

KOPRIVNICA, 22ND JULY 2021

Podravka Inc.
Business results
for January – June 2021
UNAUDITED



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General information



General information

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

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

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

Management Board members as at 30 June 2021

PRESIDENT	Martina Dalić
MEMBER	Ljiljana Šapina
MEMBER	Davor Doko
MEMBER	Hrvoje Kolarić
MEMBER	Marko Đerek

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

Significant events in 1 – 6 2021



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

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

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

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



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

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

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

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

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

She is the author of numerous professional and scientific papers.

Podravka Inc. increased employees' earnings

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

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

General Assembly adopted the decision on dividend distribution

In accordance with the results achieved in 2020, the Supervisory Board of Podravka Inc. at the session held on 30th April 2021, adopted the proposal of the decision of the Management Board of Podravka Inc. on the use of profit for 2020, and passed it to the General Assembly of Podravka Inc. for its adoption. On 29th June 2021, the General Assembly adopted the decision to distribute dividend to the shareholders of Podravka Inc. in the amount of HRK 9 per share, which implies a dividend yield¹ of 1.5%. Shareholders list for the dividend distribution will be determined on 29th July 2021, and dividend distribution will be on 27th August 2021.

Strong investment cycle launched

The Supervisory Board of Podravka gave its consent to the Management Board to launch a strong investment cycle that will take place in several phases. This investment cycle primarily refers to the project of Podravka's logistics processes optimization, IT and energy reconstruction and modernization of the office building in Koprivnica, and technological modernization of production. The project of logistics processes optimization implies the determination of all necessary measures to improve logistics processes, including the possibility of building a new logistics and distribution centre that would fully meet the needs and make Podravka even closer to consumers and markets. The project of IT and energy reconstruction and modernization of the office building in Koprivnica will improve energy efficiency, corporate and IT security of the system and provide appropriate working conditions that will fully meet the prescribed standards and new requirements in the period after COVID-19 disease pandemic. In addition to the two mentioned and very important projects, in the following period Podravka expects several other important projects that seek to technically and technologically modernize production and digitally transform the company.

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

Business strategy until 2025 adopted

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

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

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

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

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



Operations of Podravka Inc. in conditions of COVID-19 disease

The outbreak of COVID-19 disease marked 2020 in all the Podravka Inc.'s markets, and business operations in challenging and difficult conditions, due to the outbreak of COVID-19 disease, continued in the first half of 2021 as well. At the end of 2020, in Croatia and most of the countries in which the Podravka Inc. operates, the epidemiological situation deteriorated and stricter measures were introduced, which also continued in 2021. Introduction of strict epidemiological measures such as lockdown, introduction of curfew, reduced store opening hours, restrictions on the number of customers in stores, limited movement of people, closure of the Gastro channel, full or partial introduction of online classes affected the business operations of Podravka Inc. In May, epidemiological measures in Croatia and other European Union countries were gradually eased and mitigated. The sales of the Gastro channel (the Gastro channel includes HoReCa customers, institutional customers, industrial customers, etc.) is directly affected by restrictive measures. The easing of restrictive measures and the opening of hospitality facilities and state borders in the reporting period started earlier compared to the same period in 2020, which resulted in a better shoulder season, a successful start of the tourist season and sales growth in the Gastro channel.

In the reporting period, Podravka Inc. did not receive subsidies based on difficult business conditions due to the situation caused by COVID-19 disease. The situation caused by COVID-19 disease did not give rise to new financial risks. An event that can be directly related to the impact of the COVID-19 disease is a provision of HRK 0.5m for a receivable from a customer from Africa that has not been collected.

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

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

Key business
highlights of
Podravka Inc.
in 1 – 6 2021



Key business highlights of Podravka Inc. in 1 – 6 2021

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

Decimal differences are possible due to rounding.

