

KOPRIVNICA, 28<sup>TH</sup> OCTOBER 2021

*Podravka Inc*  
business results  
for January – September 2021  
UNAUDITED



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# General information



## **General information**

Podravka prehrambena industrija Inc., Koprivnica, is incorporated in the Republic of Croatia. Today it is included in leading companies in industry operating in the area of South-Eastern, Central and Eastern Europe. The principal activity of the Company comprises production of a wide range of food products.

The Company is headquartered in Koprivnica, Croatia, Ante Starčevića 32.

The Company's shares are listed on the Prime market of the Zagreb Stock Exchange.

## **Management Board members as at 30 September 2021**

<b>PRESIDENT</b>	Martina Dalić
<b>MEMBER</b>	Ljiljana Šapina
<b>MEMBER</b>	Davor Doko
<b>MEMBER</b>	Hrvoje Kolarić
<b>MEMBER</b>	Marko Đerek

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

# Significant events in 1 – 9 2021



***The Supervisory Board appointed Martina Dalić, PhD,  
as the new President of the Management  
Board of Podravka Inc.***

At its meeting held on 3<sup>rd</sup> February, the Supervisory Board of Podravka Inc. unanimously elected Martina Dalić, PhD, as the new President of the Management Board of Podravka Inc. The mandate of the newly appointed President of the Management Board will last until 23<sup>rd</sup> February 2022, i.e. until the expiration of the mandate of the current Management Board.

Martina Dalić, PhD, is a person with extensive experience in the public and private sectors, but also in international institutions.

She comes to the position of the President of the Management Board of Podravka Inc. from the position of the director of the business consulting company Callidus Certus d.o.o., of which she is also the founder.



In her career in the public sector, she was the Deputy Prime Minister of the Republic of Croatia and Minister of the Economy, Entrepreneurship and Crafts (2016 – 2018), Minister of Finance (2010 – 2011), State Secretary (2004 – 2008) and Assistant Minister of Finance (1997 – 2000). She began her career in the public sector in 1995 at the Ministry of Finance. In addition, in 2011 she was elected a member of the Croatian Parliament and held that mandate until 2015.

She also gained significant experience through the private sector, so from 2008 to 2010 she was the President of the Management Board of Partner banka Zagreb, and from 2000 until 2004 the chief economist of Privredna banka Zagreb, a member of the Intesa Sanpaolo Group.

From 2015 to 2016, she was a permanent advisor for public financial management at the International Monetary Fund, Washington DC.

In the period from 2005 to 2012, Martina Dalić, PhD, was the deputy chief negotiator and negotiator in the negotiating team for the accession of the Republic of Croatia to the European Union for four chapters (Customs union, Taxation, Financial control, and Financial and budgetary provisions).

Martina Dalić, PhD, graduated from the Faculty of Economics and Business in Zagreb, where she began her professional career as an assistant at the Department of Organization and Management. She received her master's degree in 1994, and defended her doctoral thesis in 2012.

She is the author of numerous professional and scientific papers.

### ***Podravka Inc. increased employees' earnings***

At the session held on 18<sup>th</sup> March 2021, the Management Board of Podravka Inc. passed decisions improving the status and position of Podravka Inc.'s employees. These decisions aimed at increasing employees' earnings were implemented as of 1<sup>st</sup> April 2021.

An additional HRK 18 million will be invested in measures to improve employees' rights. This investment in improving the material rights of employees will be offset by savings at other cost levels (savings through simplification of the organisation, savings on general and administrative expenses and marketing expenses).

### ***General Assembly adopted the decision on dividend distribution***

In accordance with the results achieved in 2020, the Supervisory Board of Podravka Inc. at the session held on 30<sup>th</sup> April 2021, adopted the proposal of the decision of the Management Board of Podravka Inc. on the use of profit for 2020, and passed it to the General Assembly of Podravka Inc. for its adoption. On 29<sup>th</sup> June 2021, the General Assembly adopted the decision to distribute dividend to the shareholders of Podravka Inc. in the amount of HRK 9 per share, which implies a dividend yield<sup>1</sup> of 1.5%. The dividend was paid on 27<sup>th</sup> August to all shareholders registered in register of shareholders as at 29<sup>th</sup> July 2021.

