

Podravka
Group
Annual
report for
2024



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1 Structure and Ownership



STRUCTURE of the Podravka Group

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 D.D.

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

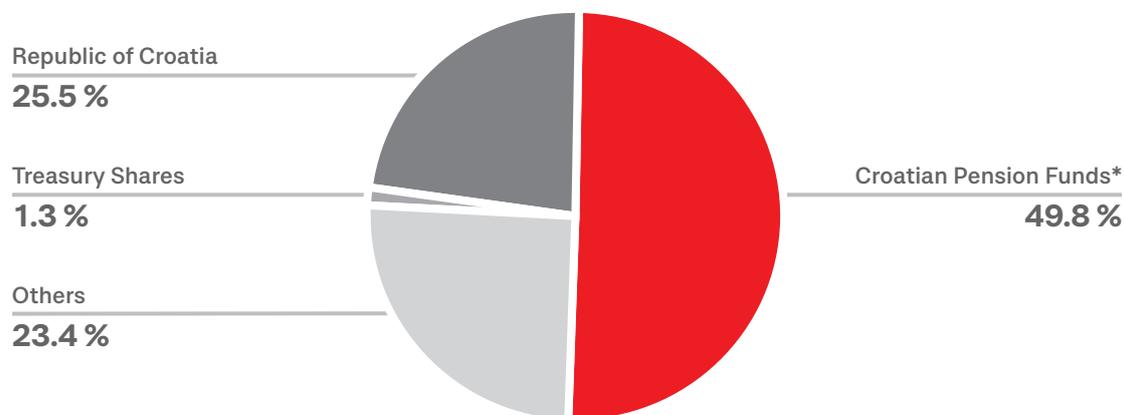
***** At the General Assembly of Podravka Agri Ltd. held on January 27, 2025, a decision was made to increase the share capital, through which the European Bank for Reconstruction and Development acquired a 15.01% ownership stake in Podravka Agri Ltd. On January 31, 2025, Podravka concluded the acquisition 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
of Podravke 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.

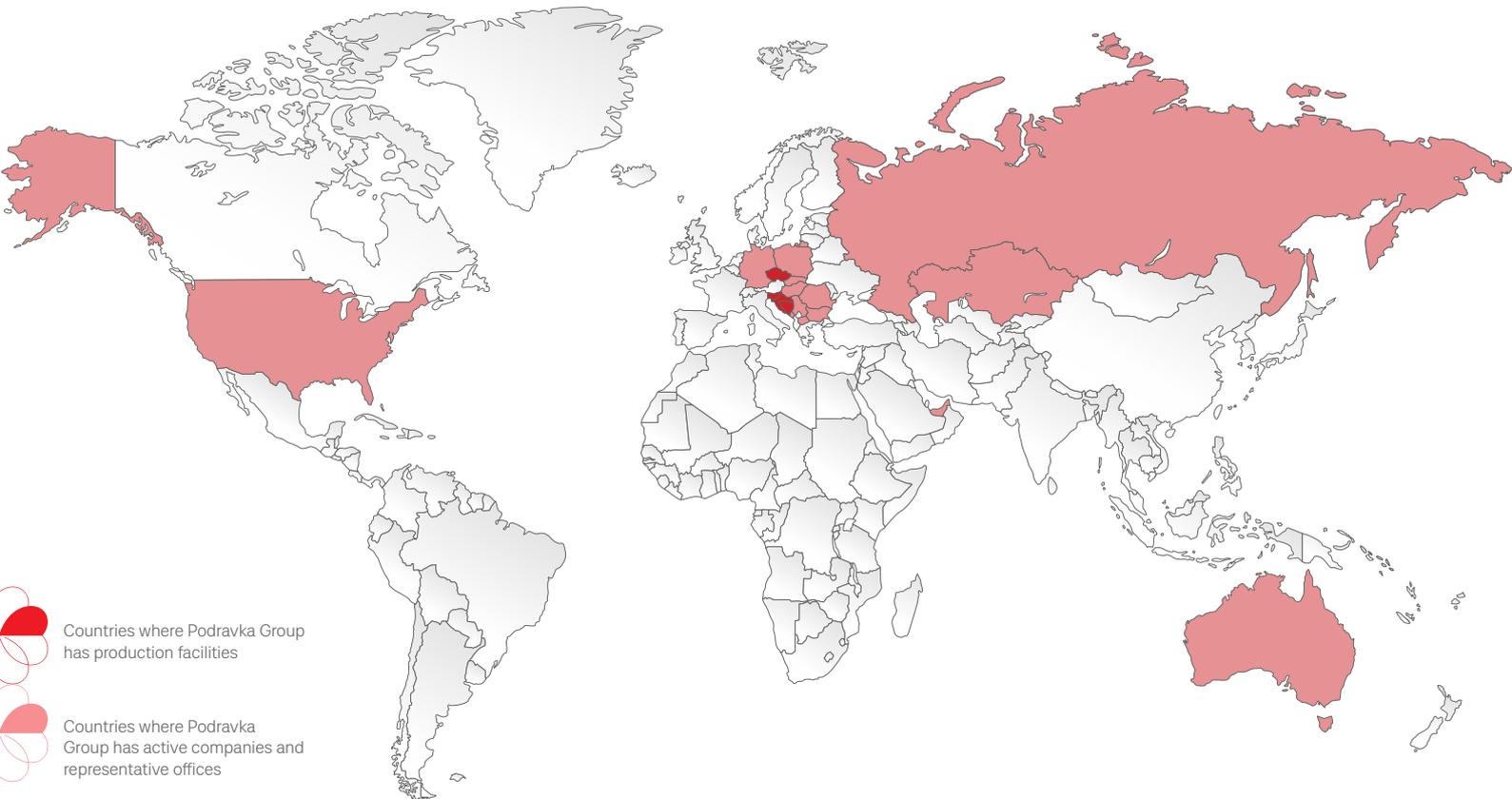
** The Restructuring and Sale Centre holds 1,241,504 shares through four accounts, Capital Fund Inc. holds 406,842 shares, the Republic of Croatia additionally holds 167,281 shares on a separate account



2 Corporate Profile of Podravka Group

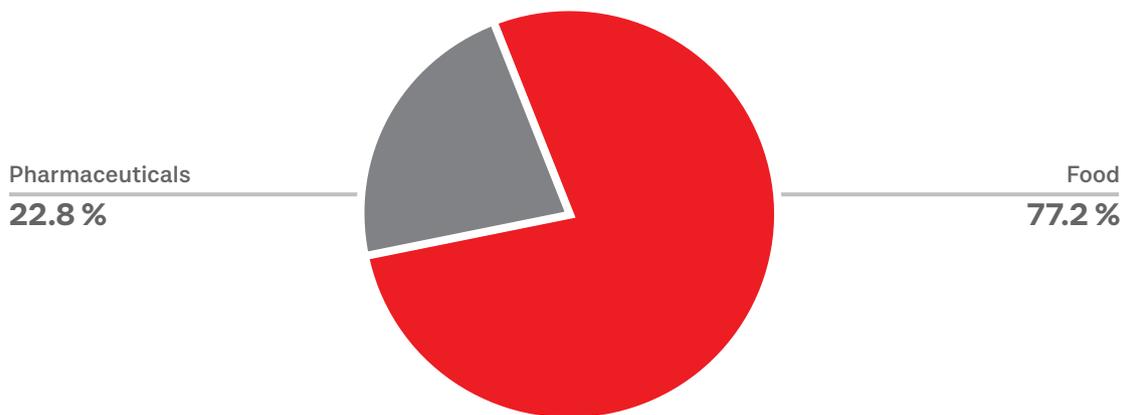


- Headquarters: Koprivnica, Republic of Croatia
- The most internationalized company based in the Republic of Croatia
- The leading culinary institution in Central and Southeastern Europe

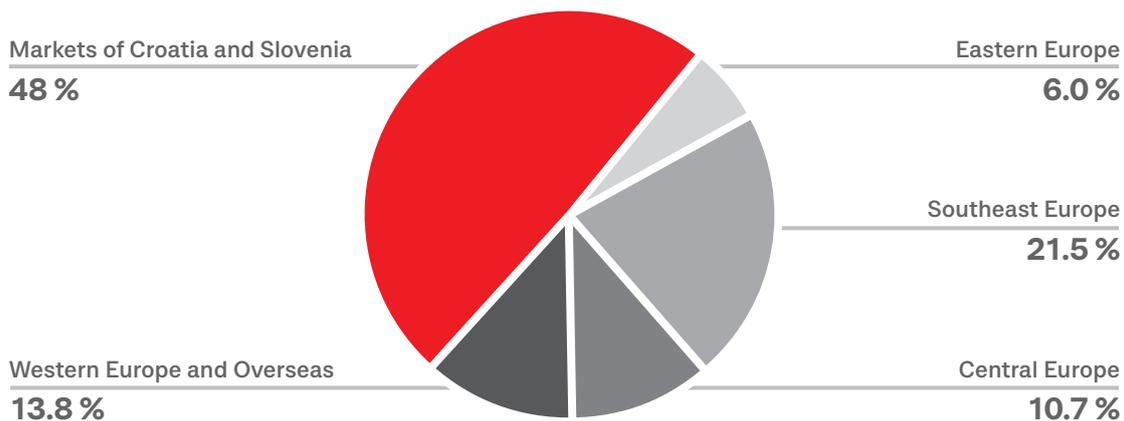




REVENUE STRUCTURE OF PODRAVKA GROUP
by Segments

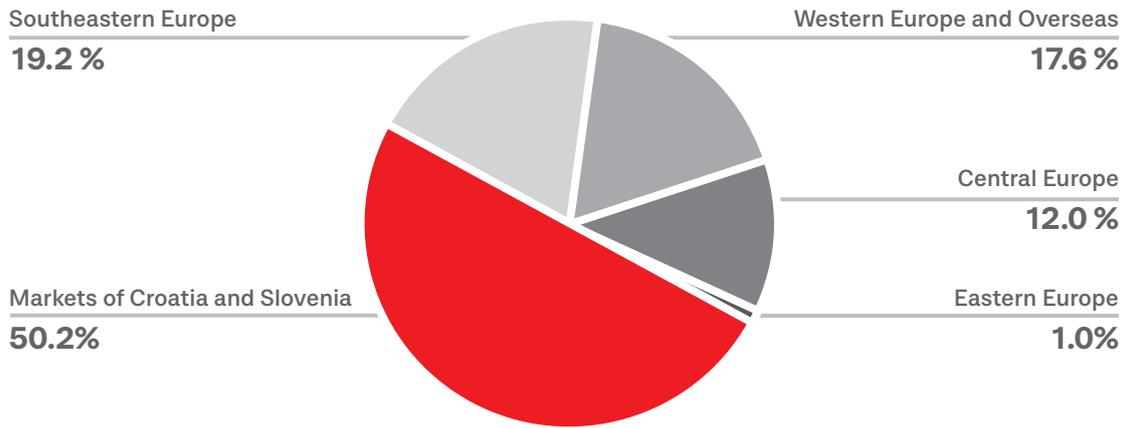


REVENUE STRUCTURE OF PODRAVKA GROUP
by Region



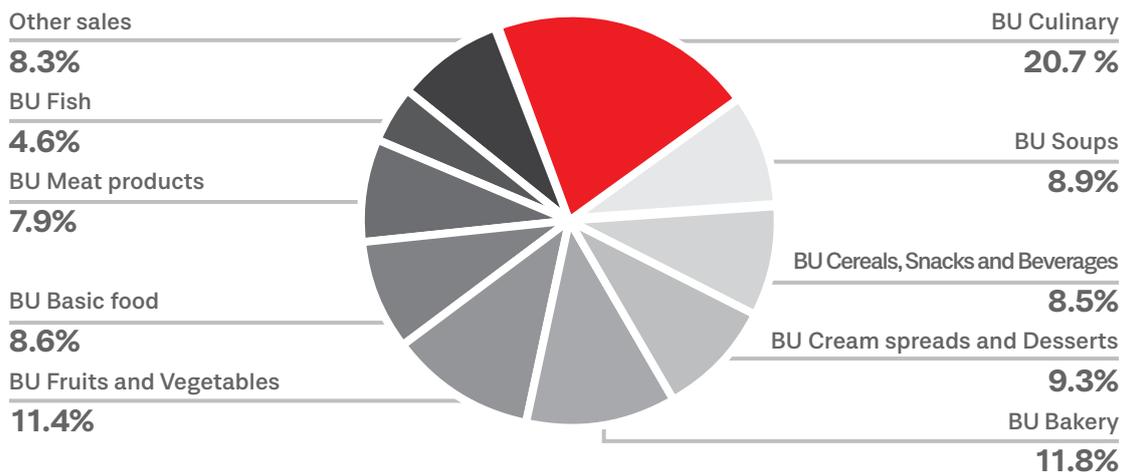
REVENUE STRUCTURE OF FOOD SEGMENT

by Region



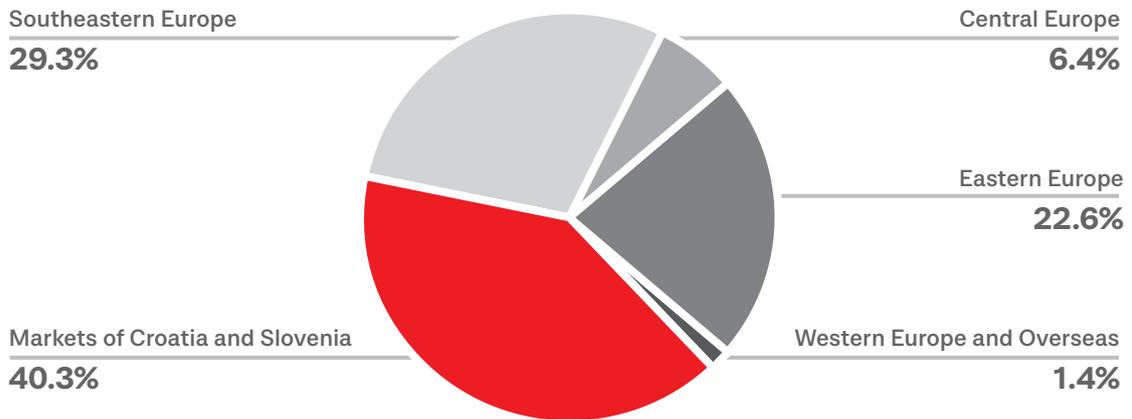
REVENUE STRUCTURE OF FOOD SEGMENT

by Business Unit



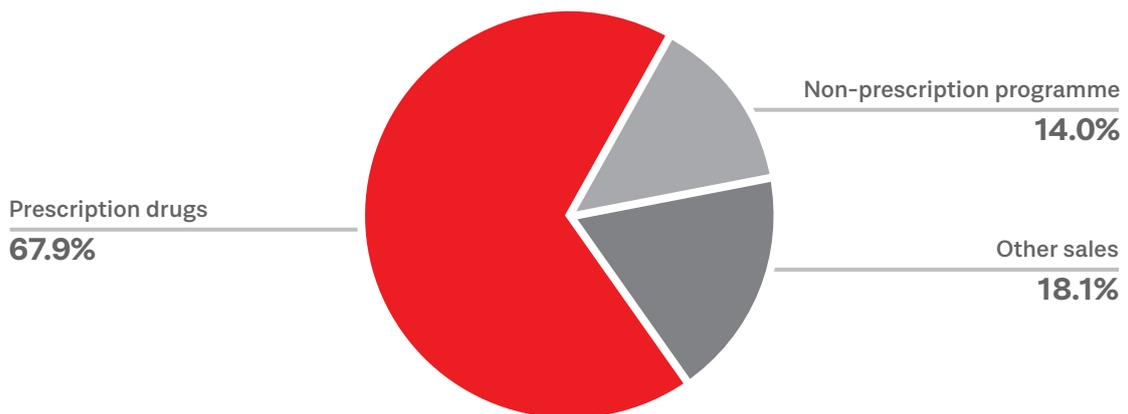
REVENUE STRUCTURE OF PHARMACEUTICALS SEGMENT

by Region



REVENUE STRUCTURE OF PHARMACEUTICALS SEGMENT

by Category



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 mil. 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 Ostojčić / *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 in 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***

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

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. Holds a license as an authorized manager of pension funds and pension insurance companies.

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. He is a Homeland War volunteer, a reserve officer of the Croatian Army, and a recipient of the Homeland War Memorial Medal.



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 i 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.

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 Statement 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.

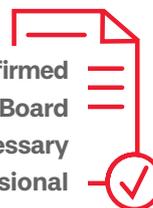
The Supervisory Board also supports Podravka Inc.'s commitment to gender balance across the entire company, particularly at senior management levels.

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.

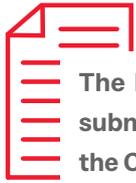
The Supervisory Board's evaluation confirmed that all members of the Supervisory Board and its committees possess the necessary knowledge, capabilities, and professional experience.

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.

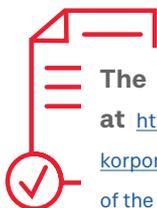
The Regulation on the Procedure for Internal Reporting of Irregularities and the Appointment of a Confidential Person can be found at the following links:

<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 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

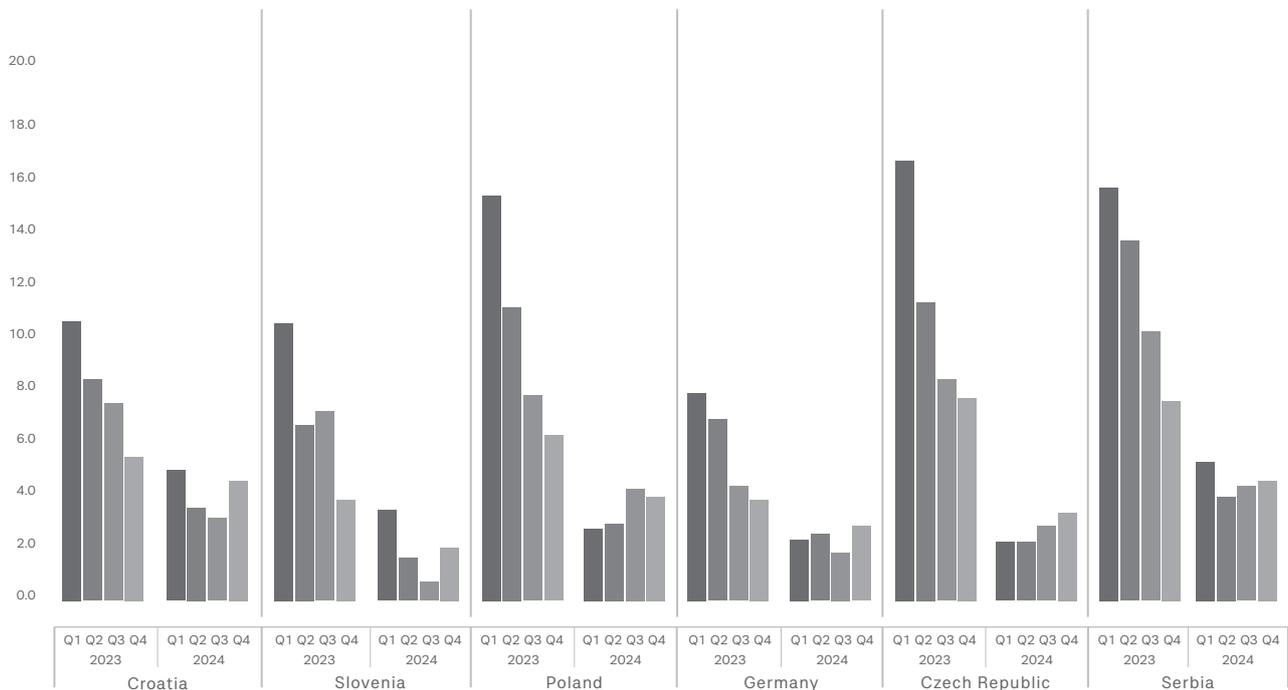


MACROECONOMIC environment

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)

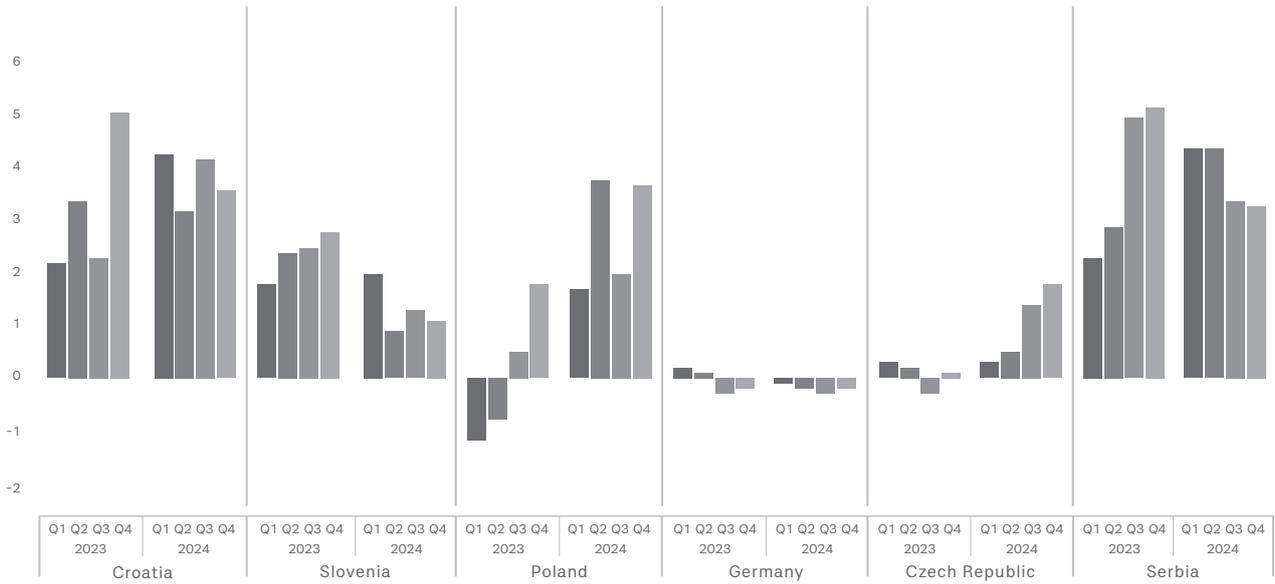


(Source: <https://ec.europa.eu/eurostat>)



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.

- **Modernization and consolidation of bakeries in Slovenia, valued at nearly EUR 26 mil.** – which includes transforming Žito into a modern bakery industry. Production has been consolidated, efficiency increased, and the product range optimized. Between the beginning of 2022 and the end of 2024, Podravka Group invested in three new automated production lines and three new packaging lines at Žito.



- **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 sustainable energy** – including the installation of solar power plants at nearly all of Podravka's properties, significantly reducing CO₂ emissions. The share of renewable energy in total energy consumption is currently 34%. This investment was carried out in two phases and co-financed through the Rural Development Program and the Modernization Fund. In 2023, Podravka received the prestigious "Hrvoje Požar" award from the Croatian Energy Society for the realized project of rational energy management and environmental improvement. The second phase was completed in 2024, finalizing the installation of solar power plants at Podravka Group's locations in Koprivnica, Varaždin, and Dugopolje, as well as in Maribor. The next phase of the investment will include the newly built LDC

in Koprivnica. The completion of the third phase is expected in 2025, further reducing electricity costs across the Podravka Group.

- **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 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, energy efficiency and ecological responsibility have been significantly improved, with notable efforts to reduce the carbon footprint.

A key step was the continued investment in 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. This has brought the share of renewable energy in total consumption to 34%, along with a reduction in CO₂ emissions. The next step includes the installation of solar panels at the newly built logistics-distribution center in Koprivnica, with the completion of the third phase scheduled for 2025.

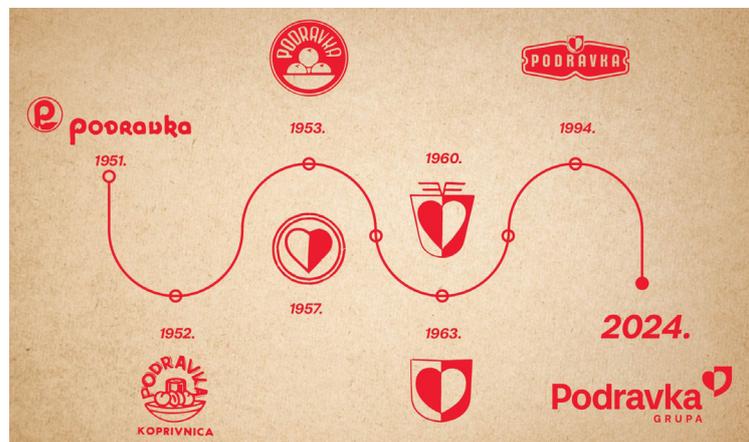
Along with renewable energy investments, Podravka continued initiatives focused on preserving natural resources. In collaboration with local communities and expert institutions, afforestation projects were carried out in degraded areas, contributing to the restoration of forest ecosystems and increasing biodiversity. Together, Podravka employees and experts participating in Project O₂ planted a total of two hectares of land in the Vukovar area.

In 2024, the use of environmentally friendly materials was further improved, including an increase in the proportion of recyclable packaging. Special emphasis was placed on aluminum cans, which are fully recyclable, thus achieving long-term goals for reducing the ecological footprint.

The Podravka Group continues to implement its Sustainable Business Strategy through further investments in green technologies, resource rationalization, and innovations in packaging and logistics, reinforcing 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. At the end of the year, Belupo also introduced a new visual identity, aligning with the corporate standard set by Podravka. The new Belupo identity shares the same color, typography, and values promoted by the entire Group.

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.

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).



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.

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.

BELUPO INTRODUCES A NEW LINE OF DIETARY SUPPLEMENTS UNDER THE BELVI BRAND

In 2024, Belupo expanded its range of over-the-counter products with a new line of dietary supplements under the BelVi brand. These innovative products have been developed to support health and vitality, tailored to the various needs of consumers.

BelVi by Belupo – Pro Plus contains beneficial bacteria, prebiotics, and B vitamins for heart health. Multi Q10 combines vitamins, minerals, and coenzyme Q10 for increased energy. Multi Junior, in the form of chewable tablets, strengthens the immunity of children from the age of three, while Immuno Plus, with vitamins and zinc, supports the body's resilience.

With this line, Belupo further affirms its commitment to developing high-quality products for the health of consumers.

PODRAVKA AWARDED EQUAL PAY CHAMPION CERTIFICATION

Podravka incorporates professional equality and equal opportunities into all human resource management processes, as confirmed by receiving the Equal Pay Champion certification. This is the first certification in Croatia based on the principle of "Equal pay for equal work," launched to recognize employers who are determined to achieve equality, fairness, and equity within their organization. The focus is on actively promoting an inclusive organizational culture that provides equal opportunities for all.

With the introduction of a new salary system in 2023, Podravka established a new base salary regardless of the employee's gender, which contributed to reducing the gender pay gap. Job applications are not gender-defined, and both women and men are hired equally. Similarly, based on qualifications, they have equal opportunities for development and advancement. When opening managerial and professional positions or during promotions, additional competent female candidates are actively sought. A positive example is the Podravka Inc. Management Board, where the female share is 40%, in line with the European Union's Gender Equality Strategy 2025.

Podravka is among the 16 employers who received recognition in 2024 for their efforts to reduce gender pay disparities, and it has been recognized as a leader in this area. The Equal Pay Champion certificate is awarded by SELECTIO Group, the leading human resources consultancy group.

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



Along with a presentation of the 2023 business results, investors had the opportunity to ask questions to the Management Board members. The event also included a tour of the factory complex, where attendees could witness firsthand the production process of some of Podravka's most famous products.

NEW SALARY SYSTEM INTRODUCED AT MIRNA INC., WITH SALARY INCREASES AT ŽITO

Last year marked the first full year of implementing the new salary system for all employees of Podravka and Belupo. A review of the system in May 2024 confirmed all financial effects and the new job classification, fully verifying its implementation. Additionally, in collaboration with social partners, new regulations and performance-based reward criteria were introduced for employees in logistics, hospitality, sales in the Croatian market, and sales to corporate and institutional clients within Podravka Inc.

Furthermore, in September 2024, representatives of the employer Mirna Inc. and the Podravka Group Workers' Union (SINPOD) signed a new Collective Agreement for all Mirna Inc. employees. The new salary system was introduced at Mirna Inc. under the same principles as for Podravka Inc. and Belupo Inc. The new system took effect on October 1, 2024, covering 225 employees, with the average salary of employees under Mirna Inc.'s Collective Agreement increasing by 17%.

Additionally, in the Žito Group, negotiations were concluded with the KŽI Trade Union Conference (agricultural-food industry), resulting in an agreement to increase employee salaries. In 2024, Žito employees' salaries increased by 3% as of April 1, followed by another 3% increase on October 1. A third salary increase of 3% will take effect on January 1, 2025.



9 Business Results and Shares



BUSINESS results

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

SALES REVENUES BY SEGMENT IN 2024.

SALES REVENUES BY SEGMENT

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Food	553.6	591.6	38.0	6.9%
<i>Own brands</i>	507.1	542.1	35.0	6.9%
<i>Other sales</i>	46.6	49.5	3.0	6.4%
Pharmaceuticals	160.2	174.9	14.7	9.2%
<i>Own brands</i>	130.9	143.3	12.3	9.4%
<i>Other sales</i>	29.3	31.6	2.3	8.0%
Podravka Group	713.8	766.5	52.7	7.4%
<i>Own brands</i>	638.1	685.3	47.3	7.4%
<i>Other sales</i>	75.8	81.2	5.3	7.0%

MOVEMENTS OF THE FOOD SEGMENT REVENUES (2024 COMPARED TO 2023):

- Own brands recorded EUR 35.0m (+6.9%) higher sales due to the increase in sales of almost all business units,
- Other sales recorded EUR 3.0m (+6.4%) higher sales, primarily as a result of the development of distribution on the US market,
- Overall, the Food segment recorded EUR 38.0m (+6.9%) higher sales.

MOVEMENTS OF THE PHARMACEUTICALS SEGMENT REVENUES (2024 COMPARED TO 2023):

- Own brands recorded EUR 12.3m (+9.4%) higher sales, mainly due to the increase in sales of prescription drugs,
- Other sales recorded EUR 2.3m (+8.0%) higher revenues, due to the increase in trade goods sales in the market of Bosnia and Herzegovina,
- Overall, the Pharmaceuticals segment recorded EUR 14.7m (+9.2%) higher sales revenues.

MOVEMENTS OF THE PODRAVKA GROUP REVENUES (2024 COMPARED TO 2023):

- Podravka Group's own brands recorded an increase in sales of EUR 47.3m (+7.4%),
- The revenues of other sales are EUR 5.3m (+7.0%) higher,
- Overall, the Podravka Group sales revenues are EUR 52.7m (+7.4%) higher.



SALES REVENUES BY BUSINESS UNITS AND CATEGORIES IN 2024

SALES REVENUES BY BUSINESS UNITS AND CATEGORIES

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
BU Culinary	105.6	122.7	17.1	16.2%
BU Soups	46.9	52.4	5.5	11.7%
BU Cereals, snack and beverages	46.6	50.3	3.7	7.9%
BU Creamy spreads and Desserts	47.9	54.9	7.0	14.7%
BU Bakery	70.9	69.7	(1.2)	(1.6%)
BU Fruits and Vegetables	63.6	67.2	3.6	5.7%
BU Basic food	55.1	50.7	(4.4)	(7.9%)
BU Meat products	44.0	47.0	3.0	6.8%
BU Fish	26.6	27.1	0.6	2.1%
Prescription drugs	109.8	118.8	9.0	8.2%
Non-prescription programme	21.2	24.5	3.3	15.7%
Other sales	75.8	81.2	5.3	7.0%
<i>Other sales Food</i>	46.6	49.5	3.0	6.4%
<i>Other sales Pharmaceuticals</i>	29.3	31.6	2.3	8.0%
Podravka Group	713.8	766.5	52.7	7.4%

NOTE:

from 1st January 2024 as a result of internal reorganization, a part of assortment 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.



MOVEMENTS OF SALES REVENUES BY BUSINESS UNITS AND CATEGORIES (2024 COMPARED TO 2023):

- The Culinary business unit recorded EUR 17.1m (+16.2%) higher sales. The revenue growth was recorded mainly in the markets of Germany, the USA, Croatia and Poland. The revenue growth includes the effect of the restructuring of the markets of Poland and Germany, where higher revenues were recorded with a profitability increase,
- The Soups business unit recorded EUR 5.5m (+11.7%) sales growth. The revenue growth of the business unit was realised primarily in the markets of Croatia and Southeastern and Western Europe. The Clear soups subcategory contributes most to a positive trend within the Soups business unit,
- The Cereals, snack and beverages business unit recorded EUR 3.7m (+7.9%) higher sales. The sales revenue growth was recorded in all categories, primarily in the market of Croatia. The most significant growth within the business unit was recorded by the Cereals category, subcategories Cereals for Children and Čokolino,
- The Creamy spreads and desserts business unit records EUR 7.0m (+14.7%) higher sales. The most significant revenue growth was recorded in the markets of Croatia, Germany, and Bosnia and Herzegovina, primarily due to the increase in the Creamy spreads category,
- The Bakery business unit recorded a revenue decrease of EUR 1.2m (-1.6%). Revenue growth was achieved in subcategories Rolls, and Sweet bakery products, while the decrease in revenues of the overall business unit is primarily generated by the

Mill products category, subcategory Flour and cattle feed flour,

- The Fruit and vegetables business unit, separated from the Basic food business unit from the beginning of 2024, recorded an increase of EUR 3.6m (+5.7%), primarily due to the growth of categories Condiments and Tomato products. The market of Croatia contributes most to the revenue growth,
- In the observed period, the Basic food business unit recorded EUR 4.4m (-7.9%) lower sales, primarily in the Flour category, subcategory Large packaging for industrial customers,
- In the reporting period, the Meat products business unit recorded EUR 3.0m (+6.8%) higher sales, primarily on the market of Croatia and the market of Switzerland. The revenue growth arises from the categories of Ready meals, and Pâtés,
- The Fish business unit recorded EUR 0.6m (+2.1%) higher sales, which is primarily impacted by the new Fish salads category which records a significant

increase compared to the same period of the previous year,

- The Prescription drugs category recorded EUR 9.0m (+8.2%) higher sales, due to the increase in sales of almost all subcategories, primarily dermatological drugs, the nervous system drugs and cardiovascular drugs. The revenue growth is most significant in the markets of Croatia, and Bosnia and Herzegovina,
- The revenues of the Non-prescription programme category are EUR 3.3m (+15.7%) higher, as a result of the increase in sales of the OTC drugs subcategory,
- The Other sales category recorded EUR 5.3m (+7.0%) higher sales. In the Food segment, Other sales increased by EUR 3.0m (+6.4%), mainly due to the development of distribution on the US market which includes the revenues from the distribution of Atlantic Grupa's products. In the Pharmaceuticals segment, Other sales grew by EUR 2.3m (+8.0%), primarily due to higher trade goods sales in the market of Bosnia and Herzegovina.

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	352.9	367.6	14.7	4.2%
<i>Food</i>	289.2	297.2	7.9	2.7%
<i>Pharmaceuticals</i>	63.6	70.4	6.8	10.6%
Southeastern Europe	152.6	164.9	12.3	8.1%
<i>Food</i>	106.8	113.8	6.9	6.5%
<i>Pharmaceuticals</i>	45.8	51.2	5.4	11.7%
WE and Overseas	84.1	106.3	22.2	26.4%
<i>Food</i>	82.7	103.9	21.2	25.7%
<i>Pharmaceuticals</i>	1.5	2.4	1.0	67.5%
Central Europe	80.2	82.0	1.8	2.2%
<i>Food</i>	69.4	70.8	1.4	2.0%
<i>Pharmaceuticals</i>	10.9	11.3	0.4	3.6%
Eastern Europe	44.1	45.6	1.5	3.5%
<i>Food</i>	5.7	6.0	0.4	6.7%
<i>Pharmaceuticals</i>	38.5	39.6	1.2	3.0%
Podravka Group	713.8	766.5	52.7	7.4%





MOVEMENTS OF SALES REVENUES BY REGION (2024 COMPARED TO 2023):

- The Markets of Croatia and Slovenia recorded a sales increase of EUR 14.7m (+4.2%). The Food segment revenues increased by EUR 7.9m (+2.7%), due to sales increase of most business units, primarily the Business unit Creamy spreads and desserts, Business unit Cereals, snack and beverages, Business unit Fruit and vegetables and Business unit Culinary. The Pharmaceuticals segment revenues in the Market of Croatia and Slovenia also recorded the revenue growth of EUR 6.8m (+10.6%),
- Revenues of the Southeastern Europe region grew by EUR 12.3m (+8.1%) in the reporting period. The Food segment recorded revenue growth of EUR 6.9m (+6.5%), due to the increase in sales of almost all business units, with the largest absolute growth generated by the business units Soups, Culinary, and Creamy spreads and desserts. The Pharmaceuticals segment revenues are EUR 5.4m higher (+11.7%), primarily due to Prescription drugs and Trade goods sales increase in the market of Bosnia and Herzegovina,
- The Western Europe and Overseas region recorded EUR 22.2m (+26.4%) higher sales. The Food segment recorded EUR 21.2m (+25.7%) higher sales primarily due to the sales increase in the Culinary business unit, but also to the development of distribution on the US market. The Pharmaceuticals segment revenues are EUR 1.0m (+67.5%) higher, primarily due to an increase in Prescription drugs revenues in the markets of Germany, Switzerland and in Great Britain,
- The revenues of Central Europe in the reporting period are higher by EUR 1.8m (+2.2%). In the Food segment, an increase in revenue of EUR 1.4m (+2.0%) was recorded, primarily as a result of an increase in revenues of the Culinary business unit in the market of Poland, which is a result of the previously implemented market restructuring aimed at improving profitability. In the Pharmaceuticals segment, revenue growth of EUR 0.4m (+3.6%) was achieved due to higher revenues of the Prescription drugs category in the markets of the Czech Republic and Slovakia,
- The Eastern Europe region recorded a mild increase in revenues of EUR 1.5m (+3.5%), as a result of the increase in sales of the Food segment which recorded EUR 0.4m (+6.7%) higher revenues, primarily due to the increase in revenues of the Culinary business unit, while the Pharmaceuticals segment recorded EUR 1.2m (+3.0%) higher revenues, due to the growth of Non-prescription drugs and Prescription drugs.

PROFITABILITY OF THE FOOD SEGMENT IN 2024

PROFITABILITY OF THE FOOD SEGMENT

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Sales revenue	553.6	591.6	38.0	6.9%
Gross profit	168.7	202.0	33.3	19.7%
EBITDA*	52.5	69.5	17.1	32.5%
EBIT	29.3	44.0	14.7	50.3%
Net profit after MI	43.3	44.6	1.2	2.9%
Gross margin	30.5%	34.1%		+367 bp
EBITDA margin	9.5%	11.8%		+228 bp
EBIT margin	5.3%	7.4%		+215 bp
Net margin after MI	7.8%	7.5%		-29 bp

*EBITDA is calculated in a way that EBIT was increased by depreciation and amortization 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 amortization.



PROFITABILITY OF THE FOOD SEGMENT – NORMALIZED

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Sales revenue	553.6	591.6	38.0	6.9%
Gross profit	168.7	202.2	33.4	19.8%
EBITDA*	52.5	70.6	18.1	34.5%
EBIT	29.6	45.1	15.6	52.7%
Net profit after MI	24.0	35.8	11.9	49.5%
Gross margin	30.5%	34.2%		+369 bp
EBITDA margin	9.5%	11.9%		+245 bp
EBIT margin	5.3%	7.6%		+229 bp
Net margin after MI	4.3%	6.1%		+173 bp

*EBITDA is calculated in a way that EBIT was increased by depreciation and amortization 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 amortization.



PROFITABILITY OF THE FOOD SEGMENT (2024 COMPARED TO 2023):

- In 2024 the Food segment recorded an **increase in gross profit** of EUR 33.3m (+19.7%) with an increase in gross margin from 30.5% to 34.1%. **Operating profit before depreciation and amortisation (EBITDA)** is EUR 17.1m (+32.5%) higher, while normalized operating profit before depreciation and amortisation (EBITDA) is EUR 18.1m (+34.5%) higher,
- The increase in the **Normalized operating profit before depreciation and amortisation (EBITDA)** was achieved due to the increase in sales revenues and higher gross profit, despite additional investments in improving the material status of employees, which resulted in an increase in staff costs of EUR 16.3m (+13.0%),
- **Net profit after minority interests** is EUR 1.2m higher (+2.9%), since in 2023 recorded tax incentives for investments, which as a one-off item are subject to normalization, were higher than in 2024 (in 2023 tax incentives amounted to EUR 19.7 million, while in 2024 they amounted to EUR 8.5m). At the normalized level, net profit after MI is higher by EUR 11.9m (+49.5%).



PROFITABILITY OF THE PHARMACEUTICALS SEGMENT IN 2024

PROFITABILITY OF THE PHARMACEUTICAL SEGMENT

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Sales revenue	160.2	174.9	14.7	9.2%
Gross profit	80.0	89.6	9.6	12.0%
EBITDA*	39.5	45.9	6.4	16.2%
EBIT	30.0	36.0	6.0	20.0%
Net profit after MI	23.0	29.3	6.3	27.2%
Gross margin	49.9%	51.2%		+130 bp
EBITDA margin	24.6%	26.2%		+159 bp
EBIT margin	18.7%	20.6%		+186 bp
Net margin after MI	14.4%	16.8%		+237 bp

*EBITDA is calculated in a way that EBIT was increased by depreciation and amortization 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 amortization.

PROFITABILITY OF THE PHARMACEUTICAL SEGMENT – NORMALIZED

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Sales revenue	160.2	174.9	14.7	9.2%
Gross profit	80.0	89.6	9.6	12.1%
EBITDA*	39.5	46.2	6.7	17.1%
EBIT	30.2	36.8	6.6	21.9%
Net profit after MI	23.2	28.4	5.2	22.2%
Gross margin	49.9%	51.2%		+132 bp
EBITDA margin	24.7%	26.4%		+178 bp
EBIT margin	18.8%	21.0%		+220 bp
Net margin after MI	14.5%	16.2%		+173 bp

*EBITDA is calculated in a way that EBIT was increased by depreciation and amortization 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 amortization.



PROFITABILITY OF THE PHARMACEUTICALS SEGMENT (2024 COMPARED TO 2023):

- The Pharmaceuticals segment recorded EUR 9.6m (+12.0%) higher gross profit, with an increase in **gross margin** from 49.9% to 51.2%.
- **Operating profit before depreciation and amortisation (EBITDA)** is higher by EUR 6.4m (+16.2%). The most significant impact on the increase in operating profit before depreciation and amortisation (EBITDA) came from the increase in

sales revenues and gross profit, despite additional investments in improving the material status of employees, which resulted in an increase in staff costs of EUR 2.9m (+7.9%),

- **Net profit after minority interests** is EUR 6.3m (+27.2%) higher, while at the normalized level it is EUR 5.2m higher (+22.2%). The difference stems primarily from the normalization of taxes in 2024, which refers to the final calculation of used tax incentives for the expansion of the Belupo factory from 2015 in the amount of EUR 1.6m.



PROFITABILITY OF THE PODRAVKA GROUP IN 2024

PROFITABILITY OF THE PODRAVKA GROUP

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Sales revenue	713.8	766.5	52.7	7.4%
Gross profit	248.7	291.6	42.9	17.2%
EBITDA*	91.9	115.4	23.5	25.5%
EBIT	59.3	80.0	20.7	35.0%
Net profit after MI	66.4	73.9	7.5	11.3%
Gross margin	34.8%	38.0%		+320 bp
EBITDA margin	12.9%	15.1%		+218 bp
EBIT margin	8.3%	10.4%		+213 bp
Net margin after MI	9.3%	9.6%		+34 bp

*EBITDA is calculated in a way that EBIT was increased by depreciation and amortization 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 amortization.

PROFITABILITY OF THE PODRAVKA GROUP – NORMALIZED

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Sales revenue	713.8	766.5	52.7	7.4%
Gross profit	248.7	291.8	43.1	17.3%
EBITDA*	91.9	116.8	24.8	27.0%
EBIT	59.7	81.9	22.2	37.1%
Net profit after MI	47.2	64.2	17.0	36.1%
Gross margin	34.8%	38.1%		+322 bp
EBITDA margin	12.9%	15.2%		+236 bp
EBIT margin	8.4%	10.7%		+232 bp
Net margin after MI	6.6%	8.4%		+177 bp

*EBITDA is calculated in a way that EBIT was increased by depreciation and amortization 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 amortization.

PROFITABILITY OF THE PODRAVKA GROUP (2024 COMPARED TO 2023):

- In the observed period, the Podravka Group recorded EUR 42.9m (+17.2%) **higher gross profit** with an increase in **gross margin** from 34.8% to 38.0%, where the positive impact came primarily from the Food segment, but also from the Pharmaceuticals segment,
- **Operating profit before depreciation and amortisation (EBITDA)** is EUR 23.5m (+25.5%) higher, while **normalized operating profit before depreciation and amortisation (EBITDA)** is EUR 24.8m (+27.0%) higher,
- **Net profit after minority interests** is EUR 7.5m higher (+11.3%). **Normalized net profit after minority interests** is EUR 17.0m (+36.1%) higher, due to the growth in net profit of both the Food and the Pharmaceuticals segments.



KEY HIGHLIGHTS OF THE INCOME STATEMENT IN 2024

PODRAVKA GROUP – REPORTED

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Cost of goods sold	465.1	474.9	9.8	2.1%
General and administrative expenses	53.7	61.2	7.5	14.0%
Selling and distribution costs	89.0	98.9	9.9	11.2%
Marketing expenses	47.9	53.9	6.1	12.6%
Other expenses (income), net	(1.1)	(2.5)	(1.3)	119.8%
Total operating expenses	654.6	686.5	31.9	4.9%

PODRAVKA GROUP – NORMALIZED

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ	%
Cost of goods sold	465.1	474.7	9.6	2.1%
General and administrative expenses	53.1	58.2	5.1	9.6%
Selling and distribution costs	89.0	98.5	9.6	10.8%
Marketing expenses	47.9	53.9	6.1	12.6%
Other expenses (income), net	(1.0)	(0.8)	0.2	(16.7%)
Total operating expenses	654.1	684.6	30.5	4.7%

COST OF GOODS SOLD

Cost of goods sold increased by EUR 9.8m (+2.1%) relative to the comparative period, primarily as a result of additional investments in improving the material status of employees.

GENERAL AND ADMINISTRATIVE EXPENSES

In relation to the comparative period, general and administrative expenses are EUR 7.5m higher (+14.0%), primarily due to additional investments in improving the material status of employees, as well as to the costs related to the purchase of agricultural companies of the Fortenova group.

SELLING AND DISTRIBUTION COSTS

In the observed period, selling and distribution costs are EUR 9.9m (+11.2%) higher than in the comparative period, primarily as a result of additional investments in improving the material status of employees and higher depreciation costs.



MARKETING EXPENSES

In the reporting period, marketing expenses (which include marketing investments expenses and marketing department expenses) are 12.6% higher than in the comparative period. In this, the costs of marketing investments are higher by EUR 4.6m (+19.1%) due to the increased marketing activities, while the costs of the marketing department are higher by EUR 1.5m (+6.2%) due to additional investments in improving the material status of employees.

OTHER EXPENSES (INCOME), NET

In the reporting period, other expenses and income, net amounted to EUR -2.5m (positive impact), while in the comparative period they amounted to EUR -1.1m (positive impact). The difference was mainly impacted by the border debt received from the Fortenova group (total effects are presented in the One-off items section).

NET FINANCE COSTS

In the observed period, net finance costs amounted to negative EUR 0.1m, while in the same period of the previous year they amounted to negative EUR 0.6m considering higher financial expenses compared to financial income in the observed period.

INCOME TAX

The reported income tax of the Podravka Group in 1 – 12 2024 amounted to EUR 4.5m (negative impact), while in the same period of the previous year it amounted to EUR -9.0m (positive impact), due to higher tax incentives based on the Investment Promotion Act.



KEY HIGHLIGHTS OF THE BALANCE SHEET AS OF 31 DECEMBER 2024

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of the Podravka Group are EUR 37.9m or +11.1% 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 the Podravka Group are EUR 15.5m (+10.3%) 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 the Podravka Group are EUR 25.2m (+19.7%) higher than as of 31 December 2023 primarily as a result of the increase in sales revenues in the reporting period and a change in the commercial model in the Pharmaceuticals segment on the Croatian market.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Podravka Group at the end of the observed period are EUR 15.4m lower (-36.2%) compared to 31 December 2023. This is explained in the "Key highlights of the cash flow statement in 2024" section.

LONG-TERM AND SHORT-TERM BORROWINGS

As of 31 December 2024, long-term and short-term borrowings of the Podravka Group amounted to EUR 40.6m and are EUR 3.5m lower than as of 31 December 2023 as a result of regular repayment of borrowings.

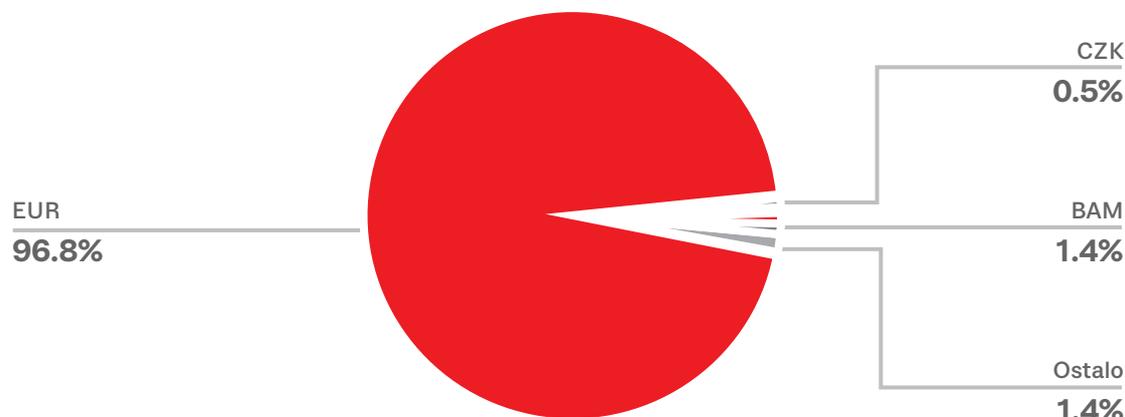
TRADE AND OTHER PAYABLES

Trade and other payables of the Podravka Group are EUR 1.9m (+1.7%) higher compared to 31 December 2023.

INDEBTEDNESS

As of 31 December 2024, the total debt of the Podravka Group related to borrowings and other interest-bearing financial liabilities amounted to EUR 57.7m, of which EUR 0.1m relates to long-term borrowings, EUR 40.5m to short-term borrowings, while EUR 17.0m relates to liabilities for right-of-use assets. The average weighted cost of debt on all the stated liabilities as of 31 December 2024 was 1.6%, while if right-of-use assets were excluded it was 0.8%.



CURRENCY STRUCTURE OF DEBT AS AT 31 DECEMBER 2024

Analysing the debt currency structure, the highest exposure, of 96.8%, was in the Euro (EUR). The debt share in the Bosnia and Herzegovina mark (BAM) amounted to 1.4%, in the Czech koruna (CZK) to 0.5%, while the remainder of 1.4% relates to other currencies.

(in EUR millions)*	1 - 12 2023	1 - 12 2024	Δ	%
Financial debt	57.4	57.7	0.2	0.4%
Cash and cash equivalents	42.5	27.1	(15.4)	(36.2%)
Net debt	14.9	30.5	15.6	104.7%
Interest expense	0.68	0.96	0.3	40.4%
Net debt / Normalized EBITDA	0.16	0.26	0.1	61.2%
Normalized EBIT / Interest expense	87.3	85.3	(2.0)	(2.3%)
Equity to assets ratio	73.9%	74.7%		+83 bp

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

Net debt increase as of 31 December 2024 compared to 31 December 2023 is the result of a decrease in the line item cash and cash equivalents of EUR 15.4m and an increase in liabilities for right-of-use assets of EUR 3.7m. Despite the increase in Normalized EBITDA, the higher increase in net debt led to a bit higher net debt to Normalized EBITDA ratio; however, it stood at low 0.3.

² Financial debt: long-term and short-term borrowings + lease liabilities + financial liabilities at fair value through profit or loss. The data is provided in the "Consolidated statements of financial position as at 31 December 2024" section.

³ Net debt: Financial debt – Cash and cash equivalents.

⁴ Equity to assets ratio: total shareholder's equity / total assets. The data is provided in the "Consolidated statements of financial position as of 31 December 2024" section.



KEY HIGHLIGHTS OF THE CASH FLOW STATEMENT IN 2024

(in EUR millions)	1 - 12 2023	1 - 12 2024	Δ
Net cash flow from operating activities	115.4	88.8	(23.0%)
Net cash flow from investing activities	(39.6)	(68.2)	(72.0%)
Net cash flow from financing activities	(55.2)	(36.1)	34.6%
Net increase / (decrease) of cash and cash equivalents	20.6	(15.4)	(174.7%)



NET CASH FLOW FROM OPERATING ACTIVITIES

In the observed period, net cash flow from operating activities amounted to positive EUR 88.8m as a result of operating business and dynamics of movements in the working capital.

NET CASH FLOW FROM INVESTING ACTIVITIES

Net cash flow from investing activities in the reporting period amounted to negative EUR 68.2m, primarily due to cash capital expenditures in the amount of EUR 71.2m.

THE MOST SIGNIFICANT CAPITAL EXPENDITURES IN 2024 WERE RELATED TO:

- Completion of investment activities related to the construction of the logistics and distribution centre. In order to increase efficiency in the logistics and distribution segment of business through optimization of the number of warehouse spaces, minimization of internal transport, better cost control and reduction of carbon dioxide emissions, a new logistics and distribution centre was built in the Danica business zone. In August 2024, a technical inspection was carried out and a use permit was obtained, and at the end of 2024, the logistics

and distribution centre began its operation in full functionality,

- Completion of investment activities related to the construction of the new tomato factory in continental Croatia. During 2024, technology and production equipment were installed, and the construction works were completed. The new tomato factory started seasonal processing of fresh tomatoes in mid-July, which continued until October,
- Completion of investment activities related to the bakery concentration project in order to improve production efficiency and reduce operating expenses. The investment activities during 2024 marked the continuation of investments in production equipment, assembly of the received equipment and the expansion of the existing warehousing area,
- Completion of investment activities related to investment in additional solar power plants,
- Finalization of investment activities in the line for the production of instant noodles, which will ensure the appropriate level of quality through the management of own production (“insourcing”). During the fourth quarter of 2024, the remaining equipment was received and trial production realized,
- Completion of significant investment activities related to the modernization of the truck fleet aimed at reducing maintenance costs and improving the efficiency, timeliness and reliability of transport and distribution. Also, during 2024, investment activities related to the purchase of forklifts were finalised, aimed at reducing maintenance costs, increasing the timeliness, quality and reliability of delivery,
- Finalisation of investment activities related to the



2nd and 3rd phases of investment in agricultural machinery and irrigation systems with the aim of securing own raw materials and better soil cultivation. During 2024, the ordered agricultural machinery was received. The investment will contribute to reducing costs of agrotechnical operations and improving the efficiency of agricultural production. The completion of the project is expected during the second quarter of 2025,

- Finalisation of investment activities related to the production digitization project of all factories covered by the project in order to improve production efficiency and reduce operating expenses. Employee training and further improvement of the system is underway,
- Completion of investment activities related to investment in IT technologies for planning and profitability. During 2024, the design of the desired state of the system and its implementation were defined. Also, during the third quarter of 2024, the system was tested and put into use. The goal of IT technologies for planning and profitability is to improve business processes, which will result in time savings and a higher level of automation and flexibility,
- Finalization of investment activities related to the construction of a central facility for transport and

maintenance with accompanying facilities. During 2024, almost all works were completed. The investment will contribute to improving working conditions and increasing the efficiency of logistics processes.

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

In 2025, expected capital expenditures of the Food and the Pharmaceuticals segments are at a level of around EUR 39m.

NET CASH FLOW FROM FINANCING ACTIVITIES

In 2024 net cash flow from financing activities amounted to negative EUR 36.1m primarily due to the dividend distribution, as well as the repayment of borrowings and lease liabilities.



ADDITIONAL TABLES FOR 2024

CALCULATION OF REPORTED AND NORMALIZED EBITDA

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 in the reporting and the comparative periods are presented in the table below.

VALUE ADJUSTMENTS

(in EUR millions)	1 - 12 2023			1 - 12 2024		
	Group	Food	Pharma	Group	Food	Pharma
Intangible assets	0.33	0.15	0.19	0.45	-	0.45
Tangible assets	0.54	0.16	0.38	0.59	0.14	0.45
Total	0.87	0.30	0.57	1.04	0.14	0.90

IZRAČUN IZVJEŠTAJNE EBITDA

(in EUR millions)	1 - 12 2023			1 - 12 2024		
	Group	Food	Pharma	Group	Food	Pharma
Reported EBIT	59.26	29.26	29.99	79.98	43.98	36.00
+ amortization and depreciation	31.83	22.90	8.93	34.39	25.41	8.99
+ value adjustments of non-current material and non-material assets	0.87	0.30	0.57	1.04	0.14	0.90
Reported EBITDA	91.95	52.46	39.49	115.41	69.52	45.89

IZRAČUN NORMALIZIRANE EBITDA

(in EUR millions)	1 - 12 2023			1 - 12 2024		
	Group	Food	Pharma	Group	Food	Pharma
Normalized EBIT	59.74	29.56	30.18	81.93	45.15	36.79
+ amortization and depreciation	31.83	22.90	8.93	34.39	25.41	8.99
+ value adjustments of non-current material and non-material assets	0.38	-	0.38	0.45	-	0.45
Normalized EBITDA	91.95	52.45	39.49	116.78	70.55	46.23

ONE-OFF ITEMS IN 2024 AND 2023

In 2024, the Food segment incurred EUR 0.25m costs of severance payments for employees primarily related to long-term sick leaves, EUR 0.11m of costs related to the centralization of bakery in the market of Slovenia, EUR 0.35m of provisions for one-time awards for the introduction of the new SAP system, EUR 0.05m of costs arising from changes in the fair value of investments in

the Fortenova Group (old debt), EUR 0.12m of provisions for legal claims, and EUR 0.26m of income from the sale of non-operating assets. Costs related to the acquisition of agricultural companies of the Fortenova Group in 2024 were normalized in the total amount of EUR 2.38m.



During 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).

In 2024, the Food segment also incurred EUR 0.14m costs related to the impairment of non-current tangible assets. The normalization below the EBIT result of Food primarily relates to the positive effect of 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 of the Food segment is EUR 0.05m (increases it).

The Pharmaceuticals segment incurred EUR 0.08m costs of severance payments related to long-term sick leaves, EUR 0.01m income from the sale of non-operating assets, EUR 0.15m of provisions for one-time awards for the introduction of the new SAP system, and EUR 0.12m of tax expenses based on the sale of non-operating assets.

In 2024, the Pharmaceuticals segment also incurred EUR 0.45m of costs related to the impairment of non-current

intangible assets and EUR 1.60m in positive effects related to the final calculation of tax incentives used for the expansion of the Belupo factory from 2015. The estimated impact of all these one-off items on tax of the Pharmaceuticals segment is EUR 0.13m (decreases it).

In 2023, the Food segment incurred EUR 0.49m costs of severance payments, EUR 0.56m of income from the sale of non-operating assets, and EUR 0.14m of costs related to the centralization of bakery operations on the Slovenian market. Impairment of tangible assets amounted to EUR 0.16m, while impairment of intangible assets amounted to EUR 0.15m. Income from the write-off of liabilities amounted to EUR 0.1m. The normalization below the EBIT result primarily relates to the positive effect of tax incentives received in accordance with the Investment Promotion Act in the amount of EUR 19.72m and a one-off tax expense due to a change in the tax rate in Slovenia in the amount of EUR 0.16m.

The estimated impact of all these one-off items on tax is EUR 0.09m (decreases it).