Overview of sales revenues in 1 – 6 2021

Sales revenues by business unit

(in HRK millions)	1 – 6 2020	1 – 6 2021	Δ	%
BU Culinary	394.2	408.9	14.7	3.7%
BU Baby food, sweets & snacks	192.2	199.0	6.7	3.5%
BU Podravka food	174.6	183.1	8.5	4.9%
BU Žito and Lagris	28.4	31.6	3.2	11.2%
BU Meat products, meals and spreads	134.6	126.1	(8.5)	(6.3%)
BU Fish	82.3	65.7	(16.6)	(20.2%)
Other sales	59.5	63.7	4.1	7.0%
Total	1,065.9	1,078.0	12.1	1.1%

Sales revenues by region

(in HRK millions)	1 – 6 2020	1 – 6 2021	Δ	%
Adria	800.8	783.3	(17.5)	(2.2%)
WE and Overseas	138.6	161.6	23.0	16.6%
Central Europe	87.0	91.1	4.1	4.7%
Eastern Europe	34.2	32.0	(2.2)	(6.5%)
New markets	5.3	9.9	4.6	87.7%
Total	1,065.9	1,078.0	12.1	1.1%

In the 1 – 6 2021 period, total sales revenues of Podravka Inc. amounted to HRK 1,078.0m, which is HRK 12.1m (+1.1%) higher than in the comparative period. Most business units recorded a sales increase, while the business unit Meat products, meals and spreads and the business unit Fish recorded sales decline due to exceptionally high demand and sales of food products in the comparative period. Western Europe and Overseas region sales increase successfully cancelled out lower sales of the Adria region, which traditionally holds the largest stake in sales revenues, and the Eastern Europe region.

Profitability of Podravka Inc. in 1 – 6 2021

NOTE: The overview and explanation of value adjustments to non-current assets used in the EBITDA calculation, the overview and explanation of items treated as one-off by management and the overview of methodology of calculation of the normalized result are provided in the "Additional tables for 1 – 6 2021" section.

Decimal differences in the document are possible due to rounding.

Profitability of Podravka Inc.					Normalized			
(in HRK millions)	1 – 6 2020	1 – 6 2021	Δ	%	1 – 6 2020	1 – 6 2021	Δ	%
Sales revenue	1,065.9	1,078.0	12.1	1.1%	1,065.9	1,078.0	12.1	1.1%
Gross profit	323.8	343.0	19.2	5.9%	323.8	343.0	19.2	5.9%
EBITDA*	164.4	186.3	21.9	13.3%	164.6	186.8	22.2	13.5%
EBIT	115.5	137.3	21.8	18.8%	115.8	137.8	22.1	19.1%
Net profit	90.7	156.7	66.0	72.8%	90.9	157.1	66.2	72.9%
Gross margin	30.4%	31.8%		+144 bp	30.4%	31.8%		+144 bp
EBITDA margin	15.4%	17.3%		+186 bp	15.4%	17.3%		+188 bp
EBIT margin	10.8%	12.7%		+190 bp	10.9%	12.8%		+192 bp
Net margin	8.5%	14.5%		+603 bp	8.5%	14.6%		+605 bp

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

In the 1 – 6 2021 period, Podravka Inc. gross profit amounted to HRK 343.0m, which is HRK 19.2m (+5.9%) higher than in the comparative period. The cost of goods sold decreased by 1.0%, with the gross margin increase which stood at 31.8% at the end of the reporting period. The reported operating profit (EBIT) amounts to HRK 137.3m, while it amounted to HRK 115.5m in the comparative period, which is an increase of HRK 21.8m (+18.8%). A positive impact on operating profit comes from savings on marketing expenses and positive movements in foreign exchange differences on trade receivables and trade payables (HRK +1.7m in 1 – 6 2021; HRK -3.4m in 1 – 6 2020). Reported net profit amounted to HRK 156.7m, which is HRK 66.0m (+72.8%) higher compared to 1 – 6 2020. Normalized net profit amounted to HRK 157.1m. Net profit was also positively affected by movements in foreign exchange differences on borrowings (HRK +0.9m in 1 – 6 2021; HRK -2.6m in 1 – 6 2020), the increase in finance income and the decrease in finance costs. Following the increase in pre-tax profit, the tax liability is HRK 5.3m higher.

As at 30 June 2021, total assets of Podravka Inc. amounted to HRK 3,231.8m, which is 5.7% higher than at the end of 2020. The significant increase on the assets side was recorded by trade and other receivables position (HRK +109.3m) and cash and cash equivalents position (HRK +77.6m), while the significant decrease was recorded by property, plant and equipment position (HRK -12.6m) and inventories position (HRK -2.6m). On the equity and liabilities side, an increase is recorded by provisions position (HRK +129.8m) and trade and other payables position (HRK +85.4m), while a decrease is recorded by long-term borrowings position (HRK -47.1m) and retained earnings position (HRK -36.2m). Indebtedness of Podravka Inc. decreased in the reporting period due to the repayment of a portion of borrowings, which are in total (long-term and short-term) lower by HRK 32.1m.

