

**WE KNOW WHERE
WE'RE GOING BECAUSE
WE KNOW WHERE
WE COME FROM.**



**Podravka Group business results
for 1-12 2019 period - unaudited**



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Key financial indicators in 1-12 2019

<i>(in HRK millions)</i>	2018	2019	Δ	%
Sales revenue	4,232.1	4,409.4	177.3	4.2%
EBITDA ¹	463.7	509.0	45.3	9.8%
Net profit after MI	205.7	221.6	15.9	7.7%
Net cash flow from operating activities	316.9	272.9	(44.0)	(13.9%)
Cash capital expenditures	166.1	153.9	(12.2)	(7.4%)
Normalized EBITDA ²	464.7	515.5	50.8	10.9%
Normalized net profit after MI	216.3	223.6	7.2	3.3%
<i>(in HRK; market capitalization in HRKm)</i>	31.12.2018	31.12.2019	Δ	%
Net debt / normalized EBITDA	1.6	1.6	(0.0)	(1.8%)
Normalized Earnings per share	31.1	32.0	0.9	3.0%
Last price at the end of period	375.0	484.0	109.0	29.1%
Market capitalization	2,611.7	3,380.6	769.0	29.4%
Return on average equity ³	7.5%	7.3%		-17 bp
Return on average assets ³	4.5%	4.7%		+22 bp

Key highlights in 1-12 2019:

- In 2019, the Podravka Group recorded a revenue increase of HRK 177.3m (+4.2%), an increase in operating profit (EBIT) of HRK 25.1m (+9.7%) and an increase in net profit of HRK 15.9m (+7.7%),
- Sales revenues grew by HRK 177.3m (+4.2%) due to stronger selling and marketing activities and demand for newly launched innovated products, of which own brands grew by HRK 163.5m (+4.3%),
- In 2019, the Podravka Group successfully compensated the negative movements in prices of raw materials and supplies (estimated effect of HRK 26.1m in the Food segment), significantly improved material rights of its employees (increase in staff costs of HRK 62.5m or +6.2%) and continued the investments in marketing activities (increase in marketing investments of HRK 18.4m or +8.1%),
- In 2019, the continued deleveraging strategy resulted in the reduction of short-term and long-term borrowings by HRK 190.0m,
- Management focus remains on the implementation of the business strategy that may be summarised in three key points: focus on our traditional markets where the Podravka Group is a renowned manufacturer, investments in further development of own brands and product innovation, and effective cost management.

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

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

²Normalized EBITDA is calculated in a way that normalized EBIT was increased by the depreciation.

³Normalized.



Significant events in 1-12 2019

Implementation of the Agrokor's creditors settlement

In line with the Agrokor's creditors settlement of 4th July 2018, which became effective as of 26th October 2018, the Fortenova Group became operational on 1st April 2019, thus implementing the plan of financial and ownership restructuring initiated following difficulties in operations of the Agrokor concern. An important element of the Agrokor's creditors settlement is the agreement on the payment of the so-called "border debt" to suppliers, related to the business results of the company Konzum d.d., i.e. Konzum plus d.o.o. from 2018 to 2021.

In April 2018, in line with then available relevant information on the settlement within the process of extraordinary administration, Podravka Inc. estimated the recoverability of the claimed receivables and impaired receivables in the amount of HRK 44.1m, which was booked in 2017. Since in 2018 the published monthly business reports of Konzum d.d. were significantly better than expected, the updated calculation of the receivables recoverability resulted in higher present value and at the end of 2018 the impairment of receivables was corrected to HRK 36.2m. In 2019, the updated calculation of receivables recoverability resulted in higher present value since the results of Konzum plus in 2018 and the results of Konzum plus for the first nine months of 2019 are higher than expectations included in the last-year's analysis, and on this basis at the end of 2019 the impairment of receivables was corrected to HRK 24.0m.

Changes in Supervisory Board

As at 18th June 2019 the PODRAVKA Inc. General Assembly was held where it was determined that for three members of the PODRAVKA Inc. Supervisory Board membership in the Supervisory Board of PODRAVKA Inc. had ended based on resignations in accordance with Article 42 of the Act on Amendments to the Mandatory Pension Funds Act. At the same General Assembly, the decision on the election of three new members of the PODRAVKA Inc. Supervisory Board was passed – Marina Dabić, Želimir Vukina and Tomislav Kitonić. The term of the elected members of the PODRAVKA Inc. Supervisory Board started as of 1st July 2019 and lasts four years. At the Supervisory Board meeting held on 1st July 2019, Mr. Želimir Vukina was appointed President of the Supervisory Board of PODRAVKA Inc.



Dividend distributed to shareholders of Podravka Inc.

On 16th August 2019, the dividend was distributed to shareholders in the gross amount of HRK 9.00 per share, which is a 28.5% increase compared to the previous year when the dividend was distributed to shareholders in the gross amount of HRK 7.00 per share. This is a continuation of the implementation of the Podravka Group's dividend distribution policy in line with business results and development plans.



The cooperation of Podravka and Ledo won gold

Lino Lada ice cream, produced in cooperation of Podravka and Ledo, was proclaimed the best ice cream in the world. In the prestigious global contest of the international association of ice cream manufacturers held in Sweden, the International Ice Cream Consortium awarded gold to the unique flavour and appearance of Lino Lada ice cream. It was recognised as an innovative and attractive concept, high-quality product and technically very demanding project.

Podravka continuously monitors the preferences of its consumers and tries to offer innovative, high-quality products, and Lino Lada ice-cream proved to be the winning combination.



Podravka won the Building Public Trust Award



As part of the annual award ceremony of the Zagreb Stock Exchange, the consultant firm PricewaterhouseCoopers Croatia (PwC Croatia) awards the Building Public Trust Award. The goal of the award is to recognise and reward companies diversified through clarity and transparency of reporting. PwC experts reviewed the reports of selected companies and assessed them against the set transparency criteria (progress, website, strategy, risk information, financial information, corporate governance, social responsibility) and selected five companies that entered the final selection for the award, including Podravka.

Podravka received the Building Public Trust Award in 2019, which is a great recognition for the clarity and transparency of reporting to stakeholders, such as shareholders, investors, banks, regulators and others.



Overview of sales revenues in 1-12 2019

Note: in the 1-12 2019 period, based on *IFRS 15 Revenue from Contracts with Customers*, certain fees for various promotional and marketing activities that were recorded within marketing expenses, the Pharmaceuticals segment reclassified to decrease in sales. The reclassification amount is HRK 11.9m, of which HRK 10.6m relates to the prescription drugs category, and the remainder to the non-prescription programme. Geographically, HRK 11.6m relates to the Eastern Europe region, while the remaining portion relates to Croatia.

Sales revenues by segment in 1-12 2019

Sales revenues by segment				
(in HRK millions)	2018	2019	Δ	%
Food	3,335.3	3,454.0	118.8	3.6%
Own brands*	3,093.4	3,220.6	127.2	4.1%
Other sales*	241.9	233.5	(8.4)	(3.5%)
Pharmaceuticals	896.9	955.4	58.5	6.5%
Own brands	747.1	783.4	36.3	4.9%
Other sales	149.8	172.0	22.2	14.8%
Podravka Group	4,232.1	4,409.4	177.3	4.2%
Own brands	3,840.5	4,004.0	163.5	4.3%
Other sales	391.6	405.4	13.8	3.5%

*During 2019, certain products were reclassified from other sales to own brands. For comparability purposes, the change was made in both observed periods.