### ***Strong investment cycle launched***

The Supervisory Board of Podravka gave its consent to the Management Board to launch a strong investment cycle that will take place in several phases. This investment cycle primarily refers to the project of Podravka's logistics processes optimization, IT and energy reconstruction and modernization of the office building in Koprivnica, and technological modernization of production. The project of logistics processes optimization implies the determination of all necessary measures to improve logistics processes, including the possibility of building a new logistics and distribution centre that would fully meet the needs and make Podravka even closer to consumers and markets. The project of IT and energy reconstruction and modernization of the office building in Koprivnica will improve energy efficiency, corporate and IT security of the system and provide appropriate working conditions that will fully meet the prescribed standards and new requirements in the period after the coronavirus pandemic. In addition to the two mentioned and very important projects, in the following period Podravka expects several other important projects that seek to technically and technologically modernize production and digitally transform the company.

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<sup>1</sup> Dividend yield has been calculated as a ratio between gross amount of the dividend per share (HRK 9.00) and last trading price of the share (HRK 596.00) on the date of the General assembly (29th June 2021) when dividend payout was voted.

### ***Business strategy until 2025 adopted***

The Supervisory Board of Podravka approved the Strategic Plan for the 2021-2025 period. The strategy includes three development pillars: focus on selected markets and product categories, increasing business efficiency through technological modernization and digital transformation of production and logistics processes, and acquisitions.

The strategy envisages focusing on the markets of Western and Central Europe, which presupposes maintaining the leading position in the Adria region and using this position as a basis to more determinedly and strongly conquer the markets of Western and Central Europe. In order to strengthen exports and market share in the target markets, the product portfolio is divided into 21 product categories. 12 categories have significant growth potential in exports, of which three product categories stand out: seasonings, soups and bakery.

The coming period will be marked by intensive technological and IT modernization aimed at achieving greater production efficiency, but also strengthening the ability to adapt more quickly to the habits and needs of consumers. An integral part of technological modernization will be the production management improvement through the application of so-called Lean Management and Industry 4.0 which will start through a pilot project at the Vegeta and Soups factory and will then be transferred to other factories. The aim of these efforts is to make more efficient use of technology and human resources.

Acquisitions will be selected and implemented in a way that will serve to strengthen the market position and expand business in the target markets of Western and Central Europe.

### ***Podravka invests in improving working conditions in factories***

With the aim of improving the microclimatic working conditions in Podravka's factories in Koprivnica and Varaždin, the Management Board of Podravka has adopted a decision on investing in air conditioning and ventilation of these production facilities. These are factories that do not have an adequate air conditioning system, which, especially during the summer months, makes operations difficult. This decision was made in accordance with the company's socially responsible business and care for employees, all with the aim to provide the most comfortable working conditions in these factories. It is estimated that by the end of this year, all these factories will be air-conditioned, which will certainly create better and safer working conditions for the employees.

### ***Work on the IT and energy reconstruction and modernization of Podravka's office building begins***

Podravka's Supervisory Board gave its final approval to the Management Board for the IT and energy reconstruction, as well as the modernization of the office building in Koprivnica, which has been planned for many years, and includes a seven-storey office building, restaurant, parking lot and environment. The reconstruction and modernization of the office building will be carried out in the existing dimensions in a manner appropriate to the challenging business year, by carefully managing costs, and will be financed from operating cash flow, i.e. without additional borrowings. After the analysis of all elements of the final bids, a decision on the selection of a contractor for the IT and energy reconstruction and modernization of Podravka's office building was made and the company Radnik d.d. from Križevci was selected as the most suitable contractor, with a price of HRK 87.8m, which refers to construction and craft works, works of mechanical installations, works on the facade and works on electrical installations. Reconstruction works began on 1st October 2021, and the completion is expected in early July 2022.

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



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

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

At the end of 2020, in Croatia and most of the countries in which the Podravka Inc. operates, the epidemiological situation deteriorated and strict measures were introduced, which also continued in the first half of 2021. Introduction of strict epidemiological measures such as lockdown, introduction of curfew, reduced store opening hours, restrictions on the number of customers in stores, limited movement of people, closure of the Gastro channel, full or partial introduction of online classes affected the business operations of Podravka Inc. In May, epidemiological measures in Croatia and other European Union countries were gradually eased and mitigated. The sales of the Gastro channel (the Gastro channel includes HoReCa customers, institutional customers, industrial customers, etc.) is directly affected by restrictive measures. The easing of restrictive measures and the opening of hospitality facilities and state borders in the second quarter started earlier compared to the same period of 2020, which resulted in a better shoulder season. The significant easing of epidemiological measures and opening of all borders in the third quarter resulted in a very successful tourist season and sales growth in the Gastro channel following the opening and significant activation of hospitality activities.