Cash flow from operating activities in 1 – 6 2021 amounted to positive HRK 138.0m, due to business operations and movements in the working capital. Cash flow from investing activities at the same time amounted to negative HRK 28.8m, primarily due to cash used for the purchase of non-current tangible and intangible assets. In the same period, cash flow from financing activities amounted to negative HRK 31.6m, due to the repayment of borrowings and the repayment of lease liabilities. As at 30 June 2021, cash and cash equivalents amounted to HRK 79.9m.

Share in 1 – 6 2021



List of major shareholders as at 30 June 2021

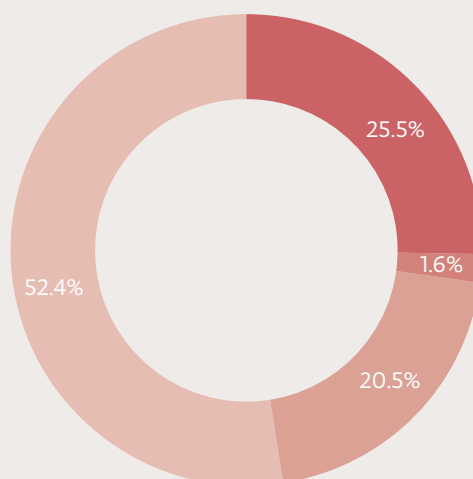
No.	Shareholder	Number of shares	% of ownership
1.	Republic of Croatia*	1,815,376	25.5%
2.	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
3.	AZ mandatory pension fund, category B	917,563	12.9%
4.	Erste Plavi mandatory pension fund, category B	724,373	10.2%
5.	Raiffeisen mandatory pension fund, category B	625,298	8.8%
6.	Podravka Inc. - treasury account	110,416	1.6%
	Other shareholders	1,829,333	25.7%
	Total	7,120,003	100.0%

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

Podravka Inc. has a stable ownership structure where the most significant stake is held by the Republic of Croatia and domestic pension funds. A total of 7,120,003 shares have been issued at nominal price of HRK 220.0 per share. As at 30 June 2021, 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 1.6% 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).

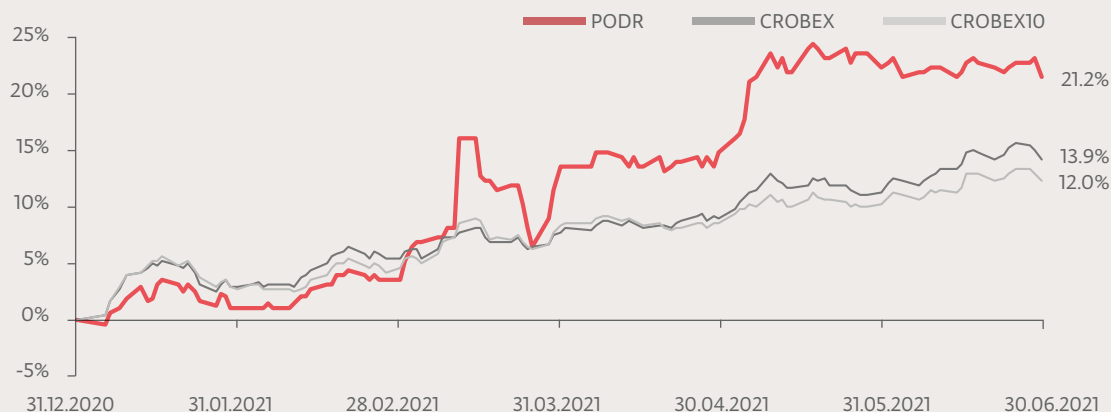
Ownership structure as at 30 June 2021

- Republic of Croatia 25.5%
- Treasury shares 1.6%
- Others 20.5%
- Croatian pension funds** 52.4%



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

Share price movement in 1 – 6 2021



<i>(closing price in HRK; closing points)</i>	31 December 2020	30 June 2021	%
PODR	485.0	588.0	21.2%
CROBEX	1,739.3	1,980.5	13.9%
CROBEX10	1,087.8	1,218.3	12.0%

In the reporting period, the price of Podravka's share recorded a double-digit growth of 21.2% compared to the end of 2020, while the comparable CROBEX and CROBEX10 stock indices increased by 13.9% and 12.0%, respectively.

