

***Podravka Group
business results
for 1 - 12 2023 period***

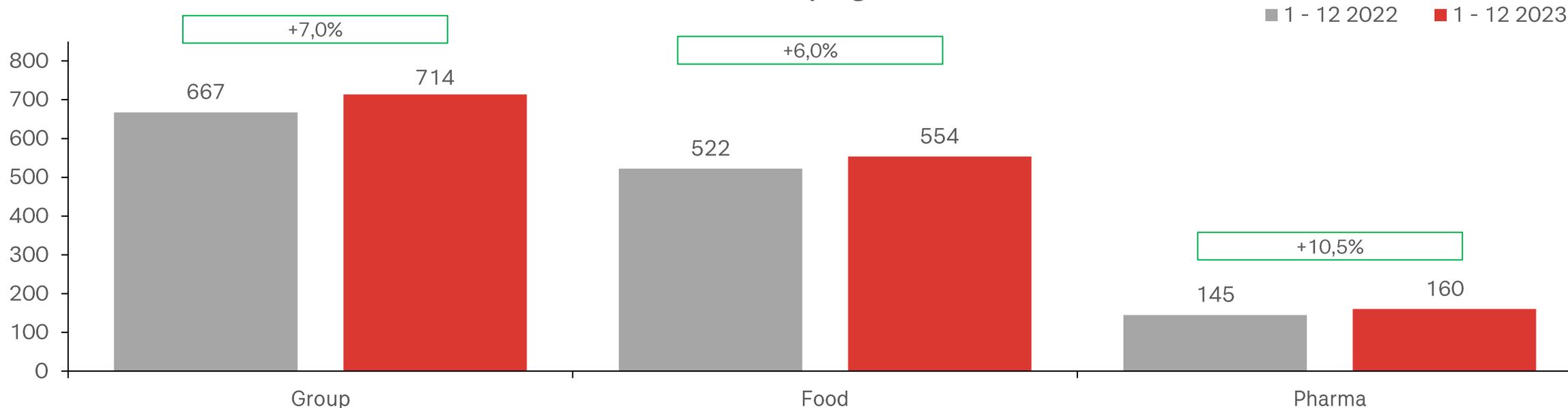
28th February, 2024

Podravka 
GRUPA

Sales revenues increase in both segments

in EURm

Sales revenues by segment



Podravka Group in 1 - 12 2023¹:

- **Own brands** → 6.0% higher sales,
- **Other sales** → 15.9% higher revenues,
- **Total Podravka Group** → 7.0% higher sales revenues.

Food segment in 1 - 12 2023¹:

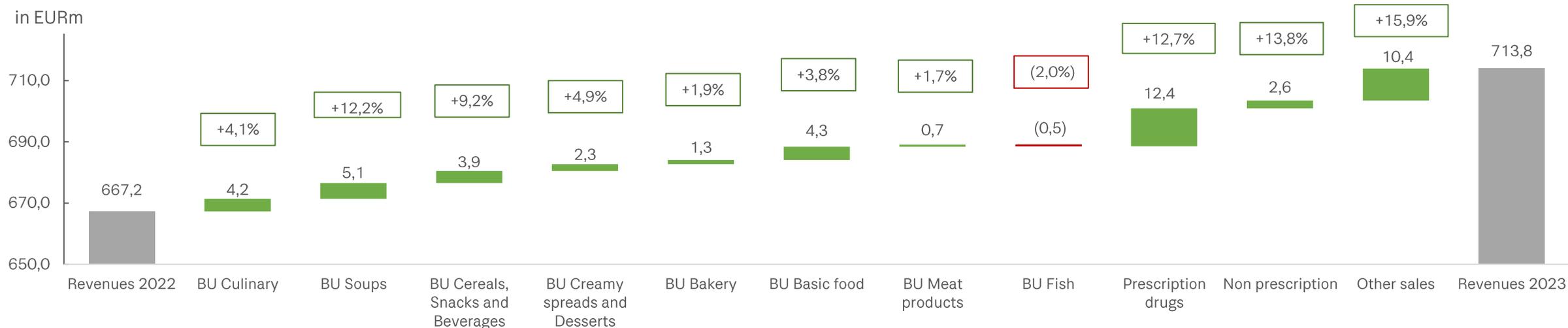
- **Own brands** → 4.4% higher sales due to the increase in sales of almost all business units,
- **Other sales** → 27.9% higher sales, primarily as a result of the development of distribution on the US market,
- **Total Food** → 6.0% higher sales.

