



Podravka Group

Always with a heart!





The Company

Business

Investment highlights

2022 results

9M 2023 results





51 years
In pharmaceutical
business



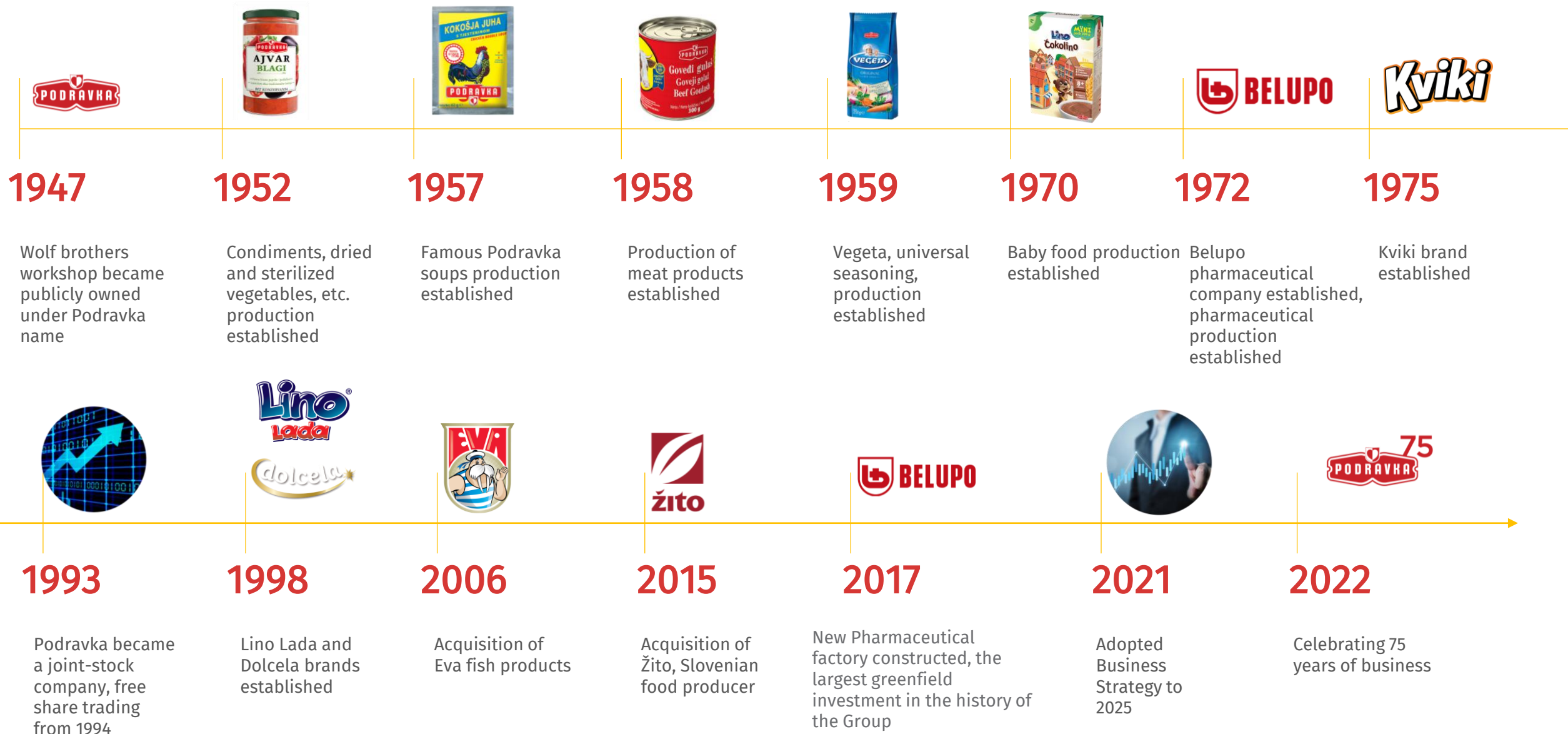
736m EUR**
assets



**Listed on ZSE
Prime market**

3

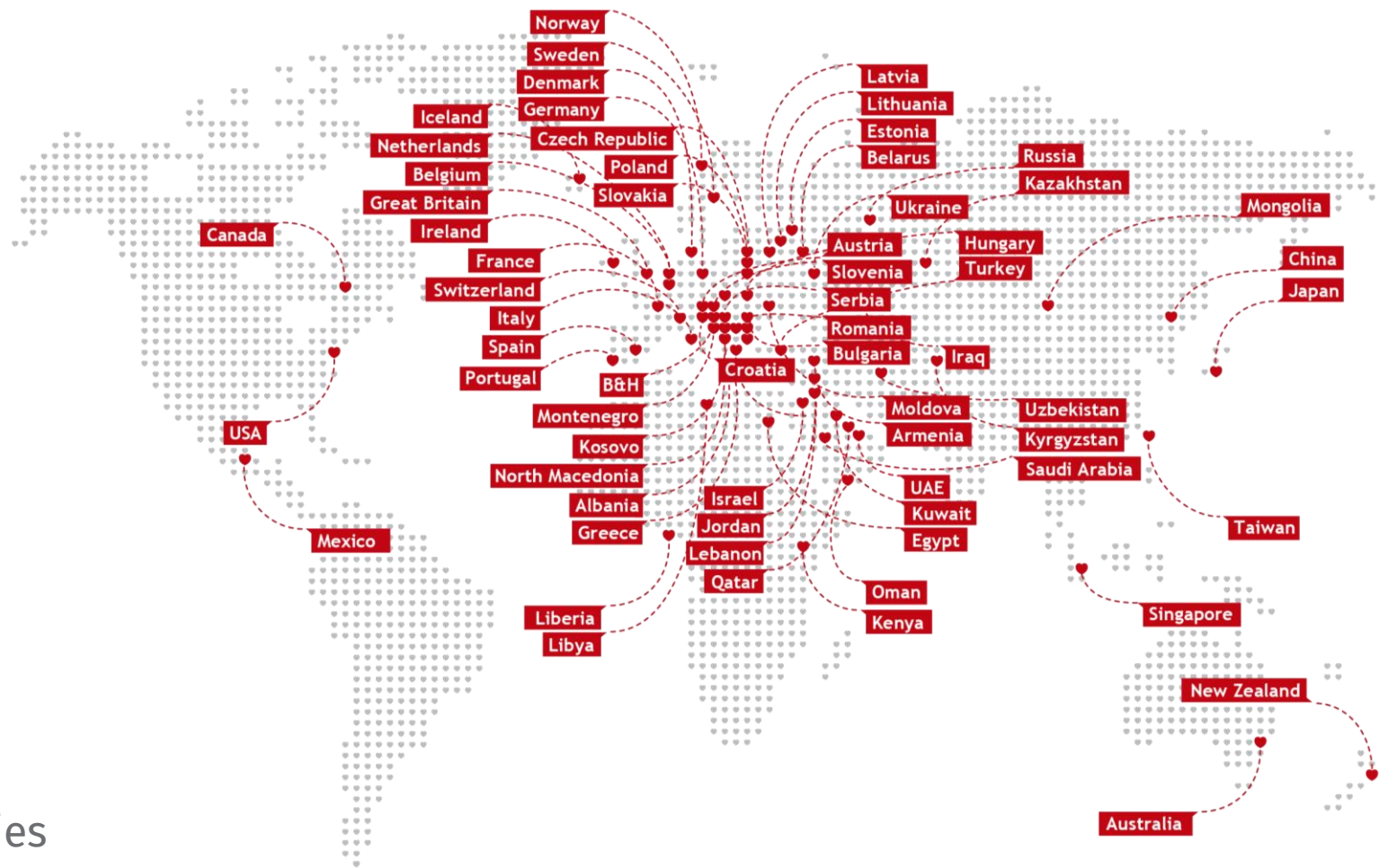
Long-standing tradition in the production of food and pharmaceutical products