In the reporting period, Podravka Inc. did not receive subsidies based on difficult business conditions due to the situation caused by COVID-19 disease. The situation caused by COVID-19 disease did not give rise to new financial risks. An event that can be directly related to the impact of the COVID-19 disease is a provision of HRK 1.3m for a receivable from a customer from Africa that has not been collected.

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

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

Key business  
highlights of  
*Podravka Inc.*  
in 1 – 9 2021



## Key business highlights of Podravka Inc. in 1 – 9 2021

The situation caused by COVID-19 disease positively impacted the sales revenues trends in 2020 when a prominent effect of food products stockpiling by customers was recorded in almost all markets in which Podravka Inc. is present. Increased demand in 2020 significantly contributed to sales revenues of almost all business units and categories, but this impact could not be clearly distinguished from the impact of regular demand for products. In the reporting period, the epidemiological situation also had a significant impact in most countries in which Podravka Inc. operates, especially in the Adria region (mostly in Croatia), which is different from the one recorded in the same period of 2020. Negative impact on sales revenues in the first three months of 2021 comes from the introduced strict epidemiological measures such as lockdown and curfew, reduced store opening hours, restrictions on the number of customers in stores, limited movement of people, closure of the Gastro channel (includes HoReCa customers, institutional customers, industrial customers, etc.). The positive impact on sales revenues in the reporting period comes from the easing of measures which began in May and a significant easing in the third quarter, which gave a boost to the tourist season and the arrival of foreign guests in Croatia. The successful tourist season, easing of epidemiological measures in the countries where Podravka Inc. is present with its range and opening of the Gastro channel in Croatia and abroad positively reflected on the movements of sales revenues, but this effect cannot be clearly estimated or quantified.

Decimal differences are possible due to rounding.

## Overview of sales revenues in 1 – 9 2021

### Sales revenues by business unit

(in HRK millions)	1 – 9 2020	1 – 9 2021	Δ	%
BU Culinary	574.7	604.7	29.9	5.2%
BU Baby food, sweets & snacks	296.4	305.2	8.8	3.0%
BU Podravka food	257.8	287.2	29.4	11.4%
BU Žito and Lagris	42.1	50.0	7.8	18.6%
BU Meat products	206.7	205.7	(1.1)	(0.5%)
BU Fish	110.4	100.1	(10.2)	(9.3%)
Other sales*	101.2	98.5	(2.6)	(2.6%)
<b>Total</b>	<b>1,589.4</b>	<b>1,651.4</b>	<b>62.1</b>	<b>3.9%</b>

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

## Sales revenues by region

(in HRK millions)	1 – 9 2020	1 – 9 2021	Δ	%
Adria	1,198.9	1,233.8	34.9	2.9%
WE and Overseas	205.7	225.3	19.5	9.5%
Central Europe	129.4	135.1	5.7	4.4%
Eastern Europe	46.4	43.4	(3.0)	(6.4%)
New markets	8.9	13.8	4.9	55.0%
<b>Total</b>	<b>1,589.4</b>	<b>1,651.4</b>	<b>62.1</b>	<b>3.9%</b>

In the 1 – 9 2021 period, total sales revenues of Podravka Inc. amounted to HRK 1,651.4m, which is HRK 62.1m (+3.9%) higher than in the comparative period. Most business units recorded a sales increase, while the business unit Meat products, meals and spreads and the business unit Fish recorded sales decline due to exceptionally high demand and sales of food products in the comparative period. Positive movements are also recorded at the level of regions, where the sales increase was recorded in all regions except for the Eastern Europe region.

## Profitability of Podravka Inc. In 1 – 9 2021

**NOTE:** The overview and explanation of value adjustments to non-current assets used in the EBITDA calculation, the overview and explanation of items treated as one-off by management and the overview of methodology of calculation of the normalized result are provided in the “Additional tables for 1-9 2021” section.

Decimal differences in the document are possible due to rounding.

