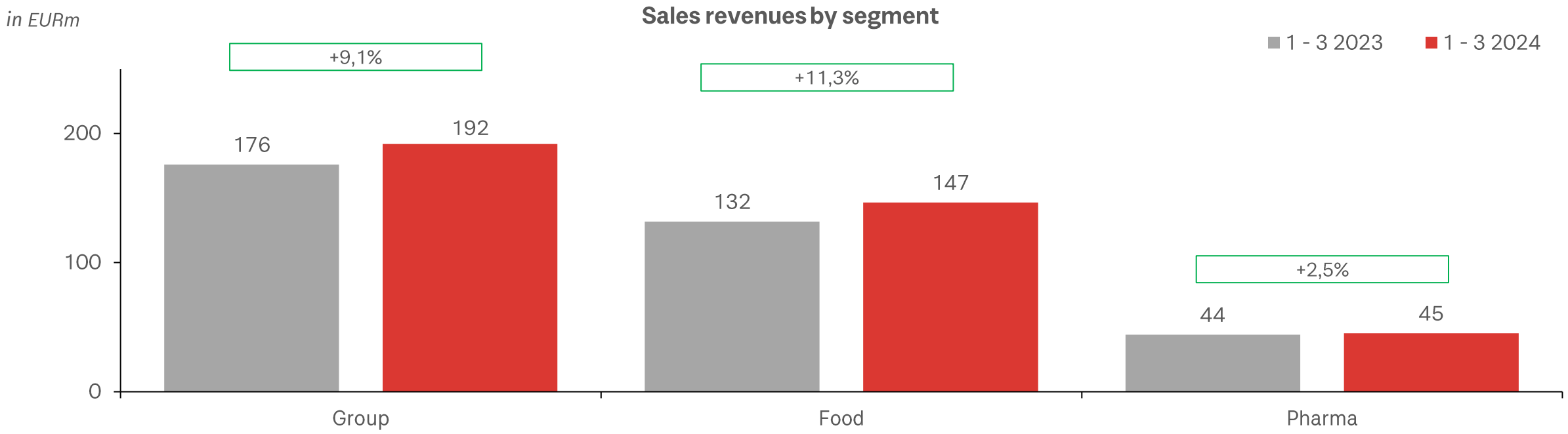
# Podravka Group business results for 1 - 3 2024 period

30th April, 2024

Podravka GRUPA

# *Sales revenues increase in both segments*




## Podravka Group in 1 - 3 2024[1]:

- **Own brands** → 7.0% higher sales,
- **Other sales** → 30.0% higher revenues,
- **Total Podravka Group** → 9.1% higher sales revenues.

## Food segment in 1 - 3 2024[1]:

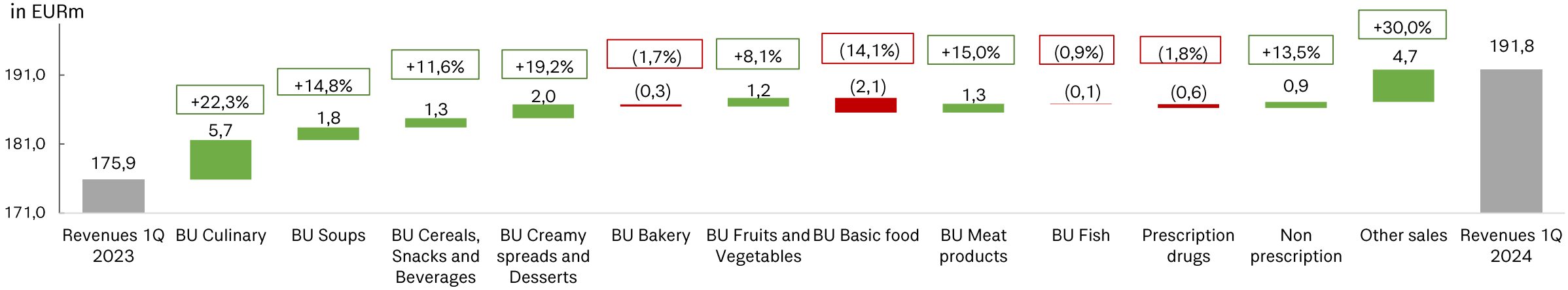
- **Own brands** → 8.8% higher sales due to the increase in sales of majority of business units,
- **Other sales** → 48.9% higher sales, primarily as a result of the development of distribution on the US market,
- **Total Food** → 11.3% higher sales.

