



Podravka Group

Always with a heart!



CEE Investment Opportunities, June 1st and 2nd, 2023



The Company

Business

Investment highlights

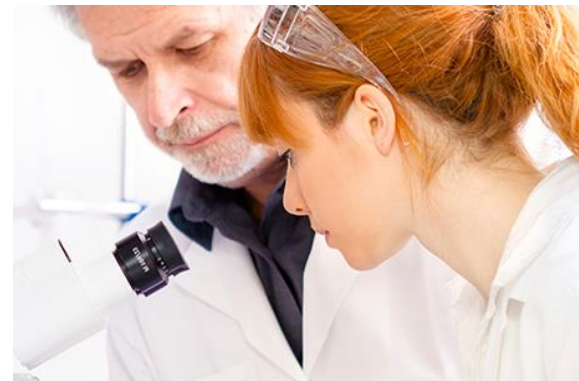
2022 results

Q1 2023 results





Founded in
1947



Headquarters in
Koprivnica

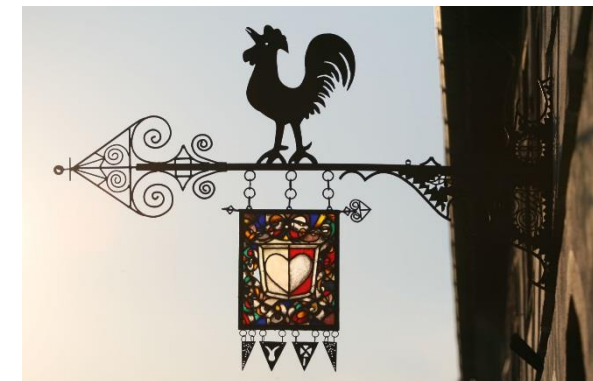
76 years
In food business

51 years
In pharmaceutical
business



667m EUR
revenues

736m EUR
assets



6,272*
Employees

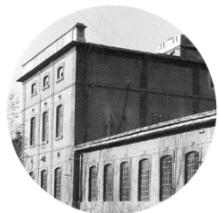


690,6m EUR Mcap**

Listed on ZSE
Prime market

Note: figures in this presentation are translated to euros at HRK/EUR FX rate of 7.5345; *On 31st March 2023; **Mcap on 25th May 2023, calculated on weighted average number of shares excluding treasury shares.

Long tradition in food and pharmaceutical production



1947

Wolf brothers workshop became publicly owned under Podravka name



1952

Condiments, dried and sterilized vegetables, etc. production established



1957

Famous Podravka soups production established



1958

Production of meat products established



1959

Vegeta, universal seasoning, production established



1970

Baby food production established



1972

Belupo pharmaceutical company established, pharmaceutical production established



1993

Podravka became a joint-stock company, free share trading from 1994



2015

Acquisition of Žito, Slovenian food producer



2017

New Pharmaceutical factory constructed, the largest greenfield investment in the history of the Group

Podravka Group operates in 24 countries with subsidiaries and representative offices



Own distribution network in 11 countries

1. Bosnia and Herzegovina
2. Czech Republic
3. Montenegro
4. Croatia
5. Hungary
6. Macedonia
7. Poland
8. Slovakia
9. Slovenia
10. Serbia
11. Russia



International network of subsidiaries and representative offices

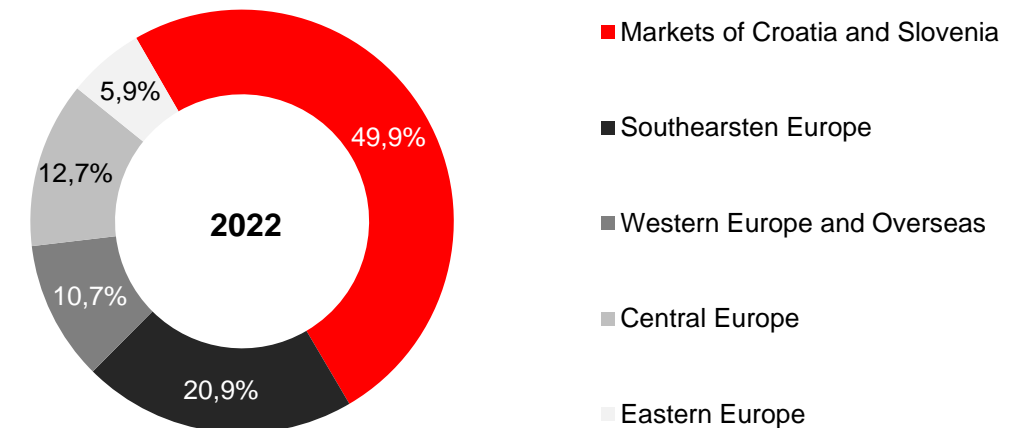


Factories

- Croatia – 9 food and 1 pharmaceutical factory
- Slovenia – 11 food factories
- B&H – 1 pharmaceutical factory
- Czech Republic – 1 food factory



Podravka Group sales split by regions in 2022



Institutional investors provide stabile ownership structure



Management Board as at 1st July 2022



Martina Dalić
MB president



Ljiljana Šapina
MB member



Davor Doko
MB member



Milan Tadić
MB member



Ivan Ostojić
MB member

Ownership structure as at 31st March 2023 and Supervisory Board as at 17th May 2023

President:

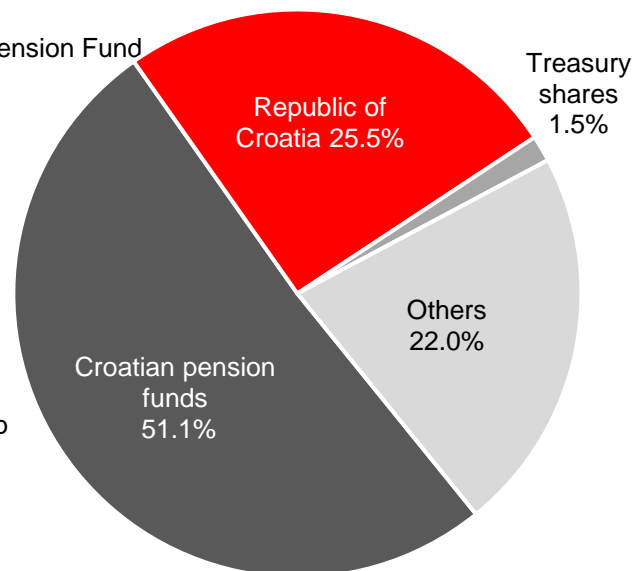
- Damir Grbavac – former president of the Management Board at Raiffeisen Pension Fund

Vice President:

- Luka Burilović → President of Croatian Chamber of Economy

Members:

- Ksenija Horvat → representative of Worker's Council
- Krunoslav Vitelj → director of Koprivnica County Chamber of Commerce
- Tomislav Kitonić → professional manager with experience in food segment
- Marina Dabić → professor at the Faculty of Economics and Business, Zagreb
- Petar Miladin → professor at the Faculty of Law, Zagreb
- Damir Felak → senior expert associate at Hrvatske šume d.o.o
- Ante Jelčić → Management Board member at Gumiimpex - GRP

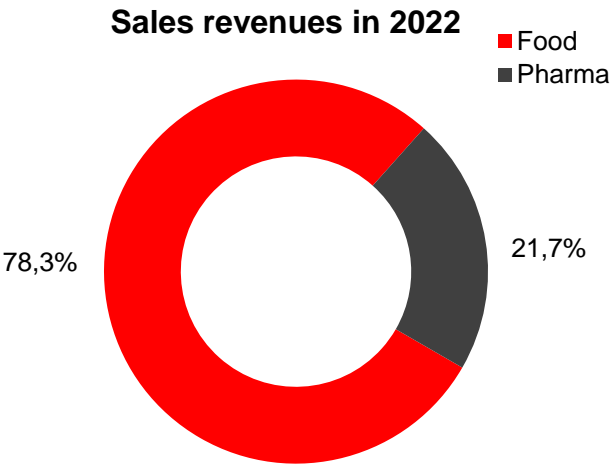


No.	Shareholder	% ownership
1.	Republic of Croatia	25.5%
2.	PBZ Croatia Osiguranje mandatory pension fund category B	15.4%
3.	AZ mandatory pension fund category B	13.1%
4.	Erste Plavi mandatory pension fund category B	9.0%
5.	Raiffeisen mandatory pension fund category B	8.8%
6.	Podravka d.d. – treasury shares	1.5%
	Other shareholders	26.7%
Total		100.0%