(in HRK millions)	Profitability of Podravka Inc.				Normalized			
	1 – 9 2020	1 – 9 2021	Δ	%	1 – 9 2020	1 – 9 2021	Δ	%
Sales revenue	1,589.4	1,651.4	62.1	3.9%	1,589.4	1,651.4	62.1	3.9%
Gross profit	483.7	511.6	27.9	5.8%	483.7	511.6	27.9	5.8%
EBITDA*	228.8	253.8	24.9	10.9%	231.0	254.5	23.5	10.2%
EBIT	155.2	179.4	24.2	15.6%	157.3	180.1	22.7	14.5%
Net profit	184.2	215.7	31.5	17.1%	186.0	216.3	30.3	16.3%
Gross margin	30.4%	31.0%		+54 bp	30.4%	31.0%		+54 bp
EBITDA margin	14.4%	15.4%		+97 bp	14.5%	15.4%		+88 bp
EBIT margin	9.8%	10.9%		+110 bp	9.9%	10.9%		+101 bp
Net margin	11.6%	13.1%		+147 bp	11.7%	13.1%		+139 bp

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

In the 1 – 9 2021 period, Podravka Inc. gross profit amounted to HRK 511.6m, which is HRK 27.9m (+5.8%) higher than in the comparative period. The cost of goods sold increased by 3.1%, with the gross margin increase which stood at 31.0% at the end of the reporting period. The reported operating profit (EBIT) amounts to HRK 179.4m, while it amounted to HRK 155.2m in the comparative period, which is an increase of HRK 24.2m (+15.6%). EBIT was impacted by the increase in selling costs and costs of logistics and distribution, while the positive impact came from savings on marketing expenses and positive movements in foreign exchange differences on trade receivables and trade payables (HRK +2.0m in 1 – 9 2021; HRK -8.8m in 1 – 9 2020). Reported net profit amounted to HRK 215.7m, which is HRK 31.5m (+17.1%) higher compared to 1 - 9 2020. Normalized net profit amounted to HRK 216.3m. Net profit was also positively affected by movements in foreign exchange differences on borrowings (HRK +1.0m in 1 – 9 2021; HRK -2.0m in 1 – 9 2020), the increase in finance income and the decrease in finance costs. Following the increase in pre-tax profit, the tax liability is HRK 5.6m higher.

As at 30 September 2021, total assets of Podravka Inc. amounted to HRK 3,220.4m, which is 5.4% higher than at the end of 2020. The significant increase on the assets side was recorded by trade and other receivables position (HRK +100.9m), cash and cash equivalents position (HRK +39.5m), and inventories position (HRK +18.1m), while the significant decrease was recorded by property, plant and equipment position (HRK -7.3m). On the equity and liabilities side, an increase is recorded by provisions position (HRK +129.8m) and trade and other payables position (HRK +51.4m), while a significant decrease is recorded by long-term borrowings position (HRK -70.4m). Indebtedness of Podravka Inc. decreased in the reporting period due to the repayment of a portion of borrowings, which are in total (long-term and short-term) lower by HRK 75.0m.

Cash flow from operating activities in 1 – 9 2021 amounted to positive HRK 184.5m, due to business operations and movements in the working capital. Cash flow from investing activities at the same time amounted to negative HRK 36.0m, primarily due to cash used for the purchase of non-current tangible and intangible assets. In the same period, cash flow from financing activities amounted to negative HRK 109.1m, due to the repayment of borrowings and the dividend distribution. As at 30 September 2021, cash and cash equivalents amounted to HRK 41.7m.

# Share in 1 – 9 2021



### List of major shareholders as at 30 September 2021

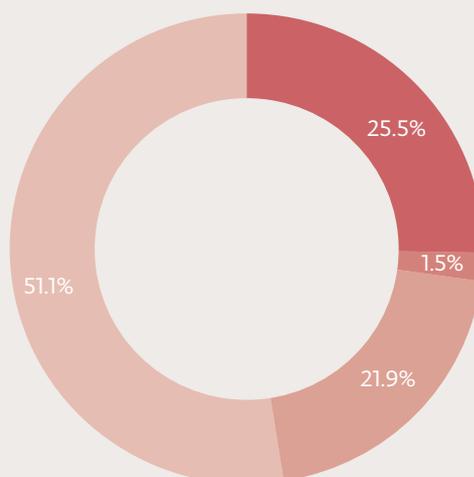
No.	Shareholder	Number of shares	% of ownership
1.	Republic of Croatia*	1,815,376	25.5%
2.	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
3.	AZ mandatory pension fund, category B	917,563	12.9%
4.	Erste Plavi mandatory pension fund, category B	638,617	9.0%
5.	Raiffeisen mandatory pension fund, category B	625,298	8.8%
6.	Podravka Inc. - treasury account	105,916	1.5%
	Other shareholders	1,919,589	27.0%
	<b>Total</b>	<b>7,120,003</b>	<b>100.0%</b>