Movements of the Food segment revenues (1-12 2019 compared to 1-12 2018):

- **Own brands** recorded HRK 127.2m higher sales (+4.1%), primarily due to the growth in sales of all business units, as a result of stronger selling and marketing activities, demand for newly launched products and the expanded distribution of certain categories. The Culinary, Baby food, sweets and snacks and Fish business units had the most significant impact on the revenue increase,
- **Other sales** recorded HRK 8.4m lower sales (-3.5%), as a result of lower sales of trade goods in the markets of Bosnia and Herzegovina and Serbia,
- Overall, the **Food segment** recorded HRK 118.8m higher sales (+3.6%),

Movements of the Pharmaceuticals segment revenues (1-12 2019 compared to 1-12 2018):

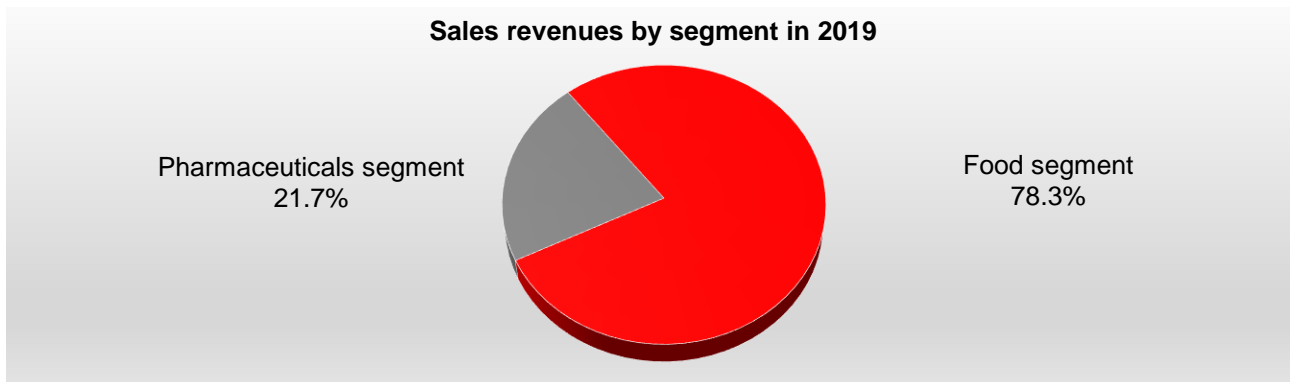
- **Own brands** recorded HRK 36.3m higher sales (+4.9%), primarily due to the increase in demand and sales in the markets of Russia, Croatia, Serbia and Slovakia,



- **Other sales** revenues are HRK 22.2m higher (+14.8%), as a result of higher sales of trade goods in the markets of Bosnia and Herzegovina and Croatia,
- Overall, the **Pharmaceuticals segment** recorded HRK 58.5m higher sales revenue (+6.5%),

Movements of the Podravka Group revenues (1-12 2019 compared to 1-12 2018):

- **Own brands** of the Podravka Group recorded a sales growth of HRK 163.5m (+4.3%),
- The revenues from **other sales** are HRK 13.8m higher (+3.5%),
- Overall, the **Podravka Group** sales revenues are HRK 177.3m higher (+4.2%).





Sales revenues by business unit and category in 1-12 2019

Sales revenues by business unit and category				
<i>(in HRK millions)</i>	2018	2019	Δ	%
BU Culinary	894.0	934.7	40.7	4.5%
BU Baby food, sweets and snacks*	407.2	435.9	28.7	7.0%
BU Podravka food	392.0	401.0	9.0	2.3%
BU Žito and Lagris*	949.2	956.9	7.7	0.8%
BU Meat products	270.4	284.1	13.7	5.1%
BU Fish	180.5	207.9	27.5	15.2%
Prescription drugs	643.6	670.0	26.5	4.1%
Non-prescription programme	103.5	113.4	9.8	9.5%
Other sales	391.6	405.4	13.8	3.5%
<i>Other sales Food</i>	241.9	233.5	(8.4)	(3.5%)
<i>Other sales Pharmaceuticals</i>	149.8	172.0	22.2	14.8%
Podravka Group	4,232.1	4,409.4	177.3	4.2%

*At the end of 2019, the Oil products subcategory was reclassified from the BU Baby food, sweets and snacks to BU Žito and Lagris. For comparability purposes, the change was made in both observed periods.

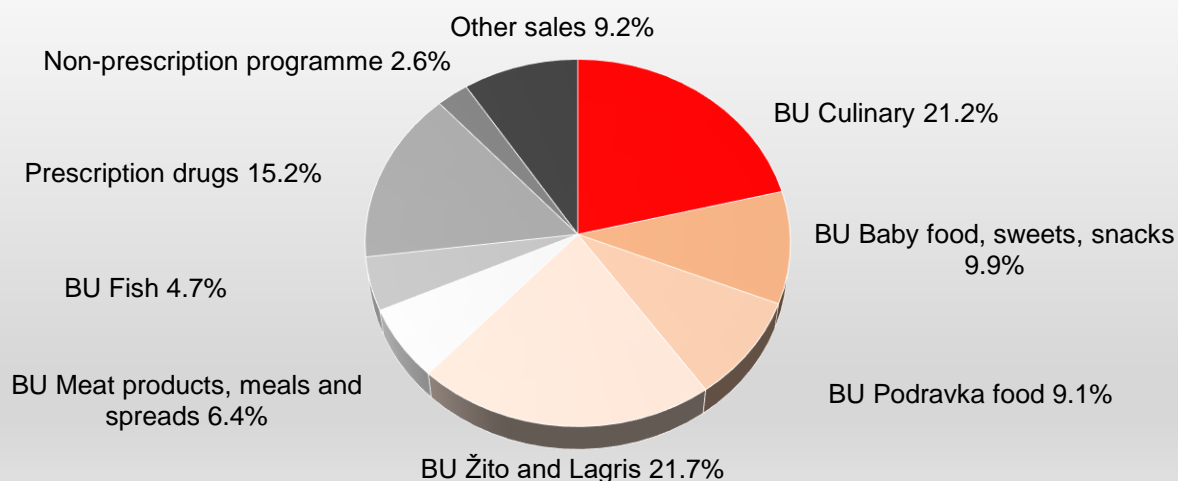
Movements of revenues by business unit and category (1-12 2019 compared to 1-12 2018):

- The **Culinary business unit** recorded HRK 40.7m higher sales (+4.5%), primarily in the categories Seasonings, Soups and Food mixes, due to the optimum mix of selling and marketing activities and the demand for new products, resulting in sales growth in all regions except the New markets region,
- The **Baby food, sweets and snacks business unit** recorded HRK 28.7m higher sales (+7.0%), driven by marketing activities in categories Creamy spreads, Baby food and Snacks and by excellently received new and innovated products of the Lino Lada and Kviki brands. The business unit recorded growth in all regions except the New markets region,
- The **Podravka Food business unit** recorded HRK 9.0m higher sales (+2.3%), where the increase in sales of the Flour, Condiments and Tomato categories managed to compensate for lower revenues of the Frozen vegetables category. The Flour and Condiments categories increased due to stronger selling and marketing activities and increased demand, while lower sales of the Frozen Vegetables category is connected to the problems with procurement of raw materials from a supplier from Serbia,
- The **Žito and Lagris business unit** recorded HRK 7.7m (+0,8%) higher sales than in the comparative period. This is a result of a continuous growth of the Bakery and mill products and Pasta categories, compensating for the lower sales of the Confectionery and Pulses, Groats and Oil products categories,



- The **Meat products, meat solutions and savoury spreads business unit** recorded an increase in sales of HRK 13.7m (+5.1%), primarily due to the increase in sales of ready-to-eat meals and luncheon meats categories,
- The **Fish business unit** on an annual level recorded a double-digit revenue growth of HRK 27.5m (+15.2%) compared to 2018, primarily due to the increased demand and stronger selling and marketing activities in the Adria region. The revenue growth was mainly impacted by the sales of Tuna and Sardine categories,
- The **Prescription drugs category** recorded HRK 26.5m higher sales (+4.1%), with the most significant increase recorded in the markets of Russia, Serbia and Slovakia, which compensated for the decrease in sales in the markets of Turkey, Bosnia and Herzegovina and Kosovo. The sales growth in the market of Russia is a result of continuous demand for Belupo products and significant selling activities in the second half of the year, while the decrease in sales in the markets of Turkey and Kosovo is a result of changes in local legislation,
- The sales of the **Non-prescription programme category** are HRK 9.8m higher (+9.5%), primarily as a result of the sales growth in the OTC drugs and the natural products subcategories in the markets of Croatia, Slovenia and Russia due to increased demand and targeted marketing and selling activities,
- The **Other sales category** recorded HRK 13.8m higher sales (+3.5%), primarily as a result of the increase in sales of trade goods of the Farmavita company in the Pharmaceuticals segment. In the Food segment, other sales dropped by HRK 8.4m (-3.5%) due to the decrease in sales of trade goods in the markets of Bosnia and Herzegovina and Serbia.