## Pharmaceuticals segment in 1 – 3 2024[1]:

- **Own brands** → 0.9% higher sales,
- **Other sales** → 9.9% higher revenues, due to the increase in trade goods sales in the market of Bosnia and Herzegovina,
- **Total Pharma** → 2.5% higher sales revenues.

[1]Percentages in the text relate to performance in 1 - 3 2024 compared to 1 - 3 2023

# *Sales revenues increase of almost all business units*

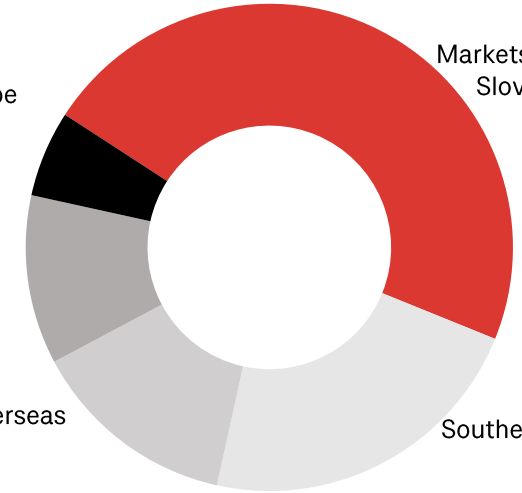



## Business unit and category performance in 1 - 3 2024[1]:

- **BU Culinary (+22.3%) →** Revenue growth was recorded mainly in the markets of Germany, Poland and Croatia. The revenue growth includes the effect of the restructuring of the markets of Poland and Germany, where higher revenues were recorded with a profitability increase,
- **BU Soups (+14.8%) →** revenue growth was realised in the key markets of the Southeastern Europe and Croatia. The Clear soups subcategory contributes most to a positive trend within the Soups business unit,
- **BU Cereals, Snack and Beverages (+11.6%)** → sales revenue growth was recorded in almost all categories, primarily in the market of Croatia. The most significant growth within the business unit was recorded by the Cereals category, subcategory Čokolino,
- **BU Creamy spreads and Desserts (+19.2%)** → revenue growth was recorded in the market of Croatia and in the Southeastern Europe region primarily due to the increase in the Creamy spreads category,
- **BU Bakery (-1.7%)** → mild revenue decrease. Revenue growth was achieved in subcategories Bread, Sweet bakery products, and Cakes and biscuit cakes, while the decrease in revenues of the overall Business unit is primarily due to the Mill products category,
- **BU Fruit and Vegetables (+8.1%)** → separated from the Basic food business unit from the beginning of 2024, recorded an increase of EUR 1.2m (+8.1%), primarily due to the growth of categories Condiments, Processed fruit and Tomato products,
- **BU Basic food (-14.1%)** → lower sales, primarily in the Flour category, and subcategory Large packaging for industrial customers,
- **BU Meat products (+15.0%)** → higher sales, primarily on the Croatian market. The revenue growth arises from the categories of Dried Meat and Sausage Products, and Ready meals,
- **BU Fish (-0.9%)** → lower sales, which is primarily caused by the decline in revenues of the Tuna subcategory, while the new Fish salads category records a significant increase compared to the same period of the previous year,
- **Prescription drugs (-1.8%) →** lower sales, primarily due to the decrease in sales of the nervous system drugs, while the revenues of the most significant dermatological drugs category increase,
- **Non-prescription programme (+13.5%) →** higher revenues, as a result of the increase in sales of the OTC drugs subcategory,
- **Other sales (+30.0%)** → in the Food segment, Other sales increased by EUR 3.9m (+48.9%), mainly due to the development of distribution on the US market which includes the revenues from the distribution of Atlantic Grupa's products. In the Pharmaceuticals segment, other sales grew by EUR 0.8m (+9.9%), primarily due to higher trade goods sales in the market of Bosnia and Herzegovina.

