



Podravka Group business results for 1 - 12 2022 period

Always with a heart!

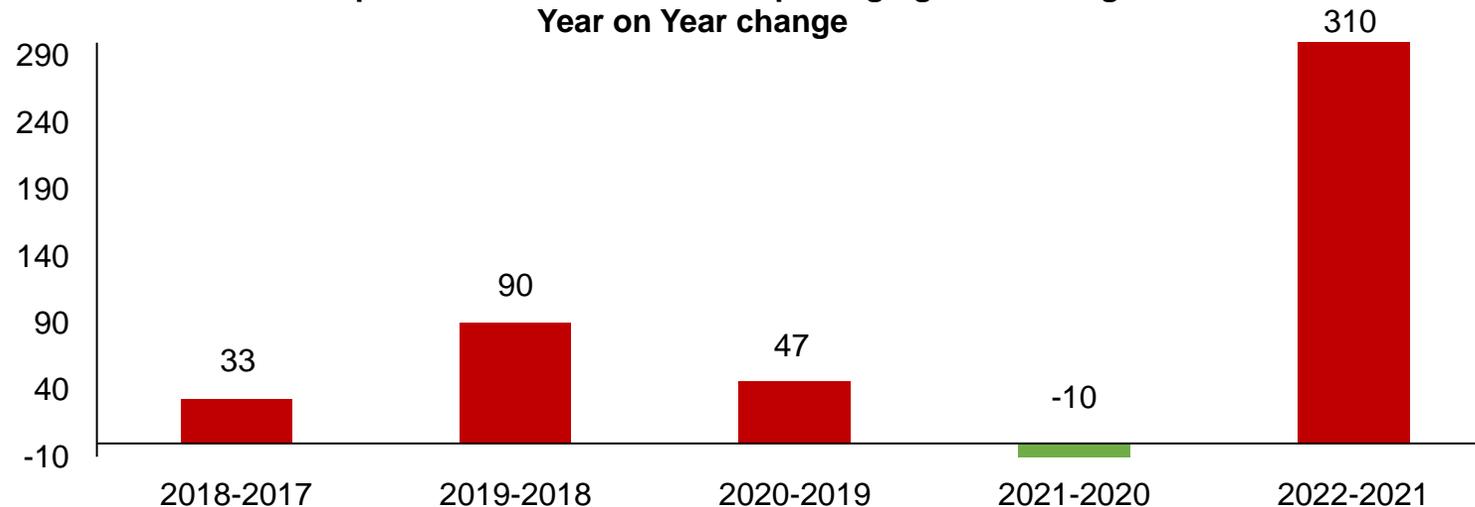


Sales revenues 5,026.8 million HRK	Compared to 2021 + 8.5%	Last share price at the end of period 634 HRK	Compared to 2021 + 0.32%
EBITDA 707.2 million HRK	Compared to 2021 + 19.5%	CAPEX 396.8 million HRK	Compared to 2021 + 133%
Net profit after MI 369.6 million HRK	Compared to 2021 + 19.5%		

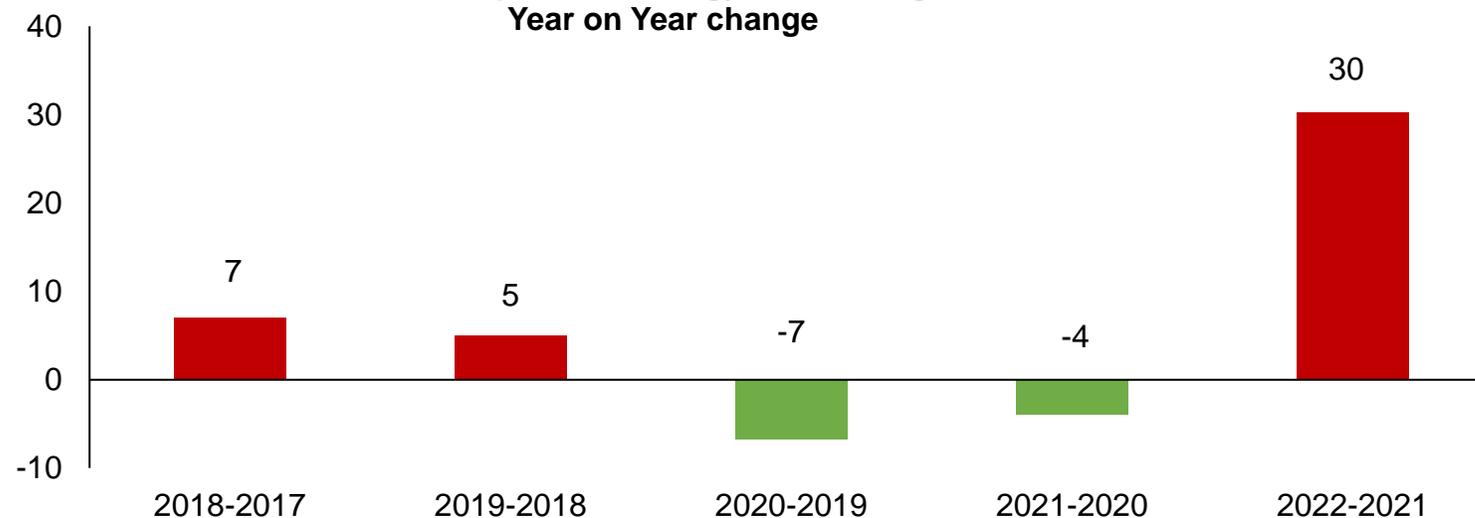
- In 2022, Podravka Group recorded **HRK 5.03b** in sales revenues
 - **Growth by HRK 395.3m (+8.5%)** compared to the previous year
- **EBITDA** for 2022 is **HRK 707.2m**
 - **Growth by HRK 115.2m (+19.5%)** compared to previous year
 - **Normalized EBITDA** increased by **HRK 20.1m (+3.3%)** and amounted **HRK 627.7m**
- **Net profit after MI** for 2022 is **HRK 369.6m**
 - **HRK 60.4m (+19.5%)** more than the previous year
 - **Normalized net profit after MI** is **HRK 311.1m**, which is **HRK 7m (+2.3%)** more than in 2021

