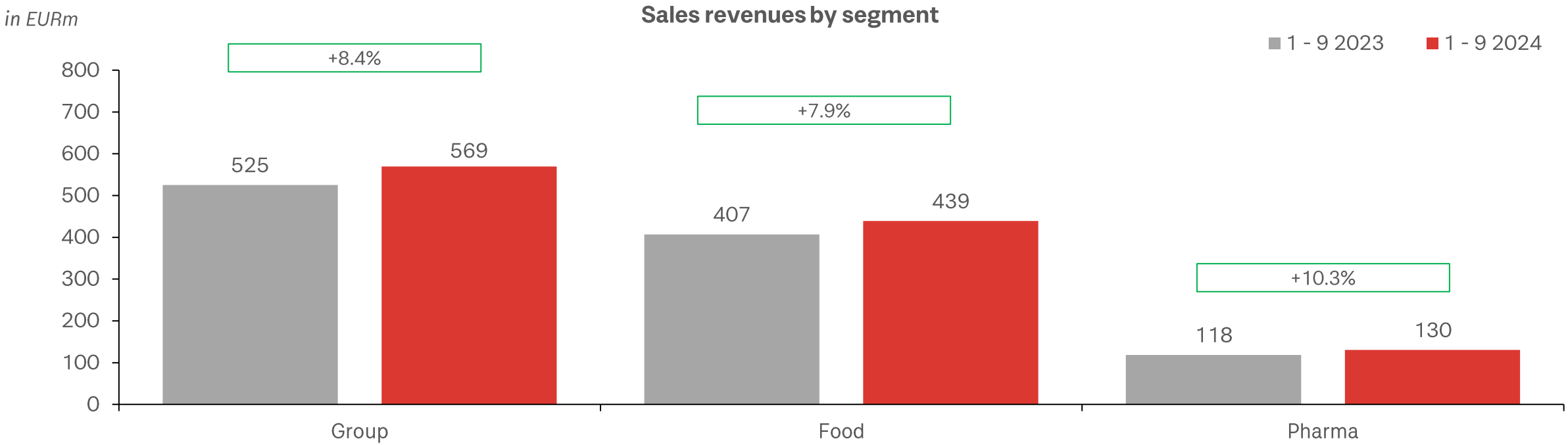
Podravka Group business results for 1 - 9 2024 period

30th October, 2024

Podravka GRUPA

Sales revenues increase in both segments



Podravka Group in 1 - 9 2024[1]:

- **Own brands** → 8.1% higher sales,
- **Other sales** → 11.0% higher revenues,
- **Total Podravka Group** → 8.4% higher sales revenues.

Food segment in 1 - 9 2024[1]:

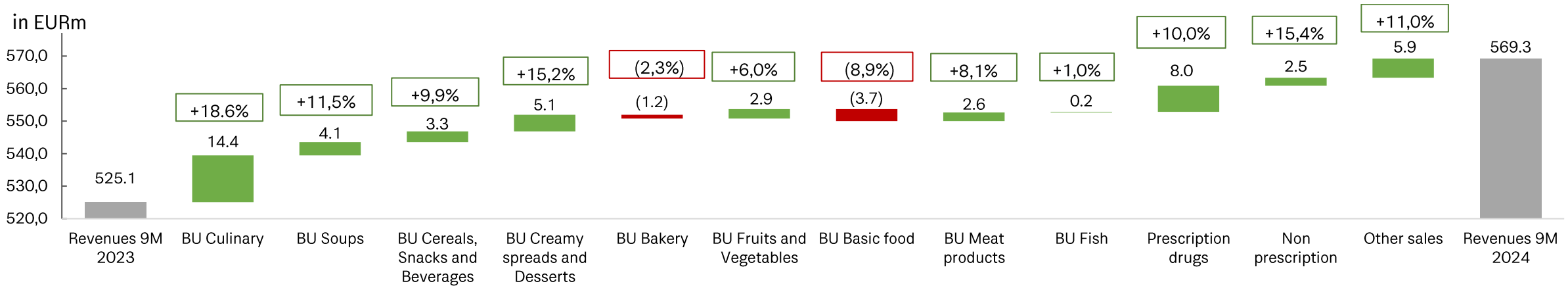
- **Own brands** → 7.4% higher sales due to the increase in sales of majority of business units,
- **Other sales** → 13.5% higher sales, primarily as a result of the development of distribution on the US market,
- **Total Food** → 7.9% higher sales.

