairment is determined on the basis of the average of the previous three-year period (historical rate) adjusted for the macroeconomic impact. The calculation of the historical rate is adjusted for extraordinary and specific circumstances, if required.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.17 Financial instruments (continued)

D. Impairment of non-derivative financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a significant delay of payment by the borrower;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off of financial assets

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company has a policy of writing off the gross carrying amount of a financial asset upon the legal statute of limitation and it generally expects no recovery of the amount written off.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 4 – NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorization of these financial statements the following standards, revisions and interpretations were issued by IASB and endorsed by the EU but not yet effective.

- **Amendments to IAS 21** *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*, issued on 15 August 2023 (effective date for annual periods beginning on or after 1 January 2025).

At the date of authorization of these financial statements the following standards, revisions and interpretations were in issue by the International Accounting Standards Board but not yet adopted by the EU:

- **IFRS 18** *Presentation and Disclosure in Financial Statements* (issued on 9 April 2024).
- **IFRS 19** *Subsidiaries without Public Accountability: Disclosures* (issued on 9 May 2024).
- **Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity** (issued on 18 December 2024).
- **Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments** (issued on 30 May 2024).
- **Annual Improvements to IFRS Accounting Standards – Volume 11** (issued on 18 July 2024).

The Company does not anticipate that the adoption of these Standards and Interpretations will have a significant impact on the financial statements of the Company.

NOTE 5 – IMPACT OF NEW ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except for the changes following amended IFRSs which have been adopted by the Company as of 1 January 2024:

- **Amendments to IAS 7** *Statement of Cash Flows and IFRS 7* *Financial Instruments: Disclosures: Supplier Finance Arrangements*, issued on 25 May 2023 (effective date for annual periods beginning on or after 1 January 2024).
- **Amendments to IAS 1** *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current – Deferral of Effective Date and Non-current Liabilities with Covenants*, issued on 23 January 2020, 15 July 2020 and 31 October 2022 respectively (effective date for annual periods beginning on or after 1 January 2024).
- **Amendments to IFRS 16** *Leases: Lease Liability in a Sale and Leaseback*, issued on 22 September 2022 (effective date for annual periods beginning on or after 1 January 2024).

The adoption of these Standards and Interpretations had no significant impact on the financial statements of the Company.

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with Financial Reporting Standards as adopted by the European Union (EU IFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of EU IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in more detail below.

(i) Deferred tax assets recognition

The deferred tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. In determining future taxable profits and the amount of tax benefits that are probable in the future, management makes judgments and applies estimation based on previous years taxable profits and expectations of future income that are believed to be reasonable under the existing circumstances (see note 15).

(ii) Actuarial estimates used in determining obligations for employee benefits

The cost of defined benefits is determined using actuarial estimates. Actuarial estimates involve assumptions about discount rates, future salary increases and the mortality or fluctuation rates. Due to the long-term nature of those plans, these estimates contain an element of uncertainty (see note 32).

(iii) Consequence of certain legal actions

The Company is involved in a number of legal actions which have arisen from the regular course of operations. Management makes estimates of probable outcomes of the legal actions, and the provisions for the Company's obligations arising from these legal actions are recognised on a consistent basis.

The Company recognises a provision in the total expected amount of outflows of economic benefits as a result of the court case, which is generally the claim amount plus penalty interest (if applicable), if it is more likely than not, based on the opinion of management after consultation with legal advisers, that the outcome of the court case will be unfavourable for the Company. The Company does not recognise provisions for court cases or the expected related legal costs and penalty interest (if applicable) in cases where management estimates that an unfavourable outcome of the court case is less likely than a favourable outcome for the Company.

Where indications exist of a possible settlement in relation to a particular court case, a provision is recognised, based on the best estimate of management made in consultation with its legal advisers, in the amount of the expected settlement less any existing amounts already provided for in relation to that particular court case.

Where the Company is a plaintiff in a particular court case, any economic benefits expected to flow to the Company as a result are recognised only when virtually certain which is generally as at the date of inflow of these economic benefits. Provisions for the Company's obligations arising from legal actions are recognised on a consistent basis and estimated on a case-by-case principle.

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) Impairment testing for brands

The Company tests brands for impairment on an annual basis in accordance with accounting policy 3.10. For the purposes of impairment testing, brands with indefinite useful lives and brands with finite useful lives have been allocated to cash generating units within reportable segments.

The recoverable amount of cash generating units is determined based on value-in-use calculations or fair value. These calculations use cash flow projections from financial budgets approved by management and cover a period of five years.

Brands

Brands relate to acquired rights of use of logos, trademarks and brand names which the Company allocates to business segments in accordance with internal categorisation of products to which the specific brand relates, whereby the brand value is either allocated entirely to a specific segment or where applicable and where a brand relates to products and categories which relate to several segments, it is allocated based on the share of gross margin of the brand in each of the segments.

The Company annually performs impairment tests in order to assess whether the recoverable amount of brands indicates potential impairment of their carrying amount whereby the primary focus is on brands where the difference between the recoverable amount and the carrying amount indicates a significant sensitivity to changes in key variables used in impairment testing. The calculation of the recoverable amount of brands is based on five-year plans for sales of products and categories which comprise a certain brand and which the Company developed bearing in mind its corporate selling and marketing strategy, trends on relevant markets where the brands are sold (such as estimated movements in gross domestic product, market share of relevant products and categories) and the analysis of its competitors.

Cash flows created from such plans are discounted using the post-tax discount rate which reflects the risk of the underlying asset, and which has been defined for the purposes of the impairment test for brands as the weighted average cost of capital after tax (WACC) for the primary market the brand is sold on and the food industry.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) *Impairment testing for brands (continued)*

Brands (continued)

For the purpose of recoverable amount of brands whose dominant market is the Adria region as at 31 December 2024 the Company applied an income approach – the method of non-payment of royalties. The basis of the method of non-payment of royalties is that the value of intangible assets equals the amount that the owner would pay for the licence over the assets if it had not been owned, i.e. the value equals post-tax discounted expenses saved if royalties, i.e. the compensation for the use of trademarks, are not paid.

When calculating the recoverable amount of brands whose dominant market is the Adria region (a total of 4 brands), rates equal to the weighted average cost of capital after tax (WACC) per individual market and the food industry were used, ranging from 5.05% to 8.09% (2023: ranging from 5.58% to 8.86%), while the applied terminal growth rate ranges from 2.50% to 3.00% (2023: a rate from 2.80% to 3.18%).

The recoverable amount of most significant brands resulting from the discounted cash flow method is as follows:

	Book value		Recoverable amount	
	2024	2023	2024	2023
Brands	<i>(in thousands of EUR)</i>			
Brand 1	979	979	1,853	1,517
Brand 2	2,057	2,057	23,332	17,946
Brand 3	2,806	2,806	3,999	4,071
Brand 4	58	58	493	246

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) Impairment testing for brands (continued)

Brands (continued)

Valuation technique	Brand	Significant inputs	Value	Sensitivity of the input to fair value
Method of non-payment of royalties	Brand 1	Weighted average cost of capital	2024: 5.97% 2023: 6.64%	Increase in weighted average cost of capital by 311 basis points (2023: 216) with unchanged terminal growth rate would result in an impairment of EUR 4 thousand (2023: EUR 4 thousand).
		Terminal growth rate	2024: 2.60% 2023: 2.85%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 396 basis points (2023: 265) would result in an impairment of EUR 3 thousand (2023: EUR 3 thousand).
Method of non-payment of royalties	Brand 2	Weighted average cost of capital	2024: 8.09% 2023: 8.86%	Increase in weighted average cost of capital by 6,604 basis points (2023: 5,664) with unchanged terminal growth rate would result in an impairment of EUR 4 thousand (2023: EUR 4 thousand).
		Terminal growth rate	2024: 3.00% 2023: 3.18%	Even in case of a significant decrease in the terminal growth rate with unchanged weighted average cost of capital, there will be no impairment of the brand (the same applies to 2023).
Method of non-payment of royalties	Brand 3	Weighted average cost of capital	2024: 5.46% 2023: 6.10%	Increase in weighted average cost of capital by 127 basis points (2023: 151) with unchanged terminal growth rate would result in an impairment of EUR 218 (2023: EUR 233).
		Terminal growth rate	2024: 2.55% 2023: 2.82%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 155 basis points (2023: 179) would result in an impairment of EUR 2 thousand (2023: EUR 2 thousand).
Method of non-payment of royalties	Brand 4	Weighted average cost of capital	2024: 5.05% 2023: 5.58%	Increase in weighted average cost of capital by 2,177 basis points (2023: 972) with unchanged terminal growth rate would result in an impairment of EUR 309 (2023: EUR 374).
		Terminal growth rate	2024: 2.50% 2023: 2.80%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 13,050 basis points (2023: 1,620) would result in an impairment of EUR 132 (2023: EUR 111).

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) Impairment testing for brands (continued)

Brands (continued)

During 2024 and 2023, the Company had no impairment losses with respect to brands.

(v) Impairment test for property, plant and equipment, investment property and assets held for sale

The Company annually performs analysis of impairment indicators for property, plant and equipment in order to assess whether their recoverable amount indicates potential impairment of their carrying amount.

For property, plant and equipment held for sale, the Company estimates their recoverable amount upon classification of such assets as held for sale based on an independent expert valuer's estimate of the fair value of these assets less costs to sell and records these assets at the lower of their carrying amount and the recoverable amount. Generally, the Company considers with significant confidence that the recoverable amount of such assets will be realized through sale or disposal in the short term and in cases where there has been a delay in disposal due to circumstances which do not require reclassification of such assets into property, plant and equipment, the Company considers whether there have been significant changes in the circumstances and expectations related to the disposal process which would require re-assessment of their fair value. If a significant change in circumstances has not occurred, but the asset relates to property which is intended to be used until disposal, the Company approximates the possible impairment that could arise from the date of classification of such assets as held for sale up to the reporting date at the level of depreciation that would have been recognised had those assets not been classified as held for sale.

In 2024, the Company had no impairment costs related to intangible assets and equipment (2023: EUR 157 thousand related to intangible assets and EUR 77 thousand related to equipment).

In 2024 and 2023, the Company had no impairment costs related investment property and assets held for sale.

(vi) Impairment test for investments in subsidiaries

The Company annually performs analysis of impairment indicators for investments in subsidiaries where indications of impairment exist, based on the results of a static analysis of the Company's exposure compared to the net assets of the subsidiary. For investments identified as such, the Company estimates the recoverable amount and compares it with the carrying amount. The calculation of the recoverable amount is generally based on five-year business plans for the respective subsidiaries which the Company developed bearing in mind its corporate selling and marketing strategy, relevant markets trends (such as estimated movements in gross domestic product, market share of relevant products and categories) with respect to the applicable business segment and the analysis of its competitors.

The calculation of the recoverable amount implies a terminal growth rate for cash flows after the projected period of 2.00% for the subsidiary in the Czech Republic (2023: 2.50%).

Cash flows created from such plans are discounted using the post-tax discount rate which reflects the risk of the underlying asset, and which has been defined for the purposes of the impairment test as the weighted average cost of capital after tax for the respective market and the food industry (in case of the subsidiary in the Czech Republic the post-tax discount rate amounts to 6.41% (2023: 6.75%).

The expected rate of average annual revenue growth in the projected five-year period was 3.30% for the company in the Czech Republic (2023: 4.27%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(vi) Impairment test for investments in subsidiaries (continued)

During 2023, the Company had impairment costs related to a share in the subsidiary Podravka d.o.o. Moscow in the amount of EUR 359 thousand since the value of the investment in the company was not recoverable.

During 2024, the Company had no impairment costs related to the share.

NOTE 7 – DETERMINATION OF FAIR VALUES

The Company has an established control framework with respect to fair value measurement which assumes the overall responsibility of the Management Board and finance department in relation to the monitoring of all significant fair value measurements, consultation with external experts and the responsibility to report, with respect the above, to those charged with corporate governance.

Fair values are measured using information collected from third parties in which case the Management Board and the finance department assess whether the evidence collected from third parties support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy where such valuations should be classified.