[1]Percentages in the text relate to performance in 1 - 3 2024 compared to 1 - 3 2023

# *Sales revenues growth of almost all regions*




| *(in EURm)* | 1Q 2023 | 1Q 2024 | Δ | % change |
|---|---|---|---|---|
| Markets of Croatia and Slovenia | 86.3 | 90.1 | 3.8 | 4.4% |
| Southeastern Europe | 38.6 | 42.8 | 4.3 | 11.1% |
| Western Europe and Overseas | 18.2 | 26.4 | 8.2 | 44.7% |
| Central Europe | 21.1 | 21.5 | 0.4 | 2.1% |
| Eastern Europe | 11.7 | 11.0 | (0.7) | (6.1%) |
| **Podravka Group** | 175.9 | 191.8 | 15.9 | 9.1% |

## Region's performance in 1 - 3 2024[1]:

- **Markets of Croatia and Slovenia (+4.4%)** → **Food** segment revenues are 5.5% higher, primarily due to sales increase of almost all business units, mostly the Business unit Fruit and Vegetables, Business unit Meat products and Business unit Creamy spreads and Desserts; **Pharmaceuticals** segment revenues in the Market of Croatia and Slovenia are at the last-year's levels,
- **Southeastern Europe (+11.1%)** → **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 12.5% higher, primarily due to Prescription drugs and Non-prescription programme sales increase,
- **WE and Overseas region (+44.7%)** → **Food** segment recorded 44.4% higher sales primarily due to the sales increase in the Culinary business unit, but also to the development of distribution on the US market; **Pharmaceuticals** segment revenues are 82.1% higher, primarily due to an increase in Prescription drugs revenues,
- **Central Europe (+2.1%)** → **Food** revenues recorded a mild increase in revenue of 0.7%, primarily as a result of an increase in revenues of the Culinary business unit in the market of Poland, which is a result of the previously implemented market restructuring; **Pharmaceuticals** revenues up by 10.9% primarily due to higher revenues of the Prescription drugs category,
- **Eastern Europe (-6.1%)** → **Pharmaceuticals** revenues 9.3% lower, due to the decrease in sales of the Prescription drugs category; **Food** segment recorded 14.8% higher revenues.

[1]Percentages in the text relate to performance in 1 - 3 2024 compared to 1 – 3 2023

# *Food segment – higher revenues and profitability*

| Food segment | REPORTED | | | | NORMALIZED[1] | | | |
|---|---|---|---|---|---|---|---|---|
| *(in EURm)* | 1Q 2023 | 1Q 2024 | Δ | % | 1Q 2023 | 1Q 2024 | Δ | % |
| Sales revenue | 131.7 | 146.5 | 14.8 | 11.3% | 131.7 | 146.5 | 14.8 | 11.3% |
| Gross profit | 40.3 | 53.2 | 12.9 | 32.0% | 40.3 | 53.3 | 12.9 | 32.0% |
| EBITDA | 14.5 | 23.9 | 9.4 | 64.8% | 14.8 | 24.1 | 9.3 | 62.6% |
| EBIT | 8.8 | 17.8 | 9.0 | 101.2% | 9.1 | 18.0 | 8.8 | 96.5% |
| Net profit after MI | 7.4 | 14.5 | 7.0 | 95.0% | 7.7 | 14.6 | 6.9 | 90.6% |
| | | | | | | | | |
| Gross margin | 30.6% | 36.3% | | +570 bp | 30.6% | 36.4% | | +572 bp |
| EBITDA margin | 11.0% | 16.3% | | +529 bp | 11.2% | 16.4% | | +518 bp |
| EBIT margin | 6.7% | 12.1% | | +543 bp | 6.9% | 12.3% | | +532 bp |
| Net profit margin after MI | 5.6% | 9.9% | | +424 bp | 5.8% | 10.0% | | +414 bp |

