



*Podravka*  
*Group*  
business  
results for  
January -  
June 2022  
UNAUDITED

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Key financial  
indicators  
in 1 – 6 2022

## Key financial indicators in 1 – 6 2022

<b>(in HRK millions)</b>	<b>1 – 6 2021</b>	<b>1 – 6 2022</b>	<b>Δ</b>	<b>%</b>
Sales revenue	2.220.5	2.416.2	195.7	8.8%
EBITDA <sup>1</sup>	356.6	365.2	8.6	2.4%
Net profit after MI	197.6	198.2	0.7	0.3%
Net cash flow from operating activities	359.7	503.0	143.3	39.8%
Cash capital expenditures	56.5	203.8	147.2	260.3%
Normalized EBITDA <sup>2</sup>	357.1	363.0	5.8	1.6%
Normalized net profit after MI	198.0	195.4	(2.7)	(1.3%)

<b>(in HRK; market capitalization in HRKm)</b>	<b>31.12.2021</b>	<b>30.06.2022</b>	<b>Δ</b>	<b>%</b>
Net debt / normalized EBITDA	0.8	0.3	(0.5)	(63.7%)
Normalized Earnings per share	43.4	43.0	(0.4)	(1.0%)
Last price at the end of period	632.0	590.0	(42.0)	(6.6%)
Market capitalization	4.429.2	4.138.9	(290.3)	(6.6%)
Return on average equity <sup>3</sup>	8.8%	8.3%		-50 bp
Return on average assets <sup>4</sup>	6.3%	6.1%		-26 bp

NOTE: Decimal differences in the document are possible due to rounding.

### Key highlights in 1 – 6 2022:

- In 1 – 6 2022, the Podravka Group recorded a revenue increase of HRK 195.7m (+8.8 %), where the Food segment revenues increased by HRK 197.3m (+11.5 %), while the Pharmaceuticals segment revenues declined by HRK 1.5m (-0.3 %) relative to the comparative period,
- Operating profit before depreciation and amortization (EBITDA) increased by HRK 8.6m (+2.4 %) while net profit was higher by HRK 0.7m (+0.3 %). Significant negative effect on the Podravka Group's profitability came from price surge of raw materials and supplies in the Food segment, where the cost of raw materials and supplies in manufacturing increased by HRK 133m (+21.6%), while the positive effect comes from favourable movements in foreign exchange differences on trade receivables and trade payables (HRK +13.3m in 1 – 6 2022; HRK +8.0m in 1 – 6 2021) at the Podravka Group level. In the second half of 2022 an additional negative impact of the price movement of raw materials and supplies in the Food segment is expected as well as a negative effect of movements in energy prices in the Food and Pharmaceutical segment,
- Deleveraging at the Podravka Group level continued by a decrease in total borrowings by HRK 105.4m. At the end of reporting period, net debt<sup>5</sup> amounted to HRK 168.6m, while the leverage (net debt to normalized EBITDA ratio) for the reporting period stood at 0.3.

<sup>1</sup> Reported EBITDA is calculated in a way that EBIT was increased by the depreciation, amortization and value adjustments of the non-current assets.

<sup>2</sup> Normalized EBITDA is calculated in a way that normalized EBIT was increased by the depreciation and amortization.

<sup>3</sup> Normalized. Return on average equity is calculated in a way that normalized Net income is divided by average total shareholder's equity. Average total shareholder's equity is a sum of total shareholder's equity on the last day of reporting period (30.06.2022) and comparative period (31.12.2021) divided by 2. Normalized Net income include the last 12 months period.

<sup>4</sup> Normalized. Return on average assets is calculated in a way that normalized Net income is divided by average total asset. Average total asset is a sum of total asset on the last day of reporting period (30.06.2022) and comparative period (31.12.2021) divided by 2. Normalized Net income include the last 12 months period.

<sup>5</sup> Net debt = Financial debt - Cash and Cash equivalents.