Result on the Croatian capital market in 1 – 6 2021

<i>(in HRK; in units)²</i>	1 – 6 2020	1 – 6 2021	%
Weighted average daily price	397.3	537.3	35.2%
Average daily number of transactions	20	11	(42.7%)
Average daily volume	1,607	1,108	(31.0%)
Average daily turnover	638,704.3	595,518.6	(6.8%)

Relative to the comparative period, in the 1 – 6 2021 period, the weighted average daily price of Podravka's share recorded a significant increase of 35.2% despite the simultaneous decrease in other indicators. Compared to 1 – 6 2020, the average daily volume decreased by 31.0%, the average daily turnover decreased by 6.8%, while the average daily number of transactions decreased by 42.7%.

² 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 = $\sum \text{average daily price} \times (\text{daily volume} / \text{total volume in the reporting period})$.

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

Additional tables for 1 – 6 2021



Additional tables for 1 – 6 2021

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

Reported EBITDA calculation	1 – 6 2020	1 – 6 2021
(in HRK millions)	Podravka Inc.	Podravka Inc.
Reported EBIT	115.5	137.3
+amortization and depreciation	48.9	49.0
+value adjustments	-	-
Reported EBITDA	164.4	186.3

Normalized EBITDA calculation	1 – 6 2020	1 – 6 2021
(in HRK millions)	Podravka Inc.	Podravka Inc.
Normalized EBIT	115.8	137.8
+amortization and depreciation	48.9	49.0
+value adjustments	-	-
Normalized EBITDA	164.6	186.8

One-off items in 1 – 6 2021 and 1 – 6 2020

In the 1 – 6 2021 period, Podravka Inc. incurred HRK 0.6m costs of severance payments for employees on long-term sick leaves, treated by the company's management as one-off item. The estimated impact of the above one-off item on tax is HRK 0.1m (decreases it).

In the 1 – 6 2020 period, Podravka Inc. 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. The estimated impact of the one-off item on tax is HRK 0.05m (decreases it).

Normalization of Podravka Inc. Profit and Loss Statement

	1 – 6 2020	1 – 6 2021
<i>(in HRK millions)</i>	<i>Podravka Inc.</i>	<i>Podravka Inc.</i>
Reported EBIT	115.5	137.3
+severance payments (long term sick-leave)	0.3	0.6
Normalized EBIT	115.8	137.8
Reported Net Income	90.7	156.7
+normalizations above EBIT level	0.3	0.6
+estimated impact of normalization on taxes	(0.0)	(0.1)
Normalized Net Income	90.9	157.1

Unconsolidated financial statements in 1 – 6 2021



Consolidated Profit and Loss Statement in 1 – 6 2021

<i>(in HRK thousands)</i>	1 – 6 2020	% of sales revenues	1 – 6 2021	% of sales revenues	% change
Sales revenue	1,065,897	100.0%	1,078,004	100.0%	1.1%
Cost of goods sold	(742,109)	(69.6%)	(734,990)	(68.2%)	(1.0%)
Gross profit	323,787	30.4%	343,014	31.8%	5.9%
General and administrative expenses	(64,293)	(6.0%)	(68,367)	(6.3%)	6.3%
Selling and distribution costs	(88,446)	(8.3%)	(93,286)	(8.7%)	5.5%
Marketing expenses	(52,877)	(5.0%)	(47,330)	(4.4%)	(10.5%)
Other (expenses) / income, net	(2,668)	(0.3%)	3,232	0.3%	(221.1%)
Operating profit	115,504	10.8%	137,264	12.7%	18.8%
Financial income	1,824	0.2%	46,919	4.4%	n/a
Other financial expenses	(1,833)	(0.2%)	(1,478)	(0.1%)	(19.4%)
Interest expenses	(1,807)	(0.2%)	(1,128)	(0.1%)	(37.6%)
Net foreign exchange differences on borrowings	(2,564)	(0.2%)	860	0.1%	133.5%
Net finance costs	(4,379)	(0.4%)	45,173	4.2%	n/a
Profit before tax	111,125	10.4%	182,437	16.9%	64.2%
Current income tax	(20,414)	(1.9%)	(26,568)	(2.5%)	30.1%
Deferred tax	(30)	(0.0%)	795	0.1%	n/a
Income tax	(20,444)	(1.9%)	(25,773)	(2.4%)	26.1%
Net profit for the year	90,681	8.5%	156,664	14.5%	72.8%