- The leading food company in the Adriatic region
- Strong markets in Central and Eastern Europe

Branches and
offices in over
22 countries
worldwide

Export
to over
70
countries



The Podravka Group is present in 22 countries with subsidiaries and representative offices



Own distribution network in 11 countries

- Croatia
- Slovenia
- Bosnia and Herzegovina
- Poland
- Czech Republic
- Serbia
- North Macedonia
- Slovakia
- Hungary
- Montenegro
- Romania



International network of subsidiaries and representative offices

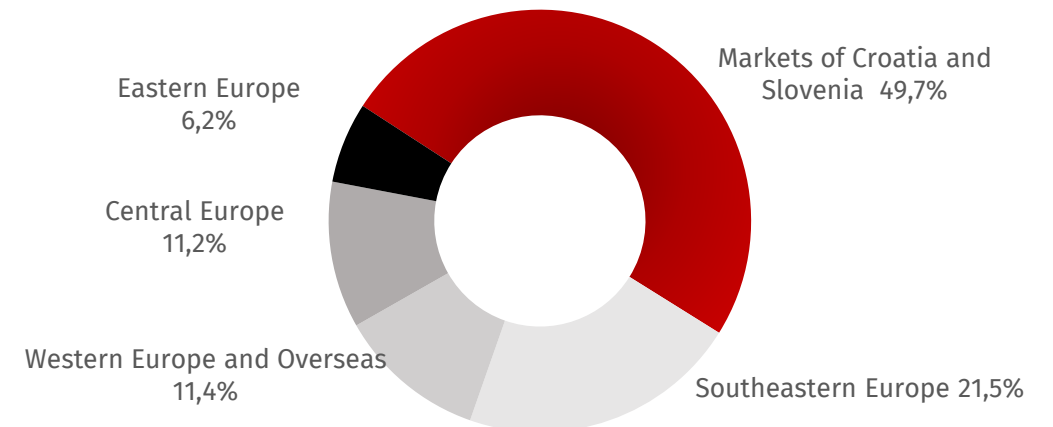


Factories

- Croatia – 9 food and 1 pharmaceutical factory
- Slovenia – 7 food factories
- B&H – 1 pharmaceutical factory
- Czech Republic – 1 food factory



Podravka Group sales split by regions in 9M 2023



Institutional investors provide a stable ownership structure



Management Board



Ljiljana Šapina
MB member



Davor Doko
MB member



Martina Dalić
MB president



Milan Tadić
MB member



Ivan Ostojić
MB member

Ownership structure as at 30 September 2023 and Supervisory Board

President:

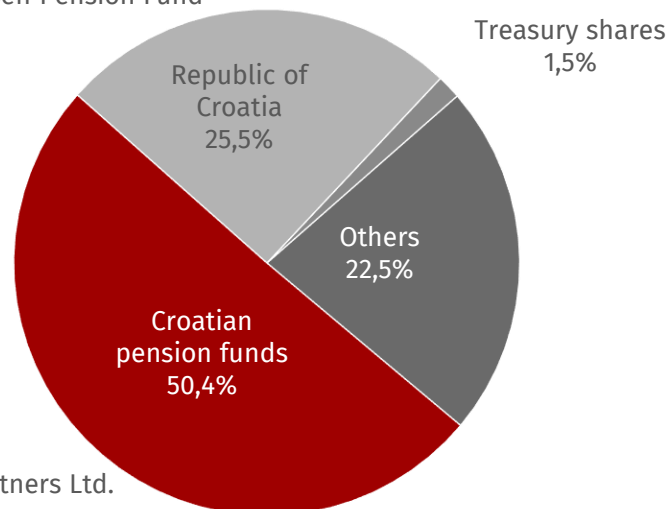
- Damir Grbavac → former president of the Management Board at Raiffeisen Pension Fund

Vice President:

- Luka Burilović → president of Croatian Chamber of Economy

Members:

- Ksenija Horvat → representative of Worker's Council
- Petar Miladin → professor at the Faculty of Law, Zagreb
- Krunoslav Vitelj → director of Koprivnica County Chamber of Commerce
- Damir Felak → senior expert associate at Hrvatske šume d.o.o.
- Ante Jelčić → Management Board member at Gumiimpex – GRP d.o.o.
- Damir Čukman → president of the Management Board at N3 Capital Partners Ltd.
- Darko Prpić → member of the Supervisory Board at SQ Kapital d.o.o.



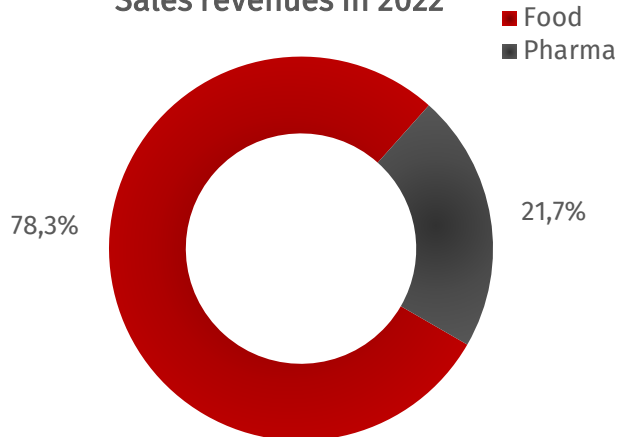
No.	Shareholder	% ownership
1.	Republic of Croatia	25.5%
2.	PBZ Croatia Osiguranje mandatory pension fund category B	15.4%
3.	AZ mandatory pension fund category B	13.1%
4.	Erste Plavi mandatory pension fund category B	9.0%
5.	Raiffeisen mandatory pension fund category B	8.8%
6.	Podravka Inc. – treasury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