**Food segment profitability in 1 - 3 2024:**

**Gross profit**

- is EUR 12.9m higher, with an increase in gross margin from 30.6% to 36.3%,

**EBITDA**

- reported higher by EUR 9.4m (+64.8%), normalized higher by EUR 9.3m (+62.6%). The increase in the normalized operating profit before depreciation and amortisation (EBITDA) was achieved due to the increase in sales revenues and higher gross profit, despite additional investments in improving the material status of employees, which resulted in an increase in staff costs of EUR 3.7m (+13.6%),

**Net profit after MI**

- reported higher by EUR 7.0m (+95.0%) due to the above mentioned effects on profitability, while at the normalized level it is higher by EUR 6.9m (+90.6%).

[1]Normalized for one-off impact.

# *Pharmaceutical segment – higher revenues and profitability*

| Pharma segment | REPORTED | | | | NORMALIZED[1] | | | |
|---|---|---|---|---|---|---|---|---|
| *(in EURm)* | 1Q 2023 | 1Q 2024 | Δ | % | 1Q 2023 | 1Q 2024 | Δ | % |
| Sales revenue | 44.2 | 45.3 | 1.1 | 2.5% | 44.2 | 45.3 | 1.1 | 2.5% |
| Gross profit | 22.2 | 23.4 | 1.2 | 5.2% | 22.2 | 23.4 | 1.2 | 5.2% |
| EBITDA | 12.8 | 14.0 | 1.2 | 9.3% | 12.8 | 14.0 | 1.2 | 9.3% |
| EBIT | 10.6 | 11.7 | 1.1 | 10.7% | 10.6 | 11.7 | 1.1 | 10.7% |
| Net profit after MI | 8.3 | 9.0 | 0.7 | 9.1% | 8.3 | 9.0 | 0.7 | 9.1% |
| | | | | | | | | |
| Gross margin | 50.3% | 51.6% | | +133 bp | 50.3% | 51.6% | | +133 bp |
| EBITDA margin | 29.0% | 30.9% | | +192 bp | 29.0% | 30.9% | | +192 bp |
| EBIT margin | 24.0% | 25.9% | | +192 bp | 24.0% | 25.9% | | +192 bp |
| Net profit margin after MI | 18.7% | 19.9% | | +120 bp | 18.7% | 19.9% | | +120 bp |

**Pharmaceuticals segment profitability in 1 - 3 2024:**

**Gross profit**

- is EUR 1.2m (+5.2%) higher, with a mild increase in gross margin,

**EBITDA**

- reported higher by EUR 1.2m (+9.3%). The most significant impact on the increase in operating profit before depreciation and amortisation (EBITDA) came from the growth of sales revenues and gross profit. In the reporting period, there were no normalizations of one-off items within Pharmaceuticals,

**Net profit after MI**

- is EUR 0.7m (+9.1%) higher

[1]Normalized for one-off impact.

# *Podravka Group – higher revenues and normalized profitability from both segments*

| Podravka Group | REPORTED | | | | NORMALIZED[1] | | | |
|---|---|---|---|---|---|---|---|---|
| *(in EURm)* | 1Q 2023 | 1Q 2024 | Δ | % | 1Q 2023 | 1Q 2024 | Δ | % |
| Sales revenue | 175.9 | 191.8 | 15.9 | 9.1% | 175.9 | 191.8 | 15.9 | 9.1% |
| Gross profit | 62.5 | 76.6 | 14.0 | 22.5% | 62.5 | 76.6 | 14.1 | 22.5% |
| EBITDA | 27.3 | 37.9 | 10.6 | 38.8% | 27.6 | 38.0 | 10.4 | 37.9% |
| EBIT | 19.4 | 29.5 | 10.1 | 51.9% | 19.7 | 29.7 | 10.0 | 50.5% |
| Net profit after MI | 15.7 | 23.5 | 7.8 | 49.7% | 15.9 | 23.6 | 7.7 | 48.3% |
| | | | | | | | | |
| Gross margin | 35.6% | 39.9% | | +437 bp | 35.6% | 40.0% | | +439 bp |
| EBITDA margin | 15.5% | 19.7% | | +423 bp | 15.7% | 19.8% | | +414 bp |
| EBIT margin | 11.0% | 15.4% | | +434 bp | 11.2% | 15.5% | | +426 bp |
| Net profit margin after MI | 8.9% | 12.2% | | +332 bp | 9.0% | 12.3% | | +325 bp |

