



**Podravka Group business results  
for 1 - 9 2023 period**

*Always with a heart!*



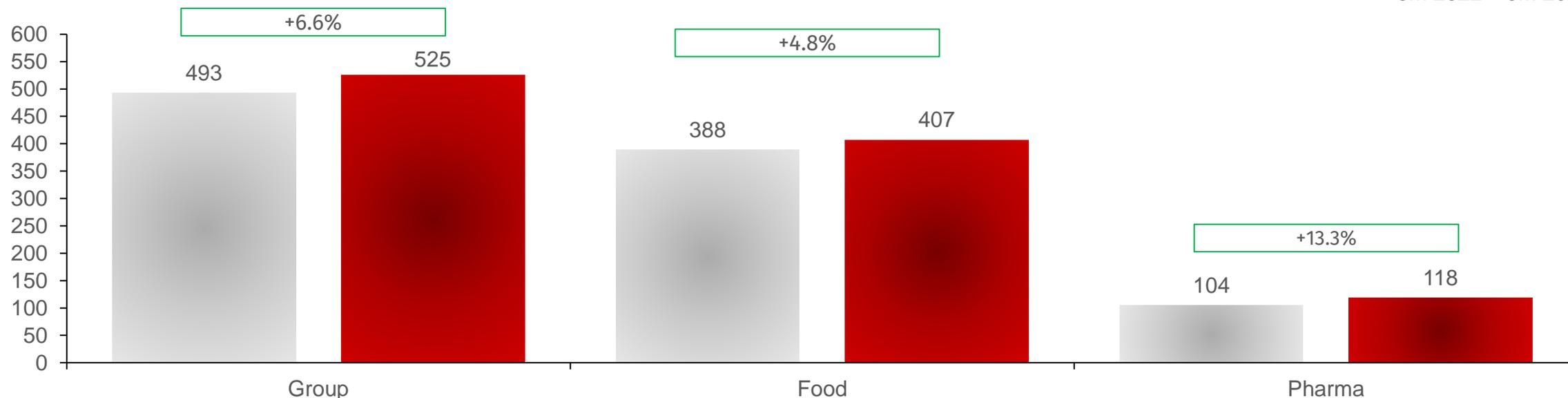
# Sales revenues increase in both segments



in EURm

## Sales revenues by segment

■ 9M 2022 ■ 9M 2023



### Podravka Group in 1 - 9 2023<sup>1</sup>:

- **Own brands** → 6.2% higher revenues,
- **Other sales** → 9.7% higher revenues,
- **Total Podravka Group** → 6.6% higher revenues.

### Food segment in 1 - 9 2023<sup>1</sup>:

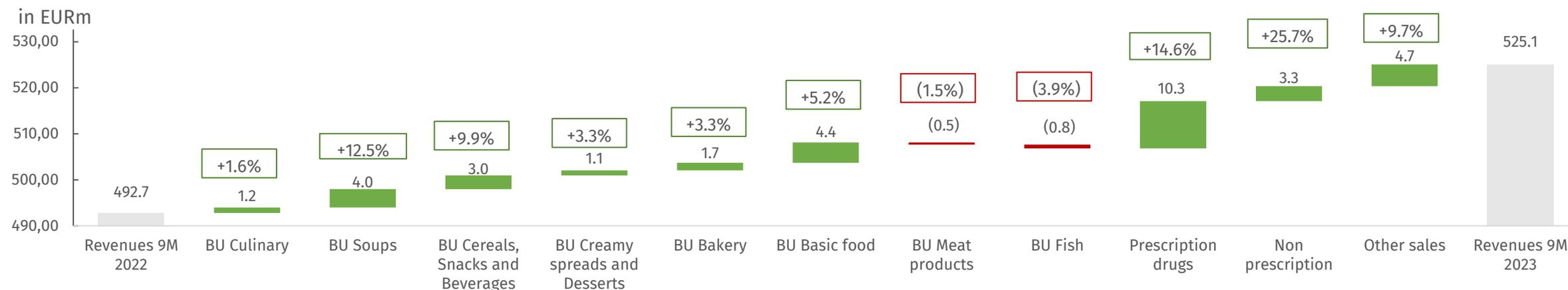
- **Own brands** → 3.9% higher revenues due to increase in revenues of the majority of business units,
- **Other sales** → 16.1% higher revenues, as a result of the development of distribution on the US market,
- **Total Food** → 4.8% higher revenues.