All significant issues related to fair values estimates are reported to the Supervisory Board and the Audit Committee.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - input variables for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more significant inputs are not based on observable market data, the fair value estimate is included in level 3. In preparing these financial statements, the Company has made the following significant fair value estimates, as further explained in detail in the following notes:

- note 21: Non-current financial assets
- note 24: Financial assets at fair value through profit or loss
- note 26: Non-current assets held for sale
- note 30: Financial liabilities at fair value through profit or loss
- note 35: Share-based payments

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 8 – SALES REVENUE

Sales revenue

	2024	2023
	<i>(in thousands of EUR)</i>	
Revenue from sale of products and merchandise	370,538	341,322
Revenue from services	4,790	4,424
	375,328	345,746

Key customers

Sales to major customers owned or controlled by the same third-party Group represent approximately 11% of the Company's total revenue in 2024 (2023: approximately 11% of the total revenue).

Third-party sales in Croatia account for 56.0% (2023: 51.5%) of the total revenue from external customers, whereas the remaining 44.0% (2023: 48.5%) represent foreign sales.

For management purposes, the Company is organised in business units based on the similarity in the nature of individual product groups and has identified reportable segments in accordance with quantitative thresholds for segment reporting. The reportable segments of the Company are as follows:

- BU Culinary
- BU Basic Food
- BU Fruit and Vegetables
- BU Meat products
- BU Soups
- BU Cereals, Snacks and Beverages
- BU Creamy spreads and Desserts
- BU Fish
- BU Bakery
- Other sales

The reportable segments are part of the internal financial reporting to the Management Board which was identified as the chief operating decision maker. The Management Board reviews the internal reports regularly and assesses the segment performance and uses those reports in making operating decisions.

Segment revenues and results

Set out below is an analysis of the Company's revenue and results by its reportable segments, presented in accordance with IFRS 8 *Operating segments* and a reconciliation of segment profits to profit or loss before tax as presented in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 8 – SALES REVENUE (CONTINUED)

Segment revenues and results (continued)

	Segment revenues	Segment expenses	Segment depreciation	Segment profits/ (loss)
<i>(in thousands of EUR)</i>	2024	2024	2024	2024
BU Culinary	95,934	59,872	1,308	34,754
BU Fruit and Vegetables	57,183	50,565	3,348	3,270
BU Soups	43,009	30,324	880	11,805
BU Meat products	42,647	37,756	1,632	3,259
BU Cereals, Snacks and Beverages	38,789	29,341	1,721	7,727
BU Creamy Spreads and Desserts	38,119	30,969	1,749	5,401
BU Fish	18,366	16,958	118	1,290
BU Basic food	17,116	17,778	1,152	(1,814)
BU Bakery	2,892	2,660	64	168
Other sales	21,273	16,092	271	4,910
	375,328	292,315	12,243	70,770
Financial income (note 13)				16,281
Other income (note 9)				3,608
Central administration costs				(37,471)
Other expenses (note 10)				(90)
Financial expenses (note 14)				(1,811)
Profit before tax				51,287

	Segment revenues	Segment expenses	Segment depreciation	Segment profits/ (loss)
<i>(in thousands of EUR)</i>	2023	2023	2023	2023
BU Culinary	82,436	55,177	1,354	25,905
BU Fruit and Vegetables	54,229	51,195	2,651	383
BU Meat products	39,157	35,653	1,428	2,076
BU Soups	38,380	28,352	739	9,289
BU Cereals, Snacks and Beverages	35,736	26,893	1,838	7,005
BU Creamy, Spreads and Desserts	32,998	27,123	1,841	4,034
BU Basic food	18,422	20,111	1,361	(3,050)
BU Fish	17,138	15,366	107	1,665
BU Bakery	2,608	2,333	75	200
Other sales	24,642	19,799	467	4,376
	345,746	282,002	11,861	51,883
Financial income (note 13)				12,017
Other income (note 9)				1,632
Central administration costs				(32,459)
Other expenses (note 10)				(596)
Financial expenses (note 14)				(708)
Profit before tax				31,769

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 8 – SALES REVENUE (CONTINUED)

Segment revenues and results (continued)

BU Culinary comprises the following product groups: Universal seasonings, Special seasonings, Monospices and salts, Bouillons, and Food mixes.

BU Basic Food comprises the following product groups: Podravka flour, Rice, Pasta, Side dishes, and Frozen food

BU Fruit and Vegetables comprises the following product groups: Condiments, Tomato products, Processed fruit, Vegetables, and Plant-based drinks

BU Meat products comprises the following product groups: Ready meals, Pates, Dried Meat and Sausage Products, Chilled ready meals, and Other products.

BU Soups comprises the following product groups: Soups, and Instant meals.

BU Cereals, Snack and Beverages comprises the following product groups: Cereals, Baby food, Snack, Tea, and Beverages.

BU Creamy spreads and desserts comprises the following product groups: Creamy spreads, Desserts, and Confectionery.

BU Fish comprises the following product groups: Fish products, Fish salads, and Fish others.

BU Bakery comprises the following product groups: Bakery products and mill products.

Other sales comprise the following product groups: merchandise and food services.

Business units (BU) comprise own brands, business to business (B2B), private labels and service production.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs, other income, other expenses, finance income, finance expenses, and income tax expense.

The Company does not follow detailed breakdown of balance sheet by segment but only by the two main segments on consolidated level.

Geographical information

The Company operates in five principal geographical areas by which it reports the following sales:

(in thousands of EUR)

	2024	2023
Markets of Croatia and Slovenia	210,146	201,445
Southeastern Europe	75,527	70,265
WE and Overseas	58,816	44,682
Central Europe	25,749	24,575
Eastern Europe	5,090	4,779
	375,328	345,746

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 8 – SALES REVENUE (CONTINUED)

Geographical information (continued)

Below is a more detailed overview of countries by geographical area:

Markets of Croatia and Slovenia	Southeastern Europe	International markets				
		WE and Overseas			Central Europe	Eastern Europe
		Western Europe	Overseas			
Croatia Slovenia	Bosnia and Herzegovina	Germany	USA	Libya	Poland	Ukraine
	North Macedonia	Austria	Canada	Burkina Faso	Czech Rep.	Kazakhstan
	Serbia	Switzerland	Australia	China	Slovakia	Estonia
	Montenegro	France	New Zealand	Japan	Hungary	Lithuania
	Kosovo	Great Britain	Iraq	Israel	Romania	Latvia
	Bulgaria	Italy	United Arab Emir.	Mongolia		Belarus
	Albania	Sweden	Kuwait	Bolivia		Armenia
	Greece	Ireland	Qatar	South Korea		Kyrgyzstan
		Spain	Saudi Arabia	Lebanon		Georgia
		Belgium	Turkey	Senegal		Uzbekistan
			Jordan	Morocco		
			Cyprus			
			Egypt			
		Ghana				

NOTE 9 – OTHER INCOME

	2024	2023
	<i>(in thousands of EUR)</i>	
Reversal of impairment of financial assets	1,970	-
Write-off of liabilities	790	75
Grant income	404	505
Reversal of impairment of loans given and interest	249	439
Interest on trade receivables	116	58
Gain on sale of property, plant, equipment and intangibles (notes 16 and 17)	72	529
Reversal of impairment of assets held for sale	4	-
Gain on sale and disposal of right-of-use assets	3	5
Foreign exchange gains on trade receivables and payables	-	21
	3,608	1,632

In 2024, upon collection of border debt from the Fortenova Group, the Company generated income from reversal of impairment of financial assets in the amount of EUR 1,970 thousand (2023: EUR 0 thousand).

Grant income relates to non-refundable government grants in agriculture and energy, and research and development projects. Interest income relating to trade receivables relates to statutory penalty interests collected by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 10 – OTHER EXPENSES

	2024	2023
	<i>(in thousands of EUR)</i>	
Foreign exchange differences on trade receivables and payables	34	-
Interest on trade payables and other interest	4	3
Other	52	-
Impairment of investments (note 20)	-	359
Impairment of tangible and intangible assets (notes 16 and 17)	-	234
	90	596

NOTE 11 – EXPENSES BY NATURE

	2024	2023
	<i>(in thousands of EUR)</i>	
Raw material, supplies and energy	169,620	158,658
Staff costs (note 12)	85,120	71,721
Cost of goods sold	45,716	48,604
Depreciation and amortisation	16,214	15,578
Advertising and promotion	12,571	10,454
Services	10,519	9,875
Transport	4,349	4,274
Taxes and contributions independent of operating results	1,738	1,681
Rental costs	1,692	1,747
Daily allowances and other business travel expenses	1,026	804
Entertainment	949	848
Telecommunications	473	492
Professional education	406	555
Packaging waste disposal fee	386	348
Bank charges	239	232
Legal expenses	170	112
Other expenses	342	1,049
Changes in value of inventory	(9,346)	464
(Reversal of impairment)/impairment of trade and other receivables, net	(155)	(1,174)
Total cost of goods sold, selling and distribution expenses, marketing expenses and general and administrative costs	342,029	326,322

Costs of services include audit fees. Fees of the Company's statutory auditors amounted to EUR 274 thousand for the audit of annual financial statements (2023: EUR 268 thousand). Related audit services and other permitted services provided by the statutory auditor Ernst & Young d.o.o. amounted to EUR 147 thousand (2023: EUR 86 thousand) and relate to the audit conclusion on the conducted procedures for the verification of the Sustainability Report and Report on remuneration of the Management Board and the Supervisory Board, as well as the sustainability advisory services for the previous year.

Other members of the Ernst & Young network provided permitted due diligence services in 2024 in the amount of EUR 283 thousand (2023: EUR 0 thousand).

Depreciation and amortisation include EUR 380 thousand of government grants for co-financing of assets (2023: EUR 350 thousand).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 11 – EXPENSES BY NATURE (CONTINUED)

The following table presents expenses by nature contained in cost of goods sold:

	2024	2023
	<i>(in thousands of EUR)</i>	
Raw material and changes in inventory	157,302	156,074
Cost of goods sold	45,716	48,604
Staff costs	41,743	33,874
Depreciation and amortisation	8,756	8,577
Production services	3,388	3,209
Taxes and contributions independent of operating results	931	867
Other expenses (transport, rent, education etc.)	1,711	3,095
	259,547	254,300

The Company reports gross profit as revenue from the sale of products less cost of goods sold as shown in the specification above.

Depreciation and amortisation costs allocated to each function are as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Cost of goods sold	8,756	8,577
General and administrative expenses	4,111	3,744
Selling, logistics and distribution costs	2,977	2,929
Marketing expenses	370	328
	16,214	15,578

Staff costs allocated to each function are as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Cost of goods sold	41,742	33,874
Selling, logistics and distribution costs	19,768	17,344
General and administrative expenses	18,180	15,801
Marketing expenses	5,430	4,702
	85,120	71,721

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2024****NOTE 12 – STAFF COSTS**

	2024	2023
	<i>(in thousands of EUR)</i>	
Net salaries	42,824	35,857
Taxes and contributions from salaries	16,808	13,727
Contributions on salaries	9,504	7,964
Cash awards	4,217	3,880
Christmas and Easter bonuses, holiday allowance	2,785	2,401
Meals	2,110	1,728
Transportation	1,824	1,753
Share-based payments (note 35)	768	681
Termination and retirement benefits	390	196
Other costs of employees	3,890	3,534
	85,120	71,721

As at 31 December 2024, the number of staff employed by the Company was 3,420 (2023: 3,243 employees).

The average number of employees during 2024 is 3,333 employees (2023: 3,254 employees).

Of the total share-based payment cost of EUR 768 thousand, the amount of EUR 176 thousand relates to stock options, while the amount of EUR 591 thousand relates to shares (2023: stock options EUR 314 thousand, shares EUR 367 thousand).

In 2024, termination and retirement benefits of EUR 390 thousand were paid to 131 employees (2023: termination and retirement benefits of EUR 196 thousand were paid to 108 employees).