**Profitability of the Podravka Group in 1 - 3 2024:**

**Gross profit**

- higher by EUR 14.0m (+22.5%), where the positive impact came primarily from the Food segment, but also from the Pharmaceuticals segment,

**EBITDA**

- reported higher by EUR 10.6m (+38.8%), while normalised operating profit before depreciation and amortisation (EBITDA) is EUR 10.4m (+37.9%) higher,

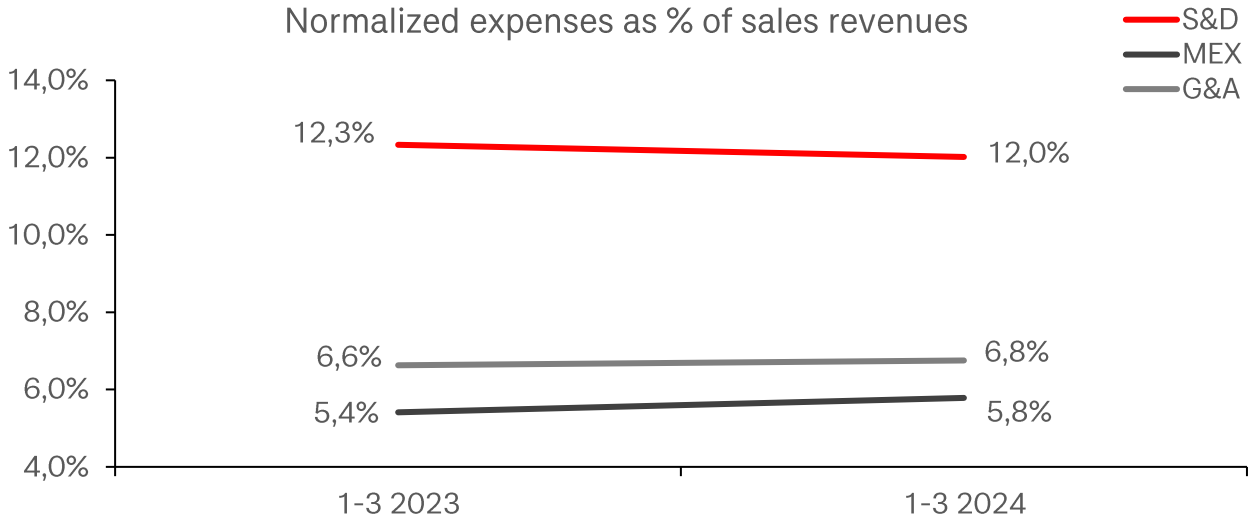
**Net profit after MI**

- reported higher by EUR 7.8m (+49.7%), while normalized net profit after minority interests is EUR 7.7m (+48.3%) higher, due to the growth in net profit of both the Food and the Pharmaceuticals segments.

[1]Normalized for one-off impact.

# *Business expenses influenced by investments in improving the material status of employees*

| Business expenses 1 - 3 2024 vs. 1 - 3 2023 % change | REPORTED | NORMALIZED[1] |
|---|---|---|
| Cost of goods sold (COGS) | 1.7% ↑ | 1.6% ↑ |
| General and administrative expenses (G&A) | 9.8% ↑ | 11.1% ↑ |
| Sales and distribution costs (S&D) | 6.3% ↑ | 6.3% ↑ |
| Marketing expenses (MEX) | 16.6% ↑ | 16.6% ↑ |
| Other expenses / (revenues), net | 258.9% ↑ | 271.1% ↑ |
| **Total** | 3.7% ↑ | 3.8% ↑ |




[1]Normalized for one-off impact.