### Pharmaceuticals segment in 1 - 9 2023<sup>1</sup>:

- **Own brands** → 16.3% higher revenues, as a result of the increase in sales revenues of Prescription drugs and Non-prescription drugs,
- **Other sales** → 1.5% higher revenues, due to the increase in trade goods sales in the markets of Bosnia and Herzegovina, and Croatia,
- **Total Pharma** → 13.3% higher revenues.

<sup>1</sup> Percentages in the text relate to performance in 1 - 9 2023 compared to 1 - 9 2022

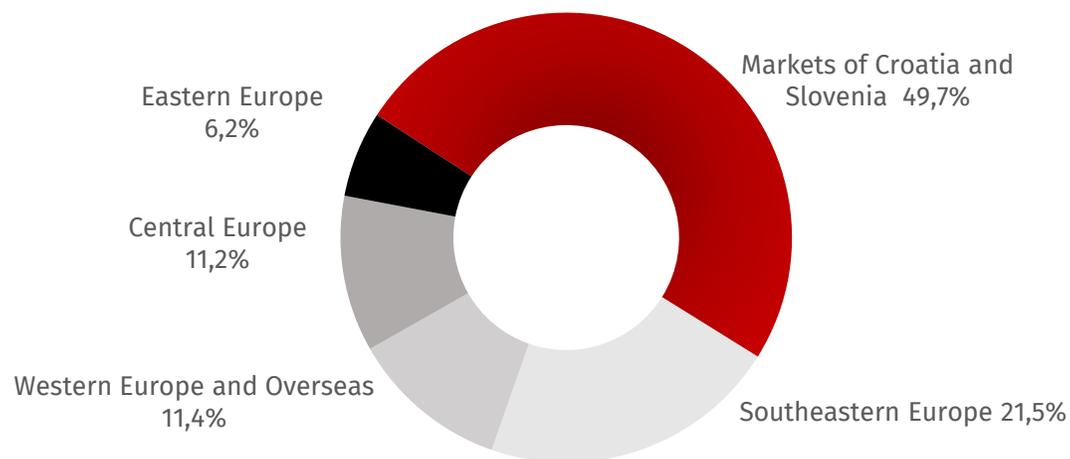
# Sales revenues increase of almost all business units



## Business unit and category performance in 1 - 9 2023<sup>1</sup>:

- **BU Culinary (+1.6%)** → higher revenues. The revenue growth was recorded mainly in the markets of Southeastern Europe, and Croatia and Slovenia, which compensated for lower revenues in the market of Poland. The lower performance on the Polish market is related to the process of restructuring and shrinking the portfolio,
- **BU Soups (+12.5%)** → revenues growth was realised in the key markets of Croatia and Slovenia and the Southeastern Europe. The new Noodles subcategory, contributes to an additional positive trend within the Soups business unit,
- **BU Cereals, Snack and Beverages (+9.9%)** → sales revenue growth was recorded in all categories, primarily in the markets of Croatia, Slovenia, Bosnia and Herzegovina, and Serbia,
- **BU Creamy spreads and Desserts (+3.3%)** → higher revenues. The revenue growth was recorded in the markets of Croatia and Slovenia and in the Southeastern Europe region in almost all categories, whereby a significant sales and marketing focus was on leader products within the business unit,
- **BU Bakery (+3.3%)** → revenues growth, with the simultaneous implementation of the business unit portfolio optimization and the reduction of the number of products with the aim of increasing profitability. Revenue growth is primarily realised due to higher sales of the subcategories Bread, Rolls and Cakes and biscuit cakes,
- **BU Basic food (+5.2%)** → higher revenues due to the increase in sales of almost all categories, primarily Processed fruit, Condiments and Flour. The Croatian market, which is also the most important market in the business unit portfolio contributes the most to the growth of sales revenues,
- **BU Meat products (-1.5%)** → lower revenues, with the simultaneous implementation of the business unit portfolio optimization and the discontinuing of low turnover products with the aim of increasing profitability, primarily on the Croatian market,
- **BU Fish (-3.9%)** → lower revenues, primarily due to the decrease in sales of almost all subcategories, primarily of the Tuna subcategory, due to changes in consumer consumption habits,
- **Prescription drugs (+14.6%)** → higher revenues, primarily due to the increase in sales of dermatological drugs, cardiovascular drugs, and drugs for systemic infections,
- **Non-prescription programme (+25.7%)** → higher revenues as a result of the increase in revenues of the OTC drugs subcategory,
- **Other sales (+9.7%)** → in the Food segment, other sales increased by EUR 4.4m (+16.1%), mainly due to the development of distribution on the US market. In the Pharmaceuticals segment, other sales grew by EUR 0.3m (+1.5%), primarily due to higher trade goods sales in the markets of Bosnia and Herzegovina, and Croatia.