Pharmaceuticals segment in 1 – 9 2024[1]:

- **Own brands** → 10.9% higher sales, due to the increase in sales of prescription drugs,
- **Other sales** → 7.4% higher revenues, due to the increase in trade goods sales in the market of Bosnia and Herzegovina,
- **Total Pharma** → 10.3% higher sales revenues.

[1]Percentages in the text relate to performance in 1 - 9 2024 compared to 1 - 9 2023

Sales revenues increase of almost all business units

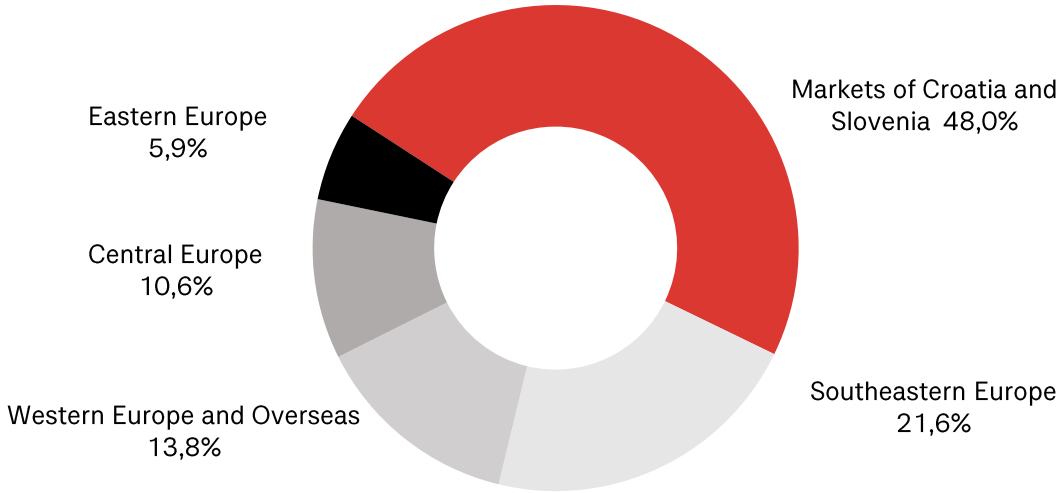


Business unit and category performance in 1 - 9 2024[1]:

- **BU Culinary (+18.6%) →** revenue growth was recorded mainly in the markets of Germany, USA, 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 (+11.5%) →** revenue growth of the business unit was realised in the key markets of Croatia , Southeastern and Western Europe. The Clear soups subcategory contributes most to a positive trend within the Soups business unit,
- **BU Cereals, Snack and Beverages (+9.9%)** → revenue growth was recorded in all categories, primarily in the market of Croatia. The most significant growth within the business unit was recorded by the Cereals category, subcategories Cereals for Children and Čokolino,
- **BU Creamy spreads and Desserts (+15.2%)** → revenue growth was recorded in the markets of Croatia, Bosnia and Herzegovina, and Germany, primarily due to the increase in the Creamy spreads category,
- **BU Bakery (-2.3%)** → mild revenue decrease. Revenue growth was achieved in subcategories Bread, Rolls and Sweet bakery products, while the decrease in revenues of the overall Business unit is primarily generated by the Mill products category,
- **BU Fruit and Vegetables (+6.0%)** → separated from the Basic food business unit from the beginning of 2024, recorded an increase, primarily due to the growth of categories Condiments, Processed fruit and Tomato products,
- **BU Basic food (-8.9%)** → lower sales, primarily in the Flour category, subcategory Large packaging for industrial customers,
- **BU Meat products (+8.1%)** → higher sales, primarily on the Croatian market and the market of Switzerland. The revenue growth arises from the categories of Ready meals, and Dried Meat and Sausage Products,
- **BU Fish (+1.0%)** → higher sales, which is primarily impacted by the new Fish salads category which records a significant increase compared to the same period of the previous year,
- **Prescription drugs (+10.0%) →** higher sales, due to the increase in sales of almost all subcategories, primarily dermatological drugs, cardiovascular drugs, and the nervous system drugs. The revenue growth is most significant in the markets of Croatia, and Bosnia and Herzegovina,
- **Non-prescription programme (+15.4%) →** higher revenues, as a result of the increase in sales of the OTC drugs subcategory,
- **Other sales (+11.0%)** → In the Food segment, Other sales increased by EUR 4.3m (+13.5%), 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 1.6m (+7.4%), primarily due to higher trade goods sales in the market of Bosnia and Herzegovina.