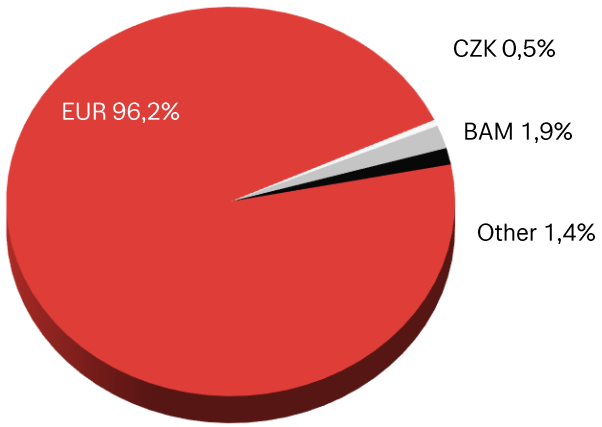
## Key highlights of expenses in 1 - 3 2024:

- **Cost of goods sold (COGS):**
  - increased by 1.7% relative to the comparative period, primarily as a result of investments in improving the material status of employees, while the prices of raw materials, packaging and energy record a decrease compared to the first quarter of the previous year,
- **General and administrative expenses (G&A):**
  - higher by EUR 1.2m (+9.8%), primarily due to investments in improving the material status of employees,
- **Sales and distribution costs (S&D):**
  - higher by EUR 1.4m (+6.3%) than in the comparative period, primarily as a result of investments in improving the material status of employees and higher depreciation costs,
- **Marketing expenses (MEX):**
  - higher by 16.6%. In this, the costs of marketing investments are higher by EUR 1.5m (+36.0%) due to the increased marketing activities, while the costs of the marketing department are higher by EUR 0.1m (+1.5%).,
- **Other expenses (revenues), net:**
  - In the reporting period, other expenses and income, net amounted to EUR -0.2m (positive impact), while in the comparative period they amounted to EUR -0.1m (positive impact). This was mainly affected by foreign exchange losses, which in 1 - 3 2024 amounted to EUR 0.2m, while in the previous period foreign exchange losses amounted to EUR 0.4m.

# *Continuous improvement of debt indicators*

| *(in EURm)*[1] | 2023 | 1Q 2024 | % change |
|---|---|---|---|
| Financial debt[2] | 57.4 | 61.9 | 7.8% |
| Cash and cash equivalents | 42.5 | 54.0 | 27.0% |
| Net debt | 14.9 | 7.9 | (46.8%) |
| Interest expense | 0.68 | 0.70 | 2.6% |
| Net debt / normalized EBITDA | 0.18 | 0.08 | (52.8%) |
| Normalized EBIT / Interest expense | 87.3 | 99.2 | 13.7% |
| Equity to total assets ratio | 73.9% | 73.6% | -32 bp |