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

Podravka Inc. has a stable ownership structure where the most significant stake is held by the Republic of Croatia and domestic pension funds. A total of 7,120,003 shares have been issued at nominal price of HRK 220.0 per share. As at 30 September 2021, the Republic of Croatia holds 25.5% stake, and domestic pension funds (mandatory and voluntary) hold a total of 51.1% stake. Podravka Inc. has 1.5% of treasury shares. Podravka Inc.'s shares have been listed on the Prime Market of the Zagreb Stock Exchange and in six Zagreb Stock Exchange indices (CROBEX, CROBEX10, CROBEXtr, CROBEXprime, CROBEXnutr and ADRIAprime).

### Ownership structure as at 30 September 2021

- Republic of Croatia 25.5%
- Treasury shares 1.5%
- Others 21.59%
- Croatian pension funds\*\* 51.1%



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

## Share price movement in 1 – 9 2021



<b>(closing price in HRK; closing points)</b>	<b>31 December 2020</b>	<b>30 September 2021</b>	<b>%</b>
PODR	485.0	664.0	36.9%
CROBEX	1,739.3	1,999.2	14.9%
CROBEX10	1,087.8	1,228.5	12.9%

In the reporting period, the price of Podravka's share recorded a double-digit growth of 36.9% compared to the end of 2020, while the comparable CROBEX and CROBEX10 stock indices increased by 14.9% and 12.9%, respectively.

## Result on the Croatian capital market in 1 – 9 2021

<b>(in HRK; in units)<sup>11</sup></b>	<b>1 – 9 2020</b>	<b>1 – 9 2021</b>	<b>%</b>
Weighted average daily price	404.1	573.4	41.9%
Average daily number of transactions	16	12	(26.7%)
Average daily volume	1,416	1,581	11.7%
Average daily turnover	572,030.7	906,690.2	58.5%

Relative to the comparative period, in the 1 – 9 2021 period, the weighted average daily price of Podravka's share recorded a significant increase of 41.9%. Compared to 1 – 9 2020, the average daily volume increased by 11.7%, the average daily turnover increased by 58.5%, while the average daily number of transactions is 26.7% lower.

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

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

# Additional tables for 1 – 9 2021



### **Additional tables for 1 – 9 2021**

EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments to non-current assets. There were no value adjustments to non-current assets in the reporting and the comparative period.

<b>Reported EBITDA calculation</b>	<b>1 – 9 2020</b>	<b>1 – 9 2021</b>
<b>(in HRK millions)</b>	<b>Podravka Inc.</b>	<b>Podravka Inc.</b>
Reported EBIT	115.2	179.4
+amortization and depreciation	73.6	74.4
+value adjustments	-	-
<b>Reported EBITDA</b>	<b>228.8</b>	<b>253.8</b>

<b>Normalized EBITDA calculation</b>	<b>1 – 9 2020</b>	<b>1 – 9 2021</b>
<b>(in HRK millions)</b>	<b>Podravka Inc.</b>	<b>Podravka Inc.</b>
Normalized EBIT	157.3	180.1
+amortization and depreciation	73.6	74.4
+value adjustments	-	-
<b>Normalized EBITDA</b>	<b>231.0</b>	<b>254.5</b>

### **One-off items in 1 – 9 2021 and 1 – 9 2020**

In the 1 – 9 2021 period, Podravka Inc. incurred HRK 0.7m costs of severance payments for employees on long-term sick leaves, treated by the company's management as one-off item. The estimated impact of the above one-off item on tax is HRK 0.1m (decreases it).

In the 1 – 9 2020 period, Podravka Inc. incurred HRK 2.1m costs of severance payments for employees on long-term sick leaves, treated by the company's management as one-off item. The estimated impact of the one-off item on tax is HRK 0.4m (decreases it).