Sales revenues by business unit and category in 2019





Sales revenues by region in 1-12 2019

Sales revenues by region				
(in HRK millions)	2018	2019	Δ	%
Adria	2,964.4	3,082.6	118.1	4.0%
Food*	2,331.8	2,423.9	92.1	3.9%
Pharmaceuticals	632.6	658.7	26.1	4.1%
WE and Overseas	436.4	466.2	29.8	6.8%
Food	434.7	465.4	30.7	7.1%
Pharmaceuticals	1.7	0.8	(0.9)	(52.4%)
Central Europe	508.3	509.5	1.3	0.3%
Food*	448.2	446.2	(2.0)	(0.4%)
Pharmaceuticals	60.1	63.3	3.2	5.4%
Eastern Europe	292.4	334.9	42.5	14.5%
Food	103.1	103.3	0.2	0.2%
Pharmaceuticals	189.3	231.6	42.3	22.4%
New markets	30.7	16.1	(14.5)	(47.4%)
Food	17.5	15.2	(2.3)	(12.9%)
Pharmaceuticals	13.2	0.9	(12.3)	(93.0%)
Podravka Group	4,232.1	4,409.4	177.3	4.2%

* Since the beginning of 2019, as part of reorganisation, the market of Bulgaria was transferred from the Central Europe region to the Adria region. For comparability purposes, the change was made in both observed periods.

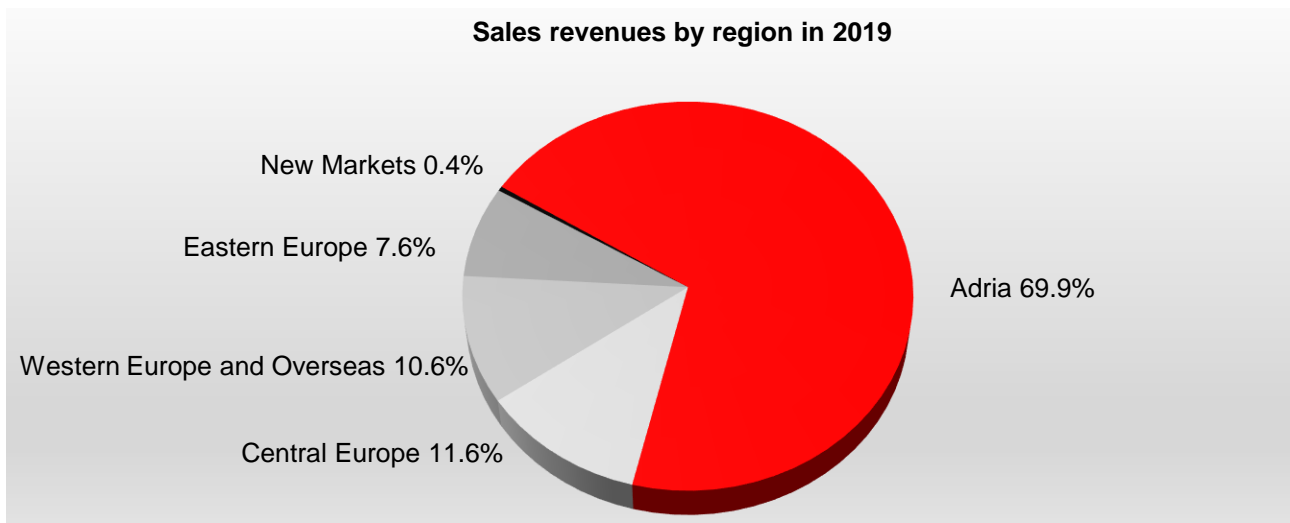
Movements of revenues by region (1-12 2019 compared to 1-12 2018):

- The **Adria region** recorded HRK 118.1m higher sales (+4.0%) than in the comparative period. In the Food segment, total revenue growth of HRK 92.1m (+3.9%) was recorded following the growth of all business units and as a result of implemented selling and marketing activities, expanded distribution and launching of new and innovated products. Revenues of the Pharmaceuticals segment are HRK 26.1m higher (+4.1%) primarily as a result of the increase in sales of trade goods and non-prescription programme,
- Revenues of the **Western Europe and Overseas region** grew by HRK 29.8m (+6.8%) on an annual level. In the Food segment, the revenue growth was recorded by almost all business units, led by the Culinary and the Meat products, meat solutions and savoury spreads. The Pharmaceuticals segment recorded HRK 0.9m lower revenues (-52.4%), which did not have a significant impact on the region's performance,
- The **Central Europe region** recorded HRK 1.3m higher sales (+0.3%) compared to 2018. The Food segment recorded HRK 2.0m lower sales (-0.4%) where the significant increase in sales of the Culinary



business unit was not able to compensate for the decrease in sales of the Žito and Lagris business unit in Rice, Pulses, Groats and Oil products categories and trade goods (decrease in sales of poppy seed). The Pharmaceuticals segment recorded a total sales growth of HRK 3.2m (+5.4%), primarily due to the increase in sales in the markets of Slovakia and the Czech Republic following increased selling activities in the second half of the year,

- Revenues of the **Eastern Europe region** on an annual level rose by HRK 42.5m (+14.5%). In the Food segment, the significant increase in revenues of the Culinary, Žito and Lagris, and Fish business units compensated for the decrease in sales of the Podravka Food business unit following lower sales of the Frozen vegetables category, connected to the problems with procurement of raw materials from a supplier from Serbia, and lower sales of trade goods (decrease in sales of poppy seed). In the Pharmaceuticals segment, a significant revenue growth was recorded as a result of a continuous increase in demand for Belupo products in the markets of Russia and Ukraine and significant selling activities in the second half of the year,
- The **New markets region** recorded a decrease in sales of HRK 14.5m (-47.4%). The decrease in sales of the Food segment of HRK 2.3m (-12.9%) is primarily a result of lower sales of the Baby food, sweets and snacks business unit. In the Pharmaceuticals segment, a revenue decrease is a consequence of changes in legislation in the market of Turkey.





Profitability in 1-12 2019

Note: the overview and explanation of value adjustments of non-current assets used in the calculation of EBITDA, overview and explanations of items treated by management as one-off items and the overview of methodology of calculation of normalized result are provided in the “Additional tables for 1-12 2019” section.

In the 1-12 2019 period, the adoption of new *IFRS 16 Leases* resulted in lower lease expenses by estimated HRK 38.0m (Food estimated HRK 30.5m, Pharmaceuticals estimated HRK 7.5m), while depreciation and amortisation were higher by HRK 36.2m (Food HRK 29.0m, Pharmaceuticals HRK 7.3m), interest expense by HRK 2.8m (Food HRK 2.3m, Pharmaceuticals HRK 0.4m), and gains from the write-off of right-of-use assets amounted to HRK 0.1m (Food HRK 0.0m, Pharmaceuticals HRK 0.1m).

Profitability of the Food segment in 1-12 2019

Profitability of the Food segment					Normalized			
(in HRK millions)	2018	2019	Δ	%	2018	2019	Δ	%
Sales revenue	3,335.3	3,454.0	118.8	3.6%	3,335.3	3,454.0	118.8	36%
Gross profit	1,110.8	1,158.6	47.8	4.3%	1,112.3	1,159.7	47.4	4.3%
EBITDA*	322.9	326.4	3.5	1.1%	317.7	333.0	15.2	4.8%
EBIT	173.3	164.3	(9.1)	(5.2%)	180.7	180.2	(0.5)	(0.3%)
Net profit after MI	145.0	137.9	(7.1)	(4.9%)	150.0	139.9	(10.1)	(6.8%)
Gross margin	33.3%	33.5%		+24 bb	33.3%	33.6%		+23 bb
EBITDA margin	9.7%	9.5%		-23 bb	9.5%	9.6%		+11 bb
EBIT margin	5.2%	4.8%		-44 bb	5.4%	5.2%		-20 bb
Net margin after MI	4.3%	4.0%		-36 bb	4.5%	4.1%		-45 bb

*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.