Unconsolidated Balance Sheet as at 30 June 2021

<i>(in HRK thousands)</i>	31.12.2020	% share	30.06.2021	% share	% change
ASSETS					
Non-current assets					
Investments in subsidiaries	984,250	32.2%	985,975	30.5%	0.2%
Investment property	109,055	3.6%	108,314	3.4%	(0.7%)
Intangible assets	84,121	2.8%	86,014	2.7%	2.3%
Property, plant and equipment	811,568	26.6%	798,934	24.7%	(1.6%)
Right-of-use assets	34,370	1.1%	34,648	1.1%	0.8%
Deferred tax assets	48,390	1.6%	49,184	1.5%	1.6%
Non-current financial assets	37,691	1.2%	37,314	1.2%	(1.0%)
Total non-current assets	2,109,445	69.0%	2,100,383	65.0%	(0.4%)
Current assets					
Inventories	457,306	15.0%	454,717	14.1%	(0.6%)
Trade and other receivables	486,336	15.9%	595,586	18.4%	22.5%
Income tax claims	144	0.0%	176	0.0%	22.2%
Financial assets at fair value through profit and loss	49	0.0%	21	0.0%	(57.1%)
Cash and cash equivalents	2,282	0.1%	79,863	2.5%	n/p
Non-current assets held for sale	1,075	0.0%	1,075	0.0%	0.0%
Total current assets	947,192	31.0%	1,131,438	35.0%	19.5%
Total assets	3,056,637	100.0%	3,231,821	100.0%	5.7%

Unconsolidated Balance Sheet as at 30 June 2021

<i>(in HRK thousands)</i>	31.12.2020	% share	30.06.2021	% share	% change
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	1,701,709	55.7%	1,711,964	53.0%	0.6%
Reserves	510,313	16.7%	640,065	19.8%	25.4%
Retained earnings / (accumulated losses)	199,852	6.5%	163,677	5.1%	(18.1%)
Total shareholders' equity	2,411,874	78.9%	2,515,706	77.8%	4.3%
Non-current liabilities					
Borrowings	92,489	3.0%	45,434	1.4%	(50.9%)
Provisions	34,682	1.1%	35,194	1.1%	1.5%
Right-of-use asset liability	25,830	0.8%	26,172	0.8%	1.3%
Total non-current liabilities	153,001	5.0%	106,800	3.3%	(30.2%)
Current liabilities					
Trade and other payables	296,987	9.7%	382,372	11.8%	28.8%
Income tax payable	476	0.0%	15,727	0.5%	n/p
Financial liabilities at fair value through profit and loss	66	0.0%	0	0.0%	(100.0%)
Borrowings	166,507	5.4%	181,442	5.6%	9.0%
Current portion of long-term debt for right-of-use asset	9,946	0.3%	9,239	0.3%	(7.1%)
Provisions	17,780	0.6%	20,535	0.6%	15.5%
Total current liabilities	491,762	16.1%	609,315	18.9%	23.9%
Total liabilities	644,763	21.1%	716,115	22.2%	11.1%
Total equity and liabilities	3,056,637	100.0%	3,231,821	100.0%	5.7%

Unconsolidated Cash Flow Statement in 1 – 6 2021

(in HRK thousands)	1 – 6 2020	1 – 6 2021	%
Profit / (loss) for the year	111,125	182,437	64.2%
Depreciation and amortization	48,872	48,994	0.2%
Reversal of impairment of given loans and interests	0	(558)	(100.0%)
Reversal of impairment of other receivables	0	(49)	(100.0%)
Remeasurement of financial instruments at fair value	(359)	(38)	89.4%
Share based payment transactions	1,606	4,751	195.8%
(Profit) / Loss on disposal of long-term assets	(125)	(94)	24.8%
(Profit) / Loss on disposal of assets held for sale	(8)	(38)	(375.0%)
Impairment of trade receivables	876	456	(47.9%)
(Decrease) / Increase in provisions	(8,142)	3,268	140.1%
Interest income	(1,465)	(1,470)	(0.3%)
Subsidiary liquidation	45	0	(100.0%)
Dividend income	0	(45,410)	(100.0%)
Interest expense	3,640	2,606	(28.4%)
Effect of changes in foreign exchange rates	3,964	(1,028)	(125.9%)
Changes in working capital:			
(Increase) / Decrease in inventories	(29,712)	2,589	108.7%
(Increase) / Decrease in trade receivables	793	(67,268)	n/a
(Decrease) / Increase in trade payables	(8,726)	22,484	357.7%
Cash generated from operations	122,384	151,632	23.9%
Income tax paid	(6,981)	(10,874)	(55.8%)
Interest paid	(3,645)	(2,771)	24.0%
Net cash from operating activities	111,758	137,987	23.5%