NOTE 13 – FINANCE INCOME

	2024	2023
	<i>(in thousands of EUR)</i>	
Dividend income etc.	13,897	11,116
Interest on term deposits	1,939	317
Interest and fees on related party loans	445	373
Other interest	-	173
Remeasurement of financial assets and liabilities at FVTPL	-	38
	16,281	12,017

Dividend received refers to income on the basis of declared dividends in the following subsidiaries:

	2024	2023
	<i>(in thousands of EUR)</i>	
Žito d.o.o., Ljubljana	8,000	-
Podravka d.o.o., Sarajevo	2,717	2,147
Belupo d.d., Koprivnica	1,000	7,433
Podravka International Deutschland – „Konar“ GmbH, Munchen	800	-
Podravka International Kft., Budimpešta	643	-
Podravka d.o.o.el., Skopje	600	1,301
Podravka - International s.r.o., Zvolen	135	232
	13,895	11,113

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 14 – FINANCE EXPENSES

	2024	2023
	<i>(in thousands of EUR)</i>	
Interest and fee expense	1,687	688
Remeasurement of financial assets and liabilities at FVTPL	78	-
Net foreign exchange loss on borrowings	46	20
	1,811	708

NOTE 15 – INCOME TAX

Tax (income)/expense consists of:

	2024	2023
	<i>(in thousands of EUR)</i>	
Impact of the incentive obtained on the income tax liability reduction in the previous year	-	(3,966)
Current income tax	5,561	3,989
Impact of the incentive obtained for the current year	(5,561)	(3,989)
Tax paid abroad and Tax for the previous year	176	47
Deferred tax income	(1,656)	(11,712)
	(1,480)	(15,631)

Reconciliation of the effective tax rate

A reconciliation of tax expense per the statement of comprehensive income and taxation at the statutory rate is detailed in the table below:

	2024	2023
	<i>(in thousands of EUR)</i>	
Profit before taxation	51,287	31,769
Tax calculated at 18%	9,232	5,718
Non-taxable income	(2,501)	(2,001)
Non-deductible expenses	177	237
Tax incentives (research and development, education and other)	(8,564)	(19,775)
Tax paid abroad	176	190
Income tax	(1,480)	(15,631)
Effective tax rate	-3%	-49%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 15 – INCOME TAX (CONTINUED)

Deferred tax assets

Deferred tax assets arose from the following:

	Opening balance	Recognised in profit or loss	Recognised directly in equity	Closing balance
2024				
	<i>(in thousands of EUR)</i>			
Financial assets	6,890	(1,210)	-	5,680
Provisions	1,017	323	12	1,352
Inventory	950	(194)	-	756
Property, plant and equipment and assets held for sale	846	(47)	-	799
Share-based payments	321	138	(97)	362
Intangible assets	57	-	-	57
Right-of-use assets and lease liabilities	26	8	-	34
Receivables	5	(4)	-	1
Tax benefit for investment	11,764	2,642	(5)	14,401
	21,876	1,656	(90)	23,442

	Opening balance	Recognised in profit or loss	Recognised directly in equity	Closing balance
2023				
	<i>(in thousands of EUR)</i>			
Financial assets	6,844	46	-	6,890
Provisions	1,135	(122)	3	1,017
Inventory	942	8	-	950
Property, plant and equipment and assets held for sale	862	(16)	-	846
Share-based payments	326	168	(173)	321
Receivables	107	(102)	-	5
Intangible assets	90	(33)	-	57
Right-of-use assets and lease liabilities	27	(1)	-	26
Tax benefit for investment	-	11,764	-	11,764
	10,333	11,713	(170)	21,876

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 15 – INCOME TAX (CONTINUED)

Deferred tax assets (continued)

	Deferred tax asset based on lease liability	Deferred tax liability based on right-of-use assets	Net
At 1 January 2023	854	(827)	27
Credited/charged to P&L	(152)	151	(1)
At 31 December 2023	702	(676)	26
Credited/charged to P&L	139	(131)	8
At 31 December 2024	841	(807)	34

The most significant effect on the increase in deferred tax assets in 2024 is on the basis of tax benefits for investments.

Deferred tax assets recognized on the basis of impairment of tangible and intangible assets do not have a determinable useful life since they are used at the time of realization of the asset. Deferred tax assets on long-term provisions for employee benefits (jubilee awards and termination benefits) will be realised in a period longer than one year.

On 10 November 2022, the Company applied for approval of the status of holder of incentive measures based on the Investment Promotion Act. The Act allows for tax incentives in the amount of 50% of the investment amount up to the amount of the investment in the equivalent value of EUR 50 million, and 25% of the incentive for the value of the investment that exceeds the equivalent value of EUR 50 million. Incentives are not approved for the part of the investment that potentially exceeds the equivalent value of EUR 100 million. The theoretical holder of incentive measures can achieve a maximum of EUR 37.5 million tax incentives that can be used for a maximum of 10 years.

On 02 May 2023 the Ministry of Economy and Sustainable Development awarded Podravka the status of beneficiary of investment support, based on the project of investing in expanding capacities and increasing competitiveness through construction and equipping in area of Koprivnica and Varaždin. The approved tax advantage has started using from 2023, from payment of the corporate income tax payment for 2022, with the realization of the conditions of maintaining the investment during the period of using the tax advantage and employing at least 15 new employees related to the investment and keeping them during the period of use.

The approved incentive measures have a maximum intensity of EUR 34,300 thousand. Based on the assessment of the possible use of the tax benefit by the Management of the Company, Podravka d.d. initially in 2023 recognized EUR 19,718 thousand of tax benefits as deferred tax asset and tax income, and taking into account the anticipated level of investment as well as the anticipated availability of taxable profits. In the coming years, deferred tax assets will be used in accordance with the use of the tax benefit, i.e. the availability of tax liability, which the Company will be able to reduce based on the incentive measure. During December 2022, the Company started with the investment and in 2022 used part of the total incentives and reduced the income tax liability by the amount of EUR 3,966 thousand. In 2023, EUR 3,989 thousand of deferred tax assets were also used on this basis. In 2024, the expected availability of taxable profit and the expected investment amount were re-tested and an additional EUR 8,522 thousand of deferred tax was recognized. At the same time, EUR 5,885 thousand of deferred tax assets were utilized on this basis in 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 16 – INTANGIBLE ASSETS

<i>(in thousands of EUR)</i>	Software	Distribution rights	Brands	Investments in progress	Total
Cost					
At 1 January 2023	36,903	3,903	7,708	636	49,150
Additions	-	-	-	4,440	4,440
Transfer to tangible assets	-	-	-	(10)	(10)
Transfers	2,568	-	-	(2,568)	-
Disposals	(94)	-	-	-	(94)
Transfers from tangible assets	-	-	-	21	21
Impairment	-	-	-	(157)	(157)
At 31 December 2023	39,377	3,903	7,708	2,362	53,350
Accumulated amortisation and impairment					
At 1 January 2023	(31,891)	(3,903)	(1,801)	-	(37,595)
Amortisation	(2,738)	-	-	-	(2,738)
Disposals	92	-	-	-	92
At 31 December 2023	(34,537)	(3,903)	(1,801)	-	(40,241)
Carrying amount					
As at 31 December 2023	4,840	-	5,907	2,362	13,109
Cost					
At 1 January 2024	39,377	3,903	7,708	2,362	53,350
Additions	-	-	-	5,098	5,098
Transfers	2,986	383	-	(3,369)	-
Disposals	(127)	-	-	-	(127)
Transfers from tangible assets	-	-	-	37	37
At 31 December 2024	42,236	4,286	7,708	4,128	58,358
Accumulated amortisation and impairment					
At 1 January 2024	(34,537)	(3,903)	(1,801)	-	(40,241)
Amortisation	(2,781)	(42)	-	-	(2,823)
Disposals	127	-	-	-	127
At 31 December 2024	(37,191)	(3,945)	(1,801)	-	(42,937)
Carrying amount					
As at 31 December 2024	5,045	341	5,907	4,128	15,421

Accumulated amortization and impairment losses include a total of EUR 480 thousand relating to accumulated impairment losses (2023: EUR 480 thousand of accumulated impairment losses).

The total intangible assets with indefinite useful lives as at 31 December 2024 relate to brands and amount to EUR 5,907 thousand (31 December 2023: EUR 5,907 thousand).

Investments in progress mostly relate to licence agreements and IT modernisation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 17 – PROPERTY, PLANT AND EQUIPMENT

<i>(in thousands of EUR)</i>	Land and buildings	Equipment	Assets under construction	Total
Cost				
At 1 January 2023	263,326	182,214	16,279	461,819
Additions	(2)	2	52,304	52,304
Transfer	4,862	12,417	(17,279)	-
Transfer from related companies	-	1	178	179
Transfer to intangible assets	-	-	(21)	(21)
Transfer to assets held for sale	(10,610)	-	-	(10,610)
Transfer from intangible assets	-	-	10	10
Sale and disposal	(2,034)	(2,952)	-	(4,986)
At 31 December 2023	255,542	191,682	51,471	498,695
Accumulated depreciation and impairment				
At 1 January 2023	(191,086)	(133,055)	-	(324,141)
Depreciation charge for the year	(4,666)	(6,516)	-	(11,182)
Impairment of used assets	-	(77)	-	(77)
Transfer to assets held for sale	7,120	-	-	7,120
Sale and disposal	1,958	2,932	-	4,890
At 31 December 2023	(186,674)	(136,716)	-	(323,390)
Carrying amount				
As at 31 December 2023	68,868	54,966	51,471	175,305
Cost				
At 1 January 2024	255,542	191,682	51,471	498,695
Additions	(11)	11	47,010	47,010
Transfer	13,501	27,005	(40,506)	-
Purchase of used assets	-	5	-	5
Purchase from related companies	-	44	14	58
Sale to related companies	-	(45)	(213)	(258)
Transfer to intangible assets	-	-	(37)	(37)
Transfer to investment property	-	-	(78)	(78)
Transfer from assets held for sale	36	-	-	36
Sale and disposal	(100)	(2,491)	(1)	(2,592)
At 31 December 2024	268,968	216,211	57,660	542,839
Accumulated depreciation and impairment				
At 1 January 2024	(186,674)	(136,716)	-	(323,390)
Depreciation charge for the year	(4,433)	(7,139)	-	(11,572)
Sale to related companies	-	15	-	15
Transfer from assets held for sale	(31)	-	-	(31)
Sale and disposal	48	2,452	-	2,500
At 31 December 2024	(191,090)	(141,388)	-	(332,478)
Carrying amount				
As at 31 December 2024	77,878	74,823	57,660	210,361

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 17 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Investments in progress relate mainly to investments in modernisation of buildings, production capacities and extension of the product range.

Mortgaged assets

As at 31 December 2024, the Company has no land and buildings pledged as collateral against the Company's borrowings (2023: EUR 0).

NOTE 18 – LEASES

Right-of-use assets and the movements during the period

(in thousands of EUR)

Cost

	Land	Buildings	Plant and equipment	Total
As at 1 January 2023	1,540	1,278	4,957	7,775
Additions/decrease	268	677	88	1,033
Disposals and write-off's	(64)	(719)	(272)	(1,055)
Balance at 31 December 2023	1,744	1,236	4,773	7,753

Accumulated depreciation

As at 1 January 2023	149	760	2,272	3,181
Depreciation charge for the year	45	579	1,186	1,810
Disposals and write-off's	(8)	(719)	(267)	(994)
Balance at 31 December 2023	186	620	3,191	3,997
Present value at 31 December 2023	1,558	616	1,582	3,756

Cost

As at 1 January 2024	1,744	1,236	4,773	7,753
Additions/decrease	(509)	3,069	287	2,847
Disposals and write-off's	-	(947)	(536)	(1,483)
Balance at 31 December 2024	1,235	3,358	4,524	9,117

Accumulated depreciation

As at 1 January 2024	186	620	3,191	3,997
Depreciation charge for the year	34	847	1,120	2,001
Disposals and write-off's	-	(827)	(536)	(1,363)
Balance at 31 December 2024	220	640	3,775	4,635
Present value at 31 December 2024	1,015	2,718	749	4,482

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 18 – LEASES (CONTINUED)

Movements in lease liabilities for right-of-use assets

	2024	2023
	<i>(in thousands of EUR)</i>	
As at 1 January	3,899	4,743
Increase of lease liabilities during the year	2,724	968
Interest expense	211	66
Lease liabilities payments	(2,163)	(1,878)
As at 31 December	4,671	3,899
Current portion of long-term liability for right-of-use assets	991	1,577
Long-term liability for right-of-use assets	3,680	2,322

Amounts recognised in the statement of comprehensive income

	2024	2023
	<i>(in thousands of EUR)</i>	
Expenses related to short-term leases and leases of low-value assets etc.	2,201	2,086
Depreciation expense	2,001	1,810
Interest expense	211	66
Total amount recognised in the statement of comprehensive income	4,413	3,962

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 19 – INVESTMENT PROPERTY

(in thousands of EUR)