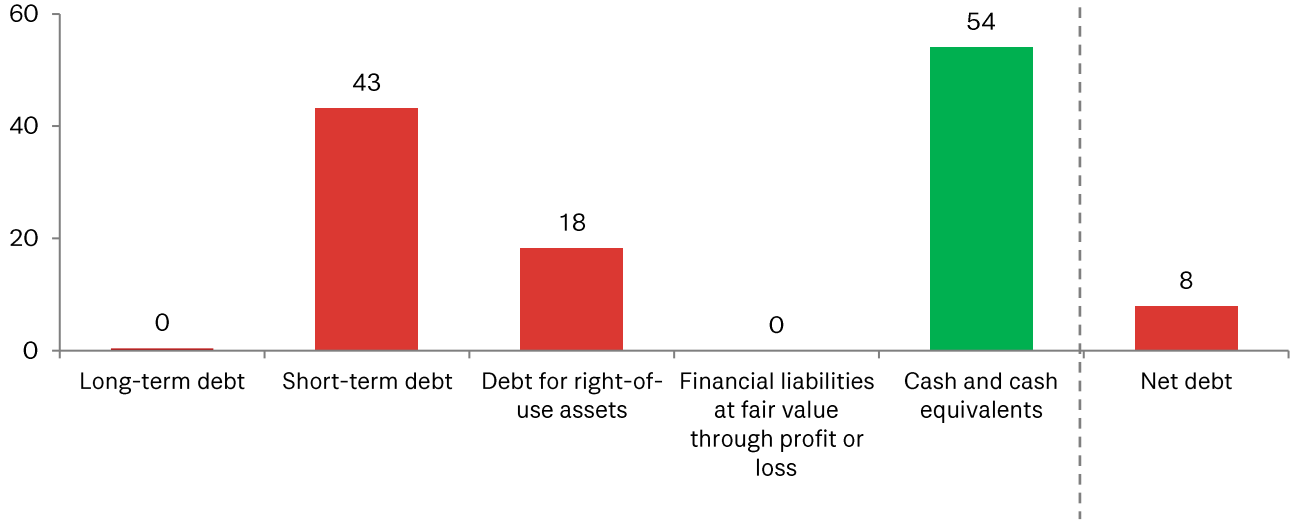
**Currency structure of debt as at 31 March 2024**




## Key highlights:

- **Financial debt increase** → due to increase in debt for right-of-use assets,
- **Lower long term debt** → due to regular repayments,
- **Weighted average cost of debt excluding liabilities for right-of-use assets:**
  - As at 31 March 2024 → 1.48%,
  - As at 31 December 2023 → 0.84%.

**Net debt components in EURm as at 31 March 2024**



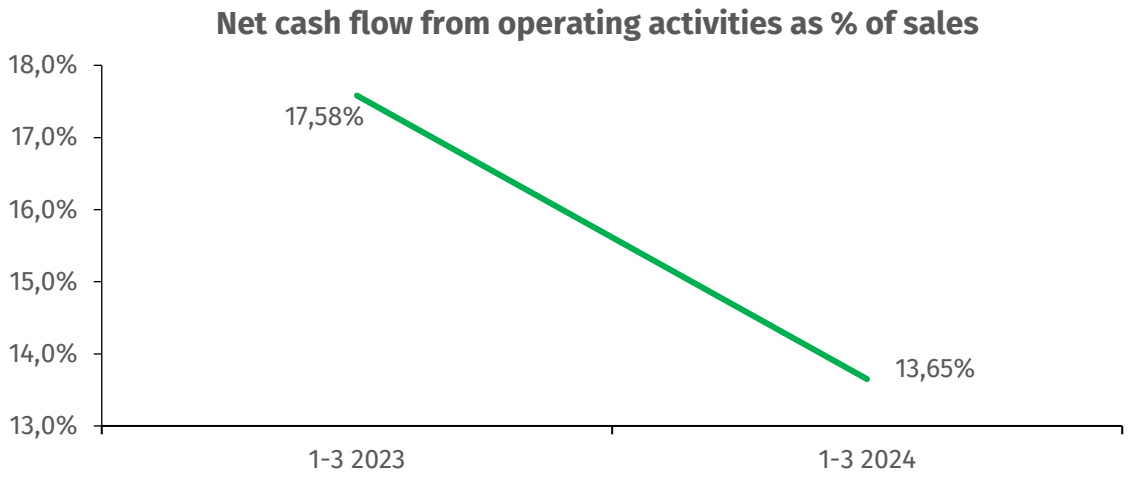

[1]All P&L figures are calculated on the trailing 12 months level, while BS figures are taken at the end of period, [2]Long-term and short-term borrowings + lease liabilities + financial liabilities at fair value through P&L