Increase in prices of raw materials, packaging and energy

in HRK m Increase in prices of raw materials and packaging in Food segment
Year on Year change

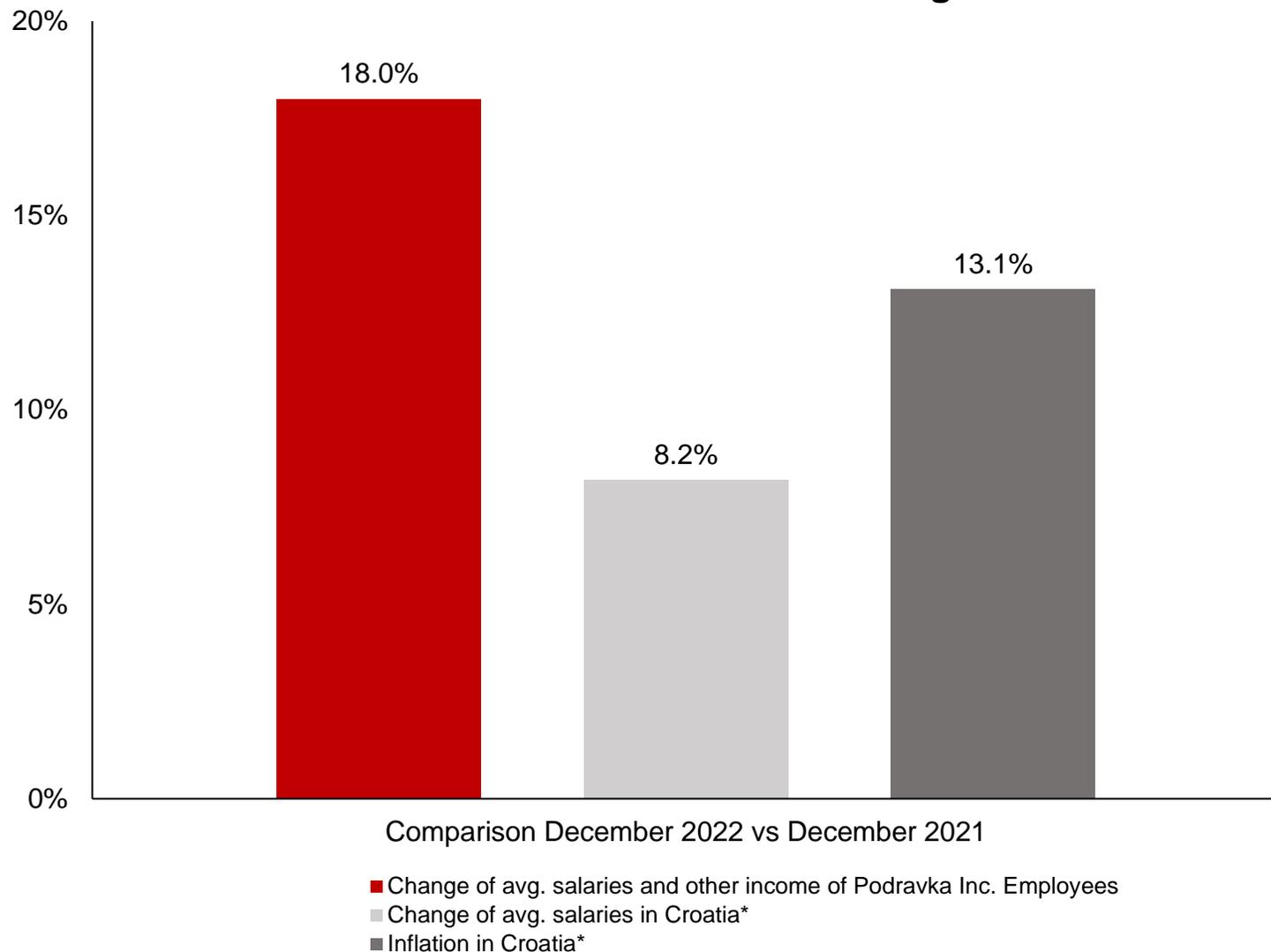


in HRK m Increase in prices of energy in Food segment
Year on Year change



- Significant negative impact in the Food segment came from the increase of cost of raw materials, packaging and energy - **increased by HRK 340.3m or +24.0%**
- During 2022, raw material purchase prices for Podravka increased between **5.3%** and **83.7%**, while packaging prices increased between **14.6%** and **57.2%**
- At the same time, the container transport prices were between **72.2%** and **77.9%** higher than in 2021
- Podravka Group actively managed inventories and optimized procurement processes, adapted production to changes in energy prices and managed marketing costs more efficiently

Ratio between salaries and inflation growth



- During 2022, **salaries and other income** of employees **were increased on two occasions**
- Average **salaries and other income** of employees of Podravka Inc. in December 2022 were **18% higher than in December 2021**
 - Growth in Podravka was faster than the national average (8.2% in December), but also inflation (13.1% in December)
- Also, in December, all employees of Podravka, Mirna and Belupo received one-time reward for success in the amount of HRK 2,000

*Source: Croatian Bureau of Statistics.