## Normalization of Podravka Inc. Profit and Loss Statement

<i>(in HRK millions)</i>	1 – 9 2020	1 – 9 2021
	<i>Podravka Inc.</i>	<i>Podravka Inc.</i>
Reported EBIT	115.2	179.4
+severance payments (long term sick-leave)	2.1	0.7
<b>Normalized EBIT</b>	<b>157.3</b>	<b>180.1</b>
Reported Net Income	184.2	215.7
+normalizations above EBIT level	2.1	0.7
+estimated impact of normalization on taxes	(0.4)	(0.1)
<b>Normalized Net Income</b>	<b>186.0</b>	<b>216.3</b>

# Unconsolidated financial statements in 1 – 9 2021



## Consolidated Profit and Loss Statement in 1 – 9 2021

<i>(in HRK thousands)</i>	1 – 9 2020	% of sales revenues	1 – 9 2021	% of sales revenues	% change
Sales revenue	1,589,359	100.0%	1,651,436	100.0%	3.9%
Cost of goods sold	(1,105,611)	(69.6%)	(1,139,797)	(69.0%)	3.1%
<b>Gross profit</b>	<b>483,748</b>	<b>30.4%</b>	<b>511,639</b>	<b>31.0%</b>	<b>5.8%</b>
General and administrative expenses	(106,335)	(6.7%)	(106,040)	(6.4%)	(0.3%)
Selling and distribution costs	(135,723)	(8.5%)	(156,223)	(9.5%)	15.1%
Marketing expenses	(79,382)	(5.0%)	(74,864)	(4.5%)	(5.7%)
Other (expenses) / income, net	(7,093)	(0.4%)	4,872	0.3%	(168.7%)
<b>Operating profit</b>	<b>155,214</b>	<b>9.8%</b>	<b>179,384</b>	<b>10.9%</b>	<b>15.6%</b>
Financial income	64,615	4.1%	72,298	4.4%	11.9%
Other financial expenses	(2,763)	(0.2%)	(1,549)	(0.1%)	(43.9%)
Interest expenses	(2,621)	(0.2%)	(1,548)	(0.1%)	(40.9%)
Net foreign exchange differences on borrowings	(1,980)	(0.1%)	962	0.1%	148.6%
<b>Net finance costs</b>	<b>57,252</b>	<b>3.6%</b>	<b>70,164</b>	<b>4.2%</b>	<b>22.6%</b>
<b>Profit before tax</b>	<b>212,466</b>	<b>13.4%</b>	<b>249,548</b>	<b>15.1%</b>	<b>17.5%</b>
Current income tax	(29,433)	(1.9%)	(35,796)	(2.2%)	21.6%
Deferred tax	1,202	0.1%	1,943	0.1%	61.7%
<b>Income tax</b>	<b>(28,231)</b>	<b>(1.8%)</b>	<b>(33,853)</b>	<b>(2.0%)</b>	<b>19.9%</b>
<b>Net profit for the year</b>	<b>184,235</b>	<b>11.6%</b>	<b>215,695</b>	<b>13.1%</b>	<b>17.1%</b>

## Unconsolidated Balance Sheet as at 30 September 2021

(in HRK thousands)	31.12.2020	% share	30.09.2021	% share	% change
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investments in subsidiaries	984,250	32.2%	985,975	30.6%	0.2%
Investment property	109,055	3.6%	107,945	3.4%	(1.0%)
Intangible assets	84,121	2.8%	85,510	2.7%	1.7%
Property, plant and equipment	811,568	26.6%	804,265	25.0%	(0.9%)
Right-of-use assets	34,370	1.1%	42,518	1.3%	23.7%
Deferred tax assets	48,390	1.6%	50,333	1.6%	4.0%
Non-current financial assets	37,691	1.2%	37,322	1.2%	(1.0%)
<b>Total non-current assets</b>	<b>2,109,445</b>	<b>69.0%</b>	<b>2,113,868</b>	<b>65.6%</b>	<b>0.2%</b>
<b>Current assets</b>					
Inventories	457,306	15.0%	475,430	14.8%	4.0%
Trade and other receivables	486,336	15.9%	587,200	18.2%	20.7%
Income tax claims	144	0.0%	910	0.0%	531.9%
Financial assets at fair value through profit and loss	49	0.0%	223	0.0%	355.1%
Cash and cash equivalents	2,282	0.1%	41,739	1.3%	n/a
Non-current assets held for sale	1,075	0.0%	1,075	0.0%	0.0%
<b>Total current assets</b>	<b>947,192</b>	<b>31.0%</b>	<b>1,106,577</b>	<b>34.4%</b>	<b>16.8%</b>
<b>Total assets</b>	<b>3,056,637</b>	<b>100.0%</b>	<b>3,220,445</b>	<b>100.0%</b>	<b>5.4%</b>