In 2023, the Pharmaceuticals segment recorded EUR 0.19m of costs related to the impairment of non-current intangible assets. The estimated impact of these one-off items on tax of the Pharmaceuticals segment is EUR 0.03m (decreases it).

NORMALIZATION OF THE PROFIT AND LOSS STATEMENT BY SEGMENTS

REPORTED AND NORMALIZED PROFITABILITY

(in EUR millions)	1 - 12 2023			1 - 12 2024		
	Group	Food	Pharma	Group	Food	Pharma
Reported gross profit	248.71	168.74	79.97	291.59	202.01	89.58
+ severance payments	0.00	0.00	-	-	-	-
+ cost related to the centralization of bakery operations in the Slovenian market	-	-	-	0.03	0.03	-
+ reservations for rewards related to the new SAP system	-	-	-	0.15	0.12	0.03
Normalized gross profit	248.71	168.74	79.97	291.76	202.16	89.61



Reported EBITDA	91.95	52.46	39.49	115.41	69.52	45.89
+ severance payments	0.49	0.49	0.00	0.33	0.25	0.08
+ income from the sale of other assets	(0.56)	(0.56)	-	(0.27)	(0.26)	(0.01)
+ cost related to the centralization of bakery operations the Slovenian market	0.14	0.14	-	0.11	0.11	-
+ cost related to the acquisition of Fortenova's agro business	-	-	-	2.38	2.38	-
+ effect of Fortenova's collection of border debt	-	-	-	(1.97)	(1.97)	-
+ liabilities write-off	(0.08)	(0.08)	-	-	-	-
+ reservations for rewards related to the new SAP system	-	-	-	0.50	0.35	0.15
+ change in the fair value of investments related to Fortenova's old debt	-	-	-	0.05	0.05	-
+ tax impact of the sale of other assets	-	-	-	0.12	-	0.12
+ provisions for litigation	-	-	-	0.12	0.12	-
Normalized EBITDA	91.95	52.45	39.49	116.78	70.55	46.23
Reported EBIT	59.26	29.26	29.99	79.98	43.98	36.00
+ normalizations above EBITDA level	(0.00)	(0.01)	0.00	1.37	1.03	0.34
+ value adjustments – intangible assets	0.34	0.16	0.19	0.45	-	0.45
+ value adjustments – tangible assets	0.15	0.15	-	0.14	0.14	-
Normalized EBIT	59.74	29.56	30.18	81.93	45.15	36.79
Reported Net profit after MI	66.36	43.32	23.04	73.86	44.56	29.30
+ normalizations above EBIT level	0.49	0.30	0.19	1.96	1.17	0.79
+ interest income based on Fortenova's border debt	-	-	-	(1.45)	(1.45)	-
+ tax benefits according to Investment Promotion Act	(19.72)	(19.72)	-	(10.10)	(8.50)	(1.60)
+ change in the tax rate - Slovenia	-	0.16	-	-	-	-
+ estimated impact of normalization on taxes	(0.13)	(0.09)	(0.03)	(0.08)	0.05	(0.13)
Normalized Net profit after MI	47.17	23.97	23.20	64.19	35.83	28.36



SHARE IN 2024

LIST OF MAJOR SHAREHOLDERS AS OF 31 DECEMBER 2024

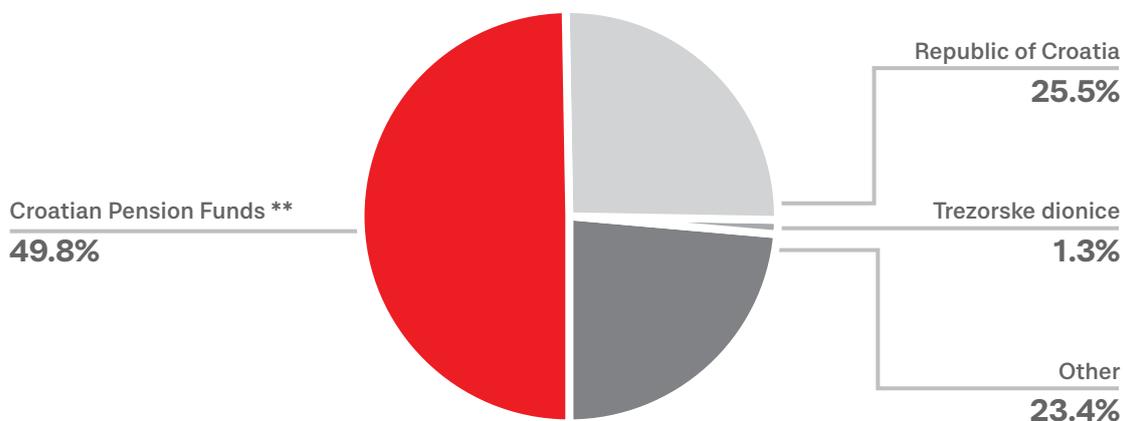
No.	Shareholder	Number of shares	% ownership
1.	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
2.	AZ mandatory pension fund, category B	932,563	13.1%
3.	RSC* - Croatian Pension Insurance Institute	727,703	10.2%
4.	Erste Plavi mandatory pension fund, category B	638,248	9.0%
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%
11.	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

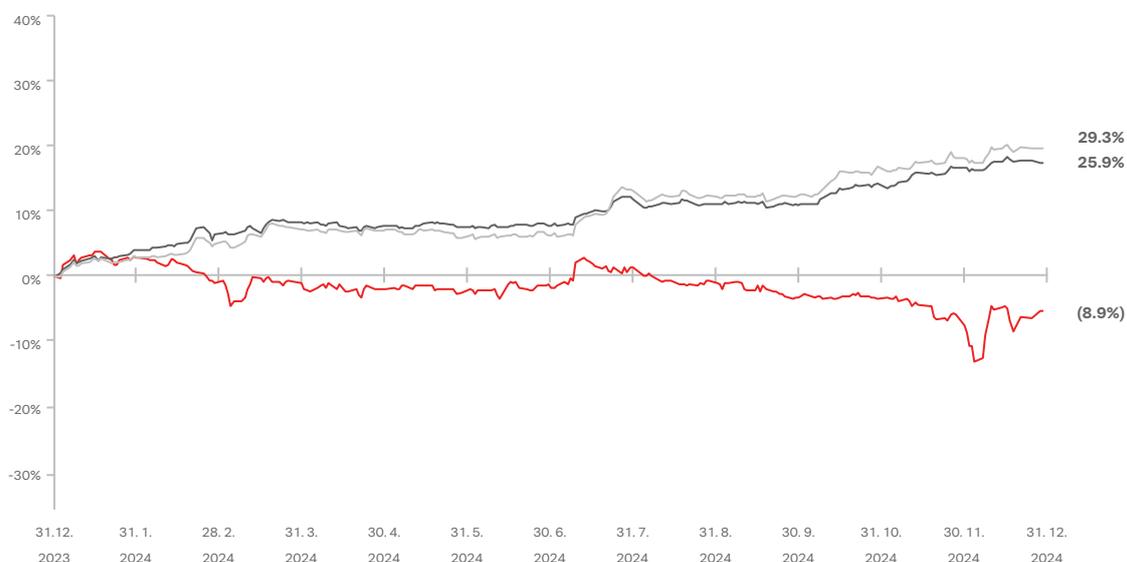


**Includes all mandatory and voluntary pension funds managed by the pension companies: AZ, ROMF, PBZCO and ERSTE.



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) ⁵	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%.

⁵ 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* = Σ average daily price*(daily volume/total volume in the reporting period). Other indicators are calculated as the average of average daily transactions/volume/turnover in the reporting period. Block trades are excluded from the calculation.



VALUATION

(in EUR millions; last price and earnings per share in EUR)*	2023	1 - 12 2024	%
Last price	163.0	148.5	(8.9%)
Weighted average number of shares	7,015,732	7,043,408	0.4%
Market capitalization	1,143.6	1,045.9	(8.5%)
EV	1,169.1	1,087.3	(7.0%)
Normalized earnings per share	6.7	9.1	35.5%
EV / sales revenue	1.6	1.4	(13.4%)
EV / Normalized EBITDA	12.7	9.3	(26.8%)
EV / Normalized EBIT	19.6	13.3	(32.2%)
Last price / Normalized earnings per share ratio (P / E)	24.2	16.3	(32.8%)

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



⁶ The weighted average number of shares is calculated on the basis of previous 12 months period by dividing the sum of the weighted number of shares of each individual month by the total number of calendar days in the previous 12 months. The weighted number of shares on a monthly basis is calculated by reducing the total number of issued shares by the amount of treasury shares and multiplying the difference by the number of days of that month.

⁷ Market Capitalization: Last price * Weighted average number of shares.

⁸ Enterprise value: Market Capitalization + Net debt + Minority interests.

⁹ Normalized earnings per share is calculated in a way that Normalized Net income after minority interests is divided with weighted average number of shares. Normalized Net income after minority interests include the last 12 months period.

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.

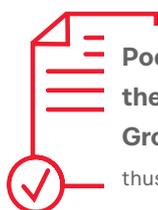
In the upcoming period, the focus will also be on implementing the objectives set out in the Business Sustainability Strategy and the Nutritional Strategy – both integrated with the business Strategy. The Business Sustainability Strategy is focused on a clean environment, employee and community care, 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 Podravka Group's Brands



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 JUHA**. 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 is written in a blue, cursive script font with a registered trademark symbol.The logo for Fini-Mini is written in a red, bold, 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 is written in a dark brown, bold, sans-serif font with a white outline and a registered trademark symbol.The logo for Lino is written in a blue, bold, sans-serif font with a white outline and 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 is written in a bold, yellow, sans-serif font with a black outline and a registered trademark symbol.



1001 CVET and PODRAVKA TEAS 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 PATES 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.

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

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 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.



Podravka 

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.



Žito 

ŽITO fresh bakery products cover the segments of semi-baked bread (bread rolls), fresh bread, and pastries. The secret behind these products is a combination of tradition and innovation using the best raw materials, preserving the best of Slovenian culinary tradition combined with modern technologies. The Žito brand also covers the categories of flour, bread rolls, toast, and gluten-free bread.

LAGRIS is a well-known Czech brand that has been combining naturalness and tradition for thirty years. Within its wide and diverse range, it offers rice, legumes, poppy seeds, cereals, and potato-based products. The high quality of Lagris is ensured by certified high production standards. Raw materials for Lagris products are stored using a unique technology in controlled conditions, perfectly preserving the quality and original flavors of the products.



GORENJKA 

With a century of experience, **GORENJKA** is synonymous with high-quality chocolate products made with the finest cocoa. Gorenjka's rich assortment delights chocolate lovers with milk and dark chocolates for eating and cooking, as well as other products like mini rolls, cubes, and chocolate with rice.

ŠUMI candies, including caramels, jelly candies, gummy candies, and filled candies, are enjoyed by both children and adults. These candies are special due to their high content of natural fruit juice, vitamins, and minerals. They do not contain artificial colors or flavors, and the 145-year tradition inspires confidence. The herbal candies are made according to an original recipe that features a refined selection of herbal flavors and natural fruit juice extracts.

šumi 



PHARMACEUTICALS

BELUPO offers products on the Croatian market in the categories of Rx medicines, OTC synthetic and herbal medicines, dietary supplements, disinfectants, and enteral nutrition. It is present in 12 out of the 14 existing ATC categories and is the market leader in Croatia for prescription medicines according to IMS data for 2022. Belupo is also present on international markets with almost all the brands available on the domestic market, although the product portfolio varies from market to market. Belupo's portfolio of medicines is well known among business partners, patients, and consumers, and efforts are being made to constantly enrich it with new products, in line with market trends.

Belupo 

BELOSALIC
BETAMETAZON, SALICILNA KISELINA

BELOSALIC brend (losion, sprej i mast) najprodavaniji je brend u Belupovu portfelju, a na tržištima Rusije, Ukrajine, Kazahstana i Poljske ujedno je i najprodavaniji lijek. Belosalic brend, zahvaljujući djelatnim tvarima, pripada skupini lijekova topički kortikosteroidi, a klasificiran je kao „jaki kortikosteroid“. Lijekovi pod brendom Belosalic nanose se na površinu kože radi smanjivanja crvenila i svrbeža prouzročenih određenim kožnim bolestima, a prisutni su u Belupovu portfelju od 2000. godine.

The **BELOSALIC** brand (lotion, spray, and ointment) is the best-selling brand in Belupo's portfolio and is also the best-selling medicine in Russia, Ukraine, Kazakhstan, and Poland. The Belosalic brand, thanks to its active ingredients, belongs to the group of topical corticosteroid medicines and is classified as a "strong corticosteroid." Medicines under the Belosalic brand are applied to the skin to reduce redness and itching caused by certain skin conditions, and they have been part of Belupo's portfolio since 2000.

BELOGENT
BETAMETAZON, GENTAMICIN

NEOFEN

The **NEOFEN** brand (tablets and gel for adults, as well as syrup and suppositories for children), based on ibuprofen, is the best-selling Belupo OTC brand in the BiH market, and also in Slovenia, under the name Ibubel. It contains the active ingredient ibuprofen, except in Neofen Combo, where the active ingredients are ibuprofen and paracetamol. Neofen tablets relieve pain, reduce inflammation, and lower elevated body temperature. Neofen Plus gel is used for the local treatment of rheumatic pain, muscle pain, back pain, swelling and pain caused by sprains, strains, and other sports injuries, as well as for neuralgia (pain caused by nerve damage). Neofen Combo is intended for use in adults over 18 years old for the short-term relief of mild to moderate pain associated with migraines, headaches, back pain, menstrual pain, toothache, rheumatic and muscle pain, non-inflammatory arthritis pain, as well as for



cold and flu symptoms, sore throat, and fever. This medicine is particularly suitable for pain requiring stronger analgesia than individual ibuprofen or paracetamol. The pediatric forms of Neofen (syrup and suppositories) are intended for the treatment of children older than three months (Neofen suppositories 125 mg for children over two years old) and for short-term use to reduce fever, relieve mild to moderate pain, and ease sore throat and earache.

The **IRUZID** brand consists of tablet medicines used for treating high blood pressure. A well-known brand in the cardiology segment, it is the best-selling prescription medicine in Belupo's portfolio in the BiH market.

IRUZID
lizinopril/hidroklorotiazid

NORMABEL
D I A Z E P A M

Medicines under the **NORMABEL** brand contain the active substance diazepam and are available in tablet form and as an injection solution. Normabel tablets are used in the treatment of anxiety, insomnia associated with anxiety, muscle spasms, and cerebral spasticity. They are also used as an adjunct in the treatment of some types of epilepsy (e.g., myoclonus) and for sedation during minor diagnostic and therapeutic procedures.

Looking at Belupo's OTC portfolio, in 2023, as in the previous three years, the best-selling OTC brand in the Croatian market was Belupo's **LUPOCET** brand. Belupo is the unit and financial leader in the ATC group N, which includes the Lupocet brand, as well as in the ATC group M, which includes the Neofen brand in the Croatian OTC market, according to IMS data for 2023.

LUPOCET



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.

The Research and Development sector of Belupo in 2024 focused on the development of new drugs, the transfer of partner technologies to Belupo's production facilities, and the optimization and upgrading of products from the existing portfolio. The development of products from the dermatology drug group and solid drug forms from ATC group C for the treatment of cardiovascular diseases continued.

In 2024, a bioequivalence study for Apremilast tablets, developed in Belupo's Research and Development, was successfully completed.



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 **meal 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 and 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 teeth, 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.



PHARMACEUTICALS

In 2024, Belupo expanded its range of **over-the-counter products** with a new line of dietary supplements under the **BelVi brand**. **BelVi by Belupo – Pro Plus** contains six billion beneficial bacteria, prebiotics, and vitamins B1, B2, B6, B9, and B12 to support heart health and protect cells from oxidative stress. It comes in a practical, water-free powder form with a pleasant vanilla flavor for direct consumption. **BelVi by Belupo – Multi Q10** is a multivitamin dietary supplement containing 13 vitamins, ten minerals, and coenzyme Q10 to boost energy and reduce fatigue and exhaustion. This energy-boosting combination comes in a water-free powder form with a lemon flavor for direct consumption. **BelVi by Belupo – Multi Junior** combines 12 vitamins and minerals with lactoferrin and comes in a pleasant lemon and strawberry-flavored chewable tablet form for children aged three and above, supporting healthy immunity and energy replenishment. **BelVi by Belupo – Immuno Plus** is a chewable tablet with a fast-release formula of vitamins C, B, D, E, and zinc to support immunity in adults and children over the age of three.



In 2024, products from the drug category for diabetes treatment, **Condias** and **Condias Combi**, were launched, expanding **Belupo's prescription drug portfolio** with a new brand, **Condias**. Condias film-coated tablets – 25 mg, 50 mg, 100 mg, contain the active substance sitagliptin and belong to the pharmacotherapeutic group of DPP-4 inhibitors. This group helps lower blood sugar levels in adults with type 2 diabetes and increases insulin levels produced after meals. It comes in a pack of 28 film-coated tablets and is available by prescription at pharmacies. Condias Combi film-coated tablets – 50 mg and 1000 mg, contain two active substances, sitagliptin (a DPP-4 inhibitor) and metformin hydrochloride (a biguanide), and belong to the group of oral glucose-lowering drugs (ATC code A10BD07). The two active substances work together to regulate blood sugar levels in adults with type 2 diabetes, increasing insulin levels produced after meals and lowering sugar production by the body. It can be taken alone or with other diabetes medications (insulin, sulfonylureas, or glitazones). It comes in a pack of 56 film-coated tablets and is available by prescription at pharmacies.



The cardiology drug group in Belupo's portfolio was expanded with new products **Renep** and **Ribas**. Renep film-coated tablets – 25 mg and 50 mg, contain the active substance eplerenone and belong to the pharmacotherapeutic group of selective aldosterone blockers (ATC: C03DA04). Aldosterone blockers prevent the action of aldosterone, a substance produced in the body that regulates blood pressure and heart function. High aldosterone levels can lead to changes in the body that cause heart failure. It is used to treat heart failure, preventing deterioration and reducing the need for hospitalization after a recent heart attack, in combination with other heart failure medications or when mild symptoms persist despite previous therapy. It comes in a pack of thirty film-coated tablets and is available by prescription at pharmacies. Ribas film-coated tablets – 2.5 mg, contain the active substance rivaroxaban and belong to the pharmacotherapeutic group of antithrombotic drugs (ATC: B01AF01). They work by blocking the blood clotting factor (factor Xa), thus reducing the formation of blood clots. It lowers the risk of a subsequent heart attack or death from heart or blood vessel-related diseases in adults and reduces the risk of blood clots in adults (atherothrombotic events). It comes in a pack of sixty film-coated tablets and is available by prescription at pharmacies.

DIGITAL innovations



In 2024, **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.

As part of the continuous improvement of Belupo's digital education platform **Belupoint**, developed exclusively for healthcare professionals, **a new feature has been introduced – Drug Interactions**. This feature allows for an easy and intuitive review of potential interactions between different drugs, currently available in five therapeutic groups: psychiatry, cardiology, primary healthcare, dermatology, and diabetes. The



main goal of this feature is to ease the daily work of healthcare professionals by enabling them to quickly identify potential risks when prescribing therapies. In this way, the possibility of adverse side effects caused by drug interactions is reduced, patient safety is improved, and the decision-making process in clinical practice is optimized.

In addition to contributing to increased treatment safety, this feature provides healthcare professionals with the opportunity for continuous learning and quicker

access to relevant information. The integration within the Belupoint platform means that users can access not only drug interaction insights but also additional educational materials and guidelines in one place.

This innovation is an important step towards the digitalization and modernization of medical education, while also affirming the commitment to providing high-quality digital tools that ease the work and increase the efficiency of healthcare professionals.



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.



ŽITO WINS 28 GOLDEN RECOGNITIONS FROM THE SLOVENIAN CHAMBER OF COMMERCE

The excellence of Žito's bread and bakery products was recognized by the Slovenian Chamber of Commerce, which awarded Žito 28 Golden Recognitions. Additionally, Žito won 12 prestigious quality awards, the Stars of Excellence. This award was given in 2024 for products that have received the Golden Recognition for five consecutive years.



DROŽNIK RECOGNIZED AS INNOVATION OF THE DECADE

One of Žito's most recognized breads, Drožnik, a bread with wild yeast, received the prestigious Innovation of the Decade award from the Institute of Nutrition for the most innovative Slovenian bread launched in the past ten years. Consumers and an expert group participated in selecting the award winners.



Jubilejna nagrada
Inštituta za nutricionistiko
za inovativnost
v skupini kruhov.



ŽITO EARNS THE SUPERBRAND TITLE IN 2024

Brands that offer significant emotional and/or physical advantages over their competitors, which consumers (consciously or subconsciously) want, recognize, and are willing to pay more for, are awarded the Superbrand title. Every year, the Superbrands research team conducts extensive research to identify the best brands operating in a given market. The award is given by professionals in business, communication, marketing, and media research. Superbrands Slovenia included Žito in the 2024 Superbrands list as an indicator of consumer trust. The Žito brand has been present in Slovenia for more than seventy years and includes a variety of products, from bread and pastries to flour, rusks, and toast.



ŽITO AWARDED FOR SUSTAINABLE BUSINESS PRACTICES

Žito's commitment to sustainable business practices was recognized with the EcoVadis award. EcoVadis is one of the largest and most well-known international providers of sustainability ratings worldwide. It provides reliable, globally recognized sustainability ratings aimed at reducing risks, promoting improvements, and accelerating positive impacts on the planet and society.

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 IDEJAX

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.

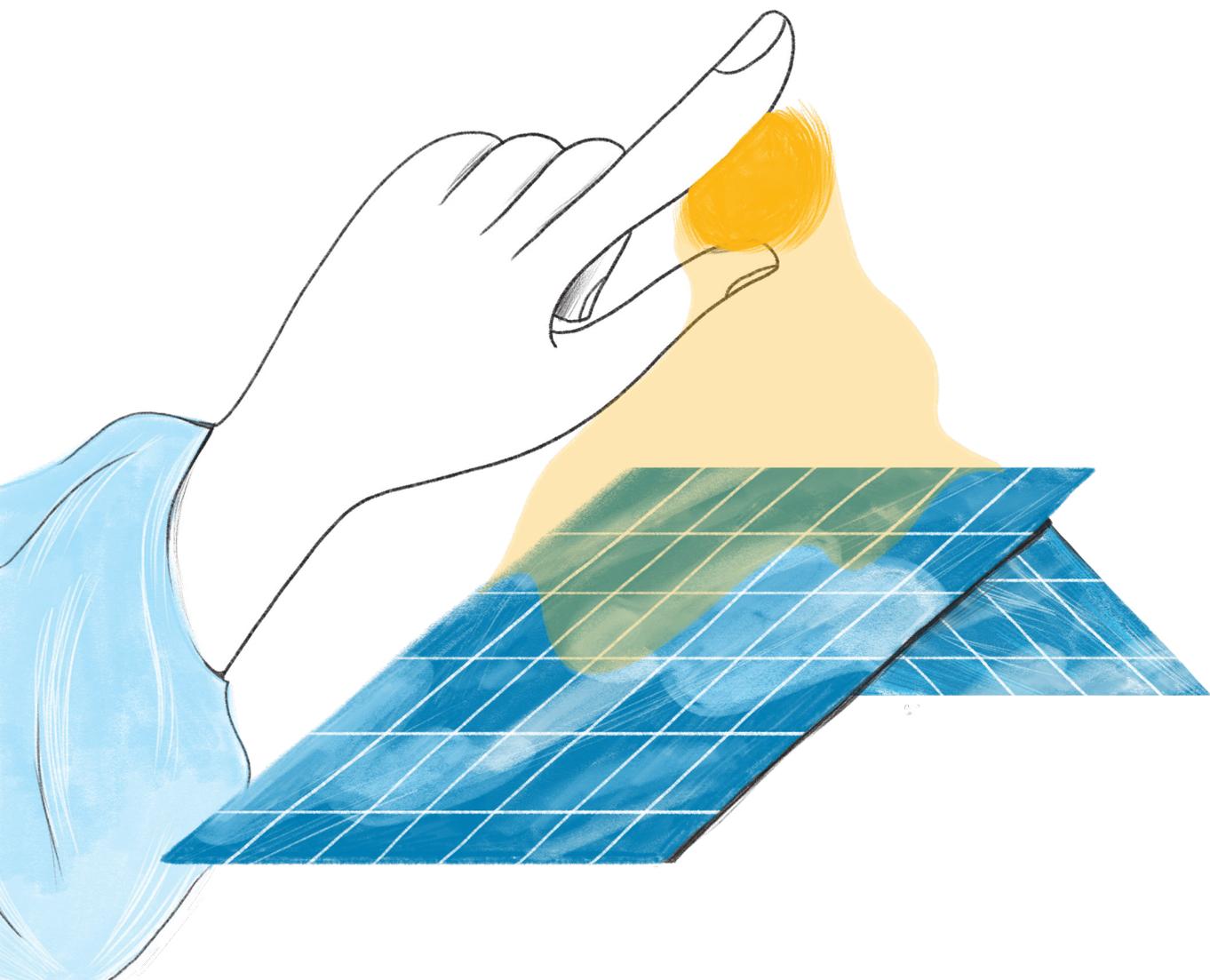


BELUPO WINS GOLDEN KUNA AWARD IN THE LARGE CORPORATIONS CATEGORY

By decision of the Economic Council, Belupo won the Golden Kuna in the large corporations category for 2023. The award ceremony was held in 2024 at the official meeting of the Economic Council of the Koprivnica-Križevci County Chamber, honoring companies in the region for their outstanding business results in 2023.



13 Sustainability Statement



Basis of the **SUSTAINABILITY STATEMENT** preparation



The Sustainability Statement has been prepared on a consolidated basis for the Podravka Group, and includes all subsidiaries on the same principle as in financial consolidation. The companies included in the consolidation are presented in the *Structure and Ownership* section.

The Sustainability Statement mainly covers own activities. The value chain is covered only in the context of the *Greenhouse Gas Protocol* (GHG emissions) Scope 3 indicators, since the requirements of European Sustainability Reporting Standards allow for the limitation of information on the value chain to that which is available, including internal and publicly available data, during the first three years of sustainability reporting. The Podravka Group did not collect information from participants in the value chain when establishing policies, measures and objectives, and for the first three years it plans to use the option of exemption and during that period establish a procedure for collecting information from the value chain in accordance with applicable EU and national regulations. In the assessment of double materiality, based on currently available public and internal data, the impacts, risks and opportunities from the value chain were identified and assessed, and this is explained in the section *Double materiality assessment for the Podravka Group (ESRS 2 IRO-1)*.

For the purposes of this report, the following time periods are used: (a) short term up to a year, (b) medium term from one to three years and (c) long term from three to five

years. These periods are aligned with the methodology of Centralised Enterprise Risk Management (ERM), which is the basis for assessing the financial materiality of risks and opportunities. For the purposes of climate risk analysis, the following periods were used: (a) 2024-2030, (b) 2031-2035 and (c) 2036-2040.

In the presentation of quantitative indicators, estimates were used for:

- calculation of scope 3 emissions (in more detail in the *Climate change* chapter)
- calculation of water consumption and waste for leased properties where there is no direct control over water consumption or waste disposal (explained in *ESRS E3* and *ESRS E5*).

Considering the product portfolio of the Podravka Group and consumers as end users, there is no relevant data for making an assessment for certain categories of scope 3 emissions. This primarily refers to the category of downstream transportation, use of sold products and end-of-life treatment of sold products. Additional clarifications related to the scope 3 emissions assessment procedure are explained in *ESRS E1*.

The Podravka Group plans to introduce a due diligence procedure throughout the value chain in which, among other things, the data necessary for the calculation of scope 3 GHG emissions will be collected in order to make the final calculation as reliable as possible.



	DISCLOSURE REQUIREMENT	REFERENCE (TITLE)	PAGE
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies (20 a, b, c)	Management Board of Podravka Inc.	16
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies (20 a, b, c)	Supervisory Board of Podravka Inc.	21
ESRS G1	Business conduct policies and corporate culture (GOV-1 5 a, b)	Report of application of Corporate Governance Code	31

ESRS 2 IRO-2**CONTENT OF THE SUSTAINABILITY STATEMENT OF THE PODRAVKA GROUP****ESRS 2 IRO-2 LIST OF DISCLOSURE REQUIREMENTS IN THE PODRAVKA GROUP SUSTAINABILITY STATEMENT**

ESRS 2	GENERAL DISCLOSURES	SECTION IN THE PODRAVKA GROUP SUSTAINABILITY STATEMENT	PAGE
BP-1	General basis for preparation of sustainability statements	Basis of the Sustainability Statement preparation	108
BP-2	Disclosures in relation to specific circumstances	Basis of the Sustainability Statement preparation	108
GOV-1	The role of the administrative, management and supervisory bodies	Management and supervisory bodies of the Podravka Group	122
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Sustainability reporting and sustainability topics management	121
GOV-3	Integration of sustainability-related performance in incentive schemes	Podravka Inc. Management Board Remuneration Policy	125
GOV-4	Statement on due diligence	Due diligence and risk management of the Podravka Group	129
GOV-5	Risk management and internal controls over sustainability reporting	Due diligence and risk management of the Podravka Group	129
SBM-1	Strategy, business model and value chain	Strategy, business model and value chain	125
SBM-2	Interests and views of stakeholders	Interests and views of stakeholders	126
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Interaction of strategy and business model with double materiality assessment results	132
		Double materiality assessment results	132
		Strategy resilience assessment	145
		Overview of key policies and documents for managing sustainability matters	146
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation)	Double materiality assessment for the Podravka Group	128
		Report on the requirements of the Taxonomy Regulation	153

ESRS E1	CLIMATE CHANGE	SECTION IN THE PODRAVKA GROUP SUSTAINABILITY STATEMENT	PAGE
ESRS 2 GOV-3 E1	Integration of sustainability-related performance in incentive schemes	Podravka Inc. Management Board Remuneration Policy	125
ESRS 2 SBM-3 E1	Material impacts, risks and opportunities and their interaction with strategy and business model	Interaction of strategy and business model with double materiality assessment results	132
		Double materiality assessment results	132
		Strategy resilience assessment	145
ESRS 2 IRO-1 E1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Double materiality assessment for the Podravka Group	132
		Climate risks	145, 164
ESRS E1-1	Transition plan to reach climate neutrality by 2050	Strategy, policies and documents	163
ESRS E1-2	Policies related to climate change mitigation and adaptation	Overview of key policies and documents for managing sustainability matters	147
		Strategy, policies and documents	163
ESRS E1-3	Actions and resources in relation to climate change policies	Renewable energy sources	170
		Energy efficiency	172
ESRS E1-4	Targets related to climate change mitigation and adaptation	Greenhouse gas emissions	166
		Renewable energy sources	170
		Energy efficiency	172
ESRS E1-5	Energy consumption and mix	Energy consumption	165
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Greenhouse gas emissions	166
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Not applicable	
ESRS E1-8	Internal carbon pricing	Not applicable	
ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities (option of gradual introduction)	Exemption option is used in accordance with ESRS 1, Appendix C.	132
ESRS E3	WATER AND MARINE RESOURCES	SECTION IN THE PODRAVKA GROUP SUSTAINABILITY STATEMENT	PAGE
ESRS 2 IRO-1 E3	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Double materiality assessment for the Podravka Group	128
		Double materiality assessment results	133
ESRS E3-1	Policies related to water and marine resources	Overview of key policies and documents for managing sustainability matters	147
		Strategy, policies and documents	163



ESRS E3-2	Actions and resources related to water and marine resources	Wastewater management	176
ESRS E3-3	Targets related to water and marine resources	Strategic goal	174
ESRS E3-4	Water consumption	Water consumption	174
ESRS E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Exemption option is used in accordance with ESRS 1, Appendix C.	132
ESRS E4	BIODIVERSITY AND ECOSYSTEMS	SECTION IN THE PODRAVKA GROUP SUSTAINABILITY STATEMENT	PAGE
ESRS 2	Material impacts, risks and opportunities and their interaction with strategy and business model	Interaction of strategy and business model with double materiality assessment results	132
SBM-3 E4		Double materiality assessment results	134
ESRS 2 IRO-1 E4	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	Double materiality assessment for the Podravka Group	128
		Double materiality assessment results	134
ESRS E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Strategy, policies and documents	163
ESRS E4-2	Policies related to biodiversity and ecosystems	Overview of key policies and documents for managing sustainability matters	147
		Strategy, policies and documents	163
ESRS E4-3	Actions and resources related to biodiversity and ecosystems	Own agricultural production	179
ESRS E4-4	Targets related to biodiversity and ecosystems	Strategic goal	177
ESRS E4-5	Impact metrics related to biodiversity and ecosystems change	Own agricultural production	179
ESRS E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Exemption option is used in accordance with ESRS 1, Appendix C.	132
ESRS E5	CIRCULAR ECONOMY	SECTION IN THE PODRAVKA GROUP SUSTAINABILITY STATEMENT	PAGE
ESRS 2 IRO-1 E5	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Double materiality assessment for the Podravka Group	128
		Double materiality assessment results	135
ESRS 2	Material impacts, risks and opportunities and their interaction with strategy and business model	Interaction of strategy and business model with double materiality assessment results	132
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SBM-3 E5			
ESRS E5-1	Policies related to resource use and circular economy	Overview of key policies and documents for managing sustainability matters	147
		Strategy, policies and documents	163
ESRS E5-2	Actions and resources related to resource use and circular economy	Circular economy	181
		Waste	181
		Resource inflows	184
		Resource outflows	185



ESRS E5-3	Targets related to resource use and circular economy	Strategic goals	181, 183
		Waste	181
		Packaging	183
ESRS E5-4	Resource inflows	Resource inflows	184
ESRS E5-5	Resource outflows	Resource outflows	185
ESRS E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Exemption option is used in accordance with ESRS 1, Appendix C.	132
ESRS S1	OWN WORKFORCE	SECTION IN THE PODRAVKA GROUP SUSTAINABILITY STATEMENT	PAGE
ESRS 2 IRO-1 S1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Double materiality assessment for the Podravka Group	128
		Double materiality assessment results	137
ESRS 2 SBM-2 S1	Interests and views of stakeholders	Interests and views of stakeholders	126
ESRS 2 SBM-3 S1	Material impacts, risks and opportunities and their interaction with strategy and business model	Interaction of strategy and business model with double materiality assessment results	132
		Double materiality assessment results	137
ESRS S1-1	Policies related to own workforce	Overview of key policies and documents for managing sustainability matters	147
		Strategy, policies and documents	186
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ESRS S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	Strategy, policies and documents	186
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Collective bargaining	199
		Gender equality and equal pay for work of equal value	202
		Attracting and retaining employees	202
		Health and safety	204
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Strategic goals	188,189
ESRS S1-6	Characteristics of the undertaking's employees	Own workforce	189
		Overview of basic indicators of Podravka Group employees as of 31 December 2024	190
		Overview of basic indicators of Podravka Inc. employees as of 31 December 2024	194
ESRS S1-8	Collective bargaining coverage and social dialogue	Social dialogue	198
		Collective bargaining	199



ESRS S1 9	Diversity metrics	Diversity, Strategic goals	189, 202
ESRS S1 11	Social protection	Collective bargaining	199
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ESRS S1-14	Health and safety metrics	Health and safety	204
ESRS S1-15	Work-life balance metrics	Attracting and retaining employees	202
ESRS S2	WORKERS IN THE VALUE CHAIN	SECTION IN THE PODRAVKA GROUP SUSTAINABILITY STATEMENT	PAGE
ESRS 2 SBM-2 S2	Interests and views of stakeholders	Interests and views of stakeholders	126
	Material impacts, risks and opportunities and their interaction with strategy and business model	Interaction of strategy and business model with double materiality assessment results	132
ESRS S2-1	Policies related to value chain workers	Double materiality assessment results	140
		Workers in the value chain	206
		Overview of key policies and documents for managing sustainability matters	150
ESRS S2-2	Processes for engaging with value chain workers about impacts	Strategy, policies and documents	186
		Workers in the value chain	206
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Workers in the value chain	206
ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Workers in the value chain	206
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Strategic goal	206
ESRS S3	AFFECTED COMMUNITIES	SECTION IN THE PODRAVKA GROUP SUSTAINABILITY STATEMENT	PAGE
ESRS 2 SBM-2 S3	Interests and views of stakeholders	Interests and views of stakeholders	126
ESRS 2 SBM-3 S3	Material impacts, risks and opportunities and their interaction with strategy and business model	Interaction of strategy and business model with double materiality assessment results	132
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ESRS S3-1	Policies related to affected communities	Overview of key policies and documents for managing sustainability matters	150
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ESRS S3-2	Processes for engaging with affected communities about impacts	Corporate social responsibility	207
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ESRS S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Corporate social responsibility	207
ESRS S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Strategic goals	207
ESRS S4	CONSUMERS AND END-USERS	SECTION IN THE PODRAVKA GROUP SUSTAINABILITY STATEMENT	PAGE
ESRS 2 SBM-2 S4	Interests and views of stakeholders	Interests and views of stakeholders	126
ESRS 2 SBM-3 S4	Material impacts, risks and opportunities and their interaction with strategy and business model	Interaction of strategy and business model with double materiality assessment results	132
		Double materiality assessment results	142
		Consumers	209
ESRS S4-1	Policies related to consumers and end-users	Overview of key policies and documents for managing sustainability matters	151
		Strategy, policies and documents	186
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	Communication with consumers	214
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Communication with consumers	214
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Consumer health and safety	211
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Strategic goals	210, 211
ESRS G1	BUSINESS CONDUCT	SECTION IN THE PODRAVKA GROUP SUSTAINABILITY STATEMENT	PAGE
ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	Management and supervisory bodies of the Podravka Group	122
		Management Board of Podravka Inc.	16
		Supervisory Board of Podravka Inc.	21
		Report on the work of Supervisory Board of Podravka Inc. and its committees	28
ESRS 2 SBM-3 G1	Material impacts, risks and opportunities and their interaction with strategy and business model	Interaction of strategy and business model with double materiality assessment results	132
		Double materiality assessment results	144
ESRS 2 IRO-1 G1	Description of the processes to identify and assess material impacts, risks and opportunities	Double materiality assessment for the Podravka Group	128
		Double materiality assessment results	144
ESRS G1-1	Business conduct policies and corporate culture	Overview of key policies and documents for managing sustainability matters	152
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ESRS G1-2	Management of relationships with suppliers	Supplier relationship management	218
		Supplier payment practices	219
ESRS G1-3	Prevention and detection of corruption and bribery	Strategy, policies and documents	216
		Preventing and detecting bribery and corruption	217
ESRS G1-4	Incidents of corruption or bribery	Preventing and detecting bribery and corruption	217
ESRS G1-6	Payment practices	Supplier payment practices	219
	Management statement of responsibility for the Sustainability Statement		221

LIST OF DATA POINT IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

DISCLOSURE REQUIREMENT	DISCLOSURE POINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY	SECTION TITLE
ESRS 2 GOV-1 Board's gender diversity	21. d	x		x			ESRS 2 GOV-1 Management and supervisory bodies of the Podravka Group
ESRS 2 GOV-1 Percentage of board members who are independent	21. e			x			ESRS 2 GOV-1 Management and supervisory bodies of the Podravka Group – Supervisory Board of Podravka Inc.
ESRS 2 GOV-4 Statement on due diligence	30.	x					ESRS 2 GOV-5 Due diligence and risk management of the Podravka Group
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities	40. d-i	x	x	x		n/a	
ESRS 2 SBM-1 Involvement in activities related to chemical production	40. d-ii	x		x		n/a	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons	40. d-iii	x		x		n/a	
ESRS 2 SBM-1 Involvement in activities related to cultivation and	40. d-iv			x		n/a	



DISCLOSURE REQUIREMENT	DISCLOSURE POINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY	SECTION TITLE
ESRS E1-1 Transition plan to reach climate neutrality by 2050	14.				x		ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Environmental impact of business)
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks	16. g		x	x		n/a	
ESRS E1-4 GHG emission reduction targets	34.	x	x	x			ESRS E1 Climate change – Greenhouse gas emissions, Renewable energy sources, Energy efficiency
ESRS E1-5 Energy consumption and mix	37.	x					ESRS E1 Climate change – Energy consumption
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors	40.-43.	x					ESRS E1 Climate change – Energy consumption
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions	44.	x	x	x			ESRS E1 Climate change – Greenhouse gas emissions
ESRS E1-6 Gross GHG emissions intensity	53.-55.	x	x	x			ESRS E1 Climate change – Greenhouse gas emissions
ESRS E1-7 GHG removals and carbon credits	56.				x		ESRS E1 Climate change – Greenhouse gas emissions; ESRS E4 Biodiversity – Own agricultural production
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks	66.			x			ESRS 2 SBM-3 Interaction of strategy and business model with double materiality assessment results – Strategy resilience assessment; ESRS E1 Climate change – Climate risks
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk	66 a		x				ESRS 2 SBM-3 Interaction of strategy and business model with double materiality assessment results – Strategy resilience assessment; ESRS E1 Climate change – Climate risks
ESRS E1-9 Location of significant assets at material physical risk	66. c		x				ESRS 2 SBM-3 Interaction of strategy and business model with double materiality assessment results – Strategy resilience assessment; ESRS E1 Climate change – Climate risks



DISCLOSURE REQUIREMENT	DISCLOSURE POINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY	SECTION TITLE
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes	67. c		x				ESRS 2 SBM-3 Interaction of strategy and business model with double materiality assessment results
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities	69.			x			ESRS 2 SBM-3 Interaction of strategy and business model with double materiality assessment results – Strategy resilience assessment; ESRS E1 Climate change – Climate risks
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTR Regulation emitted to air, water and soil	28.	x				not material	
ESRS E3-1 Water and marine resources	9.	x					ESRS E3 Water resources – Water consumption
ESRS E3-1 Dedicated policy	13.	x					ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Environmental impact of business)
ESRS E3-1 Sustainable oceans and seas	14.	x				not material	
ESRS E3-4 Total water recycled and reused	28. c	x					ESRS E3 Water resources – Water consumption
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations	29.	x					ESRS E3 Water resources – Water consumption
ESRS 2 SBM-3 E4	16 a-i	x					ESRS E4 Biodiversity
ESRS 2 SBM-3 E4	16 b	x				not material	
ESRS 2 SBM-3 E4	16 c	x					ESRS E4 Biodiversity
ESRS E4-2 Sustainable land / agriculture practices or policies	24. b	x					



DISCLOSURE REQUIREMENT	DISCLOSURE POINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY	SECTION TITLE
ESRS E4-2 Sustainable oceans / seas practices or policies	24. c	x				not material	
ESRS E4-2 Policies to address deforestation	24. d	x				not material	
ESRS E5-5 Hazardous waste and radioactive waste	39.	x					ESRS E5 Circular economy – Waste
ESRS 2 SBM-3 S1 Risk of incidents of forced labour	14 f	x					ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility)
ESRS 2 SBM-3 S1 Risk of incidents of child labour	14. g	x					ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility)
ESRS S1-1 Human rights policy commitments	20.	x					ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility)
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8	21.		x				ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility)
ESRS S1-1 Processes and measures for preventing trafficking in human beings	22.	x					ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility)
ESRS S1-1 Workplace accident prevention policy or management system	23.	x					ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility)
ESRS S1-3 Grievance/ complaints handling mechanisms	32. c	x					ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Corporate governance)
ESRS S1- 14 Number of fatalities and number and rate of work-related accidents	88. b-c			x			ESRS S1 Own workforce – Health and safety

DISCLOSURE REQUIREMENT	DISCLOSURE POINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY	SECTION TITLE
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness	88. e	x					ESRS S1 Own workforce – Health and safety
ESRS S1-16 Unadjusted gender pay gap	97. a	x		x			ESRS S1 Own workforce – Strategic goals
ESRS S1-17 Incidents of discrimination	103. a	x					Strategy, policies and documents (Social responsibility)
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	104. a	x		x			ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility)
ESRS 2 SBM-3 S2 Significant risk of child labour or forced labour in the value chain	11. b	x					ESRS S2 Workers in the value chain
ESRS S2-1 Human rights policy commitments	17.	x					ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility)
ESRS S2-1 Policies related to value chain workers	18.	x					ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility) ESRS S2 Workers in the value chain (Supplier Code of Conduct)
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	19.	x		x			ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility) ESRS S2 Workers in the value chain (Supplier Code of Conduct)
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	19.			x			ESRS S2 Workers in the value chain (Supplier Code of Conduct)



DISCLOSURE REQUIREMENT	DISCLOSURE POINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY	SECTION TITLE
ESRS S2-4 Human rights issues and incidents	36.	x					ESRS S2 Workers in the value chain (Supplier Code of Conduct)
ESRS S3-1 Human rights policy commitments	16.	x					ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility)
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	17.	x		x		not material	
ESRS S3-4 Human rights issues and incidents	36.	x				not material	
ESRS S4-1 Policies related to consumers and end-users	16.	x					ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility)
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	17.	x		x			ESRS 2 SBM-3 Overview of key policies and documents for managing sustainability matters; Strategy, policies and documents (Social responsibility)
ESRS S4-4 Human rights issues and incidents	35.	x					ESRS S4 Consumers and end-user – Communication with consumers
ESRS G1-1 United Nations Convention against Corruption	10. b	x					ESRS 2 SBM-3 Interaction of strategy and business model with double materiality assessment results (ESRS G1 Business conduct) ESRS G1 Strategy, policies and documents
ESRS G1-1 Protection of whistle-blowers	10. d	x					ESRS G1 Strategy, policies and documents
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws	24. a	x		x			ESRS G1 Preventing and detecting bribery and corruption
ESRS G1-4 Standards of anti-corruption and anti-bribery	24. b	x					ESRS G1 Strategy, policies and documents



ESRS GOV-2**SUSTAINABILITY REPORTING AND SUSTAINABILITY TOPICS MANAGEMENT**

Sustainability topics management is an integral part of the Podravka Group's corporate culture under the supervision of the Management Board of Podravka Inc. Responsibility for sustainability and its integration into all business segments is the responsibility of the President of the Management Board, and operational activities are delegated to the Business Sustainability and Green Transformation sector. The Podravka Group Business Sustainability Strategy determines the main ESG goals and key performance indicators, and the Business Sustainability and Green Transformation sector monitors the implementation of the objectives and reports the results to the Management Board of Podravka Inc. at least once a year.

The Management Board of Podravka Inc. receives a report on corporate governance once a year based on a questionnaire submitted to the Croatian Financial Services Supervisory Agency and published on the Zagreb Stock Exchange in accordance with the provisions of the Corporate Governance Code. During the reporting year, the Management Board adopted a number of decisions and documents related to the topic of sustainability, such as policies or investment decisions implementing ESG goals. Examples of such documents are the Code of Ethics in Business Operations, the Social Responsibility Policy, the Energy Management Policy, investment decisions on projects to switch to renewable energy sources, the Double Materiality Assessment, the Analysis and Plan of Adaptation to Climate Risks, and other documents related to the implementation of sustainability in business operations.

For the purpose of compiling the Sustainability Statement, data is collected from the entire business system in the same scope as for the financial reporting. Data for 2024 was collected centrally, and each business unit entered data from its competence. The input is controlled by the Business Sustainability and Green

Transformation sector. Given the significant scope of the downstream and upstream value chains, the Podravka Group will enable the gradual collection and inclusion of data from the value chain in the Sustainability Statement in the coming period.

The Podravka Group ensured the completeness, accuracy, measurability and verification of the data published in the 2024 Sustainability Statement by using a digital tool that serves to calculate emissions from scopes 1, 2 and 3 according to the methodology defined in ESRS E1. During 2024, training was organised for the business organisation on the requirements of the regulations governing sustainability reporting, so employees from Podravka Group companies participated in training on ESG risks, the methodology for assessing scope 3 GHG emissions and the EU taxonomy.

During 2024, the Management Board of Podravka Inc. monitored material topics through the process of reporting on the implementation of the sustainability strategy, and through monitoring business risks. Due to the time gap between the adoption of the Podravka Group Business Sustainability Strategy in March 2023 and the implementation of the double materiality assessment in December 2024, a comprehensive analysis of the effect of all material impacts, risks and opportunities on the strategy was not possible.

The consolidated Sustainability Statement, as an integral part of the Podravka Group Annual Report, is submitted by the Management Board to the Audit Committee and the Supervisory Board. The Audit Committee, as a subcommittee responsible for sustainability issues, analyses how the information required for the report has been determined, monitors the preparation of the report in accordance with reporting standards, and reports the outcome of its checks to the Supervisory Board.

¹ Environmental, Social and Governance

² Policies, procedures, work instructions, codes, etc.



Regular communication between the director responsible for sustainability and the Management Board of Podravka Inc. and the Audit Committee ensures that the management bodies are competent and informed. During 2024, the members of the Management Board of Podravka Inc. systematically received information and were educated about the obligations that arise for the Podravka Group from applicable regulations and reporting standards at all Management Board meetings where decisions related to sustainability were made. In December 2024, a presentation on ESG was held at the

Audit Committee meeting for the Committee members. The President of the Management Board of Podravka Inc. introduced the members of the Supervisory Board to the main aspects of sustainability in business when presenting the annual report for 2023. During the reporting year, members of the Management Board and the Supervisory Board attended training on corporate governance, and the topics included, among others, the powers and methods of work of management bodies, strategic risks, conflicts of interest, gender representation and business transformation models.

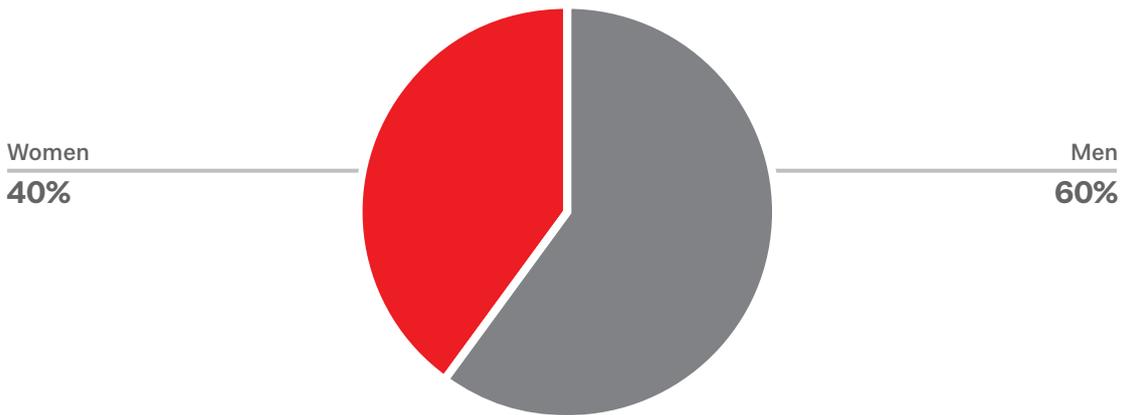
ESRS 2 GOV-1

MANAGEMENT AND SUPERVISORY BODIES OF THE PODRAVKA GROUP

MANAGEMENT BOARD OF PODRAVKA INC.

As at 31 December 2024, the Management Board of Podravka Inc. had five members of which two are women and three are men

GENDER STRUCTURE OF PODRAVKA INC. MANAGEMENT BOARD



The biographies of the President and members of the Management Board of Podravka Inc. are included in the Management Report in the "Management Board of Podravka Inc." section, and their scope of responsibilities is described below.



MARTINA DALIĆ,
President of the
Management Board

- responsible for the following guidance and leadership:
- tasks related to defining and implementing the strategic and corporate priorities of the Podravka Group, including acquisitions and strategic development of operations, human resources management, corporate management, corporate marketing, corporate communications, sustainability and green transformation, asset and service management;
- strategies of corporate restructuring and optimisation of business processes in the Podravka Group;
- drafting the three-year Operation Plan and the three-year Investment Plan of the Podravka Group,
- corporate and information security;
- legal affairs;
- all other business processes for which no other Management Board member is responsible.

DAVOR DOKO,
Member of the
Management Board

- responsible for coordinating and leading the tasks in the following areas:
- corporate financial and managerial accounting and cash flows of the Podravka Group;
- financing of Podravka Group companies, particularly management of capital, assets and liabilities to banks and other financial institutions;
- in cooperation with the President of the Management Board, the drafting of the three-year Operation Plan and the three-year Investment Plan of the Podravka Group;
- supervision of the execution of the annual and three-year Operation Plans;
- application of tax regulations at the Podravka Group level;
- procurement;
- asset management of the Podravka Group;
- corporate IT system;
- investor relations.

LJILJANA ŠAPINA,
Member of the
Management Board

- responsible for coordinating and leading the tasks in the following areas:
- production, maintenance, energy and ecology of the Food business segment;
- logistics of the Food business segment;
- stocks of raw materials, production materials and finished products in the Food business segment;
- digitalisation and modernisation of the supply chain;
- planning and joint tasks in the supply chain;
- implementation of investments in the supply chain.

MILAN TADIĆ,
Member of the
Management Board

- responsible for coordinating and leading the tasks in the following areas:
- strategic management of all markets in the Food business segment;
- expansion of sales onto new markets;
- implementation of strategic sales goals;
- sales policies;
- pricing policies in cooperation with business programmes;
- sales and distribution on all markets of the Food business segment;
- trade marketing;
- customer management and distribution index by sales channels.

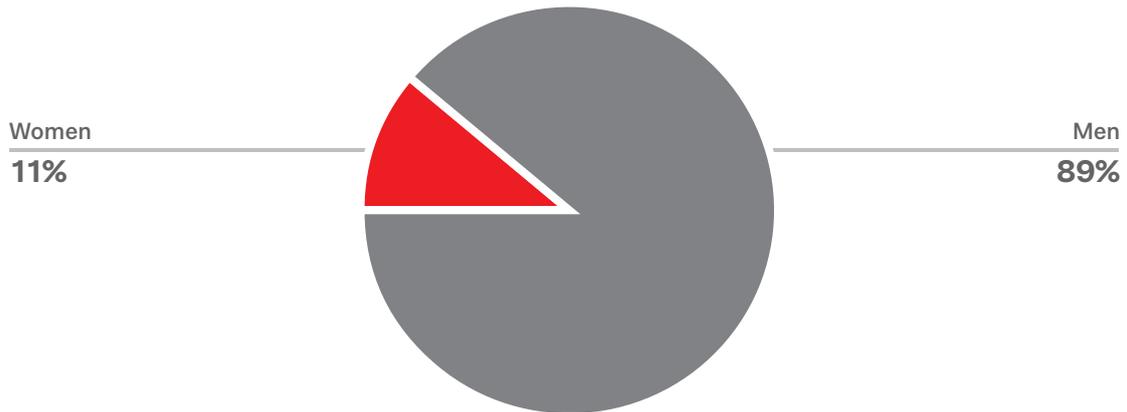
IVAN OSTOJIĆ,
Member of the
Management Board

- responsible for coordinating and leading the tasks in the following areas:
- business programmes;
- marketing of the product portfolio managed by business programmes;
- development of the product portfolio managed by business programmes;
- structure and profitability of the product portfolio of the Food business segment;
- innovation and alignment of the product portfolio of the Food business segment with market trends;
- corporate development;
- quality control;
- agricultural production and agricultural development

SUPERVISORY BOARD OF PODRAVKA INC.

The Supervisory Board has nine members of which one is woman and eight are men.

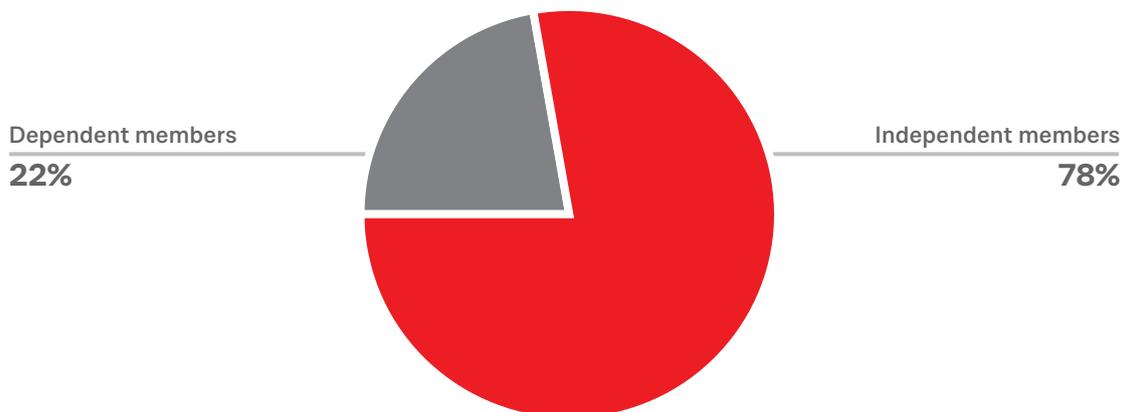
GENDER STRUCTURE OF SUPERVISORY BOARD



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 an employee representative, is not an independent member of the Supervisory Board. Petar Miladin is not an independent member of the Supervisory Board due to his mandate in the Company's Supervisory Board for more than 12 years.

SUPERVISORY BOARD STRUCTURE BY INDEPENDENCY



The biographies of the members of the Supervisory Board of Podravka Inc. are included in the Management Report in the "Supervisory Board of Podravka Inc." section.



ESRS 2 GOV-3**PODRAVKA INC. MANAGEMENT BOARD REMUNERATION POLICY**

Remuneration of members of the Management Board of Podravka Inc. is determined by the contract concluded with the Company and approved by the Supervisory Board of Podravka Inc. on behalf of the Company.

Compensation for membership in the supervisory boards of the Podravka Group companies was not approved or paid to the members of the Management Board of Podravka Inc.

Podravka Inc. applies the Remuneration Policy approved by the Company's General Assembly established for a period of four years (2022-2025). The principles of the Remuneration Policy are established in a way that ensures competitiveness and stimulates interest in the position of a member of the Management Board of the Company with an appropriate high-quality profile of experts with the necessary abilities, skills and

experience. The Remuneration Policy was approved on 14 June 2022, and the Amendment to the Remuneration Policy was approved on 16 May 2024 by the Company's General Assembly. Both documents can be found in the General Assembly section at the following link:

<https://www.podravka.com/investors/presentations/>

The incentive program for Management Board members is based on the financial result (net profit) and profitability (EBITDA) of the Podravka Group and does not include sustainability matters. Supervisory Board members do not have a variable part of their remuneration or sustainability-related targets, but are entitled to a monthly compensation determined in a fixed amount according to the Decision of the General Assembly on determining the compensation for work of the members of the Company's Supervisory Board.

ESRS 2 SBM-1**STRATEGY, BUSINESS MODEL AND VALUE CHAIN**

In 2024, the Podravka Group operated through two business segments: Food and Pharmaceuticals and as at 31 December 2024, it had 6,420 employees, mostly in Croatia (explained and presented in *ESRS S1*).

Within the Food segment, Podravka develops and produces a wide range of food products that are then distributed through its own or external distribution channels, depending on the needs and specificities of each market. The products reach customer delivery points in more than 60 markets around the world, enabling a global presence and brand recognition among end consumers. Significant product categories and significant markets (regions), along with a breakdown of total revenues for 2024, are presented in the financial part of the report (*Note 8*).

Podravka Inc. is largely self-sufficient in the production of agricultural raw materials, which is one of the important strategic goals of the company. Self-sufficiency is

ensured through:

- Own agricultural production, where key raw materials are produced under controlled conditions to guarantee high-quality and continuity of supply;
- Subcontractor production, which involves cooperation with local farmers, which further stimulates the development of domestic agriculture.

In addition to its own production and subcontractors, the Food segment procures other necessary raw materials from domestic and foreign suppliers, thus ensuring the stability of the supply chain, and cooperates with numerous service providers. The Food segment continuously works to improve relationships with partners in order to ensure excellence at all levels of the value chain. This model enables adaptation to the requirements of different markets and enables the production of high-quality products that meet the needs of end consumers around the world.