	Land	Buildings	Total
Cost			
At 1 January 2023	11,765	7,878	19,643
At 31 December 2023	11,765	7,878	19,643
Accumulated depreciation and impairment			
At 1 January 2023	(1,875)	(3,752)	(5,627)
Depreciation charge for the year	-	(197)	(197)
At 31 December 2023	(1,875)	(3,949)	(5,824)
Carrying amount			
At 31 December 2023	9,890	3,929	13,819
Cost			
At 1 January 2024	11,765	7,878	19,643
Transfer from property, plant and equipment	-	78	78
At 31 December 2024	11,765	7,956	19,721
Accumulated depreciation and impairment			
At 1 January 2024	(1,875)	(3,949)	(5,824)
Depreciation charge for the year	-	(199)	(199)
At 31 December 2024	(1,875)	(4,148)	(6,023)
Carrying amount			
At 31 December 2024	9,890	3,808	13,698

Operating expenses for investment property amount to EUR 300 thousand (2023: EUR 226 thousand), while rental income from a smaller part of the property amounts to EUR 281 thousand (2023: EUR 108 thousand).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 20 – INVESTMENTS IN SUBSIDIARIES

Subsidiaries in which the Company has an ownership interest and control:

Name of subsidiary	Country	Ownership interest in %		Equity share (in thousands of EUR)		Principal activity
		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	
Žito d.o.o.	Slovenia	100.00	100.00	58,413	58,413	Production and sale of food and beverages
Belupo d.d.	Croatia	100.00	100.00	52,180	52,180	Product. and distrib. of pharmaceuticals
Podravka Lagris a.s.	Czech Rep.	100.00	100.00	9,125	9,125	Rice production and sale
Podravka-Polska Sp.z o.o.	Poland	100.00	100.00	2,502	2,502	Sale and distribution
Mirna d.d.	Croatia	100.00	100.00	6,027	6,027	Fish processing and production
Podravka-International Kft.	Hungary	100.00	100.00	709	709	Sale and distribution
Podravka-Int. Deutschland – “Konar” GmbH	Germany	100.00	100.00	142	142	Sale and distribution
Podravka-International s.r.o. **	Slovakia	100.00	100.00	137	137	Sale and distribution
Podravka d.o.o. Podgorica	Montenegro	100.00	100.00	137	137	Sale and distribution
Podravka-International s.r.l.	Bulgaria	100.00	100.00	134	134	Sale and distribution
Podravka-International Pty. Ltd	Australia	100.00	100.00	106	106	Sale and distribution
Podravka d.o.o.	Russia	100.00	100.00	92	92	Sale and distribution
Podravka Agri d.o.o., Koprivnica	Croatia	100.00	-	85	-	Holding company activities
Podravka USA Inc.	USA	100.00	100.00	84	84	Sale and distribution
Podravka-International s.r.l.	Romania	100.00	100.00	17	17	Sale and distribution
Podravka d.o.o.el Petrovec	North Macedonia	100.00	100.00	6	6	Sale and distribution
Podravka d.o.o. Sarajevo	Bosnia & Herz.	100.00	100.00	5	5	Sale and distribution
Podravka d.o.o. Belgrade	Serbia	100.00	100.00	-	-	Sale and distribution
FOODPRO LIMITED*	Tanzania	100.00	100.00	-	-	Production and sale of food and beverages
Podravka Gulf Fze	UAE	100.00	100.00	-	-	Sale and distribution
				129,901	129,816	

*15% of ownership interest is held indirectly through the subsidiary Podravka-Int. Deutschland – “Konar” GmbH

** 25% of ownership interest is held indirectly through the subsidiary Podravka-Lagris a.s., Dolni Lhota u Luhačovic

In 2024, the Company established Podravka Agri d.o.o., Koprivnica with the registered capital of EUR 85 thousand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 20 – INVESTMENTS IN SUBSIDIARIES (CONTINUED)

During 2023 the Company increased share capital of the subsidiary Podravka d.o.o., Russia by the amount of EUR 451 thousand and impaired the value of the investment in that subsidiary in the amount of EUR 359 thousand.

NOTE 21 – NON-CURRENT FINANCIAL ASSETS

	2024	2023
	<i>(in thousands of EUR)</i>	
Financial instruments	384	7,185
Deposits and other	93	2
Investments in other equity instruments	53	79
Loans to related companies	-	3
Impairment of financial instruments	(384)	(2,354)
	146	4,915

In 2024, the Company collected border debt from the Fortenova group in the amount of EUR 6,801 thousand (2023: EUR 0 thousand). In addition to the principal, the Company also collected interest in the amount of EUR 1,451 thousand (2023: EUR 0 thousand).

Loans to related parties are described in note 36.

NOTE 22 – INVENTORIES

	2024	2023
	<i>(in thousands of EUR)</i>	
Finished goods	30,166	28,063
Raw materials and supplies	30,341	27,663
Work in progress	11,823	4,629
Merchandise	7,108	7,318
	79,438	67,673

During 2024, the Company recognized net impairment gain with respect to certain inventories in the amount of EUR 1,080 thousand (2023: EUR 50 thousand of net gain). The movement in inventory impairment provision is included in the statement of comprehensive income in line item 'Cost of goods sold'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 23 – TRADE AND OTHER RECEIVABLES

	2024	2023
	<i>(in thousands of EUR)</i>	
Trade receivables	41,320	42,202
Accumulated impairment losses on receivables	(11,835)	(12,216)
Impairment of receivables for expected credit losses	(6)	(3)
Net trade receivables	29,479	29,983
Related party trade receivables	29,989	30,722
Impairment for related party trade receivables	(817)	(836)
Deposits receivable from related parties	15,000	-
Loans and interest receivable from related parties	14,345	14,236
Prepaid expenses	1,699	192
Net VAT receivable	1,017	550
Receivables from employees	668	67
Advances to suppliers	16	23
Other receivables	409	169
	91,805	75,106

Deposit receivables from related parties in the amount of EUR 15,000 thousand refer to the deposit paid by Company for the takeover of Fortenova Group's agricultural companies based on the signed Exclusivity Agreement between Podravka d.d. and Fortenova Group d.d.

Loans given to and interest receivable from related parties include short-term loans and current portion of long-term loans given to related parties and interest receivable from related parties (see note 36).

Movements in the impairment allowance for trade receivables are as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
At 1 January	13,055	14,585
(Decrease)/increase	(7)	(1,247)
Amounts collected	(103)	(83)
Written off as uncollectible	(287)	(200)
At 31 December	12,658	13,055

Impairment losses on trade receivables and income from subsequent collection of impaired receivables are included within 'Selling and distribution costs'.

Ageing analysis of trade receivables that are not impaired:

	2024	2023
	<i>(in thousands of EUR)</i>	
Undue	46,729	45,181
Up to 90 days	6,668	9,205
91-180 days	2,642	2,547
181-360 days	2,612	2,936
	58,651	59,869

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 23 – TRADE AND OTHER RECEIVABLES (CONTINUED)

Major customers

Trade receivables from major customers owned or controlled by the same third-party group as at 31 December 2024 amount to EUR 9,085 thousand (2023: EUR 10,865 thousand).

NOTE 24 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	<i>(in thousands of EUR)</i>	
Forward contracts	2	59
	2	59

In 2024, the Company used forward contracts with commercial banks with the primary intention of managing the fluctuation of the exchange rates of foreign currencies. As at 31 December 2024, the forward contracts had a fair value of EUR 2 thousand (31 December 2023: EUR 59 thousand).

The nominal value of forward exchange contracts translated at the HNB exchange rate at 31 December 2024 amounted to EUR 4,379 thousand with maturities between 10 January 2025 and 10 September 2025 (2023: EUR 4,633 thousand with maturities between 8 January 2024 and 9 December 2024).

Gains and losses recognised as changes in the market value of forward exchange contracts are recognized in the statement of comprehensive income, under 'financial income/financial expenses'.

Fair value measurement

The fair value of forward exchange contracts is based on the quotation of the exchange rate. In accordance with the input variables used, the assessment is categorized in the fair value hierarchy as level 2 (see note 7).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 25 – CASH AND CASH EQUIVALENTS

	2024	2023
	<i>(in thousands of EUR)</i>	
Deposits	13,265	15,366
Cash in banks	487	1,332
	13,752	16,698

Cash in banks refers to transaction accounts at commercial banks bearing an average interest rate ranging from 0.00% to 0.04%.

Deposits refer to currency funds placed with commercial banks for a period of one month.

The Company has certain transactions in foreign currencies and cash on bank accounts mainly in USD (EUR 916 thousand), PLN (EUR 638 thousand), AUD (EUR 135 thousand) and CAD (EUR 57 thousand) at 31 December 2024.

NOTE 26 – NON-CURRENT ASSETS HELD FOR SALE

	2024	2023
	<i>(in thousands of EUR)</i>	
Land and buildings	3,633	3,633
	3,633	3,633

(i) Land and buildings

The total amount of assets held for sale relates to properties in Koprivnica, Rijeka and Umag and land in Žminj for which the Company is still seeking a buyer and expects to sell.

(ii) Fair value measurement

Fair value measurement is classified, according to inputs used in fair value measurement, as level 3 (see note 7). The following table summarizes the valuation methods and techniques as well as significant inputs used in measuring the fair value:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 26 – NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

Valuation methods and techniques	Significant unobservable inputs
<i>Property</i> For buildings and land, the comparative and cost method is used	After the research on the actually conducted transactions, information was obtained on the realized transactions of similar comparisons. When applying the cost method, normal construction costs, depreciation due to age, defects and damage to the building, as well as other circumstances that affect the value, are taken into account.

NOTE 27 – SHARE CAPITAL

	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
	<i>(in thousands of EUR)</i>				
At 1 January 2023	7,026,525	207,897	24,360	(5,634)	226,623
Purchase of treasury shares	(47,659)	-	-	(5,250)	(5,250)
Share-based payment	54,353	-	(2,159)	3,955	1,796
Fair value of share-based payments	-	-	681	-	681
Increase in share capital - conversion of HRK to EUR	-	5,703	(5,703)	-	-
31 December 2023	7,033,219	213,600	17,179	(6,929)	223,850
At 1 January 2024	7,033,219	213,600	17,179	(6,929)	223,850
Purchase of treasury shares	(20,070)	-	-	(3,185)	(3,185)
Share-based payment	16,909	-	(964)	1,581	617
Fair value of share-based payments	-	-	767	-	767
At 31 December 2024	7,030,058	213,600	16,982	(8,533)	222,049

As at 31 December 2024, the Company's share capital amounted to EUR 213,600 thousand, distributed among 7,120,003 shares out of which 89,945 relates to treasury shares (2023: EUR 213,600 thousand, distributed among 7,120,003 shares out of which 86,784 relates to treasury shares).

During 2024, the Company purchased 20,070 treasury shares (2023: 47,659 treasury shares).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2024**

NOTE 27 – SHARE CAPITAL (CONTINUED)

The shareholder structure as at the reporting date was as follows:

	2024		2023	
	Number of shares	% of ownership	Number of shares	% of ownership
PBZ CO OMF - Category B	1,097,644	15.42%	1,097,644	15.42%
AZ OMF category B	932,563	13.10%	932,563	13.10%
CERP - Croatian Pension Insurance Institute	727,703	10.22%	727,703	10.22%
Erste Plavi OMF category B	638,248	8.96%	638,248	8.96%
Raiffeisen OMF category B	625,298	8.78%	625,298	8.78%
CERP - Republic of Croatia	452,792	6.36%	452,792	6.36%
Kapitalni fond Inc.	406,842	5.71%	406,842	5.71%
MESNA INDUSTRIJA BRAĆA PIVAC Ltd	370,977	5.21%	370,977	5.21%
HPB - Republic of Croatia	167,281	2.35%	167,281	2.35%
OTP Banka d.d./aggregate custody account	97,035	1.36%	97,035	1.36%
Other shareholders	1,603,620	22.53%	1,603,620	22.52%
Total	7,120,003	100.00%	7,120,003	100.00%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 28 – RESERVES

<i>(in thousands of EUR)</i>	Reserves for treasury shares	Legal reserves	Other reserves	Total
At 1 January 2023	19,590	8,735	73,889	102,214
Allocation of profits	-	1,314	6,107	7,421
Actuarial loss (net of deferred tax)	-	-	(14)	(14)
At 31 December 2023	19,590	10,049	79,982	109,621
At 1 January 2024	19,590	10,049	79,982	109,621
Allocation of profits (i)	-	2,370	22,246	24,616
Actuarial loss (net of deferred tax)	-	-	(54)	(54)
Fair value reserve – financial assets	-	-	22	22
At 31 December 2024	19,590	12,419	102,196	134,205

The legal reserve is required under Croatian law according to which the Company is committed to build up legal reserves to a minimum of 5% of the profit for the year until the total reserve reaches 5% of the share capital. Both legal reserves and reserves for treasury shares are non-distributable. Other reserves mainly relate to (non-distributable) reserves required by the Company's Articles of Association and actuarial gains and losses related to the assessment of long-term provisions for employee benefits.