[1]Percentages in the text relate to performance in 1 - 9 2024 compared to 1 - 9 2023

Sales revenues growth of all regions



(in EURm)	1-9 2023	1-9 2024	Δ	% change
Markets of Croatia and Slovenia	261.1	273.4	12.3	4.7%
Southeastern Europe	112.8	122.9	10.1	8.9%
Western Europe and Overseas	59.9	78.8	18.9	31.6%
Central Europe	58.9	60.5	1.5	2.6%
Eastern Europe	32.5	33.8	1.3	4.1%
Podravka Group	**525.1**	**569.3**	**44.2**	**8.4%**

[1]Percentages in the text relate to performance in 1 - 9 2024 compared to 1 - 9 2023

Region's performance in 1 - 9 2024[1]:

- **Markets of Croatia and Slovenia (+4.7%)** → **Food** segment revenues are 3.5% higher, due to sales increase of most business units, the Business unit Creamy spreads and Desserts, Business unit Fruit and vegetables and Business unit Meat. In the market of Croatia and Slovenia, the Retail sales channel achieved the strongest revenue growth; **Pharmaceuticals** segment revenues in the Market of Croatia and Slovenia also recorded revenue growth of 10.3%,
- **Southeastern Europe (+8.9%)** → **Food** revenues are 7.0% higher, due to the increase in sales of almost all business units, with the largest absolute growth generated by the business units Culinary, Soups, and Creamy spreads and Desserts; **Pharmaceuticals** revenues are 13.5% higher, primarily due to Prescription drugs and Trade goods sales increase in the market of Bosnia and Herzegovina,
- **WE and Overseas region (+31.6%)** → **Food** segment recorded 29.9% 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 181.3% higher, primarily due to an increase in Prescription drugs revenues in the market of Germany and in Scandinavia,
- **Central Europe (+2.6%)** → **Food** revenues recorded an increase in revenue of 2.2%, 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 aimed at improving profitability; **Pharmaceuticals** revenues up by 5.0% primarily due to higher revenues of the Prescription drugs category in the markets of the Czech Republic and Slovakia,
- **Eastern Europe (+4.1%)** → **Food** segment recorded 6.0% higher revenues primarily due to the increase in revenues of the Culinary business unit; **Pharmaceuticals** segment recorded EUR 3.8% higher revenues, due to the growth of Non-prescription drugs and Prescription drugs.

Food segment – higher revenues and normalized profitability

Food segment	REPORTED				NORMALIZED[1]			
(in EURm)	1-9 2023	1-9 2024	Δ	%	1-9 2023	1-9 2024	Δ	%
Sales revenue	406.9	438.9	32.0	7.9%	406.9	438.9	32.0	7.9%
Gross profit	125.7	153.9	28.2	22.5%	125.7	153.9	28.3	22.5%
EBITDA	42.6	61.1	18.5	43.3%	43.4	61.1	17.7	40.8%
EBIT	25.5	42.5	17.0	66.7%	26.2	42.6	16.4	62.5%
Net profit after MI	40.4	35.1	(5.4)	(13.3%)	21.3	34.0	12.6	59.2%
Gross margin	30.9%	35.1%		+418 bp	30.9%	35.1%		+418 bp
EBITDA margin	10.5%	13.9%		+344 bp	10.7%	13.9%		+326 bp
EBIT margin	6.3%	9.7%		+341 bp	6.4%	9.7%		+326 bp
Net profit margin after MI	9.9%	8.0%		-195 bp	5.2%	7.7%		+250 bp

Food segment profitability in 1 - 9 2024:

Gross profit

- is EUR 28.2m higher, with an increase in gross margin from 30.9% to 35.1%,

EBITDA

- reported higher by EUR 18.5m (+43.3%), normalized higher by EUR 17.7m (+40.8%). 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 11.2m (+12.2%),

Net profit after MI

- reported lower by EUR 5.4m (-13.3%) since in the first 9 months of 2023, tax incentives for investments in the amount of EUR 19.7 million were recorded, which as a one-off item are subject to normalization, while at the normalized level it is higher by EUR 12.6m (+59.2%).