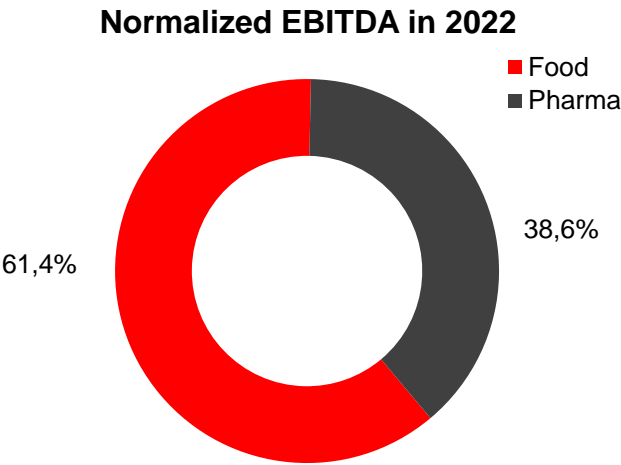
Key financial figures



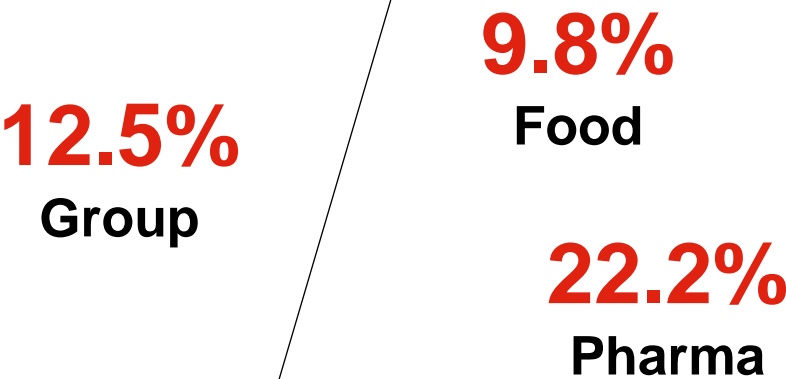
Sales revenues split



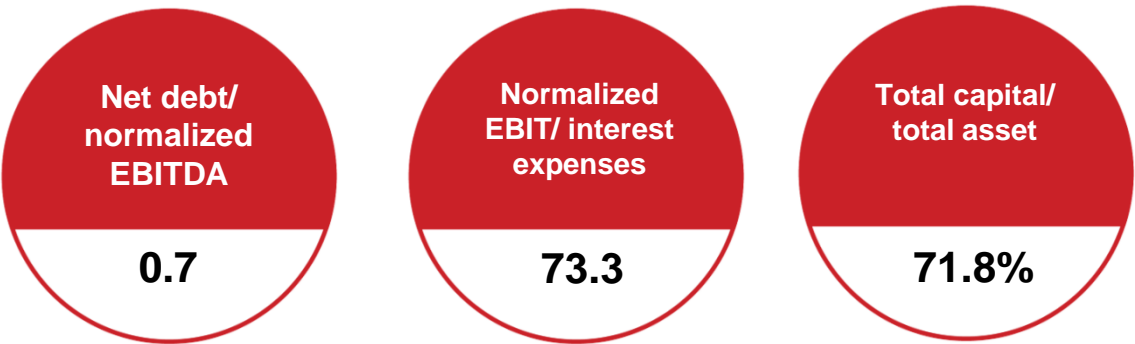
Normalized EBITDA split



Normalized EBITDA margins in 2022



Low and sustainable debt level





The Company

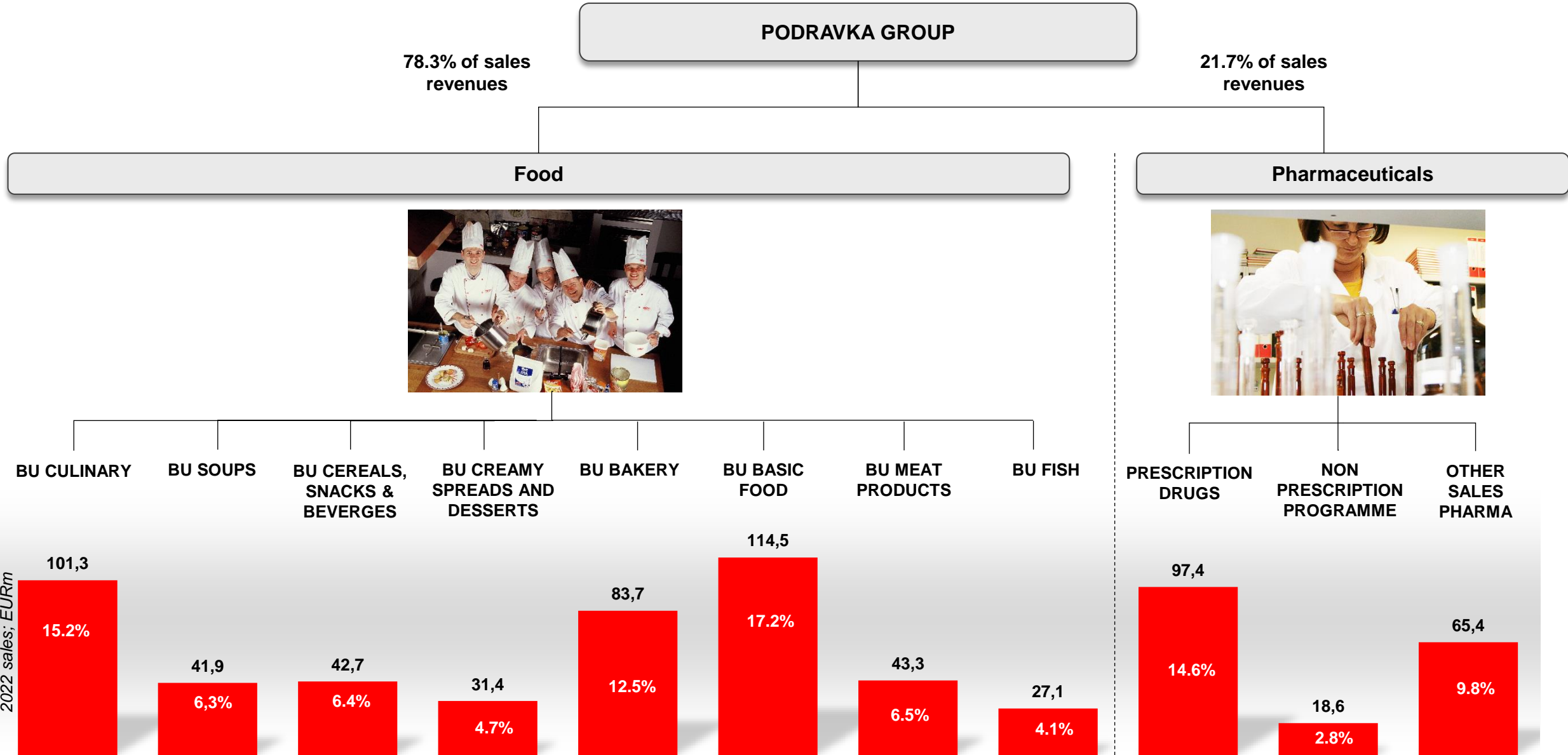
Business

Investment highlights

2022 results

Q1 2023 results

A well diversified product portfolio divided in two business areas



Food segment organized in 8 key business units, Pharma segment organized in 2 categories



BU Culinary

Food seasoning.

2022 sales: **101.3 EURm**;
% total sales: **15.2%**



BU Soups

Soups, Instant meals.

2022 sales: **41.9 EURm**;
% total sales: **6.3%**



BU Cereals, Snack and Beverages

Cereals, Baby food, Snack, Tea and Beverages.

2022 sales: **42.7 EURm**;
% total sales: **6.4%**



BU Creamy spreads and Desserts

Creamy spreads, Desserts.

2022 sales: **31.4 EURm**;
% total sales: **4.7%**



BU Bakery

Bread, Rolls and salt bakery products, Sweet bakery products, Žito flour, Confectionery.

2022 sales: **83.7 EURm**;
% total sales: **12.5%**



BU Basic Food

Condiments, Tomato products, Processed fruit, Vegetables, Podravka flour, Side dishes, Wellness food.

2022 sales: **114.5 EURm**;
% total sales: **17.2%**



BU Meat products

Ready meals, Pates, Dried Meat and Sausage Products, Chilled ready meals, Other meat products.

2022 sales: **43.3 EURm**;
% total sales: **6.5%**



BU Fish

Fish products, Fish salads, Other fish products.

2022 sales: **27.1 EURm**;
% total sales: **4.1%**



Prescription drugs

For skin problems, for heart and blood vessels, for central nervous system and for 8 more areas.

2022 sales: **97.4 EURm**;
% total sales: **14.6%**



Non-prescription programme

OTC medicine, dietary products, natural products.