(i) Allocation of profits

In 2024, the General Assembly reached a decision to allocate the Company's profit from 2023 in the amount of EUR 47,400 thousand as follows: the amount of EUR 2,370 thousand to legal reserves, and the amount of 22,246 thousand to other reserves.

NOTE 29 – RETAINED EARNINGS

The movement in retained earnings is as follows:

	2024	2023
<i>(in thousands of EUR)</i>		
At 1 January	53,365	31,309
- profit for the year (after tax)	52,767	47,400
- share-based payment	139	656
- dividend declared	(22,479)	(18,579)
- transfer to reserves	(24,616)	(7,421)
At 31 December	59,176	53,365

At 16 May 2024, the General Assembly reached a decision on dividend distribution in amount of EUR 22,479 thousand, EUR 3.20 per share (2023: EUR 18,579 thousand, EUR 2.65 per share).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 30 – FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	<i>(in thousands of EUR)</i>	
Forwards	30	9
	30	9

As at 31 December 2024, financial liabilities at the fair value of currency forward contracts amount to EUR 30 thousand (2023: EUR 9 thousand).

NOTE 31 – BORROWINGS

	2024	2023
	<i>(in thousands of EUR)</i>	
Current borrowings		
Banks in Croatia	40,000	40,272
Related party borrowings	51,069	18,405
	91,069	58,677
Total borrowings	91,069	58,677

During 2022, the company concluded three-year agreements on revolving facilities with commercial banks that can be used for financing through short-term loans; current borrowings from banks in Croatia refer to loans from these facilities.

The company also concluded agreements on revolving facilities with commercial banks that can be used for financing through short-term loans, issuing guarantees and letters of intent, and opening letters of credit.

In 2024, the Company concluded a long-term club loan agreement with Croatian commercial banks. The borrowing was used in January 2025 for the capital contribution to Podravka Agri d.o.o. in the amount of EUR 283 million to pay the purchase price for the takeover of the agricultural companies of the Fortenova Group (the loan was not used during 2024).

In 2024, Podravka d.d. and Podravka Agri d.o.o. signed long-term agreements with the European Bank for Reconstruction and Development for an equity investment in Podravka Agri d.o.o. in the amount of EUR 50 million.

The amount of EUR 50 million was used in January 2025 for the capital contribution to Podravka Agri d.o.o. to pay the purchase price for the takeover of the agricultural companies of the Fortenova Group.

According to the currently valid borrowing agreements and revolving facilities with banks, the Company is obliged to maintain a financial indicator of net debt coverage with EBITDA, which is calculated as the ratio of net financial debt to EBITDA on a consolidated basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 31 – BORROWINGS (CONTINUED)

The average interest rates at the reporting date were as follows:

	2024		2023	
	EUR	HUF	EUR	HUF
Non-current borrowings				
<i>Loans from related parties</i>				
Fixed interest rate	3.25%	-	1.78%	-
Current borrowings				
<i>Banks in Croatia</i>				
Fixed interest rate	0.75%	-	0.75%	-
<i>Loans from related parties</i>				
Fixed interest rate	3.25%	3.25%	2.40%	-
Variable interest rate	4.94%	-	-	-

An overview of borrowings by fixed and variable interest rates is as follows:

	2024		2023	
	fixed	variable	fixed	variable
	<i>(in thousands of EUR)</i>			
Current borrowings	87,069	4,000	58,677	-
	87,069	4,000	58,677	-

In accordance with the decision of the Ministry of Finance on the publication of the interest rate on borrowings between related parties, the Company classifies the interest rate on borrowings from related companies as a fixed interest rate.

The fair value of the Company's long-term borrowings as at 31 December 2024 corresponds to their carrying amount as the liability fully matures within one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 31 – BORROWINGS (CONTINUED)

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2024	2023
	<i>(in thousands of EUR)</i>	
EUR	90,972	58,677
HUF	97	-
	91,069	58,677

The Company has the following undrawn bank borrowings:

	2024	2023
	<i>(in thousands of EUR)</i>	
Up to 1 year	85,021	41,806
From 1 to 3 years	-	24,500
	85,021	66,306

These comprise unused short-term revolving facilities, guarantees and letters of credit which the Company uses with several commercial banks.

Reconciliation of movements in liabilities with cash flows from financing activities:

	Loans	Liabilities for right- of-use assets	Share capital	Retained earnings	Total
<i>(in thousands of EUR)</i>					
At 1 January 2024	58,677	3,899	223,850	53,365	339,791
<i>Cash transactions:</i>					
Loans received	51,667	-	-	-	51,667
Loans repayment	(18,272)	(1,952)	-	-	(20,224)
Purchase of treasury shares	-	-	(3,185)	-	(3,185)
Dividend paid	-	-	-	(22,347)	(22,347)
Total cash transactions	33,395	(1,952)	(3,185)	(22,347)	5,911
<i>Non-cash transactions:</i>					
Impact of changes in exchange rates	(3)	-	-	-	(3)
Other non-cash transactions	(1,000)	2,724	-	-	1,724
Total other changes related to capital	-	-	1,384	28,158	29,542
At 31 December 2024	91,069	4,671	222,049	59,176	376,965

Other non-cash transactions on borrowings mainly relate to compensations of intra-group liabilities and receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 32 – PROVISIONS

<i>(in thousands of EUR)</i>	Jubilee awards	Unused holiday	Retirement benefits	Bonuses	Legal cases	Total
As at 31 December 2023:						
Non-current	916	-	3,198	-	1,624	5,738
Current	214	1,626	-	2,092	17	3,949
At 1 January 2024	1,130	1,626	3,198	2,092	1,641	9,687
Increase in provisions	205	1,949	301	2,529	170	5,154
Utilised during the year	(217)	(1,626)	(258)	(2,092)	(46)	(4,239)
At 31 December 2024	1,118	1,949	3,241	2,529	1,765	10,602
Non-current	875	-	3,241	-	1,745	5,861
Current	243	1,949	-	2,529	20	4,741
	1,118	1,949	3,241	2,529	1,765	10,602

(i) Legal cases

Legal provisions relate to a number of legal proceedings initiated against the Company which stem from regular commercial activities and court cases including former employees. The expenses relating to the provisions are included in the separate statement of comprehensive income within Other income or Administrative expenses. Based on the expert opinion of legal advisers, management believes that the outcome of these legal proceedings will not give rise to any significant losses beyond the amounts provided as at 31 December 2024.

(ii) Bonuses

In 2024, the Company recognised EUR 2,529 thousand of provisions for bonuses to management (2023: EUR 2,092 thousand).

(iii) Jubilee awards and regular retirement benefits

According to the Collective Labour Agreement signed by companies in Croatia, the Company has an obligation to pay jubilee awards, retirement and other benefits to its employees. In accordance with the respective agreement, the employees are entitled to a regular retirement benefit (without stimulating retirement benefit) in the net amount of EUR 2 thousand, of which EUR 1 thousand are taxable. No other post-retirement benefits are provided. The present values of these liabilities, the related current service cost and past service cost were measured using the projected credit unit method. Management considers the Croatian corporate bond market to be a deep market.

The actuarial estimates have been derived on the basis of the following key assumptions:

	2024	2023
Discount rate	2.70%	3.30%
Fluctuation rate	7.50%	7.60%
Average expected remaining working lives (in years)	15	14

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 32 – PROVISIONS (CONTINUED)

Changes in the present value of the defined benefit obligation during the period:

<i>(in thousands of EUR)</i>	2024		2023	
	Jubilee awards	Retirement benefits	Jubilee awards	Retirement benefits
At 1 January	1,130	3,198	1,172	3,301
Past service cost	9	14	5	(71)
Current service cost	64	122	59	114
Interest expense	34	100	33	96
Actuarial (gains)/losses	98	65	64	17
Benefits paid	(217)	(258)	(203)	(259)
At 31 December	1,118	3,241	1,130	3,198

NOTE 33 – TRADE AND OTHER PAYABLES

	2024	2023
<i>(in thousands of EUR)</i>		
Trade payables	40,016	40,779
Related party payables	3,941	3,483
Other liabilities	20,322	23,634
	64,279	67,896

As at 31 December 2024 and 31 December 2023, the carrying amounts of payables approximate their fair values due to the short-term nature of those liabilities.

Other payables include the following:

	2024	2023
<i>(in thousands of EUR)</i>		
Salaries and other benefits to employees	6,452	5,827
Deferred income	6,363	5,337
Other accrued expenses	5,218	10,495
Dividends payable	716	584
Interest payable	194	52
Package waste disposal fee payable	85	87
Contributions and other duties payable	10	13
Other payables	1,284	1,239
	20,322	23,634

More information on employee expenses is provided in note 11.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 34 – RISK MANAGEMENT

Categories of financial instruments are as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Financial assets at amortised cost		
Trade receivables (including bills of exchange received and interest)	59,029	60,158
Deposits	15,093	2
Short-term loans	13,967	13,947
Cash and cash equivalents	13,752	16,698
Long-term loans	-	3
	101,841	90,808
Financial assets at fair value through other comprehensive income		
Equity instruments	53	79
	53	79
Financial assets at fair value through profit and loss		
Financial instruments	-	4,831
Forward contracts	2	59
	2	4,890
Total financial assets	101,896	95,777
Financial liabilities at amortised cost		
Borrowings	91,069	58,677
Trade and interest payables	44,151	44,314
Lease liabilities	4,671	3,899
	139,891	106,890
Financial liabilities at fair value through profit and loss		
Forward contracts	30	9
	30	9
Total financial liabilities	139,921	106,899

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Financial instruments held to maturity in the normal course of operations are carried at the lower of cost and the net amount less the portion repaid. Fair value is determined as the amount at which a financial instrument can be exchanged between willing and knowledgeable parties in an arm's-length transaction, except in the event of forced sale or liquidation.

At the reporting date, the carrying amounts of cash and cash equivalents, short-term deposits and short-term borrowings approximate their market value due to the short-term nature of those assets and liabilities and due to the fact that a majority of these assets and liabilities are at variable interest rates approximating market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Fair value of financial instruments (continued)

Financial assets arising from currency forward contracts are measured at fair value as explained in note 24.

The Company considers that the carrying amount of investments in unquoted and quoted equity instruments with no active market approximates their fair value due to the fact that the respective instruments were acquired at a price willingly agreed by knowledgeable and unrelated parties.

The carrying amounts of borrowings and leases approximates their fair values as these liabilities bear variable interest rates or fixed interest rate approximating market interest rates.

Risk factors

In its operations, the company is exposed to risks typical for economic entities operating on the domestic and foreign markets, especially those from the food industry.

External risk factors refer to influences from the environment such as economic, political, technological, social, risk related to changes in legislation and in recent years the increasingly pronounced impact of climate change on certain parts of the business system. The company ensures compliance with the standards governing individual areas and thereby reduces exposure to external risk factors. The Company can influence the impact of internal risk factors through regular business policies, procedures and decisions.

The Company continues with the continuous implementation of the Enterprise Risk Management (ERM) process.

Enterprise Risk Management refers to the process of integrated analysis and reporting of key strategic, operational and financial risks to which the company is exposed, identification of potential events that may negatively affect the company's results, and management of identified risks.

Financial risks

In its operations, the Company is exposed to various financial risks, especially the currency risk, interest rate risk, price risk, credit risk, and liquidity risk. The company actively manages these risks through adopted policies and sets guidelines related to financial risk management.

Capital risk management

The gearing ratio at the reporting date was as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Debt (long- and short-term borrowings including forward contract)	91,099	58,686
Cash and cash equivalents	(13,752)	(16,698)
Net debt	77,347	41,988
Equity	415,430	386,836
Net debt to equity ratio	19%	11%

Debt is defined as long-term and short-term borrowings. Equity includes all capital and reserves.

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Credit risk management

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in a possible financial loss for the Company. The Company adopted “Policy of customer credit risk management and collection of receivables in the Podravka Group” and applies it in operations with customers, based on which it takes security instruments, wherever possible, for the purpose of hedging possible financial risks and loss as a consequence of default.

The Company enters into business only with counterparties with good credit ratings, securing, when needed, receivables for the purpose of decreasing the risk of financial loss as a consequence of default. The Company’s exposure and the credit ratings of its counterparties are continuously monitored.