Investment cycle of Podravka Group

The total amount of capital investments of Podravka Group in 2022: **HRK 396m**

The most important investments in 2022

<p>The expansion of the Soup and Vegeta Factory has started*</p> <p>104.8 million HRK</p>	<p>Reconstruction and modernization of the business headquarters in Koprivnica</p> <p>104.5 million HRK</p>	<p>New production lines at the Kalnik factory</p> <p>40 million HRK</p>	<p>New line for bread production at Vič Bakery in Slovenia</p> <p>33.6 million HRK</p>
<p>New production line at the Koktel buns factory</p> <p>30 million HRK</p>	<p>Conceptual solution for a logistics and distribution center in Koprivnica</p> <p>20.6 million HRK</p>	<p>Danica solar power plant</p> <p>11.7 million HRK</p>	<p>Air conditioning of production facilities in Koprivnica and Varaždin</p> <p>10.6 million HRK</p>



- In 2022, Podravka Group realized investments of a **total value of HRK 396m**, twice as much as the year before
- Despite cost pressures, **the investment cycle is proceeding according to plan**
- Podravka Group worked on modernizing operations, improving working conditions, introducing new technologies and digitizing production - **all with the aim of increasing overall efficiency and energy efficiency**
- Among other things, the energy and IT **reconstruction of the business headquarters** in Koprivnica was completed, the largest **solar power plant** on the roofs of buildings in Croatia was implemented and construction related to expansion of the Soup and Vegeta Factory has started

*Represents the total investment in Soup and Vegeta Factory, during 2022 realized HRK 16.1m.



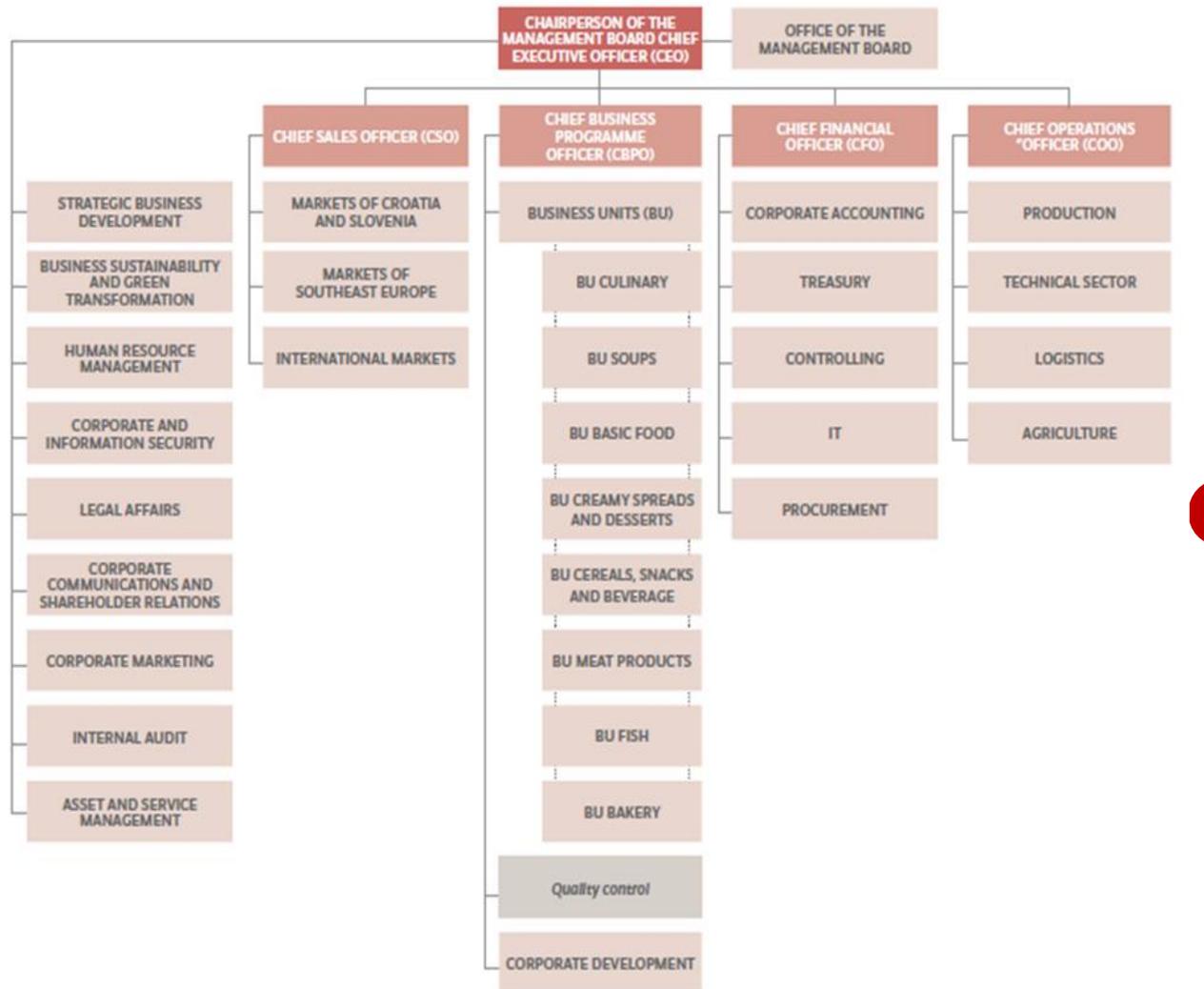
Main goals:

- **consolidation** of bakery business in a **smaller number of locations** and **focusing on bakery production**
- **technological modernization** of the bakeries
- full **harmonization** of business processes **with the business processes of Podravka**

- **Sales and production functions have been separated** -> Podravka Ljubljana took over all sales operations on the Slovenian market for the entire portfolio of the Food segment, including the bakery portfolio
- **Process of consolidation of Žito Group bakeries** will be based on three locations – Maribor, Vrhnika and Ljubljana (Vič) -> two production sites have been closed (the bakeries in Novo Mesto and Ljubljana), and leaving the site in Ljubljana, Moskovska is currently in progress (location has been sold)
- **Process of increasing the efficiency of the production portfolio** in order to increase profitability is underway -> part of the **unprofitable production categories have been abolished**, and part have been **moved to outsourced production**
- In the following period **significant investments in the bakery modernization will be made** -> new line of higher capacity for bakery products at Vič, automation of lines in Maribor, and investment in infrastructure and expansion of frozen products storage facilities in Maribor

Changes in Podravka Inc. and Food segment organization

New organizational structure of Podravka Inc.

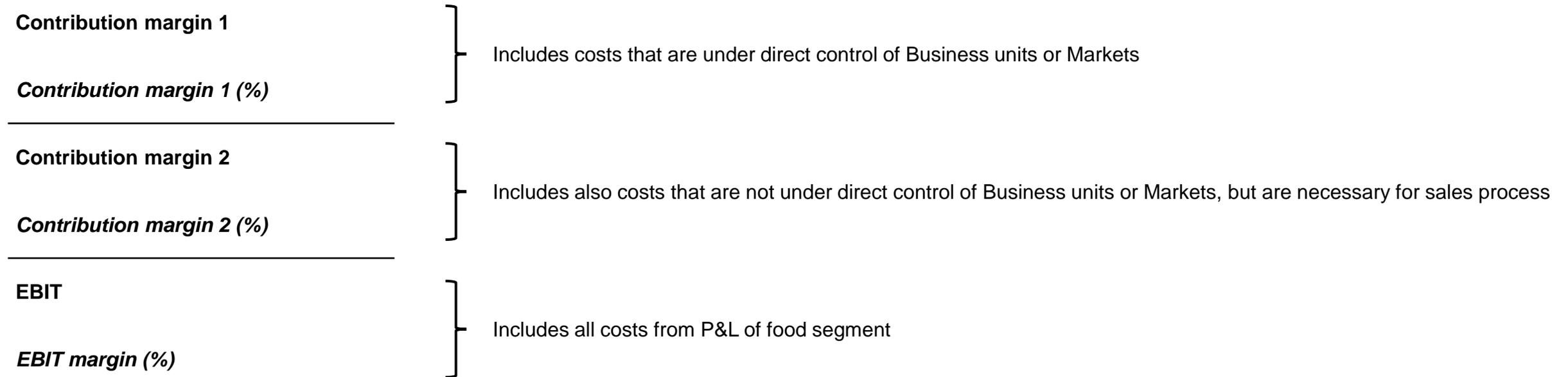


- The goal of the new organization is to **enhance and improve efficiency, enable faster reaction and adjustment to market changes, clearer separation of roles and responsibilities** between organizational units and **clear definition of responsibilities and management roles** of corporate functions of Podravka Inc. for the entire Group,
- Division of the new organization into **four business areas** (Sales, Business Units, Finance, Supply Chain) and **eight corporate functions**,
- The **Sales business area** is divided into **three main divisions -markets of the Republic of Croatia and the Republic of Slovenia, market of Southeastern Europe and International markets**,
- The business area **Business Units** is divided into **eight business units**: BU Culinary, BU Soups, BU Cereals, snack and beverages, BU Creamy spreads and desserts, BU Bakery, BU Basic food, BU Meat products, BU Fish and **Quality Control** and **Corporate Development**,
- In order to place greater emphasis on strategy management and the impact of green policies, a **stronger role** is given to the **Strategic Business Development** and **Business Sustainability and Green Transformation sectors**.

Improvement in Food segment profitability management

- In 2022 food segment developed internal P&L's for Business units and Markets,
- From the beginning of 2023, profitability of Business units and Markets is monitored on a monthly basis,
- This will enable identification of areas for profitability improvement, both on the Business units and Markets side.

P&L of Business units or Markets



Further improvement in ESG report

Business Sustainability Strategy of Podravka Group 2023 - 2030



- Adopted in 2023, base year for data 2022
- **Developed internally** by Podravka expert team
- Defines strategic approach to sustainable business conduct
- **10 main strategic goals within 4 pillars**



Key ESG figures in 2022

Negative financial impact of climate changes	Lower energy use	Decrease in CO ₂ emissions (scope 1)	Increase in energy generated from renewable sources
2.5 million HRK	-6.2%	-9.2%	+16.5%
Environmentally acceptable packaging in the total procurement	Own agricultural production of vegetables used as primary raw material	Decrease in gender pay gap	Podravka among gender equality leaders
87.8%	9.3% of company needs	1.9% in 2022 compared to 2.2% in 2021	52% women in total work force, 40% women in Management Board