Profitability of the Food segment (1-12 2019 compared to 1-12 2018):

- In the 1-12 2019 period, the Food segment recorded an increase in reported **gross profit** of 4.3%, while the gross margin recorded is 33.5%. This is a result of higher sales revenues and the positive impact of the sales structure itself, as explained in the “Overview of sales revenues in 1-12 2019” section. In addition, the estimated effect of movements in prices of raw materials and supplies amounts to negative HRK 26.1m⁴,
- The reported **operating profit (EBIT)** is 5.2% lower, while normalized operating profit is slightly below the comparative period. It should be noted that in the observed period, in line with its strategy, the

⁴Obtained as used volumes of raw materials and supplies in 2019*prices in 2019 – used volumes of raw materials and supplies in 2019*prices in 2018.



company increased marketing investments by HRK 19.8m (+11.5%), which contributed to the increase in sales that successfully compensated for higher staff costs of HRK 42.4m (+5.5%) and costs related to the sales growth. Higher staff costs are a result of the planned improvement in material rights of employees,

- Reported **net profit after minority interests** is HRK 7.1m lower, while normalized net profit after minority interests is HRK 10.1m lower than in the comparative period. On top of impacts above the EBIT level, it is necessary to point out less favourable movements in foreign exchange differences on borrowings (HRK -0.3m in 1-12 2019; HRK +5.5m in 1-12 2018).

Profitability of the Pharmaceuticals segment in 1-12 2019

Profitability of the Pharmaceuticals segment					Normalized			
(in HRK millions)	2018	2019	Δ	%	2018	2019	Δ	%
Sales revenue	896.9	955.4	58.5	6.5%	896.9	955.4	58.5	6.5%
Gross profit	447.7	472.9	25.2	5.6%	452.2	472.9	20.7	4.6%
EBITDA*	140.8	182.6	41.8	29.7%	147.0	182.6	35.6	24.2%
EBIT	85.1	119.3	34.2	40.1%	91.3	119.3	28.0	30.6%
Net profit after MI	60.7	83.6	23.0	37.9%	66.3	83.6	17.4	26.2%
Gross margin	49.9%	49.5%		-41 bb	50.4%	49.5%		-92 bb
EBITDA margin	15.7%	19.1%		+341 bb	16.4%	19.1%		+272 bb
EBIT margin	9.5%	12.5%		+299 bb	10.2%	12.5%		+230 bb
Net margin after MI	6.8%	8.8%		+199 bb	7.4%	8.8%		+136 bb

*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.

Profitability of the Pharmaceuticals segment (1-12 2019 compared to 1-12 2018):

- The Pharmaceuticals segment recorded 5.6% higher reported **gross profit**, while at the same time the gross margin stands at 49.5%. This is a result of higher sales revenue and the positive impact of the sales structure itself, as explained in the “Overview of sales revenues in 1-12 2019” section,
- Reported **operating profit (EBIT)** is 40.1% higher, while normalized operating profit increased by 30.6% as a result of the significant increase in sales and favourable movements in foreign exchange differences on trade receivables and trade payables (HRK +13.8m in 1-12 2019; HRK -12.9m in 1-12 2018). This compensated for higher staff costs of HRK 20.1m (+8.7%), which is in line with the planned improvement in the material rights of employees,
- Reported **net profit after minority interests** is HRK 23.0m higher, while normalized net profit after minority interests is HRK 17.4m higher. This is primarily a result of impacts above the EBIT level, which



compensated less favourable movements in foreign exchange differences on borrowings (HRK -1.9m in 1-12 2019; HRK +6.0m in 1-12 2018).

Profitability of the Podravka Group in 1-12 2019

Profitability of the Podravka Group					Normalized			
<i>(in HRK millions)</i>	2018	2019	Δ	%	2018	2019	Δ	%
Sales revenue	4,232.1	4,409.4	177.3	4.2%	4,232.1	4,409.4	177.3	4.2%
Gross profit	1,558.4	1,631.5	73.1	4.7%	1,564.5	1,632.6	68.1	4.4%
EBITDA*	463.7	509.0	45.3	9.8%	464.7	515.5	50.8	10.9%
EBIT	258.4	283.5	25.1	9.7%	272.0	299.5	27.5	10.1%
Net profit after MI	205.7	221.6	15.9	7.7%	216.3	223.6	7.2	3.3%
Gross margin	36.8%	37.0%		+18 bb	37.0%	37.0%		+6 bb
EBITDA margin	11.0%	11.5%		+59 bb	11.0%	11.7%		+71 bb
EBIT margin	6.1%	6.4%		+32 bb	6.4%	6.8%		+36 bb
Net margin after MI	4.9%	5.0%		+16 bb	5.1%	5.1%		-4 bb

*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.

Profitability of the Podravka Group (1-12 2019 compared to 1-12 2018):

- The Podravka Group recorded 4.7% higher reported **gross profit**, where the strong impact comes from both business segments. Cost of goods sold increased by 3.9%, which eventually resulted in the gross margin of 37.0% in the reporting period. In addition, the estimated effect of movements in prices of raw materials and supplies of the Food segment amounts to negative HRK 26.1m⁵,
- The reported **operating profit (EBIT)** is HRK 25.1m higher, while normalized operating profit is HRK 27.5m higher. This is a result of the increase in sales in both business segments and favourable movements in foreign exchange differences on trade receivables and trade payables (HRK +18.6m in 1-12 2019; HRK -19.5m in 1-12 2018), which allowed stronger marketing investments of HRK 18.4m (+8.1%), compensated higher staff costs of HRK 62.5m (+6.2%) and costs related to the sales growth. Higher staff costs are a result of the planned improvement in material rights of employees,
- Reported **net profit after minority interests** is HRK 15.9m higher, while normalized net profit after minority interests is HRK 7.2m higher. On top of impacts above the EBIT level, it is necessary to point out less favourable movements in foreign exchange differences on borrowings than in the comparative period (HRK -2.2m in 1-12 2019; HRK +11.5m in 1-12 2018).

⁵Obtained as used volumes of raw materials and supplies in 2019*prices in 2019 – used volumes of raw materials and supplies in 2019*prices in 2018.



Key characteristics of the income statement in 1-12 2019

Other income and expenses, net

In the reporting period, other income and expenses, net amounted to HRK +28.8m, while in the comparative period they amounted to HRK -11.6m. This line item includes value adjustments stated in the "Additional tables for 1-12 2019" section and foreign exchange differences on trade receivables and trade payables that amounted to HRK +18.6m in 1-12 2019 period, while in the comparative period they amounted to HRK -19.5m. Decrease in provision for receivables related to relationship with Fortenova Group, former Agrokor concern, made in 2019, is recorded within other income and expenses, net, while the decrease in provision for receivables made in 2018 is included in selling and distribution costs. The explanation of the decrease in these provisions is provided in the "Significant events in 1-12 2019" section.

Cost of goods sold

Higher sales realised, the sales structure itself, the increase in prices of raw materials and supplies (estimated negative effect in the Food segment of HRK 26.1m) and higher staff costs impacted the increase in costs of goods sold of 3.9% compared to the comparative period. On the normalized level, costs of goods sold grew 4.1%.

General and administrative expenses

General and administrative expenses grew by HRK 22.9m (+7.3%) compared to 2018, primarily as a result of higher staff costs and different dynamics of movements in provisions. On the normalized level, general and administrative expenses are HRK 23.6m higher (+7.7%).

Selling and distribution costs

In the reported period, the increase in sales and higher staff costs impacted the increase in selling and distribution costs, which are HRK 36.7m (+6.4%) higher than in the comparative period. On the normalized level, selling and distribution costs grew by HRK 29.5m (+5.1%). Decrease in provision for receivables related to relationship with Fortenova Group, former Agrokor concern, made in 2019, is recorded within other income and expenses, net, while the decrease in provision for receivables made in 2018 was included in selling and distribution costs. The explanation of the decrease in these provisions is provided in the "Significant events in 1-12 2019" section.