Pharmaceuticals segment in 1 - 12 2023¹:

- **Own brands** → 12.9% higher sales, as a result of the increase in sales revenues of Prescription drugs and Non-prescription drugs,
- **Other sales** → 1.0% higher revenues, due to the increase in trade goods sales in the market of Bosnia and Herzegovina, and increase in sale of services on the market of Croatia,
- **Total Pharma** → 10.5% higher sales revenues.

¹Percentages in the text relate to performance in 1 - 12 2023 compared to 1 - 12 2022

Sales revenues increase of almost all business units

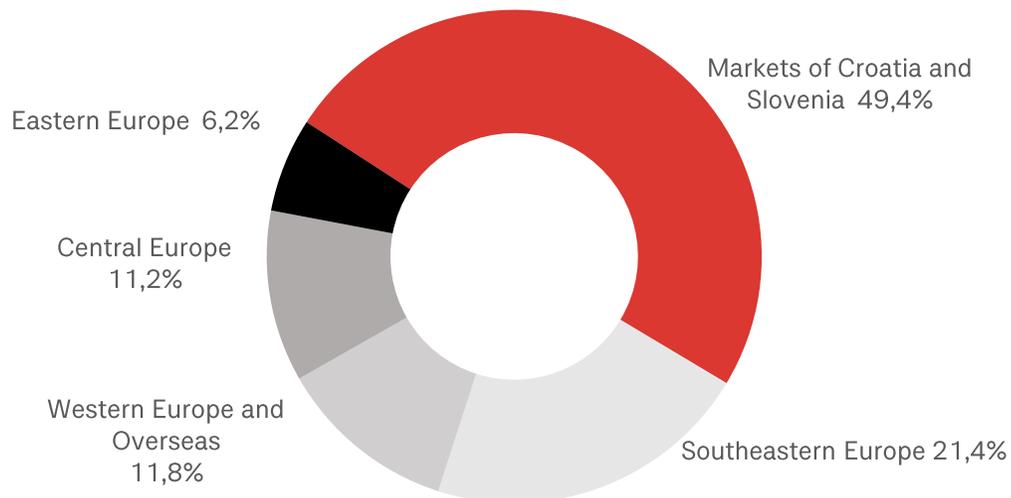


Business unit and category performance in 1 - 12 2023¹:

- **BU Culinary (+4.1%)** → Revenue growth was recorded mainly in the markets of Southeastern Europe, and Croatia and Slovenia. The revenue growth includes the effect of the restructuring of the market of Poland, where, despite lower revenues following the portfolio shrinking and optimization, profitability increased,
- **BU Soups (+12.2%)** → revenues growth was realised in the key markets of the Southeastern Europe, and Croatia and Slovenia. The new Noodles subcategory contributes to an additional positive trend within the Soups business unit,
- **BU Cereals, Snack and Beverages (+9.2%)** → sales revenue growth was recorded in all categories, primarily in the markets of Croatia, Bosnia and Herzegovina, Slovenia, North Macedonia, and Serbia,
- **BU Creamy spreads and Desserts (+4.9%)** → revenue growth was recorded in the market of Croatia and in the Southeastern Europe region in almost all categories. As a result of the internal reorganization, the Confectionery category, which was within the BU Bakery, during the reporting period became an integral part of the BU Creamy spreads and Desserts,
- **BU Bakery (+1.9%)** → sales growth, 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 subcategories Bread, and Cakes and biscuit cakes,
- **BU Basic food (+3.8%)** → higher sales 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 most to the growth of sales revenues,
- **BU Meat products (+1.7%)** → higher sales, 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 (-2.0%)** → lower sales, which is primarily caused by the decline in revenues of the Tuna subcategory due to changes in consumer spending habits. During the reporting period, new innovative products were launched within the Fish salads category, which record a positive growth trend,
- **Prescription drugs (+12.7%)** → higher sales, primarily due to the increase in sales of dermatological drugs, drugs for systemic infections, and cardiovascular drugs,
- **Non-prescription programme (+13.8%)** → higher revenues, as a result of the increase in sales of the OTC drugs subcategory
- **Other sales (+15.9%)** → in the Food segment, other sales increased by EUR 10.1m (+27.9%), mainly due to the development of distribution on the US market. In the Pharmaceuticals segment, other sales grew by EUR 0.3m (+1.0%), 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 2023 compared to 1 - 12 2022