<sup>1</sup> Percentages in the text relate to performance in 1 - 9 2023 compared to 1 - 9 2022



(in EURm)	9M 2022	9M 2023	Δ	% change
Markets of Croatia and Slovenia	245.7	261.1	15.3	6.2%
Southeastern Europe	104.3	112.8	8.5	8.1%
Western Europe and Overseas	55.0	59.9	4.8	8.8%
Central Europe	61.2	58.9	(2.2)	(3.7%)
Eastern Europe	26.6	32.5	5.9	22.2%
<b>Podravka Group</b>	<b>492.7</b>	<b>525.1</b>	<b>32.4</b>	<b>6.6%</b>

## Region's performance in 1 - 9 2023<sup>1</sup>:

- **Markets of Croatia and Slovenia (+6.2%)** → **Food** revenues are 6.6% higher, primarily due to sales increase of the business units Basic food and Cereals, Snack and Beverages; **Pharmaceuticals** segment revenues are 4.6% higher, due to higher sales of Prescription drugs and the Non-prescription programme,
- **Southeastern Europe (+8.1%)** → **Food** revenues are 9.5% higher, due to the increase in sales of almost all business units, with the largest absolute growth generated by the business units Soups and Culinary; **Pharmaceuticals** revenues are 5.0% higher, primarily due to Prescription drugs and Non-prescription programme sales increase,
- **WE and Overseas region (+8.8%)** → **Food** segment recorded 8.6% higher sales primarily due to the development of distribution on the US market, where the results of cooperation with Atlantic Group can be seen, and sales increase in the Bakery business unit; **Pharmaceuticals** segment revenues are 33.2% higher, primarily due to an increase in Prescription drugs revenues,
- **Central Europe (-3.7%)** → **Food** revenues down by 6.3%, primarily as a result of a decrease in revenues of the Basic food and Culinary business units. The lower performance of Central Europe is related to the process of restructuring and shrinking the portfolio on the Polish market, with the aim of increasing profitability; **Pharmaceuticals** revenues up by 16.2% primarily due to higher revenues in the Prescription drugs category,
- **Eastern Europe (+22.2%)** → **Food** revenues down by 40.6% following the termination of operations on the Russian market; **Pharmaceuticals** revenues 45.4% higher, due to the increase in sales of the Prescription drugs category.

<sup>1</sup> Percentages in the text relate to performance in 1 - 9 2023 compared to 1 - 9 2022

# Food segment - profitability influenced by increased prices of raw materials and energy



Food segment (in EURm)	REPORTED				NORMALIZED <sup>1</sup>			
	9M 2022	9M 2023	Δ	%	9M 2022	9M 2023	Δ	%
Sales revenue	388.3	406.9	18.5	4.8%	388.3	406.9	18.5	4.8%
Gross profit	124.7	125.7	1.0	0.8%	124.7	125.7	1.0	0.8%
EBITDA	45.3	42.6	(2.6)	(5.8%)	45.1	43.4	(1.8)	(3.9%)
EBIT	29.2	25.5	(3.7)	(12.8%)	29.1	26.2	(2.9)	(9.9%)
Net profit after MI	23.2	40.4	17.3	74.5%	22.9	21.3	(1.6)	(7.0%)
Gross margin	32.1%	30.9%		-121 bp	32.1%	30.9%		-121 bp
EBITDA margin	11.7%	10.5%		-117 bp	11.6%	10.7%		-96 bp
EBIT margin	7.5%	6.3%		-126 bp	7.5%	6.4%		-105 bp
Net profit margin after MI	6.0%	9.9%		+397 bp	5.9%	5.2%		-66 bp