[1]Normalized for one-off impact.

Pharmaceutical segment – higher revenues and profitability

Pharma segment	REPORTED				NORMALIZED[1]			
(in EURm)	1-9 2023	1-9 2024	Δ	%	1-9 2023	1-9 2024	Δ	%
Sales revenue	118.2	130.4	12.1	10.3%	118.2	130.4	12.1	10.3%
Gross profit	57.7	67.3	9.6	16.7%	57.7	67.3	9.6	16.7%
EBITDA	29.8	37.1	7.2	24.3%	29.8	37.1	7.3	24.3%
EBIT	23.1	30.3	7.2	30.9%	23.2	30.3	7.2	31.0%
Net profit after MI	17.9	25.1	7.2	40.2%	17.9	23.5	5.6	31.3%
Gross margin	48.8%	51.7%		+285 bp	48.8%	51.7%		+285 bp
EBITDA margin	25.2%	28.4%		+321 bp	25.2%	28.4%		+322 bp
EBIT margin	19.6%	23.3%		+367 bp	19.6%	23.3%		+368 bp
Net profit margin after MI	15.1%	19.3%		+412 bp	15.1%	18.0%		+289 bp

Pharmaceuticals segment profitability in 1 - 9 2024:

Gross profit

- is EUR 9.6m (+16.7%) higher, with an increase in gross margin from 48.8% to 51.7%,

EBITDA

- reported higher by EUR 7.2m (+24.3%). 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,

Net profit after MI

- is EUR 7.2m (+40.2%) higher, while at the normalized level it is EUR 5.6m higher (+31.3%). The difference stems from the normalization of taxes, which refers to the final calculation of used tax incentives for the expansion of the Belupo factory from 2015 in the amount of EUR 1.6m.

[1]Normalized for one-off impact.

Podravka Group – higher revenues and normalized profitability from both segments

Podravka Group	REPORTED				NORMALIZED[1]			
(in EURm)	1-9 2023	1-9 2024	Δ	%	1-9 2023	1-9 2024	Δ	%
Sales revenue	525.1	569.3	44.2	8.4%	525.1	569.3	44.2	8.4%
Gross profit	183.4	221.3	37.9	20.6%	183.4	221.3	37.9	20.7%
EBITDA	72.5	98.2	25.7	35.5%	73.2	98.2	25.0	34.1%
EBIT	48.6	72.8	24.1	49.7%	49.4	72.9	23.5	47.7%
Net profit after MI	58.3	60.2	1.8	3.1%	39.2	57.5	18.2	46.5%
Gross margin	34.9%	38.9%		+394 bp	34.9%	38.9%		+395 bp
EBITDA margin	13.8%	17.2%		+344 bp	13.9%	17.2%		+330 bp
EBIT margin	9.3%	12.8%		+352 bp	9.4%	12.8%		+341 bp
Net profit margin after MI	11.1%	10.6%		-54 bp	7.5%	10.1%		+263 bp

Profitability of the Podravka Group in 1 - 9 2024:

Gross profit

- higher by EUR 37.9m (+20.6%), where the positive impact came primarily from the Food segment, but also from the Pharmaceuticals segment,

EBITDA

- reported higher by EUR 25.7m (+35.5%), while normalized operating profit before depreciation and amortisation (EBITDA) is EUR 25.0m (+34.1%) higher,