2022 sales: **18.6 EURm**;
% total sales: **2.8%**





The Company

Business

Investment highlights

2022 results

Q1 2023 results

BUSINESS

STRATEGY

HIGHLIGHTS

Focus on selected markets (Western Europe and Central Europe) and production categories in Food segment,

Acceleration of product development processes in the Pharmaceutical segment through key processes optimization and establishment of firm guidelines for monitoring efficacy,

Increasing operations efficiency through technological modernization and digital transformation of production and logistics processes,

Establishing more advanced function of human resources management,

Further deleveraging and searching for M&A opportunity,

EUR 186m investments in marketing* to achieve organic growth, EUR 225m in investments to modernize and digitalize production** and logistics processes and about EUR 265m for acquisitions***.

*In Business results publications reported marketing expenses include marketing investments expenses and marketing department expenses, EUR 186m refers to marketing investments expenses; ** EUR 225m refers to CAPEX for 2022-2025 period; ***Indicative amount based on M&A criteria.

Financial indicators continuously improving

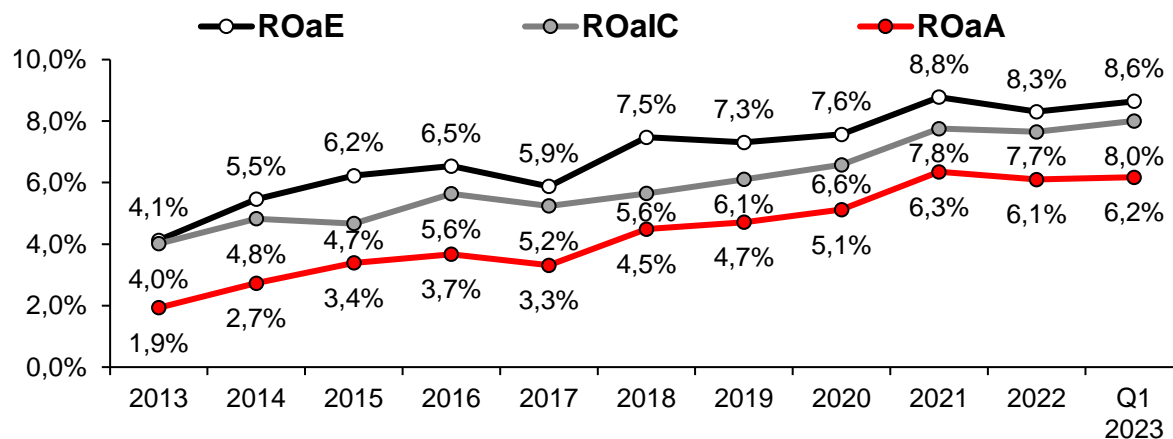


Restructuring related one-off items burdened profitability

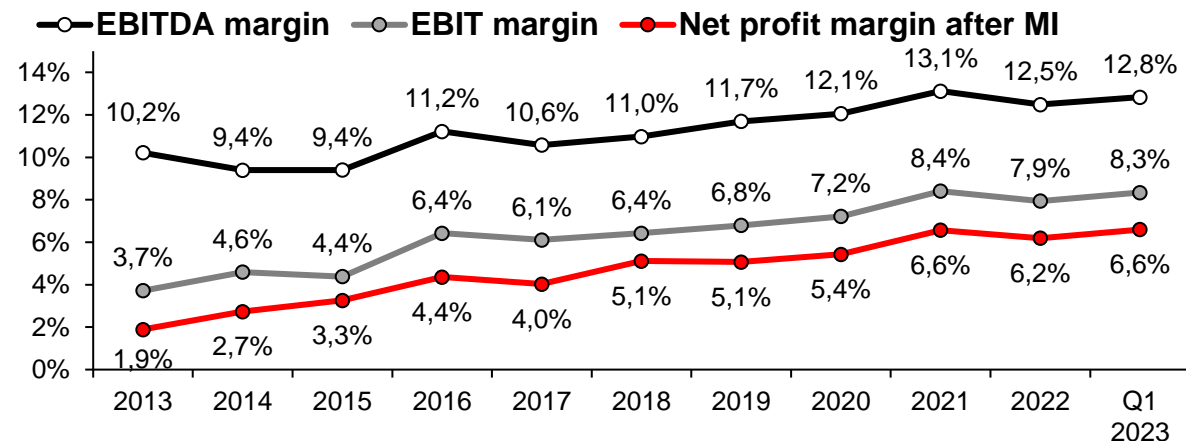
(in EURm)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q1 23
Value adjustments	(10,8)	(3,7)	(4,6)	(1,5)	(11,8)	(1,2)	(1,5)	1,3	(1,2)	(1,0)	0,0
Severance payments	(7,6)	(9,6)	(5,4)	(1,6)	(5,3)	(0,8)	(0,7)	(0,5)	(0,5)	(0,3)	(0,3)
Other	0,7	1,3	39,6 ¹	1,1	(2,4)	0,5	1,7	0,1	1,9	10,9	0,0
Total net one-offs	(17,7)	(11,9)	29,5	(2,0)	(19,5)	(1,3)	(0,3)	0,9	0,1	9,6	(0,3)

¹EUR 15.4m of gain on a bargain purchase from Žito acquisition (badwill), EUR 21.8m of deferred tax income from Croatian government's incentives for the construction of new Belupo pharmaceutical factories, EUR 2.5m refers to other items.

Normalized return rates movement²

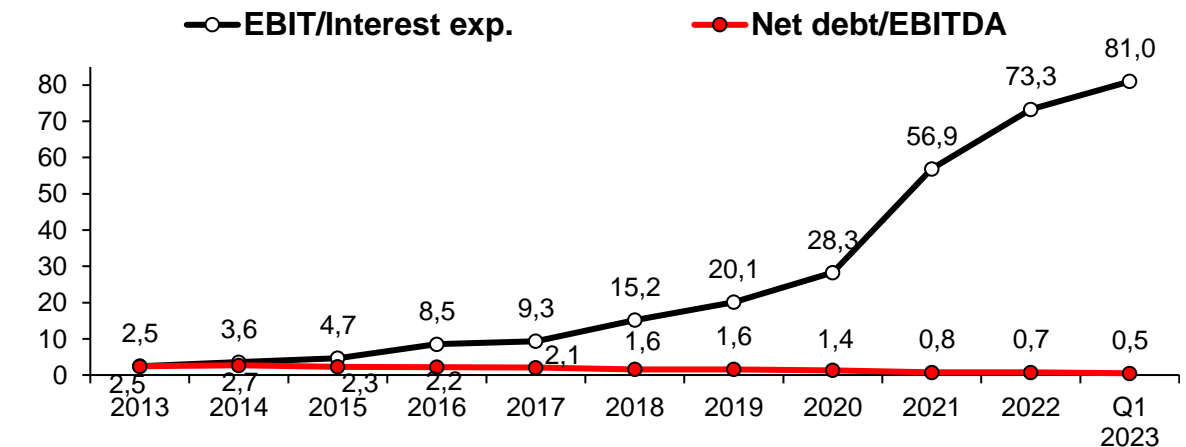


Normalized profitability margins movement²



Note: Due to sales revenues reclassification in 2016, 2013-2014 margins are made by approximation.

Normalized debt level movement²

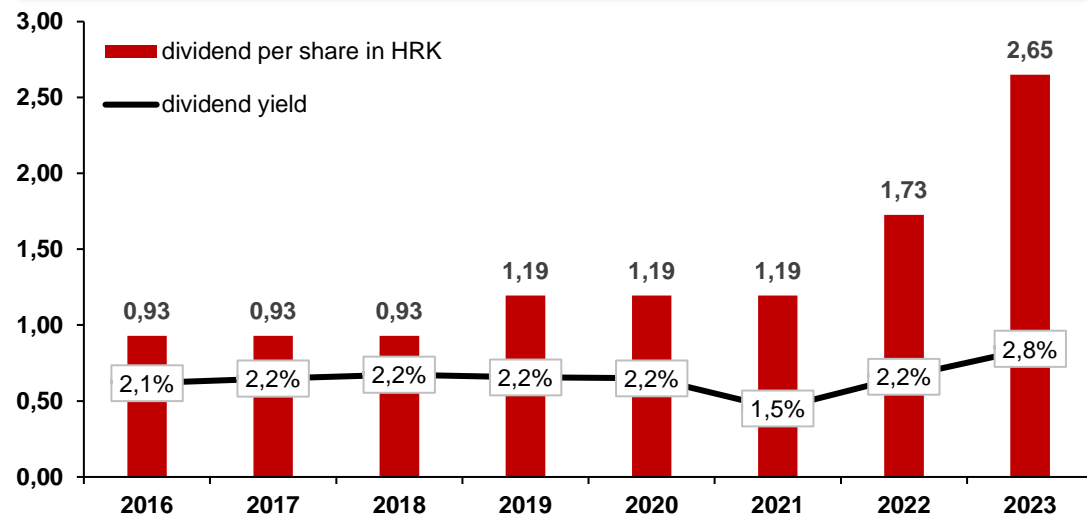


¹2015 figures include pro-forma Podravka Group and Žito Group full year figures, excluding consolidation effects and tax incentives for Belupo factories; ²From 2019 figures includes IFRS 16.