Key financial indicators for 2022



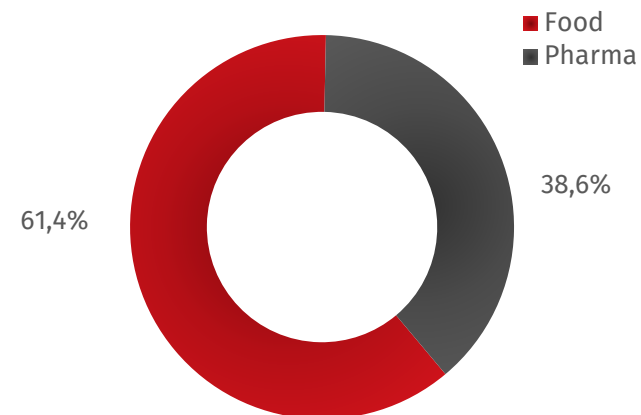
Sales revenues

Sales revenues in 2022



Normalized EBITDA

Normalized EBITDA in 2022



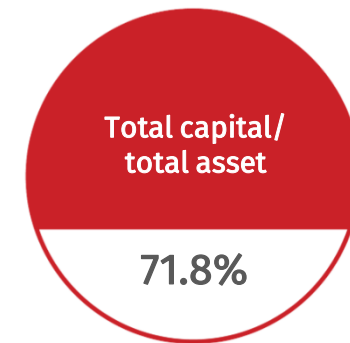
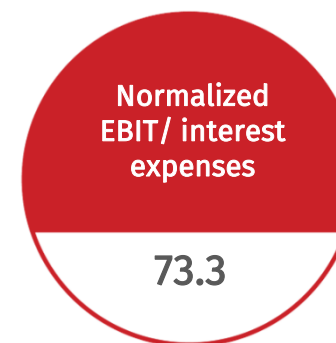
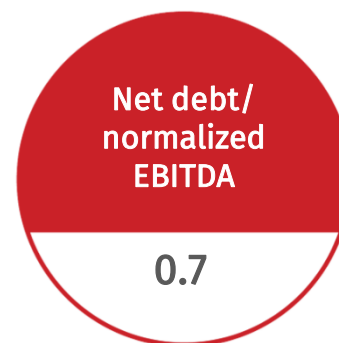
Normalized EBITDA margins in 2022

12.5%
Group

9.8%
Food

22.2%
Pharma

Low and sustainable debt level





The Company

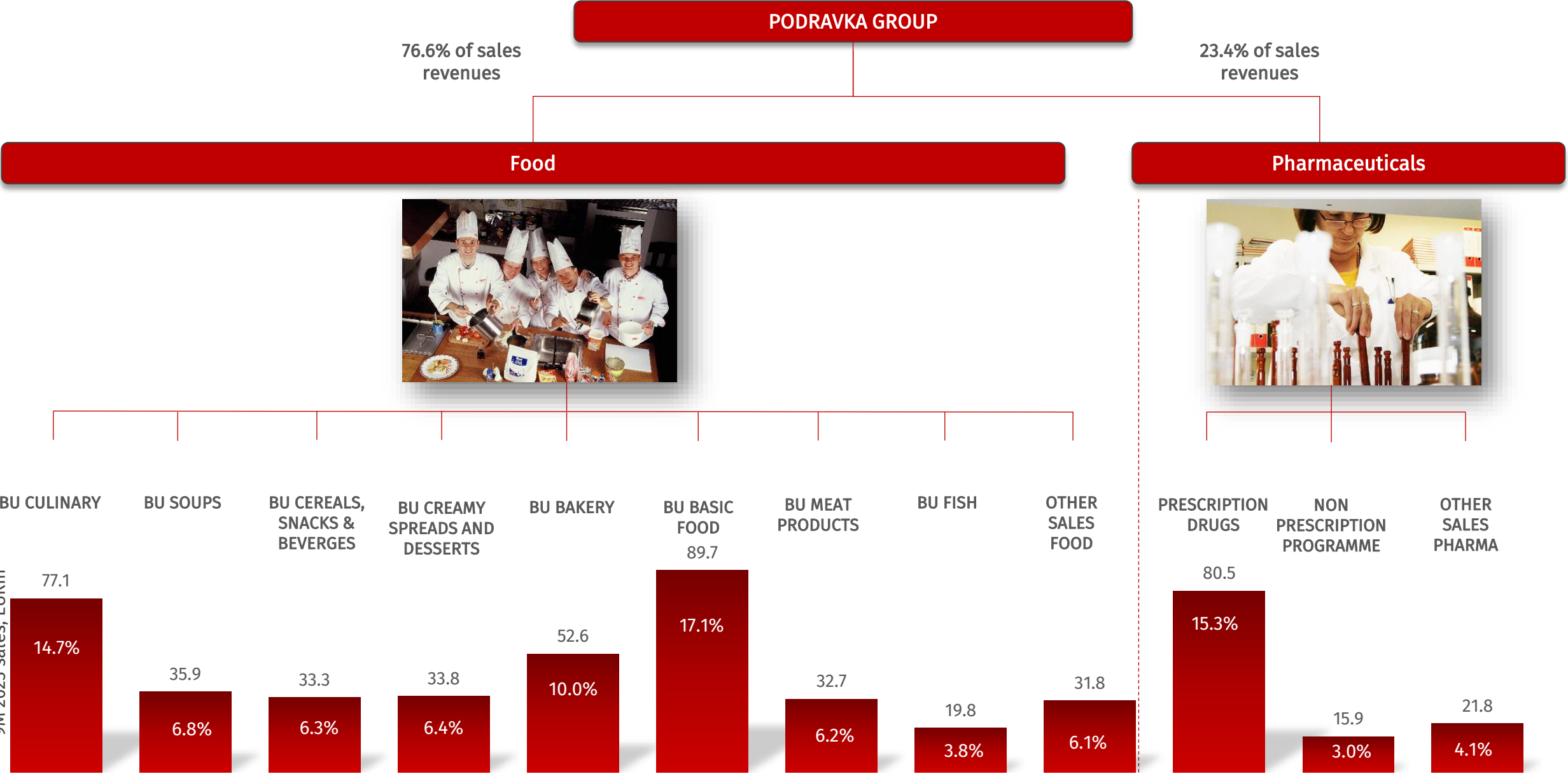
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Diversified product portfolio divided into two business segments



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



BU Culinary

Food seasoning.

9M 2023 sales: **77.1 EURm**;
% total sales: **14.7%**



BU Soups

Soups, Instant meals.

9M 2023 sales: **35.9 EURm**;
% total sales: **6.8%**



BU Cereals, Snack and Beverages

Cereals, Baby food,
Snack, Tea and
Beverages.

9M 2023 sales: **33.3 EURm**;
% total sales: **6.3%**



BU Creamy spreads and Desserts

Creamy spreads, Desserts
and Confectionery.

9M 2023 sales: **33.8 EURm**;
% total sales: **6.4%**



BU Bakery

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

9M 2023 sales: **52.6 EURm**;
% total sales: **10.0%**



BU Basic Food

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

9M 2023 sales: **89.7 EURm**;
% total sales: **17.1%**



BU Meat products

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

9M 2023 sales: **32.7 EURm**;
% total sales: **6.2%**



BU Fish

Fish products, Fish salads,
Other fish products.

9M 2023 sales: **19.8 EURm**;
% total sales: **3.8%**



Prescription drugs

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

9M 2023 sales: **80.5 EURm**;
% total sales: **15.3%**



Non-prescription programme

OTC medicine, dietary
products, natural products.

