

KOPRIVNICA, 24 JULY 2020

Podravka Group
business results
for 1-6 2020 period
UNAUDITED



Content

3	Key financial indicators in 1-6 2020	2
5	Operations of the Podravka Group in conditions of COVID-19	
8	Significant events in 1-6 2020	
10	Overview of sales revenues in 1-6 2020	
17	Profitability in 1-6 2020	
21	Key characteristics of the income statement in 1-6 2020	
23	Key characteristics of the balance sheet as at 30 June 2020	
26	Key highlights of the cash flow statement in 1-6 2020	
28	Share in 1-6 2020	
32	Additional tables for 1-6 2020	
35	Consolidated financial statements in 1-6 2020	
43	Statement of liability	
44	Contact	

Key financial indicators in 1-6 2020



Key financial indicators in 1-6 2020

<i>(in HRK millions)</i>	1 – 6 2019	1 – 6 2020	Δ	%
Sales revenue	2,139.5	2,245.3	105.8	4.9%
EBITDA ¹	288.6	320.1	31.5	10.9%
Net profit after MI	140.0	161.6	21.5	15.4%
Net cash flow from operating activities	152.8	280.0	127.2	83.3%
Cash capital expenditures	65.6	91.3	25.8	39.3%
Normalized EBITDA ²	291.5	317.5	26.1	8.9%
Normalized net profit after MI	142.5	159.9	17.3	12.2%
<i>(in HRK; market capitalization in HRKm)</i>	31. 12. 2019	30. 6. 2020	Δ	%
Net debt / normalized EBITDA	1.6	1.3	(0.3)	(17.0%)
Normalized Earnings per share	32.0	34.5	2.4	7.7%
Last price at the end of period	484.0	416.0	(68.0)	(14.0%)
Market capitalization	3,380.6	2,908.5	(472.2)	(14.0%)
Return on average equity ³	7.3%	7.6%		+27 bp
Return on average assets ³	4.7%	5.0%		+26 bp

4

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

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

³ Normalized.

Key highlights in 1-6 2020

- In 1-6 2020, the Podravka Group recorded a revenue growth of HRK 105.8m (+4.9%), an increase in operating profit (EBIT) of HRK 28.8m (+15.8%) and an increase in net profit of HRK 21.5m (+15.4%),
- Sales revenues grew by HRK 105.8m (+4.9%), which is fully a result of own brands sale that grew by HRK 118.6m (+6.1%). The increase in sales of own brands was recorded both in the Food and in the Pharmaceuticals segments,
- A negative impact on operations came from the increase in prices of raw materials and supplies in the Food segment and from unfavourable movements in foreign exchange differences on trade receivables and trade payables and on borrowings on the Group level,
- In very difficult and complex business conditions, especially during March and April, the company showed a great ability to quickly adapt its business to the new extraordinary situation, thus successfully responding to many challenges with emphasis on the procurement of raw materials and supplies for production purposes, the production process itself and the delivery of sufficient quantities of products to numerous markets where it is present.

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

Operations of the *Podravka Group* in conditions of COVID-19



Operations of the Podravka Group in conditions of COVID-19

Operations in the first half of 2020 were marked by the emergence of COVID-19 in all the Podravka Group's markets, and the third quarter continues with operations in the conditions of COVID-19. In such extraordinary circumstances, especially in conditions of strict measures introduced from March to May, one of the key companies responsible for ensuring the continuity of production and the regular supply of food and medicines in Croatia is the Podravka Group. Workflows within the company were fully adapted as quickly as possible to the new situation so that the production of food and pharmaceutical products took place in line with the market needs. Although in the beginning of the crisis, the conditions of purchase and supply of raw materials and packaging for production purposes were very difficult, the Podravka Group took all the necessary steps in short time to ensure sufficient quantities of its food and pharmaceutical products, thus meeting the needs of its loyal customers in the numerous markets in which it is present. Given the increase in demand compared to the one planned for the month of March, the production was continually adjusting, and work in Podravka Group's factories was organized in three and four shifts, while home office was organized for all employees of the services for which this was possible, in order to reduce potential risk of the virus within the system.

It should be pointed out that despite numerous negative effects of COVID-19 on business (increase in prices of raw materials and packaging, increase in prices of transport services, impact of foreign exchange diffe-

rences, etc.), after positive business trends from the first two months of the current year, the Podravka Group managed to maintain its positive business trends also on the half-year level, which once again confirms the company's ability to adapt its business in such unforeseen, extraordinary situations. Following the previously mentioned possibly stagnant consumer demand (publication of the 1-3 2020 results) for certain food and pharmaceutical products, the business of the Podravka Group in the second quarter was quite challenging. With the aim of combating COVID-19, numerous measures were introduced, not only in Croatia but also in many countries where the Podravka Group is present (closing kindergartens, schools, HoReCa channel, intercity and inter-county traffic, reducing medical procedures in hospitals, reducing patient admissions in family medicine centres as well as in pharmacies, restricting the number of visits of associates to doctors and pharmacists, closing of borders, shorter working hours of supermarkets, closing of many business entities in which direct contact with people is made), which consequently had a negative effect on the overall economic situation and activity (GDP decline, job losses, liquidity problems of business entities, reduced purchasing power and creation of uncertainty among citizens). The impact of the overall situation and the introduced measures on the operations of the Podravka Group in 2020 cannot be assessed and quantified at this time.

Based on the difficult business conditions due to the situation caused by COVID-19, the Podravka Group received state subsidies in

6

Slovenia, Serbia, Montenegro and Australia in the total estimated amount of HRK 6.9m in accordance with the conditions for granting subsidies prescribed in individual countries. The situation caused by COVID-19 did not encourage new financial risks nor did it cause the need for provisions or impairment of assets. Given the "lockdown" in many countries where the Podravka Group is present, the impact on the sales of gastro channel (HoReCa, institutional customers, industrial customers, etc.) has been assessed. Share of gastro sales in the Adria Region in the total sales revenues of the Podravka Group decreased from 8.8% in the comparative period to 6.1% in the reporting period. Share of gastro sales in international markets in the total sales revenues of the Podravka

Group decreased from 1.6% in the comparative period to 1.1% in the reporting period. The guidelines and recommendations of the Croatian National Civil Protection Headquarters are obeyed and implemented in order to protect the health of employees and minimise potential risks to the company's operations in each segment of the business organisation. Increased attention is being paid to the development of the situation on a daily basis, and appropriate measures are being taken in accordance with the recommendations of the competent authorities, with particular emphasis on the health and safety of our employees and ensuring business continuity. In addition, a special internal communication channel has been established for all inquiries related to these issues, so that all our employees receive all the necessary instructions and information in a timely manner.

7

Significant events in 1-6 2020



Dividend distribution

As at 26th June 2020 the dividend was distributed to all shareholders recorded with the Central Depository and Clearing Company Inc. as at 29th May 2020. The dividend was distributed in the gross amount of HRK 9.00 per share, which equals the amount of the dividend from 2019 and implies the dividend yield of 2.2%⁴. This is a continuation of the implementation of the Podravka Group's dividend distribution policy in line with bu-

ness results and development plans despite current circumstances and challenges of the Podravka Group's business environment. 9

⁴ Dividend yield has been calculated as a ratio between gross amount of the dividend per share (HRK 9.00) and last trading price of the share (HRK 416.00) on the date of the General assembly (30th April 2020) when dividend payout was voted.