Good performance ensures stabile dividend



Dividend and dividend yield¹

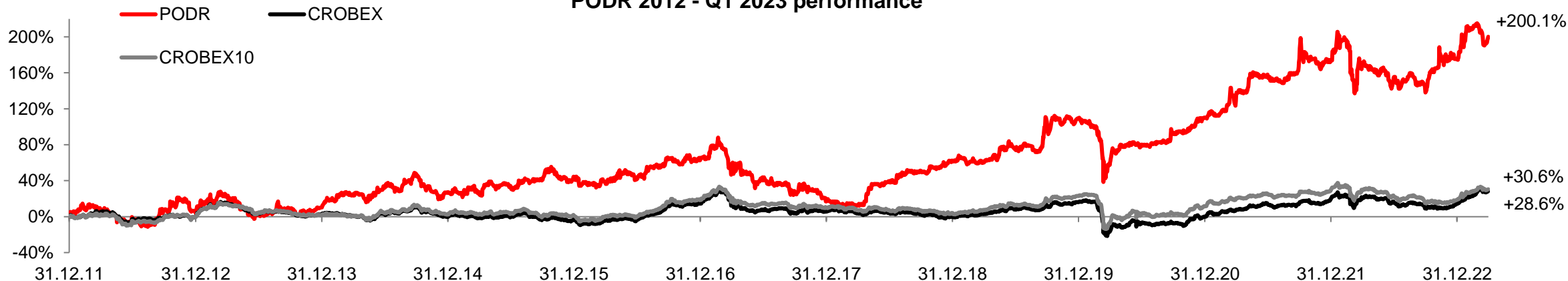


Dividend policy of Podravka Inc.

- Podravka Inc. started with regular dividend payout in 2016,
- Dividend policy defines, that Podravka Inc. will assess the possibility of dividend payment and, if possible, propose to the General Assembly dividend payment in the amount of at least 25% of the available funds for dividend payment after part of the net profit of Podravka Inc. is allocated to the legal and other reserves of Podravka Inc.,
- Legal reserves are 5% of total net profit of Podravka Inc.,
- The amount of dividend accounted for Podravka Inc. treasury shares is retained in undistributed profit,
- Focus on dividend per share amount, not on the payout ratio.

Historical share price movement

PODR 2012 - Q1 2023 performance



¹DY calculation is based on last mkt. price on the GA date



The Company

Business

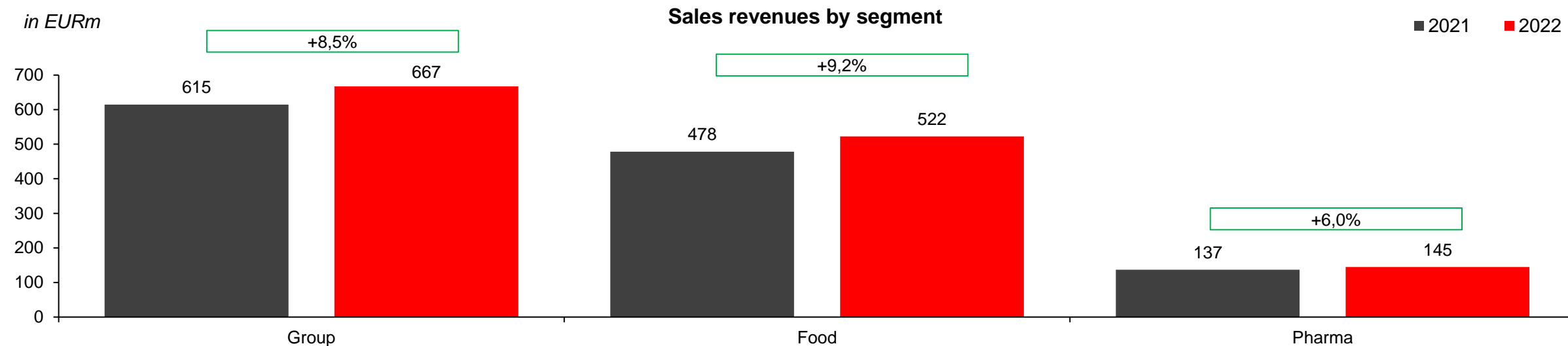
Investment highlights

2022 results

Q1 2023 results



Sales revenues increase in both segment



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 the increase in revenues of almost all business units, other than BU Fish,
- **Other sales** → 24.8% higher revenues, primarily as a result of the 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 the 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.

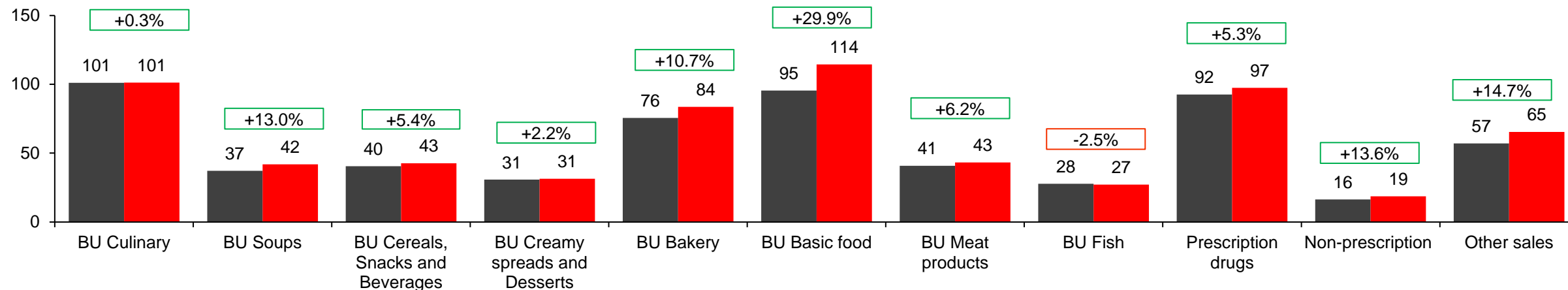
¹Percentages in the text relate to performance in 1 - 12 2022 compared to 1 - 12 2021.

Sales revenues increase of almost all business units



in EURm

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 business unit (+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 (+29.9%)** → higher revenues than in the comparative period, primarily due to the increase in sales of the categories Side dishes, Vegetables and Tomato products,
- **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 EUR 7.3m mainly due to the increase in trade goods sales in the Croatian market. In the Pharmaceuticals segment, other sales grew by EUR 1m, 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.

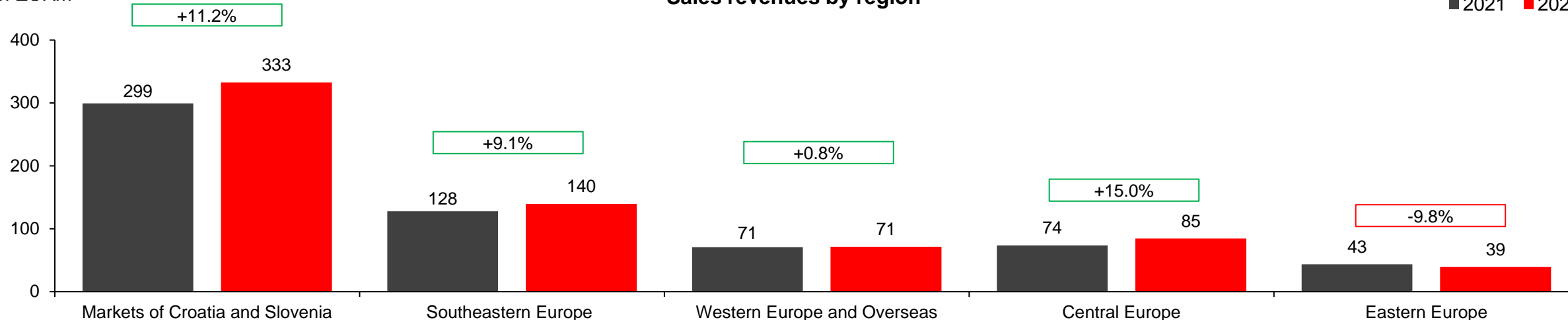
Sales revenues growth of most regions



in EURm

Sales revenues by region

■ 2021 ■ 2022



Region performance in 1 - 12 2022¹:

- **Markets of Croatia and Slovenia (+11.2%)** → **Food** revenues 12.6% higher, due to revenues increase of the business units Bakery, 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 9.1%, 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 +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.