The Pharmaceuticals segment develops and produces a wide range of pharmaceutical products that are distributed through wholesale distribution channels. The products reach customer delivery points in 24 predominantly European markets. Belupo Inc. largely independently produces drugs and other pharmaceutical products, and divides the raw materials for the production of drugs into two main groups:

- Active Pharmaceutical Ingredients (API) that are mainly procured from global manufacturers, in accordance with the specifics of the pharmaceutical industry worldwide. API raw materials are subject to extremely rigorous quality control through the Good Manufacturing Practice (GMP³) system;
- Auxiliary ingredients and packaging, which are mostly procured locally and regionally, thus contributing to the local economy.

The Podravka Group's business strategy sets out corporate strategic goals. In March 2023, the Management Board of Podravka Inc. adopted the Podravka Group Business Sustainability Strategy until 2030⁴, which defines ten main strategic and 45 specific goals related to sustainability. The strategy is based on four pillars: (1) clean environment, (2) healthy nutrition, (3) care about employees and the community, and (4) good corporate governance. The strategic goals are aimed at creating innovative, nutritionally high-quality and environmentally responsible products that meet

the needs of consumers of all ages and eating habits, while at the same time preserving natural resources, responsibility towards society and the environment, continuous improvement of working conditions and employee satisfaction, and responsible and transparent corporate governance. The achievement of sustainability goals in 2024 compared to the base year 2022 is explained in the topical sections of this report (ESRS E1, ESRS E3, ESRS E4, ESRS E5, ESRS S1, ESRS S2, ESRS S3, ESRS S4). The external stakeholders to whom the strategic goals relate were not involved in the definition of the strategic goals.

In accordance with the Podravka Group's Business Strategy for the period 2021-2025, a strong investment cycle has been implemented, laying the foundations for further growth and business improvements. Certain markets have been restructured, the transparency and efficiency of procurement processes have been increased, financial functions have been digitised and transparency in communication with investors has been increased. Numerous activities have also been carried out aimed at improving the material status of employees. Significant progress has been made in the use of energy from renewable sources, production processes have been technologically modernised, innovations have been achieved in accordance with the Nutritional Strategy, and self-sufficiency in agricultural production has been increased.

ESRS 2 SBM-2

INTERESTS AND VIEWS OF STAKEHOLDERS

The Podravka Group identifies key stakeholders through its business activities and maintains regular communication with them, and takes all relevant data arising from relationships with key stakeholders into account when determining strategic and operational goals.

The key stakeholders of the Podravka Group are suppliers, customers, consumers, employees, local

community and owners (shareholders), while in the Pharmaceuticals segment, very important stakeholders are intermediaries, i.e. doctors and pharmacists. The Podravka Group maintains continuous and high-quality cooperation with each group of key stakeholders.

Cooperation with customers in the Food segment takes place directly or indirectly through local distributors, and customers are divided into two main groups:

³ Good Manufacturing Practice

⁴ Podravka Group Business Sustainability Strategy until 2030 is available at <https://www.podravka.com/sustainability/sustainable-business-strategy/>



- Sales channel: Retail chains and traditional stores that offer Podravka's products to end consumers through a wide distribution network.
- Gastro channel: Corporate and institutional customers, including catering facilities, public institutions and other organisations, who use the products to prepare meals or offer them to end consumers.

Cooperation with consumers in the Food segment is mainly carried out indirectly through media campaigns, and direct contact is also possible through the customer relations call centre, email or standard mail, via social networks and Coolinarika.

Customers in the Pharmaceuticals segment are exclusively wholesalers that distribute Belupo's products to pharmacies, hospitals and other healthcare institutions and make them available to end consumers. Cooperation with customers in the Pharmaceuticals segment is strictly regulated by the Ordinance on the Manner of Advertising Medicinal Products. The Podravka Group directs all relevant information about drugs to intermediaries, and the Pharmaceuticals segment informs consumers directly through its own "Zdravo budi" platform in a way that allows them to ask questions by phone, email or on the corporate website. The Pharmaceuticals segment cooperates with intermediaries directly and indirectly through the "Belupoint" platform.

In the supply chain, the Podravka Group cooperates with subcontractors who produce agricultural products, then with producers of raw materials, packaging and equipment, and numerous partners and service providers. Among the most important service providers are marketing agencies and consultants, distribution and logistics partners, IT and technology service providers, etc. Services are procured using the SAP Ariba tool and through direct negotiations. The Podravka Group expects its suppliers to apply the principles of good corporate governance in their own activities, including respect for human rights, in accordance with the Supplier Code of Conduct.

Own workforce is an extremely important stakeholder, and the Podravka Group has direct contact with its employees at workers' meetings and through negotiations with unions and workers' representatives. An employee satisfaction survey is conducted once a year and the results are incorporated into business plans. Significant topics related to own workforce are included in the strategic goals of the Podravka Group Business Sustainability Strategy and in the Collective Agreements of individual companies that have such agreements. The 2024 Sustainability Statement of the Podravka Group was presented on 7 March 2025 to the Podravka Inc. Workers' Council, and the Council supported the report.

The Podravka Group is important for the development of the local community. In addition to employing a significant number of workers from the local labour pool, for many years and with numerous projects it supports the local community and provides financial assistance in the form of sponsorships and donations. Contribution to the development of the local community is one of the strategic determinants of the Group's business model.

Shareholders (owners) as one of the key stakeholders exercise their right to vote at the General Assembly in person, through a legal representative or proxy. The right to participate and exercise their voting right at the General Assembly is granted to the shareholders registered in the computer system of the Central Depository and Clearing Company Inc. who apply to participate in the General Assembly no later than the seventh day before it is held. The General Assembly may make valid decisions if at least 30% (thirty percent) of the total number of shares giving voting rights are represented. The General Assembly is chaired by the President of the General Assembly, who is appointed by the Supervisory Board upon the proposal of the Management Board.

At the General Assembly meetings, shareholders, representatives and proxies of shareholders vote using ballots indicating the number of votes belonging to each participant in the General Assembly. Each share



of Podravka Inc. entitles the holder to one vote in the General Assembly. All materials related to the convening and holding of the General Assembly meetings are available on the Podravka Inc. website at

<https://www.podravka.com/investors/corporate-governance/the-general-assembly/>.

The Podravka Group has a department in charge of investor relations through which institutional investors (shareholders) communicate with the member of the Management Board responsible for finance. Once a year, after the publication of the audited Annual Report of the Podravka Group, the Podravka Inc. organises an investor conference at which the President of the Management Board and the member of the Management Board responsible for finance present all significant activities

of the Podravka Group in the reporting period. In 2024, the investor conference was held in Koprivnica and, in addition to presenting business activities and results for 2023, investors could visit locations where significant capital investments were made (the new pasta factory, solar power plant projects, new logistics and distribution centre).

Through cooperation with key stakeholders, the Podravka Group obtains valuable information that it considers and incorporates into its strategic plans, and strives to direct its activities to achieving positive effects on all its stakeholders. The Management Board continuously monitors all business activities and is informed about the interests and views of stakeholders through regular reporting by individual organisational units.

ESRS 2 IRO-1

DOUBLE MATERIALITY ASSESSMENT FOR THE PODRAVKA GROUP

The process of identifying the material impacts, risks and opportunities of the Podravka Group consisted first of the ESG risks and opportunities assessment process, and then of the impacts assessment process for all sustainability matters covered by topical ESRSs, in the manner required by the ESRS 1 standard down to the sub-sub-topic level. The assessment process is structured to substantiate the exposure of the Podravka Group's operations to external impacts and impacts throughout the value chain and to enable an understanding of the results and material impacts of own business activities. The methodology for assessing the material impacts, risks and opportunities was developed in accordance with the requirements of the ESRS 1 standard, and matrices were created for assessing the materiality of impacts and financial materiality. No consultation was conducted with the affected communities on the results of the assessment and the identified material topics.

The double materiality assessment procedure will be revised every 4 years or upon significant changes in the operations of the Podravka Group. The results of the double materiality assessment were confirmed by the Management Board of Podravka Inc. in December 2024.

The comprehensive **assessment of ESG risks and opportunities** is based on the same methodology as the Centralised Enterprise Risk Management (ERM) implemented by the Podravka Group (explained in ESRS 2 GOV-5). The assessment of ESG risks and opportunities covered the entire business organisation of the Podravka Group (both business segments according to the same principle as for financial consolidation) and no affiliated company was left out. The assessment process used questionnaires filled in by the directors of all affiliated companies, while at the level of Podravka Inc., the Belupo Group and the Žito Group, individual sectors were included. In addition to the questionnaires, interviews were conducted with relevant units, depending on each sub-topic. All risks identified by the business organisation were included, regardless of their assessment and materiality. For the purposes of the assessment, the gross rank of risks and opportunities (the product of the impact scale and the probability of occurrence) was considered. The financial materiality assessment matrix is aligned with the ERM methodology consisting of 5 levels, and financial materiality is related to the effect on the operating profit of the Podravka Group. Any risk and opportunity rated



11 or higher (out of a maximum of 25) is considered material. The risk assessment included physical and transition risks listed in ESRS E1 Appendix A, but the materiality of transition risks, in accordance with the methodology above, was not identified.

The assessment of the impact materiality

of the Podravka Group for all sustainability matters covered by topical ESRSs (as required by the ESRS 1 standard) was carried out through meetings at which multidisciplinary teams considered the impacts based on available internal data sources, analyses and studies and using relevant publicly available information and documents. The impacts were considered through own activities and through the value chain for those factors where the availability of data made this possible. For most factors, it was not possible to adequately assess the impacts through the value chain due to the unavailability of the necessary information. In the coming period, the Podravka Group will define a due diligence procedure and then reassess the materiality of individual sustainability matters through the value chain. The assessment was conducted using a matrix

consisting of five levels for each element considered – scale, scope, irremediable character and likelihood. The final score is equal to the product of the severity of the impact and the likelihood of the impact, while the severity of the impacts is defined as the arithmetic mean of the scale and scope for positive impacts, and the arithmetic mean of the scale, scope and irremediable character of the damage for negative impacts. Any impact that is rated 11 or higher (out of a maximum of 25) is considered material.

Material topics of the Podravka Group arising from the above assessment:

- ESRS E1 Climate change
- ESRS E3 Water and marine resources
- ESRS E4 Biodiversity and ecosystems
- ESRS E5 Circular economy
- ESRS S1 Own workforce
- ESRS S2 Workers in the value chain
- ESRS S3 Affected communities
- ESRS S4 Consumers and end-users
- ESRS G1 Business conduct

ESRS 2 GOV-4

ESRS 2 GOV-5

DUE DILIGENCE AND RISK MANAGEMENT OF THE PODRAVKA GROUP

In the double materiality assessment process, due diligence was conducted on certain parts of the value chain (customers and suppliers), however, the process did not cover all the requirements prescribed by ESRS 2. The Supplier Code of Conduct and the Social Responsibility Policy define the framework for establishing a due diligence process in the supply chain in the coming period.

In its operations, the Podravka Group is exposed to risks typical of economic entities operating on the domestic and foreign markets, especially those from the food and pharmaceutical industries. These include key risks such as risks in relations with customers and suppliers,

volatility in the purchasing market, risks of the business environment such as economic, political, technological, social risks, risks of changing consumer preferences and risks related to changes in legal regulations, as well as the impacts of climate change on operations.

The Group implements Centralised Enterprise Risk Management (ERM). An integral part of ERM is the active reporting to management bodies of critical events and risks that may threaten profitability or cause a significant loss of funds, or that have the potential to negatively affect the result and the achievement of the Group's strategic goals. ERM is a process that serves the early identification of key corporate risks that are



observed in the context of the impact on the goals and strategy of the Podravka Group. In this way, the response to identified risks is proactively defined, and it enables continuous monitoring of the effectiveness of controls for managing these risks. Such a process enables timely and appropriate decisions related to specific business activities, for the purpose of effective and efficient management of corporate risks.

Centralised enterprise risk management implies the implementation of analysis and reporting on the materiality of the risks to which the Podravka Group is exposed. The process observes the materiality of risks through three main groups of risks: strategic, operational and financial risks and through the materiality of certain defined risk categories within the three main risk groups. In the context of the materiality of the risks, the effectiveness of the controls that mitigate the identified risks is also observed. All organisational units of the Podravka Group participate in ERM reporting,

while each organisational unit is responsible for the active management of risks arising from its business activities. Such a complete ERM report is submitted to the Management Board and the Supervisory Board (Audit Committee) twice a year, as part of active corporate governance. The ERM process complements the definition of strategic goals and contributes to the efficiency of governance in achieving these goals.

From 2025, a risk assessment with elements of sustainability (ESG) was integrated into the regular ERM review. These risks, were analysed in a separate process in 2024 for the purpose of assessing the double materiality of the Podravka Group (described in ESRS 2 IRO-1). Integrating ESG risk assessment into the ERM also implies defining corrective measures and continuously monitoring the effectiveness of the controls used to manage these risks and reporting to the Management Board and the Supervisory Board.

AN OVERVIEW OF THE MAIN TOPICS AND THE DUE DILIGENCE STEPS IN PREPARING THE SUSTAINABILITY STATEMENT

KEY ELEMENTS OF THE DUE DILIGENCE PROCESS	POINTS IN THE SUSTAINABILITY STATEMENT	
Inclusion of the due diligence process in management, strategy and business model	ESRS 2 GOV-2	Sustainability reporting and sustainability topics management
	ESRS 2 GOV-3	Podravka Inc. Management Board Remuneration Policy
	ESRS 2 GOV-5	Due diligence and risk management of the Podravka Group
	ESRS 2 SBM-1	Strategy, business model and value chain
	ESRS 2 SBM-3 E1	Interaction of strategy and business model with double materiality assessment results
	ESRS 2 SBM-3 E3	
	ESRS 2 SBM-3 E4	
	ESRS 2 SBM-3 E5	
	ESRS 2 SBM-3 S1	
	ESRS 2 SBM-3 S2	
	ESRS 2 SBM-3 S3	
	ESRS 2 SBM-3 S4	
	ESRS 2 SBM-3 G1	



KEY ELEMENTS OF THE DUE DILIGENCE PROCESS	POINTS IN THE SUSTAINABILITY STATEMENT	
Collaboration with affected stakeholders in all key steps of the due diligence process	ESRS 2 SBM-2	Interests and views of stakeholders
	ESRS S1	Own workforce
	ESRS S3	Corporate social responsibility
	ESRS S4	Consumers
	ESRS G1	Corporate governance
Identification and assessment of negative impacts	ESRS 2 IRO-1	Double materiality assessment for the Podravka Group
	ESRS 2 SBM-3 E1	Interaction of strategy and business model with double materiality assessment results
	ESRS 2 SBM-3 E3	
	ESRS 2 SBM-3 E4	
	ESRS 2 SBM-3 E5	
	ESRS 2 SBM-3 S1	
	ESRS 2 SBM-3 S2	
	ESRS 2 SBM-3 S3	
	ESRS 2 SBM-3 S4	
	ESRS 2 SBM-3 G1	
Taking measures to eliminate negative impacts	ESRS E1	
	ESRS E3	Water resources
	ESRS E4	Biodiversity
	ESRS E5	Circular economy
	ESRS S1	Own workforce
	ESRS S2	Workers in the value chain
	ESRS S3	Corporate social responsibility
	ESRS S4	Consumers
	ESRS G1	Corporate governance
Monitoring and communicating the effectiveness of these efforts	<i>Strategic goals and metrics</i>	
	ESRS E1	Climate change
	ESRS E3	Water resources
	ESRS E4	Biodiversity
	ESRS E5	Circular economy
	ESRS S1	Own workforce
	ESRS S2	Workers in the value chain
	ESRS S3	Corporate social responsibility
	ESRS S4	Consumers



ESRS 2 SBM-3

INTERACTION OF STRATEGY AND BUSINESS MODEL WITH DOUBLE MATERIALITY ASSESSMENT RESULTS

The assessment of the double materiality for the Podravka Group in 2024 identified material impacts, risks and opportunities, and they are systematised in the tables below. Material topics are covered in the Podravka Group’s strategic documents, and strategic goals are defined for most of them. The activities that were carried out during 2024 with the aim of achieving strategic goals and their connection with the identified material risks and opportunities are described in the topical units of this report. Financing of the measures described in the topical sections of this report is provided by the Podravka Group from its own operational business activities.

Following the acquisition carried out in January 2025 by which the Podravka Group took over the agricultural segment of the Fortenova Group, a revision of the double materiality assessment will be carried out and, based on it, a revision of the strategic goals related to sustainability. The analysis of impacts, risks and opportunities will be one of the key bases when revising the Podravka Group’s sustainability goals.

The Podravka Group uses the option of exemption from disclosure of expected financial consequences of the estimated impacts, risks and opportunities in accordance with ESRS 1, Appendix C.

DOUBLE MATERIALITY ASSESSMENT RESULTS



ENVIRONMENTAL MATTERS (E)

ESRS E1 CLIMATE CHANGE

MATERIAL IMPACT/RISK/OPPORTUNITY	TYPE	TIME HORIZON	CONCENTRATION
Sub-topic: Climate change adaptation			
The impact of physical climate risks on the availability and quality of raw materials and the increased consumption of energy sources.	Risk	Medium term	Own operations and value chain
Sub-topic: Climate change mitigation			
A high proportion of greenhouse gas emissions stemming from the value chain (Scope 3). Emissions from scope 1 and 2 from own business activities.	Actual negative impact	-	Own operations and value chain
Inability to achieve goals related to reducing greenhouse gas emissions due to high investment costs.	Risk	Medium term	Own operations
Sub-topic: Energy			
Increasing the share of renewable energy sources in the Podravka Group's energy mix. Active monitoring and management of energy consumption.	Actual positive impact	-	Own operations
Introduction of the ISO 50001 Energy Management standard.	Opportunity	Medium term	
High investment costs associated with the transition to renewable energy sources.	Risk		



In previous reporting periods, the Podravka Group did not assess Scope 3 emissions, nor were these emissions actively managed. The assessment of Scope 3 emissions for the Podravka Group for 2024 confirmed the significance of emissions from the value chain in the double materiality process, given that Scope 3 accounts for almost 90% of the Podravka Group's total CO2 emissions.

The impacts related to the topic of climate change are assessed as material due to all the activities that the Podravka Group is implementing to increase energy

efficiency and switch to renewable energy sources in order to reduce the share of fossil fuels that still prevail in the energy mix at the Group level. The risk associated with constant inflationary pressures has been identified, which are also reflected in the financial estimates of planned investments.

During 2024, preparatory work was initiated for the introduction of the ISO 50001 standard, which represents a material opportunity in terms of more efficient energy management, reduction of Scope 1 CO2 emissions, and a stronger reputation of the Group in terms of sustainability.

ESRS E3 WATER AND MARINE RESOURCES

MATERIAL IMPACT/RISK/OPPORTUNITY	TYPE	TIME HORIZON	CONCENTRATION
Sub-topic: Water			
Podravka Group's production sites are not located in areas exposed to the risk of water availability (arid areas). The Podravka Group's product portfolio is predominantly dehydrated and does not contain water. Continuous investment in the optimisation of production processes and new technologies that enable water recirculation.	Actual positive impact	-	Own operations
Wastewater treatment at our own treatment plants before discharge into the public drainage system. Regular analyses have so far not recorded any emissions of harmful substances into the water above the legally prescribed limits.	Actual positive impact	-	
Introduction of ISO 14001 Environmental Management Systems Standard.	Opportunity	Long term	

Under the Water and marine resources topic, a positive impact is estimated, since water is an integral part of a small part of the product portfolio.

Water consumption in production is continuously monitored and measures are taken for the most efficient operation of machines and optimum water consumption. The recirculation procedure in the technological process, where the withdrawn water is used for several cycles before being discharged into the wastewater system, has a positive impact on water withdrawal.

All wells used by the Podravka Group are equipped with meters, and water consumption is controlled and recorded. Environmental impact studies, which are an integral part of the documentation required for obtaining permits for digging and using wells, confirm the negligible impact on renewable underground water supplies.

At production sites in Croatia and Slovenia, water is treated in wastewater treatment plants before being discharged into the public drainage system. The plants



owned by the Podravka Group are regularly maintained, the wastewater meets all prescribed parameters and regular analyses have not recorded emissions of harmful substances into water above the legally prescribed limits.

The planned introduction of the ISO 14001 standard is considered a material opportunity that will further improve the optimisation of water consumption and contribute to environmental protection.

ESRS E4 BIODIVERSITY AND ECOSYSTEMS

MATERIAL IMPACT/RISK/OPPORTUNITY	TYPE	TIME HORIZON	CONCENTRATION
Sub-topic: Direct impact drivers of biodiversity loss			
Given that climate change is assessed as a material topic within ESRS E1, it is also assessed as a material topic from the aspect of impact on biodiversity through own agricultural production and value chain.	Actual negative impact	-	Own operations and value chain
The impact of physical climate risks on the quality and availability of raw materials for production.	Risk	Medium term	Own operations
Sub-topic: Impacts and dependencies on ecosystem services			
The production of raw materials depends significantly on ecosystem services since the Podravka Group produces food products.	Actual negative impact	-	Own operations and value chain
Strategic focus on increasing self-sufficiency from own agricultural production.	Opportunity	Medium term	Own operations

The negative impact on biodiversity is represented by activities related to climate change, as explained in the sub-topic ESRS E1. This impact also arises from the supply chain, since the Podravka Group purchases large quantities of agricultural and food products that it uses in its own production.

A study by the European Environment Agency from 2020 indicates negative trends in topics related to biodiversity, so the assumption is that all business entities from the EU contribute to this, including the Podravka Group.

The Podravka Group uses the services of the natural ecosystem for its own production (fish resources, photosynthesis, plant pollination, natural filtration of rainwater, etc.). In order to contribute to the preservation of the natural ecosystem, the principles of responsible

agriculture are applied, which reduce the negative impact of agrotechnical operations on populations of beneficial insects, contribute to photosynthesis processes, enrich the soil and reduce its warming.

The analysis assessed the materiality of the risk associated with the availability of raw materials due to the negative impact of climate change. This particularly applies to the availability of important raw materials such as cocoa, whose yield determines availability and prices on the world market, and which cannot be obtained from local sources. The strategic commitment to increasing self-sufficiency in the production of raw materials from own production increases the Podravka Group's resilience to market trends and to the negative impact of climate change in the supply chain for all key raw materials that can be produced locally.



ESRS E5 CIRCULAR ECONOMY

MATERIAL IMPACT/RISK/OPPORTUNITY	TYPE	TIME HORIZON	CONCENTRATION
Sub-topic: Resource inflows, including resource use			
High share of recyclable packaging materials in both business segments.	Actual positive impact	-	Own operations
The impact of physical climate risks on the availability of raw materials for production and the increase in the price of input raw materials and materials. Significant costs of introducing new technologies for the use of environmentally friendly packaging.	Risk	Medium term	
Investing in sustainable supply chains and technologies that support environmentally friendly packaging materials.	Opportunity	Long term	
Sub-topic: Resource outflows related to products and services			
The life cycle of a product ends with consumption by the end user and the products cannot be recycled. The part of the product that can be recycled is the packaging, of which a high proportion is recyclable.	Actual positive impact	-	Own operations
Rising prices for materials and packaging due to inflation.	Risk	Medium term	
Sub-topic: Waste			
More than half of the waste is directed to recycling, and the share of hazardous waste is around 1%. Part of food waste is sold to customers who use it as input raw material in their operations.	Actual positive impact	-	Own operations
Education of end consumers regarding sorting of packaging waste and reducing food waste.	Opportunity	Long term	
Introduction of ISO 14001 standard.	Opportunity	Long term	

RESOURCE INFLOWS

The materiality of the impact stems from the fact that the Podravka Group uses significant amounts of input resources, the largest part of which relates to raw materials needed for the production of food products and drugs that cannot be recovered or recycled. Contribution to the circular economy can be achieved in the packaging segment. The share of recyclable packaging materials in the Food segment is almost 90%, and in the Pharmaceuticals segment 67%.

Material risks are associated with inflationary pressures that are reflected in the increase in input costs. Climate change leads to lower yields of certain primary raw materials, which causes their insufficient quantities on the market and an increase in the price of raw materials. In 2024, the impact of these risks on the financial position of the Podravka Group was not significant considering all the activities described in G1 Supply Chain Management.



Opportunities for the Podravka Group are related to investments in sustainable supply chains and investments in environmentally friendly packaging that is more sensitive to technological processes. Therefore, it is necessary to adapt the existing technology in production, i.e., significant additional investments are required.

RESOURCE OUTFLOWS

The life cycle of products in the Food and Pharmaceuticals segments ends with the consumption of the final products by consumers and they cannot be recovered. Part of the product that is subject to recovery is the packaging, which is highly recyclable in both business segments. The Food segment continuously conducts trials and tests the possibilities of using plastic packaging with a share of recycled content.

Cooperation with important packaging suppliers on the development of new and environmentally friendly packaging solutions that will not negatively impact the organoleptic properties and shelf life of finished products has been recognised as a material opportunity.

WASTE

In its operations, the Podravka Group generates waste, more than half of which is recycled, and the share of hazardous waste is at the level of 1%. The Podravka Group continuously works on reducing municipal waste, and a voluntary agreement has been signed with the Ministry of Agriculture on reducing food waste. Part of the food waste is sold to customers who use this waste as input raw material in their operations, thus contributing to the circular economy. The high share of recyclable packaging also contributes to reducing municipal waste in the downstream value chain (with consumers). The Food segment continuously works on raising consumer awareness of the importance of reducing food waste and on the proper sorting of packaging waste.

Material risks related to waste have not been identified.

Opportunities are related to consumer education on the sorting of packaging waste and reducing food waste, as well as the introduction of the ISO 14001 standard relating to environmental protection.





SOCIAL MATTERS (S)

ESRS S1 OWN WORKFORCE

Assessment based on impacts, risks and opportunities from own operations

MATERIAL IMPACT/RISK/OPPORTUNITY (OWN OPERATIONS)	TYPE	TIME HORIZON	SUB-SUB-TOPIC
Sub-topic: Working conditions			
<p>Compliance of business processes with ISO 26000 Social Responsibility and OECD guidelines.</p> <p>Around 90% of employed workers are residents employed on a permanent basis.</p>	Actual positive impact	-	Secure employment
<p>Labour shortage due to migration of workers from Southeastern to Western Europe.</p> <p>Labour shortage due to negative demographic trends and retirement.</p> <p>Difficulties in attracting labour due to working conditions in production.</p>	Risk	Medium term	Secure employment
<p>Continuous social dialogue with the Workers' Council and unions.</p>	Actual positive impact	-	Social dialogue
<p>Full respect for freedom of association and the right of workers to information, consultation and participation in making important decisions.</p> <p>Continuous dialogue with workers' representatives and direct communication with the Management at regular workers' meetings.</p>	Actual positive impact	-	Freedom of association, the existence of works councils and the information, consultation and participation rights of workers
<p>Collective agreements that cover all employees of companies in which collective agreements exist, regardless of their union membership.</p>	Actual positive impact	-	Collective bargaining
<p>Work-life balance enabled beyond regulatory obligations.</p>	Actual positive impact	-	Work-life balance



MATERIAL IMPACT/RISK/OPPORTUNITY (OWN OPERATIONS)	TYPE	TIME HORIZON	SUB-SUB-TOPIC
Sub-topic: Working conditions			
Employee health and safety management system introduced in all production companies.	Actual positive impact	-	Health and safety
Possibility of work-related injuries due to production activities and inadequate employee training.	Risk	Medium term	
Training and awareness raising of workers on the importance of occupational safety.	Opportunity	Medium term	
Introduction of working principles in accordance with the ISO 45001 standard in all production companies of the Podravka Group.			
Sub-topic: Equal treatment and opportunities for all			
Women make up more than half of the workforce and management positions, and 40% of the company's Management Board is made up of women. The gender pay gap is significantly below the EU average. Podravka Inc. holds the Equal Pay Champion certificate.	Actual positive impact	-	Gender equality and equal pay for work of equal value
Systematic investment in employee and management development.	Actual positive impact	-	Training and skills development
Qualified personnel outflow due to market competition.	Risk	Medium term	
Inadequate awareness of the application of information security rules. Insufficiently efficient system of internal knowledge and skills transfer due to lack of interest from employees.			
Zero tolerance rate for any form of violence, harassment and discrimination of employees in all countries where the Group operates (in accordance with the Code of Ethics in the Business of the Podravka Group).	Actual positive impact	-	Measures against violence and harassment in the workplace
Appreciating and respecting diversity in all aspects of the Group's operations.	Actual positive impact	-	Diversity
The Podravka Group ensures privacy for its employees, which is regulated by internal documents.	Actual positive impact	-	Privacy

Material impacts, risks and opportunities for the own workforce relate to all employees (the structure of the own workforce is explained in ESRS S1). The Podravka Group has strategically opted for the full application of the principle of social responsibility, and considers its employees to be its greatest asset. Business processes in Podravka Inc. as the parent company of the Group are aligned with the requirements of the ISO 26000 Social Responsibility standard and the OECD guidelines for corporate governance.

Social dialogue in the companies of the Podravka Group takes place in cooperation with workers' councils and trade unions. Consultation on the intention to make decisions important for the position of workers is carried out for all such decisions. Collective agreements cover all employees regardless of their membership in trade unions, and they regulate respect for working hours and enable a work-life balance beyond the rights stipulated by law. The positive impact on the own workforce results from the continuous improvement of the material and non-material rights of employees, as well as working conditions in the past 3 years, which is the permanent subject to collective bargaining, and systematic investment in the development of employees and management.

Great attention is paid to respecting the principles of gender equality, equal pay for equal work and respecting diversity, and any form of discrimination and harassment in the workplace is prohibited. The Podravka Group's Code of Ethics strictly prohibits the employment of children and forced/inhumane labour. The analysis of supplier materiality identified suppliers of the Pharmaceuticals segment from countries (China and

India) where there is an increased risk of forced/child labour, but regular audits at supplier locations have not identified such cases.

Risks related to own workforce primarily arise from negative demographic and migration trends, as well as competition in the market, and the approach to mitigating the identified risks is explained in the topic *Own workforce* (ESRS S1).

Given that the Podravka Group is engaged in production activities, an occupational health and safety management system has been introduced in all production companies, which includes safety and preventive measures and health surveillance measures. Risks related to the health and safety of own workforce arise from the nature of the Food segment's activities, given that furnaces and oils are used in the technological process in some factories. In the Pharmaceuticals segment, risks are related to the strict application of all prescribed rules in the technological process by younger and possibly insufficiently experienced employees.

Material opportunities related to employee health and safety are primarily focused on employee training and awareness raising, as well as on the introduction of working principles in accordance with the ISO 45001 standard in all production companies.

The measures and activities that the Podravka Group implemented in 2024 with the aim of mitigating and eliminating the identified risks, as well as achieving strategic goals related to its own workforce, are explained in the *Health and Safety* section.



ESRS S2 WORKERS IN THE VALUE CHAIN

Assessment based on impacts, risks and opportunities from the value chain

MATERIAL IMPACT/RISK/OPPORTUNITY (VALUE CHAIN)	TYPE	TIME HORIZON	SUB-SUB-TOPIC
Sub-topics: Working conditions, Equal treatment and opportunities for all, Other work-related rights			
Over 90% of the most important suppliers of the Food segment and 85% of the suppliers of the Pharmaceuticals segment are from Europe, which presupposes the application of effective EU regulations related to responsible treatment of own workforce, most of which operate according to their own codes aimed at corporate social responsibility. The strategic goal of the Podravka Group is for 100% of suppliers to sign the Supplier Code of Conduct.	Potential positive impact	Medium term	
Suppliers are required to practice good corporate governance and respect workers' rights throughout the value chain, with an emphasis on working time, adequate wages, gender equality, freedom of association, health and safety, prohibition of violence and harassment in the workplace, prohibition of child and forced labour.	Opportunity	Medium term	Working time, Adequate wages, Freedom of association, Health and safety, Gender equality and equal pay for work of equal value, Measures against violence and harassment in the workplace, Child labour, Forced labour

The estimated impact on workers in the value chain is based on supplier and customer materiality analyses.

The supplier materiality analysis, which includes the 50% largest suppliers in each procurement category, showed that in the Food segment, over 90% of the largest and most significant suppliers operate in the EU and are obliged to apply the effective EU regulations related to the responsible treatment of their workforce. This is supported by the fact that most of the major suppliers operate in accordance with the principles of social responsibility defined through various codes, policies and/or through a strategic approach to sustainable development.

The materiality analysis of the suppliers in the Pharmaceuticals segment showed that more than 85% of suppliers are from Europe. Significant suppliers of strategic raw materials from third countries are established manufacturers that cooperate with all global pharmaceutical companies and are subject to regular inspections by regulatory authorities. A significant number of suppliers in the Pharmaceuticals segment have signed the Podravka Group's Supplier Code of Conduct or have their own supplier code of conduct, based on which it can be concluded that they act responsibly towards their own employees and expect the same from their business partners in the value chain.



In the structure of customers in the Food segment, the largest customers (accounting for 50% of total revenue) are large domestic and foreign retail chains, of which over 85% are from the EU. An insight into publicly available data shows that over 50% of customers have a Code of Ethics in Business Operations and emphasise social responsibility as their own corporate value. The largest part of customers in the Pharmaceuticals segment are wholesalers, of which 50% are from the EU and 50% from third countries. Customers from the EU are obliged

to apply all effective regulations of the European Union related to the workforce.

The analysis of the Podravka Group's double materiality did not identify any material risks related to workers in the value chain, and the full implementation of the Supplier Code of Conduct in all companies of the Podravka Group represents a material opportunity, which will enable access to specific and relevant data in the value chain.

ESRS S3 AFFECTED COMMUNITIES

MATERIAL IMPACT/RISK/OPPORTUNITY	TYPE	TIME HORIZON	CONCENTRATION
Sub-topic: Contribution to community development (specific topic)			
Many years of contribution to the development of the social community through cooperation with sports clubs, health, educational and cultural institutions, professional and academic communities, and through donations to groups in need.	Actual positive impact	-	Own operations

Positive impact on affected communities implies a relationship with the local community in which the Podravka Group operates, then cooperation with associations, sports clubs, educational, health and cultural institutions, and the professional and academic community. Positive impacts are achieved through support for all of these partners through sponsorships, donations and development projects.



ESRS S4 CONSUMERS AND END-USERS

MATERIAL IMPACT/RISK/OPPORTUNITY	TYPE	TIME HORIZON	CONCENTRATION
Sub-topic: Information-related impacts for consumers and/or end-users			
Compliance with all regulatory obligations related to the handling of personal data of consumers. Direct communication with consumers through numerous communication channels. Consumers are given access to all relevant information about the use of the Group's products.	Actual positive impact	-	Own operations
Risk of cyberattacks.	Risk	Medium term	
Investing in technical solutions to protect the Podravka Group's information system. Investing in employee training on the importance of information security and the protection of personal data of employees, customers and consumers.	Opportunity	Medium term	
Sub-topic: Personal safety of consumers and/or end-users			
The production of the Food segment is certified according to the leading food safety standards IFS Food and BRCGS Food Safety. The Pharmaceuticals segment guarantees the safety and quality of its products with EU GMP certificates. Higher standard in the production of baby food compared to adult food.	Actual positive impact	-	Own operations
Plmproving product quality control through digitisation of measurement and testing equipment, and linking databases.	Opportunity	Medium term	
Sub-topic: Social inclusion of consumers and/or end-users			
With its wide portfolio of food and pharmaceutical products, the Podravka Group excludes the possibility of customer discrimination, since the products are intended for all customers, regardless of gender, age, religious affiliation or nationality. Food products available to consumers in stores, mainly large retail chains, in a large number of locations. Pharmaceutical products available to all consumers through pharmacies and health institutions in markets where pharmaceutical products are sold.	Actual positive impact	-	Own operations
Clear and unambiguous messages that are communicated to consumers of food products, which are based on the functional characteristics of the product or result from market research on the perception of brands, products, etc.	Actual positive impact	-	
Stronger emphasis on health and sustainable aspects of food products.	Opportunity	Medium term	
Emphasis on measures and activities aimed at environmental care, supply chain sustainability, and improving consumer health in external communication.	Opportunity	Long term	

The estimated positive impacts on consumers are linked to the strategic commitment of the Podravka Group, according to which health safety and quality of products represent the most important priority.

The production of the Food segment is certified according to the leading food safety standards IFS Food (International Featured Standard-Food) and BRCGS Food Safety⁵, which confirm the safety of the company's products. The leading food industry standards according to which the Food segment operates are built on a management system in accordance with the ISO 9001 standard. Health safety is confirmed by strict controls, assessments of suppliers and input raw materials. The production of baby food has a higher standard in production compared to adult food (certificates, regulations) in terms of raw materials, production conditions, packaging.

The Food Segment has introduced a food safety system based on HACCP⁶ principles in all factories and for all stages of production, processing and distribution, and a Food Safety and Quality System Policy focused on consumer health and safety. In order for the business process management system to be effective, potential risks are proactively considered and a culture of preventive action and improvement of the management system has been established. By introducing the supply chain safety system, Podravka has committed to the application of the Threat assessment (Food Defence) and input material Vulnerability Assessment (Food Fraud) methodologies.

The Pharmaceuticals segment guarantees the safety and quality of its products with EU GMP⁷ certificates. They confirm that the quality system implemented by the Pharmaceuticals segment complies with the standards applicable to the EU. The Pharmaceuticals segment also holds a GMP certificate for Russia and a GMP certificate for Ukraine. In order to ensure health safety and product safety, tests are carried out, and the drug is only placed on the market when it fully meets the regulatory quality requirements set during its registration. Quality control of the drug and its compliance with the requirements is carried out throughout the drug's life cycle. The Pharmaceutical segment applies equal quality and safety standards to all its products, including those

used by children. Child-resistant packaging solutions are used for products to which this is applicable, and all other products, in accordance with regulations, contain a warning and recommendation on proper storage of drugs in order to prevent improper and independent use of drugs by children.

The HACCP system is being introduced in the production of food supplements. The Pharmaceuticals segment has an established pharmacovigilance system that ensures that monitoring the safety of drug use, gathering and reporting suspected drug side effects to regulatory authorities are carried out in accordance with applicable EU requirements and regulations of the countries in which the company has a marketing authorisation for the drug.

The Podravka Group has an equal approach to all consumers within each business segment and takes measures to ensure the security of consumer personal data, equal availability of important information and access to communication channels. In the marketing activities of the Food segment, internal procedures prescribe the method of communication with consumers. Communication with end users of the Pharmaceuticals segment is in accordance with and regulated by the Ordinance on the Manner of Advertising Medicinal Products, which also implies that communication about drugs to children is strictly prohibited by relevant regulations.

The risk of cyberattacks is associated with increasingly sophisticated attempts at malicious breaches to which all business entities are exposed and requires increased activities to train and inform employees about information security rules. Therefore, investing in technical solutions to protect the Podravka Group's information system and investing in employee training on the importance of information security and the protection of personal data of employees, customers and consumers has been recognised as an area of significant focus.

A stronger emphasis on health and sustainable aspects of food products, and an emphasis in external communication on those activities that are aimed at consumer health and care for the environment have been recognised as further potential opportunities in relationships with consumers.

⁵ British Retail Consortium Global Standard

⁶ Hazard Analysis and Critical Control Point

⁷ Good Manufacturer Practices



ESRS G1 BUSINESS CONDUCT

MATERIAL IMPACT/RISK/OPPORTUNITY	TYPE	TIME HORIZON	CONCENTRATION
Sub-topic: Corporate culture			
OECD principles of corporate governance and the UN Global Compact integrated into internal codes, regulations and policies. Information security is an important segment of corporate culture; ISO 27001 certificate obtained. Whistleblower protection is guaranteed to all employees who report business irregularities.	Actual positive impact	-	Own operations
Introduction of the ISO 26000 standard in all production companies of the Podravka Group.	Opportunity	Long term	
Employee attitude towards daily business activities (compliance with information security rules, use of acceptable software tools, participation in internal knowledge transfer).	Risk	Medium term	
Sub-topic: Management of relationships with suppliers			
Strategic procurement management and digitisation of the procurement function. Treasury policy that ensures the standardisation of business processes.	Actual positive impact	-	Own operations
Centralisation of procurement procedures and extension of supplier base.	Opportunity	Medium term	
Sub-topic: Prevention and detection of corruption and bribery including training			
The Podravka Group applies the Code of Ethics and the Conflict of Interest Management Policy, which clearly define the principles of conduct and unacceptable activities. Strengthening the corporate culture through transparency and encouraging the "speak up" culture.	Actual positive impact	-	Own operations
Introduction of the ISO 37001 standard.	Opportunity	Medium term	
Sub-topic: Incidents			
No incidents (irregularities) related to corruption and bribery, which would result in legal proceedings or material damage, were recorded.	Actual positive impact	-	Own operations

The materiality of topics related to business conduct arises from the size, structure and distribution of the Podravka Group system. The parent company Podravka Inc. is an issuer on the prime market of the Zagreb Stock Exchange and as such is committed to the highest level of transparency towards external stakeholders, primarily investors, i.e., owners.

The Podravka Group supports and applies the principles of numerous external initiatives in its operations, of which the Corporate Governance Code of HANFA and ZSE, as well as the OECD guidelines for corporate governance, have the greatest impact on corporate governance. The principles of corporate governance and the guidelines of the UN Global Compact have been integrated by the Podravka Group through internal codes, regulations and policies. Podravka Inc. is among the first issuers of the ZSE regulated market that accepted the Corporate Governance Code of HANFA and ZSE. Podravka Inc. as the parent company determines the rules and principles of business conduct, and all other companies within the Podravka Group are obliged to apply the same rules and principles in their business activities.

Good corporate governance is one of the fundamental pillars of the Business Sustainability Strategy, which has led the Group to implement corporate governance standards that go beyond the legal requirements. This includes transparent and regular communication with investors, which the Management Board of Podravka Inc. achieves through the annual investor conference, as well as the implementation of the social responsibility principles throughout the supply chain (explained in ESRS G1).

Material risks are associated with possible deviations or insufficient attention by employees in the application of rules related to information security, the use of acceptable software tools or the transfer of knowledge.

Material opportunities that can influence the strengthening of employee awareness of good corporate governance relate to the introduction of the ISO 26000

standard in all production companies of the Podravka Group, the training of employees on the application of the Code of Ethics in Business Operations and the application of IT security rules, the strengthening of the “speak-up” culture and the introduction of the ISO 37001 standard. In the procurement segment, the opportunities are related to the expansion of the supplier base and the further centralisation of the procurement function at the level of the Podravka Group.

STRATEGY RESILIENCE ASSESSMENT

The Podravka Group has not conducted a strategy resilience analysis as required by the reporting standard, however, through risk assessment and management, the resilience of the business strategy is assessed and timely adaptation of the business system to all changes in the business environment is undertaken.

During 2024, the Podravka Group assessed physical climate risks for tangible assets owned, and determined climate change adaptation measures in order to respond to risks in a timely and appropriate manner and reduce their potential negative impacts on business. The climate risk assessment was prepared in accordance with the guidelines from Delegated Regulation (EU) 2021/2139, Appendix A, Annex 1.

When assessing climate risks for property, the CLIMATIG tool was used, which assesses risks by combining multiple types of satellite and historical data, and is based on the climate models of the Intergovernmental Panel on Climate Change RCP 4.5 and RCP 8.5. When assessing climate risks for agricultural land, additional consideration was given to the characteristics of agricultural land that affect its vulnerability or resilience to climate risks (irrigation and drainage, soil structure and acidity, etc.).

The analysis showed that the most significant climate risks for the Podravka Group are heavy rainfall, heat



waves and drought, and they are relatively evenly represented throughout all three analysed periods (2024-2030, 2031-2035, 2036-2040). Although the periods of climate risk analysis are currently not related to the expected life of its assets, strategic planning periods and capital allocation plans, they are set in accordance with planned reviews of the climate risk analysis. Following the analysis, an Adaptation Plan was prepared and measures were determined that the Podravka Group will apply in order to increase the resilience of business activities to climate risks and to protect its own tangible assets and land to the greatest extent possible.

OVERVIEW OF KEY POLICIES AND DOCUMENTS FOR MANAGING SUSTAINABILITY MATTERS

In its operations, the Podravka Group has a developed management system based on defined processes, procedures and work instructions. Individual topics are covered by policies, regulations and codes. All documents of affiliated companies are approved by their Management Boards, while documents aimed at the Podravka Group are adopted by the Management Board of Podravka Inc. In order to increase business efficiency and consistent application of corporate governance rules established by the Management Board of Podravka Inc., corporate business processes are aligned with those of Podravka Inc. as the parent company.

An overview of key policies and documents for managing sustainability matters can be found in the table below.



SUSTAINABILITY MATTER	MATERIAL TOPIC	MATERIAL SUB-TOPIC	MATERIAL SUB-SUB-TOPIC	POLICY/DOCUMENT	AVAILABILITY	APPROVED BY MANAGEMENT BOARD	AREA OF APPLICATION	REFERENCE TO RELEVANT STANDARDS
Environment	Climate change E1	Climate change adaptation		Climate Change Adaptation Plan	internal document	Yes	Podravka Group	IPCC methodology
		Climate change mitigation		Environmental Protection Policy	publicly available	Yes	Podravka Group	
				Energy Management Policy	internal document	Yes	Podravka Inc.	ISO 50001
		Energy		Environmental Protection Policy	publicly available	Yes	Podravka Group	
				Energy Management Policy	internal document	Yes	Podravka Inc.	ISO 50001
	Water and marine resources E3	Water	Water consumption	Environmental Protection Policy	publicly available	Yes	Podravka Group	
			Water withdrawals					
			Water discharges					
	Biodiversity and ecosystems E4	Direct impact drivers of biodiversity loss	Climate change	Climate Change Adaptation Plan	internal document	Yes	Podravka Group	IPCC methodology
				Environmental Protection Policy	publicly available	Yes	Podravka Group	
				Energy Management Policy	internal document	Yes	Podravka Inc.	ISO 50001
		Impacts and dependencies on ecosystem services		Environmental Protection Policy	publicly available	Yes	Podravka Group	
	Circular economy E5	Resources inflows, including resource use		Environmental Protection Policy	publicly available	Yes	Podravka Group	
				Energy Management Policy	internal document	Yes	Podravka Inc.	ISO 50001
Resource outflows related to products and services			Environmental Protection Policy	publicly available	Yes	Podravka Group		
Waste			Environmental Protection Policy	publicly available	Yes	Podravka Group		
Social responsibility	Own workforce S1	Working conditions	Secure employment	Human Resources Management policy and guidelines	internal document	Yes	Podravka Group	
				Collective agreements	internal document	Yes	Podravka Inc., Belupo Inc., Mirna Inc (separate Collective agreement), Žito Group (separate Collective agreement)	
				Social Responsibility Policy	public document	Yes	Podravka Group	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility



SUSTAINABILITY MATTER	MATERIAL TOPIC	MATERIAL SUB-TOPIC	MATERIAL SUB-SUB-TOPIC	POLICY/DOCUMENT	AVAILABILITY	APPROVED BY MANAGEMENT BOARD	AREA OF APPLICATION	REFERENCE TO RELEVANT STANDARDS
Social responsibility	Own workforce S1	Working conditions	Social dialogue	Human Resources Management policy and guidelines	internal document	Yes	Podravka Group	
				Collective agreements	internal document	Yes	Podravka Inc., Belupo Inc., Mirna Inc. (separate Collective agreement), Žito Group (separate Collective agreement)	
				Social Responsibility Policy	public document	Yes	Podravka Group	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
			Freedom of association	Collective agreements	internal document	Yes	Podravka Inc., Belupo Inc., Mirna Inc. (separate Collective agreement), Žito Group (separate Collective agreement)	
				Social Responsibility Policy	public document	Yes	Podravka Group	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
			Collective bargaining,	Collective agreements	internal document	Yes	Podravka Inc., Belupo Inc., Mirna Inc. (separate Collective agreement), Žito Group (separate Collective agreement)	
		Social Responsibility Policy		public document	Yes	Grupa Podravka	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility	
		Work-life balance	Collective agreements	internal document	Yes	Podravka Inc., Belupo Inc., Mirna Inc. (separate Collective agreement), Žito Group (separate Collective agreement)	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility	
			Social Responsibility Policy	public document	Yes	Podravka Group	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility	



SUSTAINABILITY MATTER	MATERIAL TOPIC	MATERIAL SUB-TOPIC	MATERIAL SUB-SUB-TOPIC	POLICY/DOCUMENT	AVAILABILITY	APPROVED BY MANAGEMENT BOARD	AREA OF APPLICATION	REFERENCE TO RELEVANT STANDARDS		
Social responsibility	Own workforce S1	Working conditions	Health and safety	Social Responsibility Policy	public document	Yes	Podravka Group	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility		
				Occupational Health and Safety Policy	publicly available	Yes	Podravka Inc.	ISO 45001		
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value		Social Responsibility Policy	public document	Yes	Podravka Group	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility	
					Human Resources Management policy and guidelines	internal document	Yes	Podravka Group		
					Podravka Group Code of Ethics in Business Operations	publicly available	Yes	Podravka Group	OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility	
			Training and skills development		Human Resources Management policy and guidelines	internal document	Yes	Podravka Group		
					Collective agreements	internal document	Yes	Podravka Inc., Belupo Inc., Mirna Inc. (separate Collective agreement), Žito Group (separate Collective agreement)		
			Measures against violence and harassment in the workplace			Podravka Group Code of Ethics in Business Operations	publicly available	Yes	Podravka Group	OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
						Social Responsibility Policy	public document	Yes	Podravka Group	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
						Human Resources Management policy and guidelines	internal document	Yes	Podravka Group	
						Personal Data Protection Policy	publicly available	Yes	Podravka Group	



SUSTAINABILITY MATTER	MATERIAL TOPIC	MATERIAL SUB-TOPIC	MATERIAL SUB-SUB-TOPIC	POLICY/DOCUMENT	AVAILABILITY	APPROVED BY MANAGEMENT BOARD	AREA OF APPLICATION	REFERENCE TO RELEVANT STANDARDS
Social responsibility	Own workforce S1	Other work-related rights	Privacy	Social Responsibility Policy	public document	Yes	Podravka Group	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
				Human Resources Management policy and guidelines	internal document	Yes	Podravka Group	
				Personal Data Protection Policy	publicly available	Yes	Podravka Group	
				Information Security Policy	internal document	Yes	Podravka Group	ISO 27001
	Workers in the value chain S2	Working conditions, Equal treatment and opportunities for all, Other work-related rights	Working time, Adequate wages, Freedom of association, Health and safety, Gender equality and equal pay for work of equal value, Measures against violence and harassment in the workplace, Child labour, Forced labour	Podravka Group Code of Ethics in Business Operations	publicly available	Yes	Podravka Group	OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
				Social Responsibility Policy	internal document	Yes	Podravka Inc.	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
				Supplier Code of Conduct	publicly available	Yes	Podravka Group	OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
	Affected communities S3	Communities' economic, social and cultural rights	Contribution to community development (specific topic)	Podravka Group Code of Ethics in Business Operations	publicly available	Yes	Podravka Group	OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
				Social Responsibility Policy	public document	Yes	Podravka Group	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
				Communication Strategy	internal document	Yes	Podravka Inc.	

SUSTAINABILITY MATTER	MATERIAL TOPIC	MATERIAL SUB-TOPIC	MATERIAL SUB-SUB-TOPIC	POLICY/DOCUMENT	AVAILABILITY	APPROVED BY MANAGEMENT BOARD	AREA OF APPLICATION	REFERENCE TO RELEVANT STANDARDS
Social responsibility	Consumers and end-users S4	Information-related impacts for consumers and/or end-users	Privacy	Personal Data Protection Policy	publicly available	Yes	Podravka Group	
				Information Security Policy	internal document	Yes	Podravka Group	ISO 27001
			Freedom of expression	Inquiries and complaints management	internal document	Yes	Food segment	
				Social media playbook	internal document	No	Food segment	
		Access to (quality) information	Social media playbook	internal document	No	Food segment		
		Personal safety of consumers and/or end-users	Health and safety Protection of children	Food Safety and Quality Management	publicly available	Yes	Podravka Inc.	ISO 9001, BRC, IFS
				Food safety and quality system policy	public document	Yes	Žito LLC	ISO 9001, BRC, IFS
				Podravka Group Nutritional Strategy	publicly available	Yes	Food segment	EU "Farm to Fork" strategy
				Guidelines on encouraging sustainable nutrition	internal document	No	Food segment	
				Recalls and withdrawals	internal document	Yes	Podravka Inc.	BRC, IFS
				Supply Chain Safety	internal document	Yes	Food segment	U.S. CTPAT (Customs Trade Partnership Against Terrorism) criteria and EU AEO (Authorised Economic Operators)
				Criteria for responsible nutritional marketing	internal document	No	Food segment	
				Belupo Statement of Quality	internal document	Yes	Pharmaceuticals segment	GXP practices, ISO 9001, ISO 13485
		Social inclusion of consumers and/or end-users	Non-discrimination, Access to products and services, Responsible marketing practices	Podravka Group Nutritional Strategy	internal document	Yes	Food segment	EU "Farm to Fork" strategy
				Criteria for responsible nutritional marketing	internal document	No	Food segment	
				Social media playbook	internal document	No	Food segment	



SUSTAINABILITY MATTER	MATERIAL TOPIC	MATERIAL SUB-TOPIC	MATERIAL SUB-SUB-TOPIC	POLICY/DOCUMENT	AVAILABILITY	APPROVED BY MANAGEMENT BOARD	AREA OF APPLICATION	REFERENCE TO RELEVANT STANDARDS
Corporate governance	Business conduct G1	Corporate culture		Podravka Group Code of Ethics in Business Operations	publicly available	Yes	Podravka Group	OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
				Information Security Policy	internal document	Yes	Podravka Group	ISO 27001
				Social Responsibility Policy	public document	Yes	Podravka Group	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
		Protection of whistle-blowers		Podravka Group Code of Ethics in Business Operations	publicly available	Yes	Podravka Group	OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
				Social Responsibility Policy	public document	Yes	Podravka Group	ISO 26000, OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
				Rulebook on the procedure for internal reporting of irregularities and the appointment of a confidential person	publicly available	Yes	Podravka Group	
		Management of relationships with suppliers including payment practices		Supplier Code of Conduct	publicly available	Yes	Podravka Group	
				Conflict of interest prevention policy	internal document	Yes	Podravka Group	
				Treasury Policy	internal document	Yes	Podravka Group	
		Corruption and bribery	Prevention and detection including training, incidents	Podravka Group Code of Ethics in Business Operations	publicly available	Yes	Podravka Group	OECD Guidelines for Multinational Enterprises, UN guiding principles on social responsibility
				Conflict of interest prevention policy	internal document	Yes	Podravka Group	
				Rulebook on the procedure for internal reporting of irregularities and the appointment of a confidential person	publicly available	Yes	Podravka Inc.	





Environmental impact of business (**CRITERION „E”**)

REPORT ON THE REQUIREMENTS OF THE TAXONOMY REGULATION

In accordance with the Delegated Act on Disclosures⁸ and Technical Screening Criteria for all 6 Environmental Objectives (Delegated Acts⁹), the Report on the requirements prescribed by the Taxonomy Regulation in 2024 covers all environmental objectives:

- Climate Change Mitigation (CCM),
- Climate Change Adaptation (CCA),
- Sustainable Use and Protection of Water and Marine Resources (WTR)
- Transition to a Circular Economy (CE)
- Pollution Prevention and Control (PPC)
- Protection and Restoration of Biodiversity and Ecosystems (BIO)

Podravka Group operates through two business segments – Food and Pharmaceuticals. The activities of the Food segment are not taxonomy-eligible, but certain revenues, capital expenditure and operating expenditure can be linked to taxonomy-eligible activities as described in the Delegated Act on Disclosures.

The main activity of the Pharmaceuticals segment, the production of pharmaceuticals, is a taxonomy-eligible activity in the environmental objective Pollution Prevention and Control (PPC). The pharmaceuticals production activity has been analysed according to the technical screening criteria specified in the Delegated Act for the Pollution Prevention and Control objective, as well as the criteria for “do no significant harm” (“DNSH”) to the remaining environmental objectives. Given the scope and complexity of the technical screening criteria, there is currently no alignment.

The preparation of this report requires a multidisciplinary

approach. Coordination, data collection and calculation of key performance indicators were carried out by the Business Sustainability and Green Transformation sector with the help of employees from the entire Podravka Group system, especially the production companies. In the Pharmaceuticals segment, a great deal of engagement comes from employees from all parts of the Pharmaceuticals segment, given that the production of medicines is a taxonomy-eligible activity. In the Food segment, emphasis is placed on the involvement of production companies in the preparation of the report, while at the level of Podravka Inc., a great deal of engagement comes from the Accounting sector, the Controlling sector, the Human Resources sector and all employees who participate in the planning and implementation of capital expenditure.

The report was prepared on a consolidated basis and includes all the companies of the Podravka Group. During the process of calculating the taxonomy key performance indicators (KPIs), care was taken to ensure that each item was included in the calculation of only one KPI in order to avoid double counting. For the calculation of the KPI revenue, consolidated external sales revenues of the Podravka Group were analysed, while internal group sales were not considered. For the calculation of the KPI CAPEX, expenditures recorded as investments were considered, while for the calculation of the KPI OPEX, expenditures that are kept on expense accounts according to accounting policies were considered. Also, if some revenue or expenditure is eligible for several taxonomy activities, it was considered only within one taxonomy activity, which was assessed to be the most

⁸ (EU) 2021/2178

⁹ (EU) 2021/2139 and (EU) 2023/2486



suitable by nature to the technical criteria of that activity and the environmental objective.

The analysis of revenue and expenditure by activity was carried out in accordance with the provisions of the Delegated Act on Disclosures and Delegated Acts prescribing technical screening criteria. The analysis of capital expenditures was made based on CAPEX, which is stated in accordance with the Group's accounting policies, and which, in accordance with the Delegated Acts, can be linked to taxonomy-eligible activities. An assessment of the alignment of revenue and expenditure was carried out, but alignment was not achieved according to the criteria "do no significant

harm" ("DNSH") for the environmental objective of climate change adaptation (CCA), given that the Podravka Group's Climate Change Adaptation Plan was adopted only in December 2024 and cannot be applied in the current reporting period. Therefore, all taxonomy-eligible activities in all three key performance indicators, identified and described in this report, are not taxonomy-aligned.

A alignment analysis was carried out for Minimum Safeguards. The Podravka Group's operations are compliant with the UN Principles on Human Rights as well as the OECD Guidelines for Multinational Enterprises.

1. KEY PERFORMANCE INDICATOR RELATED TO REVENUE (KPI REVENUE)

In 2024, the Podravka Group achieved business revenues¹⁰ in the amount of EUR 771.5m, of which EUR 766.5m of external sales revenues and EUR 5.0m of other income.

Of the total realised external sales revenues, a total of EUR 131.9m can be linked to taxonomy-eligible activities related to

- revenue from the sale of drugs (PPC 1.2.),
- revenue from the sale of electricity from solar power plants (CCM 7.6.),
- revenue from the sale of by-products in the production of food products (CCM 5.5.),
- revenue from the sale of second-hand goods (CE 5.4.),
- revenue from services related to passenger cars and freight vehicles (CCM 6.5. and 6.6.),
- revenue from the sale of non-current tangible assets (CCM 7.7.).

The sale of manufactured drugs generated EUR 129.8m of revenues that are not aligned with the EU taxonomy because they do not fully meet the technical screening criteria and the criteria "do no significant harm" ("DNSH") to the remaining environmental objectives.

The production process of the Food segment generates by-products that the Podravka Group sells to customers who use this by-product as raw material. In 2024, EUR 1.0m of **revenue from the sale of by-products was generated** (food waste from the production process), which can be linked to the taxonomy-eligible activity Collection and transport of non-hazardous waste in source segregated fractions (CCM 5.5).

From **the production of electricity** using solar photovoltaic technology, 91.8 MWh of electricity was sold to the electricity grid, generating revenue of EUR 6.3 thousand. These revenues can be linked to the taxonomy-eligible activity Installation, maintenance and repair of renewable energy technologies (CCM 7.6). The production of electricity from solar power plants is linked to solar power plants at the locations Varaždin, Koprivnica and Dugopolje. The electricity produced by solar power plants is used for own needs, and only the produced surplus is sold to the power grid and on that basis, income is generated.