Marketing expenses

In line with the Group's strategy, marketing expenses in the reporting period are HRK 28.9m or 7.1% higher than in 2018. The costs of marketing investments are HRK 18.4m higher (+8.1%), while the remaining portion relates to expenses of the marketing department. This is a result of stronger investments in the promotion of newly launched products and further development of own brands through effective and diverse marketing activities.



Net finance costs

In the observed period, net finance costs amounted to HRK -17.7m, while in the comparative period they amounted to HRK -7.9m. This is primarily a consequence of less favourable movements in foreign exchange differences on borrowings, which amounted to HRK -2.2m in 1-12 2019 period, while in the comparative period they amounted to HRK +11.5m. Interest expense on borrowings are 17.0% lower due to refinancing of borrowings under more favourable commercial terms.

Income tax

In 1-12 2019, the income tax of the Podravka Group is at the level as in the comparative period.



Key characteristics of the balance sheet as at 31 December 2019

Property, plant and equipment

Compared to 31 December 2018, property, plant and equipment of the Podravka Group are HRK 43.3m or -1.9% lower due to regular depreciation in the current period.

Non-current financial assets

Non-current financial assets are HRK 36.8m higher compared to 31 December 2018, primarily due to the reclassification of receivables related to relationship with Fortenova Group (former Agrokor concern) from trade and other receivables to non-current financial assets. These receivables relate to receivables explained in the "Significant events in 1-12 2019" section, while receivables from normal operations with the Fortenova Group are still included in trade and other receivables.

Inventories

Inventories of the Podravka Group are HRK 100.0m or 11.8% higher than as at 31 December 2018., as a result of the strategic increase in inventories of the fish range due to increased demand and production and the increase in inventories of raw materials and supplies, which is in line with the planned production dynamics.

Trade and other receivables

Trade and other receivables of the Podravka Group are HRK 10.0m or 1.1% higher than as at 31 December 2018. These departures are in line with normal operations.

Cash and cash equivalents

Cash and cash equivalents of the Podravka Group at the end of the observed period are HRK 155.5m lower (-73.7%) compared to 31 December 2018. This is explained in the "Key characteristics of the cash flow statement in 1-12 2019" section.

Long-term and short-term borrowings

As at 31 December 2019, long-term and short-term borrowings of the Podravka Group are HRK 190.0m lower than as at 31 December 2018, as a result of continued repayment of a portion of borrowings in line with the strategy of further deleveraging.

Trade and other payables

Trade and other payables of the Podravka Group are HRK 52.3m lower or -7.9% compared to 31 December 2018, which is in line with regular operations.

Indebtedness

The new accounting standard IFRS 16 is effective as of 1st January 2019, which regulates methods of recognising, measuring, presenting and disclosing leases, i.e. prescribes the obligation of a lessee to recognise assets and liabilities for all leases, other than leases with a term of up to 12 months or with low value leases. Accordingly, the Podravka Group includes right-of-use assets (leases) in debt as at 31 December 2019 in the amount of HRK 101.8m. The total amount of debt is lower by HRK 88.3m compared to 31 December 2018. If the right-of-use assets were excluded, the indebtedness would be HRK 190.1m lower as a result of repayment of a portion of borrowings. Financial liabilities at fair value through profit or loss are HRK 0.1m lower.

As at 31 December 2019, the total debt of the Podravka Group related to borrowings and other interest-bearing financial liabilities amounted to HRK 878.0m, of which HRK 468.1m relates to long-term borrowings, HRK 307.7m to short-term borrowings, HRK 101.8m to liabilities for right-of-use assets, and HRK 0.3m to swap and forward contract liabilities. The **average weighted cost of debt** on all the stated liabilities as at 31 December 2019 was 1.4%, while if the liabilities for right-of-use assets were excluded it would be 1.2%.

Currency structure of debt as at 31 December 2019



Analysing the debt currency structure (including liabilities for right-of-use assets), the highest exposure, of 78.0%, was toward the Euro (EUR), while 15.5% of the debt was in the domestic currency (HRK). 2.3% of the debt was in the Czech koruna (CZK), 3.0% of the debt was in the Bosnia and Herzegovina mark (BAM), while the remainder of 1.3% relates to other currencies.



<i>(in HRK millions)*</i>	2018	2019	Δ	%
Net debt	755.1	822.4	67.3	8.9%
Interest expense	17.9	14.9	(3.0)	(17.0%)
Net debt / normalized EBITDA	1.6	1.6	(0.0)	(1.8%)
Normalized EBIT / Interest expense	15.2	20.1	5.0	32.7%
Equity to total assets ratio	62.9%	65.9%		+303 bb

***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.

The increase in net debt as at 31 December 2019 in relation to the comparative period is the result of the adoption of the new IFRS 16, i.e. presentation of leases as liabilities and their inclusion in debt. If we exclude the liability for right-of-use assets from the net debt calculation, the net debt as at 31 December 2019 would amount to HRK 720.5m and would be HRK 34.6m lower compared to 2018. Short-term and long-term borrowings decreased by HRK 190.0m, cash and cash equivalents are 155.5m lower, and financial liabilities at fair value through profit or loss are HRK 0.1m lower. If normalized EBITDA was calculated excluding the liabilities for right-of-use assets, it would amount to HRK 477.5m on the annual level for 2019, while interest expense calculated excluding the liabilities for right-of-use assets in the same period would amount to HRK 12.1m. Consequently, without the effect of the new IFRS 16, it is estimated that the net debt to normalized EBITDA ratio would be 1.5, while the interest coverage ratio would be 24.6.



Key highlights of the cash flow statement in 1-12 2019

<i>(in HRK millions)</i>	2018	2019	Δ
Net cash flow from operating activities	316.9	272.9	(44.0)
Net cash flow from investing activities	(126.1)	(144.1)	(18.1)
Net cash flow from financing activities	(341.9)	(284.3)	57.5
Net increase / (decrease) of cash and cash equivalents	(151.0)	(155.5)	(4.5)

Net cash flow from operating activities

In the reported period, net cash flow from operating activities was HRK 272.9m as a result of operating business growth and dynamics of movements in working capital.

Net cash flow from investing activities

Net cash flow from investing activities in the reported period amounted to negative HRK 144.1m, primarily as a result of capital expenditures amounting to HRK 153.9m. The most significant **capital expenditures** in 1-12 2019 were related to:

- Continued investment activities in Mirna Inc. related to the development of fish business, which increase capacities and competitiveness of the product range, and installation of a modern wastewater treatment machine, improving the safety of production processes,
- The production line for gluten-free products in the Snacks factory, enabling the expansion of the product range and investment in the new industrial oven for baking salty snacks, which ensures the continuity and safety of production,
- Investment in modernisation of the line for the production of creamy spreads, increasing the existing capacities and possibilities for growth of the existing products and the expansion of the product range,
- Investment in development of information technologies with the aim to improve business operations,
- Investment in a palletizer in the vegetable factory Umag with the aim to increase production capacity and improve working conditions.

In 2020, **capital expenditures are expected** to be at a level of HRK 298.0m and in the 2021-2023 period at a level of approximately HRK 200.0m.

Net cash flow from financing activities

In 1-12 2019, net cash flow from financing activities amounted to negative HRK 284.3m, mainly as a result of further repayment of borrowings in the net amount of HRK 192.9m. The difference in relation to the repayment of borrowings in the balance sheet primarily relates to foreign exchange differences.