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

Normalized Food segment profitability influenced by price increase of raw materials, packaging and energy



Food segment (in EURm)	REPORTED				NORMALIZED ¹			
	2021	2022	Δ	%	2021	2022	Δ	%
Sales revenue	478	522	44	9.2%	478	522	44	9.2%
Gross profit	158	165	6	3.9%	159	165	6	3.7%
EBITDA	51	62	11	22.0%	53	51	(1)	(2.6%)
EBIT	29	40	10	35.6%	32	30	(3)	(7.8%)
Net profit after MI	27	32	5	18.4%	26	24	(2)	(8.9%)
Gross margin	33.1%	31.5%		-1.63 pp	33.2%	31.5%		-1.69 pp
EBITDA margin	10.6%	11.8%		+1.23 pp	11.0%	9.8%		-1.20 pp
EBIT margin	6.1%	7.6%		+1.48 pp	6.7%	5.7%		-1.05 pp
Net profit margin after MI	5.6%	6.1%		+47 pp	5.4%	4.5%		-0.90 pp

Food segment profitability in 1 - 12 2022:

- **Gross profit** → higher 3.9% with the gross margin of 31.5%, as a result of the negative effect of trends in prices of raw materials, packaging and energy where the cost of raw materials, packaging and energy increased by EUR 45.1m (+24.0%), primarily related to cereals and mill products, meat and meat products, vegetables, and fats and oils,
- **EBIT** → reported higher 35.6%, normalized lower 7.8%. Significant negative impact on the operating profit (EBIT) came from: i) an increase in the costs of raw materials, packaging and energy of EUR 45.1m (+24.0%), ii) investing in improving the material status of employees, which resulted in an increase in staff costs of EUR 9.3m (+8.2%), iii) an increase in transportation costs of EUR 2.3m (+13.3%) and iv) the investment cycle, which resulted in an increase in depreciation costs of EUR 1.2m (+5.6%),
- **Net profit after MI** → reported higher EUR +5m, normalized lower EUR -2m 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 (EUR -0,2m in 1 – 12 2022; EUR +0,1m in 1 – 12 2021), while finance costs are lower. The reported tax expense is EUR 5.2m higher than in 1 – 12 2021, while normalized tax expense is EUR 0.5m lower.

¹Normalized for one-off impact.

Profitability of Pharmaceutical segment as a result of sales revenues increase and higher margins



Pharma segment (in EURm)	REPORTED				NORMALIZED ¹			
	2021	2022	Δ	%	2021	2022	Δ	%
Sales revenue	137	145	8	6.0%	137	145	8	6.0%
Gross profit	64	72	8	12.2%	64	72	8	12.2%
EBITDA	28	32	4	14.9%	28	32	4	14.4%
EBIT	19	23	4	18.7%	19	23	4	19.4%
Net profit after MI	14	17	3	21.7%	14	18	3	22.4%
Gross margin	47.0%	49.8%		+2.74 pp	47.0%	49.8%		+2.74 pp
EBITDA margin	20.5%	22.2%		+1.71 pp	20.5%	22.2%		+1.62 pp
EBIT margin	14.0%	15.7%		+1.67 pp	14.3%	16.1%		+1.80 pp
Net profit margin after MI	10.4%	11.9%		+1.53 pp	10.6%	12.2%		+1.63 pp

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 EUR 4m higher. The most significant impact on the growth of operating profit (EBIT) came from the growth of gross profit,
- **Net profit after MI** → is EUR 3m 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.

Normalized Group profitability influenced by price increase of raw materials, packaging and energy



Podravka Group (in EURm)	REPORTED				NORMALIZED ¹			
	2021	2022	Δ	%	2021	2022	Δ	%
Sales revenue	615	667	52	8.5%	615	667	52	8.5%
Gross profit	223	237	14	6.3%	223	237	14	6.2%
EBITDA	79	94	15	19.5%	81	83	3	3.3%
EBIT	48	63	14	29.0%	52	53	1	2.4%
Net profit after MI	41	49	8	19.5%	40	41	1	2.3%
Gross margin	36.2%	35.5%		-0.75 pp	36.3%	35.5%		-0.79 pp
EBITDA margin	12.8%	14.1%		+1.29 pp	13.1%	12.5%		-0.63 pp
EBIT margin	7.9%	9.4%		+1.48 pp	8.4%	7.9%		-0.47 pp
Net profit margin after MI	6.7%	7.4%		+0.68 pp	6.6%	6.2%		-0.38 pp

Profitability of the Podravka Group in 1 - 12 2022:

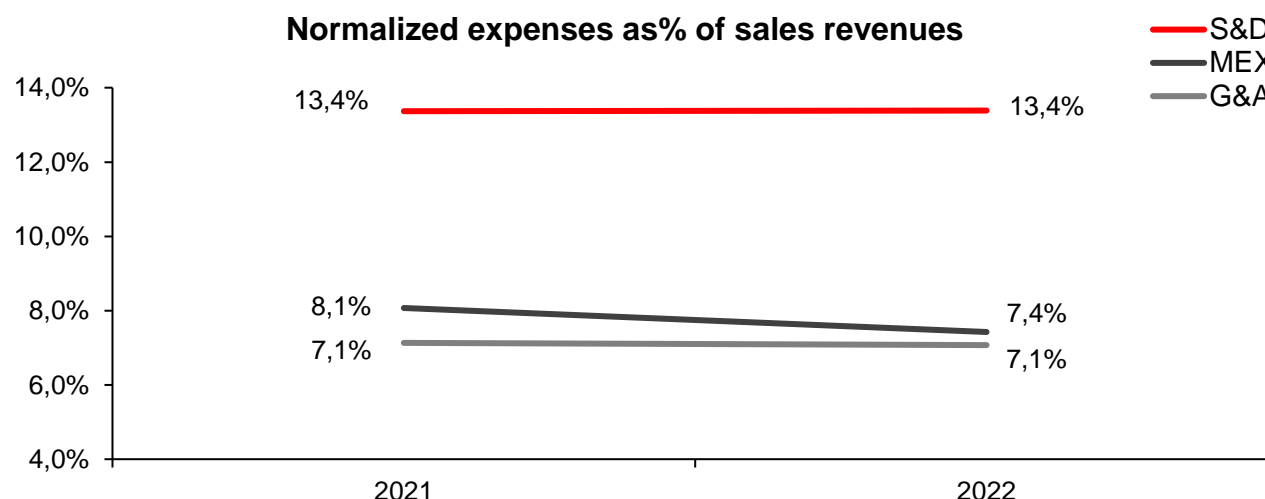
- **Gross profit** → higher 6.3%, while reported gross margin is 35.5%,
- **EBIT** → reported higher by EUR 14m, normalized higher by EUR 1m. The growth of the normalized operating profit of Pharmaceuticals compensated for the lower normalized operating profit of Food segment,
- **Net profit after MI** → reported is EUR 8m higher, normalized is EUR 1m 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.

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



Operating expenses 1 - 12 22 vs. 1 - 12 21 % change	REPORTED	NORMALIZED ¹
Cost of goods sold (COGS)	9.8%	9.9%
General and administrative expenses (G&A)	9.7%	7.6%
Sales and distribution costs (S&D)	8.7%	8.8%
Marketing expenses (MEX)	(0.1%)	(0.1%)
Other expenses / (revenues), net	329.8%	(47.0%)
Total	6.8%	9.1%



Key highlights of operating expenses in 1 - 12 2022:

- **Cost of goods sold (COGS):**
 - Higher 9.8% 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 9.7% (normalized up by 7.6%) due to investments in improving the material status of employees and higher costs of services, relative to the comparative period,
- **Sales and distribution costs (S&D):**
 - Higher 8.7% due to higher costs of transportation and distribution, higher energy costs and investments in improving the material status of employees,
- **Marketing expenses (MEX):**
 - Lower 0,1% (Food +2.3%, Pharma -3.2%),
- **Other expenses (revenues), net:**
 - Amounted to EUR -15.1m in 2022 (positive effect); EUR -3.5m in 2021 (positive effect). This was mainly affected by income from sale of non-operating assets which in 2022 amounted to EUR -13.5m, while in the last year amounted to EUR -0.2m. Foreign exchange differences from trade receivables and trade payables in 2022 amounted EUR -1m, while in 2021 amounted to EUR +1.9m.

¹Normalized for one-off impacts.