## Food segment profitability in 1 - 9 2023:

### Gross profit

- is EUR 1.0m higher, with a lower gross margin achieved at the level of 30.9%,

### EBIT

- reported lower by EUR 3.7m (-12.8%), normalized lower by EUR 2.9m (-9.9%). A significant negative impact on the operating profit (EBIT) came from: i) an increase in the costs of raw materials, packaging and energy of EUR 4.5m, ii) investing in improving the material status of employees, which resulted in an increase in staff costs of EUR 5.1m, and iii) the investment cycle, which resulted in an increase in depreciation costs of EUR 1.1m,

### Net profit after MI

- reported higher by EUR 17.3m (+74.5%) due to the impact of tax benefits based on the Investment Promotion Act in the amount of EUR 19.7m, while at the normalized level it is lower by EUR 1.6m (-7.0%).

<sup>1</sup>Normalized for one-off impact.

# Pharmaceutical segment – higher revenues with a retention of the stable gross margin



Pharma segment (in EURm)	REPORTED				NORMALIZED <sup>1</sup>			
	9M 2022	9M 2023	Δ	%	9M 2022	9M 2023	Δ	%
Sales revenue	104.4	118.2	13.8	13.3%	104.4	118.2	13.8	13.3%
Gross profit	50.8	57.7	6.9	13.7%	50.8	57.7	6.9	13.7%
EBITDA	23.8	29.8	6.1	25.5%	23.4	29.8	6.4	27.4%
EBIT	16.6	23.1	6.6	39.7%	16.8	23.2	6.4	37.9%
Net profit after MI	12.5	17.9	5.4	42.7%	12.7	17.9	5.2	40.7%
Gross margin	48.6%	48.8%		+18 bp	48.6%	48.8%		+18 bp
EBITDA margin	22.8%	25.2%		+247 bp	22.4%	25.2%		+279 bp
EBIT margin	15.9%	19.6%		+371 bp	16.1%	19.6%		+350 bp
Net profit margin after MI	12.0%	15.1%		+312 bp	12.2%	15.1%		+296 bp

## Pharmaceuticals segment profitability in 1 - 9 2023:

### Gross profit

- is EUR 6.9m (+13.7%) higher, with a retention of the stable gross margin,

### EBIT

- higher by EUR 6.6m (+39.7%). The most significant impact on the increase in operating profit (EBIT) came from the growth of sales revenues, while certain negative impact comes from the movements in foreign exchange differences on trade receivables and trade payables (EUR -0.6m in 1 – 9 2023; EUR -0.3m in 1 – 9 2022),

### Net profit after MI

- is EUR 5.4m (+42.7%) higher. In addition to the impact above the EBIT level, net profit after minority interests was impacted by higher tax expense following the higher profit before tax.

<sup>1</sup>Normalized for one-off impact.

# Podravka Group – profit growth despite rising raw material, packaging, and energy prices



Podravka Group (in EURm)	REPORTED				NORMALIZED <sup>1</sup>			
	9M 2022	9M 2023	Δ	%	9M 2022	9M 2023	Δ	%
Sales revenue	492.7	525.1	32.4	6.6%	492.7	525.1	32.4	6.6%
Gross profit	175.4	183.4	8.0	4.6%	175.4	183.4	8.0	4.6%
EBITDA	69.0	72.5	3.5	5.0%	68.6	73.2	4.7	6.8%
EBIT	45.8	48.6	2.8	6.2%	45.9	49.4	3.5	7.6%
Net profit after MI	35.7	58.3	22.6	63.4%	35.7	39.2	3.6	10.1%
Gross margin	35.6%	34.9%		-67 bp	35.6%	34.9%		-67 bp
EBITDA margin	14.0%	13.8%		-21 bp	13.9%	13.9%		+3 bp
EBIT margin	9.3%	9.3%		-3 bp	9.3%	9.4%		+9 bp
Net profit margin after MI	7.2%	11.1%		+386 bp	7.2%	7.5%		+24 bp

## Profitability of the Podravka Group in 1 - 9 2023:

### Gross profit

- higher by EUR 8.0m (+4.6%), where the positive impact came primarily from the Pharmaceuticals segment,

### EBIT

- reported higher by EUR 2.8m (+6.2%), while the normalized operating profit (EBIT) is EUR 3.5m (+7.6%) higher,

### Net profit after MI

- reported higher by EUR 22.6m (+63.4%) due to the growth in net profit of the Food and the Pharmaceuticals. Normalized net profit after minority interests is EUR 3.6m (+10.1%) higher.