Overview of sales revenues in 1-6 2020



Overview of sales revenues in 1-6 2020

Given the Podravka Group's range of products, there was an increased demand in March for certain food and pharmaceutical products, whereby the positive business trend and sales revenue growth from the first two months were strongly driven in March as well. The impact of the situation caused by COVID-19 on sales revenue trends was certainly significant in positive terms, but it cannot be clearly distinguished from the impact of regular demand for products. Restrictive measures introduced in mid-March aimed at preventing the spread of COVID-19 had a negative impact on sales revenues

(closing of gastro channel, shortened working hours of supermarkets and pharmacies, limiting the number of customers in supermarkets and pharmacies, limiting the number of medical procedures in hospitals, limiting and implementing measures in family medicine centres, limiting the number of visits of associates to doctors and pharmacists, ban on the movement of people outside the place of residence, closing of borders). The easing of the introduced measures started in mid-May, which is a positive moment, but the effect of the introduction of restrictive measures on sales revenues cannot be clearly assessed or quantified.

11

Sales revenues by segment in 1-6 2020

(in HRK millions)	1 – 6 2019	1 – 6 2020	Δ	%
Food	1,684.3	1,755.0	70.7	4.2%
Own brands	1,566.5	1,664.4	97.9	6.2%
Other sales	117.8	90.6	(27.2)	(23.1%)
Pharmaceuticals	455.2	490.3	35.1	7.7%
Own brands	375.0	395.8	20.7	5.5%
Other sales	80.1	94.5	14.4	17.9%
Podravka Group	2,139.5	2,245.3	105.8	4.9%
Own brands	1,941.6	2,060.2	118.6	6.1%
Other sales	197.9	185.1	(12.8)	(6.5%)

NOTE: at the end of 2019, based on IFRS 15 Revenue from Contracts with Customers, the Pharmaceuticals segment reclassified certain fees for various promotional and marketing activities that were recorded within marketing expenses to decrease in sales. If the reclassification were applied to the 1-6 2019 period, sales of the Pharmaceuticals would be HRK 5.3m lower in this period, primarily of the prescription drugs category in the Eastern Europe region.

Movements of the Food segment revenues (1-6 2020 compared to 1-6 2019):

- OWN BRANDS recorded HRK 97.9m higher sales (+6.2%), as a result of the increased demand for food products. The revenue growth was recorded by almost all business units, with the biggest absolute growth recorded by the business units Culinary and the Meat products, meat solutions and savoury spreads,
- OTHER SALES recorded HRK 27.2m lower sales (-23.1%), primarily as a result of lower sales of trade goods in some markets following the closure of gastro channel (schools, kindergartens, restaurants, hotels),
- Overall, THE FOOD SEGMENT recorded HRK 70.7m (+4.2%) higher sales,

Movements of the Pharmaceuticals segment revenues (1-6 2020 compared to 1-6 2019):

- OWN BRANDS recorded HRK 20.7m higher sales (+5.5%), as a result of the increase in demand for pharmaceutical products primarily in the OTC drugs category,
- OTHER SALES recorded HRK 14.4m (+17.9%) higher revenues, due to higher sales of trade goods in the markets of Bosnia and Herzegovina and Croatia,
- Overall, the PHARMACEUTICALS SEGMENT recorded HRK 35.1m (+7.7%) higher sales revenue,

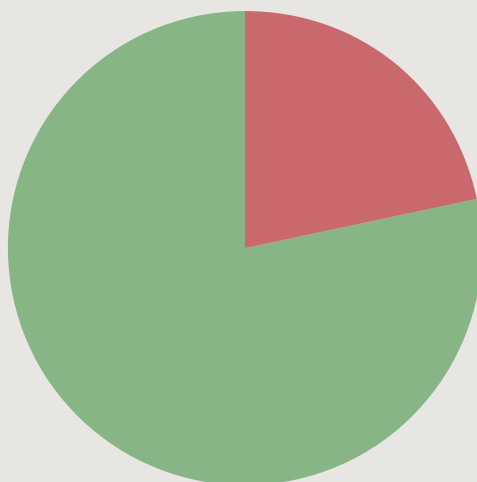
12

Movements of the Podravka Group revenues (1-6 2020 compared to 1-6 2019):

- Podravka Group's OWN BRANDS recorded a sales growth of HRK 118.6m (+6.1%),
- The revenues from OTHER SALES are HRK 12.8 m (-6.5%) lower,
- Overall, the PODRAVKA GROUP sales revenues are HRK 105.8m (+4.9%) higher.

Sales revenues by segment in 1-6 2020

- Pharmaceuticals segment 21.8%
- Food segment 78.2%



**Sales revenues by business unit
and category in 1-6 2020**

<i>(in HRK millions)</i>	1 – 6 2019	1 – 6 2020	Δ	%
BU Culinary	462.2	507.4	45.2	9.8%
BU Baby food, sweets and snacks	210.8	222.9	12.1	5.7%
BU Podravka food	196.8	203.7	6.9	3.5%
BU Žito and Lagris	465.0	463.0	(2.0)	(0.4%)
BU Meat products	127.8	149.4	21.6	16.9%
BU Fish	104.0	118.0	14.0	13.5%
Prescription drugs	318.4	326.9	8.5	2.7%
Non-prescription programme	56.6	68.8	12.2	21.5%
Other sales	197.9	185.1	(12.8)	(6.5%)
Other sales Food	117.8	90.6	(27.2)	(23.1%)
Other sales Pharmaceuticals	80.1	94.5	14.4	17.9%
Podravka Group	2,139.5	2,245.3	105.8	4.9%

13

**Movements of revenues by business
unit and category (1-6 2020
compared to 1-6 2019):**

- The CULINARY BUSINESS UNIT recorded HRK 45.2m (+9.8%) higher sales and growth in all regions except the New markets region. The largest share of the growth comes from the increased demand and sales in categories Seasonings and Soups,
- The BABY FOOD, SWEETS AND SNACKS BUSINESS UNIT recorded HRK 12.1m (+5.7%) higher sales, driven by increased demand and sales in the Powdered sweets, Baby food and Creamy spreads categories.

The business unit recorded growth in all regions except the New markets region,

- The PODRAVKA FOOD BUSINESS UNIT recorded HRK 6.9m (+3.5%) higher sales, primarily due to the growth of the Tomato category. The most significant revenue growth was recorded in the Adria and Central Europe regions,
- The ŽITO AND LAGRIS BUSINESS UNIT records HRK 2.0m (-0.4%) lower sales than in the comparative period. The growth

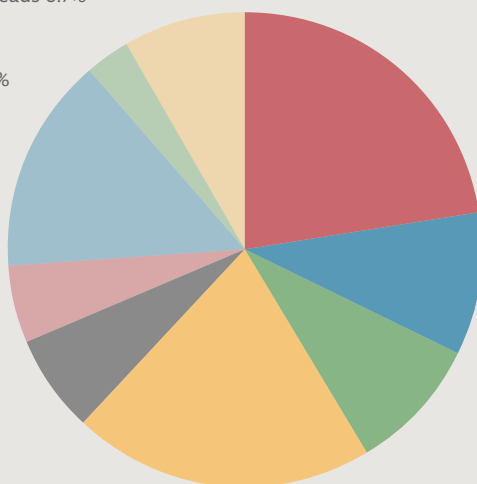
in sales of most categories was unable to compensate for the decrease in sales in the fresh bakery products category, primarily in the markets of Slovenia and Italy. The significant revenue growth was recorded in the Central Europe region,