In 2024, EUR 0.9m in revenue was generated from **the sale of wooden pallets**, which can be linked to the taxonomy activity Sale of second-hand goods (CE



5.4.). In addition, EUR 0.2m in revenue was **generated from transport and vehicle maintenance services**, of which EUR 0.16m can be linked to the taxonomy activity Freight transport services by road (CCM 6.6.), while EUR 1.1 thousand is linked to the activity Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5.).

Of the other income in 2024, EUR 1.1m can be linked to taxonomy-eligible activities. EUR 0.2m was **generated from the sale of non-operating assets**, which can be linked to the taxonomy-eligible activity Acquisition and ownership of buildings (CCM 7.7). EUR 3 thousand was generated from **the sale of pallets**, which can be linked to the taxonomy activity Sale of second-hand goods (CE 5.4). In other income,

EUR 0.6m was generated from **the sale of royalties and the sale of the right to use registration dossiers**, which can be linked to the taxonomy activity Manufacture of medicinal products (PPC 1.2).

The numerator of the key performance indicator Revenue (KPI Revenue) is EUR 132.7m and includes:

- revenues that can be linked to activities 5.5., 6.5., 6.6., 7.6. and 7.7. that contribute to the objective Climate Change Mitigation,
- revenues that can be linked to activity 5.4. that contributes to the objective Transition to a Circular Economy, and
- revenues from activity 1.2. Manufacture of medicinal products that contributes to the objective Pollution Prevention and Control.

PROPORTION OF REVENUE/TOTAL REVENUE

	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0.0%	0.2%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.1%
PPC	0.0%	17.0%
BIO	0.0%	0.0%

The denominator of the KPI Revenue amounts to EUR 767.6m and includes external sales revenues of the Podravka Group (Note 8) and a part of other revenues (Note 9) in the amount of EUR 1.1m. Of Other income (EUR 5.0m), the denominator of the KPI Revenue includes the total amounts of the following items:

- Gains on sale of assets held for sale,
- Other income.

From all of the above, it follows that the **key performance indicator Revenue (KPI Revenue)** for the Podravka Group in 2024 is **17.3%**, while in 2023 it was 17.2%.

NOTE: Decimal differences are possible due to rounding

FINANCIAL YEAR 2024	2024			SUBSTANTIAL CONTRIBUTION CRITERIA						"DO NOT SIGNIFICANT HARM" CRITERIA						"Taxonomy-aligned proportion (A.1) or eligible (A.2) activities year 2023 (18)"	Category (enabling activity) (19)	Category "(transition activity)" (20)	
	Code(s) (2)	Absolute turnover (3)	Proportion of turnover, year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and Marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)				Minimum safeguards (17)
Economic activities (1)																			
Podravka Group		EUR	%	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0.00	0%																
out of which enabling activities																			
out of which transition activities																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (e)																			
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5.	1,036,487.8	0.1%	EL	N	N	N	N	N										0.2%
Transport of motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	1,095.5	0.0%	EL	N	N	N	N	N										0.0%
Freight transport services by road	CCM 6.6.	161,064.3	0.0%	EL	N	N	N	N	N										0.0%
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	6,288.8	0.0%	EL	N	N	N	N	N										0.0%
Acquisition and ownership of buildings	CCM 7.7.	160,653.1	0.0%	EL	N	N	N	N	N										0.1%
Sale of second-hand goods	CE 5.4.	936,369.9	0.1%	N	N	N	N	EL	N										0.2%
Manufacture of medicinal products	PPC 1.2.	130,387,338.3	17.0%	N	N	N	EL	N	N										16.8%
Turnover of Taxonomy-eligible but environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		132,689,297.6	17.3%	0.2%	0.0%	0.0%	17.0%	0.1%	0.0%							17.2%			
Turnover of Taxonomy eligible activities (A.1.+A.2.)		132,689,297.6	17.3%	0.2%	0.0%	0.0%	17.0%	0.1%	0.0%							17.2%			
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities		634,893,412.4	82.7%																
TOTAL (A+B)		767,582,710.0	100.0%																

2. KEY PERFORMANCE INDICATOR RELATED TO CAPEX (KPI CAPEX)

Capital investments (capital expenditures) at the Podravka Group level include investments that resulted in an increase in non-current tangible, intangible and right-of-use assets in the reporting period.

The methodology for calculating the taxonomy-eligible KPI CAPEX for 2024 is identical to the methodology applied in the Podravka Group's Annual Report for 2023. For the calculation of the numerator, CAPEX analytics for the Podravka Group were analysed, which also served as a basis for the preparation of relevant notes related to capital expenditures in the Group's consolidated financial statements.

By analysing the capital expenditures realised in 2024, capital expenditures were identified that can be linked and correspond to the descriptions of environmentally eligible activities defined in the Climate Delegated Act¹¹ and Delegated Act (EU) 2023/2486, and the amount of these capital expenditures was calculated in the numerator for the calculation of the KPI CAPEX, which at the Podravka Group level amounted to EUR 47.5m. The numerator includes EUR 36.6m of taxonomy-eligible investments and an amount of EUR 10.9m based on the increase in the position of right-of-use assets¹².

The capital expenditures of the Podravka Group in 2024, which can be linked to environmentally eligible activities, are as follows:

Objective Climate Change Mitigation (CCM)

- 4.20. Cogeneration of heat/cool and power from bioenergy
- 4.24. Production of heat/cool from bioenergy
- 4.9. Transmission and distribution of electricity
- 5.4. Renewal of waste water collection and treatment

- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles
- 6.6. Freight transport services by road
- 7.1. Construction of new buildings
- 7.2. Renovation of existing buildings
- 7.3. Installation, maintenance and repair of energy efficiency equipment
- 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6. Installation, maintenance and repair of renewable energy technologies
- 7.7. Acquisition and ownership of buildings

Objective Pollution prevention and control (PPC)

- 1.2. Manufacture of medicinal products

Objective Sustainable use and protection of water and marine resources (WTR)

- 2.1. Water supply
- 2.2. Urban waste water treatment

All capital expenditures that can be linked to taxonomy-eligible activities are recognised as taxonomy non-aligned since it was not possible to determine the meeting of the "do no significant harm" criterion for the Climate Change Adaptation (CCA) objective because the Podravka Group Climate Change Adaptation Plan was adopted in December 2024. The Podravka Group's investment studies in 2024 included an analysis of the investment's profitability and supporting documentation in accordance with the effective and relevant national regulatory framework.

¹¹ (EU) 2021/2139

¹² The increase in right-of-use assets is explained in the Consolidated financial statements, Note 20.



PROPORTION OF CAPEX/TOTAL CAPEX

	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0.0%	52.6%
CCA	0.0%	0.0%
WTR	0.0%	0.1%
CE	0.0%	0.0%
PPC	0.0%	4.7%
BIO	0.0%	0.0%

The total amount of taxonomy-eligible capital expenditures¹³ for the Podravka Group in 2024 amounted to EUR 47.5m, which provides the numerator KPI CAPEX, while the denominator includes the amount of EUR 82.8m and represents the sum of the increase in the following items:

- right-of-use assets,
- tangible assets,
- intangible assets.

From the above, it follows that the **key performance indicator CAPEX (KPI CAPEX)** of the Podravka Group for 2024 is **57.5%** compared to 53.5% in 2023.

¹³ Data available in the Consolidated financial statements – Note 18 (Intangible assets), Note 19 (Tangible assets) and Note 20 (Right-of-use assets).



NOTE: Decimal differences are possible due to rounding

FINANCIAL YEAR 2024				2024						SUBSTANTIAL CONTRIBUTION CRITERIA					"DO NOT SIGNIFICANT HARM" CRITERIA								
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and Marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	"Taxonomy-aligned proportion (A.1) or eligible (A.2) activities year 2023 (18)"	Category (enabling activity) (19)	Category "(transition activity)" (20)				
				"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
Podravka Group				EUR	%																		
A. TAXONOMY-ELIGIBLE ACTIVITIES																							
A.1. Environmentally sustainable activities (Taxonomy-aligned)																							
Djelatnost 1																							
Djelatnost 1 (d)																							
Djelatnost 2																							
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0.0	0.0%																				
out of which enabling activities																							
out of which transition activities																							
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																							
Cogeneration of heat/cool and power from bioenergy		CCM 4.20	1,595.0	0.0%	EL	N	N	N	N	N										0.0%			
Production of heat/cool from bioenergy		CCM 4.24.	6,365.0	0.0%	EL	N	N	N	N	N											0.1%		
Transmission and distribution of electricity		CCM 4.9.	21,713.2	0.0%	EL	N	N	N	N	N											0.0%		
Construction, extension and operation of waste water collection and treatment		CCM 5.3.																			0.0%		
Renewal of waste water collection and treatment		CCM 5.4.	85,308.2	0.1%	EL	N	N	N	N	N											0.1%		
Transport by motorbikes, passenger cars and light commercial vehicles		CCM 6.5.	4,248,091.5	5.1%	EL	N	N	N	N	N											2.3%		
Freight transport services by road		CCM 6.6.	698,338.2	0.8%	EL	N	N	N	N	N											1.6%		
Construction of new buildings		CCM 7.1.	23,920,711.7	28.9%	EL	N	N	N	N	N											30.6%		
Renovation of existing buildings		CCM 7.2.	122,044.8	0.1%	EL	N	N	N	N	N											1.9%		
Installation, maintenance and repair od energy efficiency equipment		CCM 7.3.	1,508,743.4	1.8%	EL	N	N	N	N	N											1.0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings		CCM 7.5.	43,421.3	0.1%	EL	N	N	N	N	N											0.0%		
Instalation, maintenance and repair of renewable energy technologies		CCM 7.6.	2,905,835.0	3.5%	EL	N	N	N	N	N											1.3%		
Acquisition and ownership of buildings		CCM 7.7.	9,969,301.6	12.0%	EL	N	N	N	N	N											9.1%		
Water supply		WTR 2.1.	59,016.9	0.1%	N	N	EL	N	N	N											0.0%		
Urban waste water treatment		WTR 2.2.	31,352.0	0.0%	N	N	EL	N	N	N											0.2%		
Manufacture of medicinal products		PPC 1.2.	3,920,248.5	4.7%	N	N	N	EL	N	N											5.2%		
CapEx of Taxonomy-eligible but environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		47,542,086.3	57.5%	52.6%	0.0%	0.1%	4.7%	0.0%	0.0%												53.5%		
CapEx of Taxonomy eligible activities (A.1.+A.2.)		47,542,086.3	57.5%	52.6%	0.0%	0.1%	4.7%	0.0%	0.0%												53.5%		
B. Taxonomy-non-eligible activities																							
CapEx of Taxonomy-non-eligible activities		35,208,913.7	42.5%																				
TOTAL (A+B)		82,751,000.0	100%																				

3. KEY PERFORMANCE INDICATOR RELATED TO OPERATING EXPENDITURE (KPI OPEX)

In accordance with the Delegated Act on Disclosures¹⁴, the operating expenditure included in the calculation of the KPI OPEX refers to direct non-capitalised costs relating to research and development, building renovation measures, short-term lease, maintenance and repair and all other direct expenses for the day-to-day servicing of property, plant and equipment carried out by the company or a third party to whom these tasks are entrusted, which are necessary for the proper functioning of these assets. The KPI OPEX does not include the costs of raw materials and materials, the cost of salaries of employees operating the machine, the costs of managing the research and development project and the costs of electricity, fluids or reagents required for the operation of property, plant and equipment.

In 2024, for the purposes of calculating the KPI OPEX, a detailed analysis of the set of expense accounts was carried out in the same scope as in 2023, however, a more detailed analysis with a larger set of data was made in order to make the analysis of expenditures of the Food and Pharmaceuticals segments, in relation to the EU taxonomy eligible activities, as precise as possible. Since the activity of the Pharmaceuticals segment is taxonomy-eligible, the costs of ongoing maintenance of technology in production were also included in the calculation of the KPI OPEX, while such costs were not considered in the Food segment.

In 2024, the denominator for calculating the KPI OPEX was EUR 24m, and it includes:

- Cost of salaries of employees working in research and development, cleaning and maintenance of property, maintenance of technology in pharmaceutical production and maintenance of IT systems,
- Cost of services for cleaning property and business premises,

- Cost of materials for maintaining cleanliness,
- Cost of regular maintenance,
- Cost of materials for regular maintenance,
- Various costs related to vehicle maintenance,
- Cost of various types of leases (short-term lease),
- Cost of utility services.

The numerator was EUR 11.5m, and it includes:

- Costs of regular maintenance of assets that can be linked to activities CCM 4.24., 4.9., 5.4., 6.5., 6.6., 7.3., 7.5., 7.6., 7.7., WTR 2.1., 2.2. and PPC 1.2.
- Cost of salaries of employees who work on cleaning and maintenance of property in the Food segment, and in the Pharmaceuticals segment the cost of employees who work on cleaning and maintenance of property, maintenance of production technology and the cost of employees in research and development of drugs,
- Cost of cleaning services,
- Cost of cleaning materials,
- Costs associated with maintaining a good condition of the vehicle fleet (passenger cars and freight vehicles),
- Cost of lease of property,
- Cost of lease of passenger cars and freight vehicles,
- Cost of lease of production equipment in the pharmaceuticals.

As in the case of capital expenditures, operating expenditures that can be linked to taxonomy-eligible activities are recognised as taxonomy non-aligned given that the Podravka Group Climate Change Adaptation Plan was adopted only in December 2024 and cannot be applied for the reporting period, and it was not possible to determine whether the criterion “do no significant harm” (“DNSH”) for the Climate Change Adaptation objective was met.

¹⁴ (EU)2021/2178, Annex I, points 1.1.3.1. and 1.1.3.2.



PROPORTION OF OPERATING EXPENDITURE/TOTAL OPERATING EXPENDITURE

	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0.0%	28.5%
CCA	0.0%	0.0%
WTR	0.0%	2.7%
CE	0.0%	0.0%
PPC	0.0%	16.8%
BIO	0.0%	0.0%

From all of the above, it follows that the **key performance indicator OPEX (KPI OPEX)** for the Podravka Group in 2024 is **47.9%**, while in 2023 it was 39.2%.



NOTE: Decimal differences are possible due to rounding

FINANCIAL YEAR 2024	2024			SUBSTANTIAL CONTRIBUTION CRITERIA						"DO NOT SIGNIFICANT HARM" CRITERIA						Minimum safeguards (17)	"Taxonomy-aligned proportion (A.1) or eligible (A.2) activities year 2023 (18)"	Category (enabling activity) (19)	Category "(transition activity)" (20)		
	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx, year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and Marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)						
Economic activities (1)				"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	"Y;N; N/EL (b) (c)"	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
Podravka Group		EUR	%																		
A. Taxonomy-eligible activities																					
A.1. Environmentally sustainable activities (taxonomy-aligned)																					
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0.00	0%																		
out of which enabling activities																					
out of which transition activities																					
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (G)																					
Production of heat/cool from bioenergy	CCM 4.24.	36,146.8	0.2%	EL	N	N	N	N	N											0.2%	
Transmission and distribution of electricity	CCM 4.9.	10,335.8	0.0%	EL	N	N	N	N	N												0.0%
Renewal of waste water collection and treatment	CCM 5.4.	73,482.7	0.3%	EL	N	N	N	N	N												0.1%
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	1,070,099.9	4.5%	EL	N	N	N	N	N												0.0%
Freight transport services by road	CCM 6.6.	768,603.1	3.2%	EL	N	N	N	N	N												0.1%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	838,856.2	3.5%	EL	N	N	N	N	N												1.9%
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5.	11,775.5	0.0%	EL	N	N	N	N	N												0.8%
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	318.0	0.0%	EL	N	N	N	N	N												1.6%
Acquisition and ownership of buildings	CCM 7.7.	4,035,742.4	16.8%	EL	N	N	N	N	N												26.1%
Water supply	WTR 2.1.	33,516.0	0.1%	N	N	EL	N	N	N												0.4%
Urban waste water treatment	WTR 2.2.	604,516.7	2.5%	N	N	EL	N	N	N												0.6%
Manufacture of medicinal products	PPC 1.2.	4,021,619.3	16.8%	N	N	N	EL	N	N												7.4%
Opex of Taxonomy-eligible but environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		11,505,012.2	47.9%	28.5%	0.0%	2.7%	16.8%	0.0%	0.0%												39.2%
OpEx of Taxonomy eligible activities (A.1.+A.2.)		11,505,012.2	47.9%	28.5%	0.0%	2.7%	16.8%	0.0%	0.0%												39.2%
B. Taxonomy-non-eligible activities																					
OpEx of Taxonomy-non-eligible activities		12,495,283.5	52.1%																		
TOTAL (A+B)		24,000,295.6	100.0%																		

ESRS E1, ESRS E3, ESRS E4, ESRS E5

STRATEGY, POLICIES AND DOCUMENTS

The Business Sustainability Strategy of Podravka defines strategic goals associated with the reduction of scope 1 and scope 2 CO₂ emissions, reducing waste from own activities, increasing the recirculation of water from own activities, and the goals related to the preservation of biodiversity.

Application of environmental protection principles is prescribed by the Environmental Protection Policy of the Podravka Group, which includes material impacts presented in the ESRS 2 SBM-3. The fundamental determinants of the policy are as follows:

- compliance with regulations related to environmental protection;
- focus on increasing energy efficiency while increasing the use of energy from renewable sources;
- responsible water management by taking care of wastewater quality and reducing water withdrawal into the production process (recirculation);
- improvement of production processes with the aim of reducing food waste, and disposing of food waste by applying the principles of the circular economy;
- responsible waste management with the aim of reducing the amount of total waste generated and reducing the amount of municipal waste generated;
- implementation of consumer demands in the area of packaging, and continuously increasing the share of environmentally friendly packaging solutions;
- application of the principles of responsible agricultural production and preserving biodiversity through reducing the use of mineral fertilisers and pesticides and continuous work on improving soil quality.

At the end of 2024, the Management Board of Podravka Inc. adopted the Energy Management Policy, which applies to the parent company of the group and covers the impacts and opportunities for climate change mitigation, energy efficiency and the use of renewable energy sources presented in ESRS 2 SBM-3. The policy was adopted in the process of introducing the ISO 50001 standard and confirms the company's focus on systematic energy management through:

- setting energy goals and securing the necessary resources for their implementation,
- raising awareness and educating the business organisation about the need for efficient energy management,
- purchasing and implementing energy-efficient products and services and energy-efficient project solutions.

The strategic environmental objectives are not based on scientific analysis and are voluntary, except for the packaging-related objectives which are based on the applicable legal framework for packaging and packaging waste. The strategic objectives related to waste and packaging are aligned with the principles of the circular economy.

The Podravka Group does not have a transition plan for climate change mitigation or for issues related to biodiversity and ecosystems, and the development of a transition plan will begin upon completion of the review of the existing Business Sustainability Strategy and the revision of climate-related goals.



ESRS E1

CLIMATE CHANGE

CLIMATE RISKS

When identifying material impacts, risks and opportunities, the strategic goals, business model, results of the climate risk analysis and gross emissions of scopes 1 and 2 measured according to the GHG Protocol were taken into account, especially considering that Podravka Inc. is part of the EU ETS where measurement issues are regulated. The announced revision of the strategic objectives will create the basis for the development of a transition plan, assess potential future sources of greenhouse gas emissions in own operations and along the value chain, and measured emissions from 2024 will be used as input data.

During 2024, the Podravka Group performed risk assesment related to sustainability matters, considering physical and transition climate risks . The assessment did not determine the materiality of climate risks on tangible assets and agricultural land owned by the Podravka Group. Nevertheless, a Climate Change Adaptation Plan until 2030 has been developed and adaptation measures have been defined to increase the resilience of operations to physical climate risks and reduce possible negative impacts on operations. The assessment of climate risks is described in the section Strategy resilience assessment (ESRS 2 SBM-3).

In the value chain, physical climate risks have been identified related to the availability of certain raw materials, a decrease in the quality of raw materials due to an increase in the share of contaminants, damage to crops, insufficient quantities of energy sources on the market and increased consumption of energy sources in business due to the need for cooling. Mitigation of the above-mentioned risks is approached through increasing self-sufficiency from own agricultural

production and optimising the procurement procedures described in G1 Supply Chain Management.

All activities of the Podravka Group during 2024 focused on the use of renewable energy sources and energy efficiency and the introduction of the ISO 50001 standard also represent a response to risks related to climate change (ESRS 2 SBM -3).

The introduction of the ISO 50001 standard is a strategic goal whose implementation is planned by the end of 2025. The introduction of the standard (in the first phase at the level of Podravka Inc.) means the establishment of an integral energy management system and continuous improvements in the use of energy sources and achieving better energy efficiency, more efficient use of energy sources and increasing energy efficiency, the use of new energy-efficient technologies, and thus a contribution to reducing greenhouse gas emissions.

The Podravka Group does not implement greenhouse gas removal and emission mitigation projects financed by carbon credits. Internal carbone pricing mechanism has not been introduced.

¹⁵ In accordance with Commission Delegated Regulation (EU) 2021/2139, the process and methodology are explained in ESRS 2 SBM-3.



IN MWh	2024			
	Podravka Group	% in total energy consumption	Podravka Inc.	% in total energy consumption
Total energy consumption	255,835.1		139,644.9	
Energy from fossil fuels	224,175.2	87.6%	109,248.2	78.2%
Fuel from coal and coal products	n/a	0.0%	n/a	0.0%
Fuel from crude oil and petroleum products	36,278.3	14.2%	17,048.2	12.2%
light destilate oil	5,514.1	2.2%	5.0	0.0%
motor vehicles fuel	30,764.2	12.0%	17,043.2	12.2%
Fuel from natural gas	105,423.9	41.2%	62,110.8	44.5%
Fuel from other fossil sources	n/a	0.0%	n/a	0.0%
Purchased or acquired energy from fossil sources	82,473.0	32.2%	30,089.2	21.5%
electricity	74,165.1	29.0%	30,005.0	21.5%
heat	8,308.0	3.2%	84.2	0.1%
Energy from nuclear sources	16.7	0.0%	0.0	0.0%
Purchased electricity from nuclear sources	16.7	0.0%	0.0	0.0%
Energy from renewable sources	31,643.3	12.4%	30,396.8	21.8%
Biomass	25,645.6	10.0%	25,539.0	18.3%
Self-generated non-fuel renewable energy (electricity)	5,997.6	2.3%	4,857.8	3.5%

* The information presented refers to the final energy consumption and is calculated according to the Lower Heating Value (LHV). The scope of data for energy consumption is equal to the scope of emissions from scopes 1 and 2.

NOTE: Decimal differences are possible due to rounding

In the Podravka Group's energy mix, energy from fossil sources predominates, and the largest share refers to energy from natural gas (41.2%), mostly due to the need for production in both business segments, and energy from fuel for vehicles (12.0%), which includes gasoline and diesel fuel, auto gas and gas for forklifts.

The share of renewable sources in the energy mix is 12.4%, of which 10.0% is biomass and 2.3% is electricity from own solar power plants. Energy from biomass includes the use of wood chips at the Koprivnica location, the use of organic by-products as an energy source in

the Czech Republic, and the use of wood pellets at the location in Bosnia and Herzegovina.

An estimate was made for companies that use leased business premises in which there is no control over energy consumption (there are no separate meters), but the energy used is included in the rental price¹⁶.

The activities of the Podravka Group belong to the activities in high climate impact sectors¹⁷. The energy intensity¹⁸ of the Podravka Group in relation to total revenues for 2024 is 0.0003 MWh/EUR, or 0.0004 MWh/EUR for Podravka Inc.

¹⁶ For the purposes of the estimate, the energy consumption for heating and electricity per m² was calculated by dividing the total consumption of each energy source in 2024 for an administrative business facility owned by Podravka Inc. by the m² of area of that facility.

¹⁷ As defined in Commission Delegated Regulation (EU) 2022/1288 - production of food and pharmaceutical products.

¹⁸ Total energy consumption per net revenue, which represents the ratio of total energy consumption in MWh to net revenue in EUR (Note 8 of the Consolidated financial statements of the Podravka Group).



GREENHOUSE GAS EMISSIONS

Strategic goals aimed at reducing CO₂ emissions:

- Podravka Inc. by >60% until the end of 2030
- Podravka Group by >40% until the end of 2030

Strategic goals aimed at reducing CO₂ emissions include scope 1 emissions (energy sources and fuels). Freon emissions (scope 1) and scope 2 emissions are not included in the calculation of strategic goals. Energy

sources (diesel for irrigation activities and blue diesel) used in agricultural production are not included in the calculation of strategic goals focused on emissions but are included in the calculation of FLAG emissions shown in the *Biodiversity* section, in accordance with the methodology of the GHG protocol. In the preparation of the strategy, 2022 was determined as the base year and is considered representative because certain reductions in CO₂ were already achieved in that year compared to previous periods and there were no significant impacts from external factors that would affect the calculation of emissions.

eCO ₂ EMISSIONS TOTAL (KPI)	2024	2022	CHANGE
Podravka Group	29,436.9	37,123.7	-20.7%
Podravka Inc.	17,032.0	16,340.3	4.2%

The increase in CO₂ emissions of Podravka Inc. by 4.2% compared to the base year is the result of an increase in the scope of production activities in two new production facilities – a plant for the production of tomatoes and

a new pasta factory. The reduction of Podravka Group's CO₂ emissions by 20.7% mainly results from the bakery concentration project in Slovenia.

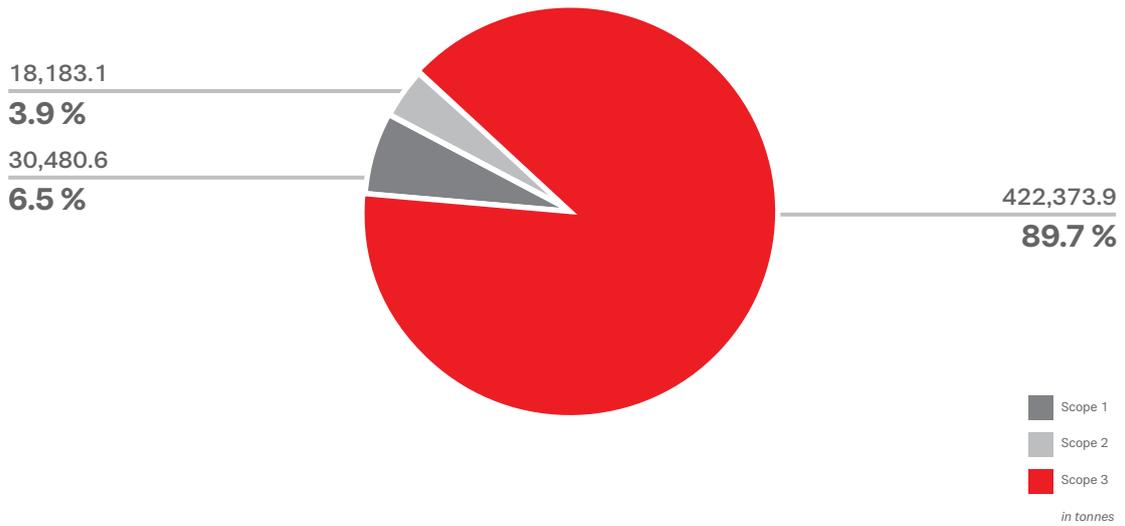
PODRAVKA GROUP	tonnes of eCO ₂
Scope 1	30,480.6
Business activities	30,335.8
Emissions from agriculture (FLAG)	661.8
Carbon removals (FLAG)	- 517.1
Biomass	9,606.9
Scope 2 (location-based)	18,183.1
Scope 2 (market-based)	41,969.4
Scope 3	422,373.9
Purchased goods and services (category 1)	373,554.5
Capital goods (category 2)	15,753.0
Fuel- and energy-related activities (category 3)	14,482.3
Upstream transportation and distribution (category 4)	13,674.2
Waste generated in operations (category 5)	1,043.9
Business travel (category 6)	733.2
Employee commuting (category 7)	3,132.7



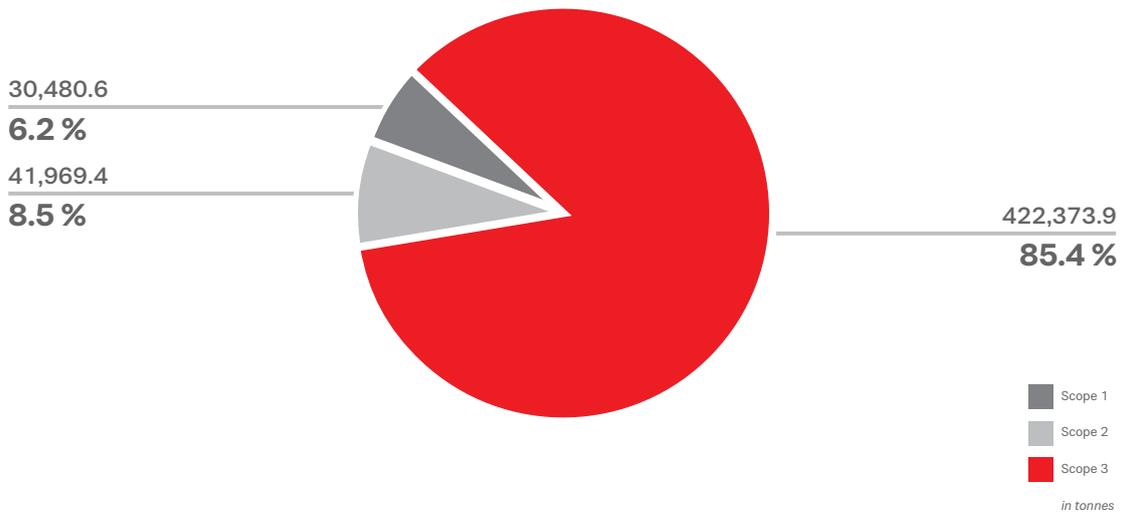
Podravka Group's total eCO₂ emissions in 2024 amounted to 471,037.6 tonnes of location-based emissions and 494,823.8 tonnes of market-based emissions.

The eCO₂ emission intensity of the Podravka Group in relation to the realised revenues¹⁹ in 2024 was 0.00061 tCO₂/EUR based on the location and 0.0065 tCO₂/EUR based on the market.

THE PODRAVKA GROUP'S TOTAL eCO₂ EMISSIONS - LOCATION BASED



THE PODRAVKA GROUP'S TOTAL eCO₂ EMISSIONS - MARKET BASED



¹⁹ According to the Consolidated financial statements of the Podravka Group (Note 8).



The calculation of GHG emissions was made using a tool²⁰ that is aligned with the GHG protocol AR6, taking into account operational control, i.e., Podravka Inc. as the parent company and all representative offices and affiliated companies. Podravka Inc. has 100% control in all affiliated companies and therefore the total GHG emissions of affiliated companies are included in the GHG emissions of the Podravka Group. The GHG protocol was departed from in the scope 3 category Upstream leased assets where financial control was applied (in accordance with EFRAG guidelines *IG 2 Value Chain, points 55 to 57*). These are leased properties accounted for in accordance with IFRS 16, which the Podravka Group uses in its operating activities (business and warehouse premises). Emissions from leased properties accounted for in accordance with IFRS 16

are included in scope 1 and 2, which is in accordance with the methodology for calculating scopes 1 and 2 in the base year.

For the purposes of the calculation, actual and estimated data were used, as detailed in the table below. For the calculation of scopes 1 and 2 emissions, actual data were used to the greatest extent, which provides the most precise calculation of CO₂ emissions (litres of fuel, kWh of energy), while for the purposes of calculating scope 3 emissions, alternative data such as kilometres travelled, number of overnight stays, financial data, etc. were also used, to which adequate emission factors were then applied. Estimated data were used for emissions from one scope 3 category (*Category 7 Employee commuting*).

OVERVIEW OF DATA ACCURACY

By location	t CO ₂	Share
Actual	460,145.6	97.7%
Estimated	10,892.0	2.3%
Total	471,037.6	100.0%

By market	t CO ₂	Share
Actual	483,885.8	97.8%
Estimated	10,938.0	2.2%
Total	494,823.8	100.0%

National emission factors were used, except for Podravka Inc. in the part covered by the EU ETS system where NIR (National greenhouse gas inventory) emission factors were used for natural gas and fuel oil, while a verified emission factor, confirmed by the EU ETS, was used for wood chips.

When calculating location-based scope 2 emissions, the national emission factor for Croatia was used. For market-based scope 2 emissions, the emission factors for the residual energy mix for each country were used, and such a calculation is higher since these emission factors refer to the electricity that remains on the grid

when electricity from renewable sources is removed.

Scope 1 emissions include fuel consumption for motor vehicles, natural gas, fuel oil and freons²¹. Actual data on energy consumed from invoices were used for the calculation. Given the inconsistency of local regulations and reporting standard requirements, energy from natural gas in countries where the calculation is made according to the Higher Heating Value (HHV) was converted to the Lower Heating Value. Emissions from biomass are not included in scope 1 but are reported separately, because biomass (wood chips, organic by-products and pellets) is a climate-neutral fuel.

²⁰ The assessment of GHG emissions was carried out in accordance with the World Business Council for Sustainable Development and the World Resources Institute (WBCSD/WRI), GHG protocol; a Corporate Accounting and Reporting Standard, including the GHG Protocol Scope 2 Guidance. This approach is considered current best practice for reporting greenhouse gas emissions..

²¹ Freon emissions are recorded in accordance with the service records of individual cooling devices and facilities. If the system was refilled with refrigerant gas in the reporting year, the amount of refilled gas is included in scope 1 emissions.



Podravka Inc. is part of the EU ETS²² system in which two ETS facilities (locations) have been registered:

1. ETS locations Ante Stračevića 32, Koprivnica (ETS AS32), 24 MW
2. ETS Industrial zone Danica, Koprivnica (ETS IZD), 30 MW

Emissions monitored through the EU ETS include natural gas, fuel oil and wood chips, as they are used as fuel at the above locations. In 2024, of the total annual scope 1 CO₂ emissions of the Podravka Group, 6,349 tonnes (21%) come from ETS facilities. During 2024, Podravka Inc. purchased a certain amount of CO₂ emission units worth EUR 340,500.

Scope 2 emissions include the consumption of purchased electricity and heating energy, and were calculated based on actual data from invoices and accounts. For business premises where there is no control over the consumption of energy sources, alternative data (estimated consumption by square meter of business premises) was used for the purposes of calculating CO₂ emissions.

At the beginning of 2025, the Podravka Group assessed its scope 3 emissions for the first time, which is the basis for setting climate goals for the value chain and developing a transition plan. By analysing the 15 scope 3 categories, the following were identified as material:

CATEGORY 1 PURCHASED GOODS AND SERVICES

Includes external procurement of all raw materials, packaging and materials, and services of the Podravka Group. Since there is no relevant data on emissions from the supply chain, financial data were used for the calculation of eCO₂ emissions. This category also includes emissions related to water consumed, for which data specified in *ESRS E3 Water Resources* were used.

²² ETS (Emissions Trading System) is an international system for trading GHG emissions in the European Union, the basis of the EU's climate change policy, which monitors GHG emissions from industry and encourages their reduction (a tool for cost-effective emission reduction). It refers to CO₂ emissions from plants that use fossil fuels (gas, oil, coal). It operates on the principle of capping the amount of greenhouse gases that industry can emit and "trading", i.e., buying the difference in the amounts emitted. This is achieved by issuing emission permits to plants and distributing a specific amount of free emission units (which decrease over time) according to set criteria. Each year, a company participating in the EU ETS must acquire and surrender enough emission units to cover all its emissions. If it reduces its CO₂ emissions, it can keep the allocated permits-quotas to cover its future needs, or it can sell them to another company that does not have enough emission units. The EU ETS system is the first and largest carbon market in the world.

Entry/participation in the ETS is an obligation for plant operators from the industrial and energy sectors who have a stationary plant with a total installed power of ≥20 MW-thermal energy (provided that the sum of individual installed devices that are ≥3 MW is ≥20 MW).

²³ Data obtained from the partner providing the transportation service.

CATEGORY 2 CAPITAL GOODS

Includes financial data that is recorded as an investment according to the procurement category. It also includes financial amounts of long-term leases that are accounted for according to IFRS 16.

CATEGORY 3 FUEL- AND ENERGY-RELATED ACTIVITIES

The platform used calculates emissions from this category based on entered data on energy and fuel consumption (scope 1 and 2).

CATEGORY 4 UPSTREAM TRANSPORTATION AND DISTRIBUTION

It includes data in kilometres travelled, financial amounts and actual data on fuel consumption²³ for the transport of finished products from the production site (warehouse) to the storage area of the affiliated company and local transport in certain countries from the warehouse to the customer. If the customer comes to collect the goods at the production site or to the storage area of the affiliated company, this transport is not included in the calculation of CO₂ emissions in this category.

CATEGORY 5 WASTE GENERATED IN OPERATIONS

The calculation of category 5 emissions is based on data on waste generated in own business activities, presented in the section *ESRS 5 Waste*.

CATEGORY 6 BUSINESS TRAVEL

Includes data on business trips by means of transport not owned/used by the Podravka Group and hotel



overnight stays²⁴. The calculation was made based on data on distances travelled by type of transport or financial amounts in cases where data on distance could not be calculated (taxi transport).

CATEGORY 7 EMPLOYEE COMMUTING

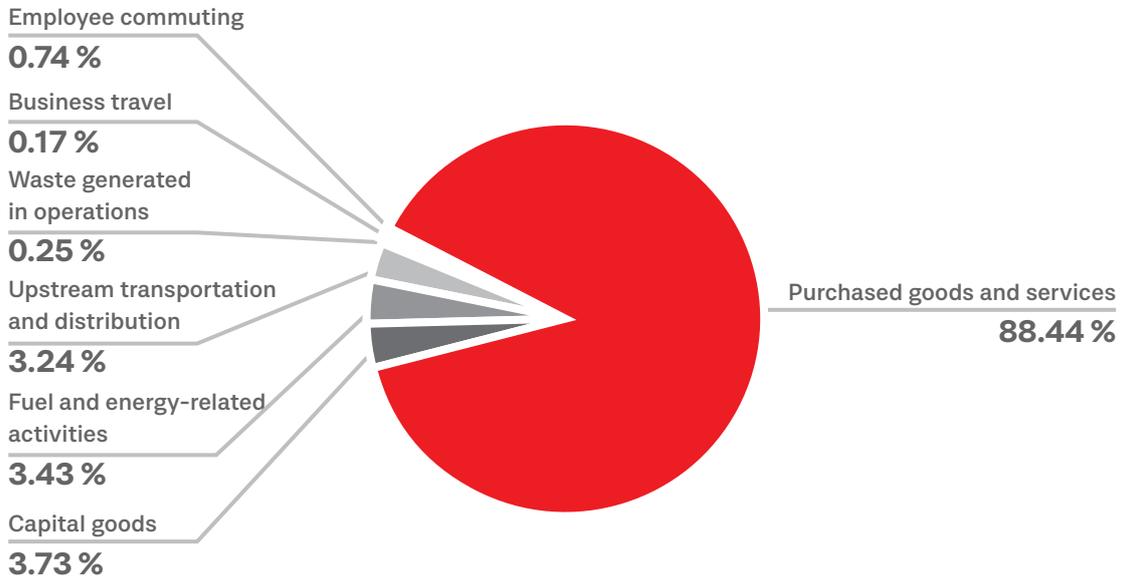
For the purposes of calculating this category, a survey was conducted. Since 46.99% of the data had been collected, extrapolation was applied to estimate the

values for the remaining employees.

CATEGORY 8 UPSTREAM LEASED ASSETS

Emissions from this category are included in scope 1 and 2 due to the application of financial control principles in accordance with EFRAG guidelines *IG 2 Value Chain*, points 55 to 57.

STRUCTURE OF SCOPE 3 eCO₂ EMISSIONS



RENEWABLE ENERGY SOURCES

Strategic goals:

- 100% electricity from renewable sources in production in the EU
- 50% thermal energy from renewable sources in production in the EU
- Increasing the share of renewable energy sources (RES) in total energy consumption
- Podravka Inc. from ~20% in 2022 to ~40% in 2025, and >60% RES in 2030
- Podravka Group from ~10% in 2022 to ~20% in 2025, and >40% RES in 2030

In 2024, the Podravka Group used 8.1% of electricity from renewable sources compared to 1.1% in 2022, while Podravka Inc. used 16.2% compared to 2.9% in 2022.

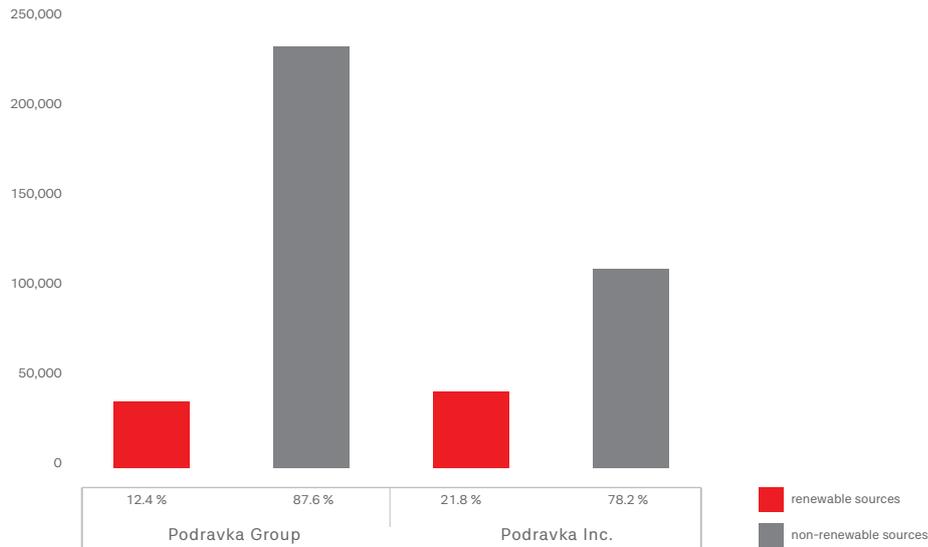
The share of renewable energy sources (RES) in thermal energy in 2024 for the Podravka Group was 18.8% compared to 16.1% in 2022, while at the level of Podravka Inc. this share was 29.1% compared to 30.3% in 2022. The decrease in the share of renewable sources in thermal energy at the level of Podravka Inc. in 2024 compared to the base year is the result of an increase in the use of thermal energy by 5%, while the share of renewable energy sources in thermal energy increased by 0.8%.

²⁴ Number of nights by location (city or country) of overnight stays.



SHARE OF RES IN TOTAL ENERGY USED	2024	2022
Podravka Group	12.4%	10%
Podravka Inc.	21.8%	20%

ENERGY BY SOURCES



Activities aimed at increasing the share of renewable energy sources are being implemented in phases.

During 2024, the construction and equipping of solar power plants was completed at 3 locations in Croatia, one location in Slovenia, and one location in Bosnia and Herzegovina. In 2024, the Podravka Group installed 22,269 photovoltaic panels with a power of 9.4 MW, which can produce 9,367 MWh of electricity annually. In total, the Podravka Group has so far built 12 integrated solar power plants with a total installed capacity of 13.2 MW, with 33,630 photovoltaic panels installed, which can produce 13,156 MWh of electricity annually. The effect of using energy from solar power plants is an annual reduction in CO₂ emissions of approximately 2,092 tonnes.

The next (third) phase of the investment in solar power

plants will also include the newly built logistics and distribution centre (LDC) in Koprivnica. The completion of the third phase of investments in solar power plants is expected in 2025, which will further reduce electricity costs and increase the share of renewable energy sources at the level of the entire Podravka Group.

Wood chips are used as fuel in the energy plant for heat production, in the boiler room for the production of technical steam in the Danica industrial zone in Koprivnica. The boiler room supplies all Podravka Inc. factories at this location with the necessary thermal energy, i.e., steam for technological needs.

The biomass boiler room has a capacity of 3.3 MW and has been in operation since 2017, and the use of biomass reduces the need for gas consumption. In 2024, the need for gas was reduced by approximately



2,300,000 m³, which corresponds to an emission of approximately 5,157.9 tonnes of CO₂. Podravka Inc. is certified according to the SURE scheme for the production of thermal energy from biomass and holds a SURE certificate, which proves the sustainable origin²⁵ of the biomass used.

The wood biomass used in 2024 was procured from a certified supplier that issues proof of sustainability for each delivery, which together with the existing SURE certificate makes it possible for used biomass to be considered as a renewable energy source. The effect of using certified wood chips is the reduction of scope 1 CO₂ emissions by an additional 9,603.67 tonnes.

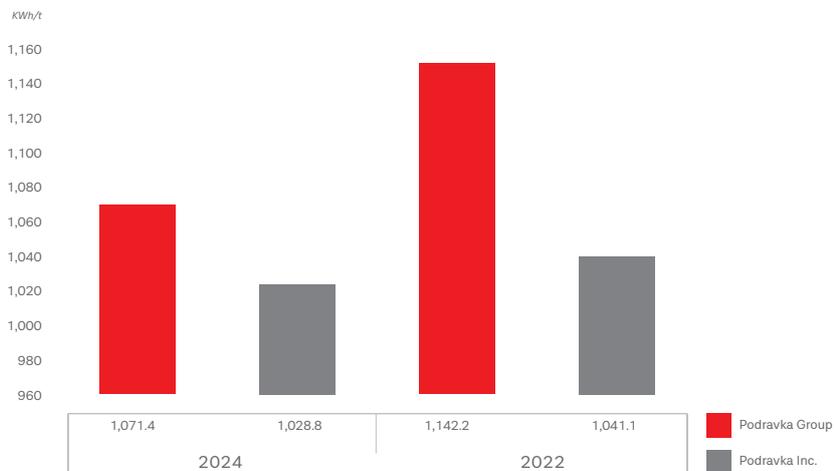
ENERGY EFFICIENCY

Strategic goals:

- Reduction from 1,109 kWh/t in production in 2022 to 917 kWh/t in production in 2030
- Increase in RES from 114 kWh/t in production in 2022 to 383 kWh/t in production in 2030

Activities aimed at the energy efficiency of the Food segment are carried out at production locations that are the main consumers of energy, and consequently also the main generators of CO₂ emissions from own operations.

ENERGY CONSUMPTION BY TONNE OF PRODUCED PRODUCTS

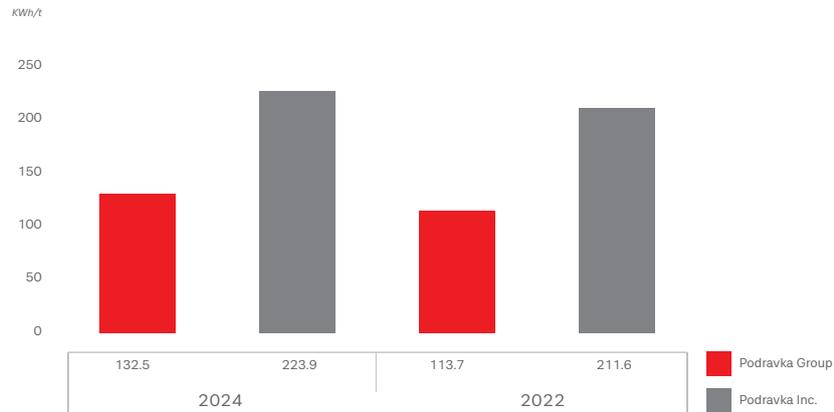


In 2024, the Podravka Group reduced energy consumption per tonne of product produced by 6.2%, and by 1.2% at the level of Podravka Inc. In 2024, the share of renewable energy sources per tonne of produced

²⁵ In order for wood chips as an energy source to be treated as a renewable energy source (RES), it is necessary to establish effective procedures for biomass monitoring, i.e., to prove that it complies with sustainability criteria (EU Implementing Regulation 2018/2066). If the biomass used for combustion does not comply with the above regulation, the carbon content in it is considered fossil carbon. As proof of sustainability, it is possible to use a voluntary national or international scheme approved by the European Commission and the member state in which it is used. Since there is no national scheme in the Republic of Croatia, Podravka uses the SURE scheme, a scheme established in Germany and approved by the EC. The SURE scheme requires that everyone in the chain be part of it (from the supplier of wood chips to the end user). In addition to the aforementioned certificate, a Proof of Sustainability (PoS) for biomass is also required. A Proof of Sustainability (PoS) is issued by an economic operator to confirm that a certain batch of biomass, biofuel or biogas material meets all sustainability criteria or greenhouse gas emission reduction criteria. The PoS contains information about the biomass, its quantity and a statement that it is "EU compliant material" and that all relevant RED II criteria have been met and verified throughout the supply chain.



RES CONSUMPTION BY TONNE OF PRODUCED PRODUCTS



products increased by 16.6% at the Podravka Group level, and by 5.8% at the Podravka Inc. level.

During 2024, the Food segment carried out a reconstruction of the gas boiler room at the location in Koprivnica, which reduced gas consumption per tonne of industrial steam produced by 5%. Additional activities at the gas boiler room will be carried out during 2025 with the aim of reducing gas consumption by an additional 5%.

At the production location in Varaždin, the installation of a continuous cooker and high-frequency evaporators reduced gas consumption in tomato production from 314 m³ to 172.3 m³ per tonne of product. Also, at all production locations of Podravka Inc., measures were implemented as needed, such as replacing lighting fixtures with energy-efficient LED lighting, installing high-speed doors, and replacing refrigerants in certain cooling systems with more environmentally friendly substances.

With the completion of the Logistics and Distribution Centre (LDC) in Koprivnica, the use of storage space has been optimised. It is expected that the rationalisation of the number of warehouse locations in 2025 will reduce the annual number of kilometres by 24,997 km, and fuel consumption by 7,607 litres, which, according to projections, will result in lower CO₂ emissions by 20.3 tonnes.

The LDC has a capacity of 62,000 pallet spaces with a fully automated high-bay warehouse and enables the placement of all stocks of finished goods within the factory area. In warehouse operations, the number of gas forklifts was reduced, which resulted in an effect of 0.8 tonnes of CO₂ less in 2024, and the expected effect in 2025 is a reduction in gas consumption by 8,736 kg, i.e., 14.3 tonnes less CO₂ emission.

In Slovenia, delivery routes were optimised during 2024, which reduced the number of kilometres travelled by approximately 60,000 km, the amount of fuel consumed by approximately 7,200 litres, and this led to a reduction in CO₂ emissions by 19.3 tonnes. Logistic activities in Slovenia are carried out through contractual carriers that use vehicles with the EURO VI standard.

In the Pharmaceuticals segment, an investment was made in a compressor management system that can achieve energy consumption savings of up to 10%. Repair and maintenance activities were carried out on parts of the production system. In logistics activities, the distribution model in Croatia was changed. Direct delivery was replaced by deliveries to wholesalers, which reduced the number of deliveries by almost 50% compared to 2023, resulting in reduced fuel consumption. Also, two old trucks were replaced with new vehicles with the EURO VI standard.



ESRS E3

WATER RESOURCES**Strategic goal*:**

- **Increasing the share of recirculated water from 10% in 2022 to 16% by the end of 2030**

*Due to the adjustment of the methodology for reporting recirculated water with the requirements of ESRS E3, the % shown in the given strategic goal deviates from the data presented in this report, which is explained in footnote 27. The strategic goals will be revised and adjusted to the ESRS requirements in the announced strategy revision process.

Recirculated water in m ³	Podravka Group	Podravka Inc.
2022	406,602.0	99,233.0
2024	1,270,468.0	948,988.0
Share of recirculated water		
2022	43.4%	18.3%
2024	103.2%	106.8%

The recirculation process reduces the amount of water withdrawn into the production process, and consequently the amount of water discharged, in accordance with the guidelines from the Podravka Group Environmental Protection Policy.

WATER CONSUMPTION

in m ³	Podravka Group	Podravka Inc.
Total water withdrawn	1,230,522.8	888,977.3
Total water recirculated	1,270,468.0	948,988.0
Share of recirculated water	103.2%	106.8%
Total water consumption	403,097	281,753
Total water discharged	827,426.1	607,224.3

Water recirculation is carried out at the production locations of the Food segment (Fruit and Vegetable Factory in Varaždin, Meat Products Factory in Koprivnica, Mirna Factory in Rovinj). In the base year 2022, only the Meat Products Factory (to a smaller extent than it has today) and the Mirna Factory had recirculation.

Recirculation is a procedure in the production process where a certain amount of water enters the technological process and circulates in the process for several cycles before being discharged. The data on recirculated water shows the effect, i.e., how much higher the water consumption would be if there was no recirculation. The total recirculated water of the Podravka Group in 2024 was 1,270,468 m³, of which 948,988 m³ refers to Podravka Inc

The share of recirculated²⁶ water in 2024 was 103.2% compared to 43.4% in 2022²⁷.

²⁶ To calculate the water recirculation data, the average hourly flow of the cooling system pump is taken, multiplied by the number of operating hours.

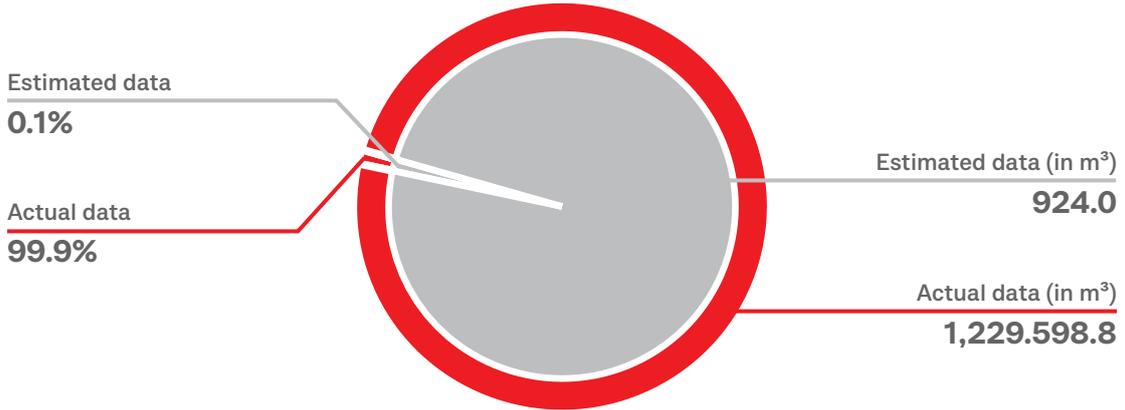
²⁷ For the purposes of reporting on the implementation of the strategic goal in 2024, the data on the share of recirculated water in the base year 2022 has been corrected and adjusted to the methodology defined by the reporting standard (ESRS). Namely, the data on recirculated water must show the effect, i.e., how much water would be withdrawn from the water supply system if there was no recirculation. The data on recirculated water in 2022 showed the share of water that entered the recirculation process in relation to the total water withdrawn and did not show the effect of water savings.



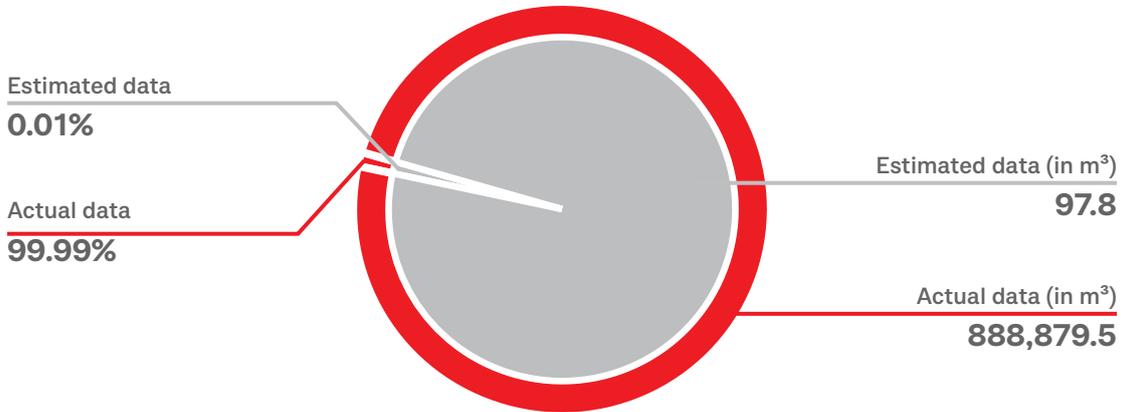
The data on total water withdrawn includes actual and estimated data. Actual data refers to production locations and property owned by the Podravka Group where there are water consumption meters. At locations

where there are no water meters, i.e., control over consumption, (leased business premises), an estimate was made²⁸.

PODRAVKA GROUP



PODRAVKA INC.



²⁸ Estimation methodology: The basis for the calculation was the withdrawn water total from invoices for one administrative location of PODRAVKA Inc. where there is control and data on the total amount of withdrawn water. The total water withdrawn at that location is divided by the number of people working at that location to determine the average water withdrawal for office activities. This data is mapped to all related companies that lease business premises and do not have actual data on water withdrawal.



The total water consumption is the amount of water that was withdrawn in the reporting period in the business activities of the Podravka Group and Podravka Inc. and which during that period was not discharged back into the environment or to a third party (water incorporated into products, water that evaporated during production activities and water in agricultural production that was absorbed by plants or evaporated). The total discharged water is the difference between the total withdrawn and consumed water in the reporting period.

The total withdrawn and consumed water in the operations of the Podravka Group per million EUR of net income amounted to 1,605.4 m³, and 525.9 m³, respectively.

The total withdrawn and consumed water in the operations of Podravka Inc. per million EUR of net income amounted to 2,368.53 m³, and 750.68 m³, respectively.

WASTEWATER MANAGEMENT

Activities aimed at reducing the amount of discharged water and reducing the concentration of pollutants in wastewater are continuously carried out at all production locations in both business segments.

In the Food segment, in June 2024, a new tomato factory was opened in Varaždin, which moved the previous tomato production from the Umag location to the Varaždin location. The introduction of a system for using evaporated water to replenish the cooling system and washing system in the new tomato factory in Varaždin reduced the water withdrawal for the tomato processing production process from 14.6 m³ to 10.7 m³ per tonne of tomato concentrate compared to the previous production at the Umag location.

New sterilisers were purchased for the Meat Canning Plant at the Danica location in Koprivnica. By installing them for the needs of cooling cans, up to 80% water is saved on an annual basis. Additionally, the installation

of a reversible water tank, i.e., reuse of water for cooling the finished product (sterilisation), reduced withdrawal of water from the city water supply.

The above investments reduced the amount of withdrawn water in part of the production process per tonne of produced products.

Activities aimed at reducing the pollution of wastewater (discharged) are also continuously being carried out, and in 2024 additional improvements were made through the selection and frequency of use of cleaning and washing agents. In the Meat Products Factory, acid-based cleaning agents had been regularly used for washing production facilities in previous years, while the use of such agents has now been reduced and they are used only at the end of the week. Alkaline agents are used for sanitation of the premises. These measures further reduce the amount of pollutants in discharged water.

At the Danica industrial zone location, Podravka Inc. has its own mechanical-biological wastewater pre-treatment plant. The plant treats industrial wastewater from all units of the Podravka Group located in the Danica industrial zone (Vegeta, Soup and Pasta Factory, Meat Products Factory, Baby Food and Cream Spreads Factory, Transport, Logistics and Distribution Centre and Belupo Inc.). After treatment, wastewater is discharged through an inspection chamber into the public drainage system to the city wastewater treatment plant. Composite samples of treated wastewater are analysed by an authorised laboratory for 24 parameters, 6 times a year, in accordance with the Water Management Permit for the location. All samples tested in 2024 were compliant, i.e., the values of the pollution parameters were below the maximum permitted concentrations. At the end of 2024, a permanent Water Management Permit was obtained for the Danica industrial zone location.

In 2021, the project to renovate the wastewater treatment plant in the Danica industrial zone began. The project includes the construction renovation of the concrete parts of the plant for the purpose of renewing



worn-out surfaces and providing additional protection with the aim of extending the life of the plant and reducing the risk of wastewater leakage into the environment (soil). The renovation of the plant is still ongoing, and the investment is expected to be completed in 2028.