The Company’s exposure to major customers

The control of the Company’s exposure to major customers is carried out through regular monitoring of receivables and certain measures to control the collection and delivery of goods, as well as the acquisition of adequate collection security instruments. The Policy considers existing and new external customers of the Company through the prism of the approved amount of credit limits and customer risk categories. In case of exceeding the given parameters, it is acted in accordance with the Policy, and everything is systematically monitored through the relevant module in SAP. Receivables are analysed on a weekly basis and the necessary measures are taken for their collection, all in accordance with the parameters of the adopted Policy.

Risk mitigation measures are defined based on the financial performance indicators for individual category of customers, using services where the required information is available (financial statements, credit ratings). The Company’s exposure and credit exposure are continuously monitored through credit limits set by the Company and insurer, which are continuously revised and adjusted in accordance with the needs and situation on the market.

During 2024, the Company did not have significant damage claims related to the insurance of receivable collection.

Liquidity risk management

The Company manages liquidity risk by maintaining optimum amounts of cash on accounts, continuously forecasting future cash flows and monitoring realised ones and contracting adequate sources of financing from which it can in short-term and at familiar conditions ensure liquidity requirements.

The Company continuously monitors and plans all its receivables and all trade payables, liabilities to employees, banks and other financial institutions, taxes payable and other payables with the aim of timely ensuring required liquidity level.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Liquidity risk analysis

The following tables detail the Company's remaining contractual maturity for its financial liabilities and its financial assets presented in the statement of financial position at each reporting period end. The tables have been drawn up based on the undiscounted cash flows based on contracted terms at reporting date and include cash flows from both interest and principal.

The liquidity risk analysis below shows no potential deficit of short-term liquidity for the Company.

	Net book value	Contracted cash flow	Up to one year ¹	5 years	over 5 years
<i>as at 31 December 2024</i>					
	<i>(in thousands of EUR)</i>				
<i>Non-interest bearing liabilities:</i>					
Trade and interest payables	44,151	44,151	44,151	-	-
Forward contracts	30	30	30	-	-
	44,181	44,181	44,181	-	-
<i>Interest bearing liabilities:</i>					
Loans and borrowings	91,069	92,761	92,761	-	-
Lease liabilities	4,671	6,874	1,301	1,901	3,672
	95,740	99,635	94,062	1,901	3,672
	139,921	143,816	138,243	1,901	3,672
<i>Non-interest bearing assets:</i>					
Trade receivables (including interests)	59,029	59,029	59,029	-	-
Deposits	15,093	15,093	15,000	-	93
Cash and cash equivalents	13,752	13,752	13,752	-	-
Financial instruments	53	53	-	53	-
Forward contracts	2	2	2	-	-
	87,929	87,929	87,783	53	93
<i>Interest bearing assets:</i>					
Short-term loans	13,967	14,354	14,354	-	-
	13,967	14,354	14,354	-	-
	101,896	102,283	102,137	53	93
Net liquidity position	(38,025)	(41,533)	(36,106)	(1,848)	(3,579)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Liquidity risk management (continued)

Liquidity risk analysis (continued)

	Net book value	Contracted cash flow	Up to one year	1 - 5 years	over 5 years
<i>as at 31 December 2023</i>					
	<i>(in thousands of EUR)</i>				
<i>Non-interest bearing liabilities:</i>					
Trade and interest payables	44,314	44,313	44,313	-	-
Forward contracts	9	9	9	-	-
	44,323	44,322	44,322	-	-
<i>Interest bearing liabilities:</i>					
Loans and borrowings	58,677	58,993	58,983	10	-
Lease liabilities	3,899	4,680	1,635	975	2,070
	62,576	63,673	60,618	985	2,070
	106,899	107,995	104,940	985	2,070
<i>Non-interest bearing assets:</i>					
Trade receivables (including interests)	60,158	60,158	60,158	-	-
Cash and cash equivalents	16,698	16,697	16,697	-	-
Financial instruments	4,910	4,910	4,910	-	-
Forward contracts	59	59	59	-	-
	81,825	81,824	81,824	-	-
<i>Interest bearing assets:</i>					
Short-term loans	13,950	14,230	14,227	3	-
Long-term deposits	2	2	-	2	-
	13,952	14,232	14,227	5	-
	95,777	96,056	96,051	5	-
Net liquidity position	(11,122)	(11,939)	(8,889)	(980)	(2,070)

Market risks

(i) Interest rate risk management

The company has contracted revolving facilities with banks that carry fixed and variable interest rates. At the reporting date, the Company used revolving facilities and loans at fixed interest rates, therefore it was not significantly exposed to the interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks (continued)

(i) Interest rate risk management (continued)

In 2024, the Company concluded a long-term club loan agreement with Croatian commercial banks, which was used in the amount of EUR 283 million in January 2025. A variable interest rate was agreed, which equals the sum of the margin and the three-month EURIBOR. The Company and Podravka Agri d.o.o. concluded long-term agreements with the European Bank for Reconstruction and Development in 2024 on equity investment in Podravka Agri d.o.o. in the amount of EUR 50 million. The amount was used by the Company in January 2025. A variable interest rate was agreed, which equals the sum of the margin and the three-month EURIBOR.

The company continuously monitors changes and projections of interest rates so that it can react in a timely manner if necessary.

Exposure to changes in interest rates on borrowings in accordance with the contractual dates of interest rate changes at the reporting date is as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Borrowings from related parties based on EURIBOR	4,000	-
	4,000	-

Interest rate sensitivity analysis

The sensitivity analysis below is based on the exposure to interest rate risk under the contractual terms at the reporting date.

For variable interest rates, the analysis is prepared by calculating the effect of a reasonably possible increase in interest rates on variable interest rate borrowings on the expected contractual cash flows of such borrowings compared to those calculated using the interest rate applicable at the end of the current reporting period.

The estimated effect of a reasonably possible change in interest rates on the Company's result before tax for the reporting periods is as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks (continued)

(I) Interest rate risk management (continued)

Interest rate sensitivity analysis (continued)

<i>as at 31 December 2024</i>	Contractual cash flows	up to 1 year	1 to 2 years	2 to 5 years
	<i>(in thousands of EUR)</i>			
In line with currently applicable interest rates	4,130	4,130	-	-
In line with currently applicable interest rates + 0.50%	4,143	4,143	-	-
Effect of 0.50% interest rate increase	(13)	(13)	-	-

At the reporting date, the Company was not exposed to interest rate risk.

(ii) Price risk

The Company's success depends on adequate sources of raw materials, as well as their prices on the market, the efficiency of the production process and product distribution to its customers.

The cost of raw materials could have a significant role in the cost of finished products that the Company manufactures, therefore, it is subject to fluctuations of market prices of agricultural and food raw materials.

Protective customs and trade mechanisms in the EU protecting EU producers represent a risk in terms of increased customs duties (antidumping) for certain raw materials from third countries.

Also, frequent disruptions on the global market caused by environmental and geopolitical factors and a consolidation in the sector of primary production of raw materials, as well as global disruptions in the supply chain caused by uncertainty and fluctuations in container transport prices, energy crisis and the current wars in Ukraine and Israel and attacks in the Red Sea, have higher purchase prices as a consequence.

Risks of raw material procurement and product delivery

The Company realises most of the procurement on the domestic market, while the majority of turnover with foreign suppliers relates to suppliers from EU member states.

Among procurement function risks, the risk of availability of goods on market is one of the most significant, due to its possible impact on the Company's operations.

Over the last years, this risk is more prominent due to more frequent adverse weather conditions caused by climate change on the global level (long droughts, floods, etc.). The consequence are lower yields of some agricultural plants often coupled with their lower quality, which leads to the deficit of these raw materials in the free market (fresh and dried vegetables), even for several consecutive seasons. More frequent livestock diseases cause global disruptions on the meat market, while political or social unrest in certain countries (war in Ukraine and Israel and attacks in the Red Sea), or interventions on market (hazelnut, cocoa) are a constant threat in the global business environment.

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks (continued)

(ii) Price risk (continued)

Risks of raw material procurement and product delivery (continued)

The increasing instability of maritime transport contributes to further price volatility that is reflected in all types of raw materials as it has a global impact on the functioning of the entire supply chain from Canada, African countries to Eastern markets.

The procurement function of the Company minimizes these impacts through managing the strategic procurement categories and key suppliers, consolidation of purchasing volumes with the aim to strengthen market positions and ensure availability of raw materials for the production in required volumes, of satisfying quality and on time. The Company works intensively on approving alternative suppliers and introducing substitute raw materials, optimizing procurement processes and material specifications in order to reduce the risk of unavailability of materials and increase flexibility and competitiveness with the aim of mitigating and/or eliminating the negative effects of disruptions on the procurement market.

Risks of price fluctuations of basic raw materials

The market of agricultural and food products, as the most significant source of raw materials for the Company, is among the most sensitive markets of the modern world. Therefore, the volatility of prices of agricultural and food raw materials is a significant element in the Company's business environment, especially in conditions of prominent disruptions on the global and local markets. One of the reasons lies in the already mentioned risks of availability of goods due to environmental, geopolitical and social factors.

Exceptional price volatility is particularly relevant in the commodity market segment (hazelnut, sugar, spices, cocoa, powdered milk, wheat, semolina, oilseeds) due to disruptions in the supply chain and climate change on the one hand, and on the other hand due to increased demand in the Chinese market. Furthermore, producers in the EU increasingly have to comply with various production conditions that producers in other parts of the world are not obliged to comply with, regarding the strictest environmental standards, CO₂ emissions and the use of permitted plant protection products, regulations on animal welfare, etc.

Protective customs and trade mechanisms in the EU that, on one hand, protect EU producers and customers, on the other hand pose a risk in terms of increased customs duties (antidumping) for certain raw materials from third countries, as well as the impossibility of supplying certain materials that in those countries have not been observed as a health risk (use of certain types of pesticides) and as such are allowed for use in those countries.

To minimise these impacts, the Company's procurement function continuously monitors movements in prices and market trends, conducts joint tenders for certain strategic procurement categories, uses new procurement techniques (a new e-procurement system has been implemented to conduct procurement tenders, which is also used for internet auctions) to increase the efficiency of the sourcing process and reduce the cost of procurement. Timely contracting, allocating a portion of risk to our suppliers, optimisation of material specifications and introduction of replacement raw materials, as well as active implementation of the Commodity Risk Management with strengthening of causality analyses in the movements of procurement costs, are only some of the measures taken by the Company for the purpose of best estimates of price movements and the minimisation of market price volatility risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks (continued)

(iii) Currency risk

The carrying amounts of the Company's foreign currency denominated financial assets and financial liabilities at the reporting date are as follows.

	Liabilities		Assets	
	2024	2023	2024	2023
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
SAD (USD)	681	1,478	3,394	2,543
Australia (AUD)	-	2	2,845	2,510
Poland (PLN)	-	-	2,634	2,534
Romania (RON)	-	-	973	1,811
Canada (CAD)	12	-	494	241
Other currencies	121	19	383	886
	814	1,499	10,723	10,525

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks (continued)

(iii) Currency risk (continued)

Foreign currency sensitivity analysis

The company conducts most of its transactions in EUR, therefore a large part of the currency risk is eliminated. However, the Company performs certain transactions in other foreign currencies so the highest exposure during 2024 was to changes in the exchange rate of the Euro against USD, PLN, AUD, RON and CAD.

During 2024, the application of the principles of transactional currency risk management within the framework of the Risk Management Policy continued. Through this Policy, the currency risk protection model has been improved by additional activities of monitoring market trends, regular analysis of all currencies in which there is exposure, and defining the possibility and scope of contracting permitted derivative financial instruments aimed at currency risk protection. This approach is applied to the group of currencies to which the Company has exposure that cannot be reduced by natural, balance sheet protection. Through the Bloomberg terminal, macroeconomic projections are regularly monitored and derivative financial instruments are contracted with the aim of managing currency risk.

During 2024, the Company concluded fx forward contracts for managing currency risk of the foreign currencies USD and PLN.