- The MEAT PRODUCTS, MEAT SOLUTIONS AND SAVOURY SPREADS BUSINESS UNIT recorded an increase in sales of HRK 21.6m (+16.9%), primarily due to the increase in sales of Canned ready-to-eat meals, Pates and Luncheon meat categories. The most significant revenue growth was recorded in the Adria and Western Europe and Overseas regions,
- The FISH BUSINESS UNIT in the observed period recorded a significant revenue growth of HRK 14.0m (+13.5%) relative to the comparative period, primarily due to higher demand and sales of the Tuna and Sardine categories. The sales growth was recorded in the Adria, Central Europe and Eastern Europe regions,

- The PRESCRIPTION DRUGS CATEGORY recorded HRK 8.5m (+2.7%) higher sales, with the most significant increase recorded in the markets of Bosnia and Herzegovina, Croatia and Serbia,
- The revenues of the NON-PRESCRIPTION PROGRAMME CATEGORY are HRK 12.2m (+21.5%) higher, as a result of the sales growth in the OTC drugs subcategory, primarily in the Croatian market. A significant impact on the sales growth in the Croatian market comes from the increased demand and sales of the Lupocet and Neofen brands during March,
- The OTHER SALES CATEGORY recorded HRK 12.8m (-6.5%) lower sales. In the Pharmaceuticals segment, other sales grew by HRK 14.4m (+17.9%), primarily due to the increase in sales of trade goods of the Farmavita company. In the Food segment, other sales dropped by HRK 27.2m (-23.1%) due to the closure of schools, kindergartens and HoReCa customers in the Croatian market from mid-March to mid-May following the emergence of COVID-19, and lower demand and sales of Lagris trade goods (primarily poppy seeds) in the market of the Czech Republic.

Sales revenues by business unit and category in 1-6 2020

- BU Culinary 22.6%
- BU Baby food, sweets, snacks 9.9%
- BU Podravka food 9.1%
- BU Žito and Lagris 20.6%
- BU Meat products, meals and spreads 6.7%
- BU Fish 5.3%
- Prescription drugs 14.6%
- Non-prescription programme 3.1%
- Other sales 8.2%



**Sales revenues by region
in 1-6 2020**

(in HRK millions)	1 – 6 2019	1 – 6 2020	Δ	%
Adria	1,478.4	1,546.9	68.5	4.6%
Food	1,165.0	1,199.2	34.1	2.9%
Pharmaceuticals	313.4	347.7	34.4	11.0%
WE and Overseas	244.0	247.6	3.6	1.5%
Food	243.3	246.5	3.2	1.3%
Pharmaceuticals	0.6	1.1	0.5	78.3%
Central Europe	247.8	278.2	30.4	12.3%
Food	214.7	246.7	32.0	14.9%
Pharmaceuticals	33.1	31.5	(1.6)	(4.9%)
Eastern Europe	160.5	166.1	5.6	3.5%
Food	52.9	57.0	4.1	7.7%
Pharmaceuticals	107.6	109.1	1.5	1.4%
New markets	8.9	6.5	(2.3)	(26.4%)
Food	8.4	5.7	(2.7)	(32.0%)
Pharmaceuticals	0.4	0.8	0.3	77.9%
Podravka Group	2,139.5	2,245.3	105.8	4.9%

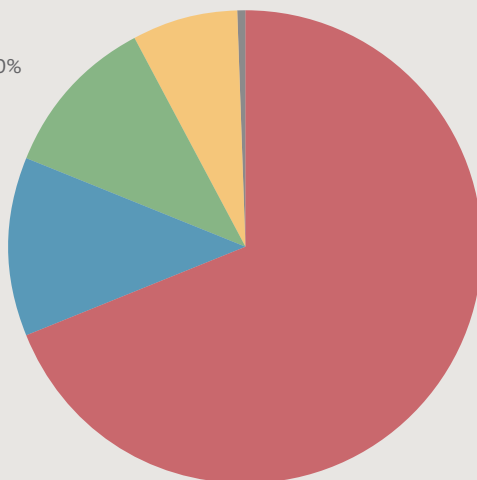
15

**Movements of revenues by region
(1-6 2020 compared to 1-6 2019):**

- The ADRIA REGION recorded HRK 68.5m (+4.6%) higher sales than in the comparative period. In the Food segment, the revenue growth of HRK 34.1m (+2.9%) is recorded following the growth of all business units. Revenues of the Pharmaceuticals segment are HRK 34.4m higher (+11.0%), primarily as a result of the increase in sales of OTC drugs and trade goods,
- Revenues of the WESTERN EUROPE AND OVERSEAS REGION grew by HRK 3.6m (+1.5%) in the reporting period. The Food segment recorded revenue growth of HRK 3.2m (+1.3%), due to the increase in sales of business units Culinary, Podravka Food and Meat products, meat solutions and savoury spreads. These business units successfully compensated for the lower sales of the Žito and Lagris business unit, primarily in the fresh bakery products category. The revenues of the Pharmaceuticals segment grew by HRK 0.5m (+78.3%) due to the increase in sales of prescription drugs,
- The CENTRAL EUROPE REGION recorded a revenue growth of HRK 30.4m (+12.3%). The Food segment recorded HRK 32.0m higher sales (+14.9%) due to the increase in sales of all business units. The Pharmaceuticals segment recorded a decrease in sales of HRK 1.6m (-4.9%), primarily due to the decrease in sales in the market of Poland,
- Revenues of the EASTERN EUROPE REGION in the first half grew by HRK 5.6m (+3.5%). The Food segment recorded the revenue increase of HRK 4.1m (+7.7%), following the growth of the Culinary and Fish business units. The Pharmaceuticals segment recorded a revenue growth of HRK 1.5m (+1.4%), as a result of the increase in sales of the OTC drugs category,
- The NEW MARKETS REGION recorded a decrease in sales of HRK 2.3m (-26.4%) as a result of a decrease in sales of the Food segment of HRK 2.7m (-32.0%), primarily due to lower sales of the Baby food, sweets and snacks business unit. The Pharmaceuticals segment recorded a revenue growth of HRK 0.3m (+77.9%) following the increase in sales of prescription drugs (dermatological drugs).

**Sales revenues by region
in 1-6 2020**

- Adria 68.9%
- Central Europe 12.4%
- Western Europe and Overseas 11.0%
- Eastern Europe 7.4%
- New Markets 0.3%



Profitability in 1-6 2020



NOTE: the overview and explanation of the EBITDA calculation, overview of one-off items and the overview of methodology of calculation of the normalized result are provided in the "Additional tables for 1-6 2020" section.

Profitability of the Food segment in 1-6 2020

(in HRK millions)	Profitability of the Food segment				Normalized			
	1-6 19	1-6 20	Δ	%	1-6 19	1-6 20	Δ	%
Sales revenue	1,684.3	1,755.0	70.7	4.2%	1,684.3	1,755.0	70.7	4.2%
Gross profit	574.4	598.8	24.4	4.3%	577.0	598.8	21.8	3.8%
EBITDA*	194.9	227.3	32.5	16.7%	197.7	227.6	29.9	15.1%
EBIT	120.3	150.4	30.1	25.0%	123.1	150.6	27.6	22.4%
Net profit after MI	94.0	119.7	25.7	27.3%	96.5	119.9	23.4	24.2%
Gross margin	34.1%	34.1%		+2 bp	34.3%	34.1%		-14 bp
EBITDA margin	11.6%	13.0%		+138 bp	11.7%	13.0%		+123 bp
EBIT margin	7.1%	8.6%		+143 bp	7.3%	8.6%		+128 bp
Net margin after MI	5.6%	6.8%		+124 bp	5.7%	6.8%		+110 bp

18

* 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 (1-6 2020 compared to 1-6 2019):