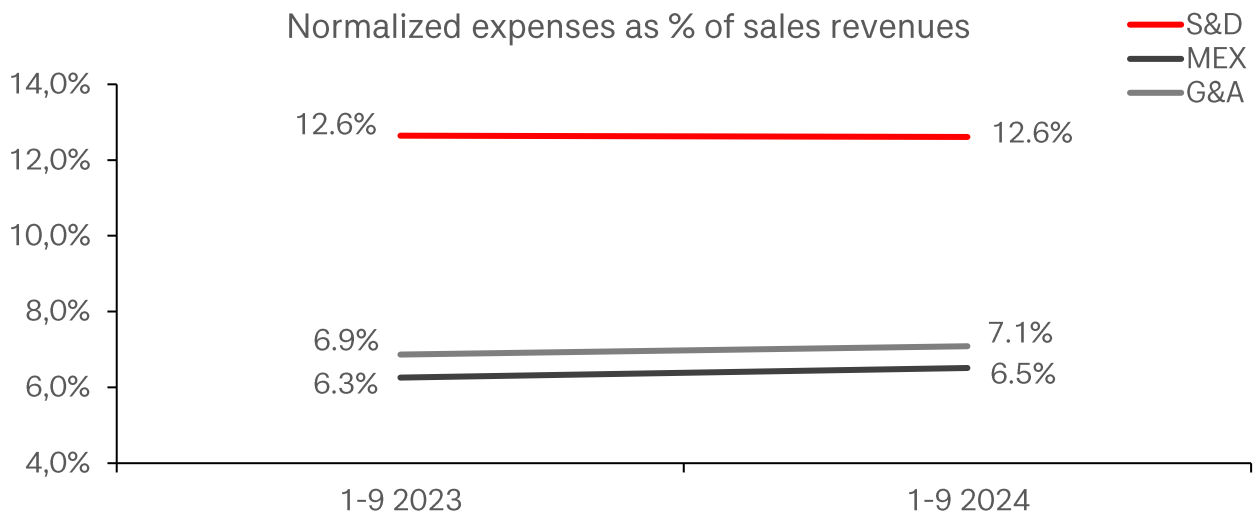
Net profit after MI

- reported higher by EUR 1.8m (+3.1%), while normalized net profit after minority interests is EUR 18.2m (+46.5%) 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 - 9 2024 vs. 1 - 9 2023 % change	REPORTED	NORMALIZED[1]
Cost of goods sold (COGS)	1.8% ↑	1.8% ↑
General and administrative expenses (G&A)	15.5% ↑	11.8% ↑
Sales and distribution costs (S&D)	8.1% ↑	8.1% ↑
Marketing expenses (MEX)	12.8% ↑	12.8% ↑
Other expenses / (revenues), net	125.8% ↑	(38.9%) ↓
Total	4.2% ↑	4.3% ↑



[1]Normalized for one-off impact.

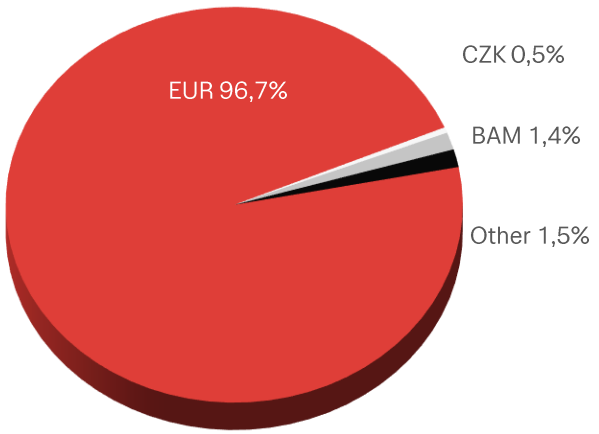
Key highlights of expenses in 1 - 9 2024:

- **Cost of goods sold (COGS):**
  - increased by EUR 6.3m (+1.8%) relative to the comparative period, primarily as a result of additional investments in improving the material status of employees, while the prices of raw materials, packaging and energy record a decrease compared to the first half of the previous year,
- **General and administrative expenses (G&A):**
  - higher by EUR 5.7m (+15.5%), primarily due to additional investments in improving the material status of employees, as well as to the costs related to the purchase of agricultural companies of the Fortenova group.
- **Sales and distribution costs (S&D):**
  - higher by EUR 5.4m (+8.1%) than in the comparative period, primarily as a result of additional investments in improving the material status of employees and higher depreciation costs,
- **Marketing expenses (MEX):**
  - higher by 12.8%. In this, the costs of marketing investments are higher by EUR 3.2m (+19.7%) due to the increased marketing activities, while the costs of the marketing department are higher by EUR 1.0m (+6.1%)., due to additional investments in improving the material status of employees.
- **Other expenses (revenues), net:**
  - In the reporting period, other expenses and income, net amounted to EUR -2.9m (positive impact), while in the comparative period they amounted to EUR -1.3m (positive impact). The difference was mainly impacted by the border debt received from the Fortenova group (total effects are presented in the One-off items section).