Technological wastewater of Mirna Inc. is purified in a membrane bioreactor (MBR) type device before being discharged into the public drainage system, while the Fruit and Vegetable Factory (Kalnik) purifies wastewater with a mechanical device and discharges wastewater into the public drainage system through an inspection chamber. In 2024, the Turnaround of Žito and concentration of bakery project that lasted for several years was completed. The project included the closure of some production locations, and the concentration of production at the locations DE Vič, PC Bread and Bakery Maribor, PC Vrhnika and DE Lesce Bakery, which resulted in a reduction of water withdrawal, and thus the amount of discharged water.

In the Pharmaceuticals segment, the project to introduce the campaign manufacture continued in 2024, which enabled a reduction in the number of cleaning operations required, thereby significantly reducing water

consumption per unit of product produced. Campaign manufacture involves the production and packaging of multiple batches of a single product without washing the equipment, which increases production efficiency, reduces scrap, increases the efficiency of bulk mass (the mass of product that has not yet been packaged in the primary container), and reduces the consumption of water and cleaning agents.

The introduction of campaign water resulted in a reduction in the amount of water withdrawn per kilogram of produced product from 0.13 l/kg in 2022 to 0.09 l/kg in 2024.

In December 2024, the tightness of pipelines and inspection chambers in part of the factory complex was tested. At the beginning of 2025, the renovation of storm drains in part of the factory complex was initiated. Continuous investments are being made in the proper condition of the distribution system, which prevents uncontrolled withdrawal and discharge of water.

In 2024, no irregularities or deviations related to wastewater in the operations of the Podravka Group were identified.

ESRS E4

BIODIVERSITY

Strategic goals:

- **Reduce the use of mineral fertilisers per tonne of primary raw material produced by 8% by the end of 2030**
- **Increase the total amount of humus and calcium added to the soil by 15% by the end of 2030**
- **By 2030, contribute to carbon absorption by at least 2,000 tonnes of CO₂ by planting 100,000 trees**
- **Cooperate with the Kopački Rit Nature Park to preserve wetland habitats and increase natural carbon absorption**
- **Implement ISO 14001 – Environmental Management Systems by the end of 2030**
- **Use 100% RSPO palm oil in the production of creamy spreads by the end of 2030**

The strategic goals for own agricultural production are aimed at reducing CO₂ emissions from agricultural production and preventing the degradation of soil biodiversity, while increasing the productivity and efficiency of production processes in order to achieve the highest possible yields in the production of primary raw materials. The use of lower acidity mineral fertilisers maintains the optimum pH value of the soil, which improves the absorption of nutrients and plant health. The goal is also to improve soil quality by adding humus and calcium, which will increase soil fertility in the long term. Adding humus and calcium returns to the soil everything that was depleted from it for the production of primary raw materials. By regularly monitoring and



analysing the amounts of mineral fertilisers and plant protection products used and by carrying out liming and humification (green fertilisation), the results are compared with the set strategic goals. If there is a deviation from the set goals, corrective measures are considered.

When setting the target values, no ecological milestones are applied, and the goals are not based on the global biodiversity framework. The goals cover activities from own agricultural production, which is localised in the territory of Croatia. The goal aimed at reducing the consumption of mineral fertilisers and plant protection products is based on the principle of “minimisation”. The strategic goal related to the use of RSPO is based on the principle of “avoidance”, and the remaining strategic goals are based on the principle of “restoration and rehabilitation”. The Podravka Group has not applied biodiversity offsets in its own activities.

In 2024, 470.5 tonnes of mineral fertilisers (53% less) and 7.5 tonnes of plant protection products (36% less) were used per tonne of primary raw material produced (9,296.9 tonnes) compared to 2022. In 2022, 394.2 tonnes of mineral fertilisers and 4.6 tonnes of plant protection products were used, while 3,648 tonnes of primary raw material were produced. Although more mineral fertilisers and plant protection products were used in 2024 compared to 2022 due to above-average temperatures, significantly larger quantities of primary raw materials were produced compared to 2022, and their use per tonne of primary raw material produced was reduced. Vegetables as a crop require larger amounts of fertilisers and more intensive treatment with protective agents due to greater exposure to diseases and pests compared to field crops.

On agricultural land of crops in 2024, liming and humification were carried out. The liming process introduced 23 t of calcium into the soil, while in 2023 93t were introduced, which is 33% compared to 2022 when 350 t of calcium were introduced into the soil. Also, in 2024, humification was also carried out on part of the agricultural land and 1,950 kg of green manure seeds

were sown. The total amount of seeds for humification in 2023 and 2024 is 4,850 kg, which is 166% more compared to 2022 when 1,820 kg of green manure seeds were sown.

In 2024, Podravka Inc. carried out conservation tillage on 36% of the area to prevent erosion and soil degradation, increase biodiversity, reduce the occurrence of weeds, improve water permeability and reduce water evaporation from the soil.

The Podravka Group contributes to the preservation of biodiversity through afforestation and restoration of forest areas. In 2024, Podravka Inc. and Belupo Inc. became part of the O2 project, which uses drones to reforest various terrains. In the area of the city of Vukovar, 5,000 seed balls of pedunculate oak and other pioneer species of seeds were released by drones, and 200 pedunculate oak seedlings were planted by hand. Together with 4,000 pedunculate oak seedlings and 10,000 common beech seedlings in 2023, the Podravka Group has so far planted 19,200 seedlings with the aim of preserving and restoring forest areas in Croatia. Activities that aim to positively contribute to the preservation of wetland habitats are in the preparation phase.

Regarding the introduction of ISO standards, activities to introduce the ISO 50001 standard were launched in 2024, while the introduction of the ISO 14001 standard is planned to follow.

For some of its organic products, Podravka uses RSPO and BIO certificates, which implies that the raw materials are produced in a manner that complies with the principles of biodiversity and nature conservation.

Podravka Inc. is registered on the Variety List of the Republic of Croatia in the register of the Ministry of Agriculture as a maintainer of old vegetable varieties. It responsibly approaches the protection of the ecosystem by applying responsible agricultural practices and by planting melliferous plants, it encourages the preservation of old and domesticated vegetable varieties.



According to the Podravka Group's knowledge, the production locations of the Food and Pharmaceuticals segments are not located in the ecological network area nor are they located in the area of protected species. The available environmental impact studies for the production locations state that the Podravka Group does not have a significant negative impact on the environment and biodiversity in its business activities. Also, no significant negative impacts were identified in terms of land degradation, desertification and soil cover. Significant locations in the Podravka Group's operations are locations where production is organised. In the Food segment, significant locations are the following:

1. Croatia

- Koprivnica (industrial zone Danica and Ante Starčevića 32)
- Agricultural areas of Podravka Inc. used in own agricultural production in the Koprivničko-križevačka County. In 2024, Podravka Inc. had 562.74 ha of agricultural land, of which 64.76 ha were own land and 497.98 ha were leased for a period of 50 years.
- Varaždin (Kalnik Factory)
- Rovinj (Mirna Factory)

2. Slovenia

- Lesce (confectionery and bakery Lesce)
- Ljubljana (Vič bakery)
- Krško (Šumi- candies)
- Gradišče pri Materiji (production of tea, rice and porridge and instant products)
- Maribor (Intes – mill, breadcrumbs and packaging, Bread and Bakery products)
- Vrhnika (Vrhnika bakery)

3. Czech Republic

- Dolní Lhota (Lagris factory)

4. Bosna and Herzegovina

- Vogošća Sarajevo (Farmavita factory)

OWN AGRICULTURAL PRODUCTION

In the Podravka Group's agricultural production, vegetables are the most sensitive to climate extremes, especially to daily temperature fluctuations. This is especially true during more sensitive phenophases such as flowering. Above-average high temperatures increase the need for water, which can lead to heat stress in plants and subsequently contribute to a decrease in yield.

During the 2024 growing season, above-average temperatures were recorded in all months except September. Significant precipitation deficits, long-term dry periods, and seven consecutive heat waves accompanied by above-average air temperatures were recorded from mid-June to the end of August. Vegetables and other field crops were in a state of heat stress. During this period, as many as 64 days with air temperatures above 30°C were recorded (the annual average is 45 such days). Above-average precipitation fell in September.

Temperature is the most important environmental factor that also affects the dynamics of harmful insect populations. Due to the warm winter months, the proportion of overwintered insects increases, and due to the above-average warm summer months, the number of generations of pests on vegetables and other field crops increases. In 2024, the corn borer had 4 generations due to extremely high air temperatures, which caused damage to peppers during the growing season. For the same reasons, the risk of the introduction of invasive pests and vector-borne plant diseases increases, as well as changes in their interaction with host plants and natural enemies. These changes in the intensity of pest occurrence are accompanied by serious economic and ecological consequences. Therefore, it is important to adapt agricultural production to adverse weather changes in order to minimise their negative consequences.

Through own agricultural production, in 2024, over 9,000 tonnes of field crops (wheat, corn, rapeseed, seed wheat, seed oats) and vegetable crops (peas, beetroot, peppers, cucumbers, tomatoes, hot peppers, eggplant, seed peppers) were produced. Of the field crops, corn



and wheat had the largest area share, and of vegetable crops, peas and tomatoes. Of the total vegetables consumed as primary raw materials in food production, 19% of the needs were met from own production.

Important stakeholders in own agricultural production are subcontractors. In 2024, cooperation was achieved with 263 subcontractors for the production of vegetables on 485 ha of agricultural land. In addition to subcontractors, Podravka Inc. also cooperates with production organisers who have their own subcontractors (in 2024, cooperation was realised with more than 300 subcontractors).

The number of subcontractors producing tomatoes increased from 24 in 2022 to 68 subcontractors in 2024, and the subcontractor area under tomatoes grew from 150 ha to 340 ha.

In 2024, the needs for tomatoes (for the production of pureed tomatoes), peas, beets and wheat will be fully met from local (domestic) production.

With the aim of ensuring agricultural yields and the quality of primary raw materials, as well as increasing resistance to the impact of climate change, the following measures are continuously applied in own agricultural production:

- introduction of irrigation systems on production areas,
- introduction of a system for draining excess rainwater from threatened production areas (with the aim of increasing drained areas),
- installation of meteorological sensors on agricultural areas for the purpose of monitoring climate

parameters and timely intervention in crops, timely treatment of diseases, and precise forecasts of sowing and harvesting dates,

- timely treatment of crops based on precise agrometeorological forecasts, which reduces the use of pesticides and mineral fertilisers in agricultural production,
- humification, i.e., green fertilisation on part of agricultural land,
- minimally invasive technology for the cultivation of agricultural land on part of the areas (conservative soil cultivation),
- selection of varieties of vegetables and field crops that are most resistant to climate change with the aim of timely ensuring high-quality primary raw materials.

In 2024, 131 ha of agricultural land under vegetable crops were irrigated (sprinklers and drip), for which groundwater, i.e. wells and water from the city water supply system were used. The total irrigation capacity is 251 ha. Investment in the irrigation system achieves savings in water consumption, increases yields and raw material quality. A total of 211,420 m³ of water was used for the needs of vegetable irrigation in 2024, of which 31% evaporated, 31% remained in the soil, and 38% of the water was absorbed by the plants.

During 2024, no irregularities related to violations of environmental protection regulations were recorded, and accordingly, there were no monetary or non-monetary sanctions.

EMISSIONS FROM OWN AGRICULTURAL PRODUCTION "FLAG EMISSIONS"				
Category	Scope	Tonnes eCO ₂		Change
		2023	2024	
Land management	Scope 1	672.67	661.81	(1.6%)
	Scope 2	-	-	
	Scope 3	293.22	256.77	(12.4%)
Carbon removal	Scope 1	471.67	517.08	9.6%



Own activities in agricultural production through applied agrotechnical operations emitted 661.81 tonnes of scope 1 eCO₂, which is 1.6% less than in 2023, and 256.77 tonnes of scope 3 eCO₂, which is 12.4% less than in 2023 (emissions in the production of fertilisers and protective agents used in 2024). At the same time, a carbon removal effect of 517.08 tonnes of eCO₂ was achieved through the activities of agricultural crops.

In 2024, own agricultural production achieved a carbon intensity of 0.04 tonnes of eCO₂ per tonne of primary raw material produced, which is a decrease compared to the 0.14 tonnes of eCO₂ in 2023. The reduction in emissions per tonne of primary raw material produced was achieved through more efficient agricultural production and increased yields.

The calculation of emissions from agricultural production was made according to the GHG protocol in accordance with the FLAG emissions calculation methodology. FLAG emissions are shown as part of the Podravka Group's GHG inventory in ESRS E1. Given that the methodology for calculating and managing FLAG emissions is completely different from emissions from other business activities, they are shown here because they are based on procedures related to soil and the impact on biodiversity and are not included in the calculation of strategic goals aimed at reducing CO₂. The calculation of emissions from agriculture includes agrotechnical operations related to the yield in 2024, and covers the period from November 2023 to October 2024.

ESRS E5

CIRCULAR ECONOMY

WASTE

Strategic goals:

- **Reduce food waste in production by 5% per tonne of product produced by the end of 2030**
- **Reduce total waste generated per tonne of product produced sent to landfill by 2% per year by the end of 2030**
- **Reduce municipal waste per tonne of product produced by 2% per year by the end of 2030**

In 2024, food waste per tonne of product produced²⁹ was 0.03 tonnes compared to 0.01 tonnes in 2022. The increase in food waste in 2024 is a consequence of the increase in production scrap due to the introduction

of new production lines and test production, i.e., the increase in production volume at locations in Varaždin and Koprivnica (new tomato and pasta factories).

The total waste generated by the Podravka Group per tonne of product produced sent to landfill was 0.003 tonnes, which is 19.9% less compared to 0.004 tonnes in 2022. The amount of municipal waste generated in 2024 was 0.0033 tonnes per tonne of product produced, which is 6.4% less compared to 0.0035 tonnes in 2022.

²⁹ For the calculation of the KPI related to food waste, the denominator that includes the total quantity of products produced in the Food segment also includes the quantity of raw materials that Podravka Inc. purchases for the purpose of preparing meals in its own restaurant for all employees.



IN TONNES	Podravka Group	Podravka Inc.
Mixed municipal waste	753.7	439.87
Non-hazardous waste (mixed municipal waste excluded)	9,727.8	8,486.4
1. Recycling (including composting)	6,789.2	5,707.2
2. Energy recovery (e.g., biogas plant, waste oil for fuel)	2,773.6	2,763.9
3. Incineration	147.5	0.0
4. Landfill	17.5	15.3
Hazardous waste	169.4	42.1
1. Recycling (including composting)	13.2	0.0
2. Energy recovery (e.g., biogas plant, waste oil for fuel)	9.7	9.7
3. Incineration	146.4	32.4
4. Landfill	0.0	0.0
Total waste generated (municipal + non-hazardous + hazardous)	10,650.9	8,968.5
Total recycled waste	6,802.4	5,707.2
Waste directed to landfill	771.2	455.2
Total non-recycled waste	3,848.5	3,261.3

Of the total waste generated³⁰ by the Podravka Group in 2024, 1.6% was hazardous waste and 7.1% was municipal waste. The share of recycled waste in the total waste generated by the Podravka Group was 63.9% (3,848.5 tonnes) and 63.6% (5,707.2 tonnes) at the level of Podravka Inc.

The Food segment generates various types of waste that arise during processing and production and receipts of raw materials and packaging:

- organic/biodegradable waste (food waste, fruit, vegetable and grain processing residues);
- packaging waste (plastic, paper and cardboard packaging, glass, metal and wooden packaging);
- other waste (municipal waste, electronic waste, chemical packaging, ash from wood chip boilers).

The main materials contained in the waste are biomass, paper and cardboard, plastic, glass, metals, wood.

The legal regulation prescribes a waste management hierarchy, which sets the order of priorities in dealing with waste, and aims to reduce the amount of waste that ends up in the landfill. Before a certain material is defined as waste, it is examined whether it can be used as a useful material (sale of waste packaging, finishing of semi-finished products, processing into feed, by-product or similar). This prevents the generation of waste, and the useful material becomes a resource in another process in accordance with the principles of the circular economy.

All waste from the Food segment is sorted according to types at the point of origin and handed over to

³⁰ For companies that do not have data on total waste generated because it is not stated on invoices and for companies that use leased business premises where waste disposal is included in the lease price, an estimate per employee was made. The basis for the estimate is the Podravka Inc. administrative building (excluding the restaurant) where the product of the volume of all municipal waste bins (in litres) and the number of bin emptyings per year was converted to kg (using the average conversion factor 6) and divided by the number of employees working in the administrative building. The conversion factor 6 is explained in the footnote below.



authorised disposers, while municipal waste and a small amount of waste that cannot be disposed of in any other way are disposed of at a landfill.

All waste data was collected from contracted waste management companies (data from weighing slips and/or accompanying waste sheets), with the exception of municipal waste, since at some locations the waste is not weighed, but its quantity is estimated³¹.

Food waste is also generated in the production process of the Food segment. As a socially responsible company, Podravka Inc. signed a Voluntary Agreement on the Prevention of Food Waste with the Ministry of Agriculture in 2023, committing to implementing activities aimed at reducing food waste for a period of 5 years. One of the activities within the agreement relates to the redirection of food waste into animal feed and pet food.

In 2024, another production facility for animal feed operations was registered with the Ministry of Agriculture. This means that the by-product from the factory can be used as raw material in the production of animal feed.

In the fish products factory, all by-products are sold for the production of fishmeal as an ingredient in pet food, and food waste at locations in Slovenia is sold as raw material for livestock feed.

At all production and warehouse locations, the internal waste management system is continuously improved through training, optimisation of resource use, monitoring of waste quantities and finding optimum solutions for increasing the share of composting, recycling and waste recovery, in accordance with the guidelines of the circular economy and the waste management hierarchy. In addition to own locations, activities are also carried out to improve waste disposal services with suppliers.

The Pharmaceuticals segment generates hazardous and non-hazardous waste in its production processes, mainly waste medicines, waste scrap from the production

process, filter materials and waste protective clothing, packaging contaminated with hazardous substances, composite, plastic, glass and metal packaging and various types of chemicals. The materials present in the waste are organic waste, paper and cardboard, plastic, metal, glass, textiles. All waste is weighed.

During 2024, a project was implemented in Koprivnica that included the removal of bins for municipal waste from office premises and the introduction of additional bins for sorting of waste. Cooperation was established with the waste management company with the aim of ensuring temporary storage and timely collection of biodegradable waste. As a result of these measures, separate collection of biodegradable waste in the amount of 2.5 tonnes was achieved, and at the same time, the amount of municipal waste ending up in landfill was reduced by 32%.

In the last 3 years, the Pharmaceuticals segment recorded a decrease in the amount of generated waste per kilogram of product produced from 0.36 kg in 2022 to 0.24 kg in 2024.

PACKAGING

Strategic goals:

- **By the end of 2030, 100% of packaging recyclable, returnable or compostable for all food products**
- **By the end of 2030, polystyrene-free packaging**
- **Share of recycled packaging materials in plastic packaging of Podravka products at least 25% by the end of 2030**

The achievement of target values is monitored through the procurement of packaging and the amount of materials used. The share of recyclable packaging is calculated as the share of weight of recyclable packaging in the total amount of purchased packaging materials of the Food segment. Packaging materials are divided into groups of materials (paper, cardboard, glass, metal, flexible, aluminium, other, plastic, chrome cardboard),

³¹ The assessment methodology was obtained from the city utility company, which performed an analysis of the average weight for each container (depending on its volume), based on which they calculated the average weight of municipal waste per container. The analysis yielded an average conversion factor of 6, which is used to convert m³ to tonnes for all Podravka Group locations that do not have municipal waste weighing.



and a percentage of recyclability is defined for each type of packaging material.

In 2024, the share of environmentally friendly packaging in the total procurement of the Food segment was 89.6% compared to 87.8% in 2022.

When choosing and purchasing packaging, the principles of the circular economy are followed, which means increasing the share of recycled materials in packaging materials, using recyclable materials and optimising the packaging production process at suppliers, reducing the weight and total share of packaging materials. Materials that can be further processed (sorting, recycling) are used, and stakeholders are informed about the composition of the packaging material and the possibilities of further processing and return to the cycle of use.

Resource inflows

Resource inflows of the Food segment through procurement procedures include:

- Primary raw materials, including those produced by subcontractors;
- Raw materials;
- Packaging;
- Products from outsourced production;
- Procurement of investment-related goods;
- Repro material;
- Procurement of all other goods necessary for the continuity of business activities, including energy sources.

Resource inflows of the Pharmaceuticals segment through procurement procedures include:

- Active Pharmaceutical Ingredients (API);
- Inactive Ingredients (IPI);
- Semi-finished products;
- Trade goods;
- Procurement of investment-related goods;
- Packaging;
- Procurement of technical and other materials necessary for the continuity of business activities, including energy sources.

The Pharmaceuticals segment procures part of the active pharmaceutical ingredients, semi-finished products and trade goods from third countries since there are no alternative suppliers.

The total weight of procured organic materials in 2024, which are included in the composition of food products, amounted to 217,320 tonnes, while 21,819 tonnes of packaging were purchased. The weight of raw materials for pharmaceutical products in 2024 was a total of 5,237 tonnes, and the weight of packaging was 1,518 tonnes. The data on the specified quantities are based on the quantities recorded in procurement procedures.

The Podravka Group produces a wide portfolio of food and pharmaceutical products. Food products are classified into 9 business programmes, while pharmaceutical products are divided into prescription drugs and over-the-counter drugs.

The shelf life is the period of time during which the product has its full organoleptic, nutritional and health properties. Products in the Food segment's portfolio have a shelf life ranging from 1 day to 4 years, depending on the category, technological production process, and product storage conditions. In the Pharmaceuticals segment, the expected shelf life of 80% of products is 24-36 months.

Podravka Group products cannot be repaired, recovered or recycled and do not contain recycled materials. The use of materials with a recycled content is possible only in packaging. Regulations in the pharmaceutical industry do not allow recycled content in primary packaging.

The Food segment uses glass and metal packaging that is 100% recyclable (it can be recycled after adequate disposal in a correct and marked container). The glass and metal packaging that is used already contains a share of recycled glass and metal. Glass contains a 60% share of recycled glass, while metal contains a share of recycled metal up to 58%.

In 2024, the shipping boxes used for the entire product range were made of brown, unbleached cardboard. All



boxes are FSC certified, and the surface of the box is minimally painted, has a design and visual in only one colour. The shipping boxes are made of secondary raw materials, and the share of recycled paper incorporated into the boxes varies from 40 – 100%, depending on the complexity of the box and the required specification. The entire range of shipping packaging in the Food segment is 100% recyclable.

Recycled content in the Pharmaceuticals segment includes commercial boxes, which, according to the manufacturer, contain 30% of high-quality post-industrial unprinted recycled material. According to the manufacturer, the shipping boxes contain 99.9% recycled content.

In accordance with the Environmental Protection Policy, the Podravka Group optimises input resources by reducing scrap, actively managing inventories, managing supplier relationships as described in ESRS G1, and by increasing the share of renewable energy sources from its own production.

Furthermore, continuous efforts are being made to reduce the amount of packaging. In the Food segment, in 2024, the thickness of metal in the metal lids was reduced by 2 mm, while the handle was removed from Lino Lada buckets of 500 g and 900 g, which will result in 2 tonnes less plastic used, and thus 2 tonnes less waste.

In the Pharmaceuticals segment, in 2024, metalized cardboard was replaced with more environmentally friendly GC2 cardboard in some commercial boxes. Instructions were also optimised, thereby reducing the weight of the paper used. During 2025, optimisation of printed packaging, instructions, and box dimensions will continue. These activities will increase the efficiency of the packaging process and reduce overall material consumption.

Resource outflows

The Podravka Group can contribute to the achievement of circular economy goals by using sustainable packaging materials. The Pharmaceuticals segment must comply with regulatory restrictions related to the

use of packaging materials, and therefore activities focused on sustainable packaging in 2024 largely relate to the Food segment.

In 2024, Vegeta launched a 100% recyclable limited edition of the Vegeta BIO product in a can on the occasion of Women's Day. The tea category comes in new, 100% recyclable packaging that preserves freshness and aroma, while reducing the share and weight of packaging materials. In the redesign of Natura porridge and flakes, the existing packaging was replaced with recyclable packaging.

The development of packaging for the Food segment is a multiannual process that includes testing packaging solutions on existing production lines. If the product packaging tests prove to be successful, the organoleptic properties (colour, taste, smell) are tested in new packaging solutions. After it has been determined that the new packaging solutions did not impair the organoleptic properties of the product, testing of the packaging for the shelf life continues, i.e., it is necessary to confirm that the food product in the new packaging will have the same shelf life as in the existing one.

During 2024, tests of new flexible packaging were carried out. Recyclable solutions based on monomaterials (PP or PE) were tested on a number of products that are currently packaged in non-recyclable composite packaging solutions with multiple layers of different packaging materials (aluminium, polymer, paper), and the products are currently undergoing shelf-life testing in new packaging solutions.

In the Dolcela cream range in “bag in box” packaging, the composite bag was replaced with a new recyclable solution, achieving the effect of 5,650 kg of recyclable packaging.

For certain packaging solutions, foils with a 30% recycled content and vertical perforation for easier removal and separation from the primary packaging container (glass, plastic container), as well as 40 µ foils instead of the existing 45 µ, were tested. Heat shrinkable foils with a recycled content were tested, as well as thinner stretch foils for wrapping.





Corporate Social Responsibility (CRITERION „S”)

ESRS S1, ESRS S2, ESRS S3, ESRS S4

STRATEGY, POLICIES AND DOCUMENTS

The Business Sustainability Strategy of the Podravka Group defines strategic goals related to the topic of social responsibility, which includes own workforce, workers in the value chain, the local community and consumers.

Respect for human rights and doing business in accordance with the principles of social responsibility is an integral part of the corporate culture, core values and strategic directions of the Podravka Group. The operations of the Podravka Group are aligned with the OECD guidelines for multinational enterprises, the UN Guiding Principles on Business and Human Rights, and the Convention of the International Labour Organization (ILO). All of the above is defined by internal documents, procedures and processes, the key of which are the Social Responsibility Policy and the Code of Ethics in Business Operations of the Podravka Group.

The Social Responsibility Policy is an internal document that defines the principle of implementing the social responsibility guidelines according to the ISO 26000 standard in the existing company management system. The social responsibility process in the management system includes raising employee awareness, conducting in-depth analysis, setting priorities, monitoring and improving processes, and reporting. This policy also defines cooperation with stakeholders and includes own workforce, workers in the value chain, the local community and consumers. Formal confirmation of compliance with the above principles was confirmed by obtaining the ISO 26000 Social Responsibility

standard for Podravka Inc. As the parent company, Podravka Inc. expects all its affiliated companies to apply the principles of social responsibility equally. To this end, a Social Responsibility commitment policy has been published that applies to the Podravka Group and describes the ways in which the management system is continuously improved in accordance with the ISO 26000 standard, the UN Sustainable Development Goals and OECD guidelines.

The Code of Ethics in Business Operations of the Podravka Group defines social responsibility and the promotion of the principles of sustainability as an important part of the corporate culture of the Podravka Group. The Code defines the fundamental ethical principles and regulates the rules of good and conscientious business conduct of all employees of the Podravka Group companies, as well as all natural and legal persons who are in any type of business relationship with the companies, regardless of their functions and position in the Podravka Group. The Code also stipulates that any form of favouritism towards family and/or in-laws is inadmissible and unacceptable. The diversity of employees is one of the strengths of the Podravka Group, and all employees are equal, and any form of discrimination and harassment of workers based on bias or prejudice is prohibited, such as discrimination due to race, ethnicity or skin colour, gender, language, religion, political or other belief, national or social origin, property status, union membership, education, social position, marital or family status, age, health status, disability, genetic inheritance, gender identity, expression or sexual



orientation, and any other characteristics protected by applicable regulations.

All employees are obliged to treat colleagues, business partners, service users and all other persons with whom they come into contact while performing their work with respect and consideration. The Podravka Group supports and actively promotes human rights with an emphasis on vulnerable groups, and the exploitation of children, forced or inhumane labour is not acceptable and the Group does not cooperate with partners who violate such principles.

In the event of a violation of the Code of Ethics, a channel for submitting a report has been established, the manner in which the Ethics Committee will act upon the report, and measures in the event of a violation of the Code, which are explained in Corporate Governance (ESRS G1). In 2024, there were no recorded cases of violations of the Code of Ethics, and accordingly, no cases, penalties or reports related to discrimination or serious incidents with respect to human rights. One report of irregularities related to the protection of personal data was recorded, where the resolution process determined that it did not fall within the material scope of application of the effective law.

The Podravka Group Human Resources Management policy and guidelines is a document that standardises all key processes in the area of human resources management.

The policy covers the following areas:

- Attracting, selecting and hiring employees;
- Managing employment relationships, work schedules and termination of employment;
- Managing employee performance and career;
- Training, education and development of employees;
- Managing the system of salaries, rewards and employee benefits;
- Providing services to respond to employee inquiries in the field of human resources;
- Protection of personal data;
- Social dialogue and corporate social responsibility.

In the subsidiaries of the Podravka Group in Croatia and abroad, the presidents or members of the management boards responsible for human resources management and the human resources directors are responsible for implementing the Policy.

All production companies of the Podravka Group have a health and safety protection system for their employees, while non-production companies act in accordance with local regulations related to occupational health and safety. The health and safety protection system implies the existence of procedures, regulations and work instructions that define the framework and rules of the system and a responsible unit within the organisation in charge of their application and implementation of measures.

Podravka Inc. has a Health and Safety Policy based on the principles of ISO 45001. The policy confirms the company's focus on reducing potential occupational health and safety risks. Although the occupational health and safety management system according to ISO 45001:2018 has been introduced and formally certified in one part of production, it is applied to a large extent in all production, logistics and administrative units. The Corporate and Information Security sector is responsible for implementing the Health and Safety Policy.

In order to achieve positive impacts on own workforce, a key measure that is continuously implemented in production companies is ensuring the health protection of workers, in accordance with the assessment of the risks to the safety and health of workers to which they are exposed.

The Podravka Group pays great attention to the well-being of its consumers in both business segments. The personal data protection policies in both segments define the rules and assign responsibilities for the systematic management and protection of personal data of natural persons, and such data is treated as confidential. Support in the implementation of privacy protection also comes through the Information Security Policy (described in ESRS G1).



Communication with consumers of the Food segment is defined through the Social media playbook document and the procedure for managing inquiries and complaints. The Social media playbook provides guidance on how to behave on social networks and applications. This document serves to standardise the digital appearance and presence of all companies in the Food segment and their brands on all markets. It makes recommendations regarding the content and tone of communication towards end consumers. The supervision of the implementation of the guidelines defined by the Social media playbook is the responsibility of the director of the Corporate Marketing sector, as well as the Procedure for managing inquiries and complaints. The procedure defines activities that are undertaken on the basis of received inquiries or complaints from consumers, customers and inspections. Both documents are aligned with the defined values of the Podravka Group and GDPR regulations and rules.

The health and safety of consumers is the basic premise of Podravka Group's business activities.

The Food Safety and Quality Management Policy of the Food segment confirms the commitment to continuous improvement of product safety and quality by applying leading food safety standards (IFS Food and BRC Food Safety). The guidelines defined in the policy must be applied by all levels within the business system. The Supply Chain Safety Policy sets the basic guidelines for managing the safety of the supply chain and emphasises the priority of the Food segment in preventing intentional contamination of food products and the food supply chain due to human activity. The Product Withdrawal and Recall Procedure defines the activities that are undertaken in the event of complaints and if there is a reasonable suspicion that food placed on the market may be harmful to consumers. Supervision and implementation of the above policies and procedures is the responsibility of the Business Sustainability and Green Transformation sector.

With the Podravka Group Business Sustainability Strategy and Nutritional Strategy, the Podravka Group

has strategically positioned itself towards consumer health as one of its fundamental pillars of business.

The Guidelines on encouraging sustainable nutrition is an internal document that defines how to encourage consumers to eat sustainably with the help of existing, new and innovated products. They are intended for all teams working on product development and innovation, as well as teams working on designing promotion, advertising and training. Additionally, at the beginning of 2025, the document Criteria for Responsible Nutritional Marketing was finalised, which defines the criteria and recommendations for responsible marketing, along with a specially developed standard for advertising products aimed at children as a vulnerable consumer group. The criteria describe the implementation of nutritional marketing in practice and provide guidelines for the marketing and communication teams of the Food segment. In addition to the Criteria for Responsible Marketing, the document Nutritional Criteria for Products Intended for Children was also developed, focused on the development of products for children aged 4 to 13. The document sets out the criteria that a product must meet in order to be advertised to children. The implementation of the above documents is the responsibility of the business units.

In the document Belupo Quality, the Pharmaceuticals segment defines its commitment to ensuring high product quality and continuous improvement of the quality of business processes, and by applying GXP practices and international ISO standards, it ensures the effectiveness and safety of pharmaceutical products.

ESRS S1

OWN WORKFORCE

The Podravka Group's own workforce includes permanent employees, full-time employees, agency workers, seasonal workers and workers employed on a fixed-term contract. The structure of the own workforce is dominated by permanent employees (88%).



Strategic goals:

Quantitative

- Share of women in management around 50% (ideally kept in the range of 45-50%) by 2030
- Share of women in jobs requiring higher education kept at 50% or more by 2030
- Share of women in Podravka Inc. around 50% (ideally kept in the range of 45-50%) by 2030
- Keeping the gender pay gap in the range of 0%-3%

Qualitative

- Implementing a development program for first-level managers with an emphasis on operational efficiency and excellence in management
- Preserving specific expertise and skills of employees
- Implementing “Unconscious bias” training (promoting diversity and reducing prejudice) for 100% of management

- Continuously improving the material rights of employees
- Continuously improving the health care of employees, with special care for young parents
- Introduce the MAMFORCE standard by the end of 2024

In 2024, the share of women in the Management Board of Podravka Inc. was 40%. The share of women at the highest management level (B-1*) in the Podravka Group was 43%, and when management positions at level B-2** are added, their share is 50%. In the company Podravka Inc., the share of women at level B-1*** was 38%.

*At the Podravka Group level, the highest management/leadership level B-1 consists of the Management Board, general managers, sector directors, directors of representative offices, directors of subsidiaries

**B-2 level consists of department directors, factory directors, assistant and deputy sector directors

***At the Podravka Inc. level, the highest management/leadership level consists of the Management Board, general managers and sector directors, and directors of representative offices

THE GENDER DISTRIBUTION IN NUMBER AND PERCENTAGE AT TOP MANAGEMENT LEVEL (B-1)

Podravka Group	31 December 2024		Podravka Inc.	31 December 2024	
	Number	%		Number	%
M	58	57%	M	26	62%
F	43	43%	F	16	38%

In 2024, the share of women in jobs requiring higher education in the Podravka Group was 63% (1,168 persons) compared to 61% (1,043) in 2022, which is in line with the strategic goal.

In 2024, the share of women in Podravka Inc. was 47% (1,619) compared to 47% (1,513) in 2022, which is in line with the strategic goal.

In 2024, the gender pay gap³² at the Podravka Group level was 4.23% compared to 1.9% in 2022. The reason for this is the fact that the international companies of

the Podravka Group are primarily oriented to sales and logistics, and a larger number of men there work in management positions. An additional gender pay gap arises from the fact that women in subsidiaries have used the option of part-time work that the Podravka Group provides them with the aim of a better work-life balance.

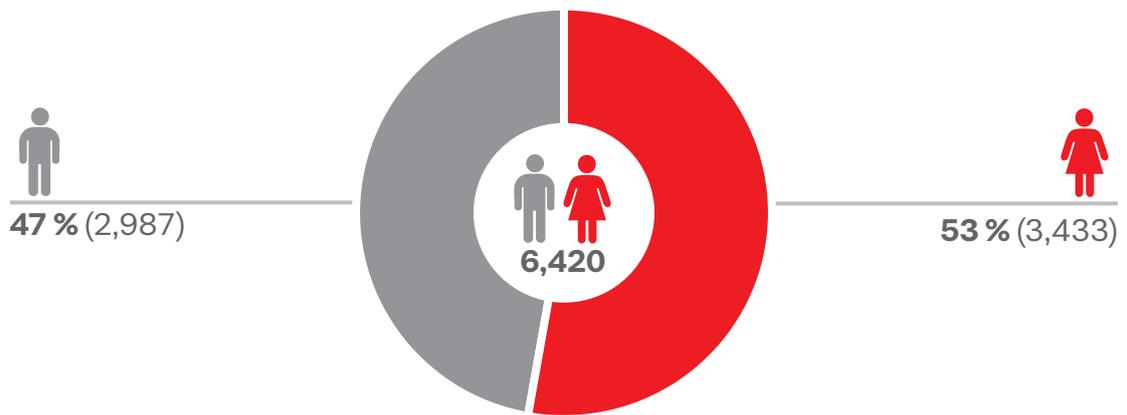
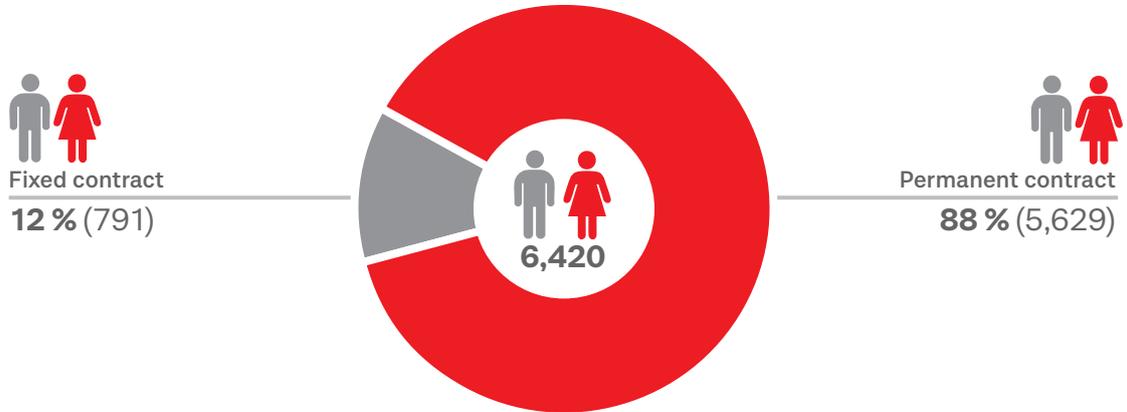
In Podravka Inc., the gender pay gap was 1.93% in 2024 compared to 3.1% in 2022.

The realisation of qualitative goals is explained below.

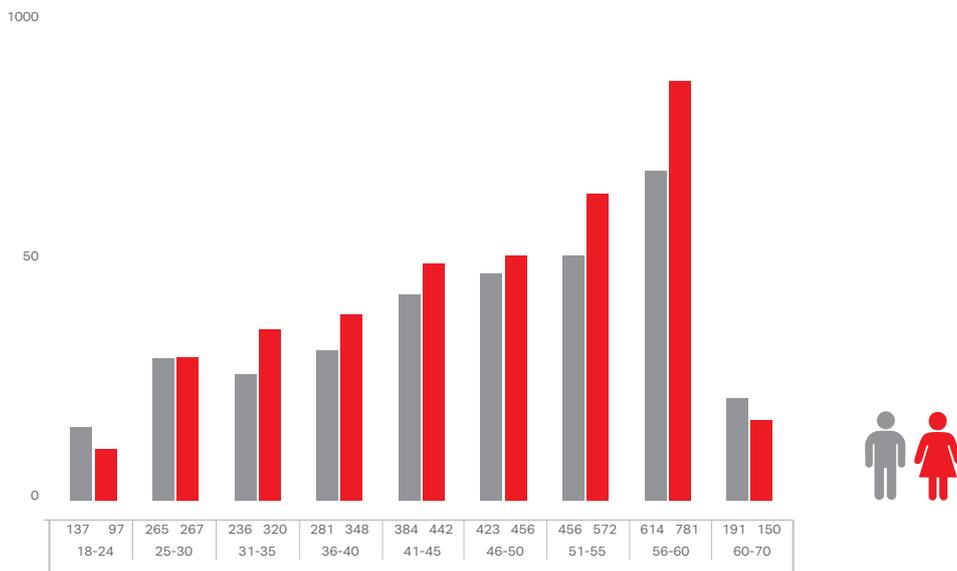
³² Calculated according to hours worked, by calculating the average hourly wage of female employees and the average hourly wage of male employees (including total taxable and non-taxable employee income, excluding severance pay) and dividing it by the average hourly wage of male employees.



KEY HUMAN RESOURCES INDICATORS OVERVIEW – PODRAVKA GROUP 31st DECEMBER 2024

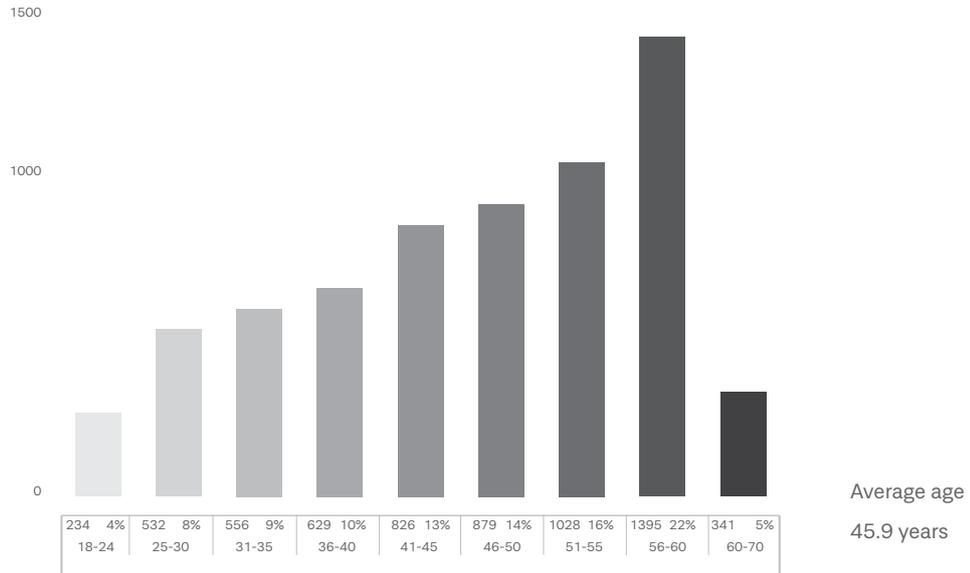


GENDER BY AGE

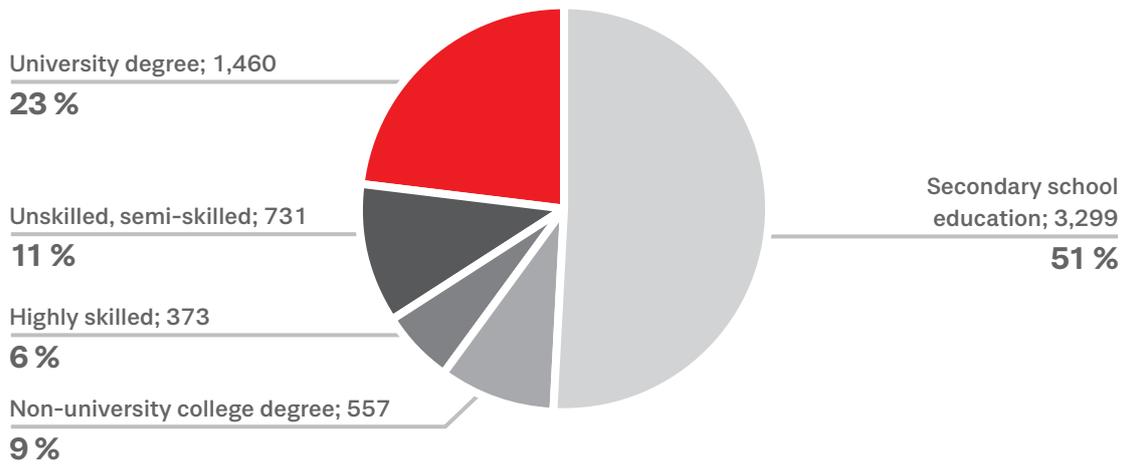


KEY HUMAN RESOURCES INDICATORS OVERVIEW – PODRAVKA GROUP 31st DECEMBER 2024

AGE STRUCTURE

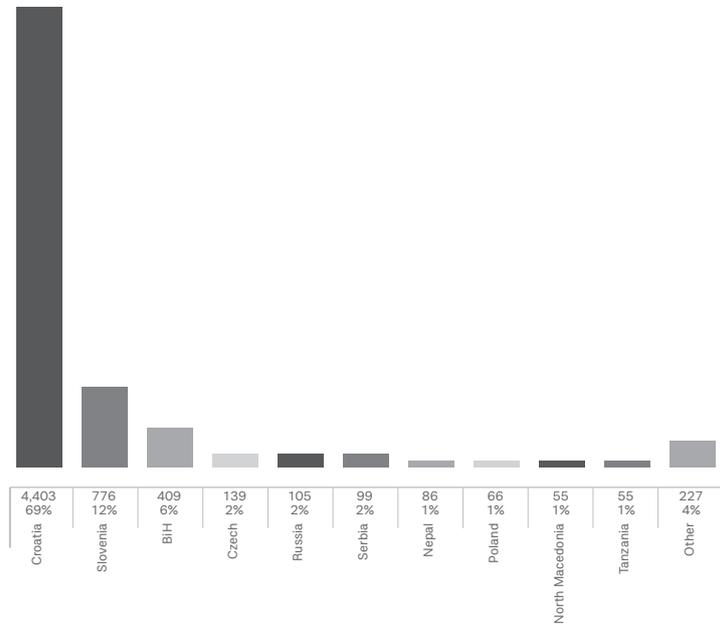


WORKERS' QUALIFICATION

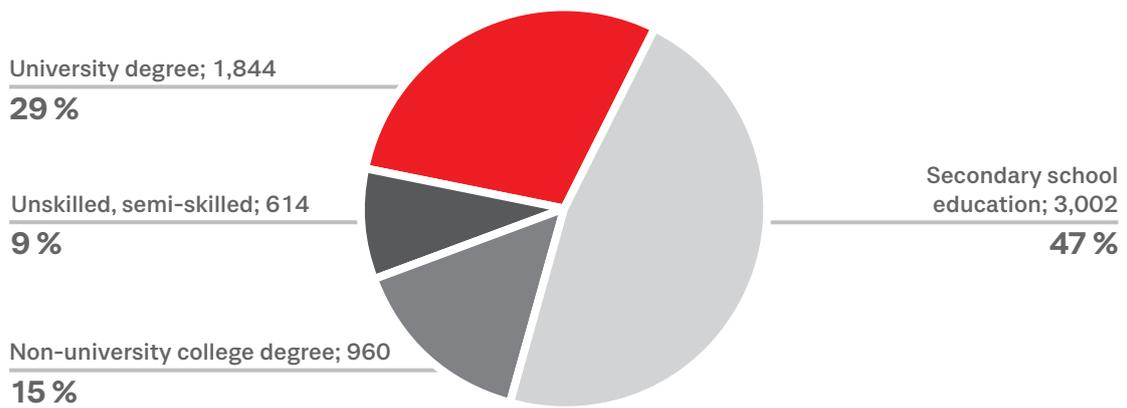


KEY HUMAN RESOURCES INDICATORS OVERVIEW – PODRAVKA GROUP 31ST DECEMBER 2024

CITIZENSHIP

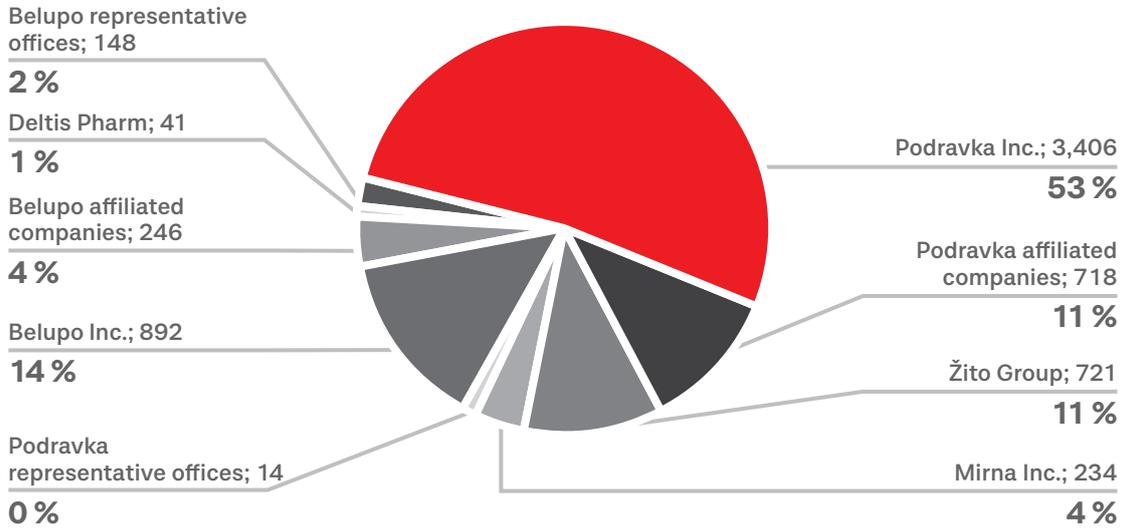


WORKPLACE QUALIFICATION

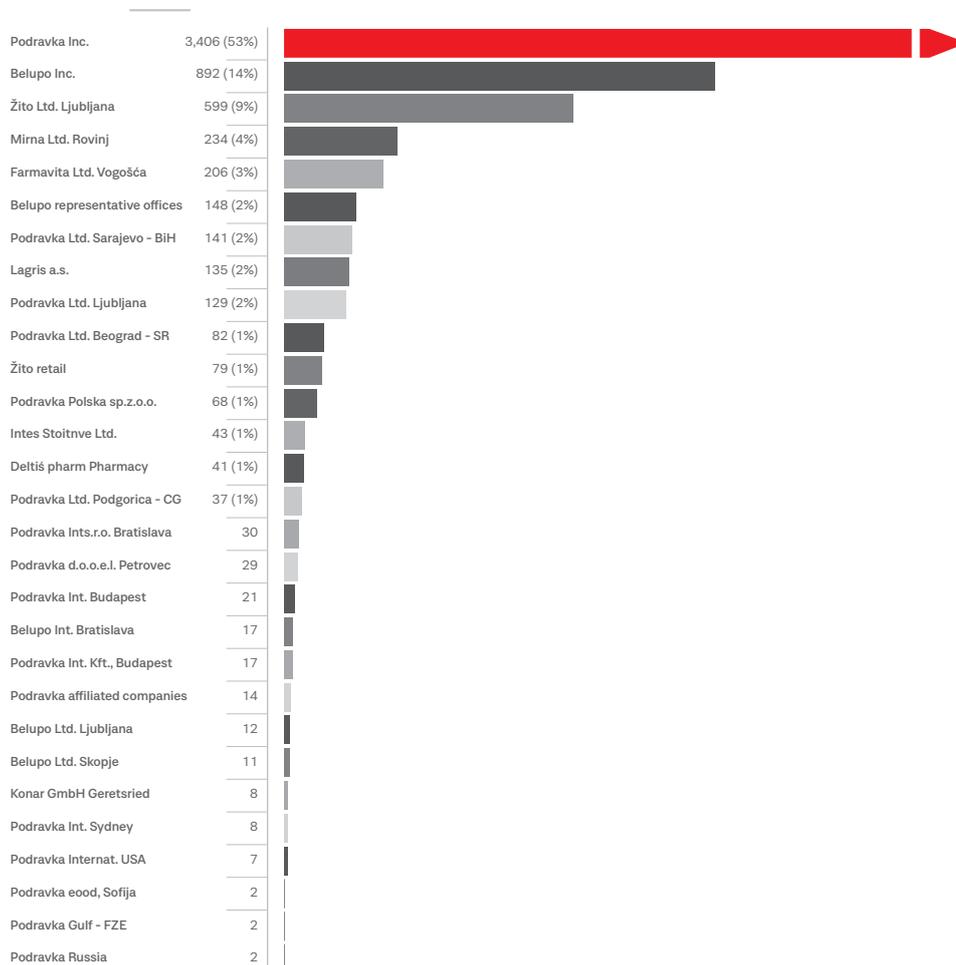


KEY HUMAN RESOURCES INDICATORS OVERVIEW – PODRAVKA GROUP 31st DECEMBER 2024

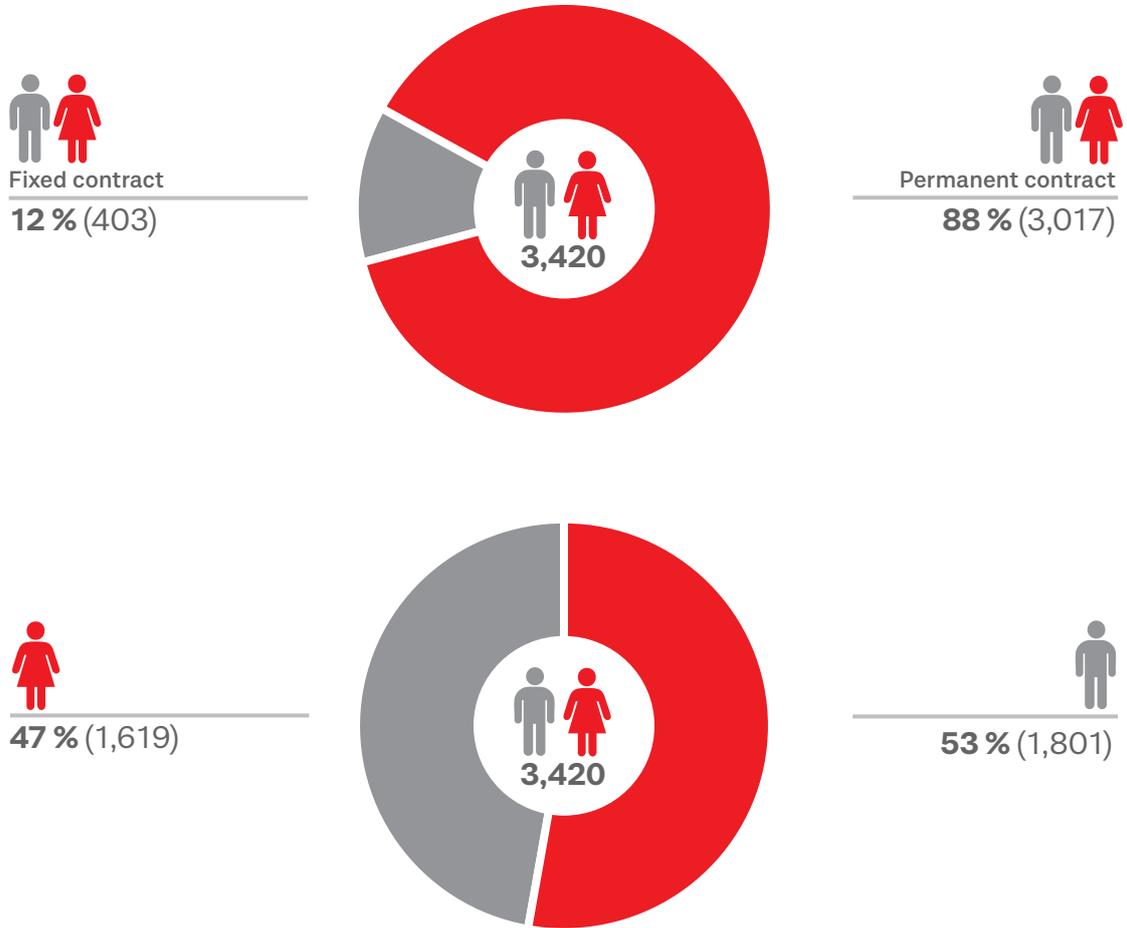
NUMBER OF WORKERS BY COMPANY



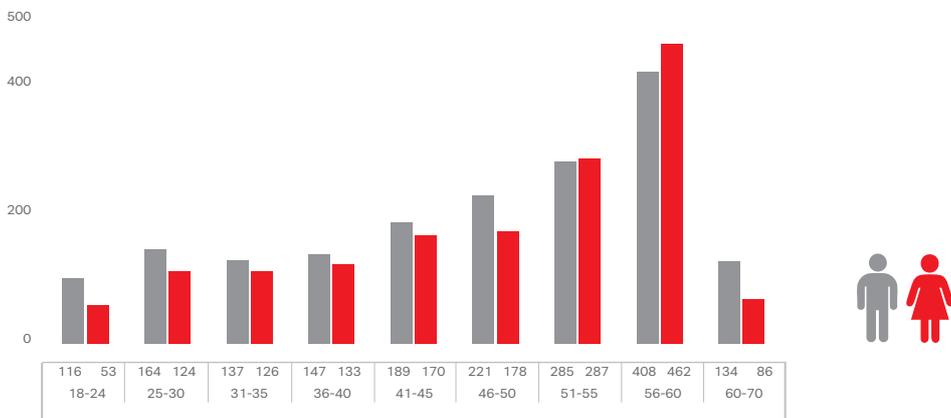
NUMBER OF WORKERS BY COMPANY



OVERVIEW OF BASIC INDICATORS OF PODRAVKA INC. EMPLOYEES AS OF 31st DECEMBER 2024, CONSOLIDATED³³



GENDER BY AGE

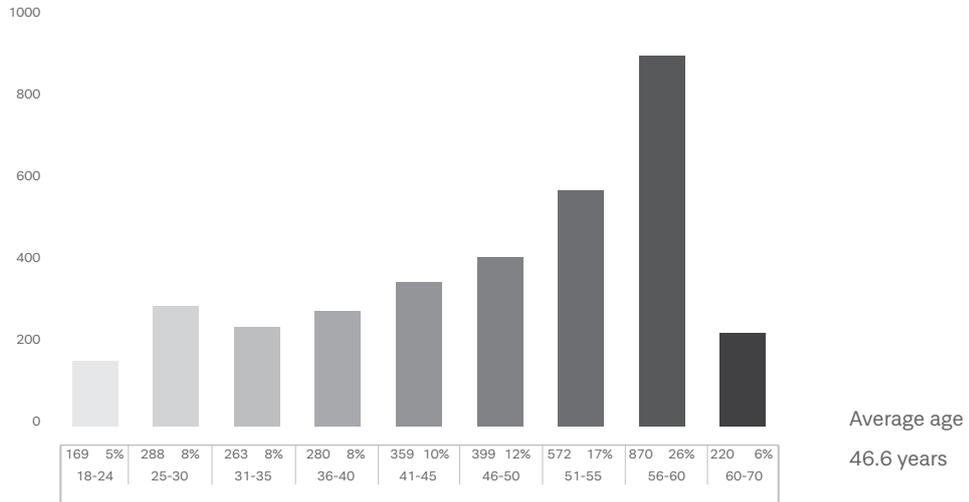


³³ Consolidated data of Podravka Inc. include representative offices of Podravka Inc. i.e., include 12 employees in Kosovo, one employee in Ukraine and one employee in Latvia.