- In the 1-6 2020 period, the Food segment recorded an increase in reported GROSS PROFIT of 4.3% with the gross margin at the level of the comparative period of 34.1%, while normalized gross profit grew by 3.8%. The effect of unfavourable trends in prices of raw materials and supplies continued in the second quarter and the amount of the effect in the 1-6 2020 period is estimated at negative HRK 22.4m⁵, primarily in relation to dried vegetables and meat,
- The reported OPERATING PROFIT (EBIT) is 25.0% higher than in the comparative period, while normalized operating profit is 22.4% higher. In addition to the impact above the EBIT level, negative impacts on operating profit came from movements in foreign exchange differences on trade receivables and trade payables (HRK -3.6m in 1-6 2020; HRK +2.2m in 1-6 2019), the increase in costs related to sales (logistics

and distribution) and the increase in staff costs of HRK 9.1m (+2.3%), while a positive impact comes from lower marketing expenses. The increase in staff costs is largely the result of one-off award to employees in the manufacturing, logistics and distribution segment paid in the first quarter, and a provision for award to employees paid in July,

- Reported NET PROFIT AFTER MINORITY INTERESTS is HRK 25.7m higher, while normalized net profit after minority interests is HRK 23.4m higher compared to 1-6 2019. In addition to the impact above the EBIT level, the net profit was negatively impacted by foreign exchange differences on borrowings (HRK -2.9m in 1-6 2020; HRK -0.0m in 1-6 2019), which was mitigated by lower finance costs. Following the increase in pre-tax profit, tax liability is HRK 3.3m higher.

⁵ Obtained as used volumes of raw materials and supplies in 1-6 2020*prices in 1-6 2020 – used volumes of raw materials and supplies in 1-6 2020*prices in 1-6 2019.

**Profitability of the
Pharmaceuticals segment
in 1-6 2020**

(in HRK millions)	Profitability of the Pharmaceuticals segment				Normalized			
	1 – 6 19	1 – 6 20	Δ	%	1 – 6 19	1 – 6 20	Δ	%
Sales revenue	455.2	490.3	35.1	7.7%	455.2	490.3	35.1	7.7%
Gross profit	229.4	237.0	7.6	3.3%	229.4	234.2	4.8	2.1%
EBITDA*	93.8	92.8	(1.0)	(1.1%)	93.8	89.9	(3.8)	(4.1%)
EBIT	62.6	61.3	(1.3)	(2.0%)	62.6	58.5	(4.1)	(6.6%)
Net profit after MI	46.0	41.9	(4.1)	(9.0%)	46.0	39.9	(6.1)	(13.2%)
Gross margin	50.4%	48.3%		-205 bp	50.4%	47.8%		-263 bp
EBITDA margin	20.6%	18.9%		-168 bp	20.6%	18.3%		-226 bp
EBIT margin	13.8%	12.5%		-125 bp	13.8%	11.9%		-182 bp
Net margin after MI	10.1%	8.5%		-157 bp	10.1%	8.1%		-196 bp

19

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

**Profitability of the Pharmaceuticals
segment (1-6 2020 compared to 1-6 2019):**

- The Pharmaceuticals segment recorded 3.3% higher reported GROSS PROFIT, while normalized gross profit is 2.1% higher. The gross margin is 48.3%, which is lower than in the comparative period, due to the sales structure and reclassification of certain fees for various promotional and marketing activities. In the sales structure, a share of trade goods which have lower profitability than own brands increased,
- Reported OPERATING PROFIT (EBIT) is HRK 1.3m lower, while normalized operating profit is HRK 4.1m lower. In addition to the impact above the EBIT level, the operating profit is primarily a result of very unfavourable movements

- in foreign exchange differences on trade receivables and trade payables (HRK -13.5m in 1-6 2020; HRK +8.9m in 1-6 2019), which was mitigated by lower marketing expenses and lower general and administrative expenses,
- Reported NET PROFIT AFTER MINORITY INTERESTS is HRK 4.1m lower, while normalized net profit after minority interests is HRK 6.1m lower. In addition to the impact above the EBIT level, net profit after minority interests was impacted by unfavourable movements in foreign exchange differences on borrowings (HRK -2.8m in 1-6 2020; HRK +0.8m in 1-6 2019), which was mitigated by lower finance costs. Following the decrease in pre-tax profit, tax liability is HRK 1.3m lower.

Profitability of the Podravka Group in 1-6 2020

(in HRK millions)	Profitability of the Podravka Group				Normalized			
	1-6 19	1-6 20	Δ	%	1-6 19	1-6 20	Δ	%
Sales revenue	2,139.5	2,245.3	105.8	4.9%	2,139.5	2,245.3	105.8	4.9%
Gross profit	803.8	835.9	32.1	4.0%	806.4	833.0	26.6	3.3%
EBITDA*	288.6	320.1	31.5	10.9%	291.5	317.5	26.1	8.9%
EBIT	182.9	211.7	28.8	15.8%	185.7	209.1	23.5	12.6%
Net profit after MI	140.0	161.6	21.5	15.4%	142.5	159.9	17.3	12.2%
Gross margin	37.6%	37.2%		-34 bp	37.7%	37.1%		-59 bp
EBITDA margin	13.5%	14.3%		+77 bp	13.6%	14.1%		+52 bp
EBIT margin	8.5%	9.4%		+88 bp	8.7%	9.3%		+64 bp
Net margin after MI	6.5%	7.2%		+65 bp	6.7%	7.1%		+46 bp

20

* 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 (1-6 2020 compared to 1-6 2019):

- In the observed period, the Podravka Group recorded 4.0% higher reported gross profit, while normalized GROSS PROFIT grew by 3.3%. Cost of goods sold increased by 5.5%, which resulted with gross margin of 37.2% in the reporting period,
- The reported OPERATING PROFIT (EBIT) is HRK 28.8m higher, while normalized operating profit is HRK 23.5m higher, primarily as a result of the increase in sales in both business segments and savings realised, primarily on marketing expenses. The operating profit was also impacted by higher costs related to the sales growth (logistics and distribution), very unfavourable movements in foreign exchange differences on trade receivables and trade payables (HRK -17.2m in 1-6 2020; HRK +11.1m in 1-6 2019) and the increase in staff costs of HRK 9.4m (+1.8%). The increase in staff costs is largely the result of one-off award to employees in the manufacturing, logistics and distribution segment paid in the first quarter, and a provision for award to employees paid in July,
- Reported NET PROFIT AFTER MINORITY INTERESTS is HRK 21.5m higher, while normalized net profit after minority interests is HRK 17.3m higher. In addition to the impact above the EBIT level, the net profit after minority interests was impacted by unfavourable movements in exchange differences on borrowings (HRK -5.7m in 1-6 2020; HRK +0.7m in 1-6 2019) and lower finance costs. The tax liability is HRK 2.1m higher.

Key characteristics of the income statement in 1-6 2020



Key characteristics of the income statement in 1-6 2020

Other income and expenses, net

In the reporting period, other income and expenses, net amounted to HRK -10.4m, while in the comparative period they amounted to HRK +16.7m, mainly affected by the movements in foreign exchange differences on trade receivables and trade payables that amounted to HRK -17.2m in the 1-6 2020 period, while in the comparative period they amounted to HRK +11.1m.

Cost of goods sold

Cost of goods sold increased by 5.5% relative to the comparative period due to higher level of sales realized, the structure of sales and the rise in prices of raw materials and supplies (estimated negative impact in the Food segment of HRK 22.4m⁶, primarily from dried vegetables and meat). An additional impact came from higher staff costs, partly as a result of awards to employees. On the normalized level, cost of goods sold grew by 5.9%.