Continuous improvement of debt indicators

(in EURm)[1]	2023	1-9 2024	% change
Financial debt[2]	57.4	58.5	1.9%
Cash and cash equivalents	42.5	21.2	(50.2%)
Net debt	14.9	37.4	150.6%
Interest expense	0.68	0.85	23.9%
Net debt / normalized EBITDA	0.16	0.32	97.1%
Normalized EBIT / Interest expense	87.3	98.3	12.6%
Equity to total assets ratio	73.9%	75.4%	+147 bp

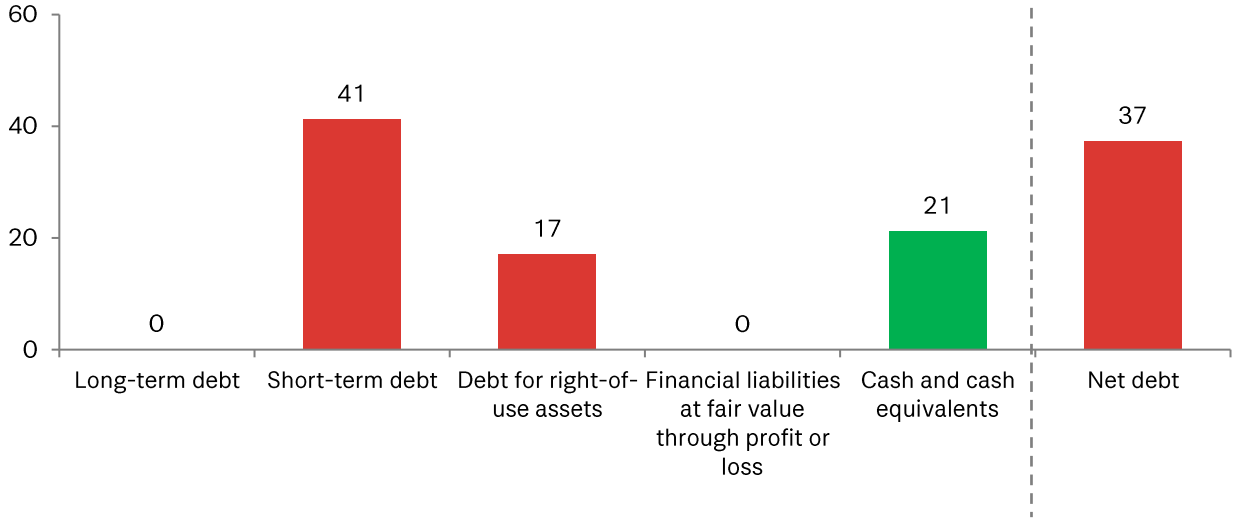
Currency structure of debt as at 30 September 2024



Key highlights:

- **Financial debt increase** → due to increase in debt for right-of-use assets,
- **Lower long term debt** → due to regular repayments,
- **Lower short term debt** → due to regular repayments,
- **Weighted average cost of debt excluding liabilities for right-of-use assets:**
  - As at 30 September 2024 → 1.60%,
  - As at 31 December 2023 → 0.84%.

Net debt components in EURm as at 30 September 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