Unconsolidated Cash Flow Statement in 1 – 6 2021

(in HRK thousands)	1 – 6 2020	1 – 6 2021	%
Cash flow from investing activities			
Increase of investments in subsidiaries	(2,102)	(1,726)	17.9%
Purchase of property, plant, equipment and intangibles	(53,736)	(32,483)	39.6%
Proceeds from sale of property, plant, equipment and intangibles	155	173	11.6%
Loans given	(16,900)	0	100.0%
Proceeds from given loans	12,802	799	(93.8%)
Collected interest	391	479	22.5%
Collected dividends	0	3,977	100.0%
Net cash flow from investing activities	(59,390)	(28,781)	51.5%
Cash flow from financing activities			
Proceeds from borrowings	203,706	55,121	(72.9%)
Repayment of borrowings	(108,680)	(86,633)	20.3%
Sale of treasury shares	0	6,205	100.0%
Repayment of lease	(6,482)	(6,262)	3.4%
Dividend pay-out	(62,939)	(56)	99.9%
Net cash from financing activities	25,605	(31,625)	(223.5%)
Net (decrease) / increase of cash and cash equivalents	77,973	77,581	(0.5%)
Cash and cash equivalents at beginning of the year	2,180	2,282	4.7%
Cash and cash equivalents at the end of year	80,153	79,863	(0.4%)

Unconsolidated Statement of Changes in Equity in 1 – 6 2021

<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
As at 1 January 2020	1,696,863	147,604	36,605	-	-	246,480	150,057	2,277,609
Comprehensive income	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	193,832	193,832
Actuarial losses (net of deferred tax)	-	-	-	-	-	(1,484)	-	(1,484)
Other comprehensive income	-	-	-	-	-	(1,484)	-	(1,484)
Total comprehensive income	-	-	-	-	-	(1,484)	193,832	192,348
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	7,259	-	-	73,849	(81,108)	-
Exercise of options	(3,722)	-	-	-	-	-	-	(3,722)
Fair value of share-based payment transactions	8,566	-	-	-	-	-	-	8,566
Dividends paid	-	-	-	-	-	-	(62,929)	(62,929)
Total transactions with owners recognized directly in equity	4,844	-	7,259	-	-	73,849	(144,037)	(58,085)
As at 31 December 2020	1,701,707	147,604	43,864	-	-	318,845	199,852	2,411,872
Comprehensive income	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	156,664	156,664
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	156,664	156,664
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	9,692	-	-	120,060	(129,752)	-
Exercise of options	5,506	-	-	-	-	-	-	5,506
Fair value of share-based payment transactions	4,751	-	-	-	-	-	-	4,751
Dividend announced	-	-	-	-	-	-	(63,087)	(63,087)
Total transactions with owners recognized directly in equity	10,257	-	9,692	-	-	120,060	(192,839)	(52,830)
As at 30 June 2021	1,711,964	147,604	53,556	-	-	438,905	163,677	2,515,706

Notes to the financial statements

In 1 – 6 2021 period there were no changes in accounting policies.

Podravka Inc. Annual Report for 2020 is available at:

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



MANAGEMENT BOARD

Koprivnica, 22 July 2021

STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited financial statements of Podravka Inc. for the period 1 - 6 2021 have been prepared in compliance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards (IFRS) and provide an overall and true presentation of assets, liabilities, profit and loss, financial position and business operations.

Unaudited financial statements of Podravka Inc. for the period 1 - 6 2021 were approved by the Management Board of PODRAVKA Inc. on 22 July 2021.

Corporate Accounting Director:
Julijana Artner Kukec



Board Member:
Davor Doko

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