

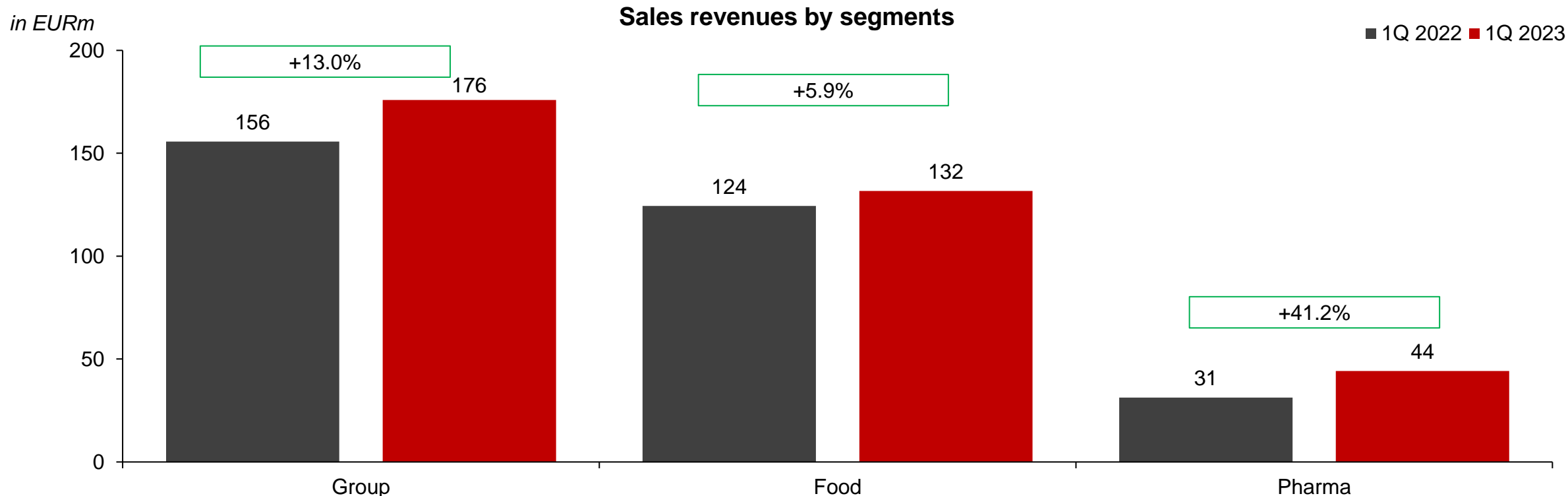


Podravka Group business results for 1 - 3 2023 period

Always with a heart!



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:

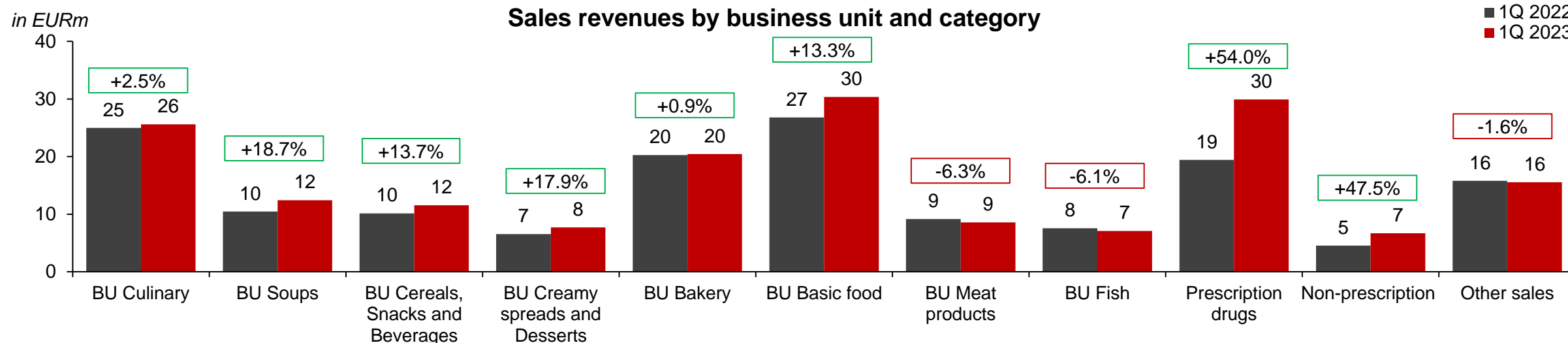
- **Own brands** → 6.8% higher revenues due to increase in revenues of almost all business units, mostly BU Basic food and Soups,
- **Other sales** → 5.7% lower revenues, as a result of decrease in trade goods sales in the markets of Croatia and Poland,
- **Total Food** → 5.9% higher revenues.