# *Key highlights of the cash flow*

| Working capital movement in BS | 31 March 2024 / 31 March 2023 | Impact |
|---|---|---|
| Inventories | (6.3%) | • lower by 6.3% and are maintained at the optimum level in accordance with the needs of operations, |
| Trade and other receivables | 10.6% | • higher by 10.6% as a result of growth in sales revenue and a change in the commercial model in the Pharmaceuticals segment on the Croatian market, |
| Trade and other payables | 15.4% | • higher by 15.4% as a result of higher liabilities related to the realization of capital investments, and regular business operations. |

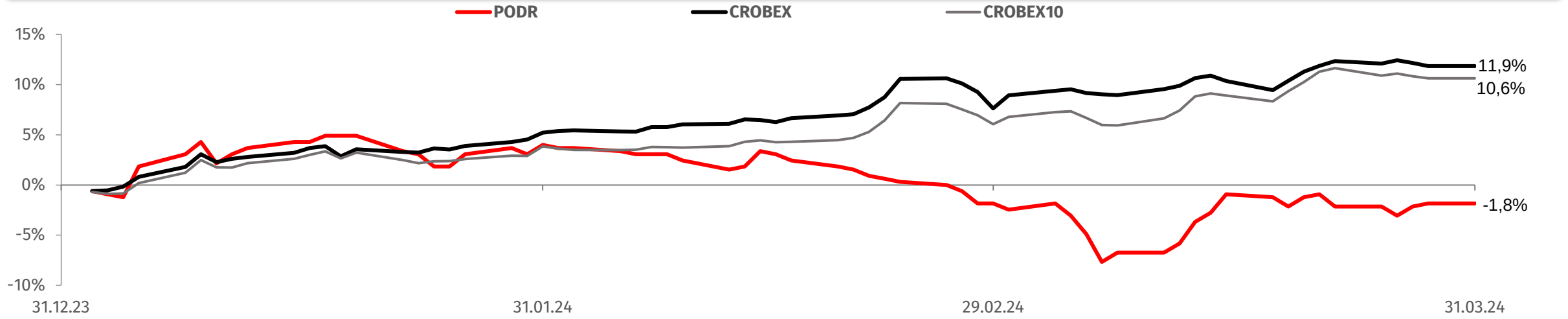
| *(in EURm)* | 1-3 2023 | 1-3 2024 | Δ |
|---|---|---|---|
| Net cash from operating activities | 30.9 | 26.2 | (15.3%) |
| Net cash from investing activities | (11.5) | (10.8) | 6.5% |
| Net cash from financing activities | 0.1 | (3.9) | n/a |
| **Net change of cash and cash equivalents** | **19.5** | **11.5** | **(41.1%)** |

- In 2024, expected **capital expenditures** are at a level of almost EUR 90.5m.



# *Podravka's share price movement*

## PODR share price movement in 1 – 3 2024




## Market activity with PODR share

| *(EUR; units)* | 1-3 2023 | 1-3 2024 | % change |
|---|---|---|---|
| Average daily price | 92.8 | 163.6 | 76.2% |
| Average daily number of transactions | 10 | 12 | 21.3% |
| Average daily volume | 729 | 770 | 5.6% |
| Average daily turnover | 66,628.0 | 125,954.0 | 89.0% |
| Reported earnings per share | 9.5[1] | 10.5 | 11.4% |
| Normalized earnings per share | 6.7[1] | 7.8 | 15.9% |

Last price on 31.12.2023

**163.00 EUR**

Proposed dividend per share

**3.20 EUR**

Last price on 31.03.2024

**160.00 EUR**

Dividend yield[2]

**2.0%**

[1]Based on the results for 2023 [2]Dividend yield calculated based on the last mkt. price at the end of 2023 and the proposal of the Management and Supervisory Board regarding the use of profits and dividend payout.

## *Contact*

Podravka Inc.

Ante Starčevića 32, 48 000 Koprivnica

www.podravka.hr

Investor Relations

ir@podravka.hr

# Podravka Group business results for 1 - 3 2024 period

*30th April, 2024*

Podravka GRUPA