## Unconsolidated Balance Sheet as at 30 September 2021

(in HRK thousands)	31.12.2020	% share	30.09.2021	% share	% change
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Share capital	1,701,709	55.7%	1,714,203	53.2%	0.7%
Reserves	510,313	16.7%	640,065	19.9%	25.4%
Retained earnings / (accumulated losses)	199,852	6.5%	222,668	6.9%	11.4%
<b>Total shareholders' equity</b>	<b>2,411,874</b>	<b>78.9%</b>	<b>2,576,936</b>	<b>80.0%</b>	<b>6.8%</b>
<b>Non-current liabilities</b>					
Borrowings	92,489	3.0%	22,137	0.7%	(76.1%)
Provisions	34,682	1.1%	35,322	1.1%	1.8%
Right-of-use asset liability	25,830	0.8%	31,287	1.0%	21.1%
<b>Total non-current liabilities</b>	<b>153,001</b>	<b>5.0%</b>	<b>88,746</b>	<b>2.8%</b>	<b>(42.0%)</b>
<b>Current liabilities</b>					
Trade and other payables	296,987	9.7%	348,355	10.8%	17.3%
Income tax payable	476	0.0%	16,571	0.5%	3381.3%
Financial liabilities at fair value through profit and loss	66	0.0%	0	0.0%	(100.0%)
Borrowings	166,507	5.4%	161,825	5.0%	(2.8%)
Current portion of long-term debt for right-of-use asset	9,946	0.3%	12,183	0.4%	22.5%
Provisions	17,780	0.6%	15,829	0.5%	(11.0%)
<b>Total current liabilities</b>	<b>491,762</b>	<b>16.1%</b>	<b>554,763</b>	<b>17.2%</b>	<b>12.8%</b>
<b>Total liabilities</b>	<b>644,763</b>	<b>21.1%</b>	<b>643,509</b>	<b>20.0%</b>	<b>(0.2%)</b>
<b>Total equity and liabilities</b>	<b>3,056,637</b>	<b>100.0%</b>	<b>3,220,445</b>	<b>100.0%</b>	<b>5.4%</b>

## Unconsolidated Cash Flow Statement in 1 – 9 2021

(in HRK thousands)	1 – 9 2020	1 – 9 2021	%
<b>Profit / (Loss) for the year</b>	<b>212,466</b>	<b>249,548</b>	<b>17.5%</b>
Depreciation and amortization	73,632	74,369	1.0%
Reversal of impairment of given loans and interests	0	(1,518)	(100.0%)
Reversal of impairment of other receivables	0	(48)	(100.0%)
Remeasurement of financial instruments at fair value	(615)	(241)	60.8%
Dividend income and other	(61,671)	(69,862)	(13.3%)
Share based payment transactions	5,831	5,424	(7.0%)
(Profit) / Loss on disposal of long-term assets	(988)	(200)	79.8%
(Profit) / Loss on disposal of assets held for sale	(9)	(69)	(666.7%)
Impairment of trade receivables	449	5,525	1130.5%
(Decrease) / Increase in provisions	(4,102)	(1,312)	68.0%
Interest income	(2,330)	(2,195)	5.8%
Impairment (write-off) of given loans and interests	37	0	(100.0%)
Interest expense	5,384	3,097	(42.5%)
Effect of changes in foreign exchange rates	3,397	(1,035)	(130.5%)
<b>Changes in working capital:</b>			
(Increase) / Decrease in inventories	(65,132)	(18,125)	72.2%
(Increase) / Decrease in trade receivables	(5,384)	(88,144)	n/a
(Decrease) / Increase in trade payables	(13,502)	51,858	484.1%
<b>Cash generated from operations</b>	<b>147,463</b>	<b>207,072</b>	<b>40.4%</b>
Income tax paid	(27,099)	(19,287)	28.8%
Interest paid	(5,490)	(3,328)	39.4%
<b>Net cash from operating activities</b>	<b>114,874</b>	<b>184,457</b>	<b>60.6%</b>