The Company

Business

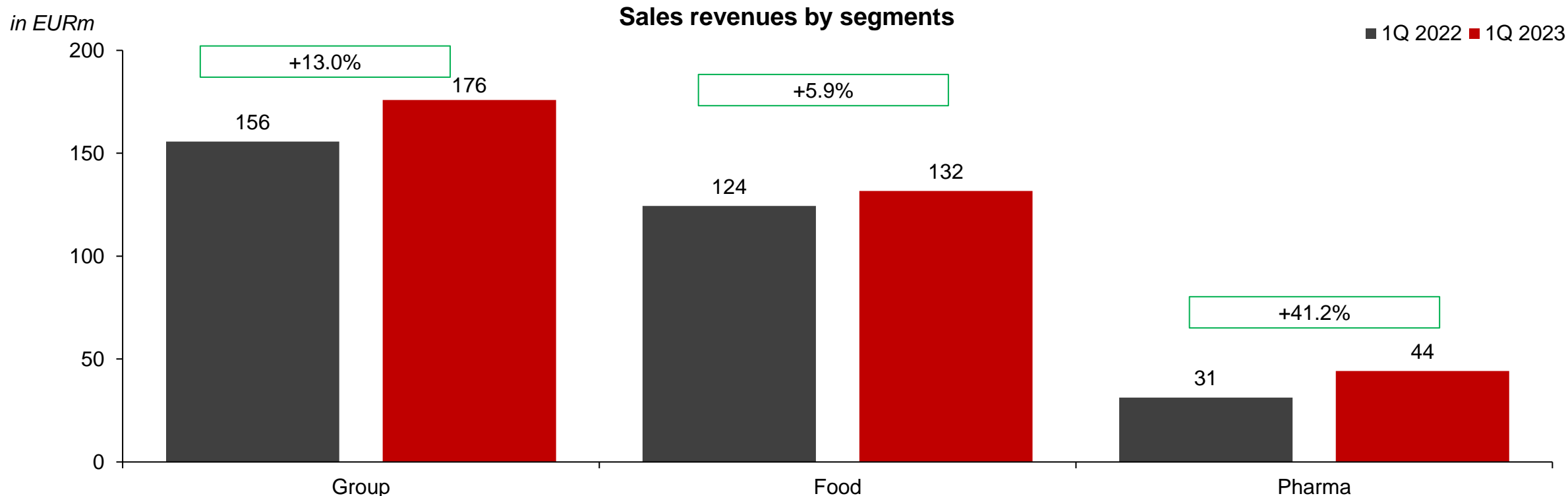
Investment highlights

2022 results

Q1 2023 results



Sales revenues increase in both segments



Podravka Group in 1 - 3 2023¹:

- **Own brands** → 14.6% higher revenues,
- **Other sales** → 1.6% lower revenues,
- **Total Podravka Group** → 13.0% higher revenues.

Food segment in 1 - 3 2023¹:

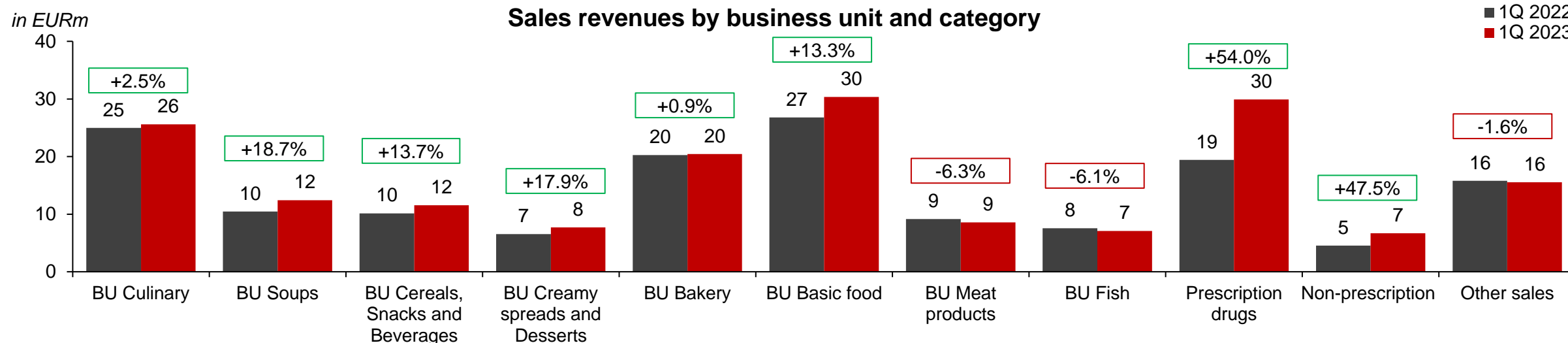
- **Own brands** → 6.8% higher revenues due to increase in revenues of almost all business units, mostly BU Basic food and Soups,
- **Other sales** → 5.7% lower revenues, as a result of decrease in trade goods sales in the markets of Croatia and Poland,
- **Total Food** → 5.9% higher revenues.

Pharmaceuticals segment in 1 - 3 2023¹:

- **Own brands** → 52.8% higher revenues, as a result of increase in sales revenues of Prescription drugs and Non-prescription drugs,
- **Other sales** → 3.3% higher revenues, due to sales revenues increase of trade goods in Bosnia and Herzegovina and Croatia,
- **Total Pharma** → 41.2% higher revenues.

¹Percentages in the text relate to performance in 1 - 3 2023 compared to 1 - 3 2022.

Sales revenues increase of almost all business units



Business unit and category performance in 1 - 3 2023¹:

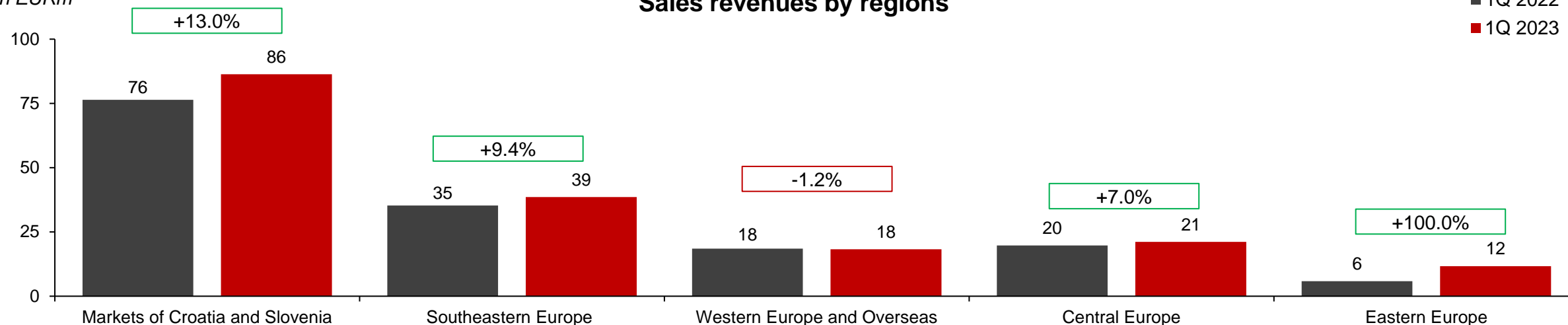
- **BU Culinary (+2.5%)** → higher revenues, growth was recorded mainly in the markets of Croatia and Slovenia and countries of Southeastern Europe which mitigated the decline in revenues on the Russian market due to the termination of deliveries,
- **BU Soups (+18.7%)** → revenues growth, primary growth of the BU was realised in the key markets of Croatia and Slovenia and the Southeastern Europe. The new Noodles subcategory, launched in the second half of 2022, contributes to an additional positive trend within the Soups business unit,
- **BU Cereals, Snack and Beverages business unit (+13.7%)** → higher revenues, through the increase in almost all categories, primarily in the markets of Croatia, Slovenia, Bosnia and Herzegovina, and Serbia,
- **BU Creamy spreads and Desserts (+17.9%)** → higher revenues, growth was recorded in the Markets of Croatia and Slovenia and in the Southeastern Europe region, with the growth of all categories,
- **BU Bakery (0.9%)** → 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 Bread and Rolls and Salt bakery products,
- **BU Basic food (+13.3%)** → higher revenues, the increase in revenues of most categories, with a further strong focus on the development of special sales channels on the Croatian market,
- **BU Meat products (-6.3%)** → 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 (-6.1%)** → lower revenues, primarily due to the decrease in sales of almost all categories, primarily of the Tuna subcategory, due to changes in consumer consumption habits,
- **Prescription drugs (+54.0%)** → higher revenues, primarily due to the increase in sales of dermatological drugs, drugs for nervous system, and cardiovascular drugs,
- **Non-prescription programme (+47.5%)** → higher revenues as a result of the increase in revenues of the OTC drugs subcategory,
- **Other sales (-1.6%)** → in the Food segment, other sales decreased by EUR 0.5m, mainly due to the decrease in trade goods sales in the Croatian market. In the Pharmaceuticals segment, other sales grew by EUR 0.2m, 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 - 3 2023 compared to 1 - 3 2022.