General and administrative expenses

In relation to the comparative period, general and administrative expenses dropped by HRK 2.3m (-1.5%) primarily as a result of different dynamics of movements in provisions for some expenses and lower costs of services. On the normalized level, general and administrative expenses are HRK 2.4m (-1.6%) lower.

Selling and distribution costs

In the observed period, selling and distribution costs are HRK 4.0m (+1.4%) higher than in the comparative period, as a result of the sales increase and staff costs increase. The increase in staff costs is partly a result of awards to employees.

Marketing expenses

In the reporting period, marketing expenses are HRK 25.5m (-13.1%) lower than in the comparative period. In the Food segment, marketing expenses decreased by HRK 12.3m (-11.7%), while in the Pharmaceuticals segment the decrease amounted to HRK 13.2m (-14.8%). From the end of 2019, some promotional and marketing activities have been reclassified in the Pharmaceuticals segment, as explained in the introductory note to the "Overview of sales revenues in 1-6 2020" section. If marketing expenses in the Pharmaceuticals segment in 1-6 2019 were reclassified, they would be lower by HRK 5.3m in that period.

Net finance costs

In the observed period, net finance costs amounted to HRK -11.6m, while in the comparative period they amounted to HRK -8.0m. This is a consequence of less favourable movements in foreign exchange differences on borrowings, which in the 1-6 2020 period amounted to HRK -5.7m, while in the comparative period they amounted to HRK +0.8m. Interest expense on borrowings is HRK 2.4m (-27.9%) lower due to refinancing of borrowings under more favourable commercial terms.

Income tax

In the 1-6 2020 period, the income tax of the Podravka Group is HRK 2.1m (+6.4%) higher than in the comparative period, as a result of higher level of pre-tax profit in the Food segment.

⁶ Obtained as used volumes of raw materials and supplies in 1-6 2020*prices in 1-6 2020 – used volumes of raw materials and supplies in 1-6 2020*prices in 1-6 2019

Key characteristics of the balance sheet as at 30 June 2020



Key characteristics of the balance sheet as at 30 June 2020

Property, plant and equipment

Compared to 31 December 2019, property, plant and equipment of the Podravka Group are HRK 5.5m higher, or +0.2%, due to the regular realization of capital expenditure.

Inventories

Inventories of the Podravka Group are HRK 86.9m (9.2%) higher than as at 31 December 2019, and HRK 125.8m (+13.8%) higher than as at 30 June 2019. The increase in inventories compared to 30 June 2019 is primarily a result of the increase in inventories of raw materials and supplies, following the increased demand and production volume as a result of the situation caused by COVID-19, and the increase in inventories of finished products of the fish range for the purpose of ensuring the range sufficiency.

Trade and other receivables

Trade and other receivables of the Podravka Group are HRK 57.1m (-6.0%) lower than as at 31 December 2019, and HRK 81.5m (-8.4%) lower than as at 30 June 2019. Decrease is a result of lower withdrawal volumes of goods by the customers of the Podravka Group in the second quarter, due to stocks made in March, and lower activity of end customers in the second quarter, while receivables from the first quarter were regularly collected.

Cash and cash equivalents

Cash and cash equivalents of the Podravka Group at the end of the observed period are HRK 193.6m higher (+348.3%) compared to 31 December 2019. This is explained in the “Key characteristics of the cash flow statement in 1-6 2020” section.

Long-term and short-term borrowings

As at 30 June 2020, long-term and short-term borrowings of the Podravka Group are HRK 96.8m higher than as at 31 December 2019. In order to ensure the smooth flow of the supply and production process in a situation of increased demand and production, in the first half of the year the Podravka Group ensured additional cash by using short-term credit lines, while long-term debt declined at the same time.

Trade and other payables

Trade and other payables of the Podravka Group are HRK 16.2m or +2.7% higher compared to 31 December 2019, in line with regular operations. Compared to 30 June 2019, trade and other payables are HRK 98.6m (-13.7%) lower, primarily as a result of different dynamics of dividend distribution (June 2020 vs. August 2019).

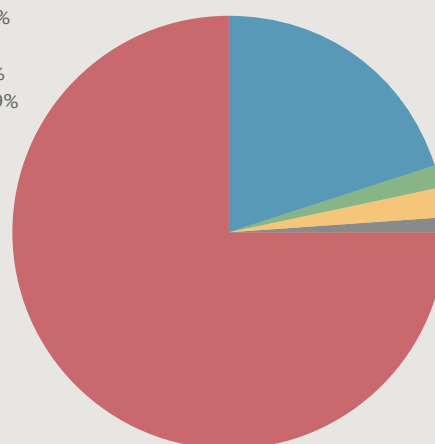
24

Indebtedness

As at 30 June 2020, total debt of the Podravka Group related to borrowings and other interest-bearing financial liabilities amounted to HRK 966.0m, of which HRK 464.4m relates to long-term borrowings, HRK 408.3m to short-term borrowings, HRK 93.2m to liabilities for right-of-use assets, while HRK 0.1m relates to financial liabilities at fair value through profit or loss. The AVERAGE WEIGHTED COST OF DEBT on all the stated liabilities as at 30 June 2020 was 1.2%, while if right-of-use assets are excluded it is 1.0%.

Currency structure of debt as at 30 June 2020

● EUR 75.0%
● HRK 20.1%
● CZK 1.8%
● BAM 2.2%
● Other 0.9%



25

Analysing the debt currency structure, the highest exposure, of 75.0%, was toward the Euro (EUR), while 20.1% of the debt was in the domestic currency (HRK).

1.8% of the debt was in the Czech koruna (CZK), 2.2% in the Bosnia and Herzegovina mark (BAM), while the remainder of 0.9% relates to other currencies.

(in HRK millions)*	1 – 6 2019	1 – 6 2020	Δ	%
Financial debt ⁷	878.0	966.0	88.0	10.0%
Cash and cash equivalents	55.6	249.2	193.6	348.3%
Net debt ⁸	822.4	716.8	(105.6)	(12.8%)
Interest expense	14.9	12.5	(2.4)	(15.8%)
Net debt / normalized EBITDA	1.6	1.3	(0.3)	(17.0%)
Normalized EBIT / Interest expense	20.1	25.8	5.7	28.1%
Equity to assets ratio ⁹	65.9%	65.3%		-67 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.

⁷ Financial debt: long-term and short-term borrowings + liabilities for right-of-use assets + financial liabilities at fair value through profit or loss. The data is provided in the "Consolidated statements of financial position as at 30 June 2020" section.

⁸ Net debt: Financial debt – Cash and cash equivalents.

⁹ Equity to assets ratio: total shareholder's equity / total assets. The data is provided in the "Consolidated statements of financial position as at 30 June 2020" section.

The decrease in net debt as at 30 June 2020 relative to the comparative period is a result of the increase in cash and cash equivalents and long-term debt positions compared to 31 December 2019. Normalized EBITDA increase with the decline in net

debt led to a lower net debt to normalized EBITDA ratio. Normalized EBIT increase with the decrease in interest expense has driven the rise in the interest coverage ratio (Normalized EBIT / Interest expense).

Key highlights of the cash flow statement in 1-6 2020



Key highlights of the cash flow statement in 1-6 2020

(in HRK millions)	1 – 6 2019	1 – 6 2020	Δ
Net cash flow from operating activities	152.8	280.0	127.2
Net cash flow from investing activities	(62.8)	(90.3)	(27.5)
Net cash flow from financing activities	(154.1)	4.0	158.1
Net increase / (decrease) of cash and cash equivalents	(64.2)	193.6	257.8

27

Net cash flow from operating activities

In the observed period, net cash flow from operating activities amounted to positive HRK 280.0m as a result of operating business growth and dynamics of movements in the working capital.