The currency risk analysis is based on the official exchange rates for the currencies analysed above as per the European Central Bank which were as follows:

	31 December 2024	31 December 2023
USD	1.0444	1.105
PLN	4.2655	4.3395
AUD	1.6756	1.6263
RON	4.9765	4.9756
CAD	1.5035	1.4642

The following table details the Company's sensitivity to a 10% increase and decrease in euro against the relevant foreign currencies where the Company has significant exposure (USD, PLN, AUD, RON and CAD). With the transition of the Republic of Croatia to the euro as the local currency from 1 January 2023 the currency risk of that position was eliminated. The sensitivity analysis includes only outstanding cash items in foreign currency and their translation at the end of the period based on the percentage change in currency exchange rates. The sensitivity analysis includes monetary assets and monetary liabilities in foreign currencies. A negative number below indicates a decrease in profit where the Euro changes against the relevant currency for the percentage specified above. For an inversely proportional change of the Euro against the relevant currency, there would be an equal and opposite impact on the profit.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks (continued)

(iii) Currency risk (continued)

Foreign currency sensitivity analysis (continued)

	USD exposure		PLN exposure	
	2024	2023	2024	2023
	(in thousands of EUR)		(in thousands of EUR)	
Increase/(decrease) of net result +10%	271	107	263	253
Increase/(decrease) of net result -10%	(271)	(107)	(263)	(253)
	AUD exposure		RON exposure	
	2024	2023	2024	2023
	(in thousands of EUR)		(in thousands of EUR)	
Increase/(decrease) of net result +10%	285	251	97	181
Increase/(decrease) of net result -10%	(285)	(251)	(97)	(181)
	CAD exposure			
	2024	2023		
	(in thousands of EUR)			
Increase/(decrease) of net result +10%	61	(241)		
Increase/(decrease) of net result -10%	(48)	(24)		

(iv) Sales function based risks

The Company generates 56% (2023: 52%) of its revenue on the domestic market, whereas 44% (2023: 48%) of the sales are generated on international markets. The Company determines the selling prices, rebates and operational efficiency improvements taking into account the macroeconomic conditions prevailing in each of the markets, which is at the same time the maximum sales function based risk.

As for domestic operations, the Company expects increased risks related to the consolidation of the market and the strengthening of the bargaining power of customers. In order to reduce this impact, the Company strives to diversify its customer base, further strengthen its own competitiveness by increasing efficiency, modernizing technology and strengthening product brands, as well as visibility through investments in marketing activities in order to respond to the price elasticity of end consumers.

The Company is making efforts through optimization of existing business models, pricing policies and price levels in markets where it operates to secure a basis for the continuing successful long-term sustainable growth.

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Business risks management

The company is also exposed to risks that result from regular business activities and are typical of the food industry. Significant risks include the risk of industry and competition, the risk of IT system disorders, the risks related to human capital and the climate impact risk.

Industry risks

In the food industry, market trends as well as consumer habits change in a very short period of time. Due to this risk, the Company seeks to constantly improve the processes and meet market conditions. In the food industry, where the focus is on products and brands, the Company complies with legislative, health and manufacturing regulations. The legal regulations according to which the production and sales processes within the Company are harmonized are subject to change, depending on the bodies that adopt them. By improving internal processes, the Company strives to eliminate most potential threats.

The continuing risks in global supply chains pose a challenge for food manufacturers. Volatility of prices on the market of agricultural and food raw materials, as well as the risk of unavailability of goods on the market due to increasingly frequent weather disasters caused by climate change (perennial droughts, floods, etc.), outbreaks of livestock diseases, volatility of energy sources, disruptions in supply chains, and political or social unrest in certain countries affects the rise in prices and the availability of raw materials. The risk of external shocks and unpreparedness for extraordinary demands is reduced by further developing competition among suppliers, process optimization, timely contracting of procurement, consolidating procurement volumes, as well as timely production planning and taking into account unpredictable circumstances.

Competition risk

The Company sells products both on the Croatian and international markets, and is exposed to numerous competitors in all product categories. Innovations, and continued high quality of products are important elements that the Company is paying attention to in order to be different from competition.

In addition, the reputation of the brand, or the Company, is intangible value that differentiates it from the competition and creates the advantage. Monitoring of consumer habits and preferences that are subject to constant changes, and adjustments to them, are one of a series of activities that the Company undertakes to maintain and increase the existing market positions and margins.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 34 – RISK MANAGEMENT (CONTINUED)

Business risks management (continued)

Risks of IT system disruptions

The Company intensely uses IT systems that enable it to efficiently manage the Company, communicate with customers and suppliers, and collect all the information that management can rely on in making decisions.

Given the high degree of automation of business processes through the use of IT systems, the Company takes the necessary measures to minimise IT system disruptions due to problems with IT equipment, the space in which it is located, viruses and unauthorised external breaches into the systems.

As each IT system potential disruption causes significant problems in operating systems and financial losses, the Company has implemented IT system recovery procedures.

The Company regularly implements proactive actions to improve the IT system security by applying the best recommended security practices.

Also, following the implementation of advance security monitoring systems, monitored on a daily basis, the risk of external breaches into the Company's IT systems is additionally reduced.

The Company has implemented and certified the IT security management system based on the ISO/IEC 27001:2022 standard.

Human resource risk management

Considering the challenges on the labour market and the general lack of labour force and the increasing number of shortage occupations in the Republic of Croatia, the Company observes the two greatest risks from the aspect of timely recruitment and retention of skilled labour and unfavourable age structure of employees and retirement in the coming years.

Accordingly, in 2022 the Company initiated and in 2023 and 2024 continued a number of activities to mitigate these risks such as employment of young workers from new pools, intensifying cooperation with educational institutions, employer image management, developing programs that encourage intergenerational and multicultural cooperation and understanding, programs for trainees and new employees, and improvements in the promotion and reward system.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 35 – SHARE-BASED PAYMENTS

Employee share options

Options for the purchase of Podravka d.d. shares were granted to key management of the Company. The exercise price of the granted option equals the weighted average share price of Podravka d.d. shares as per the Zagreb Stock Exchange in the year the option is granted. The vesting period normally starts at the date of option contract signed. Options are acquired separately for each business year.

All the mentioned deadlines are valid unless any of the circumstances foreseen by each of the contracts from the mentioned period have occurred, which refers to the early termination of the mandate, violation of the contract provisions, leaving the company, transfer to a new position within the company, in which case the options should generally be exercised within 6 months from the occurrence of any of the above-mentioned circumstances.

The following share-based payment options were effective as at 31 December 2024:

Date of issue	Number of options	Vesting terms	Contracted vesting period
<i>Options granted to key management</i>			
As at 29 September 2020	22,500	Employment until contracted vesting period	31 Dec 2025
As at 2 December 2020	3,300	Employment until contracted vesting period	31 Dec 2025
As at 30 April 2021	32,500	Employment until contracted vesting period	31 Dec 2026
Total	58,300		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 35 – SHARE-BASED PAYMENTS (CONTINUED)

Employee share options (continued)

Fair value measurement

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the historical volatility of the share price, particularly over the historical period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). In accordance with the input variables used, the fair value estimate of the option is categorised in the fair value hierarchy as level 1 (note 7). Service and non-market performance conditions are not taken into account in determining fair value.

Input variables for calculation of fair value:

Share option programme for key management	2024	2023
Fair value at grant date (weighted average)	20	20
Share price at grant date (weighted average)	75	73
Exercise price (weighted average)	68	66
Expected volatility (weighted average)	22%	21%
Expected life (weighted average in years)	1.6	2.2
Risk-free interest rate (based on government bonds)	2.62%	2.88%
Expense recognised in profit or loss	2024	2023
	<i>(in thousands of EUR)</i>	
Equity-settled share-based payment transactions	176	314

The exercise price of share options for key management falls within the range EUR 55 to EUR 78.

Movement in the number of share options and respective exercise prices in EUR is as follows:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 January	73,300	66	126,272	59
Exercised	(15,000)	78	(52,972)	50
At 31 December	58,300	68	73,300	66
Unused as at 31 December	58,300	68	40,800	419

As at 31 December 2024 there are 58,300 of outstanding options (2023: 73,300 options). During 2024 15,000 options were exercised (2023: 52,972 options).

The weighted average exercise price of outstanding options at the end of 2024 is EUR 68 (2023: EUR 66). The price of all unexercised share options is lower than the share market price as at 31 December 2024. The weighted average remaining validity of options is 1.6 years at year end (2023: 2.2 years).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 35 – SHARE-BASED PAYMENTS (CONTINUED)

Shares for the Company's management

At the level of the Company, there are long-term plans for the allocation of shares to the Company's key management for the period from 2022 to 2024.

The share allocation program applies to the Company's Management Board, and the right is acquired in the event that a member of the Management Board has exercised the right to the payment of an annual bonus. The total number of shares to which a member of the Management Board is entitled for a particular business year is determined by multiplying a certain number of monthly salaries by the amount of monthly salary expressed in gross amount and subsequently divided by the share price of the Company, which is calculated as the average price realized on the Zagreb Stock Exchange during the six months preceding the date of the decision of the Supervisory Board. The Supervisory Board shall determine the number of shares to be awarded to a member of the Management Board in such a way that the total number of shares is reduced by the number of shares whose market value on the date of award corresponds to the value of the legally required duties.

In accordance with the plan for the allocation of shares to key management for 2024, the Company's Management Board has acquired the right to allocate shares for 2024 which will be allocated within 30 days of the Supervisory Board's decision in 2025. With the last share price of EUR 148,50 euros on 31 December 2024, the estimate of the number of shares without reduction for prescribed duties is 3,590 shares (5 members of the Management Board).

For 2023, the Company's Management Board acquired the right to allocate shares. With the last share price of EUR 163 on 31 December 2023, the estimate of 50% of the number of shares available for allocation without reduction for prescribed duties was 1,634 shares.

For 2022, the Company's Management Board acquired the right to allocate shares. With the last share price of EUR 84.15 on 31 December 2022, the estimate of 50% of the number of shares available for allocation without reduction for prescribed duties was 2,601 shares.

During 2024, in accordance with the right for 2023, 1,320 shares (minus prescribed duties) were allocated to 5 members of the Management Board, and 589 shares (minus prescribed duties) in accordance with the right from 2022 to 2 members of the Management Board.

Fair value measurement

Variables in measuring the cost of share-based payment transactions are the gross salary, the number of gross salaries and the share price on the measurement date.

Recognized in profit or loss

	2024	2023
	<i>(in thousands of EUR)</i>	
Equity-settled share-based payment transactions	592	367

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 36 – RELATED PARTY TRANSACTIONS

Transactions with subsidiaries

REVENUE

Sales revenue

	Revenue from sale of products and merchandise		Revenue from services	
	2024	2023	2024	2023
	(in thousands of EUR)		(in thousands of EUR)	
Company:				
Podravka d.o.o. Sarajevo, Sarajevo	30,541	26,774	116	88
Podravka d.o.o. Ljubljana, Ljubljana	21,545	22,393	408	310
Podravka d.o.o. Beograd, Belgrade	12,689	12,368	75	57
Podravka-Polska Sp.z o.o., Warsaw	12,567	12,155	107	101
Podravka d.o.o.el Petrovec. Petrovec	12,126	11,694	53	52
Podravka USA Inc., New York	11,157	7,013	672	342
Podravka-Int.Deutschland-"Konar" GmbH, Munich	11,041	8,312	29	25
Podravka d.o.o. Podgorica, Podgorica	6,010	5,723	36	21
Podravka-International Pty. Ltd., Silverwater	5,775	5,586	14	15
Mirna d.d., Rovinj	4,313	4,616	278	376
Podravka-International Kft., Budapest	3,287	2,689	29	23
Podravka – Lagris a.s., Dolni Lhota u Luhačovic	3,076	2,749	83	78
Podravka-International s r.o., Zvolen	3,046	2,865	42	35
Podravka International s. r. l., Bucharest	3,019	3,834	33	27
Podravka EOOD, Sofia	583	902	6	5
Žito d.o.o., Ljubljana	59	91	474	450
Belupo d.d., Koprivnica	45	15	1,735	1,590
Farmavita d.o.o. Sarajevo, Vogošće	-	-	68	69
Belupo d.o.o. Ljubljana, Ljubljana	-	-	10	5
Belupo d.o.o.el Skopje, Skopje	-	-	3	-
Ljekarne Deltis Pharm, Koprivnica	1	1	3	-
Belupo d.o.o. Bratislava, Bratislava	-	-	3	-
Total related party sales	140,880	129,780	4,277	3,669

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 36 – RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with subsidiaries (continued)

REVENUE (continued)

Investment revenue

	2024	2023
	<i>(in thousands of EUR)</i>	
Dividends from subsidiaries	13,895	11,113
Interest and fee income	445	373
	14,340	11,486

EXPENSES

Payments to Supervisory Board and members of the Management Board

During the year, the Company paid the following compensation to the members of the Management Board:

	2024	2023
	<i>(in thousands of EUR)</i>	
Salaries, bonuses and other benefits paid	1,482	1,311
Share-based payments reimbursement	1,499	2,151
	2,981	3,462

During 2024, the Management Board of the Company consisted of 5 members (2023: 5 members).