Sales revenues growth of most regions



in EURm



Region performance in 1 - 3 2023¹:

- **Markets of Croatia and Slovenia (+13.0%)** → **Food** revenues 9.9% higher, due to revenues increase of the BU Basic food and Cereals, Snack and Beverages; **Pharmaceuticals** revenues 26.1% higher due to higher revenues of Prescription drugs and Non-prescription programme,
- **Southeastern Europe (+9.4%)** → **Food** revenues higher 9.7%, due to revenues increase of almost all business units with the largest absolute growth generated by the BU Soups and Basic food; **Pharmaceuticals segment** revenues up by 8.9% primarily due to Prescription drugs and trade goods sales increase,
- **WE and Overseas region (-1.2%)** → **Food** revenues -1.6% lower, due to revenues decrease of BU Bakery, Meat products and Fish, which was mitigated by the increase in revenues of the business units Culinary and Soups; **Pharmaceuticals** segment revenues are EUR 0.1m (+67.3%) higher, primarily due to an increase in other sales revenues,
- **Central Europe (+7.0%)** → **Food** revenues up by 3.7%, primarily as a result of an increase in sales of the Basic food BU and trade goods; **Pharmaceuticals** segment revenues are higher 34.2% due to higher revenues of the Prescription drugs category
- **Eastern Europe (+100.0%)** → **Food** revenues down by -47.4%; **Pharmaceuticals** revenues 246.3% higher

¹Percentages in the text relate to performance in 1 - 3 2023 compared to 1 - 3 2022.

Food segment	REPORTED				NORMALIZED ¹			
(in EURm)	1Q 2022	1Q 2023	Δ	%	1Q 2022	1Q 2023	Δ	%
Sales revenue	124.4	131.7	7.3	5.9%	124.4	131.7	7.3	5.9%
Gross profit	43.1	40.3	(2.8)	(6.4%)	43.1	40.3	(2.8)	(6.4%)
EBITDA	18.8	14.5	(4.3)	(22.9%)	18.9	14.8	(4.1)	(21.6%)
EBIT	13.7	8.8	(4.8)	(35.3%)	13.7	9.1	(4.6)	(33.4%)
Net profit after MI	11.1	7.4	(3.6)	(32.9%)	11.1	7.7	(3.4)	(31.0%)
Gross margin	34.7%	30.6%		-4.04 pp	34.7%	30.6%		-4.04 pp
EBITDA margin	15.1%	11.0%		-4.12 pp	15.2%	11.2%		-3.94 pp
EBIT margin	11.0%	6.7%		-4.28 pp	11.0%	6.9%		-4.10 pp
Net profit margin after MI	8.9%	5.6%		-3.26 pp	8.9%	5.8%		-3.11 pp

Food segment profitability in 1 - 3 2023:

- **Gross profit** → lower 6.4% with the gross margin of 30.6%, as a result of the negative impact of cost movements (raw materials, packaging, energy, cost of employees...),
- **EBIT** → reported lower EUR 4.8m, normalized lower EUR 4.6m. Significant negative impact on the operating profit (EBIT) came from: i) an increase in the costs of raw materials, packaging and energy of EUR 10.3m (+19.0%), ii) investing in improving the material status of employees, which resulted in an increase in staff costs of EUR 2.2m (+8.5%), iii) the investment cycle, which resulted in an increase in depreciation costs of EUR 0.5m (+9.9%),
- **Net profit after MI** → reported lower EUR 3.6m, normalized lower EUR 3.4m compared to 1 - 3 2022. There were no significant impacts on net profit below EBIT level except tax expense which is EUR -1.1m lower than 1 - 3 2022.

¹Normalized for one-off impacts.

Pharmaceutical segment – higher revenues and margins

Pharma segment	REPORTED				NORMALIZED ¹			
(in EURm)	1Q 2022	1Q 2023	Δ	%	1Q 2022	1Q 2023	Δ	%
Sales revenue	31.3	44.2	12.9	41.2%	31.3	44.2	12.9	41.2%
Gross profit	14.7	22.2	7.5	51.1%	14.7	22.2	7.5	51.1%
EBITDA	3.8	12.8	9.0	237.5%	3.8	12.8	9.0	237.5%
EBIT	1.6	10.6	9.0	555.8%	1.6	10.6	9.0	555.8%
Net profit after MI	0.7	8.3	7.5	1020.6%	0.7	8.3	7.5	1020.6%
Gross margin	47.0%	50.3%		+3.31 pp	47.0%	50.3%		+3.31 pp
EBITDA margin	12.1%	29.0%		+16.85 pp	12.1%	29.0%		+16.85 pp
EBIT margin	5.2%	24.0%		+18.80 pp	5.2%	24.0%		+18.80 pp
Net profit margin after MI	2.4%	18.7%		+16.34 pp	2.4%	18.7%		+16.34 pp

Pharmaceuticals segment profitability in 1 - 3 2023:

- **Gross profit** → is higher 51.1%, with an increase in gross margin from 47.0% to 50.3%,
- **EBIT** → is EUR 9.0m higher. The most significant impact on the growth of operating profit (EBIT) came from the growth of gross profit and from exchange rate differences from customer and supplier relations (EUR -0,3m in 1 -3 2023, EUR -3,2m in 1 - 3 2022),
- **Net profit after MI** → is EUR 7.5m higher. In addition to the impact above the EBIT level, net profit after minority interests was impacted by higher tax expense.

¹Normalized for one-off impacts.

Podravka Group - operative profitability positively influenced by higher profitability of Pharmaceutical segment



Podravka Group	REPORTED				NORMALIZED ¹			
(in EURm)	1Q 2022	1Q 2023	Δ	%	1Q 2022	1Q 2023	Δ	%
Sales revenue	155.6	175.9	20.2	13.0%	155.6	175.9	20.2	13.0%
Gross profit	57.8	62.5	4.7	8.2%	57.8	62.5	4.7	8.2%
EBITDA	22.6	27.3	4.7	20.7%	22.7	27.6	4.9	21.7%
EBIT	15.3	19.4	4.1	27.1%	15.3	19.7	4.4	28.6%
Net profit after MI	11.8	15.7	3.9	32.9%	11.8	15.9	4.1	34.4%
Gross margin	37.1%	35.6%		-1.58 pp	37.1%	35.6%		-1.58 pp
EBITDA margin	14.5%	15.5%		+0.99 pp	14.6%	15.7%		+1.13 pp
EBIT margin	9.8%	11.0%		+1.22 pp	9.9%	11.2%		+1.36 pp
Net profit margin after MI	7.6%	8.9%		+1.33 pp	7.6%	9.0%		+1.44 pp

Profitability of the Podravka Group in 1 - 3 2023:

- **Gross profit** → higher 8.2%, while reported gross margin is 35.6%, where there is a positive contribution from the Pharmaceutical segment.
- **EBIT** → reported higher by EUR 4.1m (+27.1%), normalized higher by EUR 4.4m.
- **Net profit after MI** → reported is EUR 3.9m higher, normalized is EUR 4.1m 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.

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

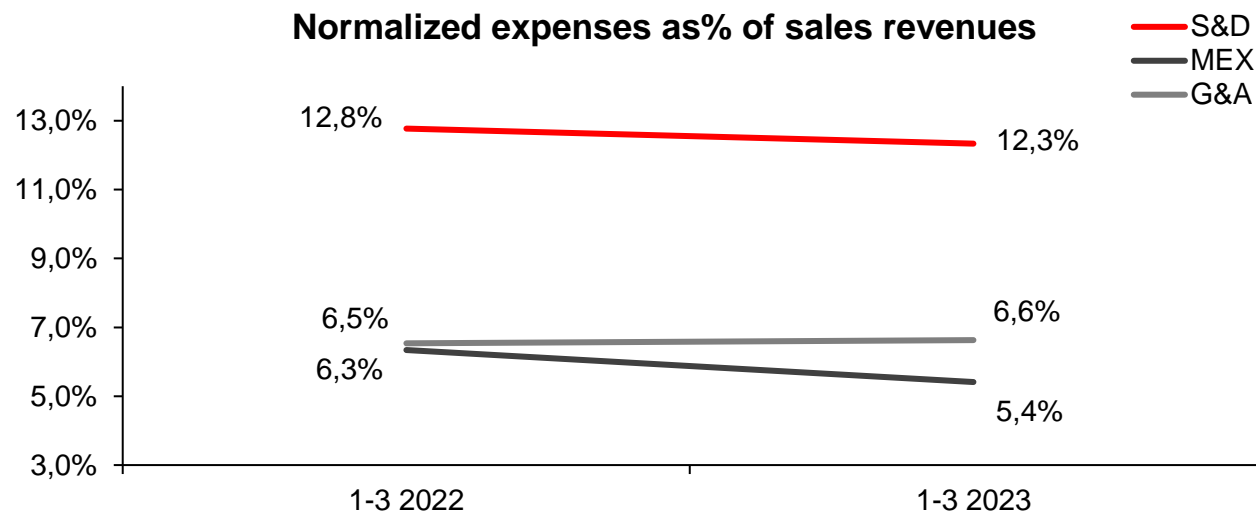


Operating expenses 1 - 3 23 vs. 1 - 3 22 % change	REPORTED	NORMALIZED ¹
Cost of goods sold (COGS)	15.8%	15.8%
General and administrative expenses (G&A)	17.0%	14.6%
Sales and distribution costs (S&D)	9.1%	9.1%
Marketing expenses (MEX)	(3.5%)	(3.5%)
Other expenses / (revenues), net	(102.3%)	(101.6%)
Total	11.5%	11.3%