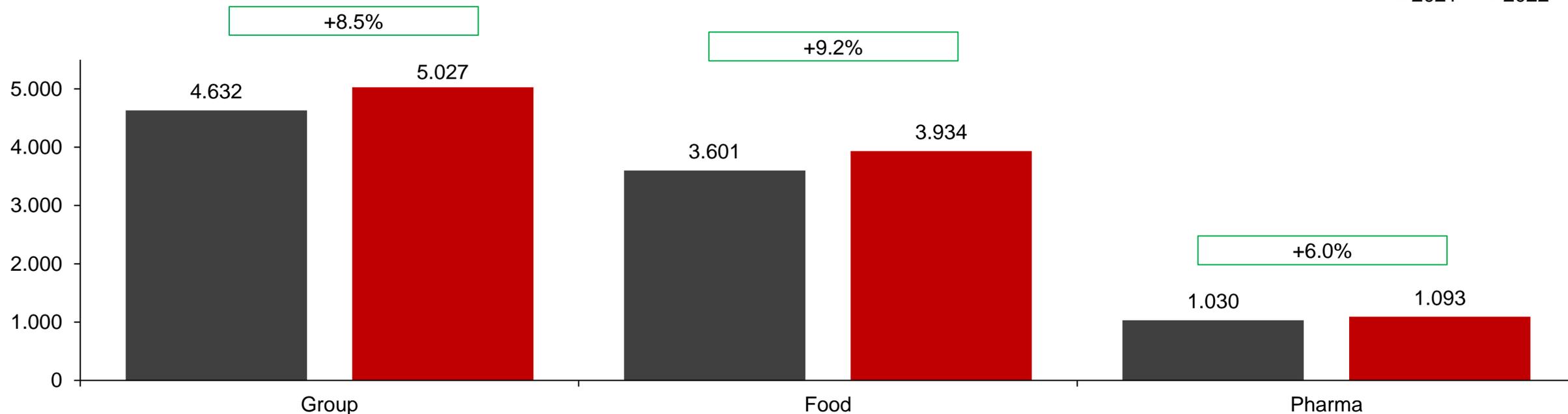
- HRK 153.1m of capital expenditure can be associated with taxonomy eligible activities
- HRK 23.6m of community donations and sponsorship

Sales revenues increase in both segments

in HRK_m

Sales revenues by segments

■ 2021 ■ 2022



Podravka Group in 1 - 12 2022¹:

- **Own brands** → 7.9% higher revenues,
- **Other sales** → 14.7% higher revenues,
- **Total Podravka Group** → 8.5% higher revenues.

Food segment in 1 - 12 2022¹:

- **Own brands** → 8.2% higher revenues due to increase in revenues of almost all business units, other than BU Fish,
- **Other sales** → 24.8% higher revenues, primarily as a result of increase in trade goods sales in the markets of Croatia and Slovenia,
- **Total Food** → 9.2% higher revenues.

Pharmaceuticals segment in 1 - 12 2022¹:

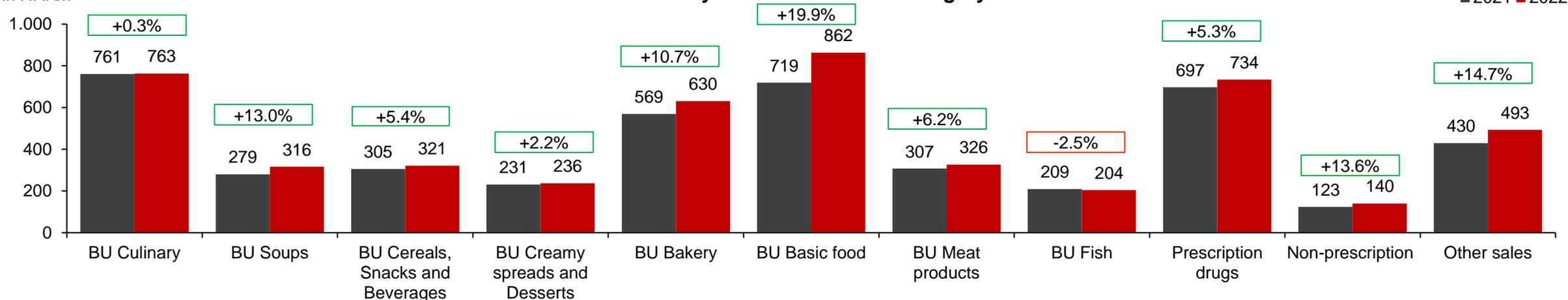
- **Own brands** → 6.5% higher revenues, as a result of increase in sales revenues of Prescription drugs (primarily dermatological drugs and drugs for nervous system) and Non-prescription drugs,
- **Other sales** → 4.1% higher revenues, due to sales increase of trade goods in Bosnia and Herzegovina and Croatia,
- **Total Pharma** → 6.0% higher revenues.

¹Percentages in the text relate to performance in 1 - 12 2022 compared to 1 - 12 2021.

Sales revenues increase of almost all business units

in HRK_m

Sales revenues by business unit and category

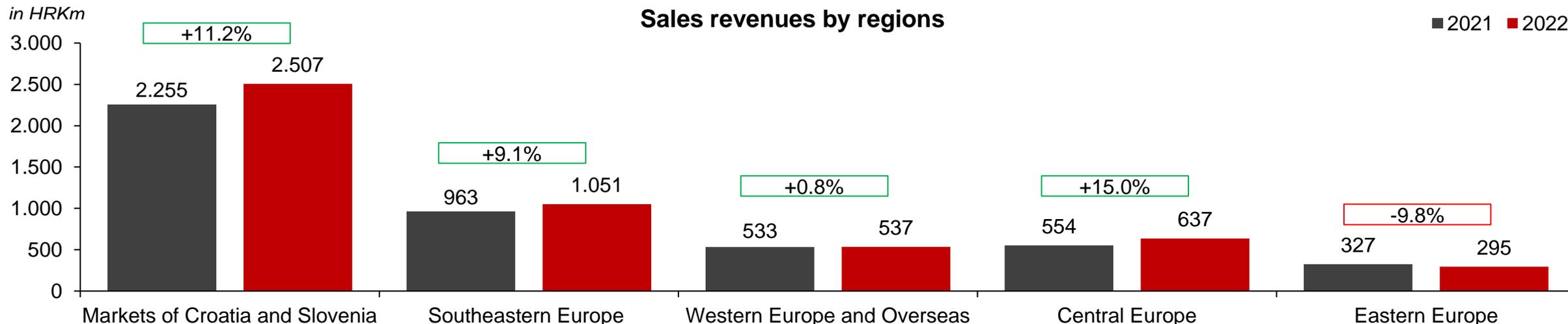


Business unit and category performance in 1 - 12 2022¹:

- **BU Culinary (+0.3%)** → higher revenues. Revenues growth was recorded in almost all markets, which mitigated the decline in revenues on the Russian market following the termination of deliveries.
- **BU Soups (+13.0%)** → revenues growth, with the growth of market shares in most key markets, retention of leading market positions and expansion of partnerships with retail chains,
- **BU Cereals, Snack and Beverages (+5.4%)** → higher revenues, through the increase in all categories, primarily in the markets of Croatia, Slovenia, and Bosnia and Herzegovina,
- **BU Creamy spreads and Desserts (+2.2%)** → higher revenues. The revenue growth was recorded in the Markets of Croatia and Slovenia and in the Southeastern Europe region, with the retention of stable market shares,
- **BU Bakery (10.7%)** → higher revenues with the simultaneous implementation of the business unit portfolio optimization with the aim of increasing profitability. Revenue growth is primarily realised due to higher sales of the categories Žito Flour, Bread and Rolls and salt bakery products,
- **BU Basic food (+19.9%)** → higher revenues than in the comparative period, primarily due to the increase in sales of the categories Side dishes, Vegetables and Tomato products. Sales revenue growth was achieved in all regions, mostly in the Markets of Croatia and Slovenia and in the region of Central Europe.
- **BU Meat products (+6.2%)** → higher revenues compared to the same period of the previous year, with the simultaneous implementation of the business unit portfolio optimization and the discontinuing of low turnover products. The revenue growth was recorded in almost all regions, mostly within the Southeastern Europe region,
- **BU Fish (-2.5%)** → lower revenues than in the comparative period, primarily due to the decrease in revenues of the Tuna subcategory, due to changes in consumer consumption habits, while there was an increase in revenue of the Sardine subcategory,
- **Prescription drugs (+5.3%)** → higher revenues, due to the increase in revenues of dermatological drugs and drugs for nervous system,
- **Non-prescription programme (+13.6%)** → higher revenues as a result of the increase in revenues of the OTC drugs subcategory,
- **Other sales (+14.7%)** → In the Food segment, other sales grew by HRK 55m mainly due to the increase in trade goods sales in the Croatian market. In the Pharmaceuticals segment, other sales grew by HRK 9m, primarily due to higher trade goods sales in the markets of Bosnia and Herzegovina, and Croatia.

¹Percentages in the text relate to performance in 1-12 2022 compared to 1-12 2021.

Sales revenues growth of almost all regions



Region's performance in 1 - 12 2022¹:

- **Markets of Croatia and Slovenia (+11.2%)** → **Food** revenues 12.6% higher, due to revenues increase of business units Bakery and Basic food and trade goods sales increase; **Pharmaceuticals** revenues 5.2% higher due to higher demand and sales of Non-prescription programme and trade goods,
- **Southeastern Europe (+9.1%)** → **Food** revenues higher 9.8%, due to revenues increase of almost all business units with the largest absolute growth generated by the business units Soups and Basic food; **Pharmaceuticals** revenues up by 7.7% due to Prescription drugs and trade goods sales increase,
- **WE and Overseas region (+0.8%)** → **Food** revenues +0.7% higher, due to revenues growth of most business units, with the largest absolute growth recorded by business units Culinary and Meat products; **Pharmaceuticals** segment revenues up by HRK 0.4m (+6.8%) due to an increase in other sales revenues,
- **Central Europe (+15.0%)** → **Food** revenues up by 15.6%, as a result of a significant revenues increase of BU Basic food and Culinary; **Pharmaceuticals** revenues up by 11.0% due to higher revenues of the Prescription drugs category,
- **Eastern Europe (-9.8%)** → **Food** revenues down by -38.9%; **Pharmaceuticals** revenues 4.1% higher, mainly due to the growth of sales of prescription drugs.

¹Percentages in the text relate to performance in 1-12 2022 compared to 1-12 2021.

Food segment – normalized profitability under influence of input prices & investment in material status of employees



Food segment (in HRKm)	REPORTED				NORMALIZED ¹			
	2021	2022	Δ	%	2021	2022	Δ	%
Sales revenue	3,601	3,934	333	9.2%	3,601	3,934	333	9.2%
Gross profit	1,194	1,240	46	3.9%	1,196	1,240	44	3.7%
EBITDA	381	465	83	22.0%	396	386	(10)	(2.6%)
EBIT	221	300	79	35.6%	243	224	(19)	(7.8%)
Net profit after MI	202	240	38	18.4%	195	178	(17)	(8.9%)
Gross margin	33.1%	31.5%		-163 bp	33.2%	31.5%		-169 bp
EBITDA margin	10.6%	11.8%		+123 bp	11.0%	9.8%		-120 bp
EBIT margin	6.1%	7.6%		+148 bp	6.7%	5.7%		-105 bp
Net profit margin after MI	5.6%	6.1%		+47 bp	5.4%	4.5%		-90 bp