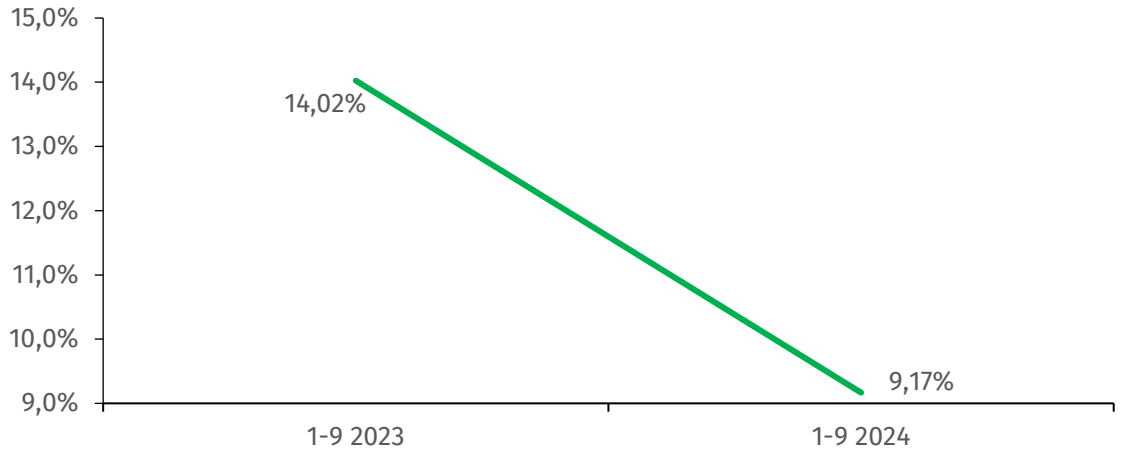
Key highlights of the cash flow

Working capital movement in BS	30 September 2024 / 30 September 2023	Impact
Inventories	↑ 4.6%	• higher by 4.6% and are maintained at the optimum level in accordance with the needs of operations,
Trade and other receivables	↑ 13.5%	• higher by 13.5% 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	↑ 4.7%	• higher by 4.7% as a result of liabilities related to the realization of capital investments, and regular business operations.

(in EURm)	1-9 2023	1-9 2024	Δ
Net cash from operating activities	73.6	52.2	(29.1%)
Net cash from investing activities	(13.8)	(40.2)	(192.0%)
Net cash from financing activities	(53.3)	(33.3)	37.5%
Net change of cash and cash equivalents	**6.6**	**(21.4)**	**(424.8%)**

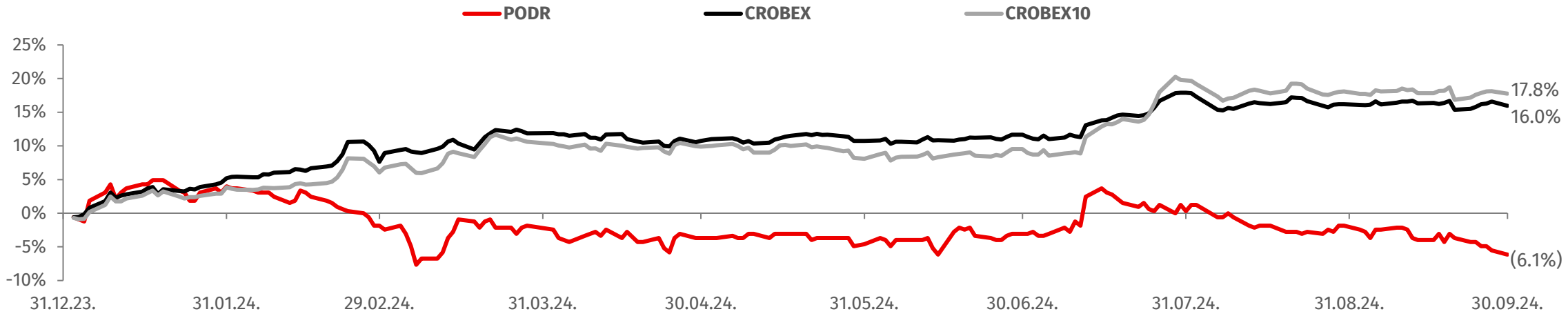
- In 2024, expected **capital expenditures** are at a level of almost EUR 89.4m.

Net cash flow from operating activities as % of sales



Podravka's share price movement

PODR share price movement in 1 – 9 2024



Market activity with PODR share

(EUR; units)	1-9 2023	1-9 2024	% change
Average daily price	123.1	161.4	31.1%
Average daily number of transactions	14	11	(24.2%)
Average daily volume	1317	731	(44.5%)
Average daily turnover	161,193.7	118,024.6	(26.8%)
Reported earnings per share	9.5[1]	9.7	2.3%
Normalized earnings per share	6.7[1]	9.3	38.1%

Last price on 31.12.2023

163.00 EUR

Dividend per share

3.20 EUR

Last price on 30.09.2024

153.00 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.

Contact

Podravka Inc.

Ante Starčevića 32, 48 000 Koprivnica

www.podravka.hr

Investor Relations

ir@podravka.hr

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30th October, 2024

Podravka GRUPA