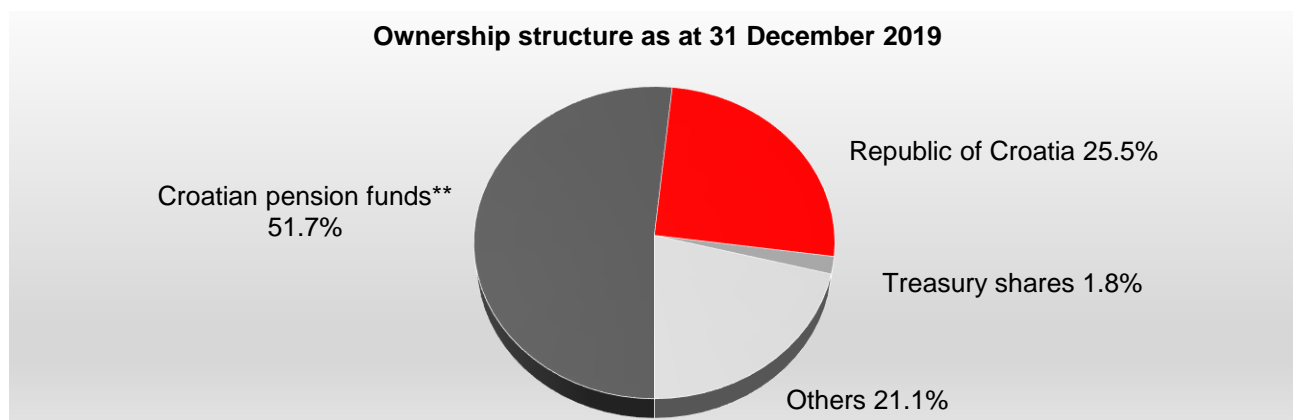
Share in 1-12 2019

List of major shareholders as at 31 December 2019

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	1,070,901	15.0%
3.	AZ mandatory pension fund, category B	902,874	12.7%
4.	Erste Plavi mandatory pension fund, category B	724,316	10.2%
5.	Raiffeisen mandatory pension fund, category B	625,298	8.8%
6.	Podravka d.d. - treasury account	127,916	1.8%
	Other shareholders	1,853,322	26.0%
Total		7,120,003	100.0%

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

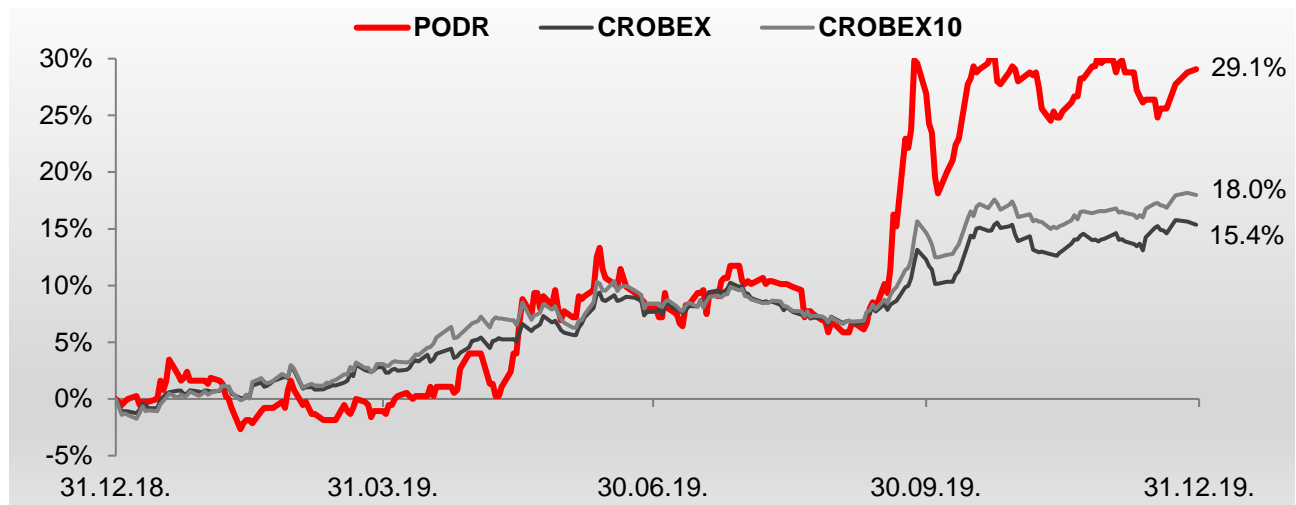
Podravka Inc. has a stable ownership structure where major shareholders are the Republic of Croatia and domestic pension funds. As at 31 December 2019, the Republic of Croatia owns 25.5% stake and domestic pension funds (mandatory and voluntary) hold a total of 51.7% stake. Podravka Inc. has 1.8% of treasury shares. Podravka Inc.'s shares have been listed on the Prime Market of the Zagreb Stock Exchange and in six Zagreb Stock Exchange indices (CROBEX, CROBEX10, CROBEXtr, CROBEXprime, CROBEXnutr and ADRIAprime).



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



Share price movement in 1-12 2019



<i>(closing price in HRK; closing points)</i>	31 December 2018	31 December 2019	%
PODR	375.0	484.0	29.1%
CROBEX	1,748.8	2,017.4	15.4%
CROBEX10	1,017.1	1,199.9	18.0%

At 2019 level, Podravka's share market price grew 29.1%, exceeding the growth of domestic stock indices CROBEX and CROBEX10, which increased 15.4% and 18.0%, respectively.

Performance in the Croatian capital market in 1-12 2019

<i>(in HRK; in units)⁶</i>	2018	2019	%
Weighted average daily price	316.5	429.1	35.6%
Average daily number of transactions	12	12	4.0%
Average daily volume	1,450	1,110	(23.4%)
Average daily turnover	458,850.9	476,423.6	3.8%

In 2019, the average weighted daily price of the Podravka's share soared 35.6% compared to 2018. The average daily volume decreased by 23.4%, while the average daily volume and the average daily number of transactions improved by 3.8% and 4.0%, respectively, compared to 2018.

⁶Weighted average daily price calculated as the weighted average of average daily prices in the period, where the weight is daily volume. Daily volume weight is calculated as a ratio between daily volume and total volume in the reported period. Formula: *Weighted average daily price in the reported period = Σ average daily price * (daily volume / total volume in the reported period)*.

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



Valuation

<i>(in HRK millions; last price and earnings per share in HRK)*</i>	2018	2019	%
Last price	375.0	484.0	29.1%
Weighted average number of shares	6,964,479	6,984,803	0.3%
Market capitalization ⁷	2,611.7	3,380.6	29.4%
EV ⁸	3,409.1	4,249.3	24.6%
Normalized earnings per share	31.1	32.0	3.0%
EV / sales revenue	0.8	1.0	19.6%
EV / normalized EBITDA	7.3	8.2	12.4%
EV / normalized EBIT	12.5	14.2	13.2%
Last price / normalized earnings per share ratio (P / E)	12.1	15.1	25.3%

***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.

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

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



Additional tables for 1-12 2019

Value adjustments and EBITDA calculation

EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments of non-current assets. Exceptionally, due to their specific nature, calculation includes value adjustments of receivables related to relationship with former Agrokor concern, now the Fortenova Group, explained in the "Significant events in 1-12 2019" section. The overview of value adjustments used in EBITDA calculation is provided in the table below.

Value adjustments	2018			2019		
<i>(in HRK millions)</i>	Group	Food	Pharma	Group	Food	Pharma
Production line equipment	4.8	4.8	-	0.5	0.5	-
Assets held for sale	13.6	13.6	-	17.8	17.8	-
Claimed receivables related to relationship with Fortenova Group	(7.9)	(7.9)	-	(12.1)	(12.1)	-
Other	2.1	2.1	-	3.3	3.3	-
Total	12.6	12.6	-	9.4	9.4	-

Row Other includes other value adjustments of non-current assets.