9M 2023 sales: **15.9 EURm**;
% total sales: **3.0%**





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Financial indicators are continuously improving

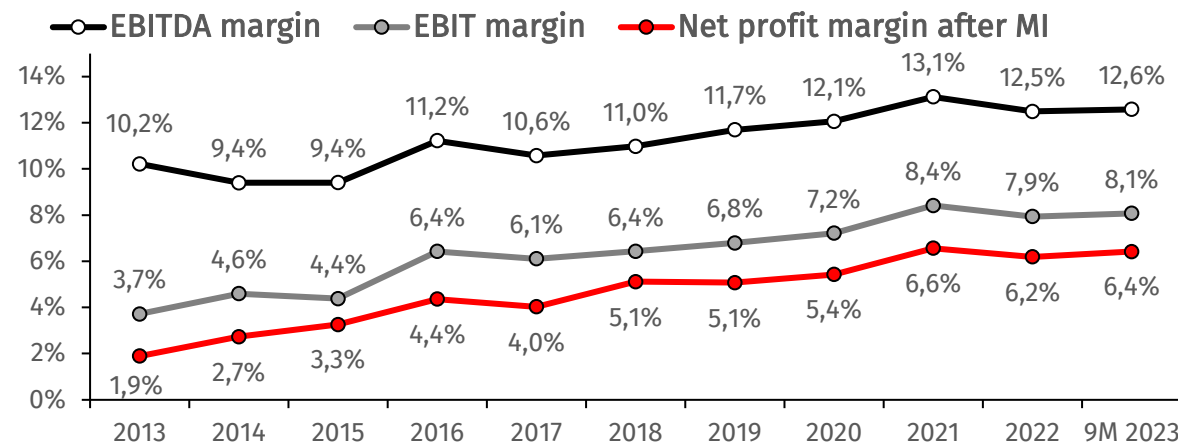


Movement of one-off items

(in EURm)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	9M 23
Value adjustments	(10.8)	(3.7)	(4.6)	(1.5)	(11.8)	(1.2)	(1.5)	1.3	(1.2)	(1.0)	-
Severance payments	(7.6)	(9.6)	(5.4)	(1.6)	(5.3)	(0.8)	(0.7)	(0.5)	(0.5)	(0.3)	(0.7)
Other	0.7	1.3	39.6 ¹	1.1	(2.4)	0.5	1.7	0.1	1.9	10.9	19.8 ²
Total net one-off items	(17.7)	(11.9)	29.5	(2.0)	(19.5)	(1.3)	(0.3)	0.9	0.1	9.6	19.1

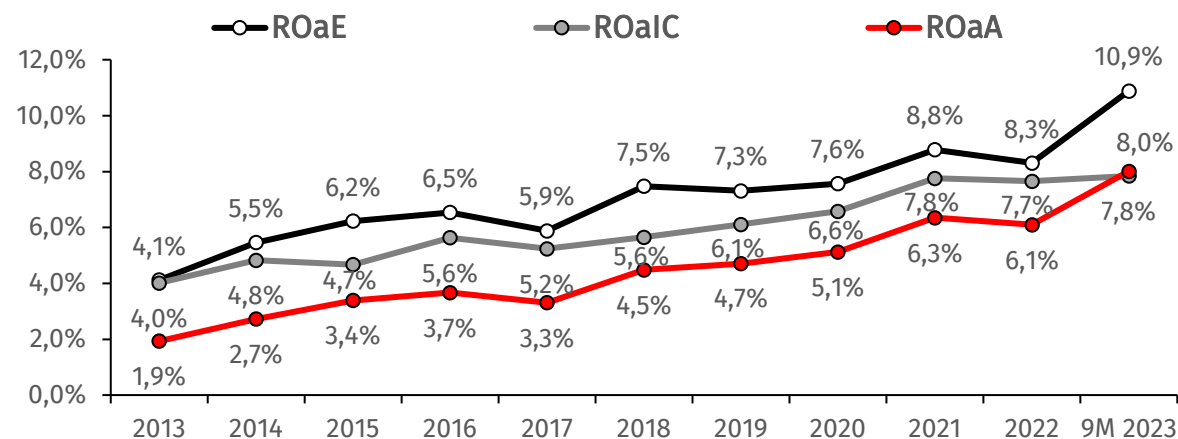
¹EUR 15.4m of gain on a bargain purchase from Žito acquisition (badwill), EUR 21.8m of deferred tax income from Croatian government's incentives for the construction of new Belupo pharmaceutical factories, EUR 2.5m refers to other items. ²EUR 19.7m of tax incentives granted under the Investment Promotion Act.

Normalized profitability margins movement³

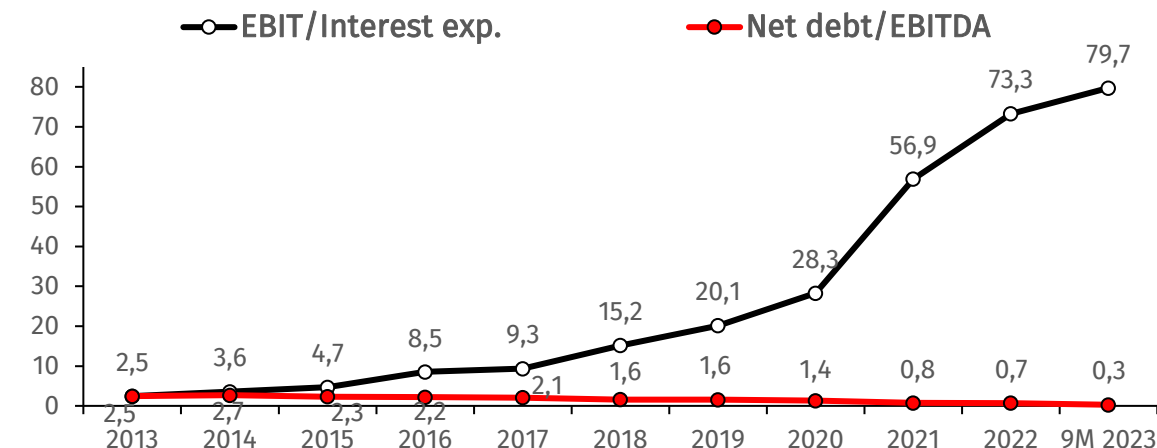


Note: Due to sales revenues reclassification in 2016, 2013-2014 margins are made by approximation.

Normalized return rates movement³



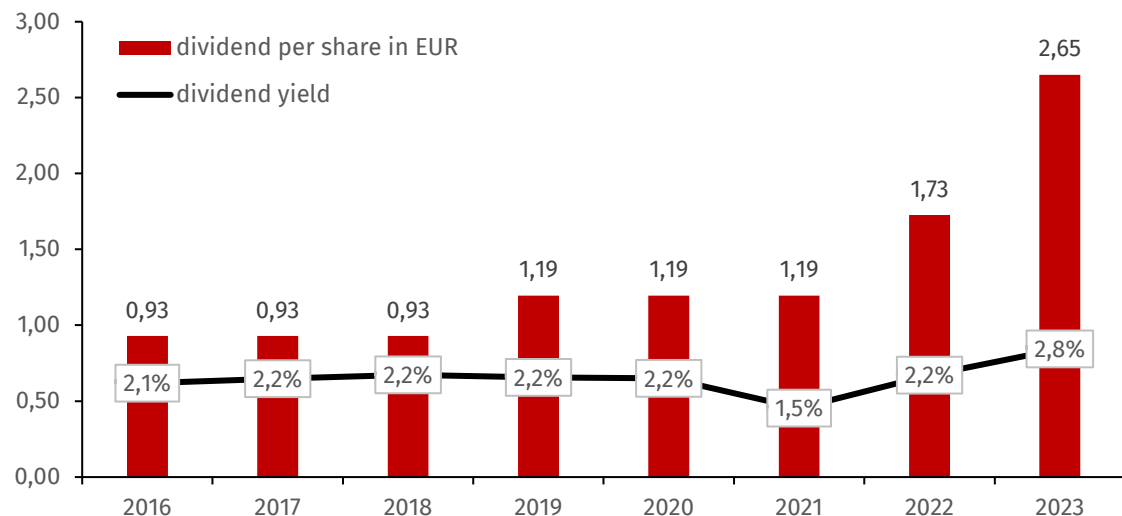
Normalized debt level movement³



³2015 figures include pro-forma Podravka Group and Žito Group full year figures, excluding consolidation effects and tax incentives for Belupo factories; figures from 2019 onward include IFRS 16.