<sup>1</sup>Normalized for one-off impact.

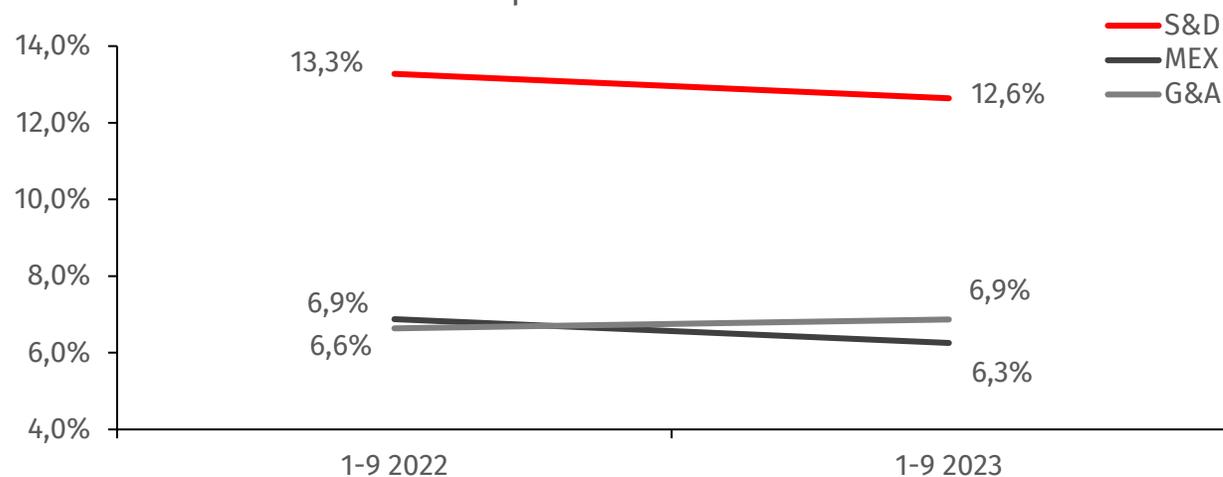
# Business expenses influenced by price movements of raw materials, packaging and energy

Business expenses 1 - 9 2023 vs. 1 - 9 2022 % change	REPORTED	NORMALIZED <sup>1</sup>
Cost of goods sold (COGS)	7.7% ↑	7.7% ↑
General and administrative expenses (G&A)	9.6% ↑	10.3% ↑
Sales and distribution costs (S&D)	1.5% ↑	1.5% ↑
Marketing expenses (MEX)	(3.1%) ↓	(3.1%) ↓
Other expenses / (revenues), net	(61.2%) ↓	(49.4%) ↓
<b>Total</b>	<b>6.6% ↑</b>	<b>6.5% ↑</b>

## Key highlights of expenses in 1 - 9 2023:

- Cost of goods sold (COGS):**
  - increased by 7.7% relative to the comparative period due to movements in prices of raw materials, packaging and energy, and investments in improving the material status of employees,
- General and administrative expenses (G&A):**
  - higher by EUR 3.2m (+9.6%), primarily due to investments in improving the material status of employees,
- Sales and distribution costs (S&D):**
  - higher by EUR 1.0m (+1.5%) than in the comparative period, primarily as a result of higher costs of transportation and distribution, and investments in improving the material status of employees,
- Marketing expenses (MEX):**
  - lower by 3.1% (marketing investments -2.5%, cost of marketing department -3.7%),
- Other expenses (revenues), net:**
  - in the reporting period, other expenses and income, net amounted to EUR -1.3m (positive impact), while in the comparative period they amounted to EUR -3.3m (positive impact).

Normalized expenses as % of sales revenues



<sup>1</sup>Normalized for one-off impact.