Sales revenues growth of almost all regions



(in EURm)	2022	2023	Δ	% change
Markets of Croatia and Slovenia	332.8	352.9	20.1	6.0%
Southeastern Europe	139.5	152.6	13.1	9.4%
Western Europe and Overseas	71.3	84.1	12.8	18.0%
Central Europe	84.6	80.2	(4.3)	(5.1%)
Eastern Europe	39.1	44.1	5.0	12.8%
Podravka Group	667.2	713.8	46.7	7.0%

Region's performance in 1 - 12 2023¹:

- **Markets of Croatia and Slovenia (+6.0%)** → **Food** segment revenues are 6.4% higher, primarily due to sales increase of the business units Basic food and Cereals, Snack and Beverages; **Pharmaceuticals** segment revenues are 4.3% higher, due to higher sales of Prescription drugs and the Non-prescription programme,
- **Southeastern Europe (+9.4%)** → **Food** revenues are 10.4% higher, due to the increase in sales of almost all business units, with the largest absolute growth generated by the business units Culinary and Soups; **Pharmaceuticals** revenues are 7.0% higher, primarily due to Prescription drugs and Non-prescription programme sales increase,
- **WE and Overseas region (+18.0%)** → **Food** segment recorded 17.3% higher sales primarily due to the development of distribution on the US market, and sales increase in the Culinary and Bakery business units; **Pharmaceuticals** segment revenues are 86.9% higher, primarily due to an increase in Prescription drugs revenues,
- **Central Europe (-5.1%)** → **Food** revenues down by 7.1%, primarily as a result of a decrease in revenues of the Basic food and Culinary business units. The lower result of Central Europe is primarily related to the targeted process of restructuring, and shrinking and optimizing the portfolio on the markets of Poland and the Czech Republic, which resulted in increased profitability; **Pharmaceuticals** revenues up by 10.2% primarily due to higher revenues in the Prescription drugs category,
- **Eastern Europe (+12.8%)** → **Pharmaceuticals** revenues 25.8% higher, due to the increase in sales of the Prescription drugs category; **Food** revenues down by 33.8% following the termination of operations on the Russian market

¹Percentages in the text relate to performance in 1 - 12 2023 compared to 1 - 12 2022

Food segment – higher revenues and normalized profitability

Food segment (in EURm)	REPORTED				NORMALIZED ¹			
	2022	2023	Δ	%	2022	2023	Δ	%
Sales revenue	522.2	553.6	31.5	6.0%	522.2	553.6	31.5	6.0%
Gross profit	164.6	168.7	4.2	2.5%	164.6	168.7	4.2	2.5%
EBITDA	61.7	52.5	(9.3)	(15.0%)	51.2	52.5	1.3	2.5%
EBIT	39.8	29.3	(10.6)	(26.5%)	29.7	29.6	(0.1)	(0.4%)
Net profit after MI	31.8	43.3	11.5	36.2%	23.6	24.0	0.4	1.7%
Gross margin	31.5%	30.5%		-104 bp	31.5%	30.5%		-104 bp
EBITDA margin	11.8%	9.5%		-235 bp	9.8%	9.5%		-33 bp
EBIT margin	7.6%	5.3%		-234 bp	5.7%	5.3%		-34 bp
Net profit margin after MI	6.1%	7.8%		+173 bp	4.5%	4.3%		-18 bp

Food segment profitability in 1 - 12 2023:

Gross profit

- is EUR 4.2m higher, with slightly lower gross margin achieved at the level of 30.5%,

EBITDA

- reported lower by EUR 9.3m (-15.0%), normalized higher by EUR 1.3m (+2.5%). The increase in the normalized operating profit before depreciation and amortisation (EBITDA) was achieved despite the negative impact of the increase in the costs of raw materials, packaging and energy by EUR 3.9m (+1.7%), with additional investments in improving the material status of employees, which resulted by an increase in staff costs by EUR 5.1m (+4.5%),

Net profit after MI

- reported higher by EUR 11.5m (+36.2%) which also contains impact of tax benefits based on the Investment Promotion Act in the amount of EUR 19.7m, while at the normalized level it is higher by EUR 0.4m (+1.7%).