Good results ensure a stable dividend

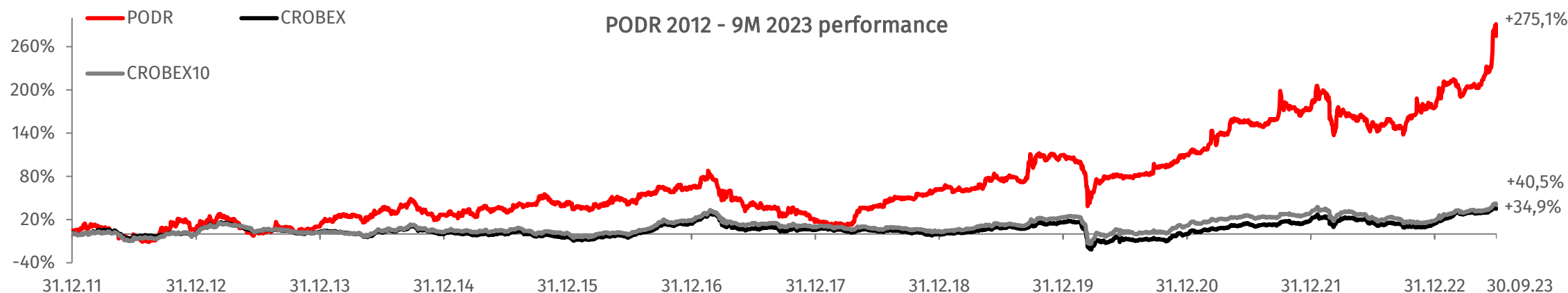
Dividend and dividend yield¹



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



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



The Company

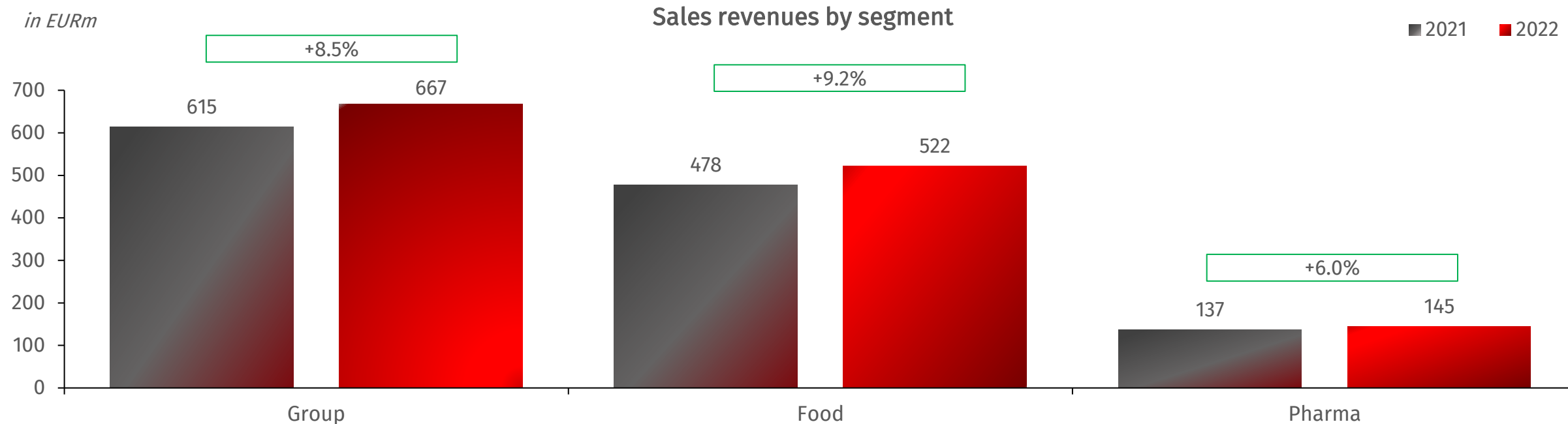
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Sales increase of both segments



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:

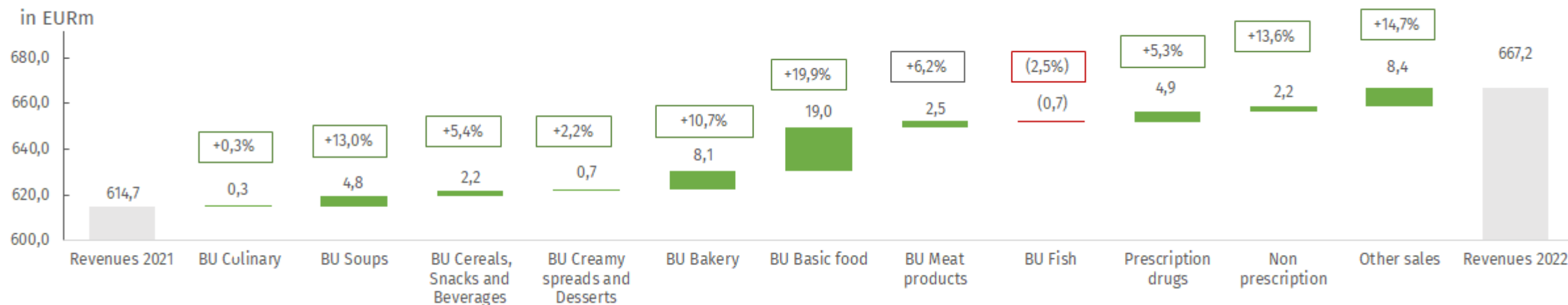
Own brands → 6.5% higher revenues, as a result of the increase in sales revenues of Prescription drugs (primarily dermatological drugs and drugs for nervous system) and Non-prescription drugs,

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 increase of almost all business units



Business unit and category performance in 1 - 12 2022¹:

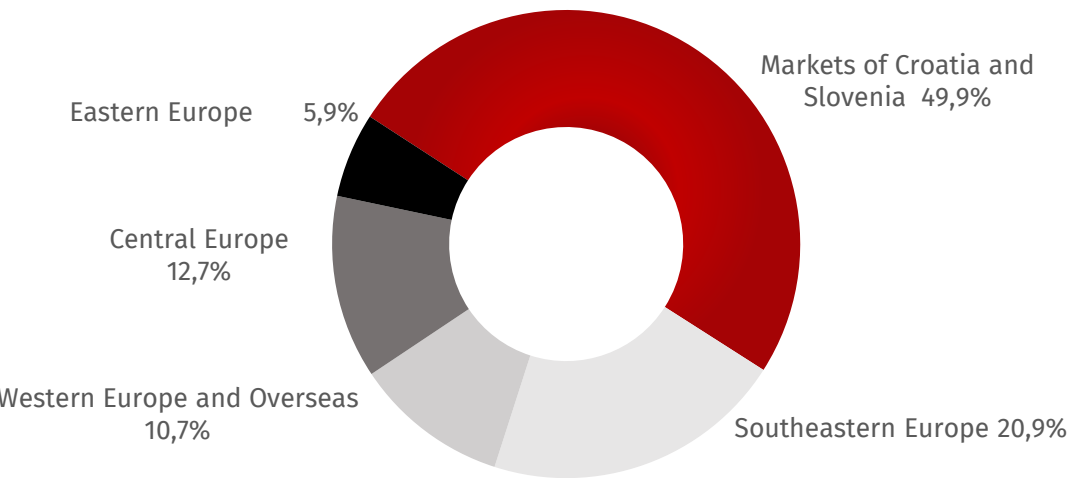
- **BU Culinary (+0.3%)** → higher revenues. Revenues growth was recorded in almost all markets, which mitigated the decline in revenues on the Russian market following the termination of deliveries.
- **BU Soups (+13.0%)** → revenues growth, with the growth of market shares in most key markets, retention of leading market positions and expansion of partnerships with retail chains,
- **BU Cereals, Snack and Beverages (+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 (+19.9%)** → higher revenues than in the comparative period, primarily due to the increase in sales of the categories Side dishes, Vegetables and Tomato products. Sales revenue growth was achieved in all regions, mostly in the Markets of Croatia and Slovenia and in the region of Central Europe.
- **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 almost all regions