Reported EBITDA calculation	2018			2019		
<i>(in HRK millions)</i>	Group	Food	Pharma	Group	Food	Pharma
Reported EBIT	258.4	173.3	85.1	283.5	164.3	119.3
+amortization	192.7	137.0	55.7	216.0	152.7	63.3
+value adjustments	12.6	12.6	-	9.4	9.4	-
Reported EBITDA	463.7	322.9	140.8	509.0	326.4	182.6

Normalized EBITDA calculation	2018			2019		
<i>(in HRK millions)</i>	Group	Food	Pharma	Group	Food	Pharma
Normalized EBIT	272.0	180.7	91.3	299.5	180.2	119.3
+amortization	192.7	137.0	55.7	216.0	152.7	63.3
+value adjustments	-	-	-	-	-	-
Normalized EBITDA	464.7	317.7	147.0	515.5	333.0	182.6



One-off items and normalization of the Profit and Loss Statement by segments

Reported and normalized profitability	2018			2019		
<i>(in HRK millions)</i>	Group	Food	Pharma	Group	Food	Pharma
Reported gross profit	1,558.4	1,110.8	447.7	1,631.5	1,158.6	472.9
+ impairment of inventories	6.1	1.6	4.5	1.1	1.1	-
Normalized gross profit	1,564.5	1,112.3	452.2	1,632.6	1,159.7	472.9
Reported EBITDA	463.7	322.9	140.8	509.0	326.4	182.6
+ initial impact of IFRS 9	1.4	0.6	0.8	-	-	-
+ severance payments (long term sick-leave)	5.6	4.7	0.9	4.8	4.8	-
+ impairment of inventories	6.1	1.6	4.5	1.1	1.1	-
+ sale of Mirna Inc. non-operational assets	(12.0)	(12.0)	-	-	-	-
+ reservation for advanced payment	-	-	-	0.6	0.6	-
Normalized EBITDA	464.7	317.7	147.0	515.5	333.0	182.6
Reported EBIT	258.4	173.3	85.1	283.5	164.3	119.3
+ normalization above EBITDA level	1.0	(5.2)	6.2	6.5	6.5	-
+ impairment of production line equipment	4.8	4.8	-	0.5	0.5	-
+ impairment of asset held for sale	13.6	13.6	-	17.8	17.8	-
+ claimed receivables related to relationship with Fortenova Group	(7.9)	(7.9)	-	(12.1)	(12.1)	-
+ other value adjustments	2.1	2.1	-	3.3	3.3	-
Normalized EBIT	272.0	180.7	91.3	299.5	180.2	119.3
Reported net profit after MI	205.7	145.0	60.7	221.6	137.9	83.6
+ normalization above EBIT level	13.6	7.4	6.2	16.0	16.0	-
+ ESOP programme net expenses	2.1	1.6	0.4	-	-	-
+ estimated impact on taxes	(5.1)	(4.1)	(1.0)	(14.0)	(14.0)	-
Normalized net profit after MI	216.3	150.0	66.3	223.6	139.9	83.6



Consolidated financial statements in 1-12 2019

Consolidated Profit and Loss Statement in 1-12 2019

<i>(in HRK thousands)</i>	2018	% of sales revenues	2019	% of sales revenues	%
Sales revenue	4,232,149	100.0%	4,409,417	100.0%	4.2%
Cost of goods sold	(2,673,716)	(63.2%)	(2,777,903)	(63.0%)	3.9%
Gross profit	1,558,433	36.8%	1,631,514	37.0%	4.7%
General and administrative exp.	(311,693)	(7.4%)	(334,556)	(7.6%)	7.3%
Selling and distribution costs	(568,884)	(13.4%)	(605,548)	(13.7%)	6.4%
Marketing expenses	(407,778)	(9.6%)	(436,699)	(9.9%)	7.1%
Other (expenses) / income, net	(11,636)	(0.3%)	28,834	0.7%	(347.8%)
Operating profit	258,443	6.1%	283,546	6.4%	9.7%
Financial income	1,642	0.0%	874	0.0%	46.8%
Other financial expenses	(3,144)	(0.1%)	(1,519)	(0.0%)	(51.7%)
Interest expenses	(17,926)	(0.4%)	(14,878)	(0.3%)	(17.0%)
Net foreign exchange differences on borrowings	11,488	0.3%	(2,173)	(0.0%)	(118.9%)
Net finance costs	(7,940)	(0.2%)	(17,695)	(0.4%)	122.9%
Profit before tax	250,503	5.9%	265,851	6.0%	6.1%
Current income tax	(27,158)	(0.6%)	(36,605)	(0.8%)	34.8%
Deferred tax	(11,766)	(0.3%)	(2,141)	(0.0%)	(81.8%)
Income tax	(38,924)	(0.9%)	(38,747)	(0.9%)	(0.5%)
Net profit for the year	211,579	5.0%	227,104	5.2%	7.3%
Net profit / (loss) attributable to:					
Equity holders of the parent	205,711	4.9%	221,586	5.0%	7.7%
Non-controlling interests	(5,868)	(0.1%)	(5,518)	(0.1%)	(6.0%)



Consolidated Balance Sheet as at 31 December 2019

<i>(in HRK thousands)</i>	31 Dec 2018	% share	31 Dec 2019	% share	% change
ASSETS					
Non-current assets					
Goodwill	26,783	0.6%	27,250	0.6%	1.7%
Investment property	134,187	2.8%	118,240	2.4%	(11.9%)
Intangible assets	236,175	4.9%	244,559	5.0%	3.5%
Property, plant and equipment	2,256,318	46.6%	2,212,979	45.3%	(1.9%)
Right-of-use assets	0	0.0%	100,168	2.1%	
Deferred tax assets	152,079	3.1%	149,065	3.1%	(2.0%)
Non-current financial assets	6,366	0.1%	43,178	0.9%	578.3%
Total non-current assets	2,811,908	58.0%	2,895,439	59.3%	3.0%
Current assets					
Inventories	848,230	17.5%	948,260	19.4%	11.8%
Trade and other receivables	938,766	19.4%	948,767	19.4%	1.1%
Financial assets at fair value through profit and loss	296	0.0%	12	0.0%	(95.9%)
Income tax receivable	5,834	0.1%	5,361	0.1%	(8.1%)
Cash and cash equivalents	211,106	4.4%	55,589	1.1%	(73.7%)
Non-current assets held for sale	29,921	0.6%	30,393	0.6%	1.6%
Total current assets	2,034,153	42.0%	1,988,382	40.7%	(2.3%)
Total assets	4,846,061	100.0%	4,883,821	100.0%	0.8%
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	1,691,884	34.9%	1,698,636	34.8%	0.4%
Reserves	796,850	16.4%	853,580	17.5%	7.1%
Retained earnings / (accumulated losses)	516,603	10.7%	620,878	12.7%	20.2%
Attributable to equity holders of the parent	3,005,337	62.0%	3,173,094	65.0%	5.6%
Non-controlling interests	42,369	0.9%	46,335	0.9%	9.4%
Total shareholders' equity	3,047,706	62.9%	3,219,429	65.9%	5.6%
Non-current liabilities					
Borrowings	623,454	12.9%	468,088	9.6%	(24.9%)
Provisions	70,611	1.5%	73,578	1.5%	4.2%
Other non - current liabilities	20,703	0.4%	19,363	0.4%	(6.5%)
Right-of-use asset liability	0	0.0%	70,218	1.4%	
Deferred tax liability	40,213	0.8%	39,083	0.8%	(2.8%)
Total non-current liabilities	754,981	15.6%	670,330	13.7%	(11.2%)
Current liabilities					
Trade and other payables	658,861	13.6%	606,571	12.4%	(7.9%)
Income tax payable	15,914	0.3%	17,755	0.4%	11.6%
Financial liabilities at fair value through profit and loss	415	0.0%	292	0.0%	(29.6%)
Borrowings	342,332	7.1%	307,742	6.3%	(10.1%)
Current portion of long-term debt for right-of-use asset	0	0.0%	31,610	0.6%	
Provisions	25,852	0.5%	30,092	0.6%	16.4%
Total current liabilities	1,043,374	21.5%	994,062	20.4%	(4.7%)
Total liabilities	1,798,355	37.1%	1,664,392	34.1%	(7.4%)
Total equity and liabilities	4,846,061	100.0%	4,883,821	100.0%	0.8%