¹Normalized for one-off impact.

Pharmaceutical segment – higher revenues and profitability

Pharma segment (in EURm)	REPORTED				NORMALIZED ¹			
	2022	2023	Δ	%	2022	2023	Δ	%
Sales revenue	145.0	160.2	15.2	10.5%	145.0	160.2	15.2	10.5%
Gross profit	72.2	80.0	7.8	10.8%	72.2	80.0	7.8	10.8%
EBITDA	32.1	39.5	7.3	22.9%	32.1	39.5	7.4	22.9%
EBIT	22.7	30.0	7.3	32.1%	23.3	30.2	6.9	29.6%
Net profit after MI	17.3	23.0	5.8	33.5%	17.7	23.2	5.5	30.8%
Gross margin	49.8%	49.9%		+15 bp	49.8%	49.9%		+15 bp
EBITDA margin	22.2%	24.6%		+248 bp	22.2%	24.7%		+249 bp
EBIT margin	15.7%	18.7%		+306 bp	16.1%	18.8%		+278 bp
Net profit margin after MI	11.9%	14.4%		+248 bp	12.2%	14.5%		+225 bp

Pharmaceuticals segment profitability in 1 - 12 2023:

Gross profit

- is EUR 7.8m (+10.8%) higher, with a retention of the stable gross margin,

EBITDA

- reported higher by EUR 7.3m (+22.9%) while normalized profit before depreciation and amortisation (EBITDA) is higher by EUR 7.4m. The most significant impact on the increase in operating profit before depreciation and amortisation (EBITDA) came from the growth of sales revenues and lower marketing expenses,

Net profit after MI

- reported higher by EUR 5.8m (+33.5%), while normalized net profit after minority interest is EUR 5.5m (+30.8%) 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.

¹Normalized for one-off impact.

Podravka Group – higher revenues and normalized profitability from both segments

Podravka Group (in EURm)	REPORTED				NORMALIZED ¹			
	2022	2023	Δ	%	2022	2023	Δ	%
Sales revenue	667.2	713.8	46.7	7.0%	667.2	713.8	46.7	7.0%
Gross profit	236.7	248.7	12.0	5.1%	236.7	248.7	12.0	5.1%
EBITDA	93.9	91.9	(1.9)	(2.0%)	83.3	91.9	8.6	10.4%
EBIT	62.5	59.3	(3.3)	(5.2%)	53.0	59.7	6.8	12.8%
Net profit after MI	49.1	66.4	17.3	35.3%	41.3	47.2	5.9	14.2%
Gross margin	35.5%	34.8%		-64 bp	35.5%	34.8%		-64 bp
EBITDA margin	14.1%	12.9%		-119 bp	12.5%	12.9%		+39 bp
EBIT margin	9.4%	8.3%		-107 bp	7.9%	8.4%		+43 bp
Net profit margin after MI	7.4%	9.3%		+194 bp	6.2%	6.6%		+42 bp

Profitability of the Podravka Group in 1 - 12 2023:

Gross profit

- higher by EUR 12.0m (+5.1%), where the positive impact came both from the Food and the Pharmaceuticals segments,

EBITDA

- reported lower by EUR 1.9m (-2.0%), while normalised operating profit before depreciation and amortisation (EBITDA) is EUR 8.6m (+10.4%) higher,