Key highlights of operating expenses in 1 - 3 2023:

- **Cost of goods sold (COGS):**
 - Higher 15.8% 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 17.0% (normalized up by 14.6%) due to investments in improving the material status of employees and higher costs of services,
- **Sales and distribution costs (S&D):**
 - Higher 9.1% due to higher costs of transportation and distribution, higher energy costs and investments in improving the material status of employees,
- **Marketing expenses (MEX):**
 - Lower 3.5% (Food -8.1%, Pharma +1.9%),
- **Other expenses (revenues), net:**
 - In the reporting period, other expenses and income, net amounted to EUR -0.1m (positive impact), while in the comparative period they amounted to EUR 2.5m (negative impact). This was mainly affected by foreign exchange differences from trade receivables and trade payables which in 1 – 3 2023 amounted to EUR -0.4m, while in the previous period they amounted to EUR -3.2m.

Normalized expenses as% of sales revenues



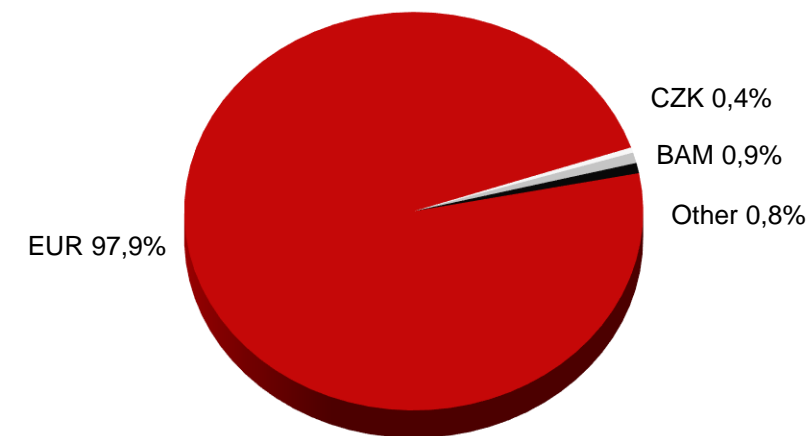
¹Normalized for one-off impacts.

Continuous improvement of debt indicators



(in EURm) ¹	2022	1Q2023	% change
Financial debt ²	84.0	87.1	3.6%
Cash and cash equivalents	21.9	41.4	88.9%
Net debt	62.1	45.7	(26.5%)
TTM interest expense	0.7	0.7	(2.1%)
Net debt / TTM EBITDA	0.75	0.52	(30.6%)
EBIT / Interest expense	73.3	81.0	10.5%
Equity to total assets ratio	71.8%	71.0%	-0.77 pp

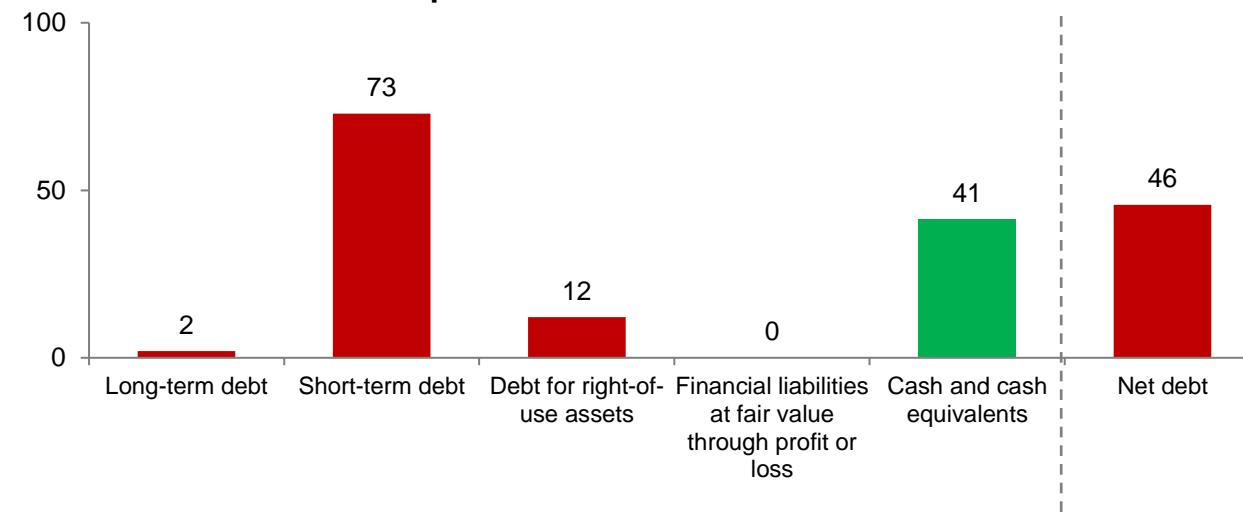
Currency structure of debt as at 31 March 2023



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 March 2023 → 0.49%,
 - As at 31 December 2022 → 0.66%.

Net debt components in EURm as at 31 March 2023



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.

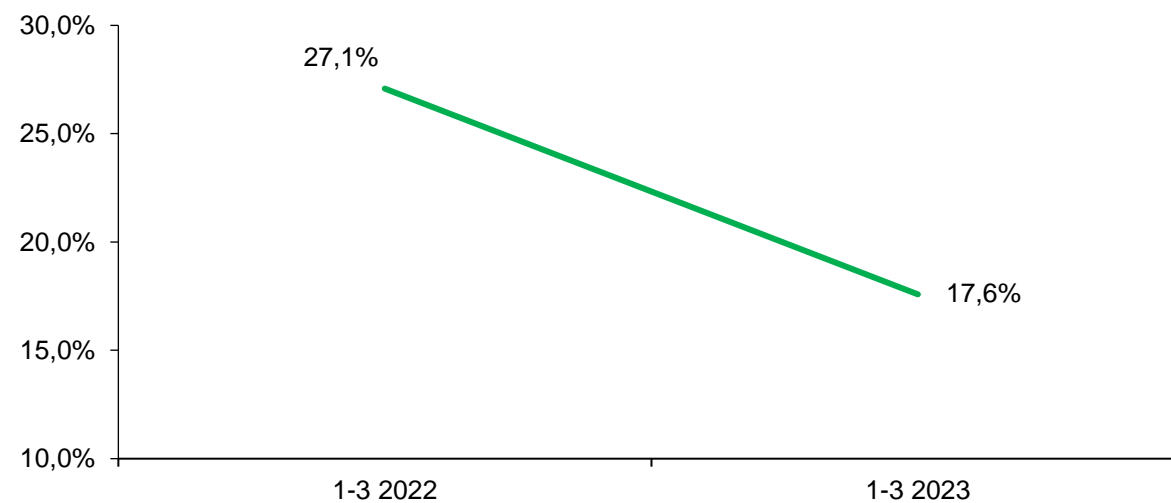
High level of cash flow from operating activities

Working capital movement in BS	31 March 2023 / 31 March 2022		Impact
Inventories		22,5%	<ul style="list-style-type: none"> This movement is the result of regular business development in the reporting period with an increase in the value of inventories as a result of rising prices of raw materials and packaging, primarily in the Food segment
Trade and other receivables		(9,4%)	<ul style="list-style-type: none"> This movement is a result of lower trade receivables in the Pharmaceuticals segment due to implemented new business terms with customers, which positively affected the collection period,
Trade and other payables		1,3%	<ul style="list-style-type: none"> This movement is the result of regular business development in the reporting period.

(in EURm)	1-3 2022	1-3 2023	Δ
Net cash from operating activities	42.2	30.9	(11)
Net cash from investing activities	(8.2)	(11.5)	(3)
Net cash from financing activities	(9.8)	0.1	10
Net change of cash and cash equivalents	24.1	19.5	(5)

- In 2023 expected CAPEX is at a level of approximately EUR 106m, while in 2024 CAPEX amount to EUR 80m and in 2025 at a level of approximately EUR 45m.

Net cash flow from operating activities as% of sales



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Podravka Group

Always with a heart!



CEE Investment Opportunities, June 1st and 2nd, 2023