Food segment profitability in 1 - 12 2022:

- **Gross profit** → 3.9% higher, but achieved lower gross profit margin of 31.5% as a result of the negative effect of various costs (raw materials, packaging, energy, staff costs...),
- **EBIT** → reported higher HRK +79m, normalized lower HRK -19m. Significant negative impact on the normalized operating profit (EBIT) came from: i) an increase in the costs of raw materials, packaging and energy of HRK 340m (+24.0%), ii) investing in improving of the material status of employees, which resulted in an increase in staff costs of HRK 70m (+8.2%), iii) an increase in transportation costs of HRK 17m (+13.3%) and iv) the investment cycle, which resulted in an increase in depreciation costs of HRK 9m (+5.6%),
- **Net profit after MI** → reported higher HRK +38m, normalized lower HRK -17m compared to 1 - 12 2021. In addition to the impact above the EBIT level, net profit was negatively impacted by foreign exchange differences on borrowings (HRK -1.7m in 1 – 12 2022; HRK +1.1m in 1 – 12 2021), while finance costs are lower. The reported tax expense is HRK 39m higher than in 1 – 12 2021, while normalized tax expense is HRK 4m lower.

¹Normalized for one-off impacts.

Pharmaceutical segment – revenues increase & higher margins

Pharma segment (in HRKm)	REPORTED				NORMALIZED ¹			
	2021	2022	Δ	%	2021	2022	Δ	%
Sales revenue	1,030	1,093	62	6.0%	1,030	1,093	62	6.0%
Gross profit	485	544	59	12.2%	485	544	59	12.2%
EBITDA	211	242	31	14.9%	212	242	31	14.4%
EBIT	144	171	27	18.7%	147	175	28	19.4%
Net profit after MI	107	130	23	21.7%	109	134	25	22.4%
Gross margin	47.0%	49.8%		+274 bp	47.0%	49.8%		+274 bp
EBITDA margin	20.5%	22.2%		+171 bp	20.5%	22.2%		+162 bp
EBIT margin	14.0%	15.7%		+167 bp	14.3%	16.1%		+180 bp
Net profit margin after MI	10.4%	11.9%		+153 bp	10.6%	12.2%		+163 bp

Pharmaceuticals segment profitability in 1 - 12 2022:

- **Gross profit** → is higher 12.2%, with an increase in gross margin from 47.0% to 49.8%,
- **EBIT** → is HRK 27m higher, normalized is HRK 28m higher. The most significant influence on the growth of operating profit (EBIT) came from the growth of gross profit,
- **Net profit after MI** → is HRK 23m higher, normalized is HRK 25m higher. In addition to the impact above the EBIT level, net profit after minority interests was impacted by lower finance costs and higher tax expense.

¹Normalized for one-off impacts.

Podravka Group – normalized profitability under influence of input prices & investment in material status of employees



Podravka Group (in HRK m)	REPORTED				NORMALIZED ¹			
	2021	2022	Δ	%	2021	2022	Δ	%
Sales revenue	4,632	5,027	395	8.5%	4,632	5,027	395	8.5%
Gross profit	1,678	1,784	106	6.3%	1,680	1,784	103	6.2%
EBITDA	592	707	115	19.5%	608	628	20	3.3%
EBIT	365	471	106	29.0%	390	399	9	2.4%
Net profit after MI	309	370	61	19.5%	304	311	7	2.3%
Gross margin	36.2%	35.5%		-75 bp	36.3%	35.5%		-79 bp
EBITDA margin	12.8%	14.1%		+129 bp	13.1%	12.5%		-63 bp
EBIT margin	7.9%	9.4%		+148 bp	8.4%	7.9%		-47 bp
Net profit margin after MI	6.7%	7.4%		+68 bp	6.6%	6.2%		-38 bp

Profitability of the Podravka Group in 1 - 12 2022:

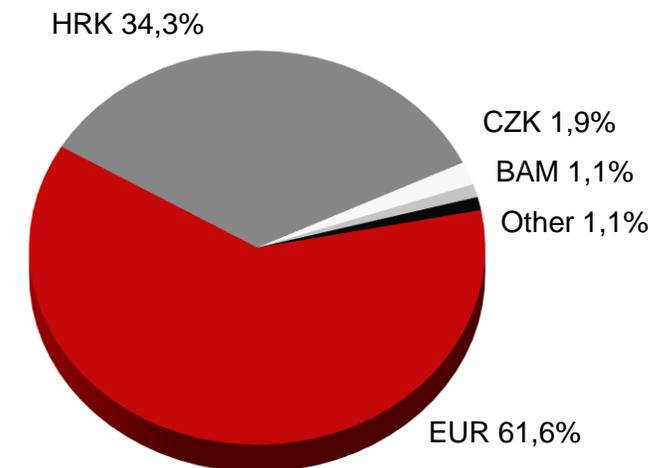
- **Gross profit** → higher 6.3%, while reported gross margin is 35.5%,
- **EBIT** → reported higher by HRK 106m, normalized higher by HRK 9m,
- **Net profit after MI** → reported is HRK 61m higher, normalized is HRK 7m higher. Growth in normalized net profit after minority interests at the Group level is the result of growth in normalized net profit after minority interests in Pharmaceuticals, which compensated for the lower normalized net profit after minority interests in Food segment.

¹Normalized for one-off impacts.