Net cash flow from investing activities

Net cash flow from investing activities in the reported period amounted to negative HRK 90.3m, primarily as a result of capital expenditure amounting to HRK 91.3m. The most significant CAPITAL EXPENDITURES in 1-6 2020 are the same as in the first quarter due to the situation caused by COVID-19, and were related to:

- Continued investment activities in Mirna Inc. related to the development of fish business, which increases capacities and competitiveness of the product range,
- Continued investment activities related to modernisation of the line for the production of creamy spreads in the factory of baby food and creamy spreads, which increases the existing capacities and opens a possibility of expanding the product range,
- Investment in a solar power plant in the vegetable factory Kalnik, which

increases the production efficiency and consequently impacts competitiveness,

- Investment in the line for slicing and packaging of sliced products in the factory Danica, which increases the capacities and production efficiency,
- Investment in the capsuling machine for the production of solid drugs in Belupo Inc., which increases the capacity and ensures the continuity of production,
- Investment in the tableting machine for the production of solid, semi-solid and liquid drugs in Belupo Inc., which ensures the continuity of production and product quality.

In 2020 EXPECTED CAPITAL EXPENDITURES are 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 the 1-6 2020 period, net cash flow from financing activities amounted to positive HRK 4.0m, mainly as a result of borrowings received in the net amount of HRK 86.3m. The difference in relation to the repayment of borrowings in the balance sheet primarily relates to foreign exchange differences.

Share in 1-6 2020



List of major shareholders as at 30 June 2020

No.	Shareholder	Number of shares	% of ownership
1	Republic of Croatia*	1,815,376	25.5%
2	PBZ Croatia Osiguranje mandatory pension fund, category B	1,075,345	15.1%
3	AZ mandatory pension fund, category B	932,563	13.1%
4	Erste Plavi mandatory pension fund, category B	724,941	10.2%
5	Raiffeisen mandatory pension fund, category B	625,298	8.8%
6	Podravka Inc. - treasury account	127,916	1.8%
	Other shareholders	1,818,564	25.5%
	Total	7,120,003	100.0%

29

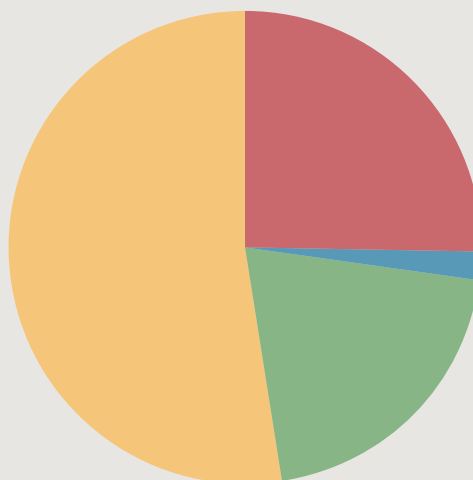
* The Restructuring and Sale Centre holds 1,241,253 shares through four accounts, Kapitalni fond d.d. holds 406,842 shares, the Republic of Croatia additionally holds 167,281 shares on a separate account.

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

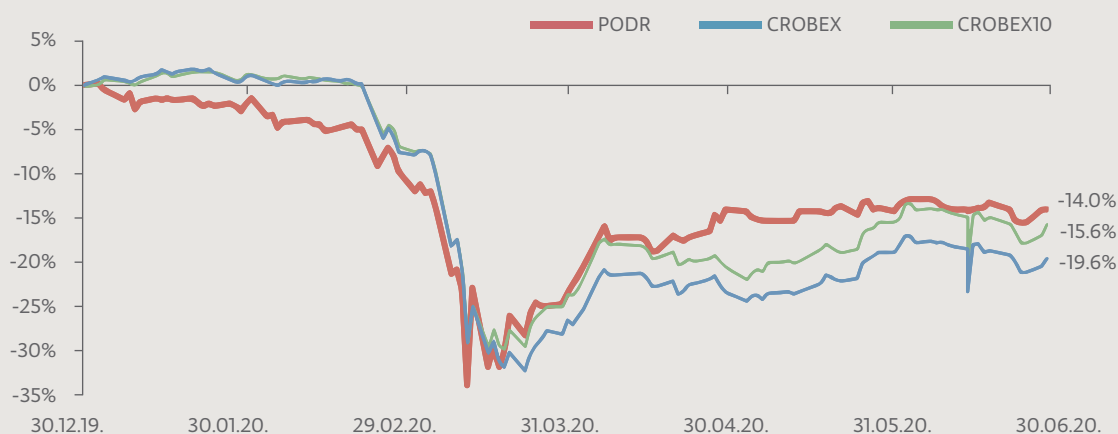
of 52.4% stake. Podravka Inc. has 1.8% of treasury shares. Podravka Inc.'s shares have been listed on the Prime Market of the Zagreb Stock Exchange and in six Zagreb Stock Exchange indices (CROBEX, CROBEX10, CROBEXtr, CROBEXprime, CROBEXnutr and ADRIAprime).

Ownership structure as at 30 June 2020

- Republic of Croatia 25.5%
- Treasury shares 1.8%
- Others 20.3%
- Croatian pension funds** 52.4%



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



30

Share price movement in 1-6 2020

(closing price in HRK; closing points)	31 December 2019	30 June 2020	%
PODR	484.0	416.0	(14.0%)
CROBEX	2,017.4	1,621.6	(19.6%)
CROBEX10	1,199.9	1,012.7	(15.6%)

At the end of the first half of 2020, Podravka's share price dropped by 14.0%, while the

CROBEX and CROBEX10 stock indices dropped by 19.6% and 15.6%, respectively.

Result on the Croatian capital market in 1-6 2020

(in HRK; in units) ¹⁰	1 - 6 2019	1 - 6 2020	%
Weighted average daily price	391.5	397.3	1.5%
Average daily number of transactions	10	20	99.3%
Average daily volume	997	1,607	61.2%
Average daily turnover	390,437.7	638,704.3	63.6%

¹⁰ 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.

After the first quarter of 2020, marked by significant price correction, increased liquidity and volatility in the domestic capital market, in the second quarter of 2020 a mild recovery of prices occurred, so the weighted average daily price of Podravka's

share increased by 1.5% compared to 1-6 2019. The average daily volume increased by 61.2%, while the average daily turnover and the average daily number of transactions in relation to the comparative period increased by 63.6% and 99.3%, respectively.

Valuation

(in HRK millions; last price and earnings per share in HRK)*

	2019	1 – 6 2020	%
Last price	484.0	416.0	(14.0%)
Weighted average number of shares ¹¹	6,984,803	6,991,494	0.1%
Market capitalization ¹²	3,380.6	2,908.5	(14.0%)
EV ¹³	4,249.3	3,674.5	(13.5%)
Normalized earnings per share	32.0	34.5	7.7%
EV / sales revenue	1.0	0.8	(15.6%)
EV / normalized EBITDA	8.2	6.8	(17.7%)
EV / normalized EBIT	14.2	11.4	(19.8%)
Last price / normalized earnings per share ratio (P / E)	15.1	12.1	(20.2%)

31

* 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.

¹¹ 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.

¹² Market Capitalization: Last price * Weighted average number of shares.

¹³ Enterprise value: Market Capitalization + Net debt + Minority interests.