Sales revenues by region



(in EURm)	2021	2022	Δ	% change
Markets of Croatia and Slovenia	299.3	332.7	33.4	11.2%
Southeastern Europe	127.8	139.5	11.7	9.1%
Western Europe and Overseas	70.7	71.2	0.6	0.8%
Central Europe	73.5	84.6	11.1	15.0%
Eastern Europe	43.3	39.1	(4.2)	(9.8%)
Podravka Group	614.7	667.2	52.5	8.5%

Region's performance in 1 - 12 2022¹:

- **Markets of Croatia and Slovenia (+11.2%)** → **Food** revenues 12.6% higher, due to revenues increase of business units Bakery and 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 9.8%, 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 EUR 0.1m (+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, mainly due to the growth of sales of Prescription drugs.

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

Food segment - profitability influenced by increased prices of raw materials 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%		-163 bp	33.2%	31.5%		-169 bp
EBITDA margin	10.6%	11.8%		+123 bp	11.0%	9.8%		-120 bp
EBIT margin	6.1%	7.6%		+148 bp	6.7%	5.7%		-105 bp
Net profit margin after MI	5.6%	6.1%		+47 bp	5.4%	4.5%		-90 bp

Food segment profitability in 1 - 12 2022:

Gross profit

- higher by 3.9% with the lower gross margin of 31.5%,

EBIT

- reported higher by 35.6%, normalized lower by 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 by 18.4%, normalized lower by -8.9% 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.

¹Normalized for one-off impact.

Pharmaceutical segment – higher revenues and profit margins

Pharma segment	REPORTED				NORMALIZED ¹			
(in EURm)	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%		+274 bp	47.0%	49.8%		+274 bp
EBITDA margin	20.5%	22.2%		+171 bp	20.5%	22.2%		+162 bp
EBIT margin	14.0%	15.7%		+167 bp	14.3%	16.1%		+180 bp
Net profit margin after MI	10.4%	11.9%		+153 bp	10.6%	12.2%		+163 bp

Pharmaceuticals segment profitability in 1 - 12 2022:

Gross profit

- 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 impact.

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



Podravka Group	REPORTED				NORMALIZED ¹			
(in EURm)	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%		-75 bp	36.3%	35.5%		-79 bp
EBITDA margin	12.8%	14.1%		+129 bp	13.1%	12.5%		-63 bp
EBIT margin	7.9%	9.4%		+148 bp	8.4%	7.9%		-47 bp
Net profit margin after MI	6.7%	7.4%		+68 bp	6.6%	6.2%		-38 bp

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 impact.

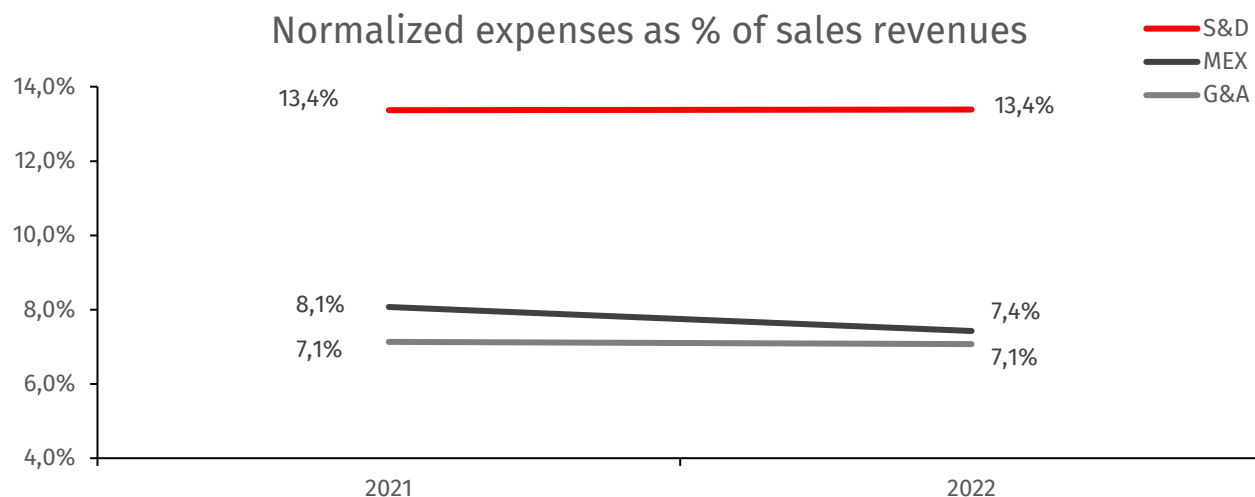
Expenses influenced by price movements of raw materials, packaging and energy

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 previous 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.

Normalized expenses as % of sales revenues



¹Normalized for one-off impact.



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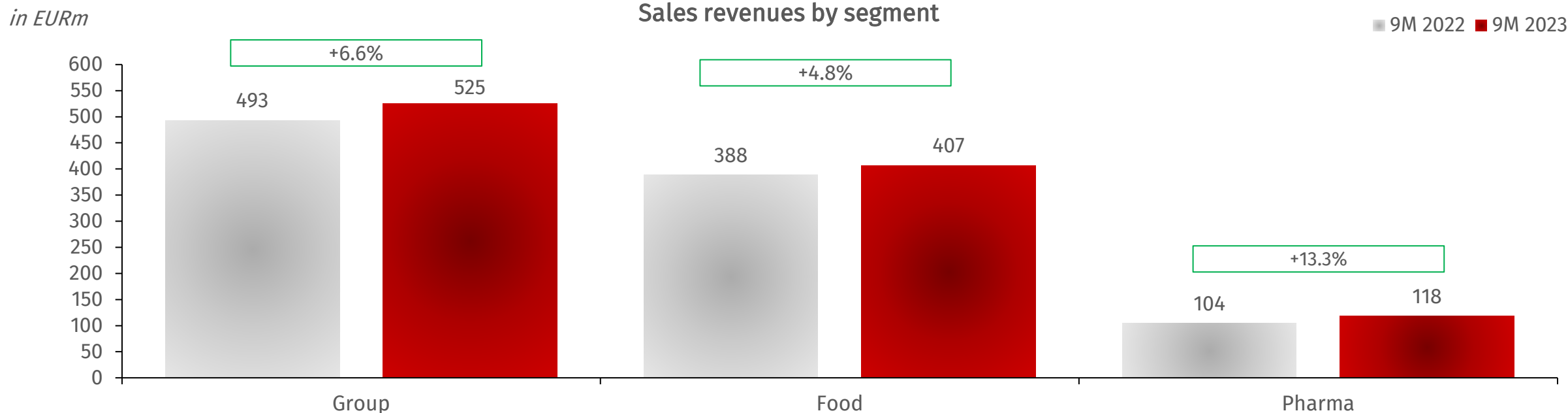
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Sales revenues increase in both segments