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



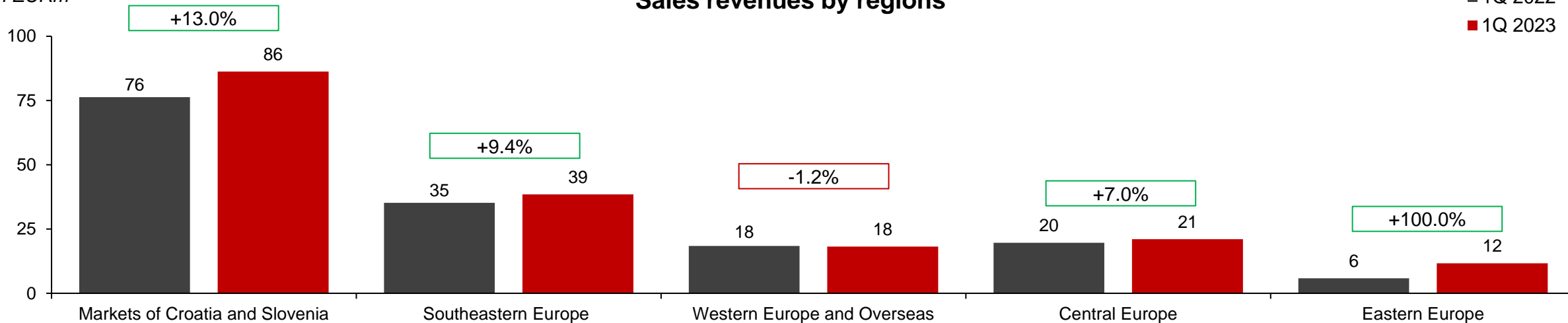
Business unit and category performance in 1 - 3 2023¹:

- **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 impact.

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

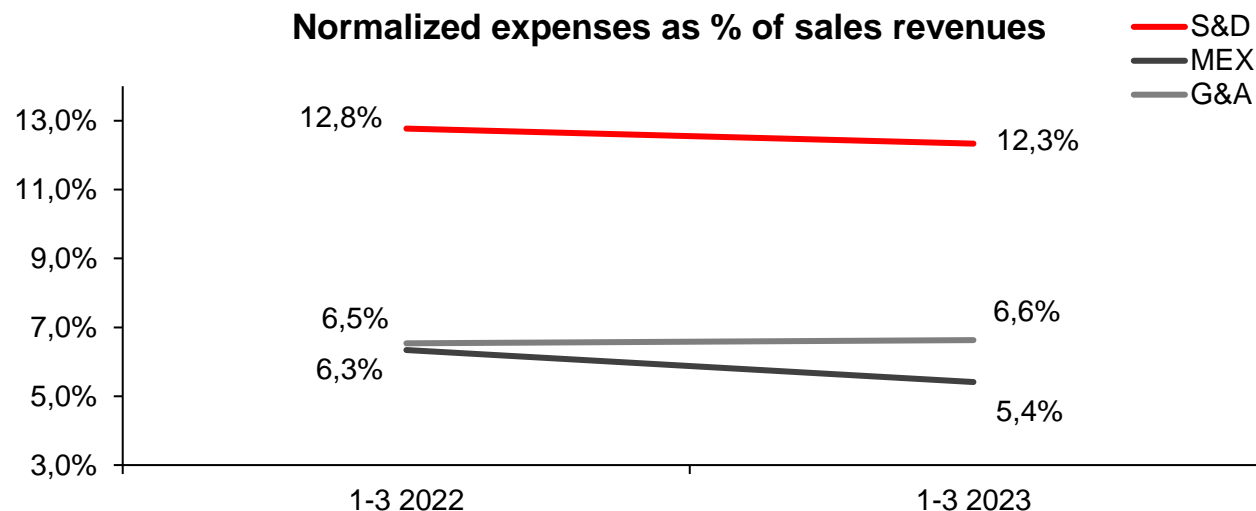


Operating expenses 1 - 3 23 vs. 1 - 3 22 % change	REPORTED	NORMALIZED ¹
Cost of goods sold (COGS)	15.8%	15.8%
General and administrative expenses (G&A)	17.0%	14.6%
Sales and distribution costs (S&D)	9.1%	9.1%
Marketing expenses (MEX)	(3.5%)	(3.5%)
Other expenses / (revenues), net	(102.3%)	(101.6%)
Total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