During 2024, share-based payments were realized from active members of the Management Board in the amount of EUR 1,499 thousand (2023: EUR 2,151 thousand). See note 35 for details.

During 2024, a total of EUR 386 thousand was paid as compensation to members of the Supervisory Board and the Audit Committee (2023: EUR 293 thousand).

LOANS RECEIVABLE

Loans receivable

	2024	2023
	<i>(in thousands of EUR)</i>	
At beginning of year	13,950	10,852
Increase during the year	3,066	10,000
Repayments received	(3,296)	(7,016)
Other changes	245	116
Foreign exchange difference	2	(2)
At end of year	13,967	13,950
Maturity: within one year	(13,967)	(13,947)
Non-current loans receivable	-	3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2024**

NOTE 36 – RELATED PARTY TRANSACTIONS (CONTINUED)*Transactions with subsidiaries (continued)***LOANS RECEIVABLE (CONTINUED)*****Loans receivable (continued)***

The reported net receivables from related parties include loans to subsidiaries as follows:

	Interest rate	2024	2023
		<i>(in thousands of EUR)</i>	
Mirna d.d., Rovinj	3.25 % p.a.	10,600	10,600
Podravka – Lagris a.s., Dolni Lhota u Luhačovic	3.25 % p.a.	2,300	3,300
Podravka Agri d.o.o. Koprivnica	3.25 % p.a.	1,067	-
Podravka Gulf FZE, Dubai	2.40 % p.a.	-	50
		13,967	13,950

The average interest rate is 3.25% p.a.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 36 – RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with subsidiaries (continued)

TRADE RECEIVABLES AND PAYABLES

	Current trade receivables		Current trade payables	
	2024	2023	2024	2023
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Company:				
Mirna d.d., Rovinj	6,581	6,891	1,288	1,431
Podravka d.o.o. Beograd, Belgrade	5,539	5,668	-	1
Podravka-International Pty. Ltd., Silverwater	2,710	2,509	-	2
Podravka d.o.o. Sarajevo, Sarajevo	2,504	1,510	6	-
Podravka USA Inc., New York	2,228	1,463	-	-
Podravka-Polska Sp.z o.o., Warsaw	1,996	1,572	-	-
Podravka d.o.o.el Petrovec, Petrovec	1,180	1,083	6	-
Belupo d.d., Koprivnica	1,124	845	163	114
Podravka International S. R. L., Bucharest	973	1,422	-	-
Podravka – Lagris a.s., Dolni Lhota u Luhačovic	757	533	215	132
Podravka d.o.o. Ljubljana, Ljubljana	722	3,878	5	-
Podravka d.o.o. Podgorica, Podgorica	683	1,018	-	-
Podravka Agri d.o.o., Koprivnica	647	-	-	-
Podravka-International s r.o., Zvolen	458	479	-	-
Podravka-Int.Deutschland-“Konar” GmbH, Munich	452	378	-	-
Podravka-International Kft., Budapest	367	314	-	-
Žito d.o.o., Ljubljana	201	180	1,944	1,599
Farmavita d.o.o. Sarajevo, Vogošća	24	23	-	-
Podravka EOOD, Sofia	22	119	-	-
Belupo d.o.o.el Skopje, Skopje	3	-	-	11
Belupo d.o.o. Ljubljana, Ljubljana	1	1	-	-
Podravka Gulf Fze, Dubai	-	-	313	192
Ljekarne Deltis Pharm, Koprivnica	-	-	1	1
Total current related party receivables and payables	29,172	29,886	3,941	3,483

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 36 – RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with subsidiaries (continued)

OTHER RECEIVABLES

Deposit receivables from related parties

	2024	2023
	<i>(in thousands of EUR)</i>	
Podravka AGRI d.o.o. Koprivnica	15,000	-
	15,000	-

Interest receivables from related parties

	2024	2023
	<i>(in thousands of EUR)</i>	
Mirna d.d., Rovinj	366	279
FOODPRO Limited, Dar es Salaam	99	92
Podravka – Lagris a.s., Dolni Lhota u Luhačovic	6	8
Podravka AGRI d.o.o. Koprivnica	3	-
Podravka Gulf FZE, Dubai	-	1
Write-offs	(96)	(91)
	378	289

Guarantees and warranties to subsidiaries

	2024	2023
	<i>(in thousands of EUR)</i>	
Podravka – Lagris a.s., Dolni Lhota u Luhačovic	1,427	1,456
Podravka International USA Inc., New York	779	300
Belupo d.d., Koprivnica	24	2,679
Mirna d.d., Rovinj	-	9
	2,230	4,444

BORROWINGS

	2024	2023
	<i>(in thousands of EUR)</i>	
Belupo d.d. Koprivnica	46,272	18,272
Podravka Polska SP.z o.o., Warsaw	3,000	-
ŽITO maloprodaja d.o.o. Ljubljana	1,000	-
Podravka-Int.Deutschland-“Konar” GmbH, Munich	700	133
Podravka - International Kft, Budapest	97	-
	51,069	18,405

In 2024, the Company used borrowings from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 36 – RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with subsidiaries (continued)

INTEREST PAYABLE

	2024	2023
	<i>(in thousands of EUR)</i>	
Belupo d.d., Koprivnica	128	37
Podravka Polska SP.z o.o., Warsaw	50	
ŽITO maloprodaja d.o.o. Ljubljana	4	-
Podravka-Int.Deutschland-“Konar” GmbH, Munich	2	-
	184	37

NOTE 37 – CONTINGENT LIABILITIES

	2024	2023
	<i>(in thousands of EUR)</i>	
Guarantees – related parties	2,230	4,444
Guarantees – third parties	1,837	452
	4,067	4,896

Guarantees and warranties given relate to the potential liability of the Company on the basis of borrowings of related parties toward banks. In addition, they relate to Company's contingent liabilities on the basis of customs guarantees and performance guarantees given to customers.

With respect to guarantees and warranties granted, contingent liabilities have not been recognised in the separate statement of financial position as at 31 December, as management estimated that as at 31 December 2024 and 31 December 2023 it is not probable that they will result in liabilities for the Company.

NOTE 38 – COMMITMENTS

In 2024, the purchase costs of tangible fixed assets contracted with suppliers amounted to EUR 4,769 thousand (2023: EUR 33,885 thousand), which are not yet realised or recognised in the statement of financial position.

As at 31 December 2024, there were no contracted payments of liabilities under the contract on mutual guarantees concluded with Žito d.o.o. (2023: EUR 0).

The future payments under operating leases in 2024 relate to the usage of IT equipment and other operating leases as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Up to 1 year	616	789
From 1 to 5 years	-	149
	616	938

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 39 – EVENTS AFTER THE REPORTING DATE

On 31 January 2025, Podravka Agri d.o.o. concluded the transaction for the takeover of the agricultural companies of the Fortenova Group.

By concluding the transaction, Podravka d.d. and the European Bank for Reconstruction and Development, through the company Podravka Agri d.o.o. (in which Podravka d.d. has an 84.99% ownership stake, while the European Bank for Reconstruction and Development has 15.01%), took over the companies Belje plus d.o.o., Vupik plus d.o.o., PIK-Vinkovci plus d.o.o., Energija Gradec d.o.o., Belje Agro-Vet plus d.o.o. and Felix plus d.o.o.

To pay the purchase price, Podravka d.d., through the capital contribution to the company Podravka Agri d.o.o., secured funds in the amount of EUR 283 million through a club loan granted by Croatian commercial banks, while the European Bank for Reconstruction and Development contributed capital in the amount of EUR 50 million to the company Podravka Agri d.o.o.

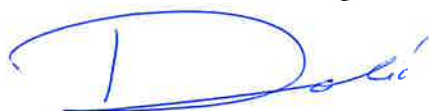
NOTE 40 – APPROVAL OF FINANCIAL STATEMENTS

The financial statements were adopted by the Management Board and approved for issue on 15 April 2025.

Signed on behalf of the Company on 15 April 2025:

Martina Dalić

President of the Management Board



Davor Doko

Member of the Management Board



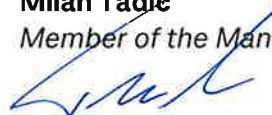
Ljiljana Šapina

Member of the Management Board



Milan Tadić

Member of the Management Board



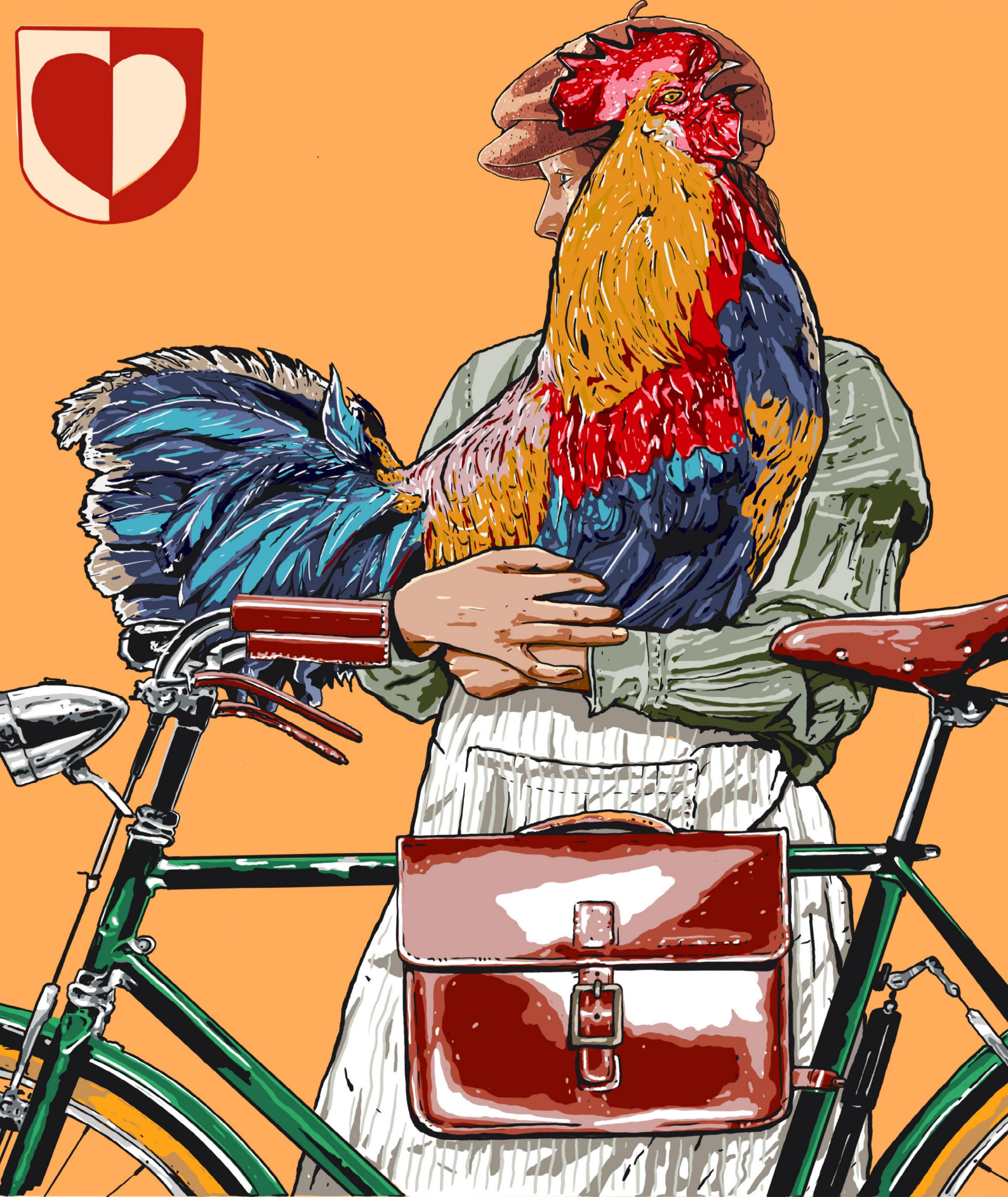
Ivan Ostojić

Member of the Management Board



Podravka 
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Republic of Croatia



PODRAVKA



Creating a tastier world.
Always with a heart.