Consolidated Cash Flow Statement in 1-12 2019

<i>(in HRK thousands)</i>	2018	2019	%
Profit / (loss) for the year	211,579	227,104	7.3%
Income tax	38,924	38,747	(0.5%)
Depreciation and amortization	192,671	216,023	12.1%
(Profit) / loss on impairment of property, plant, equipment and intangibles	4,809	0	(100.0%)
(Profit) / Loss on impairment of assets held for sale	16,318	7,410	(54.6%)
Impairment of investments	885	0	(100.0%)
Impairment of investment property	0	10,399	100.0%
Reversal of impairment of non-current financial assets	0	(12,124)	(100.0%)
Impairment of non-current assets	0	3,746	100.0%
Subsidiary liquidation	(2,211)	0	100.0%
Remeasurement of financial instruments at fair value	(1,000)	161	116.1%
Capital reserves ESOP	(4,961)	0	100.0%
Share based payment transactions	7,725	7,554	(2.2%)
(Profit) / Loss from the sale of shares	(121)	0	100.0%
(Profit) / Loss on disposal of property, plant, equipment and intangibles	3,254	(2,860)	(187.9%)
(Profit) / Loss on disposal of assets held for sale	(11,805)	(1,043)	91.2%
(Profit) / Loss on write off of right-of-use assets	0	(75)	(100.0%)
Impairment of trade receivables	(3,431)	2,989	187.1%
(Decrease) / Increase in provisions	(2,610)	7,207	376.1%
Interest income	(641)	(460)	28.3%
Dividend income	0	(16)	(100.0%)
Income from sale of rights	(750)	0	100.0%
Interest expense	18,993	13,067	(31.2%)
Interest expense on right-of-use assets	0	2,773	100.0%
Effect of changes in foreign exchange rates	(16,773)	86	100.5%
Changes in working capital:			
(Increase) in inventories	(42,425)	(100,030)	(135.8%)
(Increase) / decrease in trade receivables	8,458	(38,176)	(551.4%)
Increase / (Decrease) in trade payables	(59,261)	(59,137)	0.2%
Cash generated from operations	357,627	323,345	(9.6%)
Income tax paid	(20,652)	(33,720)	(63.3%)
Interest paid	(20,033)	(16,684)	16.7%
Net cash from operating activities	316,942	272,941	(13.9%)
Cash flow from investing activities			
Decrease of investments in subsidiaries and third parties	200	20	(90.0%)
Purchase of property, plant, equipment and intangibles	(166,135)	(153,897)	7.4%
Proceeds from sale of property, plant, equipment and intangibles	1,306	8,734	568.8%
Proceeds from sale of assets held for sale	37,262	0	(100.0%)
Proceeds from sale of rights	438	500	14.2%
Loans given	(37)	(41)	(10.8%)
Repayment of loans receivable	130	70	(46.2%)
Proceeds from other investments	121	0	(100.0%)
Collected interest	641	460	(28.3%)
Dividend received	21	16	(22.0%)
Net cash from investing activities	(126,053)	(144,138)	(14.3%)
Cash flow from financing activities			
Dividends paid	(48,724)	(62,177)	(27.6%)
Acquisition of additional non-controlling interests	0	(12)	(100.0%)
Purchase of treasury shares	(2,557)	0	100.0%
Sale of treasury shares	2,092	6,130	193.0%
Proceeds from borrowings	117,392	409,950	249.2%
Repayment of borrowings	(410,068)	(602,865)	(47.0%)
Repayment of lease	0	(35,346)	(100.0%)
Net cash from financing activities	(341,865)	(284,320)	16.8%
Net increase/(decrease) of cash and cash equivalents	(150,976)	(155,517)	(3.0%)
Cash and cash equivalents at beginning of the year	362,082	211,106	(41.7%)
Cash and cash equivalents at the end of year	211,106	55,589	(73.7%)



Consolidated Statement of Changes in Equity in 1-12 2019

<i>(in HRK thousands)</i>	Share capital	Reserve for treasury shares	Legal reserves	Reinvested profit reserve	Statutory reserves	Other reserves	Retained earnings/accumulated loss	Total	Non-controlling interests	Total
As at 31 December 2017	1,689,947	147,604	50,903	189,738	58,570	320,047	403,303	2,860,112	36,671	2,896,783
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	205,711	205,711	5,868	211,579
Foreign exchange differences	-	-	-	-	-	(14,378)	-	(14,378)	(170)	(14,548)
Actuarial losses (net of deferred tax)	-	-	-	-	-	937	-	937	-	937
Other comprehensive income	-	-	-	-	-	(13,441)	-	(13,441)	(170)	(13,611)
Total comprehensive income	-	-	-	-	-	(13,441)	205,711	192,270	5,698	197,968
<i>Transactions with owners recognised directly in equity</i>										
Allocation from retained earnings	-	-	7,542	-	3,220	32,947	(43,709)	-	-	-
Related company liquidation	-	-	-	-	-	(280)	-	(280)	-	(280)
Exercise of options	7,362	-	-	-	-	-	-	7,362	-	7,362
Fair value of share-based payment transactions	(2,868)	-	-	-	-	-	-	(2,868)	-	(2,868)
Purchase of treasury shares	(2,557)	-	-	-	-	-	-	(2,557)	-	(2,557)
Dividends paid	-	-	-	-	-	-	(48,702)	(48,702)	-	(48,702)
Total transactions with owners recognised directly in equity	1,937	-	7,542	-	3,220	32,667	(92,411)	(47,045)	-	(47,045)
As at 31 December 2018	1,691,884	147,604	58,445	189,738	61,790	339,273	516,603	3,005,337	42,369	3,047,706
<i>Comprehensive income</i>										
Profit for the year	-	-	-	-	-	-	221,586	221,586	5,518	227,104
Foreign exchange differences	-	-	-	-	-	1,787	-	1,787	94	1,881
Actuarial losses (net of deferred tax)	-	-	-	-	-	(1,095)	-	(1,095)	-	(1,095)
Other comprehensive income	-	-	-	-	-	692	-	692	94	786
Total comprehensive income	-	-	-	-	-	692	221,586	222,278	5,612	227,890
<i>Transactions with owners recognised directly in equity</i>										
Allocation from retained earnings	-	-	7,913	-	2,256	44,234	(54,403)	-	-	-
Additional acquisition of minority interests	-	-	-	-	-	1,635	-	1,635	(1,647)	(12)
Exercise of options	(802)	-	-	-	-	-	-	(802)	-	(802)
Fair value of share-based payment transactions	7,554	-	-	-	-	-	-	7,554	-	7,554
Dividends paid	-	-	-	-	-	-	(62,908)	(62,908)	-	(62,908)
Total transactions with owners recognised directly in equity	6,752	-	7,913	-	2,256	45,869	(117,311)	(54,521)	(1,647)	(56,168)
As at 31 December 2019	1,698,636	147,604	66,358	189,738	64,046	385,834	620,878	3,173,094	46,335	3,219,429



Notes to the financial statements

From 1.1.2019 Group applies IFRS 16 Leases. According to new standard, Group recognizes right-of-use assets based on cost method, and lease liability in amount of present value of minimum future lease payments. Exceptions from this recognition is applied for short term leases and leases of low value asset. Right-of-use asset is depreciated by the end of asset's useful life, and lease liabilities are measured at the effective interest rate method. In the statement of financial position, right-of-use assets are included within long term tangible asset and lease liabilities are reported within long term and short term liabilities. As at 31.12.2019 Podravka Group right-of-use asset amounts to 100.2 mil. HRK and lease liabilities amounts to 101.8 mil. HRK.

Predsjednik Uprave:

Marin Pucar

A handwritten signature in blue ink, appearing to be "MP", written over the printed name "Marin Pucar".



Statement of liability

Koprivnica, 28 February 2020

STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Consolidated unaudited financial statements of Podravka Group for the period 1 - 12 2019 have been prepared in compliance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards (IFRS) and provide an overall and true presentation of assets, liabilities, profit and loss, financial position and business operations of Podravka Group and all subsidiary companies involved in the consolidation.

Consolidated unaudited financial statements of Podravka Group for the period 1 - 12 2019 were approved by the Management Board of PODRAVKA d.d. on 28 February 2020.

Corporate Accounting Director:

Julijana Artner Kukec

Board Member:

Davor Doko





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