## Unconsolidated Cash Flow Statement in 1 – 9 2021

<b>(in HRK thousands)</b>	<b>1 – 9 2020</b>	<b>1 – 9 2021</b>	<b>%</b>
<b>Cash flow from investing activities</b>			
Increase of investments in subsidiaries	(2,102)	(1,726)	17.9%
Purchase of property, plant, equipment and intangibles	(71,057)	(59,303)	16.5%
Proceeds from sale of property, plant, equipment and intangibles	1,117	287	(74.3%)
Loans given	(16,900)	0	100.0%
Proceeds from given loans	13,814	1,078	(92.2%)
Collected interest	539	1,294	140.1%
Collected dividends	9,070	22,421	147.2%
<b>Net cash flow from investing activities</b>	<b>(65,519)</b>	<b>(35,949)</b>	<b>45.1%</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	241,328	97,121	(59.8%)
Repayment of borrowings	(203,023)	(141,444)	30.3%
Sale of treasury shares	0	7,983	100.0%
Repayment of lease	(8,865)	(9,515)	(7.3%)
Dividend pay-out	(62,938)	(63,196)	(0.4%)
<b>Net cash from financing activities</b>	<b>(33,498)</b>	<b>(109,051)</b>	<b>(225.5%)</b>
<b>Net (decrease) / increase of cash and cash equivalents</b>	<b>15,857</b>	<b>39,457</b>	<b>148.8%</b>
Cash and cash equivalents at beginning of the year	2,180	2,282	4.7%
<b>Cash and cash equivalents at the end of year</b>	<b>18,038</b>	<b>41,739</b>	<b>131.4%</b>

## Unconsolidated Statement of Changes in Equity in 1 – 9 2021

(in HRK thousands)	Share capital	Reserve for treasury shares	Legal reserves	Reinvested profit reserve	Statutory reserves	Other reserves	Retained earnings/ accumulated loss	Total
<b>As at 1 January 2020</b>	1,696,863	147,604	36,605	-	-	246,480	150,057	2,277,609
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	193,832	193,832
Actuarial losses (net of deferred tax)	-	-	-	-	-	(1,484)	-	(1,484)
Other comprehensive income	-	-	-	-	-	(1,484)	-	(1,484)
<b>Total comprehensive income</b>	-	-	-	-	-	(1,484)	193,832	192,348
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	7,259	-	-	73,849	(81,108)	-
Exercise of options	(3,722)	-	-	-	-	-	-	(3,722)
Fair value of share-based payment transactions	8,566	-	-	-	-	-	-	8,566
Dividends paid	-	-	-	-	-	-	(62,929)	(62,929)
<b>Total transactions with owners recognized directly in equity</b>	4,844	-	7,259	-	-	73,849	(144,037)	(58,085)
<b>As at 31 December 2020</b>	1,701,707	147,604	43,864	-	-	318,845	199,852	2,411,872
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	215,695	215,695
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	-	215,695	215,695
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	9,692	-	-	120,060	(129,752)	-
Exercise of options	5,424	-	-	-	-	-	-	5,424
Fair value of share-based payment transactions	7,071	-	-	-	-	-	-	7,071
Dividend announced	-	-	-	-	-	-	(63,127)	(63,127)
<b>Total transactions with owners recognized directly in equity</b>	12,495	-	9,692	-	-	120,060	(192,879)	(50,632)
<b>As at 30 September 2021</b>	1,714,202	147,604	53,556	-	-	438,905	222,668	2,576,935

# Notes to the financial statements

In 1 – 9 2021 period there were no changes in accounting policies.

Podravka Inc. Annual Report for 2020 is available at:

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



MANAGEMENT BOARD

Koprivnica, 28 October 2021

## STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited financial statements of Podravka Inc. for the period 1 - 9 2021 have been prepared in compliance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards (IFRS) and provide an overall and true presentation of assets, liabilities, profit and loss, financial position and business operations.

Unaudited financial statements of Podravka Inc. for the period 1 - 9 2021 were approved by the Management Board of PODRAVKA Inc. on 28 October 2021.

Corporate Accounting Director:  
Julijana Artner Kukec



Board Member:  
Davor Doko

# Contact

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