Podravka Group in 1 - 9 2023¹:

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

Food segment in 1 - 9 2023¹:

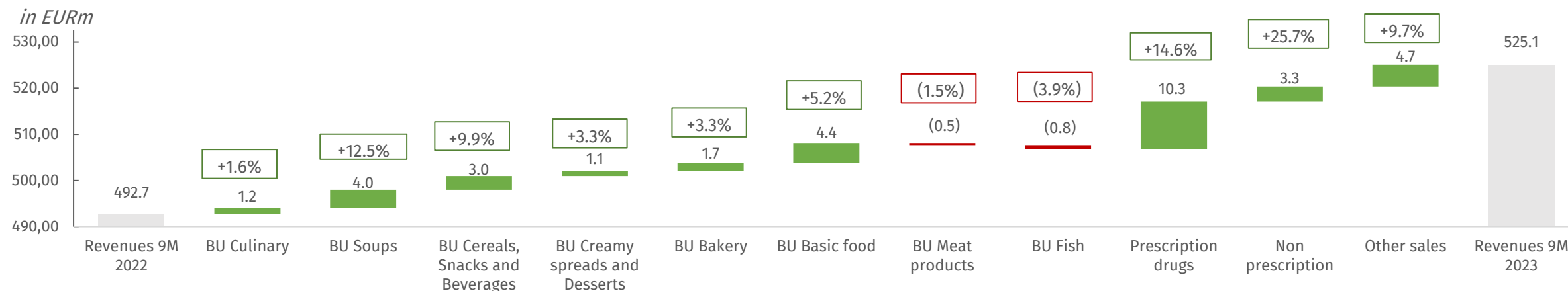
- **Own brands** → 3.9% higher revenues due to increase in revenues of the majority of business units,
- **Other sales** → 16.1% higher revenues, as a result of the development of distribution on the US market,
- **Total Food** → 4.8% higher revenues.

Pharmaceuticals segment in 1 - 9 2023¹:

- **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 increase in trade goods sales in the markets of Bosnia and Herzegovina and Croatia,
- **Total Pharma** → 13.3% higher revenues.

¹Percentages in the text relate to performance in 1 - 9 2023 compared to 1 - 9 2022

Sales revenues increase of almost all business units

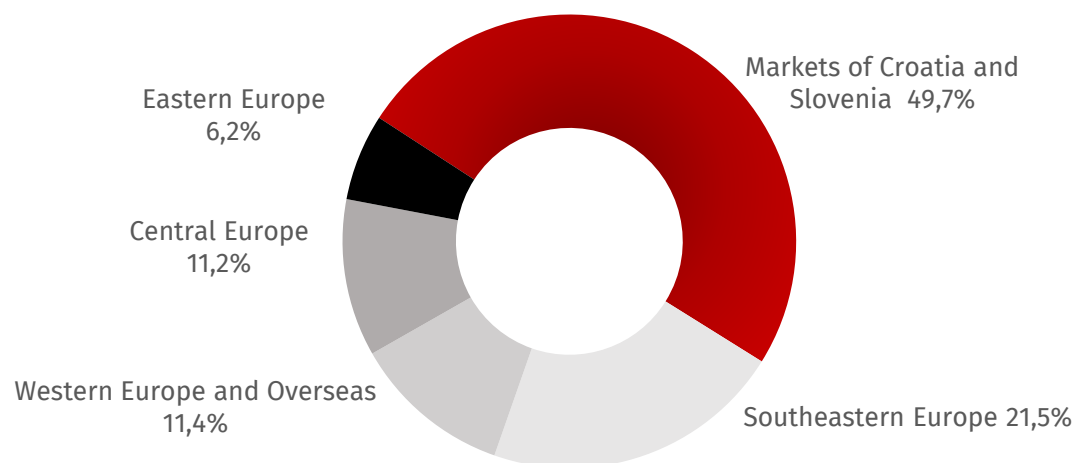


Business unit and category performance in 1 - 9 2023¹:

- **BU Culinary (+1.6%)** → higher revenues. The revenue growth was recorded mainly in the markets of Southeastern Europe, 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 with the aim of increasing profitability,
- **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.

¹Percentages in the text relate to performance in 1 - 9 2023 compared to 1 - 9 2022

Sales revenues by region



(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%
Podravka Group	492.7	525.1	32.4	6.6%

Region's performance in 1 - 9 2023¹:

- **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.

¹Percentages 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	REPORTED				NORMALIZED ¹			
(in EURm)	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%).

¹Normalized for one-off impact.

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



Pharma segment	REPORTED				NORMALIZED ¹			
(in EURm)	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.

¹Normalized for one-off impact.

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



Podravka Group	REPORTED				NORMALIZED ¹			
(in EURm)	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.

¹Normalized for one-off impact.

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

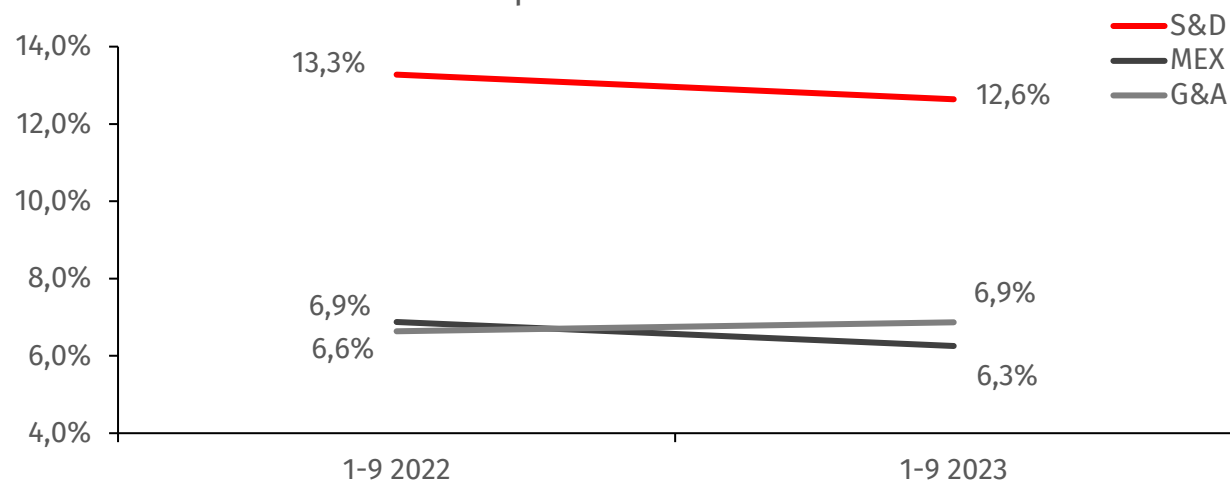


Business expenses 1 - 9 2023 vs. 1 - 9 2022 % change	REPORTED		NORMALIZED ¹	
Cost of goods sold (COGS)	7.7%	↑	7.7%	↑
General and administrative expenses (G&A)	9.6%	↑	10.3%	↑
Sales and distribution costs (S&D)	1.5%	↑	1.5%	↑
Marketing expenses (MEX)	(3.1%)	↓	(3.1%)	↓
Other expenses / (revenues), net	(61.2%)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