## Continuous improvement of debt indicators

(in EURm) <sup>1</sup>	2022	9M 2023	% change
Financial debt <sup>2</sup>	84.0	55.0	(34.5%)
Cash and cash equivalents	21.9	28.5	30.0%
Net debt	62.1	26.5	(57.3%)
Interest expense	0.7	0.7	(2.0%)
Net debt / normalized EBITDA	0.75	0.30	(59.5%)
Normalized EBIT / Interest expense	73.3	79.7	8.8%
Equity to total assets ratio	71.8%	75.3%	+351 bp

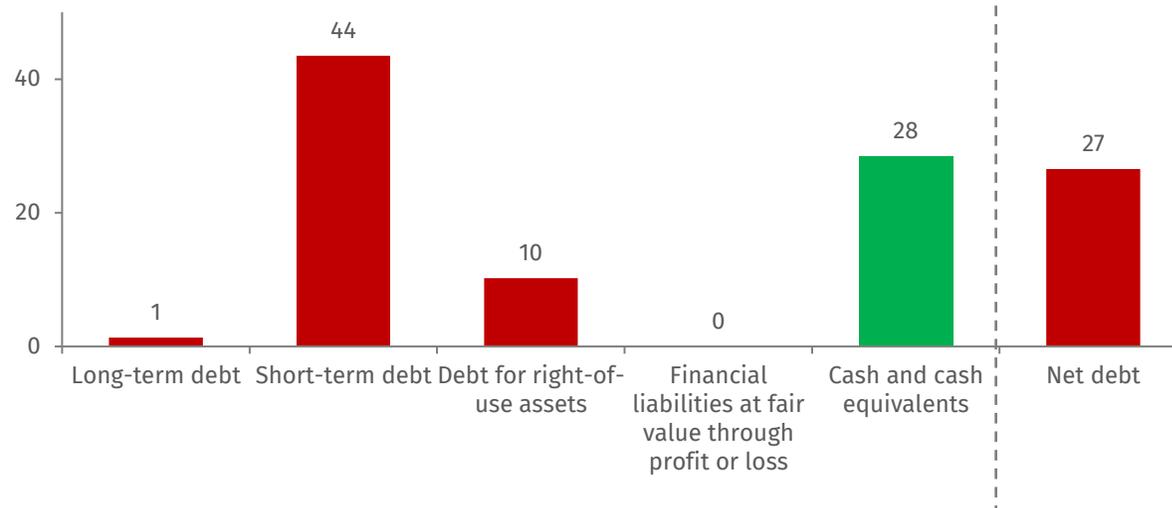
Currency structure of debt as at 30 September 2023



### Key highlights:

- **Financial debt decrease** → due to regular repayments,
- **Lower interest expenses** → continuous decrease due to regular repayments,
- **Weighted average cost of debt excluding liabilities for right-of-use assets:**
  - As at 30 September 2023 → 1.1%,
  - As at 31 December 2022 → 0.66%.

Net debt components in EURm as at 30 September 2023



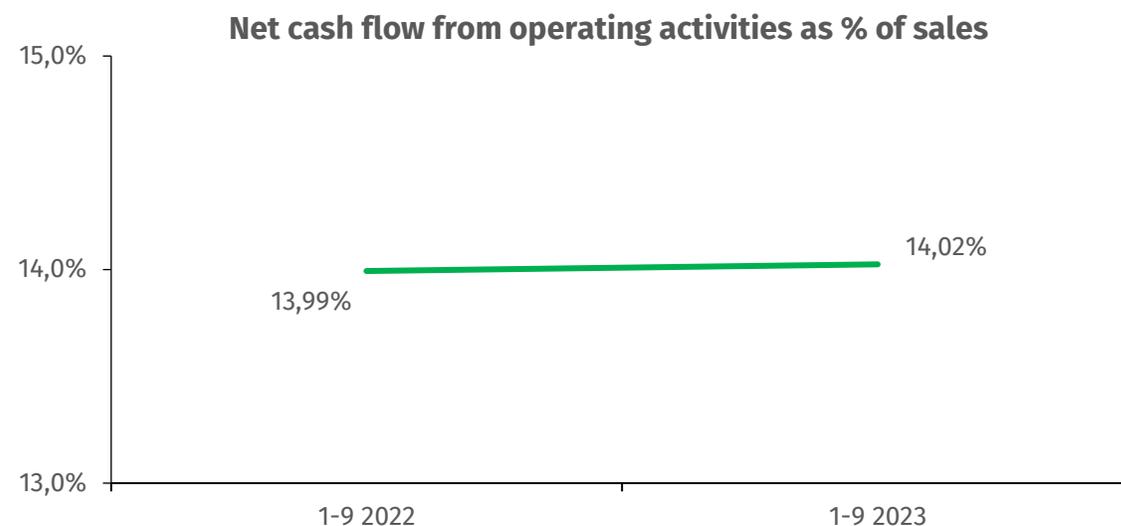
<sup>1</sup>All P&L figures are calculated on the trailing 12 months level, while BS figures are taken at the end of period, <sup>2</sup>Long-term and short-term borrowings + lease liabilities + financial liabilities at fair value through P&L.