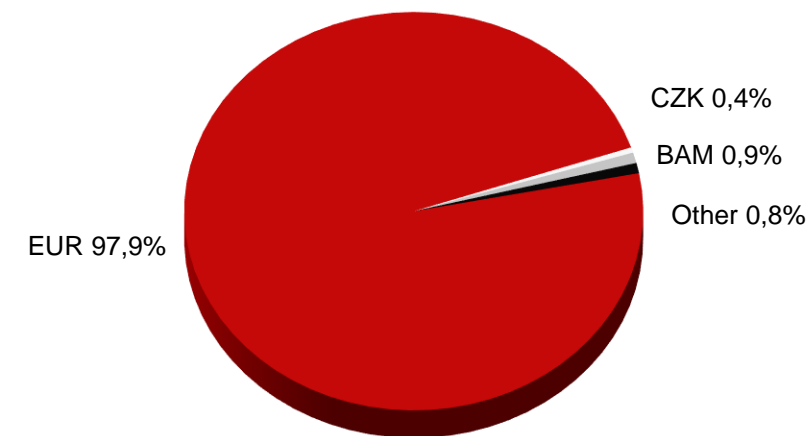
¹Normalized for one-off impacts.

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

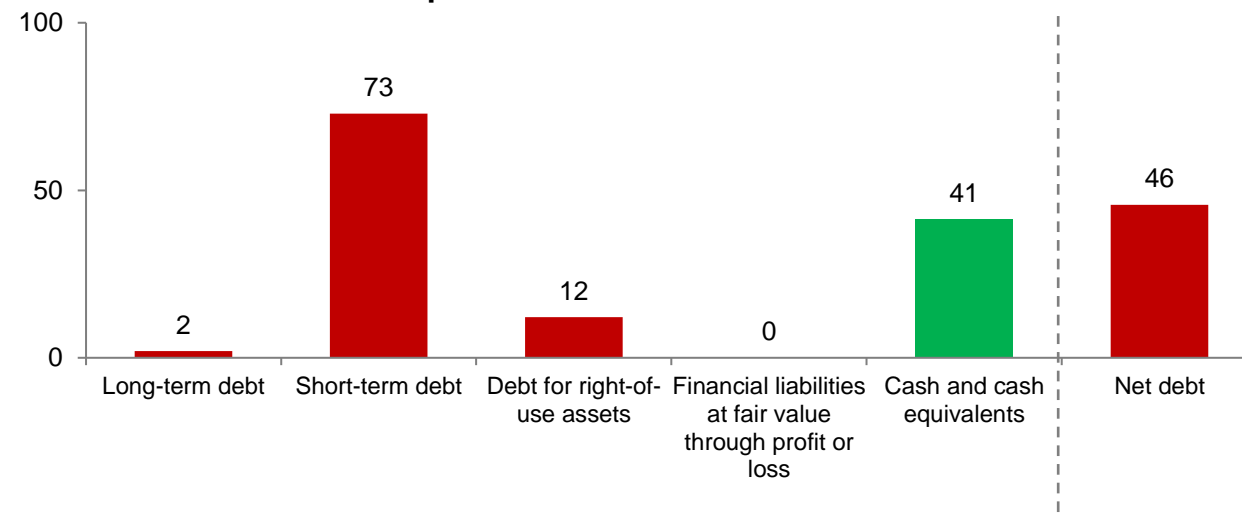
Currency structure of debt as at 31 March 2023



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.

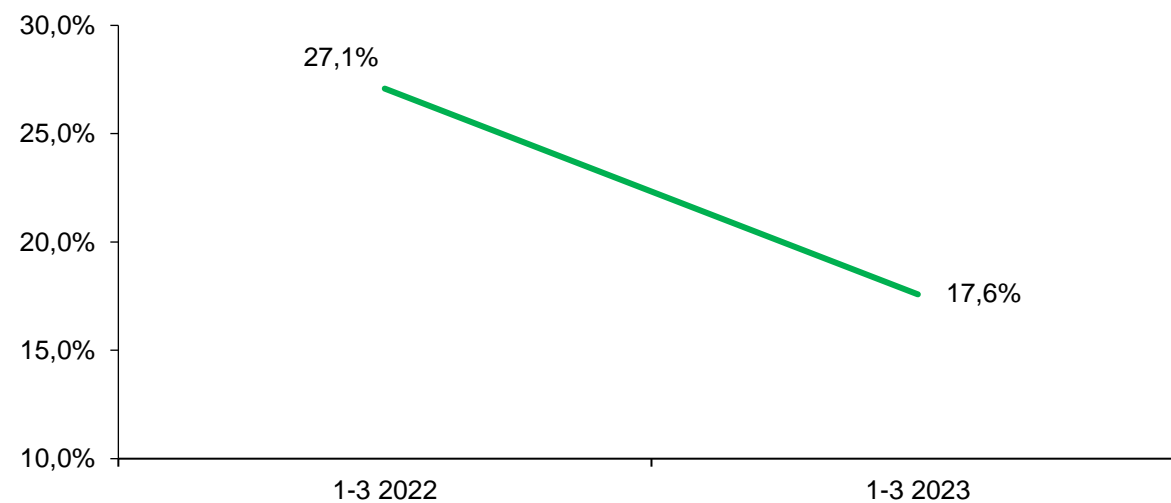
High level of cash flow from operating activities