Additional tables for 1-6 2020



Calculation of reported and normalized EBITDA

EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments of non-current assets. In the 1-6 2020 and 1-6 2019 periods there were no value adjustments to non-current assets.

33

Reported EBITDA calculation	1 – 6 2019			1 – 6 2020		
	Group	Food	Pharma	Group	Food	Pharma
(in HRK millions)						
Reported EBIT	182.9	120.3	62.6	211.7	150.4	61.3
+depreciation and amortization	105.8	74.6	31.2	108.4	77.00	31.4
+value adjustment	–	–	–	–	–	–
Reported EBITDA	288.6	194.9	93.8	320.1	227.3	92.8
Normalized EBITDA calculation	1 – 6 2019			1 – 6 2020		
(in HRK millions)	Group	Food	Pharma	Group	Food	Pharma
Normalized EBIT	185.7	123.1	62.6	209.1	150.6	58.5
+depreciation and amortization	105.8	74.6	31.2	108.4	77.0	31.4
Normalized EBITDA	291.5	197.7	93.8	317.5	227.6	89.9

One-off items in 1-6 2020

In the 1-6 2020 period, the Food segment incurred HRK 0.3m costs of severance payments for employees on long-term sick leaves, treated by the company's management as one-off item. In the same period, the Pharmaceuticals segment realized HRK 2.8m income, related to returns for defective raw materials received in 2018, treated by the company's management as one-off item. The estimated tax impact of these one-off items is HRK 0.9m.

In the 1-6 2019 period, the Food segment incurred HRK 0.1m costs of severance payments for employees on long-term sick leaves and HRK 2.7m of value adjustments to inventories (related to problems in procurement of raw materials from Serbia), treated by the company's management as one-off item. In the same period, the Pharmaceuticals segment did not record any one-off items. The estimated tax impact of these one-off items is HRK -0.3m.

Normalization of the Profit and Loss Statement by segments

Reported and normalized profitability

(in HRK millions)	1 – 6 2019			1 – 6 2020		
	Group	Food	Pharma	Group	Food	Pharma
Reported gross profit	803.8	574.4	229.4	835.9	598.8	237.0
+impairment of inventories	2.7	2.7	–	–	–	–
+revenues from return of raw materials	–	–	–	(2.8)	–	(2.8)
Normalized gross profit	806.4	577.0	229.4	833.0	598.8	234.2
Reported EBITDA	288.6	194.9	93.8	320.1	227.3	92.8
+impairment of inventories	2.7	2.7	–	–	–	–
+revenues from return of raw materials	–	–	–	(2.8)	–	(2.8)
+severance payments (long term sick-leave)	0.1	0.1	–	0.3	0.3	–
Normalized EBITDA	291.5	197.7	93.8	317.5	227.6	89.9
Reported EBIT	182.9	120.3	62.6	211.7	150.4	61.3
+impairment of inventories	2.7	2.7	–	–	–	–
+revenues from return of raw materials	–	–	–	(2.8)	–	(2.8)
+severance payments (long term sick-leave)	0.1	0.1	–	0.3	0.3	–
Normalized EBIT	185.7	123.1	62.6	209.1	150.6	58.5
Reported Net profit after MI	140.0	94.0	46.0	161.6	119.7	41.9
+impairment of inventories	2.7	2.7	–	–	–	–
+revenues from return of raw materials	–	–	–	(2.8)	–	(2.8)
+severance payments (long term sick-leave)	0.1	0.1	–	0.3	0.3	–
+estimated impact of normalization on taxes	(0.3)	(0.3)	–	0.9	(0.0)	0.9
Normalized Net profit after MI	142.5	96.5	46.0	159.9	119.9	39.9

34

Consolidated financial statements in 1-6 2020



Consolidated Profit and Loss Statement in 1-6 2020

<i>(in HRK thousands)</i>	1 – 6 2019	% of sales revenues	1 – 6 2020	% of sales revenues	%
Sales revenue	2,139,489	100.0%	2,245,292	100.0%	4.9%
Cost of goods sold	(1,335,722)	(62.4%)	(1,409,441)	(62.8%)	5.5%
Gross profit	803,768	37.6%	835,851	37.2%	4.0%
General and administrative expenses	(151,871)	(7.1%)	(149,622)	(6.7%)	(1.5%)
Selling and distribution costs	(291,601)	(13.6%)	(295,581)	(13.2%)	1.4%
Marketing expenses	(194,095)	(9.1%)	(168,586)	(7.5%)	(13.1%)
Other (expenses) / income, net	16,658	0.8%	(10,365)	(0.5%)	162.2%
Operating profit	182,859	8.5%	211,698	9.4%	15.8%
Financial income	536	0.0%	477	0.0%	11.0%
Other financial expenses	(837)	(0.0%)	(364)	(0.0%)	(56.6%)
Interest expenses	(8,418)	(0.4%)	(6,086)	(0.3%)	(27.7%)
Net foreign exchange differences on borrowings	717	0.0%	(5,668)	(0.3%)	(890.3%)
Net finance costs	(8,002)	(0.4%)	(11,640)	(0.5%)	45.5%
Profit before tax	174,857	8.2%	200,058	8.9%	14.4%
Current income tax	(21,636)	(1.0%)	(29,015)	(1.3%)	34.1%
Deferred tax	(10,639)	(0.5%)	(5,313)	(0.2%)	(50.1%)
Income tax	(32,275)	(1.5%)	(34,327)	(1.5%)	6.4%
Net profit for the year	142,582	6.7%	165,731	7.4%	16.2%
Net profit / (loss) attributable to:					
Equity holders of the parent	140,049	6.5%	161,591	7.2%	15.4%
Non-controlling interests	(2,532)	(0.1%)	(4,140)	(0.2%)	63.5%

**Consolidated Balance Sheet
as at 30 June 2020**

(in HRK thousands)	31 Dec 2019	% share	30 Jun 2020	% share	% change
ASSETS					
Non-current assets					
Goodwill	27,250	0.6%	27,250	0.5%	0.0%
Investment property	118,240	2.4%	117,473	2.3%	(0.6%)
Intangible assets	244,559	5.0%	249,038	4.9%	1.8%
Property, plant and equipment	2,212,979	45.3%	2,218,472	43.5%	0.2%
Right-of-use assets	100,168	2.1%	91,562	1.8%	(8.6%)
Deferred tax assets	149,065	3.1%	143,106	2.8%	(4.0%)
Non-current financial assets	43,178	0.9%	43,296	0.8%	0.3%
Total non-current assets	2,895,439	59.3%	2,890,197	56.7%	(0.2%)
Current assets					
Inventories	948,260	19.4%	1,035,166	20.3%	9.2%
Trade and other receivables	948,767	19.4%	891,682	17.5%	(6.0%)
Financial assets at fair value through profit and loss	12	0.0%	159	0.0%	1,225.0%
Income tax receivable	5,361	0.1%	4,324	0.1%	(19.3%)
Cash and cash equivalents	55,589	1.1%	249,215	4.9%	348.3%
Non-current assets held for sale	30,393	0.6%	30,152	0.6%	(0.8%)
Total current assets	1,988,382	40.7%	2,210,698	43.3%	11.2%
Total assets	4,883,821	100.0%	5,100,895	100.0%	4.4%