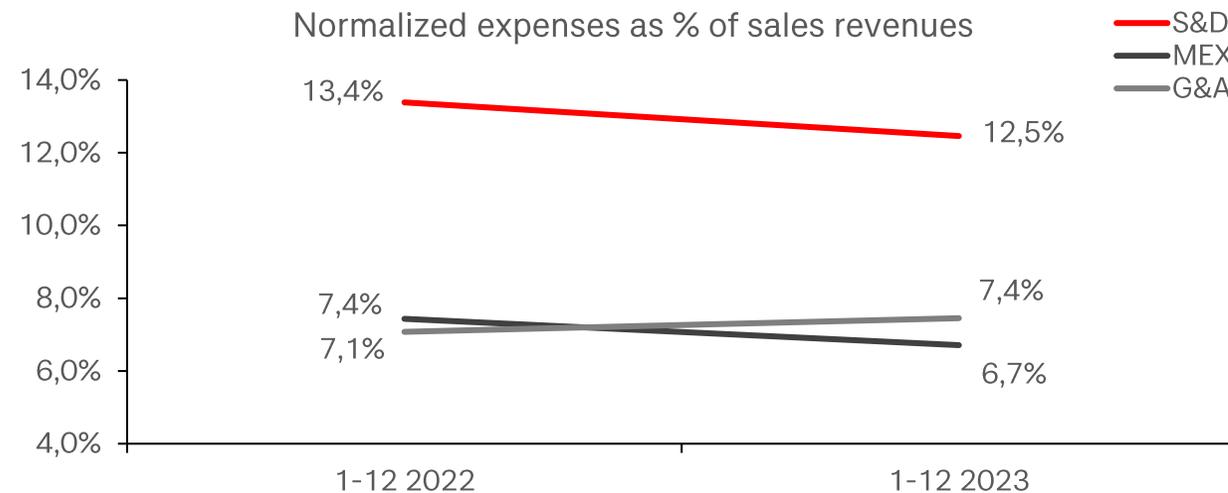
Net profit after MI

- reported higher by EUR 17.3m (+35.3%), while normalized net profit after minority interests is EUR 5.9m (+14.2%) higher, due to the growth in net profit of the Food and the Pharmaceuticals.

¹Normalized for one-off impact.

Business expenses influenced by price movements of raw materials, packaging and energy, and investments in improving the material status of employees

Business expenses 1 - 12 2023 vs. 1 - 12 2022 % change	REPORTED	NORMALIZED ¹
Cost of goods sold (COGS)	8.1% ↑	8.1% ↑
General and administrative expenses (G&A)	6.6% ↑	12.6% ↑
Sales and distribution costs (S&D)	(0.4%) ↓	(0.4%) ↓
Marketing expenses (MEX)	(3.4%) ↓	(3.4%) ↓
Other expenses / (revenues), net	(92.6%) ↓	(55.3%) ↓
Total	8.3% ↑	6.5% ↑



¹Normalized for one-off impact.

Key highlights of expenses in 1 - 12 2023:

Cost of goods sold (COGS):

- increased by 8.1% 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. The increase in the cost of production materials was mitigated by improving production processes and procurement processes,

General and administrative expenses (G&A):

- higher by EUR 3.3m (+6.6%), primarily due to higher depreciation cost and investments in improving the material status of employees,

Sales and distribution costs (S&D):

- lower by EUR 0.4m (-0.4%) than in the comparative period, primarily as a result of lower other selling costs and lower net provisions for trade receivables,

Marketing expenses (MEX):

- lower by 3.4% (marketing investments -5.7%, cost of marketing department -1.0%), due to the focus on achieving better efficiency with lower investments

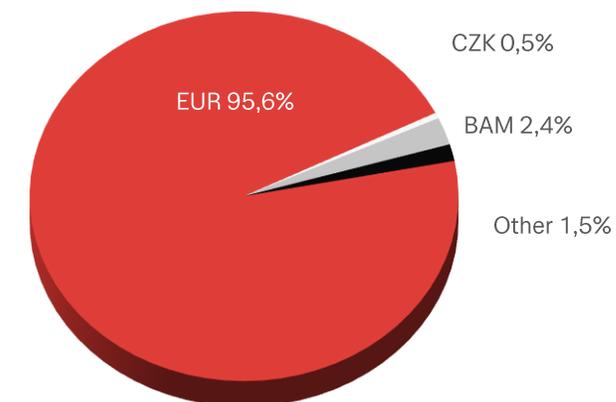
Other expenses (revenues), net:

- in the reporting period, other expenses and income, net amounted to EUR -1.1m (positive impact), while in the comparative period they amounted to EUR -15.1m (positive impact). This was mainly affected by the income from sale of non-operating assets.