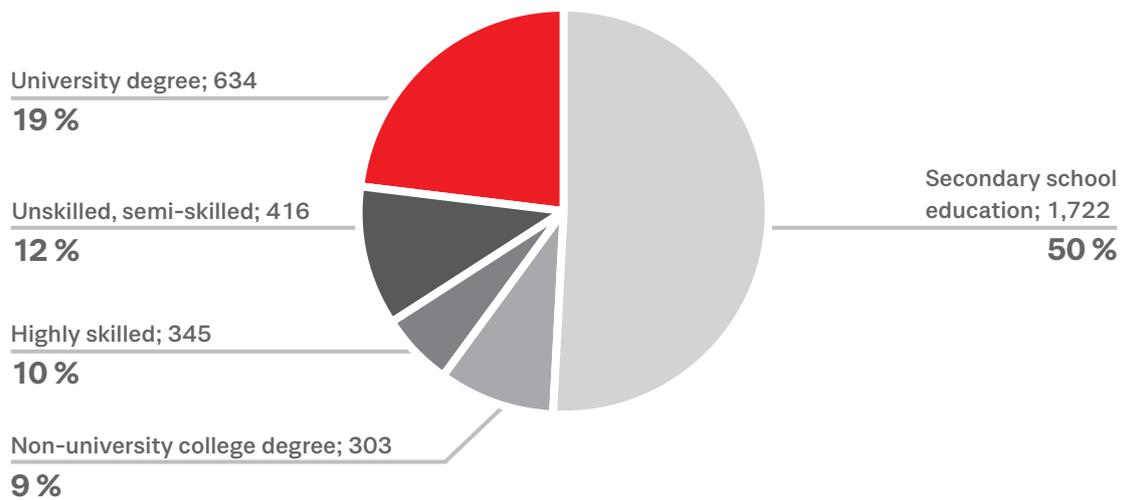


OVERVIEW OF BASIC INDICATORS OF PODRAVKA INC. EMPLOYEES AS OF 31st DECEMBER 2024, CONSOLIDATED³³

AGE STRUCTURE



WORKERS' QUALIFICATION

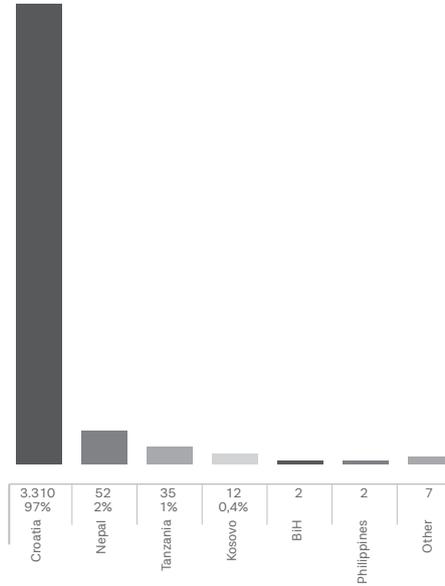


³³ Consolidated data of Podravka Inc. include representative offices of Podravka Inc. i.e., include 12 employees in Kosovo, one employee in Ukraine and one employee in Latvia.

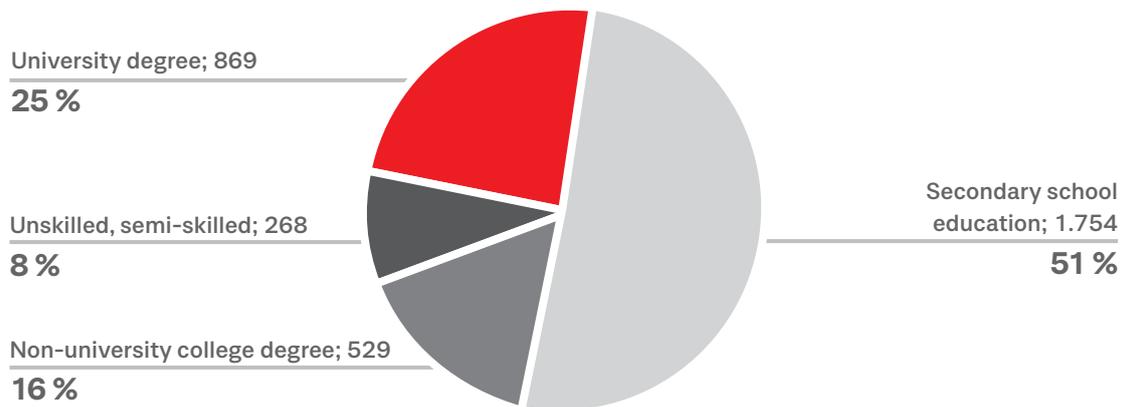


OVERVIEW OF BASIC INDICATORS OF PODRAVKA INC. EMPLOYEES AS OF 31st DECEMBER 2024, CONSOLIDATED³³

CITIZENSHIP



WORKPLACE QUALIFICATION



³³ Consolidated data of Podravka Inc. include representative offices of Podravka Inc. i.e., include 12 employees in Kosovo, one employee in Ukraine and one employee in Latvia.



	EMPLOYEES BY CONTRACT TYPE ³⁴ , BROKEN DOWN BY GENDER *				
	2024				
Podravka Group	Female	Male	Other	Not disclosed	TOTAL
Number of employees	3,433	2,987	0	0	6,420
Number of permanent employees	3,019	2,610	0	0	5,629
Number of temporary employees	414	377	0	0	791
Number of non-guaranteed hours employees	0	0	0	0	0

	EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY REGION*					
	2024					
Podravka Group	Markets of Croatia and Slovenia	Southeastern Europe	Western Europe and Overseas	Central Europe	Eastern Europe	Total
Number of employees	5,433	541	25	297	124	6,420
Number of permanent employees	4,861	376	24	248	120	5,629
Number of temporary employees	572	165	1	49	4	791
Number of non-guaranteed hours employees	0	0	0	0	0	0

*The number of employees, broken down by gender, type of contract and region, is expressed as the number of employees (headcount) as of 31 December 2024. Data on the number of employees is taken from the internal database (SAP). The number of temporary employees, i.e., employees on fixed-term contracts, in most cases refers to employees replacing employees on sick leave, maternity and parental leave, etc.

BREAKDOWNS BY GENDER AND BY COUNTRY FOR COUNTRIES IN WHICH THE UNDERTAKING HAS 50 OR MORE EMPLOYEES REPRESENTING AT LEAST 10% OF ITS TOTAL NUMBER OF EMPLOYEES

Country	Number of employees
Croatia	4,571
Slovenia	862

As of 31 December 2024, 373 employees were hired through an employment agency, of which 115 workers were hired in Podravka Inc. and 258 in other companies of the Podravka Group. The number of workers who

are not employed in the company's own workforce is affected by seasonality, especially in the summer months when an increased number of workers is needed. Data on the number of employees was taken from the internal database.

As of 31 December 2024, Podravka Inc. employs 45 foreign workers under the assignment model for the Agriculture sector and 9 temporarily employed sales promoters.

In 2024, the turnover rate in the Podravka Group is 9.11%, and 7.69% for Podravka Inc.

³⁴ Total number of employees stated in the Consolidated financial statements, Note 12.

³⁵ The turnover rate is calculated in such a way that the numerator represents the number of all terminations of employment except:

- Terminations due to employment in another company within the Podravka Group in the Republic of Croatia or abroad, since the number of employees at the Group level does not change in such cases (leaving to the parent company or an LLC, fluctuation between international companies)
- Expiration of fixed-term employment contracts
- Expiration of work permits for foreign citizens
- Termination of contract – unpaid leave
- Termination of contract – serving in the Croatian Armed Forces

Such a number of terminations of employment is compared to the total number of employees as at 31 December 2024. Seasonal workers are not included in the calculation, regardless of the manner of termination of employment.



SOCIAL DIALOGUE

Social dialogue in the Podravka Group is continuously improved through cooperation with the Workers' Council and trade unions in the Republic of Croatia (PPDIV Trade Union, Podravka Independent Trade Union, Podravka Group Workers' Union – SINPOD, New Trade Union, Istria, Kvarner and Dalmatia Trade Union) and trade unions abroad (Macedonia, Poland and Slovenia).

Employees of Podravka Inc., Belupo Inc. and Mirna Inc. and employees of the Žito Group have the right to elect one or more of their representatives in free and direct elections, by secret ballot, who will represent them with the employer in the protection and promotion of their rights and interests, and thus form a workers' council. In the Republic of Croatia, all workers employed by a particular employer have the right to vote and be elected, except for members of the employer's management and supervisory bodies and members of their families, while in Slovenia, all employees with at least 6 months of service can vote, and employees with at least 12 months of service can be elected. Cooperation with the workers' council is achieved through mandatory consultation before making important decisions for the position of workers, co-decision-making, and through reporting to the workers' council on issues regulated by the Labour Act, such as:

1. position, business results and work organisation;
2. expected development of business activities and their impact on the economic and social position of employees;
3. trends and changes in wages;
4. scope and reasons for introducing overtime work;
5. number and type of workers employed, employment structure and development and employment policy;
6. protection of occupational health and safety and measures to improve working conditions;
7. results of inspections carried out in the field of labour and occupational safety;
8. other issues of particular importance for the economic and social position of employees.

In the Žito Group, the employer is obliged to report to the Workers' Council on all issues stipulated by the Act on Employee Participation in Management (ZSDO).

All decisions important for the position of employees in the companies of the Podravka Group in the Republic of Croatia are subject to consultation on the intention to make such decisions. By means of the collective agreement, the employer has undertaken to ensure the freedom of association and membership in trade unions for employees, as well as the right to information, consultation and association. Also, all rights and obligations arising in the event of termination of the employment contract for both the employer and the employee are defined.

Social dialogue with union representatives and regular communication with employee representatives is a common practice. In addition, there is constant direct communication between Podravka Group management and employees, which enables and creates opportunities for discussions on issues of common interest and provides employees with insight into the operations and understanding of the Podravka Group's business goals. The Podravka Group encourages dialogue with its employees that goes beyond traditional collective bargaining in order to exchange opinions and find common solutions and opportunities related to issues such as occupational health and safety and the environment.

Employee meetings are held regularly, and are attended by the company's Management Board and union representatives in the companies where they exist. In this way, employees are provided with direct information about the company's strategy, important projects of individual organisational units, investments and other initiatives, as well as the opportunity to directly ask questions to Podravka Group management.

Podravka Group employees also have access to other internal communication channels, such as company newsletters and Intranet sites.



Every year, the Podravka Group organises annual holiday gatherings for employees at all locations, as well as a traditional meeting of employees, and retirees, in order to express gratitude for their many years of work.

In accordance with the Labour Act and the Agreement on the Regulation of Working Conditions of the Workers' Council, Podravka Inc., Belupo Inc. and Mirna Inc. submit quarterly reports to the workers' councils on all issues that are particularly important for the economic and social position of employees.

Thus, workers' councils are informed about business results and the state of business, about the organisation of work, the expected development of business activities and their impact on the economic and social position of employees, about trends and changes in wages, the number and type of employees and labour costs, the extent and reasons for introducing overtime work, the number and structure of employed workers, occupational health and safety protection and measures to improve working conditions, the results of inspections carried out in the field of labour and occupational safety, as well as other issues particularly important for the position of employees.

Employees also participate in decision-making through their representatives in workers' councils that promote their rights and interests towards the employer, but also through workers' representatives in Supervisory Boards in companies of the Podravka Group.

All decisions important for the position of employees are, without exception, subject to consultation on the intention to make such decisions, and workers' councils are provided with information important for making future decisions and their impact on the position of employees.

Podravka Group employees have the opportunity to express their opinion, satisfaction or concerns, and point out opportunities for improvement through a survey of organisational climate, culture and engagement conducted annually. The aim of the survey is to determine the level of employee satisfaction with various aspects of work, such as the quality of communication with the superior, the leadership of the direct superior, employee

inclusion and well-being, satisfaction with salary and material rights, and the work-life balance. By defining specific action plans, it is possible to address the identified risks and introduce improvements, for which the directors of all units of the Group are responsible.

COLLECTIVE BARGAINING

Collective agreements regulate the rights and obligations of the contracting parties in the field of employment relations, and in particular the establishment of an employment, the protection of employees' privacy, education and training of trainees for independent work, working hours, holidays and leave, wages and compensation of employees, material and other rights of employees, inventions and technical improvements, termination of employment contracts, exercise of rights and obligations arising from employment, conditions for the work of trade unions, rights and obligations of the contracting parties and the method of resolving disputes, conclusion of contracts, delivery of contracts to the competent ministry and publication of contracts.

The Collective Agreement of the Podravka Group concluded on 5 November 2018 with the corresponding annexes, the last of which was signed on 3 December 2024, applies to employees of Podravka Inc. and Belupo Inc.

The Collective Agreement concluded on 6 September 2024, which introduced a new wage system with effect from 1 October 2024 applies to employees of Mirna Inc. The Collective Agreement for Agriculture and Food Industry of Slovenia and the Enterprise Collective Agreement of the ŽITO Group apply to the employees of the ŽITO Group, with the exception of Podravka LLC Ljubljana, where the Collective Agreement for Trade Sector of Slovenia is applicable.

In the companies Podravka, Belupo, Mirna and in the Žito Group, the Collective Agreements apply to employees, regardless of union membership, while national and local regulations apply to employees of other companies.



PODRAVKA GROUP	COLLECTIVE BARGAINING COVERAGE		SOCIAL DIALOGUE
Coverage rate	Employees – EEA*	Employees – Non-EEA**	Workplace representation***
0-19%			
20-39%			
40-59%			
60-79%			
80-100%	Croatia Slovenia		Croatia Slovenia

*for countries with >50 employees representing >10% total employees
 **estimate for regions with >50 employees representing >10% total employees
 ***EEA only, for countries with >50 employees representing >10% total employees

PODRAVKA INC.	COLLECTIVE BARGAINING COVERAGE		SOCIAL DIALOGUE
Coverage rate	Employees – EEA*	Employees – Non-EEA**	Workplace representation***
0-19%			
20-39%			
40-59%			
60-79%			
80-100%	Croatia		Croatia

*for countries with >50 employees representing >10% total employees
 **estimate for regions with >50 employees representing >10% total employees
 ***EEA only, for countries with >50 employees representing >10% total employees

The Podravka Group, as a socially responsible company, provides its employees with social protection in accordance with the regulations, and in some countries even beyond legal regulations of the countries in which it operates. Thus, in the collective agreements, employees of Podravka Inc., Belupo Inc. and Mirna Inc. exercise the right to support in the prescribed cash amounts in cases of:

1. death of a close family member (spouse, children or parents)

2. disability due to a work-related injury or an occupational disease
3. sick leave longer than 90
4. elimination of the consequences of natural disasters or fire in the building where the employee lives
5. onset of disability
6. funeral costs of the deceased employee.

Financial support may also be granted in other justified cases, e.g., severe disability of a close family member, difficult social situation of the employee, etc.



In 2024, female employees were entitled to support in the amount of EUR 1,327.23 for each new-born child, which is an amount higher than the amount prescribed by law. Annex VI of the Podravka Group Collective Agreement increased this amount to EUR 1,400 as of 1 January 2025, and the amount of assistance in the event of disability due to a work-related injury or an occupational disease was also increased, as well as compensation for funeral expenses of a deceased employee.

A retiree who has worked for an employer for at least five years continuously and has retired from that employment is entitled to a Christmas gift consisting of products from Podravka Inc. or Mirna Inc. The composition and value of the gift is decided each year by the company's Management Board.

With the aim of having a positive impact on health, employees are also provided with:

- Supplementary health insurance for employees of Podravka Inc. and Belupo Inc., which includes an annual physical exam and the possibility of specialist examinations as needed and a large number of diagnostic procedures;
- Use of the Multisport card for employees of Podravka Inc. and Belupo Inc., which provides more favourable prices for sports and recreation services compared to market prices.

The new salary system, as a result of collective bargaining, was also introduced in Mirna Inc. in 2024 according to the same principles as for employees of Podravka Inc. and Belupo Inc.

The negotiating teams of Podravka Inc. and Belupo Inc. and the representative unions – PPDIV Trade Union, Podravka Independent Trade Union and Podravka Group Workers' Union – SINPOD, completed another round of negotiations on amendments to the Collective Agreement in December 2024, and the Annex to the Collective Agreement VI was signed. As of 1 January

2025, Podravka and Belupo employees will see their salaries increase again, and other material rights are improved as well. The base gross salary of all employees has been increased by EUR 90, and thus increased amount has been further increased by three percent. The new increased salary base also represents the basis for increasing other salary supplements. This increase will result in an average salary increase of around EUR 140, with the lowest salaries increasing by 13.4%, or around EUR 119 gross, while the highest salaries will increase by around 6%, or EUR 182 gross. As a result of the collective bargaining and signing of the annex in 2024, the Podravka Group paid EUR 9.8 m more for net salary compared to comparative period, which is evident in the consolidated financial statement (Note 12).

In addition to increasing employees' salaries, an agreement was reached to abolish employee participation in hot meals, so that Podravka and Belupo now provide a high-quality hot meal, the cost of which is fully borne by the employer. In addition, the amount for maternity support, the amount of daily allowance for business trips and other benefits increased.

The Žito Group also concluded negotiations with the KŽI Trade Union Conference (agricultural and food industry) and reached an agreement to increase employees' salaries. In 2024, the salaries of Žito employees were increased by 3% with the effective date as of 1 April 2024, then by an additional 3% as of 1 October 2024, and the amount of holiday pay was increased. The third salary increase of 3% is applicable from 1 January 2025.



GENDER EQUALITY AND EQUAL PAY FOR WORK OF EQUAL VALUE

The Podravka Group applies the principle of equal opportunities in all human resources management processes. Job applications at Podravka are not gender-specific, so women and men are employed equally, and selection processes ensure equal representation of candidates. Also, depending on qualifications, they have equal opportunities for development and advancement.

PODRAVKA GROUP	
EMPLOYEE HEAD COUNT BY GENDER IN 2024	
Gender	Number of employees
Male	2,987
Female	3,433
Other	
Not disclosed	
Total employees	6,420

Podravka's commitment to achieving the highest standards in the field of human resources management has been recognised again. In March 2024, Podravka Inc. received the prestigious Equal Pay Champion certificate. Equal Pay Champion is the first certificate in Croatia that is guided by the principle of "Equal Pay for Equal Work", and was launched with the aim of recognising employers who are determined to achieve equality, fairness and equity in their organisation.

DIVERSITY

In accordance with the Podravka Group Code of Ethics in Business Operations, and taking into account the legal frameworks of all countries in which the Podravka Group operates, all employees have equal opportunities for development, regardless of gender, age, religion, race, etc.

The following table provides an overview of the distribution of employees by age group

THE DISTRIBUTION OF EMPLOYEES BY AGE GROUP			
PODRAVKA GROUP	31 DECEMBER 2024		
	F	M	TOTAL
Over 50 years old	1,500	1,258	2,758
30 to 50 years old	1,569	1,326	2,895
Under 30 years old	364	403	767

ATTRACTING AND RETAINING EMPLOYEES

In the context of the challenges on the global labour market that employers have been facing in recent years, one of the primary goals of human resources management of the Podravka Group is to reduce the risk of labour outflow and ensure the labour through employment, training, development and advancement opportunities. Given that the company's production facilities are mostly located in Croatia and Slovenia, the initiatives to attract and retain labour are mostly focused on these locations.

For example, Podravka Inc., in cooperation with agencies for the employment of foreign workers, compensated for the deficit of domestic labour, and for the purpose of announcing vacancies and recruiting, various channels were used, such as the Employment Service and job search sites. Employees of younger age were employed with the aim of rejuvenating the workforce due to retirements. New employees were introduced to jobs by assigned mentors who transfer process and business expertise and skills to them.

In order to create the prerequisites for employment in scarce professions, in 2024 Podravka launched a project to provide scholarships to pupils of scarce professions high schools under the title "Little secrets of Podravka's great masters". The Decision on the criteria and procedure for awarding scholarships to scarce professions high school pupils was adopted and



a Scholarship Award Committee was appointed. Upon completion of the scholarship, the scholarship recipients are guaranteed employment in Podravka Inc.

The Podravka Group plans the training of its employees as well as development projects on an annual basis within a predefined budget. The Group's employees have access to training within their profession, training defined by law, formal education, i.e., retraining and training, as well as education for acquiring certain business knowledge and skills.

During 2024, Podravka Inc. continued the "Through Knowledge to Excellence" program with the aim of developing management skills and improving work performance. The program will end in mid-2025. The implementation of the same project was started by Žito LLC and Belupo Inc., with the program being adapted to the needs of each company to a certain extent.

In Podravka Inc., training was conducted within the Procurement academy, and the Sales, Technical, and Production and technological academies are planned for 2025 and 2026. The goal of these academies is to acquire new knowledge in a particular profession and transfer of internal knowledge and skills.

For the purposes of recording the training of Podravka Inc. employees, an internal training monitoring system is used through the eEducation process, while in other companies in the Podravka Group it is monitored through a tabular form.

In 2024, 263 first-level managers underwent the "Unconscious bias" training.

During 2024, the Podravka Group implemented the OKR (Objective Key Results) project, which defines the methodology for setting goals and monitoring their implementation. Training was held within the Podravka Group for 105 directors. This methodology connects company, team and individual goals with measurable

results, and in the coming period, activities will be carried out to verify the outcomes and the method of application.

With the aim of retaining the workforce, as part of the long-term project "Compass" in Podravka Inc., key professions, potential successors, the need for knowledge transfer are identified, employee development plans are defined, potential employee departures and reasons for departure are determined. "Compass" will continue in Podravka Inc. in 2025, and will also be implemented in Žito LLC and Belupo Inc.

8.69% of women and 12.26% of men participated in the performance monitoring systems at the Podravka Group level, while at the Podravka Inc. level 3.95% of women and 13.98% of men participated.

In 2024, the average number of training hours³⁶ per employee in Podravka Inc. was 15.54 hours, while at the Podravka Group level it was 16.49 hours.

The Podravka Group recognises the importance of the work-life balance and is committed to managing the risks that may affect this balance. All employees to whom collective agreements apply and where permitted by local legislation are allowed to use paid leave for important personal needs as well as for active participation in cultural, artistic, sports and other events in the interest of employers, education, professional training, specialisation and taking professional exams to which the employee is referred by the employer.

As part of the Resilience Development program, the following activities were carried out for employees of Podravka Inc. and Belupo Inc. during 2024:

- Lectures "We Care About Resilience" on topics aimed at empowering workers to cope more successfully with everyday challenges and changes, both at work and in private life;
- A series of lectures on the topic of "Parenting" for parents employed by Podravka Inc. such as Parenting

³⁶ When calculating the number of employees who participated in regular performance reviews, the numerator includes employees who were in the performance and/or KPI-based review and reward system as at 31 December 2024, whether it was monthly, quarterly or annual review. The calculation was made in such a way that the numerator used the number of female and male employees who participated in regular performance and professional development reviews, and the denominator used the total number of employees specified in the disclosure requirement of ESRS S1-6. The calculation was made in such a way that the total number of hours of training offered and completed per employee was divided by the total number of employees specified in the disclosure requirement of ESRS S1-6.



and Raising a Child, How to be a Dad, How to Understand Your Child's Development, How to Set Clear Boundaries for Your Child;

- Free telephone counselling for employees regarding the difficulties they face.

For working parents, training is regularly organised that covers topics such as parenting and raising children, mental health of children and youth, the role of fathers in raising children, assertiveness and communication in raising children and youth, and many others.

In the Podravka Group, including Podravka Inc., all employees (100%) have the right to maternity/parental leave. In the Republic of Croatia, the right is exercised in accordance with the Maternity and Parental Benefits Act, and in other countries in accordance with local legislation. Of the total number of Podravka Group employees, 3.05% of women and 1.34% of men have exercised the right to maternity/parental leave. Of the total number of Podravka Inc. employees, 4.32% of women and 2.39% of men have exercised the right to maternity/parental leave.

Podravka Inc. is the holder of the MAMFORCE certificate, which shows that it is possible to be a responsible employer who ensures a safe workplace, carefree maternity and parental leave, and work organisation aligned with parental obligations.

HEALTH AND SAFETY

Following the identified material risk of injury due to the nature of the activity and inadequate training (*ESRS 2 SBM-3*), the Podravka Group continuously implements preventive fire protection measures and adequate training in its production companies. Evacuation and rescue plans have been developed, employees responsible for implementing the measures have been designated, and a method of cooperation with public services responsible for fire protection and rescue has been established. Training deadlines are set by individual state regulations and regulations relating to certain technical equipment.

The production companies in the Food segment continuously implement occupational safety measures. Workplaces are safe, maintained, adapted for work in good condition, in accordance with occupational safety rules. Regular inspections and tests of work equipment are carried out, and workplaces are monitored in order to avoid hazards to the safety and health of employees.

During 2024, stable automatic fire alarm systems were modernised in some of Podravka Inc.'s production facilities. With the aim of increasing the efficiency of fire extinguishing systems and achieving a positive impact on the environment, fire extinguishing systems were replaced with more advanced technology in certain specialised areas. Construction protection measures were implemented in production and warehouse areas by installing walls with higher fire resistance, special doors and reducing the fire load. Technical supervision is regularly carried out in areas threatened by an explosive atmosphere. At the Lagris production location, the fire alarm system was expanded, part of the lighting was replaced and an investment was made in the automation of the palletising process in order to reduce the physical load on workers in production.

Podravka Inc. prepares documents assessing the risk to the life and health of employees and persons at work, in relation to work equipment, working environment, technology, physical hazards, chemicals, workplace design, work process organisation, effort, imposed pace of work, norms of work, night work and psychological workload, in order to prevent or reduce the risk. Based on the risk assessment, which is updated periodically, occupational safety rules, preventive measures and other activities are applied to prevent and reduce exposure of employees to identified risks. The implementation of occupational safety has been transferred to a certain extent to authorised persons within their scope of work. The performance of occupational safety tasks is contracted with the legally prescribed number of occupational safety experts. Through internal inspections of the implementation of occupational safety rules, occupational safety experts encourage and advise the employer and its authorised persons to eliminate deficiencies in occupational



safety identified by internal inspections. Training and professional development of employees, authorised persons and workers' representatives for occupational safety is continuously carried out. The training process for predominantly administrative tasks is also organised through e-courses available in Croatian and English.

Through the work of the occupational safety committees, which have been established as a central committee and committees for certain organisational units, consultations are carried out with the aim of improving the state of occupational safety. Particularly vulnerable groups of employees (employees who have been determined to have reduced and remaining working capacity or who are at immediate risk of reduced working capacity) are provided with special protection at work, for example, work in the Finishing plant where they do not perform physically demanding tasks.

In 2024, the Pharmaceuticals segment improved the process of developing risk assessment with the aim of preventing employee injuries and began to independently train employer's authorised personnel. Training for safe work is regularly carried out before starting work, when changing jobs, when changing technological processes or after a long absence from work. In addition to training, the proper functioning of work equipment is regularly monitored. The health and safety management system includes employer's authorised personnel, responsible persons, trustees, the Workers' Council and employees,

in order to minimise the risk of increasing the number of work-related injuries. In 2024, two official occupational safety committees and 5 internal occupational safety committees were organised. Reports are prepared quarterly for the Workers' Council session.

In order to determine the health capacity to perform certain tasks, employees of both business segments are referred for examinations in specialist occupational health offices. All employees are provided with an occupational health service through health supervision appropriate to the dangers, harms and efforts during work. Also, in some locations, testing is being carried out for a proposal to purchase auxiliary work equipment, such as exoskeleton, which reduces the load on the worker when carrying the load.

In order to improve safety and health protection at work, employee training procedures and procedures for informing and advising employees and their representatives have been implemented, with the aim of preventing work-related injuries, the occurrence of occupational and other diseases and preserving working capacity.

By collecting and analysing data regarding accidents, work-related injuries, occupational diseases and work-related diseases, the Podravka Group monitors the success of the implementation of activities aimed at health and safety of employees.

	PODRAVKA GROUP	PODRAVKA INC.
Coverage of own workforce by health and safety management system³⁷	100%	100%
number of fatalities as a result of work-related injuries and work-related ill health – own workforce³⁸	0	0
Number of recordable work-related injuries³⁹	155	110
Rate of recordable work-related injuries⁴⁰	14.8	20.3
Number of cases of recordable work-related ill health	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health- own work force⁴¹	7,091	5,165

³⁷ All production companies of the Podravka Group have a complex system for protecting the health and safety of their employees, while non-production companies act in accordance with local regulations related to occupational health and safety.

³⁸ The data also includes workers in the value chain who work at Podravka Group locations.

³⁹ Includes all reported work-related injuries that resulted in lost working hours/days.

⁴⁰ The ratio of the number of work-related injuries multiplied by 1,000,000 to the total number of hours worked. It shows the number of work-related injuries per million hours worked.

⁴¹ The number of days lost includes the first full day and the last day of absence. The calculation takes into account calendar days, so days on which the person is not scheduled to work (e.g., weekends, public holidays) are counted as lost days.



ESRS S2

WORKERS IN THE VALUE CHAIN

The Podravka Group cooperates with 9,996 suppliers, of which over 60% are domestic, which indicates a significant number of workers in the value chain.

The Podravka Group does not have information on the structure of workers in the value chain, nor the exact geographical areas in which workers work. The risk of child and forced labour from suppliers in third countries is assessed as low, given that a significant number of suppliers are from the EU, while significant suppliers from third countries (China, India) in the pharmaceutical segment are subject to regular audits at supplier locations once every 3 years.

For workers in the value chain who perform business activities at Podravka Group locations, such as suppliers of capital goods and services (construction works), the Podravka Group requires an ISO 45001 certificate and/or a statement related to ensuring occupational safety and health, as well as the submission of documentation and certificates on the health status of workers and the proper functioning of machinery and equipment.

The Podravka Group does not have any specific mechanisms in place for cooperation with workers in the value chain.

On its corporate website, Podravka Inc. has a published email address that allows reporting irregularities by all persons who participate in the employer's activities in any way, including workers in the value chain. So far, there have been no reported irregularities by workers in the value chain.

Strategic goal:

- **100% of suppliers signing the Supplier Code of Conduct by the end of 2025.**

The Supplier Code of Conduct was drawn up in 2023 and revised in 2024, given that in the meantime, regulations focused on due care in the supply chain were adopted. The revised Code was adopted by the management of Podravka Inc. and was implemented in February 2025. The Code requires all suppliers to apply the principles of social responsibility in their own operations and in the supply chain. The content of the Code is divided into 4 parts:

1. Business Ethics, Compliance and Transparency
2. Human Rights
3. Environment
4. Animal Welfare

The Podravka Group expects its suppliers to act with due care and to recognise risks within their own supply chain, as well as to take appropriate measures to detect, prevent and correct negative impacts in the context of the principles of the Code.

Evidence of implementation of the principles will be requested from suppliers, and the Podravka Group will assess compliance with the principles of business conduct defined in the Code. The Code defines measures related to the violation of the defined provisions, which implies a written notification to the supplier and the definition of a reasonable deadline, in line with the principles of the Code. The final measure in case of violation of the principles of the Code is the termination of the contractual relationship.

Considering that the Code was revised in 2024, part of the suppliers of the pharmaceutical segment signed the first version of the Supplier Code of Conduct, and the revised version will be distributed to all suppliers regardless of whether they have already signed it or not.



ESRS S3

CORPORATE SOCIAL RESPONSIBILITY**Strategic goals:**

- **Support for cultural events**
- **Support for sports events**
- **Support for associations, social institutions and other organisations that care for the people in need**
- **Contribution to the improvement of preschool and school nutrition**

Strategic goals in the segment of corporate social responsibility are qualitatively defined, and the Podravka Group aims to maintain the continuity and level of support provided. In 2024, the Podravka Group supported the local community with EUR 3.4m through sponsorships and donations, or 9.7% more than EUR 3.1m in the base year 2022.

Cooperation with affected communities takes place through calls for donations, but also through sponsorships, in accordance with the Business Strategy and Communication Strategy. The Corporate communications and stakeholder relations sector is responsible for cooperation with affected communities. All activities aimed at the local community are carried out with full respect for the principle of gender equality, and with respect for the principle of giving priority to marginalised groups and vulnerable parts of society.

Members of the affected communities are provided with the following channels for communication with the company:

- email addresses;
- free consumer phone;
- email address for questions about brands and products;
- <https://www.podravka.com/contact-us/>

All inquiries are answered as soon as possible, regardless of whether the answer is positive or negative.

Sponsorships are awarded according to plan and based on submitted applications, and in most cases, they are long-term collaborations that are in line with the

adopted business strategy. The amounts are paid from the company's regular operations, without additional borrowing or financial instruments.

Donations are awarded twice a year through a public call published on the corporate website. All received applications are considered, and the results are publicly announced.

In 2024, Podravka Inc. announced two calls for the donation of funds to humanitarian projects, projects involving children and youth, projects in the fields of education, health and ecology, and culture and sports. The most important selection criteria were the project's contribution to the overall development of the social community, the quality of the project and its compliance with the Company's goals. The results were publicly announced on the corporate website (<https://www.podravka.com/responsibility/sponsorships-and-foundation/sponsorships/>).

In addition to the sponsorships and donations mentioned above, Podravka Inc. has carried out a number of activities aimed at contributing to the local community, such as:

- Donation of Podravka products to the Food Bank in collaboration with Luka Modrić,
- Donation of more than 3,500 Čokolino products worth EUR 15,000 in collaboration with Dominik Livaković as part of the Academy of Healthy Living. Donations were made to nine associations: Association "Bili tići" Split, Centre for Education and Training Ivan Štark Osijek, School for Education and Training – Pula, Sports Association Veliko Srce Koprivnica, Association for Autism Pogled Nedelišće, Association for Down Syndrome – Rijeka 21, Association for Down Syndrome Zagreb, Centre for Education and Training Krapinske Toplice and Association Poseban prijatelj Dubrovnik,
- Support for events Ironman, Youth Sports Games, Pannonian Challenge, Highlander, ATP Umag, InMusic, Picokijada, Pula Film Festival, Sinjska alka,



activities in Koprivnica such as the Renaissance Festival, Summer on Zrinski, Labour Day celebrations, Advent/Christmas Fairy Tales, Podravina Motifs,

- Support to sports clubs from the Koprivnica area (Handball Club Podravka Vegeta, Basketball Club Koprivnica, Bowling Club Podravka, Sport Fishing Club Podravka, Chess Club Podravka, Karate Club Podravka, Table Tennis Club Podravka, Shooting Sport Club Podravka, Wrestling Club Podravka, Tennis Club Koprivnica) and sports associations (HAS, HRS),
- Organization of student visits to Podravka's business premises (PBF Zagreb, FOI Varaždin, FF Zagreb, War School "Ban Josip Jelačić" from the Croatian Military Academy "Dr. Franjo Tuđman", Postgraduate Specialist Study in Business Management – MBA),
- Support for the popular science event Open Day at the Institute for Medical Research and Occupational Health, DOV IMI 2024 and Frisbee event organised by the Ruđer Bošković Institute (IRB) and the Institute of Physics (IF); participation in the Career Week of the University North,
- Support for the Society of Chemists and Technologists Koprivnica and their professional conference; support for the international student competition Formula Student Alpe Adria 2024.

The HealthComm Award confirms that Podravka Inc. contributes to public health with its products and encourages awareness of the importance of a healthy diet.

Cooperation with the local community in 2024 was reflected in the development of standards for school meals as well as educational activities aimed at children. The "Smart Meal for Smart Children" project is aimed at improving and standardising nutrition in 18 primary schools in the Koprivničko-križevačka County. More than 3,400 children participated in the project in 2024, and Podravka's nutritionists created 250 standards for their meals prepared in schools during 40 working weeks.

As part of additional nutritional support to the local community, Podravka's nutritionists prepared more

than 80 hours of educational workshops for children and adults.

Since 2002, the company has supported the work of the Zlata Bartl Foundation, which is dedicated to the work of Professor Zlata Bartl, the head of Podravka's team that invented the universal seasoning Vegeta. The Foundation's funds had previously been used to award scholarships to pupils and students, and the process of its transformation is underway. In the future, the Foundation will expand its scope of work to support innovative and sustainable projects, promote female entrepreneurship and encourage excellence in education.

The Žito Group carries out its socially responsible role through donations and sponsorships throughout the year, supporting various events and activities of humanitarian organisations, as well as individuals in need. The focus of donations and sponsorships is on vulnerable groups, educational and sporting events. The company supports young people with celiac disease at the summer rehabilitation camp, the "Chain of Good People" campaign of the Slovenian Association of Friends of Youth, the tombola of the Society of Pulmonary and Allergy Patients, the "Happy Basketball" basketball camp, the summer camp of young hockey players, sports competitions such as Highlander Slovenia, the Special Olympics Slovenia in Kranjska Gora and the School Mountain Marathon. Educational events are also supported, such as the student competition for the development of innovative food products ECOTROPHIA SLOVENIJA Junior 2024, where young people develop eco-innovative products. Žito products also regularly appear in sponsorship support of educational, marketing, communication and medical events, festivals and conferences. The Roza Oktober Kruh donation project was also implemented to raise funds for the Roza/Europa Donna Slovenia program, which provides assistance to families of breast cancer patients. The project also includes raising awareness among female employees about the importance of a healthy lifestyle and preventive self-examinations.



Belupo Inc. carried out a number of activities focused on corporate social responsibility in 2024. Through a donation to the City of Koprivnica, Belupo Inc. supported the project “Free notebooks for elementary school pupils” on the occasion of the start of the school year. Support was also provided for the project “Cheerfully to School”, which for the 18th year in a row has been providing free notebooks for all elementary school pupils in Koprivnica. In 2024, 2,498 sets, or 34,933 notebooks, were purchased for 2,335 pupils. Personalised pencil cases and cotton T-shirts for first-graders were also distributed. This initiative plays an important role in reducing costs for parents and promoting equal opportunities in education.

Donations in 2024 were directed to general high schools in Koprivnica, professional conferences, sports associations and clubs.

Belupo Inc. continuously makes efforts in promoting health and quality of life through socially responsible activities that contribute to the community. We highlight several key initiatives:

- Belupo Inc., in cooperation with the Croatian Medical Association, supported the traditional health and educational campaign “Red Dress Day”, which aims to raise awareness about the specifics of stroke in women. The campaign emphasises the need for early recognition of symptoms and lifestyle changes.
- In Koprivnica, the public health campaign “Health Measurement” is traditionally organised, during

which citizens have the opportunity to consult with doctors and nutritionists and undergo various health examinations. In 2024, citizens could have their blood sugar, blood pressure, triglycerides, peak air flow and oxygen supply assessment measured, as well as body mass index measured and body composition analysis performed. The campaign additionally promoted healthy eating habits.

- The Nutrition Counselling Centre is a public health campaign motivated by statistical data showing that obesity is reaching epidemic proportions in the world, and especially in Croatia, and is one of the main public health problems of today. Belupo Inc. and Podravka Inc. promote obesity prevention and a healthy lifestyle through the Nutrition Counselling Centre in Koprivnica. Since obesity is reaching epidemic proportions, education and practical advice are aimed at reducing chronic diseases associated with unhealthy lifestyles.
- Through the project “Health Through Food”, a multidisciplinary personalised program for reducing excess body weight and treating chronic diseases in children and adults was developed in collaboration with the Srebrnjak Children’s Hospital. The project resulted in the development of a unique personalised multidisciplinary concept for reducing excess body weight and maintaining healthy body weight. The program integrates the work of doctors, nutritionists, psychologists and kinesiologists and offers sustainable solutions for one of the leading public health challenges of today.

ESRS S4

CONSUMERS

The Podravka Group focuses its business on consumer welfare through the quality of food and pharmaceutical products, and through the breadth of the product range offered to consumers.

The Food segment sells food products through intermediaries (traders, online retailers, distributors, etc.) or directly through online sales in some markets, to all age groups of consumers older than 4 months. The wide portfolio of food products is available to all customers regardless of gender, age, religious affiliation

or nationality. The Food segment holds Kosher, Halal, BIO, Vegan and AOECs certificates for certain products, which ensures the acceptability of food products to the widest range of consumers. When producing and selling all food products in its portfolio, it complies with all regulations and rules that prescribe quality standards and the management of raw materials, packaging and products throughout the entire supply chain.

The Podravka Group offers its food products to consumers in stores, mainly large retail chains. Through



cooperation with various retail chains, the products are available to consumers in a large number of locations. Consumers also have access to the products through traditional stores, gastro channels, special stores such as BIO stores and special ethnic stores. The main sales markets are the markets of Slovenia and Croatia and the countries of the Southeastern Europe region in which the Podravka Group operates with all retail chains and ensures the availability of at least part of the product range to all customers.

Since the business model of the Pharmaceuticals segment is focused on the production of drugs and other products that positively affect the health of users, the end users of the Pharmaceuticals segment are considered to be all age groups who are looking for a solution to a specific health problem or its prevention. Belupo Inc., as a manufacturer of drugs, pays exceptional attention to quality control and accurate and clear instructions for using the products. Potential side effects of drugs are listed in the instructions that come with the product, and within Belupo Inc. there is a special service responsible for supporting patients and users. The positive impact of drugs primarily comes through active use of the product (alleviation or complete treatment of the diagnosed indication), and secondarily through legally specified information on the use of the product and through packaging design elements. This information helps consumers to use the medicine correctly and in a timely manner and thus significantly reduce potential risks. In the pharmaceuticals segment, the majority of the portfolio consists of prescription drugs, which end consumers gain access to according to the assessment and prescription of a doctor, while all end consumers have access to over-the-counter drugs (OTC) through pharmacies.

The Pharmaceuticals segment sells pharmaceutical products to wholesalers who sell them to medical institutions and pharmacies, and a smaller part of OTC drugs, food supplements and cosmetics is sold in specialised stores. Due to the business model, pharmaceutical products are available to all consumers in the markets where pharmaceutical products are sold.

Strategic goals aimed at consumers are included in the strategic pillar Healthy Life. The goals include only the

Food segment, given that the portfolio of pharmaceutical products is very specific and strictly regulated, and the Podravka Group's pharmaceutical segment is primarily a manufacturer of generic drugs.

Taking into account the current guidelines for a healthy and sustainable nutrition, in the Food segment in 2023, a revised Nutritional Strategy for the period until 2027 was adopted, which confirms the importance of a healthy, balanced and sustainable nutrition through greater availability of nutritionally better products. The nutritional strategy represents a significant upgrade of the Business Sustainability Strategy and a significant expansion of nutritional goals compared to the previous strategy.

The focus of Podravka's Nutritional Strategy is on active management of the nutritional quality of products within all categories, on product development in accordance with consumer needs, on motivating consumers to improve their diet, and on setting trends in the development of nutritionally high-quality and sustainable products.

The basic tool for managing the nutritional quality of Podravka's products is the nutritional profile, whose scientifically valorised methodology implies the development of internally recommended criteria for the content of macro and micro nutrients per product serving. With the help of existing independent systems of nutritional profiling, periodic product analysis is carried out and thus the progress in improving the nutritional quality of Podravka's portfolio is additionally monitored. During 2023, the nutritional profiles of all Podravka categories were revised, and in 2024, significant progress was made in achieving strategic goals.

Strategic goals:

Quantitative:

- **Reduce the average salt and sugar content in 75% of new and innovated products by 20% compared to the current average content**
- **Incorporate at least one ingredient that supports a healthy and balanced diet, such as fibre, protein, vitamins and minerals in 75% of new and innovated products**



- **Base at least 40% of new and innovated products on ingredients related to sustainable nutrition, such as fruits, vegetables, legumes, whole grains, plant-based protein sources, etc.**
- **Support sustainable nutrition with 100% of products**

Qualitative:

- **Raise awareness of the importance of a balanced and healthy diet**
- **Raise awareness of the importance of reducing and disposing of food waste**

The base year for the first quantitative goal is the year 2022, and for the remaining goals it is the year 2023, when the nutritional profiles have been established.

In 2024, activities aimed at achieving the goals of the Nutritional Strategy resulted in:

- reducing the sugar content in 60% of new and innovated products by an average of 61.0%. Compared to 2022, this is 55.8% more new and innovated products with a lower sugar content than the category average.
- reducing the salt content in 61.8% of new and innovated products by an average of 30.4%. Compared to 2022, this is 132% more new and innovated products with a lower salt content than the category average.
- 76.7% of new and innovated products contain at least one positive ingredient, which is an increase of 27.2% compared to 2023 for products that were developed to contain at least one positive ingredient in accordance with the nutritional profile.
- 57.5% of new and innovated products are based on ingredients related to sustainable nutrition, including plant-based⁴² products, which is 80.8% more than in 2023.
- 62.9% of products in the entire portfolio encourage consumers to eat sustainably, which is an increase of 17.1% compared to 2023.

During 2024, marketing activities were carried out in line with qualitative strategic goals:

1. A campaign related to tin packaging that

emphasises and promotes the principle of "reduce, reuse, recycle" and encourages the use of cans as the ideal packaging with the aim of raising awareness among consumers about contributing to the goals of the circular economy.

2. A campaign related to self-sustainability in agriculture, through which the strategic goal of the Podravka Group related to the increase in own areas and cooperation with subcontractors in the production of agricultural crops is communicated.
3. Pilot project B.fit focused on communication about the product for maintaining a healthy body weight.
4. Publishing of recipes in accordance with the nutritional strategy of the Podravka Group and zero waste recipes on Coolinarika as the largest regional platform for cooking advice (Croatia, Bosnia and Herzegovina, Serbia).
5. Activities that promote innovations according to the criteria of the Nutritional Strategy, such as the O'Plant range of products (encouraging the consumption of plant-based products), Vegeta Natur pasty food seasonings (low salt content), Čokolino dark (low sugar content, oat-based product), as well as regular communication of the functional benefits of existing products related to healthy and sustainable nutrition.

CONSUMER HEALTH AND SAFETY

In the food segment, activities are continuously carried out with the aim of maintaining and improving the safety and quality of food products placed on the market and available to consumers. These include certification, recertification, continuous audits of the management system, activities to strengthen the food safety culture in accordance with Regulation (EU) 2021/382 and systematic training of employees on their role and the rules they are required to apply. The level of awareness of employees is analysed through surveys and measures to strengthen the food safety culture are determined. Once a year, a report on the functioning of the management system and the achievement of business goals is submitted to the Management Board of Podravka Inc. The result of continuous activities in the field of food safety and quality are 22 system certificates that are publicly available on the corporate website⁴³.

⁴² Plant-based products

⁴³ <https://www.podravka.com/sustainability/certificates/>



PODRAVKA GROUP MANAGEMENT SYSTEM CERTIFICATIONS IN 2024

NO.	STANDARD	CERTIFICATE SCOPE	AUTHORISED BODY
1	ISO 9001:2015 Quality management systems	1) Podravka Inc.	SGS certification company
		2) Belupo Inc.	SGS certification company
		3) Žito Group and sales segment of Podravka LLC Ljubljana	SIQ Slovenian Institute of Quality Lj.
2	HACCP according to Codex Alimentarius-u	1) Podravka Inc.	SGS certification company
		2) Mirna Inc.	
3	IFS Food, International Featured Standards – Food	1) Podravka Inc., Soups and Vegeta Factory 2) Podravka Inc., Baby Food and Creamy Spreads factory 3) Podravka Inc., Kalnik Factory 4) Podravka Inc., Production Danica 5) Mirna Inc.	SGS certification company
		7) Podravka - Lagris a.s.	TÜV SÜD
		Žito Group: 1) HQ Management and Shared Services 2) PC Gorenjka 3) PC Bread and Bakery Products 4) PC Vrhnika Bakery 5) PC Gradišče 6) PC Šumi 7) DE Vič Bakery	QA – Quality Austria
4	BRCGS, British Retail Consortium Global Standard for Food Safety	1) Podravka Inc., Soups and Vegeta factory 2) Podravka Inc., Baby Food and creamy Spreads Factory	SGS certification company
5	HALAL	1) Podravka Inc., Danica Factory 2) Podravka Inc., Soups and Vegeta Factory 3) Podravka Inc., Baby Food and Creamy Spreads factory 4) Podravka Inc., Kalnik Factory 5) Podravka Inc., Cocktail Pastries Factory 6) Mirna Inc., Rovinj	Centre for Halal Quality Certification
		Žito Group: 7) PC ŠUMI	Islamic association in Slovenia
6	KOSHER	1) Podravka Inc., Kalnik Factory 2) Podravka Inc., Soups and Vegeta Factory 3) Podravka Inc., Cocktail Pastries Factory 4) Podravka Inc., Mlin	Rabin Kotel Da-Don
7	BIO	1) Podravka d.d.	Bio Garantie
		Žito Group: 1) PC Intes MB, 2) PC Gradišče 3) Podravka Ltd.	Institute kon-cert, Maribor
		3) Podravka - Lagris a.s.	AGCERT AG, CZ
8	AOECS The AOECS Standard for Gluten-Free Foods	1) Podravka Inc., Cocktail Pastries Factory 2) Žito Group - Crispy Breads	SGS certification company
		3) Podravka - Lagris a.s.	Společnost pro bezpečnou dietu z.s., CZ



NO.	STANDARD	CERTIFICATE SCOPE	AUTHORISED BODY
9	VEGAN European Vegetarian label	1) Podravka Inc., Kalnik Factory 2) Podravka Inc., Cocktail Pastries Factory 3) Podravka Inc., Soups and Vegeta Factory 4) Podravka Inc., Danica Factory	Animal Friends Association
		Žito Group: 1) PC Bread and Bakery 2) PC Šumi	Institute Padma
10	RSPO Supply Chain Certification Standard	1) Podravka Inc., Soups and Vegeta Factory 2) Podravka Inc., Baby Food and Creamy Spreads Factory	SGS certification company
		Žito Group: 1) PC Bread and Bakery Products (Frozen Food) 2) PC Gorenjka 3) PC Šumi	BV – Bureau Veritas d.o.o. Slovenija, Ljubljana
		Žito Group: 1) Žito Retail Ltd. (licence distributor)	RSPO organisation
11	ECOVADIS	Žito Group Management and Shared Services	Ecovadis system
12	Rainforest Alliance, version 1.2.	Žito Group: 1) PC Gorenjka, 2) PC Bread and Bakery Products -pastry	Bureau Veritas d.o.o. Slovenija, Ljubljana (Ceres), Certification of Environmental Standards
		Žito Group: 1) Podravka Ltd. (licence distributor)	RA-Rainforest Alliance, non-profit organisation
13	ISO 26000:2010 Upute o društvenoj odgovornosti	Podravka Inc. Certificate of compliance HR23/3192	SGS certification company
14	ISO 27001:2022 Sustav upravljanja informacijskom sigurnošću	Podravka Inc.	SGS certification company
15	ISO 45001:2018 Sustav upravljanja zdravljem i sigurnošću na radu	1) Podravka Inc., Koprivnica 2) Soups and Vegeta Factory	SGS certification company
16	EU GMP certifikat	Belupo Inc.	HALMED
17	GDP certifikat	Belupo Inc.	Croatian Ministry of Health
18	GMP certifikat Rusija	Belupo Inc.	Min. of Industry and Trade of the Russian Federation
19	Sedex	Žito Group: 1) Podravka Ltd.	Sedex system

NOTE: The specific scope of each certificate is stated in the certificate itself.

In order to increase the safety of food supplements for consumers, a HACCP system is being introduced in the pharmaceutical production segment in Koprivnica, which should be implemented by the end of 2025. New computer systems are also being introduced to digitise

quality management processes. The project will last until mid-2026, and it will result in faster and more transparent processes and more reliable information for customers and consumers.



COMMUNICATION WITH CONSUMERS

Communication with consumers of the food segment is realised:

1. Directly through own web platforms, mostly through Coolinarika. Furthermore, direct communication with consumers is achieved through internal research and own platform, which uses Coolinarika users as a database, as well as through a call centre, where consumers report their inquiries and/or complaints.
2. Indirectly through traditional and online media (radio, television, outdoor advertising, websites, social networks, etc.), external research agencies, digital agencies that manage individual profiles. The Food segment also communicates with consumers through their representatives, such as the Celiac Association, with the aim of presenting and increasing the visibility of its products among target users.

Communication via digital channels and the call centre is continuous, while traditional media channels are used in targeted periods related to seasonal consumption of certain product groups or brands. Research is conducted periodically as needed.

The effectiveness of cooperation with consumers is assessed through measuring market indicators, such as market shares of individual products and brands, and through the results of targeted surveys on user satisfaction, continuous analysis of reports on contacts with consumers, etc.

In the Pharmaceuticals segment, all communication about drugs to doctors, pharmacists and end users is strictly regulated by the Ordinance on the Manner of Advertising Medicinal Products, and the Pharmaceuticals segment fully complies with it.

The Pharmaceuticals segment directs all relevant information about drugs to intermediaries (doctors and pharmacists), and consumers are informed directly via the “Zdravo Budi” platform in a way that consumers can ask questions, and columnists (doctors and other healthcare professionals) answer their questions. Also, consumers can contact the company directly by phone, email and the corporate website. Information about drugs (dosage, possible side effects) is also available on the corporate website.

The Pharmaceuticals segment informs and educates mediators through the organisation of the “School of Health” and other meetings and workshops, through participation in professional congresses, the Belupoint platform and through direct contact with doctors and pharmacists in a manner prescribed by relevant regulations.

In the Food segment, handling of consumer complaints and inquiries is prescribed by internal documents that regulate the process of receiving inquiries and complaints from consumers and the specific steps that need to be taken to resolve them. The documents are aligned with the GDPR regulation and the Podravka Group’s regulations in the part of storing data collected from consumers.

Consumers can file a complaint or ask a question by email, in writing or by phone. Communication with consumers is also possible through social networks in many markets where the Podravka Group operates. Every received complaint and inquiry are processed and included in regular reporting, and the necessary corrective measures are taken. The protection of individuals when reporting irregularities is clarified in ESRS G1.

In the event of complaints received and if it is considered or reasonably suspected that food placed on the



market may be harmful to consumer health, a product withdrawal or recall procedure is initiated. The Food segment has 23 product withdrawal and recall teams according to product categories, and all activities related to withdrawal and recall are available on the corporate website (<https://www.podravka.com/media/news/>).

In 2024, activities were carried out for two (2) recalls and three (3) withdrawals of food products from the market. Notification for each activity is available on Podravka's website: <https://www.podravka.com/media/news/>.

In the Pharmaceuticals segment, consumers and partners can report directly to the company suspected side effects, as well as any complaints about product quality. Instructions on how to report product quality and side effects complaints are provided on the corporate website and on the HALMED website.

Consumers and customers can also contact the company directly by phone and email, and all inquiries are answered by staff who are trained and authorised to handle the information in question.

The side effect reporting system and the drug quality complaints system are under constant supervision. All processes are prescribed by internal procedures, and are monitored in annual product and process reports, and regularly inspected by regulatory authorities, as well as customers/partners.

In 2024, Belupo had a total of five product recalls out of a total of 350 products in its portfolio.

When withdrawing products, regulatory changes have a major impact, and the Pharmaceuticals segment is obliged to monitor these regulatory changes throughout the entire life cycle of its products (e.g. stability monitoring). All regulatory changes are implemented through changes to procedures, processes, changes to products, packaging, quality control system (methods, specifications) and the process of placing products on the market.





Corporate governance („G”)

ESRS G1

STRATEGY, POLICIES AND DOCUMENTS

The Podravka Group incorporated the principles of good corporate governance into its internal policies and documents, and in accordance with the regulations, the Management Board of Podravka Inc. once or several times a year monitors the implementation of key policies and documents and records reported situations related to business conduct. Podravka Inc. applies the Corporate Governance Code based on the Accounting Act and the Companies Act and continuously monitors the development of regulations in the field of corporate governance and improves relations with shareholders, investors and the general public, applying high standards in mutual communication. The report on the application of the Corporate Governance Code can be found in a separate section of the management report.

The framework for the development and implementation of the corporate culture of the Podravka Group is the Social Responsibility Policy and the Code of Ethics in Business Operations of the Podravka Group, which are described in the *Social Responsibility* section, and the Information Security Policy.

In addition to what is stated in the Social Responsibility section, the Podravka Group Code of Ethics⁴⁴ in Business Operations defines the principles of professional ethics in business for the Management Board, managers and all employees of the Podravka Group, and the basic

postulates are: respect for fundamental human rights, equality, integrity, mutual respect, humanity, tolerance and responsibility. It prescribes the avoidance of any form of unacceptable conduct that is contrary to the Code. Standards of conduct and rules are aligned with the corporate culture of the Podravka Group based on key values: innovation, courage, heritage, sustainability, quality and care. The Code establishes principles, rules and procedures that prevent, recognise and resolve conflicts of interest. Conflict of interest is defined as decision-making and actions related to close persons, which includes all situations that can be defined as bribery and corruption. Positions with the highest risk of conflict of interest arise from the defined principles of preventing conflicts of interest, namely employees in procurement and sales due to business relationships with business partners, suppliers and customers.

In the event of a violation of the Code of Ethics, a channel for reporting and the manner of action taken by the Ethics Committee upon a report have been established, as well as measures in case of a violation of the Code. The Ethics Committee consists of five members appointed by the Management Board of Podravka Inc. for a period of two years and is independent in its decision-making. The Ethics Committee analyses reports and makes decisions within 15 days. In the event of established violations, measures such as warnings, fines or, in serious cases,

⁴⁴ <https://www.podravka.com/investors/corporate-governance/documents/>



termination of employment contracts may be taken. The work of the Ethics Committee is supervised by the Management Board of Podravka Inc. Persons who reported irregularities are provided with protection from sanctions of any kind.

In order to ensure the understanding and consistent application of the Podravka Group Code of Ethics in Business Operations, the following is implemented:

1. Training of employees, especially newly hired employees, on the ethical standards and rules of the Code
2. Promoting transparency with the aim of promoting a culture in which employees freely report cases of irregularities and conflicts of interest
3. Monitoring the implementation of the Code with the aim of regularly monitoring compliance with ethical rules and evaluating their implementation

All employees can report violations of the Code or ethical rules to the Ethics Committee via email eticko.povjerenstvo@podravka.hr or by standard mail to the address: Podravka Inc., Ethics Committee, Ante Starčevića 32, 48000 Koprivnica. Reports are processed confidentially and in good faith.

With the aim of raising the level of awareness of corporate values and rules of conduct, the Code prescribes the continuous training of all employees (including managers), especially new hires, and the encouragement of a culture in which employees freely report any form of unacceptable behaviour and cases of violations of the Code. Once a year (or upon request) the cases of violations of the Code and the measures taken are reported to the Management Board of Podravka Inc.

The protection of all employees who report irregularities in business is guaranteed by the Code of Ethics in Business Operations of the Podravka Group and the Rulebook on the procedure for internal reporting of irregularities and the appointment of a confidential person (Podravka Inc.⁴⁵ and Belupo Inc.). The Žito Group

has adopted the Rulebook on the prevention of mobbing and appointed a commissioner for receiving reports and acting in the event of mobbing. The system for reporting irregularities is regulated by the procedure for internal reporting of irregularities, which includes steps such as receiving a report of irregularities, confirming receipt of the report, taking action to protect the person reporting irregularities, analysing the allegations in the report and informing the person who submitted the report of the outcome. Employees can report irregularities digitally or in written form, and there is direct access to all documents necessary for reporting irregularities on the employer's website (intranet). At the proposal of the Workers' Council, the Management Board of Podravka Inc. appointed a confidential person for internal reporting of irregularities and her deputy, to which they gave prior written consent. The confidential person prepares a quarterly report on all reports received and activities undertaken and submits the report to the Management Board of Podravka Inc. and Internal Audit. In addition to internal reporting of irregularities, reports can also be submitted to the competent body for external reporting of irregularities, i.e., the Ombudsman.

PREVENTING AND DETECTING BRIBERY AND CORRUPTION

With the Code of Ethics in Business Operations, the Podravka Group has committed to a zero-tolerance rate for bribery and corruption. By decision of the Management Board of Podravka Inc. from January 2025, a committee responsible for implementing the Code (the Ethics Committee) was established, consisting of 5 members, which is independent in its decision-making. Every employee of the Podravka Group has the right to inform the Ethics Committee about a violation of the Code, after which the Ethics Committee considers the report and makes a decision within 15 days. Every case of a violation of the Code is reported to Internal Audit. The Podravka Group conducts training on the prevention of corruption, and in 2024, training was held for members

⁴⁵ <https://www.podravka.com/investors/corporate-governance/documents/>



of the Management Board of Podravka Inc. on the topic of conflict of interest (which includes the topic of bribery and corruption), and for 2025, training on the topic of conflict of interest and prevention of corruption for the entire business organisation is planned.

In 2024, there were no recorded cases of bribery and corruption, nor fines for violations of regulations on preventing corruption and bribery.

INFORMATION SECURITY

Information security is also an important segment of corporate culture. The Podravka Inc. has an ISO/IEC 27001:2022 certificate and related documentation covering various topics in the field of information security. The umbrella policy is the Information Security Policy, and it establishes principles that protect the values and reputation of the Podravka Group, as well as consumer trust.

Due to the digital transformation of the business environment in the last few years, there has been an exponential growth of cyberattacks. In almost all relevant reports, the risk of cyberattacks is considered the number one risk of business disruption in the corporate environment. The security of the information system therefore represents one of the key foundations for business continuity, because any incident in this segment can result in large financial damages caused by longer disruption of business processes.

Despite all the above challenges, and thanks to the increased efforts of Podravka's Corporate and Information Security and Informatics sectors, no significant security incidents were recorded that would cause the information system to be unavailable and consequently have an impact on the continuity of the company's business.