Continuous improvement of debt indicators

<i>(in HRK^m)</i> ¹	2021	2022	% change
Financial debt ²	494	633	28.2%
Cash and cash equivalents	33	165	395.7%
Net debt	461	468	1.6%
TTM interest expense	7	5	(20.5%)
Net debt / TTM EBITDA	0.84	0.79	(6.1%)
EBIT / Interest expense	29	53	84.4%
Equity to total assets ratio	75.3 %	71.8 %	-346 bp

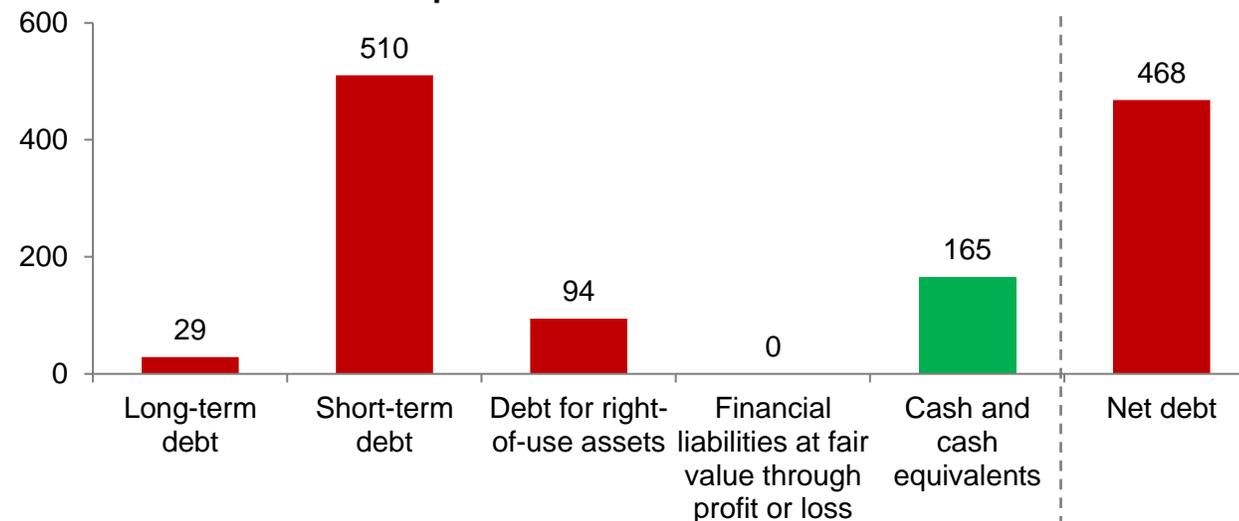
Currency structure of debt as at 31 December 2022



Key highlights:

- **Financial debt** increase → due to increase in short-term debt,
- **Long-term debt** decrease → due to regular repayments of long-term debt,
- **Short-term debt** increase → due to using more favourable financing terms through short-term credit lines,
- Lower **interest expenses** → continuous decrease,
- **Weighted average cost of debt excluding liabilities for right-of-use assets:**
 - As at 31 December 2022 → 0.66%,
 - As at 31 December 2021 → 0.93%.

Net debt components in HRK^m as at 31 December 2022



¹All P&L figures are calculated on the trailing 12 months level, while BS figures are taken at the end of period, ²long-term and short-term borrowings + lease liabilities + financial liabilities at fair value through P&L.

List of one-off items in 2022

One-off items <i>(in HRK m)</i>	2021			2022		
	Group	Food	Pharma	Group	Food	Pharma
+write-off of raw materials and packaging	2.0	2.0	-	-	-	-
+severance payments	4.2	1.8	2.5	7.7	5.5	2.2
+reversal of impairment of receivables	(0.4)	(0.4)	-	-	-	-
+cost related to the process of closing subsidiary in Africa	1.6	1.6	-	-	-	-
+provision for estimated potential risks	9.8	9.8	-	-	-	-
+revenues from the sale of asset in Ljubljana	-	-	-	(95.8)	(95.8)	-
+revenues from the sale of the other asset ¹	(1.6)	-	(1.6)	(10.6)	(6.0)	(4.6)
+cost related to asset sale process in Ljubljana	-	-	-	3.2	3.2	-
+cost of restructuring Žito group	-	-	-	2.8	2.8	-
+actuarial calculation	-	-	-	13.2	10.9	2.3
+value adjustments of intangible assets	7.7	6.6	1.1	7.4	3.0	4.4
+value adjustments of tangible assets	0.9	-	0.9	-	-	-
+effect of deferred tax asset	(25.1)	(25.1)	-	-	-	-
+estimated impact of normalization on taxes ²	(4.3)	(3.8)	(0.4)	13.5	14.3	(0.8)
One-off impact on Net profit	(5.2)	(7.5)	2.3	(58.5)	(62.1)	3.6

¹In 2021, the income from the sale of property includes the sale of a property in Ludbreg in the amount of HRK 1.6m in the Pharmaceuticals segment. In 2022, all income from the sale of property relates to the Food segment, HRK 5.4m from the sale of property in Poland, HRK 0.3m from the sale of property in Rijeka, HRK 0.1m from the sale of property owned by Mirna, and HRK 0.1m from the sale of property in Slovenia.

²2021 also includes the tax impact of the decrease in Podravka Inc.'s stake in the company Foodpro Limited Tanzania (HRK -0.6m) and the tax impact of the impairment of the investment in the company Podravka Poland (HRK -0.3m). In 2022, the tax impact of the decrease in Podravka Inc.'s stake in the company Podravka Russia (HRK -1.4m) is included.

Podravka Inc.

Ante Starčevića 32, 48 000 Koprivnica, Croatia

www.podravka.hr

Investor Relations

ir@podravka.hr





End of presentation

Always with a heart!