Continuous improvement of debt indicators

(in EURm) ¹	2022	2023	% change
Financial debt ²	84.0	57.4	(31.6%)
Cash and cash equivalents	21.9	42.5	94.1%
Net debt	62.1	14.9	(76.0%)
Interest expense	0.7	0.7	(5.3%)
Net debt / normalized EBITDA	0.75	0.16	(78.2%)
Normalized EBIT / Interest expense	73.3	87.3	19.1%
Equity to total assets ratio	71.8%	73.9%	+210 bp

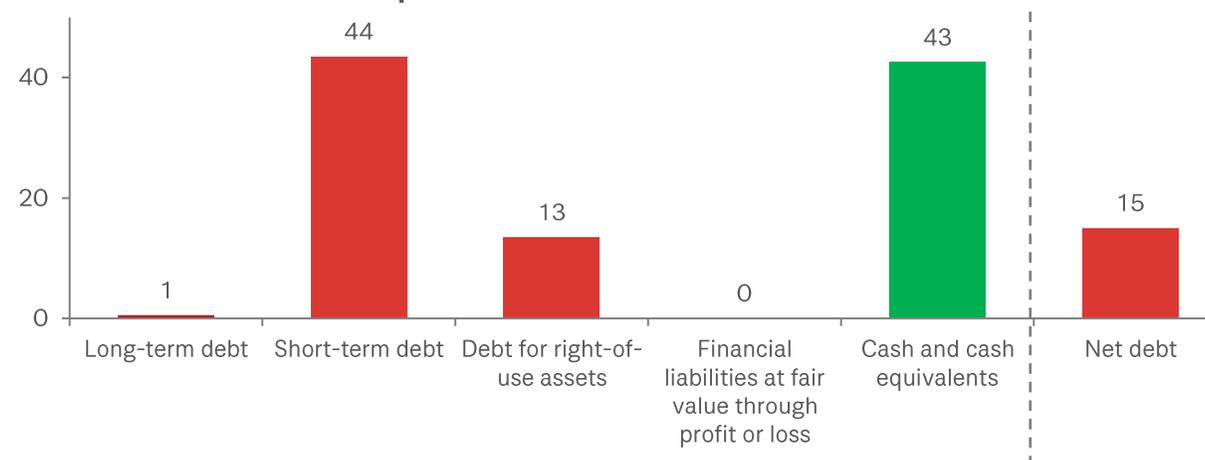
Currency structure of debt as at 31 December 2023



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 31 December 2023 → 0.84%,
 - As at 31 December 2022 → 0.66%.

Net debt components in EURm as at 31 December 2023



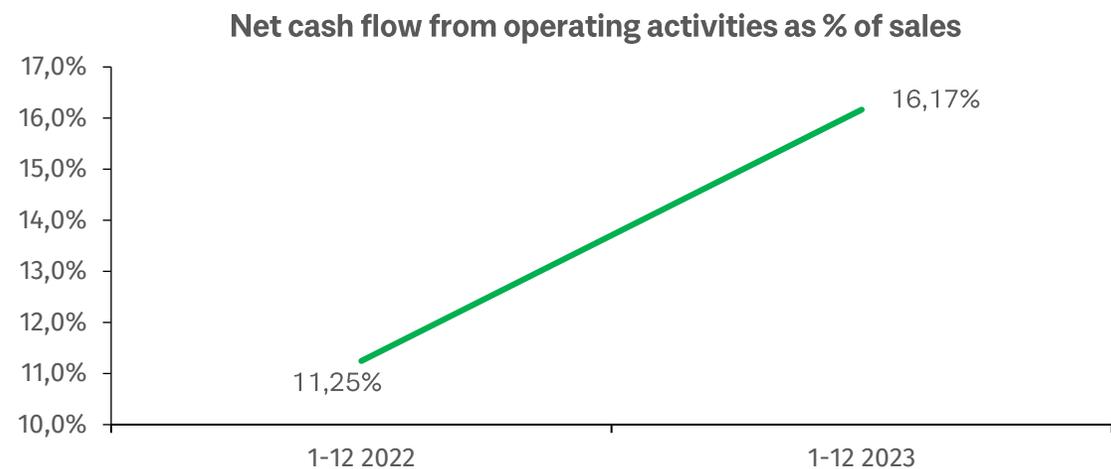
¹All P&L figures are calculated on the trailing 12 months level, while BS figures are taken at the end of period, ²Long-term and short-term borrowings + lease liabilities + financial liabilities at fair value through P&L