Systematic education of all employees, which has also been extended to subsidiaries, *security awareness*⁴⁶

training for new employees and *e-learning*⁴⁷ courses ensure the appropriate implementation of information security requirements.

At the end of 2024, a control audit of the Information Security Management System based on the ISO/IEC 27001:2022 standard was successfully conducted, focusing on ICT service activities as a support for the management of processes related to the development, production, storage, sale and distribution of food products. The Podravka Inc. has held the certificate for four years.

SUPPLIER RELATIONSHIP MANAGEMENT

Managing relationships in the supply chain is of strategic importance for the Podravka Group, since suppliers are an important link in creating added value at the level of individual companies and the Group as a whole. Through procurement processes, a partnership relationship with suppliers is nurtured in order to achieve a timely, safe and high-quality supply of resources needed for production, thereby ensuring business continuity and increasing competitiveness on the market.

Podravka Group's procurement is divided into procurement categories for which procurement strategies are determined in a targeted manner, and relationships with suppliers are managed within them. In order to achieve the best value for money, market research is regularly conducted and annual, semi-annual and monthly tenders are organised.

In the last few years, including during 2024, the base of alternative suppliers has been significantly expanded, especially in key strategic categories. The Podravka Group is continuously working on finding alternative suppliers in order to ensure stability in the supply of raw materials and materials. In the production companies of the Podravka Group (Podravka Inc., Žito Ltd. and Belupo Inc.), procurement processes have been digitised and are carried out using the SAP Ariba tool, which significantly

⁴⁶ training aimed at raising awareness about information security

⁴⁷ Online trainings



contributes to the efficiency and transparency of procurement. During 2024, 887 procurement processes were carried out through the SAP Ariba system in all companies in the Food and Pharmaceuticals segments, and the full effects of its implementation are expected in the coming period.

By expanding the base of alternative suppliers and using digital tools, especially eAuctions, positive financial effects were achieved in the form of a reduction in the average purchase price in 2024 by -4.65% compared to the average purchase price in 2023. In the double materiality assessment process, opportunities were recognised for increasing efficiency and optimising procurement costs through continued centralisation and digitisation of procurement processes.

In addition to the use of digital tools, the standardisation of procurement processes at the corporate level will be significantly contributed to by the implementation of the Podravka Group Procurement Process Management Policy, which is in the process of being adopted. The policy is an internal document and establishes the principles and fundamental principles that all companies within the Group are obliged to apply when purchasing goods and services. Responsibility for the implementation lies with the managers of the procurement sector or with the directors who manage affiliated companies. The Procurement sector in Podravka Inc. is responsible for supervising the implementation of the Procurement Process Management Policy.

Once a year, a supplier evaluation procedure is carried out, whereby environmental and social factors are evaluated, but they do not represent a mandatory criterion. After the adoption of the Policy and its full application, a revision of all operational processes, including the supplier evaluation procedure, is planned. The criterion of sustainability will be introduced as one of the mandatory criteria in the supplier evaluation process, and partners who operate in accordance

with the principles of sustainability and can provide appropriate evidence for this will receive additional points. Through the assessment of double materiality, an opportunity was identified to ensure the continuity of the Group's operations by expanding the base of suppliers who are able to meet the requirements of EU regulations related to sustainability.

The integration of ESG principles into the procurement process will certainly be further facilitated by the comprehensive application of the Supplier Code of Conduct during 2025. As the parent company of the Podravka Group, which operates in accordance with the OECD Guidelines for Multinational Enterprises and the UN Principles for Human Rights, Podravka Inc. expects socially responsible business conduct from all affiliated companies and suppliers. The Supplier Code of Conduct is fully in line with applicable ILO⁴⁸ standards and, among others, includes compliance with principles relating to business ethics, protection of human rights, responsible treatment of the environment and resources, and employees. The Podravka Group will monitor the application of the Code through cooperation with suppliers, and acceptance of the Code will become an integral part of the supplier evaluation process.

In 2024, the Podravka Group recorded transactions with 9,996 suppliers, of which more than 60% were domestic suppliers. The use of locally produced raw materials is one of the strategic priorities of the Food segment.

In 2024, there were no recorded cases related to bribery and corruption at the Podravka Group level.

SUPPLIER PAYMENT PRACTICES

At the end of 2024, the Podravka Group adopted the Podravka Group Treasury Management policy, the main objective of which is to standardise business processes within the scope of the Treasury through the application of the same rules throughout the Podravka Group.

⁴⁸ International Labour Organization



The policy was adopted by the Management Board of Podravka Inc. and it is applied to all companies of the Podravka Group, while the Treasury sector of Podravka Inc. is responsible for supervising and controlling the implementation of the Policy.

The policy, among other things, prescribes the standard payment deadlines for the financial liabilities of the Podravka Group, which are applied in contractual relationships with all categories of suppliers within the Podravka Group. The standard payment deadlines for suppliers are in accordance with the deadlines prescribed by law. Payments of financial liabilities in the Podravka Group are made within the deadlines in accordance with the agreed payment terms.

The Policy also prescribes the rules that apply when making payments, which stipulate, among other things, that all financial liabilities of the Podravka Group companies are settled when due. In the reporting period, the Podravka Group settled all its financial liabilities, which were certified and recorded, in accordance with the adopted Policy and as agreed with its suppliers.

The invoices by suppliers have on average been paid within 37 days from the date on which the legal or contractual payment obligation starts. Suppliers are not classified in the ERP system by their size (small, mid and large), therefore the average time of invoice payment has been established on the basis of realised turnover with suppliers.

In the total number of Podravka Group suppliers, the largest number (98.62% of the total) are suppliers with turnover up to EUR 1m and their invoices have been settled on average within 37 days. The share of suppliers with turnover between EUR 1-3m make 1.04% and their invoices have been settled on average within 40 days. For the remaining number of suppliers with turnover larger than EUR 3m, which make 0.34% of the total number of Podravka Group suppliers, the invoices have been settled on average within 34 days.

The Podravka Group settles 88% of suppliers' invoices by the payment deadline, whereby the reason for late payment of the remaining 12% is primarily of technical nature, such as adjustment of items with suppliers, complaints and similar.

The contractual deadline for payment of suppliers of Podravka Group, with turnover up to EUR 1m on average, amount to 39 days, while suppliers with turnover of EUR 1-3m have an arranged payment deadline of 50 days. Average contractual deadlines for suppliers who have produced traffic greater than EUR 3m and more amount to 48 days

In 2024, no legal proceedings were initiated against the Podravka Group related to late payment, nor are there any active proceedings from previous periods.



MANAGEMENT STATEMENT OF RESPONSIBILITY FOR THE SUSTAINABILITY STATEMENT

According to the provisions of Articles 32 and 36 of the Accounting Act (NN 85/24, 145/24), the Management Board is responsible for the preparation of the consolidated Sustainability Report in accordance with the European Sustainability Reporting Standards (ESRS) and for:

- preparation of disclosures in the section "Report on the requirements of the Taxonomy Regulation" of the consolidated Sustainability Report in accordance with the reporting requirements of Article 8 of EU Regulation 2020/852 (EU Taxonomy Regulation)
- design, implementation, and maintenance of internal control systems that the Management Board deems necessary to enable the preparation of the consolidated Sustainability Report, free from material misstatements due to fraud or error, and
- selection and application of appropriate sustainability reporting methods, as well as making reasonable judgments and estimates regarding individual sustainability disclosures, considering the circumstances.

The Management Board is also responsible for the design and implementation of the process for identifying information disclosed in the consolidated Sustainability Report in accordance with the ESRS, and for disclosing this process in the section "ESRS 2; IRO-1 Double materiality assessment for the Podravka Group" in the consolidated Sustainability Report. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and understanding the affected stakeholders;
- identification of actual and potential impacts (both negative and positive) related to sustainability issues, as well as risks and opportunities that affect, or could reasonably be expected to affect the Group's financial position, financial performance, cash flows, access to financing or cost of capital in the short, medium, or long term;
- assessment of the significance of the identified impacts, risks, and opportunities related to sustainability issues by selecting and applying appropriate materiality thresholds, and
- making assumptions that are reasonable under the circumstances.

The consolidated Sustainability Report was approved by the Management Board on April 15, 2025.

Signed on behalf of the Management Board on April 15, 2025.



Martina Dalić
President of the Management Board



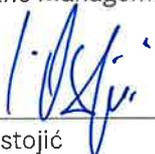
Davor Doko
Member of the Management Board



Ljiljana Šapina
Member of the Management Board



Milan Tadić
Member of the Management Board



Ivan Ostojić
Member of the Management Board



Independent auditor's limited assurance report on Sustainability Statement

To the Shareholders of Podravka d.d.

Scope

We have been engaged by Podravka d.d. to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on consolidated Sustainability Statement (the "Subject Matter") of Podravka d.d. (the "Company", an EU/EEA entity) and its subsidiaries (together "the Group"), contained in the Management Report (the "Sustainability Statement"), as at 31 December 2024 and for the year then ended.

Criteria applied by the Group

In preparing the Sustainability Statement, the Group applied the provisions of the Articles 32 and 36 of the Croatian Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note ESRS 2 IRO-1 *Double materiality assessment for the Podravka Group* and IRO-2 *Content of the sustainability statement of the Podravka Group*; and
- Compliance of the disclosures set out in the Sustainability Statement with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

Inherent limitations in preparing the sustainability statement

Inherent limitations exist in all assurance engagements.

The criteria, nature of the Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In reporting forward-looking information in accordance with ESRS, Management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, Management interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.



**Shape the future
with confidence**

Management and Audit Committee responsibilities

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in note ESRS 2 IRO-1 *Double materiality assessment for the Podravka Group* and IRO-2 *Content of the sustainability statement of the Podravka Group*. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with Croatian Accounting Act Articles 32 and 36, including:

- compliance with the ESRS;
- preparing the disclosures in the *Report on the requirements of the Taxonomy Regulation* within the environmental section of the Sustainability Statement, in compliance with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that Management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Audit committee is responsible for overseeing the Group's sustainability reporting process.

Auditor's responsibilities

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)') as prescribed by the Article 37 of the Croatian Accounting Act, and the terms of reference for this engagement as agreed with Podravka d.d. on 18 December 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.



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Our responsibilities in respect of the Subject Matter, in relation to the Process, include:

- Obtaining an understanding of the process but not for the purpose of providing a conclusion on the effectiveness of the process, including the outcome of the process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the process is consistent with the Group's description of its process, as disclosed in note ESRS 2 IRO-1 *Double materiality assessment for the Podravka Group* and IRO-2 *Content of the sustainability statement of the Podravka Group*.

Our other responsibilities in respect of the Subject Matter include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error;
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. 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.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We have the required competencies and experience to conduct this assurance engagement.

We also apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.



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A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Sustainability statement and related information, and applying analytical and other appropriate procedures.

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
 - performing inquiries to understand the sources of the information used by Management (e.g., stakeholder engagement, business plans and strategy documents); and
 - reviewing the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the process implemented by the Group was consistent with the description of the process set out in note ESRS 2 IRO-1 *Double materiality assessment for the Podravka Group* and IRO-2 *Content of the sustainability statement of the Podravka Group*.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement including the consolidation process by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement, but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether material information identified by the process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify EU taxonomy eligible and aligned economic activities for turnover, CAPEX and OPEX and the corresponding disclosures in the Sustainability Statement;
- Evaluated the presentation and use of EU taxonomy templates in accordance with relevant requirements;
- Reconciled and ensured consistency between the reported EU taxonomy economic activities and the items reported in the primary financial statements including the disclosures provided in related notes.

We also performed such other procedures as we considered necessary in the circumstances.



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Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with Articles 32 and 36 of the Croatian Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note ESRS 2 IRO-1 *Double materiality assessment for the Podravka Group* and IRO-2 *Content of the sustainability statement of the Podravka Group*; and
- compliance of the disclosures in *Report on the requirements of the Taxonomy Regulation* within the environmental section of the Sustainability Statement with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

Other matters

The comparative information included in the Sustainability statement of the Group for the financial year 1 January - 31 December 2023 was not subject to an assurance engagement. Our conclusion is not modified with respect of this matter.

ERNST & YOUNG
d.o.o.
Zagreb, Radnička cesta 50

Berislav Horvat
President of the Management Board and Certified auditor

15 April 2025

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

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Management Board is required to prepare the consolidated financial statements for each financial year which give a true and fair view of the financial position of the Company and its subsidiaries ("the Group") 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 Group 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 consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business. After making enquiries, the Management Board has a reasonable expectation that the Group 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 consolidated financial statements.

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

The separate financial statements of the Company are published separately and issued simultaneously with the annual consolidated financial statements.

Martina Dalić

President of the Management Board

Ljiljana Šapina

Member of the Management Board

Ivan Ostojić

Member of the Management Board

Davor Doko

Member of the Management Board

Milan Tadić

Member of the Management Board

Podravka d.d.

Ante Starčevića 32

48 000 Koprivnica

Republic of Croatia

Koprivnica, 15 April 2025

Podravka 
PREHRAMBENA INDUSTRIJA D.D.
KOPRIVNICA 173

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Podravka d.d.

Report on the audit of the consolidated financial statements

Opinion

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

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated 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 consolidated financial statements* section of our report.

We are independent of the Company and the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.



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Key Audit Matter	How we addressed Key Audit Matter
<p>Impairment of brands and goodwill</p> <p>A description of the key judgements and estimates regarding impairment of the Group's brands and goodwill are included in Note 3 Material accounting policy information and Note 6 Key accounting judgements and estimates. The asset is presented in Note 17 Goodwill and Note 18 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 and goodwill 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 brands and goodwill 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 consolidated financial statements and if these are in line with the requirements of the IFRS as adopted by the EU.</p>



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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 consolidated financial statements, the Group 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 confirmed 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 IFRS as adopted by the EU. 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 differed to contractual terms, 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 Group's accounting records.</p> <p>In addition, we assessed on the adequacy of the relevant disclosures in the consolidated financial statements and if these are in line with the requirements of the IFRS as adopted by the EU.</p>



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Other information

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

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

With respect to the Management Report (excluding the Sustainability Statement) and Corporate Governance Report, we also performed procedures required by the Accounting Act. Those procedures include considering whether the Management Report (excluding the Sustainability Statement) is prepared in accordance with the requirements of Articles 22 and 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in Articles 22 and 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 consolidated financial statements;
2. the enclosed Management Report is prepared in accordance with requirements of Articles 22 and 24 of the Accounting Act, excluding the requirements on sustainability reporting. Auditor's conclusion regarding the procedures conducted on the Sustainability Statement, in accordance with Article 37 of the Accounting Act, is provided separately; and
3. the enclosed Corporate Governance Report includes the information specified in Articles 22 and 25 of the Accounting Act.

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

Responsibilities of management and Audit Committee for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.



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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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, as contained in the attached electronic file PodravkaGroup-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.



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Responsibilities of the management and Audit Committee

Management is responsible for the preparation of the consolidated financial statements in accordance with ESEF Regulation.

Furthermore, management is responsible for maintaining an internal control system that reasonably ensures the preparation of consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, which are included in the annual report, are prepared in the relevant XHTML format,
- the information contained in the consolidated 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.



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Conclusion

Based on the procedures performed and evidence gathered, the consolidated 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 consolidated 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.

ERNST & YOUNG
d.o.o.
Zagreb, Radnička cesta 50

Berislav Horvat
President of the Management Board and Certified auditor

15 April 2025

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

Vedran Miloš
Director and Certified auditor

15 April 2025

Grant Thornton revizija d.o.o.
Ulica Grada Vukovara 284
10000 Zagreb
Republic of Croatia



Grant Thornton revizija d.o.o.
HR - 10000 Zagreb

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

<i>(in thousands of EUR)</i>	Note	2024	2023
Revenues	8	766,502	713,848
Cost of goods sold	11	(474,916)	(465,141)
Gross profit		291,586	248,707
Other income	9	5,002	3,136
General and administrative expenses	11	(61,225)	(53,720)
Selling and distribution costs	11	(98,919)	(88,976)
Marketing expenses	11	(53,925)	(47,874)
Other expenses	10	(2,541)	(2,018)
Operating profit		79,978	59,255
Financial income	13	2,524	1,182
Financial expenses	14	(2,639)	(1,821)
Profit before tax		79,863	58,616
Income tax	15	(4,526)	8,964
Profit for the year		75,337	67,580
Other comprehensive income:			
Items that will not be reclassified to profit or loss account			
Actuarial (loss)/profit - (net of deferred tax)		(108)	86
Change in fair value of equity instruments through OCI (net of deferred tax)		21	-
Items that can be subsequently reclassified to profit and loss account			
Exchange differences on translation of foreign operations		(234)	5
Total other comprehensive (loss)/income		(321)	91
Total comprehensive income		75,016	67,671
Profit attributable to:			
Equity holders of the parent		73,862	66,362
Non-controlling interests		1,475	1,218
Total comprehensive income attributable to:			
Equity holders of the parent		73,541	66,453
Non-controlling interests		1,475	1,218
Earnings per share (in EUR)			
- Basic	16	10.5	9.4
- Diluted	16	10.4	9.4

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

(in thousands of EUR)

	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Goodwill	17	3,698	3,776
Intangible assets	18	36,714	33,439
Property, plant and equipment	19	380,309	342,366
Right-of-use assets	20	16,728	13,200
Investment property	21	13,698	13,819
Non-current financial assets	23	1,047	5,734
Deferred tax assets	15	28,358	25,385
Total non-current assets		480,552	437,719
Current assets			
Inventories	24	166,363	150,826
Trade and other receivables	25	153,495	128,255
Financial assets at fair value through profit and loss	26	2	59
Debt instruments at amortized cost	27	-	7,957
Income tax receivable		595	3,292
Cash and cash equivalents	28	27,138	42,528
Current assets excluding non-current assets held for sale		347,593	332,917
Non-current assets held for sale	29	7,251	7,434
Total current assets		354,844	340,351
Total assets		835,396	778,070
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	30	213,600	213,600
Share premium	30	17,370	17,479
Treasury shares	30	(8,569)	(6,929)
Reserves	31	197,454	172,144
Retained earnings	32	193,609	168,056
Attributable to equity holders of the parent		613,464	564,350
Non-controlling interests	33	10,864	10,642
Total shareholders' equity		624,328	574,992
Non-current liabilities			
Borrowings	35	72	534
Lease liabilities	20	11,591	8,137
Non-current provisions for employee benefits	36	7,637	7,482
Other non-current provisions	36	5,061	5,068
Other non-current liabilities	37	2,310	2,427
Deferred tax liability	15	4,142	4,352
Total non-current liabilities		30,813	28,000
Current liabilities			
Trade and other payables	38	119,032	117,091
Income tax payable		6,097	1,845
Financial liabilities at fair value through profit and loss	34	30	9
Borrowings	35	40,512	43,507
Lease liabilities	20	5,458	5,254
Current provisions for employee benefits	36	8,821	7,192
Other current provisions	36	305	180
Total current liabilities		180,255	175,078
Total liabilities		211,068	203,078
Total equity and liabilities		835,396	778,070

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S 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	Non-controlling interests	Total
As at 1 January 2023	207,897	24,780	(5,634)	163,898	128,241	519,182	9,424	528,606
<i>Comprehensive income</i>								
Profit for the year	-	-	-	-	66,362	66,362	1,218	67,580
Foreign exchange differences	-	-	-	5	-	5	-	5
Actuarial profit (net of deferred tax)	-	-	-	86	-	86	-	86
Other comprehensive income	-	-	-	91	-	91	-	91
Total comprehensive income	-	-	-	91	66,362	66,453	1,218	67,671
<i>Transactions with owners and transfers recognised directly in equity</i>								
Allocation from retained earnings (note 31)	-	-	-	8,155	(8,155)	-	-	-
Exercise of options	-	(2,430)	3,955	-	187	1,712	-	1,712
Fair value of share-based payment transactions	-	832	-	-	-	832	-	832
Dividend declared	-	-	-	-	(18,579)	(18,579)	-	(18,579)
Purchase of treasury shares	-	-	(5,250)	-	-	(5,250)	-	(5,250)
Increase in share capital - HRK to EUR conversion	5,703	(5,703)	-	-	-	-	-	-
Total transactions with owners recognised directly in equity	5,703	(7,301)	(1,295)	8,155	(26,547)	(21,285)	-	(21,285)
As at 31 December 2023	213,600	17,479	(6,929)	172,144	168,056	564,350	10,642	574,992
<i>Comprehensive income</i>								
Profit for the year	-	-	-	-	73,862	73,862	1,475	75,337
Foreign exchange differences	-	-	-	(234)	-	(234)	-	(234)
Change in fair value of equity instruments through OCI	-	-	-	21	-	21	-	21
Actuarial loss (net of deferred tax)	-	-	-	(108)	-	(108)	-	(108)
Other comprehensive income/(loss)	-	-	-	(321)	-	(321)	-	(321)
Total comprehensive income/(loss)	-	-	-	(321)	73,862	73,541	1,475	75,016
Dividend distribution to minority owner	-	-	-	-	-	-	(1,253)	(1,253)
Allocation from retained earnings (note 31)	-	-	-	25,631	(25,631)	-	-	-
Exercise of options	-	(1,122)	1,581	-	(199)	260	-	260
Fair value of share-based payment transactions (note 40)	-	1,013	-	-	-	1,013	-	1,013
Dividend declared	-	-	-	-	(22,479)	(22,479)	-	(22,479)
Purchase of treasury shares (note 30)	-	-	(3,221)	-	-	(3,221)	-	(3,221)
Total transactions with owners recognised directly in equity	-	(109)	(1,640)	25,631	(48,309)	(24,427)	(1,253)	(25,680)
As at 31 December 2024	213,600	17,370	(8,569)	197,454	193,609	613,464	10,864	624,328

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands of EUR)

	<i>Note</i>	2024	2023
Profit before tax		79,863	58,616
Depreciation and amortization	11	34,391	31,825
Impairment of property, plant and equipment	10	271	86
Impairment of intangible assets	10	770	783
Reversal of impairment of trade receivables and other receivables		(133)	(368)
Reversal of impairment of assets held for sale	10	(4)	-
Reversal of impairment of loans given and interest		(4)	(4)
Reversal of impairment of long term financial assets	9	(1,970)	-
Gain/(loss) on disposal of non-current assets and right-of-use assets		870	(760)
Remeasurement of financial assets and liabilities at FVTPL	13	78	(38)
Share-based payment transactions		1,013	832
Gain on write-off of liabilities	9	(828)	(75)
Gain on disposal of assets held for sale		(149)	(54)
Change in fair value of financial assets through OCI		52	-
Increase in provisions		1,775	1,973
Interest income	13	(2,510)	(1,141)
Dividend income and similar		(14)	(3)
Interest expense	14	2,492	1,563
Foreign exchange differences		(78)	63
Total adjustments		36,022	34,682
Changes in working capital:			
(Increase)/Decrease in inventories		(15,536)	16,236
Increase in receivables		(8,082)	(9,932)
Increase in payables		2,437	21,335
Cash generated from operations		94,704	120,937
Income taxes paid		(1,877)	(3,947)
Interest paid		(4,006)	(1,583)
Net cash from operating activities		88,821	115,407
Cash flows from investing activities			
Purchase of property, plant, equipment and intangibles		(71,186)	(73,780)
Investment in debt instruments at amortised cost		-	(15,912)
Proceeds from investment in debt instruments at amortised cost		8,000	48,293
Proceeds from sale of assets held for sale	29	315	231
Proceeds from sale of property, plant, equipment and intangibles		599	970
Deposits given		(15,178)	(7)
Proceeds from loans given		16	4
Proceeds from financial instruments		6,801	-
Interest received		2,466	570
Dividends received		14	3
Net cash from investing activities		(68,153)	(39,628)
Cash flows from financing activities			
Dividend paid		(22,347)	(18,467)
Dividend distribution to minority shareholder		(1,253)	-
Purchase of treasury shares	30	(3,221)	(5,250)
Sale of treasury shares		854	2,625
Proceeds from borrowings		18,006	65,771
Repayment of borrowings		(20,970)	(93,034)
Repayment of leases		(7,127)	(6,809)
Net cash from financing activities		(36,058)	(55,164)
Net (decrease)/increase in cash and cash equivalents		(15,390)	20,615
Cash and cash equivalents at beginning of year		42,528	21,913
Cash and cash equivalents at the end of year	28	27,138	42,528

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

NOTES TO THE CONSOLIDATED 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. The principal activities of the Group comprise production of a wide range of food products as well as production and distribution of drugs, pharmaceutical products, cosmetics, auxiliary medical preparations and other chemicals. The Group consists of the parent company Podravka d.d. and its subsidiaries as stated in note 22. Podravka d.d. was established as a joint stock company under the entity registration number 010006549 and personal identification number 18928523252.

The Group 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 30.

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 Buričević	(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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 2 – BASIS OF PREPARATION

(i) Statement of compliance

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

Financial statements are presented for the Group. The financial statements of the Group comprise the consolidated financial statements of the Company and its subsidiaries. The separate financial statements of the Company, which the Company is also required to prepare in accordance with EU IFRS, are published separately and issued simultaneously with these consolidated financial statements. The consolidated financial statements are available on the Company’s website.

Changes in accounting policies are explained in note 5.

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

(ii) Basis of measurement

The consolidated financial statements of the Group have been prepared on the historical cost basis, except where stated otherwise (see note 6).

(iii) Functional and presentation currency

The items included in the Group's financial statements are expressed in the currency of the primary economic environment in which the Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of Podravka d.d. (“the Company”) and entities controlled by Podravka d.d. (its subsidiaries) as at and for the year ended 31 December 2024. Control is achieved if the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(i) Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

(ii) Business combinations

The Group uses the acquisition method of accounting to account for business combinations.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

(iii) Non-controlling interests

Non-controlling interests are initially measured by their proportionate share of recognised net assets of the acquiree at the acquisition date. Changes in the Group’s share in the subsidiary that do not result in loss of control are accounted for as transactions with owners.

3.2 Goodwill

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

3.3 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 Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer.

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

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

The Group manufactures and sells its own products and goods of third parties (for which the Group is a distributor) in the wholesale market. Revenue is recognised when the Group 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 specified 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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue recognition (continued)

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

Sales of products and goods sold in retail stores are recognised when the Group sells a product to the customer. Retail sales are usually in cash or by credit card. The Group 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) Financial 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.

3.4 Leases

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

The Group 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 Podravka Group 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 20).

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Government grants

Government grants are not recognised until there is reasonable assurance that the Group 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 Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated 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 loss already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.6 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.

3.7 Segment reporting

A segment is a distinguishable component of the Group 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 consolidated level, the Group internally monitors and reports the following segments:

- 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
- Pharmaceuticals
- Other sales

The Group identifies business segments on the basis of internal reports about components of the Group 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 Group reconsidered internal monitoring and reporting by segment, reorganizing individual product groups within existing segments.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Taxation

(i) *Income taxes*

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.

(iii) *Investment tax credits*

Investment tax credits are incentives arising from government incentive schemes which enable the Group 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 Group 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.

3.9 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 and when necessary.

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.

3.10 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 over their useful lives generally ranging from 10 to 50 years, depending on the type of the building.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Intangible assets

(i) Licences, brands, distribution rights and registration

Product distribution rights and right over use of registration files generally 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 licences, distribution rights and registrations, and brands with definite useful lives over their useful lives estimated from 3 to 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 the 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 3.12).

(ii) Computer software

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.

(iii) Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment loss, on the same basis as intangible assets that are acquired separately.

3.12 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (apart from 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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 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).

3.14 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.

3.15 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 consolidated statement of financial position.

3.16 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 Group 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.

3.17 Employee benefits

(i) Pension obligations and post-employment benefits

In the normal course of business through salary payment, the Group makes payments to mandatory pension funds operated 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 Group is not obliged to provide any other post-employment benefits with respect to these pension schemes.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Employee benefits (continued)

(ii) Termination benefits

Termination benefits are recognized when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as expenses 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

Retirement 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 the 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 Group 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.

(v) Short-term employee benefits

The Group 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 Group 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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Financial instruments

A. Financial assets

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

The structure of the Group's financial assets is simple and primarily relates to trade receivables without a significant financial component, loans given and short-term deposits in banks at fixed interest rates, 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 Group 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 Group holds derivative financial instruments to hedge its foreign currency. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

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

D. Impairment of non-derivative financial assets

Recognition of impairment losses

The Group recognises loss allowances for expected credit loss (ECLs) on:

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

The Group 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 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 Group 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 Group's historical experience and informed credit assessment and including forward-looking information.

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Financial instruments (continued)

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

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group 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 Group 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 Group in accordance with the contract and the cash flows that the Group 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) separately for each of the Group's companies, adjusted for the macroeconomic impact. The calculation of the historical rate is adjusted for extraordinary and specific circumstances, if required.

Credit-impaired financial assets

At each reporting date, the Group 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group 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 CONSOLIDATED 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 Group does not anticipate that the adoption of these Standards and Interpretations will have a significant impact on the financial statements of the Group.

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 Group 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 Group.

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 judgements 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 36).

(iii) Consequences of certain legal actions

The Group 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 Group's obligations arising from these legal actions are recognised on a consistent basis.

The Group 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 Group. The Group 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 Group.

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 Group is a plaintiff in a particular court case, any economic benefits expected to flow to the Group 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 Group's obligations arising from legal actions are recognised on a consistent basis and estimated on a case by case principle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) *Impairment testing for goodwill, brands and rights*

The Group tests goodwill, brands and rights for impairment on an annual basis in accordance with accounting policy 3.14. For the purposes of impairment testing, goodwill, brands and rights with indefinite useful lives and brands and rights with finite useful lives have been allocated to cash generating units within reportable segments at their net carrying amount at the reporting date as follows:

	Goodwill	Brands	Rights
Operating segment	<i>(in thousands of EUR)</i>		
BU Culinary	-	971	-
BU Soups	-	-	-
BU Cereals, Snack and Beverages	-	3,536	-
BU Creamy spreads and Desserts	-	681	-
BU Bakery	-	3,684	-
BU Fruit and Vegetables	-	58	-
BU Basic food	3,698	852	-
BU Meat products	-	-	-
BU Fish	-	2,495	-
Pharmaceuticals	-	-	5,953
Other - unallocated	-	-	2,417
	3,698	12,277	8,370

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.

Goodwill

Goodwill relates entirely to goodwill arising on acquisition of the subsidiary Podravka Lagris a.s. The Group annually performs an impairment test in order to assess whether the recoverable amount of goodwill indicates potential impairment of its carrying amount. The calculation of the recoverable amount of goodwill is based on five-year plans for sales on the Czech market and business plans of the subsidiary developed by the Group bearing in mind its corporate selling and marketing strategy, relevant market trends (such as estimated movements in gross domestic product, market share of relevant products and categories) and the analysis of its competitors.

The calculation of the recoverable amount implies a terminal growth rate for cash flows after the projected five-year period amounting to 2.00% (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 for goodwill as the weighted average cost of capital after tax for the Czech market and the food industry and amounts to 6.41% (2023: 6.75%).

As a result of the impairment testing of goodwill, the Group had no impairment losses relating to goodwill during 2023 and 2024.

The sensitivity analysis of presumptions indicates the need for the impairment of goodwill in case of an increase in the weighted average cost of capital rate by 409 (2023: 598) basis points or a decrease in the terminal growth rate (assuming unchanged weighted average cost of capital) by 1,803 (2023: 2,295) basis points.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) Impairment testing for goodwill, brands and rights (continued)

Brands

Brands relate to acquired rights of use of logos, trademarks and brand names which the Group 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 Group 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 product and categories which comprise a certain brand and which the Group developed bearing in mind its corporate 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 (WACC) for the primary market the brand is sold on and the food industry.

For the purpose of recoverable amount of brands whose dominant markets are the markets of Croatia and Slovenia, as at 31 December 2024 the Group 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 markets are the markets of Croatia and Slovenia (a total of 5 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 9.32% (2023: ranging from 5.58% to 10.42%), while the applied terminal growth rates range from 2.50% to 3.54% (2023: ranging from 2.80% to 3.45%). The recoverable amount of the 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	836	836	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
Brand 5	438	438	2,970	2,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) *Impairment testing for goodwill, brands and rights (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 426 basis points (2023: 321) with unchanged terminal growth rate would result in an impairment of EUR 3 thousand (2023: EUR 3 thousand).
		Terminal growth rate	2024: 2.60% 2023: 2.85%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 573 basis points (2023: 415) would result in an impairment of EUR 5 thousand (2023: EUR 5 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 refers 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).
Method of non-payment of royalties	Brand 5	Weighted average cost of capital	2024: 9.32% 2023: 10.42%	Increase in weighted average cost of capital by 4,098 basis points (2023: 4,388) with unchanged terminal growth rate would result in an impairment of EUR 2 thousand (2023: EUR 2 thousand).
		Terminal growth rate	2024: 3.54% 2023: 3.45%	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 refers to 2023).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) *Impairment testing for goodwill, brands and rights (continued)*

Brands (continued)

When calculating the recoverable amount of brands whose dominant market is the Slovenian market (a total of 25 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 7.48% (2023: ranging from 5.58% to 8.57%) while the applied terminal growth rate ranges from 1.84% to 2.77% (2023: ranging from 0.00% to 2.95%).

The recoverable amount of 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	1,712	1,712	9,209	8,583
Brand 2	519	519	6,744	4,667
Brand 3	398	398	1,304	1,175
Brand 4	121	121	509	482
Brand 5	87	87	657	653
Brand 6	92	92	419	387
Brand 7	38	38	333	355
Brand 8	-	-	-	-
Brand 9	421	421	5,653	5,136
Brand 10	254	254	1,023	1,075
Brand 11	38	38	181	149
Brand 12	322	322	792	608
Brand 13	239	239	4,490	4,631
Brand 14	212	212	2,959	2,862
Brand 15	97	97	625	726
Brand 16	-	-	-	-
Brand 17	291	291	1,542	416
Brand 18	334	334	1,954	1,636
Brand 19	-	-	-	-
Brand 20	486	486	11,063	9,745
Brand 21	-	-	-	-
Brand 22	29	35	284	35
Brand 23	27	27	135	47
Brand 24	208	208	486	509
Brand 25	24	24	66	60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) *Impairment testing for goodwill, brands and rights (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: 6.50%	Increase in weighted average cost of capital by 1,946 basis points (2023: 1,920) with unchanged terminal growth rate would result in an impairment of EUR 4 thousand (2023: EUR 4 thousand).
		Terminal growth rate	2024: 1.94% 2023: 2.23%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 8,719 basis points (2023: 7,393) would result in an impairment of EUR 1 thousand (2023: EUR 1 thousand).
Method of non-payment of royalties	Brand 2	Weighted average cost of capital	2024: 5.14% 2023: 5.66%	Increase in weighted average cost of capital by 3,468 basis points (2023: 2,654) with unchanged terminal growth rate would result in an impairment of EUR 2 thousand (2023: EUR 2 thousand).
		Terminal growth rate	2024: 2.40% 2023: 2.72%	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 (2023: Decrease in terminal growth rate with unchanged weighted average cost of capital by 50,372 basis points would result in an impairment of EUR 1 thousand).
Method of non-payment of royalties	Brand 3	Weighted average cost of capital	2024: 5.17% 2023: 5.62%	Increase in weighted average cost of capital by 636 basis points (2023: 582) with unchanged terminal growth rate would result in an impairment of EUR 1 thousand (2023: EUR 1 thousand).
		Terminal growth rate	2024: 2.51% 2023: 2.80%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 918 basis points (2023: 808) would result in an impairment of EUR 1 thousand (2023: EUR 1 thousand).
Method of non-payment of royalties	Brand 4	Weighted average cost of capital	2024: 6.30% 2023: 6.51%	Increase in weighted average cost of capital by 1,306 basis points (2023: 1,239) with unchanged terminal growth rate would result in an impairment of EUR 1 thousand (2023: EUR 1 thousand).
		Terminal growth rate	2024: 2.60% 2023: 2.82%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 2,948 basis points (2023: 2,542) would result in an impairment of EUR 1 thousand (2023: EUR 1 thousand).
Method of non-payment of royalties	Brand 5	Weighted average cost of capital	2024: 5.52% 2023: 6.07%	Increase in weighted average cost of capital by 2,824 basis points (2023: 3,093) with unchanged terminal growth rate would result in an impairment of EUR 3 thousand (2023: EUR 3 thousand).
		Terminal growth rate	2024: 1.84% 2023: 2.06%	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 refers to 2023).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) *Impairment testing for goodwill, brands and rights (continued)*

Brands (continued)

Valuation technique	Brand	Significant inputs	Value	Sensitivity of the input to fair value
Method of non-payment of royalties	Brand 6	Weighted average cost of capital	2024: 5.05% 2023: 5.58%	Increase in weighted average cost of capital by 982 basis points (2023: 992) with unchanged terminal growth rate would result in an impairment of EUR 1 thousand (2023: EUR 1 thousand).
		Terminal growth rate	2024: 2.50% 2023: 2.80%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 1,696 basis points (2023: 1,680) would result in an impairment of EUR 1 thousand (2023: EUR 1 thousand).
Method of non-payment of royalties	Brand 7	Weighted average cost of capital	2024: 5.05% 2023: 5.58%	Increase in weighted average cost of capital by 2,305 basis points (2023: 2,682) with unchanged terminal growth rate would result in an impairment of EUR 1 thousand (2023: EUR 1 thousand).
		Terminal growth rate	2024: 2.50% 2023: 2.80%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 16,249 basis points (2023: 50,280) would result in an impairment of EUR 511 (2023: EUR 687).
Method of non-payment of royalties	Brand 9	Weighted average cost of capital	2024: 5.05% 2023: 5.58%	Increase in weighted average cost of capital by 3,814 basis points (2023: 3,722) with unchanged terminal growth rate would result in an impairment of EUR 797 (2023: EUR 825).
		Terminal growth rate	2024: 2.50% 2023: 2.80%	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 refers to 2023).
Method of non-payment of royalties	Brand 10	Weighted average cost of capital	2024: 7.01% 2023: 7.48%	Increase in weighted average cost of capital by 1,390 basis points (2023: 1,562) with unchanged terminal growth rate would result in an impairment of EUR 1 thousand (2023: EUR 1 thousand).
		Terminal growth rate	2024: 2.69% 2023: 2.87%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 3,369 basis points (2023: 4,037) would result in an impairment of EUR 745 (2023: EUR 735).
Method of non-payment of royalties	Brand 11	Weighted average cost of capital	2024: 5.05% 2023: 5.58%	Increase in weighted average cost of capital by 1,053 basis points (2023: 892) with unchanged terminal growth rate would result in an impairment of EUR 369 (2023: EUR 328).
		Terminal growth rate	2024: 2.50% 2023: 2.80%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 1,879 basis points (2023: 1,430) would result in an impairment of EUR 216 (2023: EUR 230).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) *Impairment testing for goodwill, brands and rights (continued)*

Brands (continued)

Valuation technique	Brand	Significant inputs	Value	Sensitivity of the input to fair value
Method of non-payment of royalties	Brand 12	Weighted average cost of capital	2024: 6.59% 2023: 7.52%	Increase in weighted average cost of capital by 620 basis points (2023: 438) with unchanged terminal growth rate would result in an impairment of EUR 494 (2023: EUR 420).
		Terminal growth rate	2024: 2.61% 2023: 2.83%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 936 basis points (2023: 613) would result in an impairment of EUR 1 thousand (2023: EUR 1 thousand).
Method of non-payment of royalties	Brand 13	Weighted average cost of capital	2024: 5.05% 2023: 5.58%	Increase in weighted average cost of capital by 5,323 basis points (2023: 6,762) with unchanged terminal growth rate would result in an impairment of EUR 359 (2023: EUR 408).
		Terminal growth rate	2024: 2.50 % 2023: 2.80%	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 refers to 2023).
Method of non-payment of royalties	Brand 14	Weighted average cost of capital	2024: 6.85% 2023: 7.34%	Increase in weighted average cost of capital by 7,305 basis points (2023: 7,666) with unchanged terminal growth rate would result in an impairment of EUR 502 (2023: EUR 475).
		Terminal growth rate	2024: 2.66% 2023: 2.86%	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 refers to 2023).
Method of non-payment of royalties	Brand 15	Weighted average cost of capital	2024: 5.05% 2023: 5.85%	Increase in weighted average cost of capital by 1,518 basis points (2023: 2,135) with unchanged terminal growth rate would result in an impairment of EUR 452 (2023: EUR 438).
		Terminal growth rate	2024: 2.50% 2023: 2.85%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 3,810 basis points (2023: 9,485) would result in an impairment of EUR 223 (2023: EUR 261).
Method of non-payment of royalties	Brand 17	Weighted average cost of capital	2024: 5.09% 2023: 5.58%	Increase in weighted average cost of capital by 1,190 basis points (2023: 247) with unchanged terminal growth rate would result in an impairment of EUR 124 (2023: EUR 129).
		Terminal growth rate	2024: 2.50% 2023: 0.00%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 2,347 basis points (2023: 332) would result in an impairment of EUR 319 (2023: EUR 317).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) *Impairment testing for goodwill, brands and rights (continued)*

Brands (continued)

Valuation technique	Brand	Significant inputs	Value	Sensitivity of the input to fair value
Method of non-payment of royalties	Brand 18	Weighted average cost of capital	2024: 7.48% 2023: 8.57%	Increase in weighted average cost of capital by 2,623 basis points (2023: 2,643) with unchanged terminal growth rate would result in an impairment of EUR 1 thousand (2023: EUR 1 thousand).
		Terminal growth rate	2024: 2.77% 2023: 2.95%	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 (2023: Decrease in terminal growth rate with unchanged weighted average cost of capital by 550,295 basis points would result in an impairment of EUR 114).
Method of non-payment of royalties	Brand 20	Weighted average cost of capital	2024: 5.05% 2023: 5.58%	Increase in weighted average cost of capital by 7,433 basis points (2023: 7,302) with unchanged terminal growth rate would result in an impairment of EUR 262 (2023: EUR 282).
		Terminal growth rate	2024: 2.50% 2023: 2.80%	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 refers to 2023).
Method of non-payment of royalties	Brand 22	Weighted average cost of capital	2024: 5.05% 2023: 5.58%	Increase in weighted average cost of capital by 2,554 basis points with unchanged terminal growth rate would result in an impairment of EUR 1 thousand.
		Terminal growth rate	2024: 2.50% 2023: 0.00%	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.
Method of non-payment of royalties	Brand 23	Weighted average cost of capital	2024: 5.05% 2023: 5.58%	Increase in weighted average cost of capital by 1,104 basis points (2023: 1,642) with unchanged terminal growth rate would result in an impairment of EUR 270 (2023: EUR 352).
		Terminal growth rate	2024: 2.50% 2023: 0.00%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 1,965 basis points (2023: 635) would result in an impairment of EUR 265 (2023: EUR 258).
Method of non-payment of royalties	Brand 24	Weighted average cost of capital	2024: 5.05% 2023: 5.58%	Increase in weighted average cost of capital by 352 basis points (2023: 2,552) with unchanged terminal growth rate would result in an impairment of EUR 358 (2023: EUR 230).
		Terminal growth rate	2024: 2.50% 2023: 2.80%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 442 basis points (2023: 540) would result in an impairment of EUR 145 (2023: EUR 118).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2024****NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)***(iv) Impairment testing for goodwill, brands and rights (continued)*

Valuation technique	Brand	Significant inputs	Value	Sensitivity of the input to fair value
Method of non-payment of royalties	Brand 25	Weighted average cost of capital	2024: 5.05% 2023: 5.74%	Increase in weighted average cost of capital by 470 basis points (2023: 2,726) with unchanged terminal growth rate would result in an impairment of EUR 171 (2023: EUR 199).
		Terminal growth rate	2024: 2.50% 2023: 2.80%	Decrease in terminal growth rate with unchanged weighted average cost of capital by 639 basis points (2023: 640) would result in an impairment of EUR 116 (2023: EUR 151).

During 2024, the Group had no impairment costs relating to brands (2023: EUR 70 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) *Impairment testing for goodwill, brands and rights (continued)*

Rights

Rights relate to registration files (pharmaceutical segment), distribution rights relating either to a specific segment or to several segments combined and acquired rights for operating pharmacies (pharmaceutical segment). Registration files and distribution rights have finite useful lives over which they are amortised and impaired in the event circumstances arise which indicate a need for impairment in excess of the regular amortisation charge. Pharmaceutical rights relate to acquired rights to perform pharmaceutical activities that are fully allocated to the segment "Pharmaceuticals". In accordance with local legislation such rights do not expire (the Group does not expect regulatory changes in this respect).

The Group annually performs impairment tests in order to assess whether the recoverable amount of pharmaceutical rights indicates potential impairment of their carrying amount. Rights with an unlimited useful lives are allocated for the purpose of impairment testing to cash-generating units within the business segments and their net carrying value at the reporting date is EUR 4,676 thousand (2023: EUR 5,126 thousand).

The recoverable value of cash-generating units is determined by calculations of value in use based on projections of discounted cash flows on the basis of financial plans approved by the Management Board, which cover a five-year period from the reporting date.

Key assumptions on which projections of future discounted cash flows are based include an average revenue growth rate in the five-year period from 2026 onward of 2.5%, and for 2025, certain deviations are expected due to changes in the business organization of some pharmacy units through optimization of the number of shifts.

In cash flows after the five-year period, a terminal growth rate of 2 % was used, and the present value of net future cash flows was calculated using discount rates based on the average weighted cost of capital of 8.00% after taxation (for assets that generate the majority of income on the Croatian market) (2023: 8.14% after taxation).

During 2024, the Group had impairment cost on pharmacy rights for three pharmacy units in the total amount of EUR 450 thousand. (2023: the Group had impairment cost on pharmacy rights for one pharmacy unit in the amount of EUR 411 thousand, and simultaneously for two pharmacy units it had the effect of reversal of impairment in the amounts of EUR 132 thousand and EUR 93 thousand, respectively). Following the impairment test, the Group further compared similar transactions on the pharmacy market through revenue and operating profit multipliers that also indicate that the carrying amount is not higher than the fair value. Management views the cash-generating unit as a single pharmacy unit in a particular geographical area.

The analysis of sensitivity to key assumptions for three pharmacy units is set out below.

A pharmacy unit with a carrying value of EUR 100 thousand at the reporting date (2023: EUR 200 thousand) does not show significant sensitivity to changes in key assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 6 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) *Impairment testing for goodwill, brands and rights (continued)*

Rights (continued)

Sensitivity analysis for the pharmacy unit with a carrying value of EUR 1,600 thousand at the reporting date (2023: EUR 1,800 thousand) indicates that with the terminal growth rate of 1% (with unchanged weighted average cost of capital) there would be a need for additional impairment in the amount of EUR 44 thousand. The sensitivity analysis also shows that with an increase in the weighted average cost of capital by 100 basis points (to 9.00%), with unchanged terminal growth rate from key assumptions, the value of the additional impairment would be EUR 319 thousand.

Sensitivity analysis for the pharmacy unit with a carrying value of EUR 2,550 thousand at the reporting date (2023: EUR 2,700 thousand) indicates that with the terminal growth rate of 1% (with unchanged weighted average cost of capital) there would be a need for additional impairment in the amount of EUR 154 thousand. The sensitivity analysis also shows that with an increase in the weighted average cost of capital by 100 basis points (to 9.00%), with unchanged terminal growth rate from key assumptions, the value of the additional impairment would be EUR 378 thousand.

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

The Group annually performs analysis of impairment indicators for property, plant and equipment in order to assess whether the recoverable amount indicates potential impairment of their carrying amount. In 2024, the Group did not recognise impairment of property and plant (2023: EUR 0 thousand). During 2024, the Group recognised impairment of equipment in the amount of EUR 271 thousand (2023: EUR 86 thousand).

For property, plant and equipment held for sale, upon classification of such assets as held for sale the Group estimates their recoverable amount 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 Group 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 Group 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 7 – DETERMINATION OF FAIR VALUES

The Group 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 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 Group has made the following significant fair value estimates, as further explained in detail in the following notes:

- note 23: Non-current financial assets
- note 26: Financial assets at fair value through profit or loss
- note 29: Non-current assets held for sale
- note 34: Financial liabilities at fair value through profit or loss
- note 40: Share-based payments

NOTES TO THE CONSOLIDATED 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	762,610	710,086
Revenue from services	3,892	3,762
	766,502	713,848

Information about major customers

Third-party sales in Croatia account for 33% (2023: 33%) of the total revenue from external customers, whereas the remaining 67% (2023: 67%) represent foreign sales. Top 20 customers participate with 36% (2023: 34%) in the value of external sales in total income.

Sales to major customers owned or controlled by the same third party group represent approximately 9% of the Group's total revenue in 2024 (2023: approximately 10% of the total revenue).

For management purposes, the Group 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 Group 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
- Pharmaceuticals
- 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 Group'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 consolidated statement of comprehensive income. The revenue presented below relates to third-party sales. Inter-segment revenues are eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 8 – SALES REVENUE (CONTINUED)

Segment revenues and results (continued)

<i>(in thousands of EUR)</i>	Segment revenues 2024	Segment expenses 2024	Segment depreciation 2024	Segment profits/(loss) 2024
BU Culinary	122,700	76,408	1,971	44,321
BU Soups	52,399	35,413	1,125	15,860
BU Cereals, Snacks and Beverages	50,301	37,203	2,164	10,934
BU Creamy Spreads and Desserts	54,907	46,092	2,474	6,340
BU Bakery	69,707	60,894	3,872	4,940
BU Fruit and Vegetables	67,232	58,933	3,513	4,787
BU Basic food	50,719	48,911	2,201	(393)
BU Meat products	46,995	41,647	1,681	3,668
BU Fish	27,130	25,543	1,023	564
Other sales	49,522	44,593	889	4,041
Pharmaceutical	174,890	165,905	8,985	-
	766,502	641,542	29,898	95,062
Finance income (note 13)				2,524
Other income (note 9)				5,002
Central administration costs				(54,533)
Other expenses (note 10)				(2,541)
Finance expenses (note 14)				(2,639)
Profit before tax				42,875

<i>(in thousands of EUR)</i>	Segment revenues 2023	Segment expenses 2023	Segment depreciation 2023	Segment profits/(loss) 2023
BU Culinary	105,435	69,918	1,986	33,531
BU Soups	47,004	33,192	939	12,873
BU Cereals, Snacks and Beverages	46,616	34,236	2,146	10,234
BU Creamy Spreads and Desserts	47,853	41,426	2,505	3,922
BU Bakery	70,862	64,672	2,663	3,527
BU Fruit and Vegetables	63,620	58,429	3,506	1,685
BU Basic food	55,094	55,375	1,606	(1,887)
BU Meat products	44,003	40,321	1,517	2,165
BU Fish	26,564	24,121	917	1,526
Other sales	46,589	41,560	729	4,300
Pharmaceutical	160,208	120,072	8,930	31,206
	713,848	583,322	27,444	103,082
Finance income (note 13)				1,182
Other income (note 9)				3,136
Central administration costs				(44,945)
Other expenses (note 10)				(2,018)
Finance expenses (note 14)				(1,821)
Profit before tax				58,616

NOTES TO THE CONSOLIDATED 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.

The Pharmaceutical segment comprises the following: ethical drugs (medically prescribed drugs), non-prescription program (drugs for which no medical prescription is required), nutraceuticals and trade goods and services. Pharmaceuticals segment is regulated by the Croatian Institute for Health Insurance, which provides prescription drug prices and by the relevant regulatory authorities in connection with the registration of medicines in the Croatian market. Foreign markets in this segment have similar regulation characteristics.

The Other segment comprises the following product groups: merchandise and food services.

Business unites (BU) comprise own brands, B2B, private labels and service production.

The accounting policies of the reportable segments are the same as the Group'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 expenses, and income tax expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 8 – SALES REVENUE (CONTINUED)

Balance sheet by segments

<i>(in thousands of EUR)</i>	31 December 2024			31 December 2023		
	Total	Pharmaceuticals	Food Segment	Total	Pharmaceuticals	Food Segment
ASSETS						
Total non-current assets	480,552	115,453	365,099	437,719	113,590	324,129
Total current assets	354,844	146,912	207,932	340,351	115,214	225,137
Total assets	835,396	262,365	573,031	778,070	228,804	549,266
LIABILITIES						
Equity	613,464	213,993	399,471	564,350	185,692	378,658
Minority interest	10,864	10,864	-	10,642	10,642	-
Total long-term liabilities	30,813	4,532	26,281	28,000	3,722	24,278
Total current liabilities	180,255	32,976	147,279	175,078	28,748	146,330
Total equity and liabilities	835,396	262,365	573,031	778,070	228,804	549,266

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

Geographical information

The Group operates in five principal geographical areas by which it reports third-party sales:

<i>(in thousands of EUR)</i>	2024	2023
Markets of Croatia and Slovenia	367,560	352,876
Southeastern Europe	164,924	152,577
Western Europe and Overseas	106,328	84,044
Central Europe	82,045	80,240
Eastern Europe	45,645	44,111
	766,502	713,848

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 9 – OTHER INCOME

	2024	2023
	<i>(in thousands of EUR)</i>	
Impairment of financial assets	1,970	-
Grant income	1,110	1,636
Write-off of liabilities	828	76
Gain on disposal of assets held for sale	149	54
Gains on write-off of right-of-use assets	10	56
Gain on disposal of tangible and intangible assets	-	703
Other income	935	611
	5,002	3,136

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

Grant income mainly refers to non-repayable state grants for the employment of disabled persons, non-repayable state grants for agriculture and energy, and research and development programmes.

NOTE 10 – OTHER EXPENSES

	2024	2023
	<i>(in thousands of EUR)</i>	
Impairment of property, plant, equipment and intangibles	1,038	869
Loss on disposal of property, plant, equipment and intangibles	880	-
Interest and foreign exchange differences on trade receivables and payables	554	1,105
Change in fair value of assets through OCI	52	-
Interest expense relating to trade payables and other	17	44
	2,541	2,018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2024****NOTE 11 – EXPENSES BY NATURE**

	2024	2023
	<i>(in thousands of EUR)</i>	
Raw materials supplies, energy and cost of goods sold including change in inventory	372,610	371,780
Staff costs (note 12)	175,032	155,993
Services (i)	37,406	34,112
Depreciation and amortisation (ii)	34,391	31,825
Advertising and promotion	28,446	23,890
Transport	21,424	20,350
Entertainment	4,577	4,117
Rental expense	3,422	3,609
Taxes and contributions independent of operating results	3,337	3,413
Daily allowances and other business travel expenses	2,344	1,960
Cost of disposal of packaging, administrative fees, etc.	2,244	2,152
Insurance premiums	1,650	2,011
Telecommunications	1,298	1,262
Litigation expenses	471	438
Reversal of impairment of trade receivables (note 25)	(133)	(369)
Other	466	(832)
Total cost of goods sold, selling and distribution costs, marketing costs and general and administrative costs	688,985	655,711

- (i) Costs of services include audit fees. Fees of the Group's statutory auditors amounted to EUR 545 thousand for the audit of annual financial statements (2023: EUR 534 thousand).
- Related audit services and other permitted services provided by the statutory auditor Ernst & Young d.o.o. amounted to EUR 164 thousand (2023: EUR 103 thousand) and relate to the audit procedures on the Sustainability Statement 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).
- (ii) Depreciation and amortisation include EUR 403 thousand of government grants for co-financing of assets (2023: EUR 351 thousand).

The Group reports gross profit as revenue from the sale of products less operating expenses as shown in the specification above with the net effect of other income (note 9) and other expenses (note 10).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 11 – EXPENSES BY NATURE (CONTINUED)

The following tables present expenses by nature contained in cost of goods sold:

	2024	2023
	<i>(in thousands of EUR)</i>	
Raw material and changes in inventory	261,919	266,189
Cost of goods sold	103,701	98,505
Staff costs	73,860	65,717
Depreciation and amortisation	18,166	17,379
Production services	11,486	11,004
Taxes and contributions independent of operating results	1,506	1,531
Other expenses (transport, rent, education, etc.)	4,278	4,816
Cost of goods sold	474,916	465,141

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

Depreciation and amortisation allocated to each function is as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Cost of goods sold	18,165	17,379
Selling, logistics and distribution costs	7,952	6,417
General and administrative expenses	6,662	6,428
Marketing expenses	1,612	1,601
	34,391	31,825

Staff costs allocated to each function is as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Cost of goods sold	73,860	65,717
Selling, logistics and distribution costs	48,422	42,928
General and administrative expenses	37,128	32,971
Marketing expenses	15,622	14,377
	175,032	155,993

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 12 – STAFF COSTS

	2024	2023
	<i>(in thousands of EUR)</i>	
Net salaries	90,710	80,903
Taxes and contributions from salaries	35,740	31,565
Contributions on salaries	18,693	16,584
Christmas and Easter bonuses, holiday allowance	5,751	4,931
Cash awards	5,611	5,307
Meals	4,501	4,089
Transportation	3,736	3,781
Share-based payments (note 40)	1,013	832
Termination and retirement benefits	920	1,100
Other costs of employees	8,357	6,901
	175,032	155,993

As at 31 December 2024, the number of staff employed by the Group was 6,420 (2023: 6,163). The average number of employees of the Group during 2024 is 6,284 employees (2023: 6,232 employees).

Of the total cost of share-based payments of EUR 1,013 thousand (2023: EUR 832 thousand), the amount of EUR 187 thousand relates to stock options (2023: EUR 325 thousand), while the amount of EUR 826 thousand relates to shares (2023: EUR 507 thousand).

In 2024, termination and retirement benefits of EUR 920 thousand were paid to 201 employees (2023: termination and retirement benefits of EUR 1,100 thousand were paid to 231 employees).

NOTE 13 – FINANCE INCOME

	2024	2023
	<i>(in thousands of EUR)</i>	
Interest on term deposits	2,400	539
Dividend income	14	3
Remeasurement of financial instruments at fair value	-	38
Other interests	110	602
	2,524	1,182

NOTE 14 – FINANCE EXPENSES

	2024	2023
	<i>(in thousands of EUR)</i>	
Interest and fee expense	2,492	1,569
Unrealised losses from forward	78	-
Net foreign exchange loss on borrowings	69	252
	2,639	1,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 15 – INCOME TAX

Income tax expense consists of:

	2024	2023
	<i>(in thousands of EUR)</i>	
Impact of the incentive obtained on the 2023 income tax liability reduction	-	(3,966)
Current income tax for 2024	13,041	10,409
Impact of the incentive obtained on the 2024 income tax liability reduction	(5,561)	(7,116)
Tax paid abroad and Tax difference for 2023	307	103
Deferred tax (income)/expense	(3,261)	(8,394)
	4,526	(8,964)

Effective tax rate reconciliation

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	79,863	58,616
Income tax at 18%	14,375	10,551
Non-taxable income	(104)	-
Non-deductible expenses	1,261	940
Tax incentives (research and development, education and other)	(10,384)	(19,918)
Recognition of previously unrecognized temporary differences and tax losses as deferred tax assets	(900)	(380)
Temporary differences and tax losses not recognised as deferred tax assets	458	140
Effect of different tax rates	(493)	(681)
Effect of change in tax rate on deferred tax assets and liabilities	6	181
Tax paid abroad	307	203
Income tax	4,526	(8,964)
Effective tax rate	6%	-15%

Investment tax credit

In March 2015, pursuant to the Investment Promotion and Development of Investment Climate Act, the subsidiary Belupo d.d. became eligible to receive incentive measures. The Ministry of Economy approved the tax incentive measures, as a subsidy for qualifying costs of new employment linked to the investment project and an incentive for capital expenditure related to the investment project, in the form of an investment tax credit in the amount of EUR 21.7 million for which the subsidiary will be able to reduce its future income tax liabilities and/or receive cash reimbursements as an incentive for employment related to the investment project.