## Key highlights of the cash flow

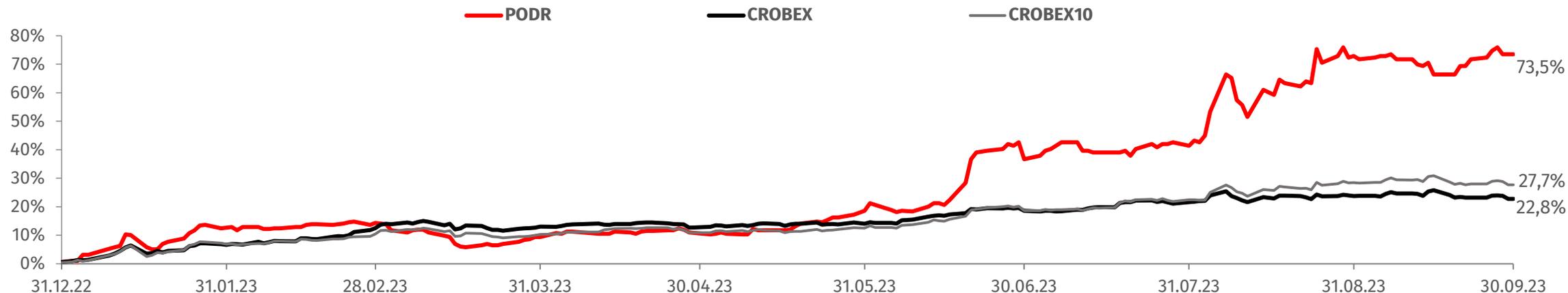
Working capital movement in BS	30 September 2023 / 30 September 2022		Impact
Inventories	↓	(2.4%)	• Lower 2.4% and are maintained at the optimum level in accordance with the needs of operations,
Trade and other receivables	↑	3.7%	• This movement is a result of the increase in sales revenues in the reporting period,
Trade and other payables	↓	(1.7%)	• Lower by 1.7% and are maintained at optimal level.

(in EURm)	1-9 2022	1-9 2023	Δ
Net cash from operating activities	69.0	73.6	6.8%
Net cash from investing activities	(35.2)	(13.8)	60.9%
Net cash from financing activities	(10.3)	(53.3)	(415.3%)
<b>Net change of cash and cash equivalents</b>	<b>23.4</b>	<b>6.6</b>	<b>(71.9%)</b>

- In 2023 expected CAPEX is at a level of approximately EUR 78m.



## PODR share price movement in 1 – 9 2023



## Market activity with PODR share

(EUR; units)	1-9 2022	1-9 2023	% change
Average daily price	81.2	123.1	51.6%
Average daily number of transactions	15	14	(9.1%)
Average daily volume	1,059	1,317	24.3%
Average daily turnover	83,678.4	161,193.7	92.6%
Reported earnings per share	7.0 <sup>1</sup>	10.2	46.2%
Normalized earnings per share	5.9 <sup>1</sup>	6.4	8.7%

Last price on  
31.12.2022

**84.15 EUR**

Dividend per share

**2.65 EUR**

Last price on  
30.9.2023

**146.00 EUR**

Dividend yield<sup>2</sup>

**3.1%**

<sup>1</sup>Based on the results for 2022 <sup>2</sup>Dividend yield calculated based on the last mkt. price at the end of 2022.

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## **Podravka Group business results for 1 - 9 2023 period**