37

**Consolidated Balance Sheet
as at 30 June 2020**

(in HRK thousands)	31 Dec 2019	% share	30 Jun 2020	% share	% change
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	1,698,636	34.8%	1,696,520	33.3%	(0.1%)
Reserves	853,580	17.5%	944,263	18.5%	10.6%
Retained earnings / (accumulated losses)	620,878	12.7%	638,427	12.5%	2.8%
Attributable to equity holders of the parent	3,173,094	65.0%	3,279,210	64.3%	3.3%
Non-controlling interests	46,335	0.9%	49,297	1.0%	6.4%
Total shareholders' equity	3,219,429	65.9%	3,328,507	65.3%	3.4%
Non-current liabilities					
Borrowings	468,088	9.6%	464,409	9.1%	(0.8%)
Provisions	73,578	1.5%	74,217	1.5%	0.9%
Other non - current liabilities	19,363	0.4%	19,150	0.4%	(1.1%)
Right-of-use asset liability	70,218	1.4%	62,967	1.2%	(10.3%)
Deferred tax liability	39,083	0.8%	38,877	0.8%	(0.5%)
Total non-current liabilities	670,330	13.7%	659,620	12.9%	(1.6%)
Current liabilities					
Trade and other payables	606,571	12.4%	622,772	12.2%	2.7%
Income tax payable	17,755	0.4%	31,989	0.6%	80.2%
Financial liabilities at fair value through profit and loss	292	0.0%	86	0.0%	(70.5%)
Borrowings	307,742	6.3%	408,250	8.0%	32.7%
Current portion of long-term debt for right-of-use asset	31,610	0.6%	30,264	0.6%	(4.3%)
Provisions	30,092	0.6%	19,407	0.4%	(35.5%)
Total current liabilities	994,062	20.4%	1,112,768	21.8%	11.9%
Total liabilities	1,664,392	34.1%	1,772,388	34.7%	6.5%
Total equity and liabilities	4,883,821	100.0%	5,100,895	100.0%	4.4%

38

Consolidated Cash Flow Statement in 1-6 2020

(in HRK thousands)	1 – 6 2019	1 – 6 2020	%
Profit / (loss) for the year	142,582	165,731	16.2%
Income tax	32,275	34,327	6.4%
Depreciation and amortization	105,787	108,407	2.5%
Reversal of impairment of assets held for sale	(48)	0	100.0%
Remeasurement of financial instruments at fair value	95	(354)	(472.6%)
Share based payment transactions	(711)	1,606	325.9%
Subsidiary liquidation	0	140	100.0%
(Profit) / Loss on disposal of property, plant, equipment and intangibles	(1,000)	(558)	44.2%
(Profit) / Loss on disposal of assets held for sale	4	0	(100.0%)
(Profit) / Loss on write off of right-of-use assets	0	(24)	(100.0%)
Impairment of trade receivables	696	1,887	171.1%
(Decrease) / Increase in provisions	(1,112)	(10,045)	(803.3%)
Interest income	(173)	(118)	31.8%
Interest expense	7,435	5,103	(31.4%)
Interest expense on right-of-use assets	1,363	1,347	(1.2%)
Effect of changes in foreign exchange rates	(5,158)	12,830	348.7%
Changes in working capital:			
(Increase) / Decrease in inventories	(61,102)	(86,906)	(42.2%)
(Increase) / Decrease in trade receivables	(36,059)	55,294	253.3%
(Decrease) / Increase in trade payables	(1,673)	11,351	778.5%
Cash generated from operations	183,201	300,018	63.8%
Income tax paid	(21,266)	(13,731)	35.4%
Interest paid	(9,177)	(6,321)	31.1%
Net cash from operating activities	152,758	279,966	83.3%

39

Consolidated Cash Flow Statement in 1-6 2020

(in HRK thousands)	1 – 6 2019	1 – 6 2020	%
Cash flow from investing activities			
Decrease of investments in in related and unrelated companies	20	0	(100.0%)
Purchase of property, plant, equipment and intangibles	(65,562)	(91,315)	(39.3%)
Proceeds from sale of property, plant, equipment and intangibles	2,008	899	(55.2%)
Proceeds from sale of rights	500	0	(100.0%)
Loans given	(16)	(9)	43.8%
Repayment of loans receivable	29	9	(69.0%)
Collected interest	173	101	(41.6%)
Net cash from investing activities	(62,848)	(90,315)	(43.7%)
Cash flow from financing activities			
Dividend payout	0	(62,938)	(100.0%)
Acquisition of additional non-controlling interests	145	0	(100.0%)
Sell of treasury shares	4,435	0	(100.0%)
Proceeds from borrowings	148,038	286,970	93.8%
Repayment of borrowings	(289,966)	(200,709)	30.8%
Repayment of lease	(16,748)	(19,348)	(15.5%)
Net cash from financing activities	(154,096)	3,975	102.6%
Net increase/(decrease) of cash and cash equivalents	(64,186)	193,626	401.7%
Cash and cash equivalents at beginning of the year	211,106	55,589	(73.7%)
Cash and cash equivalents at the end of year	146,920	249,215	69.6%

40

Consolidated Statement of Change in Equity in 1-6 2020

<i>(in HRK thousands)</i>	<i>Share capital</i>	<i>Reserve for treasury shares</i>	<i>Legal reserves</i>	<i>Reinvested profit reserve</i>	<i>Statutory reserves</i>	<i>Other reserves</i>	<i>Retained earnings/ accumulated loss</i>	<i>Total</i>	<i>Non-controlling interests</i>	<i>Total</i>
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
Comprehensive income	-	-	-	-	-	-	-	-	-	-
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
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-	-	-
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
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(62,908)	(62,908)	-	(62,908)
Total transactions with owners recognized 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
Comprehensive income	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	161,591	161,591	4,140	165,731
Foreign exchange differences	-	-	-	-	-	9,570	-	9,570	632	10,202
Subsidiary liquidation	-	-	-	-	-	-	-	-	911	911
Other comprehensive income	-	-	-	-	-	9,570	-	9,570	1,543	11,114
Total comprehensive income	-	-	-	-	-	9,570	161,591	171,161	5,683	176,844
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	7,264	-	-	73,849	(81,113)	-	-	-
Additional acquisition of minority interests	-	-	-	-	-	-	-	-	-	-
Exercise of options	(3,722)	-	-	-	-	-	-	(3,722)	-	(3,722)
Fair value of share-based payment transactions	1,606	-	-	-	-	-	-	1,606	-	1,606
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Announced dividend to non-controlling stake owners	-	-	-	-	-	-	-	-	(2,721)	(2,721)
Dividends paid	-	-	-	-	-	-	(62,929)	(62,929)	-	(62,929)
Total transactions with owners recognized directly in equity	(2,116)	-	7,264	-	-	73,849	(144,042)	(65,045)	(2,721)	(67,766)
As at 30 June 2020	1,696,520	147,604	73,622	189,738	64,046	469,254	638,427	3,279,210	49,297	3,328,507

Notes to the financial statements

In 1-6 2020 period there were no
changes in accounting policies.

42

PRESIDENT OF THE MANAGEMENT BOARD

Marin Pucar





MANAGEMENT BOARD

Koprivnica, 24 July 2020

**STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING
FINANCIAL STATEMENTS**

Consolidated unaudited financial statements of Podravka Group for the period 1 - 6 2020 have been prepared in compliance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards (IFRS) and provide an overall and true presentation of assets, liabilities, profit and loss, financial position and business operations of Podravka Group and all subsidiary companies involved in the consolidation.

Consolidated unaudited financial statements of Podravka Group for the period 1 - 6 2020 were approved by the Management Board of PODRAVKA d.d. on 24 July 2020.

Corporate Accounting Director:

Julijana Artner Kukec

Board Member:

Davor Doko



PODRAVKA

PREHRAMBENA INDUSTRIJA d.d.

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44

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