The subsidiary has the right to use the investment tax credit in the next 10 years from the date of approval by the relevant authorities. The execution of the investment project is subject to supervision by the relevant institutions and the subsidiary is not permitted to reduce the number of new jobs (related to the terms of the incentive measures) in addition to other conditions, throughout the period of the incentive measures, but no less than 5 years. If the conditions of the tax incentive are not met, the subsidiary would have to retroactively pay income tax inclusive of any penalty interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 15 – INCOME TAX (CONTINUED)

Investment tax credit (continued)

Based on the assessment of the recoverability of the tax incentive made by the management of the subsidiary and the Group, in financial statements for 2015, the subsidiary and Group initially recognised the entire amount of approved tax incentives as a deferred tax asset and an income tax benefit. In future years, the deferred tax asset will be utilised in accordance with the utilization of the tax incentive, i.e. in accordance with and subject to the availability of tax obligations against which the credits can be offset and/or amounts of cash reimbursements the subsidiary receives as incentives for new employment as part of the investment project. In 2023, the remaining deferred tax asset of EUR 3.127 thousand was used from this basis. Subsequently, in May 2024, the Ministry of Economy and Sustainable Development issued a decision according to which Belupo could use an additional incentive up to the total profit achieved, so an additional EUR 1,600 thousand of deferred tax assets were recognized and used.

On 10 November 2022, the Company Podravka d.d. 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 can be used 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 recognized EUR 19,718 thousand of tax benefits as deferred tax asset and tax income in 2023, 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 15 – INCOME TAX (CONTINUED)

Unused tax losses

In accordance with tax regulations, as at 31 December 2024 the Group has unused tax losses in the amount of EUR 13.6 million (2023: EUR 13.5 million) which consist of tax losses in Slovenia (in the amount of EUR 2.1 million), Tanzania (in the amount of EUR 3 million), Poland (in the amount of EUR 1.1 million), Russia (in the amount of EUR 74 thousand), Australia (in the amount of EUR 166 thousand), and Croatia (in the amount of EUR 7.1 million).

Unused tax losses carried forward were recognized as deferred tax assets in the amount of EUR 613 thousand. In the financial statements, the Group did not recognize deferred tax assets for the remaining tax losses since it is not probable that the tax losses will be utilized by the companies they relate to.

Unused tax losses (gross) at the reporting date were as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Tax losses expiring at 31 December 2024	-	581
Tax losses expiring at 31 December 2025	1,117	1,117
Tax losses expiring at 31 December 2026	1,723	1,723
Tax losses expiring at 31 December 2027	2,825	4,196
Tax losses expiring at 31 December 2028	99	245
Tax losses expiring at 31 December 2029	4,590	-
Tax losses with no expiration date	3,227	5,657
	13,581	13,519

Deferred tax assets

Deferred tax assets arise from the following:

	Opening balance	Recognised in profit or loss	Recognised directly in equity	Foreign exchange differences	Closing balance
2024	<i>(in thousands of EUR)</i>				
Basis:					
Intangible assets	573	168	-	-	741
Property, plant and equipment	909	(20)	-	(1)	888
Financial assets	6,926	(1,210)	-	-	5,716
Right-of-use assets and lease liabilities	34	24	-	-	58
Provisions	2,246	1,292	(83)	1	3,456
Share-based payments	322	40	-	-	362
Inventories	2,096	(18)	-	-	2,078
Investment tax credit	11,764	2,637	-	-	14,401
Unutilised tax losses carried forward	511	102	-	-	613
Receivables	4	41	-	-	45
Deferred tax assets	25,385	3,056	(83)	-	28,358

The most significant effect on the increase in deferred tax assets in 2024 is on the basis of investment tax credit and provisions, and the most significant decrease is the result of the decrease in previously unrecognised financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 15 – INCOME TAX (CONTINUED)

Deferred tax assets (continued)

2023	Opening balance	Recognised in profit or loss	Recognised directly in equity	Foreign exchange differences	Closing balance
	<i>(in thousands of EUR)</i>				
Basis:					
Intangible assets	514	59	-	-	573
Property, plant and equipment	927	(18)	-	-	909
Financial assets	6,880	46	-	-	6,926
Right-of-use assets and lease liabilities	245	(211)	-	-	34
Provisions	2,294	(30)	(18)	-	2,246
Share-based payments	326	(4)	-	-	322
Inventories	2,059	37	-	-	2,096
Investment tax credit	3,127	8,637	-	-	11,764
Unutilised tax losses carried forward	481	30	-	-	511
Receivables	109	(105)	-	-	4
Deferred tax assets	16,962	8,441	(18)	-	25,385

Deferred tax liability

Deferred tax liabilities arise from the following:

2024	Opening balance	Recognised in profit or loss	Foreign exchange differences	Closing balance
	<i>(in thousands of EUR)</i>			
Basis:				
Intangible assets	(1,390)	16	-	(1,374)
Property, plant and equipment	(2,962)	99	5	(2,858)
Provisions	-	55	-	55
Inventories	-	35	-	35
	(4,352)	205	5	(4,142)

2023	Opening balance	Recognised in profit or loss	Foreign exchange differences	Closing balance
	<i>(in thousands of EUR)</i>			
Basis:				
Intangible assets	(1,267)	(123)	-	(1,390)
Property, plant and equipment	(2,899)	(73)	10	(2,962)
	(4,166)	(196)	10	(4,352)

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

NOTE 15 – INCOME TAX (CONTINUED)*Deferred tax liabilities (continued)*

Movement in deferred tax on the basis of lease (right-of-use assets and lease liabilities) is presented in the table below:

	Deferred tax asset based on lease liability	Deferred tax liability based on right-of-use assets	Net
At 1 January 2023	2,250	(2,005)	245
Credited/charged to P&L	160	(371)	(211)
At 31 December 2023	2,410	(2,376)	34
Credited/charged to P&L	659	(635)	24
At 31 December 2024	3,069	(3,011)	58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 16 – EARNINGS/ (LOSS) PER SHARE

Basic earnings per share

Basic earnings per share are determined by dividing the Group's net earnings or losses with the weighted average number of ordinary shares in issue during the year, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares.

Diluted earnings per share

Diluted earnings per share were calculated as the basic earnings per share, including the impact of the number of share options granted to employees, of which 60,300 were not exercised (2023: 45,800 options). The price of all unexercised share options is lower than the share market price as at 31 December 2024. The value of diluted earnings per share is the lower of the basic earnings per share obtained and the diluted earnings per share obtained.

Basic and diluted weighted average number of shares is as follows:

	2024	2023
Ordinary shares as at 1 January	7,120,003	7,120,003
Effect of treasury shares	(89,945)	(86,784)
Weighted average number of shares at 31 December (basic)	7,030,058	7,033,219
Effect of share based payments	60,300	45,800
Weighted average number of shares at 31 December (diluted)	7,090,358	7,079,019

Basic and diluted earnings per share for the Group as a whole was as follows:

	2024	2023
Basic earnings per share		
Profit for the year attributable to the owners of parent company (in thousands of EUR)	73,862	66,362
Basic earnings per share (in EUR)	10.5	9.4
Diluted earnings per share		
Profit for the year attributable to the owners of parent company (in thousands of EUR)	73,862	66,362
Diluted earnings per share (in EUR)	10.4	9.4

NOTE 17 – GOODWILL

(in thousands of EUR)

	2024	2023
Cost		
At 1 January	8,933	8,933
At 31 December	8,933	8,933
Accumulated impairment losses		
At 1 January	5,157	5,057
Effect of foreign exchange differences	78	100
At 31 December	5,235	5,157
Carrying amount at 31 December	3,698	3,776

During 2024 and 2023 there was no impairment of goodwill. A more detailed description of the approach and methods used in impairment testing is provided in note 6(iv).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 18 – INTANGIBLE ASSETS

<i>(in thousands of EUR)</i>	Software and licences	Rights, registration files, know how	Brands	Intangible assets in progress	Total
Cost					
At 1 January 2023	42,962	34,982	26,830	3,537	108,311
Effect of foreign exchange differences	49	-	(11)	-	38
Additions	-	-	-	6,083	6,083
Transfers	2,784	646	-	(3,430)	-
Disposals and write-off's	(374)	(170)	-	(2)	(546)
Transfer from tangible fixed assets	15	5	-	85	105
Transfer from assets held for sale	97	-	-	-	97
Impairment of assets	-	-	(70)	(309)	(379)
At 31 December 2023	45,533	35,463	26,749	5,964	113,709
Accumulated amortisation and impairments					
At 1 January 2023	(36,249)	(25,482)	(14,498)	-	(76,229)
Effect of foreign exchange differences	(56)	-	23	-	(33)
Disposals and write-off's	372	170	-	-	542
Amortisation	(3,033)	(1,002)	-	-	(4,035)
Transfer from tangible fixed assets	(15)	-	-	-	(15)
Transfer from assets held for sale	(95)	-	-	-	(95)
Impairment of assets	-	(405)	-	-	(405)
At 31 December 2023	(39,076)	(26,719)	(14,475)	-	(80,270)
Carrying amount as at 31 December 2023	6,457	8,744	12,274	5,964	33,439
Cost					
At 1 January 2024	45,533	35,463	26,749	5,964	113,709
Effect of foreign exchange differences	5	-	27	-	32
Additions	1	-	-	7,970	7,971
Transfers	3,413	1,125	-	(4,538)	-
Disposals and write-off's	(536)	(544)	-	-	(1,080)
Transfer from tangible fixed assets	103	-	-	31	134
Impairment of assets	-	(1)	-	(223)	(224)
At 31 December 2024	48,519	36,043	26,776	9,204	120,542
Accumulated amortisation and impairments					
At 1 January 2024	(39,076)	(26,719)	(14,475)	-	(80,270)
Effect of foreign exchange differences	(13)	-	(24)	-	(37)
Disposals and write-off's	536	544	-	-	1,080
Amortisation	(3,103)	(952)	-	-	(4,055)
Impairment of assets	-	(546)	-	-	(546)
At 31 December 2024	(41,656)	(27,673)	(14,499)	-	(83,828)
Carrying amount as at 31 December 2024	6,863	8,370	12,277	9,204	36,714

Of the total amount of accumulated amortisation and impairment losses, EUR 6,281 thousand relates to accumulated impairment losses (2023: EUR 5,510 thousand).

The total intangible assets with indefinite useful lives as at 31 December 2024 amount to EUR 20,648 thousand and relate to brands and other rights.

During 2024, the Group had no impairment costs related to brands (2023: EUR 70 thousand). Also, during 2024, the Group recognised impairment of rights in the amount of EUR 546 thousand (2023: EUR 405 thousand). In 2024, the Group recognised impairment of intangible assets in progress in the amount of EUR 224 thousand (2023: EUR 309 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 19 – PROPERTY, PLANT AND EQUIPMENT

<i>(in thousands of EUR)</i>	Land and buildings	Equipment	Assets under construction	Total
Cost				
At 1 January 2023	385,141	354,675	20,395	760,211
Effect of foreign exchange differences	(90)	(122)	(12)	(224)
Additions	(2)	-	67,699	67,697
Transfers	6,450	22,940	(29,390)	-
Disposals and write-off's	(2,172)	(13,020)	-	(15,192)
Transfer to intangible assets	-	(15)	(90)	(105)
Transfer from assets held for sale	-	28	-	28
Transfer to assets held for sale (ii)	(10,610)	-	-	(10,610)
Impairment of assets (iii)	-	-	(3)	(3)
At 31 December 2023	378,717	364,486	58,599	801,802
Accumulated depreciation and impairments				
At 1 January 2023	(239,313)	(220,064)	(43)	(459,420)
Effect of foreign exchange differences	(146)	(97)	-	(243)
Disposals and write-off's	2,049	12,888	-	14,937
Depreciation charge for the year	(7,548)	(14,301)	-	(21,849)
Transfer to intangible assets (i)	-	15	-	15
Transfer to assets held for sale (ii)	7,120	87	-	7,207
Impairment of assets (iii)	-	(83)	-	(83)
At 31 December 2023	(237,838)	(221,555)	(43)	(459,436)
Carrying amount as at 31 December 2023	140,879	142,931	58,556	342,366
Cost				
At 1 January 2024	378,717	364,486	58,599	801,802
Effect of foreign exchange differences	(99)	(109)	(10)	(218)
Additions	(2)	1,385	61,832	63,215
Purchase of used equipment	-	39	-	39
Transfers	15,691	37,306	(52,997)	-
Disposals and write-off's	(1,773)	(11,430)	(1)	(13,204)
Transfer to intangible assets (i)	-	-	(134)	(134)
Transfer from assets held for sale	36	580	-	616
Transfer to assets held for sale (ii)	-	(745)	(78)	(823)
Impairment of assets (iii)	(137)	(83)	-	(220)
At 31 December 2024	392,433	391,429	67,211	851,073
Accumulated depreciation and impairments				
At 1 January 2024	(237,838)	(221,555)	(43)	(459,436)
Effect of foreign exchange differences	37	(310)	-	(273)
Impairment of used assets	1	(40)	-	(39)
Disposals and write-off's	694	11,030	-	11,724
Depreciation charge for the year	(7,620)	(15,212)	-	(22,832)
Transfer from assets held for sale	(31)	(285)	-	(316)
Transfer to assets held for sale (ii)	-	460	-	460
Impairment of assets (iii)	-	(52)	-	(52)
At 31 December 2024	(244,757)	(225,964)	(43)	(470,764)
Carrying amount as at 31 December 2024	147,676	165,465	67,168	380,309

(i) During 2024, the Group transferred property, plant and equipment to intangible assets in the net amount of EUR 134 thousand (2023: EUR 90 thousand).

(ii) During 2024, the Group transferred property, plant and equipment to assets held for sale in the amount of EUR 363 thousand (2023: EUR 3,403 thousand).

(iii) During 2024, the Group recognised impairment of equipment in the amount of EUR 272 thousand (2023: EUR 86 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 19 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets under construction mainly relate to investments in modernisation of production capacities and extension of the product range.

During 2024, the Group had no investments related to interest expense capitalisation in property and equipment.

Mortgaged assets

Buildings, land and equipment of the Group with a net carrying amount of EUR 40,134 thousand (2023: EUR 41,767 thousand) are pledged as collateral against the Group's borrowings.

NOTE 20 – LEASES

Movements in right-of-use assets:

<i>(in thousands of EUR)</i>	Land	Buildings	Total land and buildings	Plant and equipment	Total
Cost					
As at 1 January 2023	1,540	10,388	11,928	13,132	25,060
Exchange rate effect	1	(30)	(29)	(16)	(45)
Increase	267	6,321	6,588	1,399	7,987
Disposals and write-off's	(64)	(1,569)	(1,633)	(1,340)	(2,973)
Balance at 31 December 2023	1,744	15,110	16,854	13,175	30,029
Accumulated depreciation					
As at 1 January 2023	147	6,577	6,724	7,196	13,920
Exchange rate effect	2	(34)	(32)	(36)	(68)
Decrease	-	(13)	(13)	(57)	(70)
Depreciation charge for the year	45	2,632	2,677	3,069	5,746
Disposals and write-off's	(8)	(1,434)	(1,442)	(1,257)	(2,699)
Balance at 31 December 2023	186	7,728	7,914	8,915	16,829
As at 31 December 2023	1,558	7,382	8,940	4,260	13,200
Cost					
As at 1 January 2024	1,744	15,110	16,854	13,175	30,029
Exchange rate effect	-	7	7	(10)	(3)
(Decrease) / Increase	(510)	8,197	7,687	3,368	11,055
Disposals and write-off's	-	(2,186)	(2,186)	(2,178)	(4,364)
Balance at 31 December 2024	1,234	21,128	22,362	14,355	36,717
Accumulated depreciation					
As at 1 January 2024	186	7,728	7,914	8,915	16,829
Exchange rate effect	-	(5)	(5)	(6)	(11)
Increase	-	-	-	(47)	(47)
Depreciation charge for the year	34	4,197	4,231	3,075	7,306
Disposals and write-off's	-	(1,989)	(1,989)	(2,099)	(4,088)
Balance at 31 December 2024	220	9,931	10,151	9,838	19,989
As at 31 December 2024	1,014	11,197	12,211	4,517	16,728

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

NOTE 20 – LEASES (CONTINUED)**Movements in lease liabilities for right-of-use assets:**

	2024	2023
	<i>(in thousands of EUR)</i>	
As at 1 January	13,391	12,502
Interest expense	628	278
Increase of lease liabilities during the year (net)	10,826	7,783
Lease liabilities payments	(7,755)	(7,087)
Exchange rate difference	(41)	(85)
As at 31 December	17,049	13,391
Current portion of long-term liability for right-of-use assets	5,458	5,254
Long-term liability for right-of-use assets	11,591	8,137

Amounts recognised in the statement of comprehensive income:

	2024	2023
	<i>(in thousands of EUR)</i>	
Depreciation expense of right-of-use assets	7,306	5,746
Expenses related to short-term leases and leases of low-value assets etc.	4,223	4,236
Interest expense	628	278
Total amount recognised in the statement of comprehensive income	12,157	10,260

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 21 – INVESTMENT PROPERTY

<i>(in thousands of EUR)</i>	Total
Cost	
As at 1 January 2023	18,263
Balance at 31 December 2023	<u>18,263</u>
Accumulated depreciation	
As at 1 January 2023	(4,247)
Depreciation charge for the year	(197)
Balance at 31 December 2023	<u>(4,444)</u>
Net book value at 31 December 2023	<u>13,819</u>
Cost	
As at 1 January 2024	18,263
Balance at 31 December 2024	<u>18,263</u>
Accumulated depreciation	
As at 1 January 2024	(4,444)
Depreciation charge for the year	(199)
Transfer from property, plant and equipment	78
Balance at 31 December 2024	<u>(4,565)</u>
Net book value at 31 December 2024	<u>13,698</u>

Operating expenses for investment property amount to EUR 301 thousand (2023: EUR 272 thousand), while rental income from the property amounts to EUR 285 thousand (2023: EUR 108 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 22 – SUBSIDIARIES

Group consists of the Company and the following subsidiaries in which the Company has an ownership and control:

Name of subsidiary	Country	2024	2023	Principal activity
Belupo d.d., Koprivnica	Croatia	100.00%	100.00%	Production and distribution of pharmaceuticals
Belupo dooel, Skopje*	North Macedonia	100.00%	100.00%	Sale and distribution of pharmaceuticals
Belupo s.r.o. Bratislava*	Slovakia	100.00%	100.00%	Sale and distribution of pharmaceuticals
Belupo d.o.o. Ljubljana*	Slovenia	100.00%	100.00%	Sale and distribution of pharmaceuticals
Ljekarne Deltis Pharm, Koprivnica*	Croatia	100.00%	100.00%	Sale and distribution of pharmaceuticals
Farmavita d.o.o. Sarajevo, Vogošća*	Bosnia and Herzegovina	65.00%	65.00%	Production and distribution of pharmaceuticals
Mirna d.d., Rovinj	Croatia	100.00%	100.00%	Fish processing and production
Podravka-Lagris a.s., Dolni Lhota u Luhačovic	Czech Rep.	100.00%	100.00%	Rice production and sale
Podravka-Polska Sp.z o.o., Warsaw	Poland	100.00%	100.00%	Seasonings sale and distribution
Podravka-International Kft, Budapest	Hungary	100.00%	100.00%	Sale and distribution of food and beverages
Podravka d.o.o., Belgrade	Serbia	100.00%	100.00%	Sale and distribution of food and beverages
Podravka-Int. Deutschland –“Konar” GmbH	Germany	100.00%	100.00%	Sale and distribution of food and beverages
Podravka-International s.r.o., Zvolen **	Slovakia	100.00%	100.00%	Sale and distribution of food and beverages
Podravka d.o.o., Podgorica	Montenegro	100.00%	100.00%	Sale and distribution of food and beverages
Podravka-International Pty Ltd, Silverwater	Australia	100.00%	100.00%	Sale and distribution of food and beverages
Podravka EOOD, Sofia	Bulgaria	100.00%	100.00%	Sale and distribution of food and beverages
Podravka-International s.r.l., Bucharest	Romania	100.00%	100.00%	Sale and distribution of food and beverages
Podravka DOOEL, Petrovec	North Macedonia	100.00%	100.00%	Sale and distribution of food and beverages
Podravka d.o.o., Sarajevo	Bosnia and Herzegovina	100.00%	100.00%	Sale and distribution of food and beverages
Podravka USA Inc., New York	USA	100.00%	100.00%	Sale and distribution of food and beverages
Podravka d.o.o., Moscow	Russia	100.00%	100.00%	Sale and distribution of food and beverages
Foodpro Limited, Dar es Salaam***	Tanzania	100.00%	100.00%	Production and distribution of food
Podravka Gulf Fze, Jebel Ali, Dubai	UAE	100.00%	100.00%	Sale and distribution
Žito d.o.o., Ljubljana	Slovenia	100.00%	100.00%	Production and distribution of food
Intes Storitve d.o.o., Maribor****	Slovenia	100.00%	100.00%	Production and distribution of food
Šumi bonboni d.o.o., Ljubljana****	Slovenia	-	100.00%	Production and distribution of food
Žito maloprodaja d.o.o., Ljubljana****	Slovenia	100.00%	100.00%	Sale of food and beverages - retail
Podravka d.o.o., Ljubljana****	Slovenia	100.00%	100.00%	Sale and distribution of food and beverages
Podravka Agri d.o.o., Koprivnica	Croatia	100.00%	-	Activities of holding company

* The Group holds these ownership interests indirectly through its subsidiary Belupo d.d.

** 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

**** The Group holds these ownership interests indirectly through its subsidiary Žito d.o.o.; during 2023, the company Šumi bonboni d.o.o., Ljubljana was merged with the company ŽITO d.o.o., Ljubljana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 23 – NON-CURRENT FINANCIAL ASSETS

	2024	2023
	<i>(in thousands of EUR)</i>	
Financial instruments	384	7,185
Equity instruments	680	708
Deposits and other	367	195
Impairment of financial instruments	(384)	(2,354)
	1,047	5,734

In 2024, the Group 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 Group also collected interest in the amount of EUR 1,451 thousand (2023: EUR 0 thousand).

Equity instruments mainly relate to investments in unquoted equity instruments.

NOTE 24 – INVENTORIES

	2024	2023
	<i>(in thousands of EUR)</i>	
Finished goods	72,222	67,401
Raw materials and supplies	62,890	59,968
Merchandise	17,636	16,551
Work in progress	13,615	6,906
	166,363	150,826

In 2024, the Group recognised net gain on value adjustments to certain inventories in the amount of EUR 1,087 thousand (2023: net gain of EUR 552 thousand). The movement in inventory impairment provision is included in the statement of comprehensive income in line item 'Cost of goods sold'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 25 – TRADE AND OTHER RECEIVABLES

	2024	2023
	<i>(in thousands of EUR)</i>	
Current receivables		
Trade receivables	148,803	143,352
Impairment of receivables	(22,485)	(23,273)
Impairment of receivables for expected credit losses	(10)	(10)
Net trade receivables	126,308	120,069
Deposit receivables	15,000	-
Prepaid expenses	3,460	2,203
Net VAT receivable	3,198	2,690
Receivables from employees	744	170
Advances to suppliers	346	415
Loans given	1	1
Other receivables	4,438	2,707
	153,495	128,255

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

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

	2024	2023
	<i>(in thousands of EUR)</i>	
At 1 January	23,283	24,052
Increase	31	100
Amounts collected	(164)	(469)
Written off as uncollectable	(655)	(400)
At 31 December	22,495	23,283

Impairment losses on trade receivables and subsequent collections are included in 'Selling and distribution expenses'.

Ageing analysis of trade receivables which have not been impaired:

	2024	2023
	<i>(in thousands of EUR)</i>	
Not due	100,233	93,942
0-90 days	22,990	23,665
91-180 days	1,166	1,366
181-360 days	1,919	1,096
	126,308	120,069

Major customers

Trade receivables from major customers owned or controlled by the same third party from regular business as at 31 December 2024 amount to EUR 14,966 thousand (2023: EUR 18,215 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 26 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

In 2024, the Group 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 at 31 December 2024 in the sold currency translated at the CNB exchange rate 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 recognized as changes in the market value of the currency forward contracts are recorded in the statement of comprehensive income within '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 used input variables, evaluation is categorized in the fair value hierarchy as level 2 (see note 7).

NOTE 27 – DEBT INSTRUMENTS AT AMORTIZED COST

	<u>2024</u>	<u>2023</u>
	<i>(in thousands of EUR)</i>	
Government treasury bills	-	7,957
	<u>-</u>	<u>7,957</u>

At 31 December 2023, the Group had a short-term investment in zero coupon treasury bills issued by the Federal Republic of Germany with maturity in 2024, which were held to maturity with the purpose of realizing the nominal amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 28 – CASH AND CASH EQUIVALENTS

	2024	2023
	<i>(in thousands of EUR)</i>	
Short-term deposits up to 3 months	16,579	29,646
Cash in banks	10,531	12,851
Cash in hand	28	31
	27,138	42,528

Cash in banks refers to transaction accounts at commercial banks bearing an interest rate ranging from 0.0% to 3.95%.

Deposits refer to funds deposited with commercial banks for a period of up to three months.

The Group has certain transactions in foreign currencies and cash on bank accounts mainly in EUR (EUR 18,108 thousand), BAM (EUR 2,801 thousand), USD (EUR 1,446 thousand), RUB (EUR 1,262 thousand), PLN (EUR 1,108 thousand), while in other currencies it holds EUR 2,413 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 29 – NON-CURRENT ASSETS HELD FOR SALE

	2024	2023
	<i>(in thousands of EUR)</i>	
Land and buildings	6,312	6,449
Equipment	939	985
	7,251	7,434

In 2024, the Group sold a portion of non-current assets held for sale with the carrying value of EUR 167 thousand and realised gain on sale in the amount of EUR 149 thousand. In addition, the Group transferred property, plant and equipment to assets held for sale in the amount of EUR 363 thousand.

Of the total amount of land and buildings held for sale, EUR 2,525 thousand relates to land and buildings on the market of Slovenia, EUR 154 thousand to land and buildings in Tanzania, EUR 3,633 thousand to land and buildings in Croatia.

Fair value measurement

Land and buildings held for sale in the amount of EUR 7,251 thousand are measured at fair value less costs to sell due to the fact that this value is lower than the net carrying value prior to classification as held for sale. The Group has made an estimation of fair value on classification date and regularly checks if estimation needs to be revised.

Fair value measurement according to inputs used in evaluation is classified 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 at the classification date:

Valuation methods and techniques	Significant unobservable inputs
<i>Property</i> For buildings and land, cost and comparative methods are used.	Following an examination of the actual transactions, information regarding realized transactions of comparable size was discovered. When using the cost method, factors that affect the building's value are considered, including age impairment, normal construction costs, defects, and damage.
<i>Equipment</i> For equipment, the cost method is used	

Equipment held for sale

The amount of EUR 367 thousand as at 31 December 2024 relates to equipment in the production plant in Tanzania (2023: EUR 371 thousand), and equipment on the market of Slovenia in the amount of EUR 572 thousand (2023: EUR 614 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 30– SHARE CAPITAL

	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
	<i>(in pcs)</i>	<i>(in thousands of EUR)</i>			
At 1 January 2023	7,026,525	207,897	24,780	(5,634)	227,043
Purchase of treasury shares (i)	(47,659)	-	-	(5,250)	(5,250)
Exercise of options (i)	54,353	-	(2,430)	3,955	1,525
Fair value of share based payments (i)	-	-	832	-	832
Increase in share capital - HRK to EUR conversion	-	5,703	(5,703)	-	-
At 31 December 2023	7,033,219	213,600	17,479	(6,929)	224,150
At 1 January 2024	7,033,219	213,600	17,479	(6,929)	224,150
Purchase of treasury shares (i)	(20,070)	-	-	(3,221)	(3,221)
Exercise of options (i)	16,909	-	(1,122)	1,581	459
Fair value of share based payments (i)	-	-	1,013	-	1,013
At 31 December 2024	7,030,058	213,600	17,370	(8,569)	222,401

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).

(i) Share based payments

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

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

Structure of ownership	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 d.d.	406,842	5.71	406,842	5.71
Mesna industrija braća Pivac d.o.o.	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	22.53
Total	7,120,003	100.00	7,120,003	100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 31 – RESERVES

<i>(in thousands of EUR)</i>	Reserves for treasury shares	Legal reserves	Reserves for reinvested profit	Statutory reserves	Other reserves	Total
At 1 January 2023	19,590	13,082	25,183	9,889	96,154	163,898
Allocation of profits	-	1,315	-	733	6,107	8,155
Foreign exchange rate differences	-	-	-	-	5	5
Actuarial gains (net of tax)	-	-	-	-	86	86
At 31 December 2023	19,590	14,397	25,183	10,622	102,352	172,144
At 1 January 2024	19,590	14,397	25,183	10,622	102,352	172,144
Allocation of profits (i)	-	2,370	-	1,015	22,246	25,631
Foreign exchange rate differences	-	-	-	-	(234)	(234)
Change in fair value of equity instruments through OCI (net of deferred tax)	-	-	-	-	21	21
Actuarial losses (net of tax)	-	-	-	-	(108)	(108)
At 31 December 2024	19,590	16,767	25,183	11,637	124,277	197,454

The legal reserve is required under Croatian law according under 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, as well as reserves for reinvested profits, are non-distributable. Other reserves mainly relate to (non-distributable) reserves required by the Company's Articles of Association and foreign exchange translation reserves related to subsidiaries abroad, 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, the amount of 22,246 thousand to other reserves.

In addition, in 2024, in accordance with the decisions of its General Assembly, the company Belupo d.d. allocated the Company's profit from 2023 as follows: the amount of EUR 1,015 thousand to statutory reserves, and the remainder of EUR 19,280 thousand to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 32 – RETAINED EARNINGS

Movement in retained earnings is presented as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
At 1 January	168,056	128,241
- profit for the year	73,862	66,362
- exercise of options	(199)	187
- dividend declared	(22,479)	(18,579)
- transfer to legal and other reserves	(25,631)	(8,155)
At 31 December	193,609	168,056

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).

NOTE 33 – NON-CONTROLLING INTERESTS

Podravka Group has non-controlling interests arising from acquisitions of 65% of ownership interest in subsidiary Farmavita d.o.o. Sarajevo.

Summary financial information for the company Farmavita d.o.o., Sarajevo as at 31 December 2024 (excluding consolidation eliminations) are as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Statement of financial position		
Non-current assets	10,364	10,130
Current assets	27,467	26,291
Current liabilities	(8,275)	(7,142)
Non-current liabilities	(521)	(1,020)
Net assets	29,035	28,259
Statement of comprehensive income for the period		
Sales revenue	41,516	37,632
Profit after tax	4,355	3,622
Total comprehensive income for the period	4,355	3,622
Net increase in cash and cash equivalents	(1,914)	2,853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 33 – NON-CONTROLLING INTERESTS (CONTINUED)

The movement in non-controlling interest was as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Balance at 1 January	10,642	9,424
Dividend distribution to minority owner	(1,253)	-
Share in current year profit	1,475	1,218
Balance at 31 December	10,864	10,642

NOTE 34 - 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 35 – BORROWINGS

	2024	2023
	<i>(in thousands of EUR)</i>	
Non-current borrowings		
Banks abroad	-	469
Finance lease	72	65
	72	534
Current borrowings		
Banks in Croatia	40,000	42,927
Banks abroad	470	543
Finance lease	42	37
	40,512	43,507
Total borrowings	40,584	44,041

Short-term borrowings from banks in Croatia mostly refer to revolving loans from commercial banks.

In 2024, Podravka d.d. 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 loan agreements and revolving facilities with banks, the Group is obliged to maintain the financial indicator of net debt coverage with EBITDA, which is calculated as the ratio of net financial debt to EBITDA on a consolidated basis.

Bank borrowings in the amount of EUR 52 thousand (2023: EUR 2,712 thousand) are secured by mortgages over the Group's land and buildings and movables with a net carrying value of EUR 40,134 thousand (note 19).

The lease liabilities of the Group are as follows:

	Minimum lease payments		Finance cost		Present value	
	2024	2023	2024	2023	2024	2023
	<i>(in thousands of EUR)</i>					
Up to 1 year	45	40	(3)	(3)	42	37
Between 1 and 5 years	74	67	(2)	(2)	72	65
Total	119	107	(5)	(5)	114	102

Included in the consolidated financial statements within:

Current borrowings	42	37
Non-current borrowings	72	65
	114	102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 35 – BORROWINGS (CONTINUED)

The maturity of non-current borrowings is as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Between 1 and 2 years	42	497
Between 2 and 5 years	30	37
	72	534

Fixed and variable interest rates by major currencies are as follows:

	2024		2023	
	EUR	Other	EUR	Other
Non-current borrowings				
Banks in Croatia				
variable interest rate	-	-	-	-
fixed interest rate	-	-	0.59%	-
Banks abroad				
variable interest rate	-	-	-	-
fixed interest rate	-	4.40%	-	4.40%
Financial leases				
variable interest rate	5.79%	-	7.26%	-
fixed interest rate	8.10%	3.89%	-	3.89%
Current borrowings				
Banks				
variable interest rate	-	-	-	-
fixed interest rate	0.75%	-	0.75%	-

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>			
Non-current borrowings	31	41	484	49
Current borrowings	40,482	30	43,478	30
	40,513	71	43,962	79

The average weighted cost of debt on the Group's interest-bearing liabilities as at 31 December 2024 was 0.81% (31 December 2023: 0.84%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 35 – BORROWINGS (CONTINUED)

The carrying amounts and fair values of the Group's long-term borrowings are as follows:

	Carrying value		Fair value	
	2024	2023	2024	2023
	<i>(in thousands of EUR)</i>			
Non-current borrowings				
Banks abroad	-	470	-	435
Finance leases	72	64	68	63
	72	534	68	498

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

	2024	2023
	<i>(in thousands of EUR)</i>	
EUR	40,099	43,008
Other currencies	485	1,033
	40,584	44,041

The Group has the following undrawn bank borrowing facilities:

	2024	2023
	<i>(in thousands of EUR)</i>	
Available for withdrawal within a year	91,456	47,467
From 1- 3 years	-	24,500
	91,456	71,967

These comprise unused revolving facilities, guarantees and letters of credit which the Group has available with several commercial banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 35 – BORROWINGS (CONTINUED)

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

	Loans	Lease liabilities	Share capital	Other reserves	Retained earnings	Non-controlling interests	Total
<i>(in thousands of EUR)</i>							
At 1 January 2024	44,041	13,391	224,150	172,144	168,056	10,642	632,424
<i>Cash transactions:</i>							
Loans received	18,006	-	-	-	-	-	18,006
Loans repayments	(20,970)	-	-	-	-	-	(20,970)
Repayment of lease liabilities	-	(7,127)	-	-	-	-	(7,127)
Sale of treasury shares	-	-	854	-	-	-	854
Purchase of treasury shares	-	-	(3,221)	-	-	-	(3,221)
Dividend paid	-	-	-	-	(22,347)	-	(22,347)
Total cash transactions	(2,964)	(7,127)	(2,367)	-	(22,347)	-	(34,805)
<i>Non-cash transactions:</i>							
Effect of change in exchange rates	27	(35)	-	(234)	-	-	(242)
Actuarial losses (net of deferred tax)	-	-	-	(108)	-	-	(108)
Transfer from retained earnings (note 31)	-	-	-	25,631	(25,631)	-	-
Other non-cash transactions	(520)	11,103	-	-	(199)	-	10,384
Gain from right-of-use assets write-off	-	(283)	-	-	-	-	(283)
Change in fair value of equity instruments through OCI	-	-	-	21	-	-	21
Dividend distribution to minority owner	-	-	-	-	-	(1,253)	(1,253)
Total other changes related to equity	-	-	618	-	73,730	1,475	75,823
At 31 December 2024	40,584	17,049	222,401	197,454	193,609	10,864	681,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 36 – PROVISIONS

<i>(in thousands of EUR)</i>	Jubilee awards	Unused holiday accruals	Retirement benefits	Termination benefits and bonuses	Legal cases	Total
As at 31 December 2023						
Non-current	1,774	-	5,708	-	5,068	12,550
Current	273	3,103	-	3,816	180	7,372
At 1 January 2024	2,047	3,103	5,708	3,816	5,248	19,922
Increase of provisions	382	3,105	727	4,516	444	9,174
Utilised during the year	(349)	(2,507)	(572)	(3,518)	(326)	(7,272)
At 31 December 2024	2,080	3,701	5,863	4,814	5,366	21,824
Non-current	1,774	-	5,863	-	5,061	12,698
Current	306	3,701	-	4,814	305	9,126
	2,080	3,701	5,863	4,814	5,366	21,824

(i) *Legal cases*

Legal provisions relate to a number of legal proceedings initiated against the Group which stem from regular commercial activities and court cases including former employees. The expenses relating to the provisions are included in the consolidated statement of comprehensive income within Other income or Administrative expenses. Based on the expert opinion of legal counsels, the Group's 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) *Termination benefits and bonuses*

As at 31 December 2024, the Group recognised EUR 4,814 thousand of provisions for bonuses to key management (2023: EUR 3,816 thousand).

(iii) *Jubilee awards and regular retirement benefits*

According to the Collective Labour Agreement signed by the Group companies, the Group has an obligation to pay jubilee awards, retirement and other benefits to its employees. No other post-retirement benefits are provided. The present values of these obligations, the related current service cost and past service cost were measured using the projected credit unit method. The management believes that the Croatian corporate bond market is a deep market.

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

	2024	2023
Discount rate	2.45% - 3.47%	3.00% - 4.10%
Fluctuation rate	4.50% - 12.50%	4.50% - 12.80%
Average years of service (in years)	21	21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 36 – 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	2,047	5,708	2,126	5,736
Past service cost	27	61	6	(88)
Current service cost	187	415	192	632
Interest expense	48	132	56	153
Actuarial (gains) / losses	120	119	44	(87)
Benefits paid	(349)	(572)	(377)	(638)
At 31 December	2,080	5,863	2,047	5,708

NOTE 37 – OTHER NON-CURRENT LIABILITIES

	2024	2023
	<i>(in thousands of EUR)</i>	
Deferred income on government incentives	2,310	2,427
	2,310	2,427

Deferred income on government grants relates to non-monetary government grant to subsidiary in Slovenia and it is based on the amount of contributions for the employment of disabled persons.

In accordance with the relevant regulations, the aforementioned contributions are not paid into the government budget and it can be used for the acquisition of qualifying non-current tangible assets during three years' period. The amount of unpaid contributions is then recognized as government grant and transferred to profit or loss on a systematic basis over the useful life of the related assets. If the grant is not used for the acquisition of non-current assets within the prescribed period, unpaid contributions become payable.

The amount of deferred income on government grants that is expected to be transferred to profit or loss in the period of up to one year on a basis of depreciation of qualifying assets, or the amount of unpaid contributions, which will not qualify as a government grant and will become payable within one year, is recognized as a current liability in trade and other payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 38 – TRADE AND OTHER PAYABLES

	<u>2024</u>	<u>2023</u>
	<i>(in thousands of EUR)</i>	
Trade payables	72,999	69,935
Other payables	46,033	47,156
	<u>119,032</u>	<u>117,091</u>

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

Other liabilities include the following:

	<u>2024</u>	<u>2023</u>
	<i>(in thousands of EUR)</i>	
Other accrued expenses	17,964	21,786
Salaries and other benefits to employees	14,037	13,046
Deferred income	8,648	7,056
Taxes, contributions and value added tax	1,204	1,149
Advances received	1,088	1,314
Dividends payable	716	584
Packaging waste disposal fee payable	85	87
Accrued interest	8	16
Other payables	2,283	2,118
	<u>46,033</u>	<u>47,156</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 39 – RISK MANAGEMENT

Categories of financial instruments are as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Financial assets at amortised cost		
Long-term deposits (note 23)	367	195
Short-term loans (note 25)	1	1
Trade receivables (note 25)	126,308	120,069
Government treasury bills (note 27)	-	7,957
Cash and cash equivalents (note 28)	27,138	42,528
	153,814	170,750
Financial assets through other comprehensive income		
Equity instruments	680	708
Financial instruments	-	4,831
Forward contracts (note 26)	2	59
	2	4,890
Total financial assets	154,496	176,348
Financial liabilities at amortised cost		
Finance lease liabilities (note 35)	114	102
Borrowings (note 35)	40,470	43,939
Lease liabilities (note 20)	17,049	13,391
Trade and interest payables (note 38)	73,007	69,951
	130,640	127,383
Financial liabilities at fair value through profit or loss		
Forward contract (note 34)	30	9
	30	9
Total financial liabilities	130,670	127,392

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 other 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.

Financial assets arising from currency forward contracts are measured at fair value as explained in note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 39 – RISK MANAGEMENT (CONTINUED)

Fair value of financial instruments (continued)

The Podravka Group considers that the carrying amount of investments in unquoted 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 finance lease liabilities and borrowings and lease liabilities approximate their fair values as these liabilities bear variable interest rates or fixed interest rate approximating market interest rates.

Risk factors

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

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 Podravka Group ensures compliance with the standards governing individual areas and thereby reduces exposure to external risk factors. The Podravka Group can influence the impact of internal risk factors through regular business policies, procedures and decisions.

The Podravka Group 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 Podravka Group is exposed, identification of potential events that may negatively affect the Podravka group's results, and management of identified risks.

Financial risks

In its operations, the Podravka Group is exposed to financial risks, such as the currency risk, interest rate risk, price risk, credit risk, and liquidity risk. The Podravka Group actively manages these risks through adopted policies and set 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 (non-current and current borrowings including forwards)	40,614	44,050
Cash and cash equivalents	(27,138)	(42,528)
Net debt	<u>13,476</u>	<u>1,522</u>
Equity	624,328	574,992
Net debt to equity ratio	2.16%	0.26%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 39 – 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 Podravka Group. Thus, Podravka d.d. 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.

During 2024, the existing business processes were revised and the application of the adopted Policy of customer credit risk management and collection of receivables in the Podravka Group began in the companies Podravka d.o.o. Sarajevo, Podravka d.o.o. Belgrade and Podravka d.o.o.e.l. Petrovec.

The Podravka Group 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 Podravka Group’s exposure based on receivables, and the credit ratings of its counterparties are continuously monitored.

The Group’s exposure to major customers

The control of the Group’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 Group accepts new customers and continues cooperation with existing customers with payment delays subject to meeting the Group’s credit risk parameters. Receivables are analysed on a weekly basis and necessary measures are taken with respect to their collection.

Risk mitigation instruments are defined based on the financial performance ratios for individual customers, using internet services where the required information is available (financial statements, credit ratings). The company’s exposure and credit rating are continuously monitored through credit limits set by the company and insurer, which are continuously controlled and adjusted if appropriate in accordance with the needs and situation on the market.

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

Liquidity risk management

The Podravka Group 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 Podravka Group 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 39 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Liquidity risk analysis

Tables below show contracted maturity of financial liabilities and financial assets of the Podravka Group stated in the consolidated statement of financial position at the end of each reporting period.

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 Podravka Group.

<i>as at 31 December 2024</i>	Net book value	Contracted cashflow	Up to one year	1 - 5 years	over 5 years
	<i>(in thousands of EUR)</i>				
<i>Non-interest bearing liabilities:</i>					
Forward contracts	30	30	30	-	-
Trade and interest payables	73,007	73,007	72,997	7	3
	73,037	73,037	73,027	7	3
<i>Interest bearing liabilities</i>					
Finance lease liabilities	114	117	44	73	-
Borrowings	40,470	40,518	40,518	-	-
Lease liabilities	17,049	19,973	5,977	10,196	3,800
	57,633	60,608	46,539	10,269	3,800
	130,670	133,645	119,566	10,276	3,803
<i>Non-interest bearing assets:</i>					
Trade receivables	126,308	126,308	126,070	238	-
Financial instruments	680	680	-	680	-
Forward contracts	2	2	2	-	-
Deposit receivables	15,000	15,000	15,000	-	-
Cash and cash equivalents	27,138	27,138	27,138	-	-
	169,128	169,128	168,210	918	-
<i>Interest bearing assets:</i>					
Long-term and short-term loans	1	1	1	-	-
Long-term deposits	367	408	134	181	93
Deposits – longer than 3 months	2,045	2,045	2,045	-	-
	2,413	2,454	2,180	181	93
	171,541	171,582	170,390	1,099	93
Net liquidity position	40,871	37,937	50,824	(9,177)	(3,710)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 39 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Liquidity risk management (continued)

Liquidity risk analysis (continued)

<i>as at 31 December 2023</i>	Net book value	Contracted cash flow	Up to one year	1 - 5 years	over 5 years
	<i>(in thousands of EUR)</i>				
<i>Non-interest bearing liabilities:</i>					
Forward contracts	9	9	9	-	-
Trade and interest payables	69,951	69,951	69,885	66	-
	69,960	69,960	69,894	66	-
<i>Interest bearing liabilities</i>					
Finance lease liabilities	102	108	40	68	-
Borrowings	43,939	44,004	43,534	470	-
Lease liabilities	13,391	14,528	5,516	6,772	2,240
	57,432	58,640	49,090	7,310	2,240
	127,392	128,600	118,984	7,376	2,240
<i>Non-interest bearing assets:</i>					
Trade receivables	120,069	120,069	119,915	154	-
Financial instruments	5,539	5,539	-	5,539	-
Forward contracts	59	59	59	-	-
Cash and cash equivalents	42,528	42,528	42,528	-	-
	168,195	168,195	162,502	5,693	-
<i>Interest bearing assets:</i>					
Long-term and short-term loans	1	1	1	-	-
Long-term deposits	195	195	130	65	-
Debit securities at amortized cost	7,957	7,957	7,957	-	-
	8,153	8,153	8,088	65	-
	176,348	176,348	170,590	5,758	-
Net liquidity position	48,956	47,748	51,606	(1,618)	(2,240)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 39 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks

(i) Interest rate risk management

The Podravka Group has credit arrangements at fixed and variable interest rates. However, the dominant use of these arrangements is at fixed interest rates, therefore the Podravka Group is not significantly exposed to the interest rate risk.

In 2024, Podravka d.d. 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. Podravka d.d. 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 Podravka d.d. in January 2025. A variable interest rate was agreed, which equals the sum of the margin and the three-month EURIBOR. The Podravka Group 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 changes in interest rates is as follows:

	2024	2023
	<i>(in thousands of EUR)</i>	
Finance lease based on EURIBOR	70	80
	70	80

Interest rate sensitivity analysis

The sensitivity analysis below is determined based on the exposure to changes in contractual interest rates at the reporting date.

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

The estimated effect of an increase in interest rates of 50 basis points on the Podravka Group's result before tax for the reporting periods is as follows:

	Contractual cash flows	up to 1 year	from 1 to 2 years	from 2 to 5 years
31 December 2024	<i>(in thousands of EUR)</i>			
At current interest rates	75	33	28	14
At current interest rates +50 basis points	76	33	29	14
Effect of increase in interest rate by 50 basis points	(1)	-	(1)	-
31 December 2023	<i>(in thousands of EUR)</i>			
At current interest rates	89	35	25	29
At current interest rates +50 basis points	89	35	25	29
Effect of increase in interest rate by 50 basis points	-	-	-	-

At the reporting date the Group was not exposed to interest rate risk.

NOTE 39 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks (continued)

(ii) Price risk

The success of business of Podravka Group is dependent on adequate sources of raw materials, as well as their prices on the market, the efficiency of the production process and distribution of products to its customers.

The cost of raw materials can play a significant role in the cost of finished products the Podravka Group produces, therefore, it is subject to fluctuations of market prices of agricultural, food and pharmaceutical 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 Podravka Group realises the procurement on the domestic and foreign markets, 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 Podravka Group'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 (wars 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.

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.

Disruptions in the market of pharmaceutical products, due to a significant increase in energy prices, disruptions in global supply chains and the inflation significantly contribute to the extension of delivery times and the increase in procurement costs. The blockage of the Suez Canal from the end of 2023 results in an increase in transport costs and extension of delivery times due to the rerouting of ships around southern Africa. The delivery times of some European suppliers have been extended due to the lack of production capacity (minimum 3 to 6 months).

NOTE 39 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks (continued)

(ii) Price risk (continued)

Risks of raw material procurement and product delivery (continued)

The procurement function of the Podravka Group 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 Podravka Group 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 Group, 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 Group'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.

The risk of fluctuation in prices of pharmaceutical raw materials from Chinese and Indian producers is also present, and its increase in previous periods was influenced by alternative, longer and more expensive transport routes. On the other hand, European suppliers, due to labour shortages and labour cost increases, more frequently request the raw material price increases compared to suppliers from China and India.

To minimise these impacts, the Podravka Group'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 Podravka Group for the purpose of best estimates of price movements and the minimisation of market price volatility risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 39 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks (continued)

(iii) Currency risk

The carrying amounts of the Podravka Group's financial assets and financial liabilities denominated in foreign currencies 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>	
Bosnia and Herzegovina (BAM)	4,934	5,278	26,265	25,550
Serbia (RSD)	1,457	1,486	7,215	6,400
Poland (PLN)	3,247	3,680	6,737	7,565
USA (USD)	2,831	3,112	6,602	4,639
Macedonia (MKD)	953	832	2,741	2,639
Other currencies	7,489	6,483	10,556	10,832
	20,911	20,871	60,116	57,625

Foreign currency sensitivity analysis

The Podravka Group conducts most of its transactions in EUR, therefore a large part of the currency risk is eliminated. However, the Podravka Group performs certain transactions in other foreign currencies so the highest exposure during 2024 was to changes in the exchange rate of the Euro against RUB, AUD, USD, PLN, HUF and RON.

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 Podravka Group 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, Podravka d.d. concluded fx forward contracts for managing currency risk of the following foreign currencies: USD and PLN.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 39 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks (continued)

(iii) Currency risk (continued)

Foreign currency sensitivity analysis (continued)

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, except for the Russian ruble for which the Bloomberg exchange rate is used:

	31 December 2024	31 December 2023
BAM	1.9558	1.9558
PLN	4.2655	4.3395
RSD	117.0149	117.1737
USD	1.0444	1.1050
MKD	61.4950	61.4950

The following table details the Podravka Group's sensitivity to a 10% increase and decrease in Euro against the relevant foreign currencies where the Podravka Group has significant exposure (PLN, RSD, USD and MKD). 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 Euro changes against the relevant currency for the percentage specified above. For an inversely proportional change of Euro against the relevant currency, there would be an equal and opposite impact on the profit.

	BAM exposure		PLN exposure	
	2024	2023	2024	2023
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Increase/(decrease) of net result +10%	-	-	349	389
Increase/(decrease) of net result -10%	-	-	(349)	(389)
	RSD exposure		USD exposure	
	2024	2023	2024	2023
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Increase/(decrease) of net result +10%	576	491	377	153
Increase/(decrease) of net result -10%	(576)	(491)	(377)	(153)
	MKD exposure			
	2024	2023		
	<i>(in thousands of EUR)</i>			
Increase/(decrease) of net result +10%	179	181		
Increase/(decrease) of net result -10%	(179)	(181)		

NOTE 39 – RISK MANAGEMENT (CONTINUED)

Financial risks (continued)

Market risks (continued)

(iv) Sales function based risks

The Podravka Group generates 33% (2023: 33%) of its revenue on the Croatian market, whereas 67% (2023: 67%) of the sales are generated on international markets.

The Podravka Group 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 operations on the Croatian market, the Podravka Group 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 Podravka Group 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 Podravka Group 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.

Business risks management

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 Podravka Group seeks to constantly improve the processes and meet market conditions. In the food and pharmaceutical industries, where the focus is on products and brands, the Group complies with legislative, health and manufacturing regulations. The legal regulations according to which the production and sales processes within the Group Podravka are harmonized are subject to change, depending on the bodies that adopt them. By improving internal processes, the Podravka Group strives to eliminate most potential threats.

The continuing risks in global supply chains pose a challenge for food and medicines 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.

Global economic and political volatility and commodity price inflation are negatively affecting the supply chain of medicines and other medical equipment worldwide due to challenges in production, distribution and trade. The difficult supply of raw materials is particularly relevant to manufacturers and suppliers of active substances (API), resulting in global shortages of certain medicines. In response to this risk, the European Commission has launched a programme related to critically important medicines, in which Belupo is also participating, and which aims to ensure the continuity of the supply of medicines in the EU. Timely ordering, introducing tested alternative manufacturers, optimizing transport and internal resources, aims to ensure the timeliness and availability of raw materials and materials that are necessary for the production of medicines in order to reduce the risk and maintain a sufficient supply of drugs for the domestic population.

NOTE 39 – RISK MANAGEMENT (CONTINUED)

Business risks management (continued)

Competition risk

The Podravka Group 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 Group is paying attention to in order to be different from competition.

In addition, the reputation of the brand, or the Podravka Group, 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 Podravka Group undertakes to maintain and increase the existing market positions and margins.

Risks of IT system disruptions

The Podravka Group intensely uses IT systems that enable it to efficiently manage the Group, 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 Group 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 Podravka Group has implemented IT system recovery procedures.

The Group 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 Podravka Group's IT systems is additionally reduced.

Podravka d.d. 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 Podravka Group observes these 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 Podravka Group 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 40 – SHARE-BASED PAYMENT TRANSACTIONS

Key management share options

Options for the purchase of Podravka d.d. shares were granted to key management of the Group. 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. Options are acquired separately for each business year. Share purchase options may be exercised after the expiration of at least two and at most five years from the year to which the share purchase option applies. In case of termination of employment, the acquired options can be exercised within 3 years from the date of termination of employment.

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 of the Group</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 period	vesting 31 Dec 2025
As at 30 April 2021	32,500	Employment until contracted period	vesting 31 Dec 2026
As at 13 September 2021	2,000	Employment until contracted period	vesting 31 Dec 2026
Total	60,300		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 40 – SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Key management 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. 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)	76	73
Exercise price (weighted average)	68	65
Expected volatility (weighted average)	22%	21%
Expected life (weighted average in years)	1.6	2.2
Risk-free interest rate (based on government bonds)	2.63%	2.86%

Expense recognised in profit or loss	2024	2023
	<i>(in thousands of EUR)</i>	
Equity-settled share-based payment transactions	187	325

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	80,300	65	142,772	58
Exercised	(20,000)	78	(62,472)	53
Outstanding at 31 December	60,300	68	80,300	65
Unused at 31 December	60,300	68	45,800	58

As at 31 December 2024, there are 60,300 of outstanding options (2023: 80,300 options). In 2024, 20,000 options were exercised (2023: 62,472 options).

The weighted average exercise price of outstanding options at the end of 2024 is EUR 68 (2023: EUR 65). 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 40 – SHARE-BASED PAYMENT TRANSACTIONS (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 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 right to allocate shares for 2024 is acquired, 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 5,069 shares.

For 2023, the key management 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 2,308 shares.

For 2022, the key management 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 3,272 shares.

During 2024, in accordance with the right for 2023 and 2022, 2,217 shares (minus prescribed duties) were allocated.

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	826	507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 41 – RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are its related parties, are eliminated through consolidation and are not presented in this note.

Payments to members of the Supervisory Board and Management Board

	2024	2023
	<i>(in thousands of EUR)</i>	
Salaries, bonuses and other benefits paid	2,525	2,215
Share-based payments reimbursement	1,563	3,452
	4,088	5,667

The data refers to the Management Board of the Company and the Management Boards of the two largest groups, 12 members (2023: 11 members).

During 2024, share-based payments were realized by the active members of the Management Boards in the amount of EUR 1,563 thousand (2023: EUR 3,452 thousand). For details see note 40.

During 2024, a total of EUR 471 thousand (2023: EUR 363 thousand) was paid to members of the Supervisory Board and the Audit Committee of the Company and members of the Supervisory Boards of the two largest groups.

NOTE 42 – CONTINGENT LIABILITIES

	2024	2023
	<i>(in thousands of EUR)</i>	
Guarantees and warranties given	4,916	3,596
	4,916	3,596

Guarantees and warranties mainly relate to the potential liability of the Belupo Group, Podravka d.d. and the Žito Group on the basis of guarantees and letters of credit.

With respect to guarantees and warranties granted, contingent liabilities have not been recognised in the consolidated statement of financial position as at 31 December as the Management Board estimated that, as at 31 December 2024 and 2023, it is not probable that they will result in liabilities for the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 43 – COMMITMENTS

In 2024, the purchase costs of tangible fixed assets contracted with suppliers amounted to EUR 9,069 thousand (2023: EUR 41,098 thousand), which are not yet realised or recognised in the consolidated statement of financial position.

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	784	1,243
From 1 to 5 years	85	515
	869	1,758

NOTE 44 – 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 45 – 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

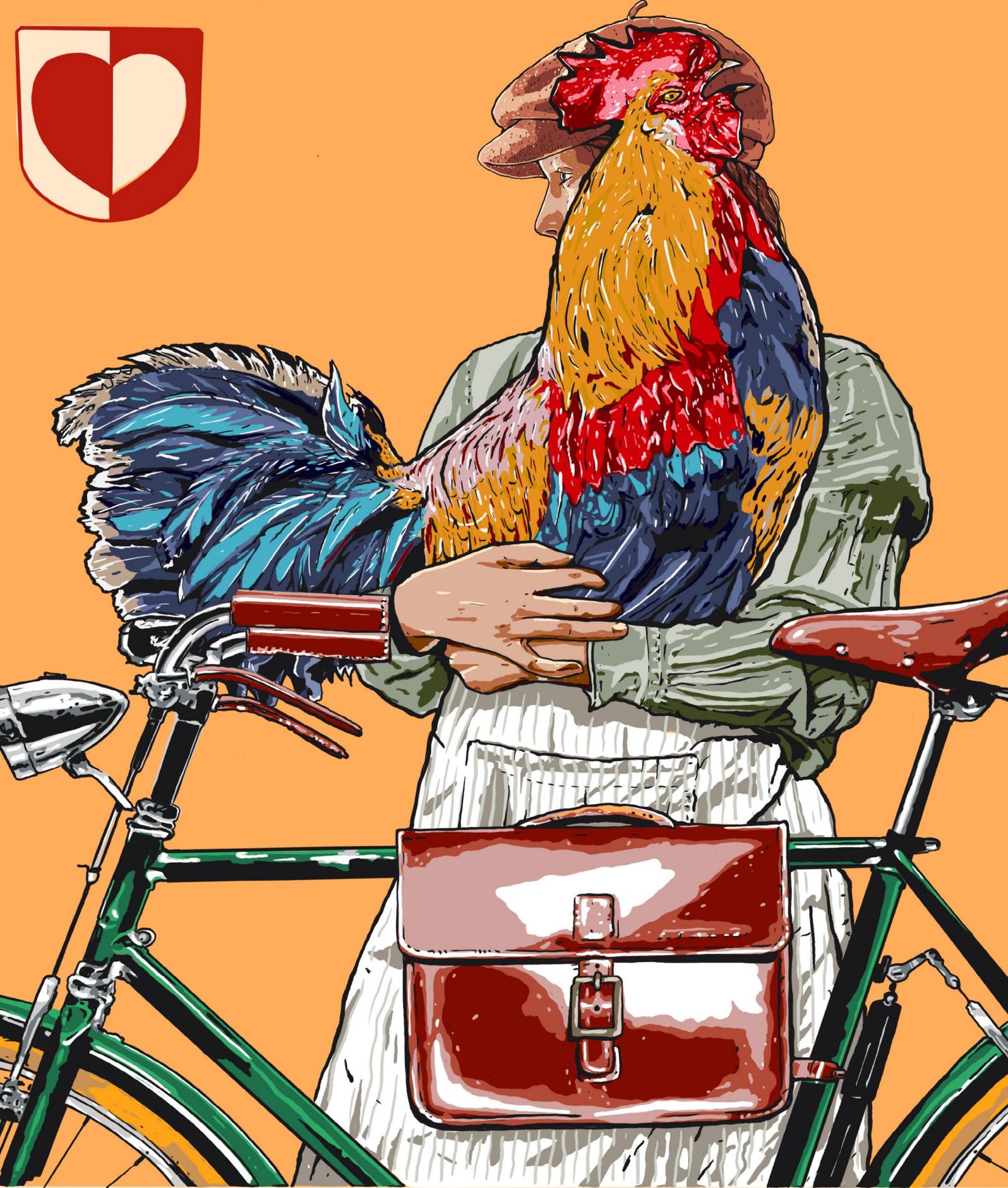
Member of the Management Board

Ivan Ostojić

Member of the Management Board

Podravka 
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KOPRIVNICA 173

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PODRAVKA



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