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



Podravka's share price movement in 1 - 3 2023



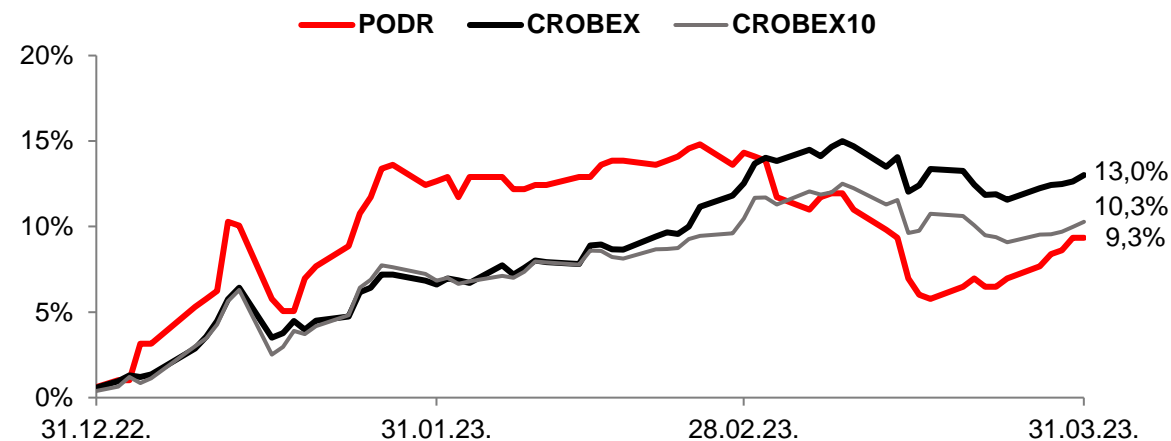
Market activity with PODR share

(EUR; units)	1-3 2022	1-3 2023	% change
Average daily price	84.6	92.8	9.8%
Average daily number of transactions	26	10	(60.9%)
Average daily volume	1,418	729	(48.6%)
Average daily turnover	118,027.7	66,628.0	(43.5%)
Reported earnings per share	7.0 ¹	7.5	36.1%
Normalized earnings per share	5.9 ¹	6.5	18.7%

Analyst coverage

Analysts	Recommendation	Target price	Potential ²
InterCapital	Hold	EUR 95.3	3.6%
Raiffeisen BANK	Hold	EUR 84.0	(8.7%)
ERSTE Group	Reduce	EUR 76.3	(17.0%)

PODR share price movement in 1 – 3 2023



Peer group

Peer group multiples ³	EV/Sales	EV/EBITDA	EV/EBIT	P/B	P/E
Weighted average peer group	2.1	11.2	16.9	2.3	21.9
Normalized weight. av. peer group ⁴	1.5	9.5	16.2	1.8	21.8
Podravka Group reported	1.0	7.1	10.5	1.2	12.2
Podravka Group normalized ⁵	1.0	7.9	12.2	1.2	14.2
Peer group food: Atlantic Grupa, Ebro, Hochdorf, La Doria, McCormick, Orkla;					
Peer group pharma: Alkaloid, Richter Gedeon, Hikma Pharmaceuticals, Krka, Recordati, Stada Arzneimittel.					

¹Based on the results for 2022; ²Compared to the last trading price (EUR 92.0) on 31th March 2023, ³Obtained from Bloomberg on 28th Apr 2023; ⁴Calculated excluding max. and min. values; ⁵Normalized for items stated in the publication 1 - 3 2023 results and publication 1 - 3 2022 results.

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Podravka Group business results for 1 - 3 2023 period