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



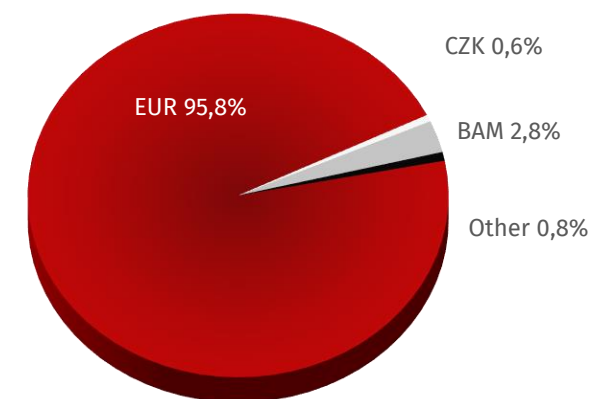
¹Normalized for one-off impact.

Continuous improvement of debt indicators



(in EURm) ¹	2022	9M 2023	% change
Financial debt ²	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

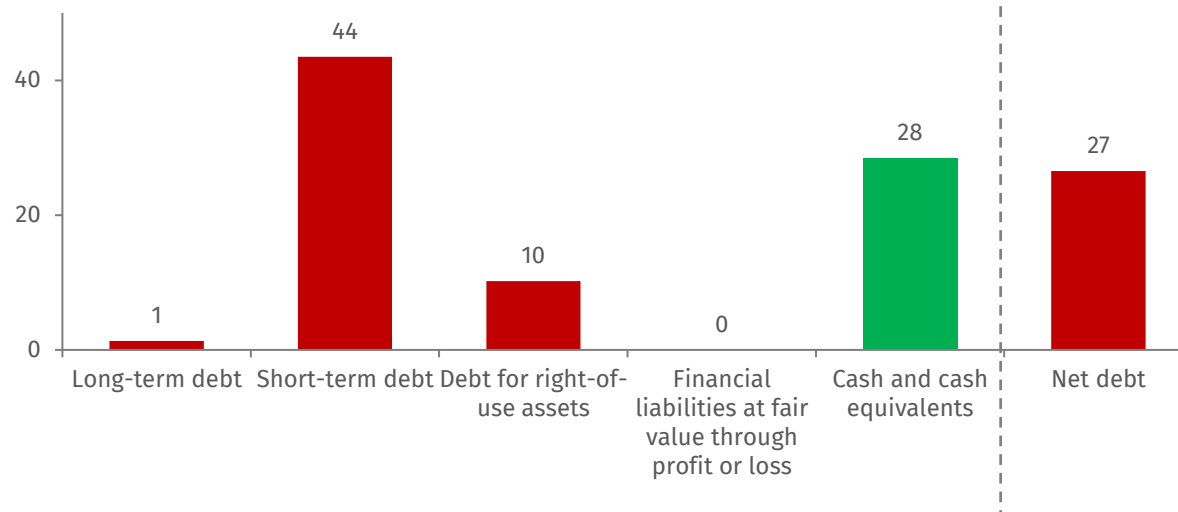
Currency structure of debt as at 30 September 2023



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



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.

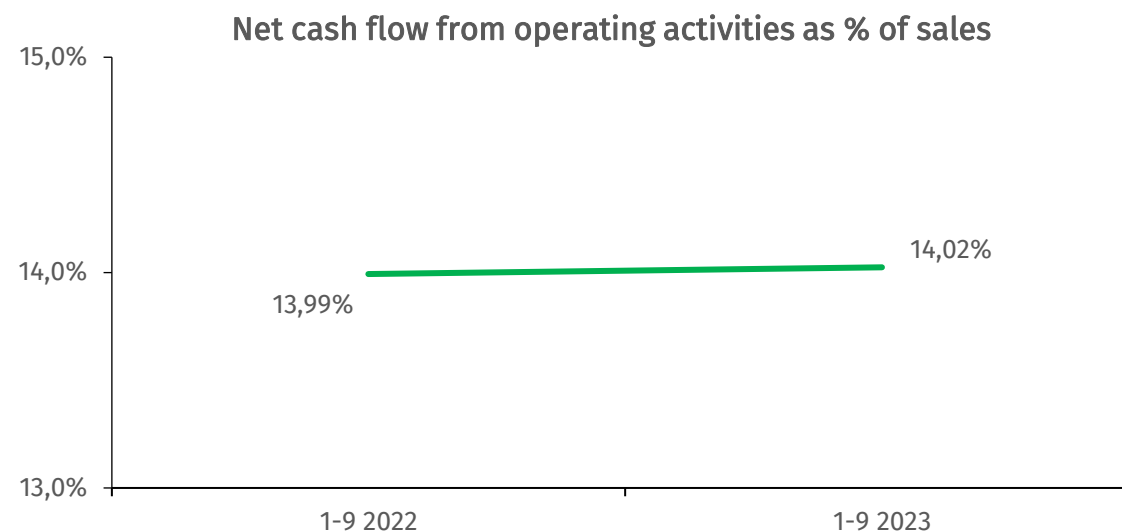
Key highlights of the cash flow



Working capital movement in BS	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%)
Net change of cash and cash equivalents	23.4	6.6	(71.9%)

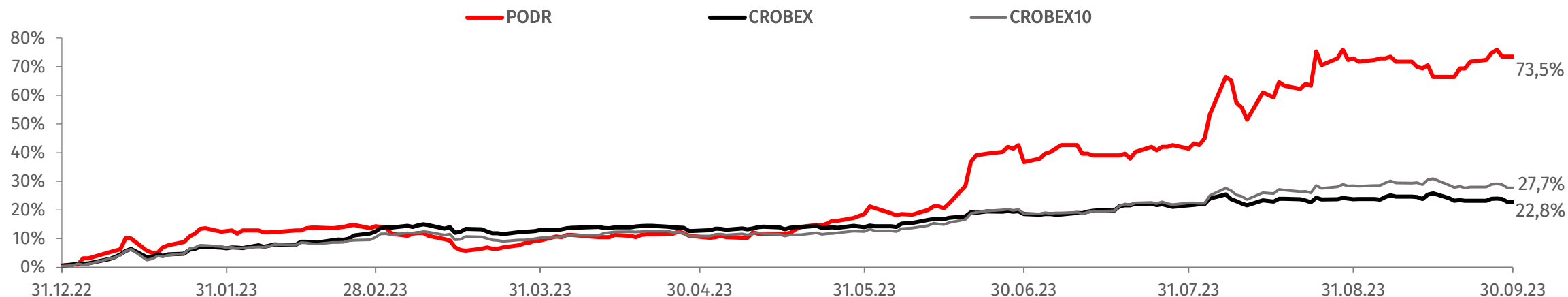
- In 2023 expected CAPEX is at a level of approximately EUR 78m.



Podravka's share price movement



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 ¹	10.2	46.2%
Normalized earnings per share	5.9 ¹	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 yield²

3.1%

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

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Podravka Group

Always with a heart!