Key highlights of the cash flow

Working capital movement in BS	31 December 2023 / 31 December 2022		Impact
Inventories	↓	(9.7%)	<ul style="list-style-type: none"> lower 9.7% and are maintained at the optimum level in accordance with the needs of operations,
Trade and other receivables	↑	8.7%	<ul style="list-style-type: none"> this movement is a result of the increase in sales revenues in the reporting period
Trade and other payables	↑	23.3%	<ul style="list-style-type: none"> higher by 23.3% as a result of higher liabilities related to the realization of capital investments, as well as the increase in the prices of raw materials and packaging in the reporting period.

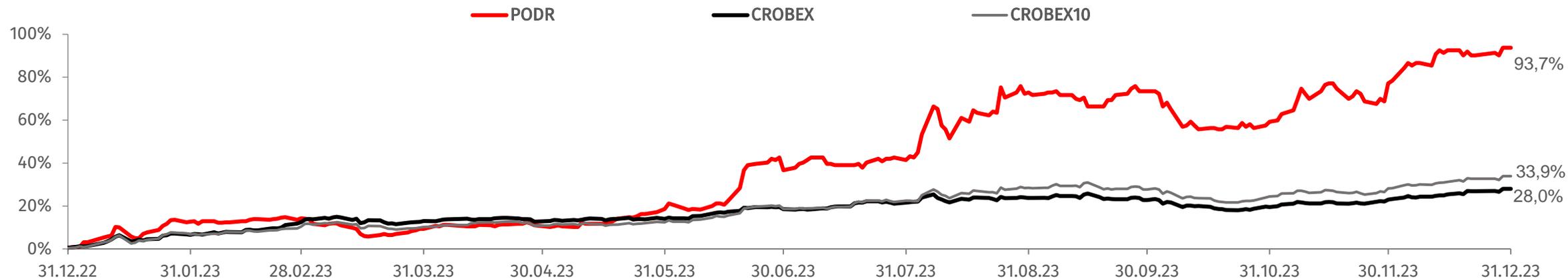
(in EURm)	1-12 2022	1-12 2023	Δ
Net cash from operating activities	75.0	115.4	53.8%
Net cash from investing activities	(57.5)	(39.6)	31.1%
Net cash from financing activities	(0.0)	(55.2)	n/a
Net change of cash and cash equivalents	17.5	20.6	17.8%

- In 2024, expected **capital expenditures** are at a level of almost EUR 100m.



Podravka's share price movement

PODR share price movement in 1 – 12 2023



Market activity with PODR share

(EUR; units)	1-12 2022	1-12 2023	% change
Average daily price	81.4	129.9	59.5%
Average daily number of transactions	14	14	(0.2%)
Average daily volume	1,214	1,366	12.6%
Average daily turnover	95,633.4	176,797.9	84.9%
Reported earnings per share	7.0 ¹	9.5	35.3%
Normalized earnings per share	5.9 ¹	6.7	14.3%

Last price on
31.12.2022

84.15 EUR

Dividend per share

2.65 EUR

Last price on
31.12.2023

163.00
EUR

Dividend yield²

3.1%

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

Contact

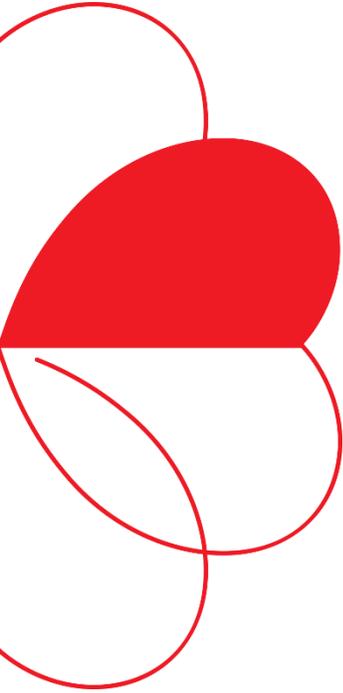
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