Significant  
events  
in 1 – 6 2022  
and after the  
balance sheet  
date



### **Price growth of raw materials, supplies and energy**

After a sharp increase in the prices of raw materials, supplies and energy in the second half of 2021 due to a recovery in demand following the weakening of the pandemic and due to disruptions in supply chains, in second quarter of 2022, the Ukrainian crisis caused an additional rise in all prices of raw materials, supplies and energy. For example, compared to the beginning of 2021, at the end of the first half of 2022 the stock exchange price of natural gas is higher by 662 %, wheat by 64 %, soybean oil by 61 %, skimmed milk powder by 59 %, etc.<sup>6</sup>

These trends had a significant negative impact on the Podravka Group's operations, primarily in the Food segment, where in the 1 – 6 2022 period, the cost of raw materials and supplies in manufacturing increased by HRK 133m (+21.6%). However, the impact of the rise in the prices of raw materials and supplies was still not fully evident in operating expenses in the first half of 2022 due to stocks of raw materials and supplies purchased at prices in the previous period. The prices that have been realized in procurement in the past months, which define production costs in the next 6-12 months, are 5 % to 30 % higher compared to the end of 2021, i.e. they are 32 % to 75 % higher than in the comparative period. Therefore, in the second half of 2022, an additional negative impact of the price movement of raw materials and supplies in the Food segment is expected compared to the first half of 2022. On the other hand, energy prices (gas and electricity) are constantly increasing. The current market price of gas for the new gas year beginning on 1<sup>st</sup> October 2022 is up to seven times higher than the currently contracted, which puts great pressure on the increase in expenses.

Maximum efforts were made to increase business efficiency and optimize costs in order to amortize the strong growth of input prices as much as possible with internal reserves, but internal measures cannot mitigate such strong price jumps. Consequently, in order to mitigate to some extent the negative impact of strong growth in prices of raw materials, supplies and energy, at the beginning of the first quarter the Podravka Group corrected food prices in its markets, mainly in the range of 7 % to 10 %. Also, great attention was paid to procuring sufficient quantities of raw materials and supplies, primarily in the Food segment, in order to prevent potential supply risks and ensure business continuity.

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<sup>6</sup> Source Mintec global, a specialized platform for monitoring the prices of commodities. These numbers represent price trends on 30 June 2022 compared to 31 December 2020 on world exchanges (TFT Netherlands and Central European Gas Hub, Euronext Paris, CME Chicago, NZX New Zealand).

## ***Implications of the Russian Ukrainian crisis on the Podravka Group's operations***

In 2021, the Podravka Group generated less than 6.5 % of total revenues in the markets of Russia and Ukraine. The Russian market is of great importance for the Pharmaceuticals segment in terms of total sales revenues but also profitability, while in the Food segment the Russian market is not so significant in terms of total sales revenues or in terms of profitability. Consequently, in the period 1 – 6 2022, the overall developments in Russia and Ukraine had a negative impact on the profitability of the Pharmaceuticals segment, while there was no significant impact on the profitability of the Food segment. All receivables until then had been secured, there were no problems with the collection of receivables, but the conversion of the Russian ruble was disabled for some time, which coupled with the exchange rate volatility resulted in foreign exchange losses in that period. The Podravka Group was not exposed in its operations to banks owned by legal entities from Russia. Management of Podravka Inc. continuously considers all risks associated with the Russian-Ukrainian conflict and assesses that these risks do not threaten Podravka Group's operations stability.

## ***Employees' net earnings increased***

Despite the growing uncertainty due to the war in Ukraine, the Management Board of Podravka Inc. persisted in implementing the decision on increasing the net salaries that was adopted before the outbreak of the war in Ukraine. This decision increased the net salaries of Podravka Inc. and Mirna Inc. employees, but also the net salaries of Belupo Inc. employees. By this decision, the net salaries of Podravka Inc. and Mirna Inc. employees were increased for the second time in less than a year. As a result, the average net salary for June 2022 paid to employees of Podravka Inc. and Mirna Inc. whose net salary is calculated based on the system of coefficients (the so-called tariff) was on average 14 % higher than in June 2021. This covers the salaries of more than 3,200 employees. At the same time, the net earnings of Belupo Inc. employees, whose salary is calculated based on the system of coefficients (the so-called tariff), in June 2022 increased by 6.8% on average, compared to June 2021. The decisions of the Management Board on the increase in net salaries, which were supported by the conclusion of an annex to the collective agreement by all unions operating in Podravka Inc., Mirna Inc. and Belupo Inc., were adopted as a result of efforts to continuously improve the material position of employees and protect the value of their earnings from the growing inflation of retail prices.

Taking into account the overall effects of the increase in net salaries and earnings over the past year (the increases implemented in April 2021 and March 2022), the net earnings of employees of Podravka Inc. and Mirna Inc. have increased in less than a year on average between HRK 980 and HRK 1,415, or on average between 18 % and 33 %, depending on qualifications and working conditions. This approach additionally raises the attractiveness of Podravka as an employer and contributes to the achievement of the goals set in the "Declaration of support to strengthening professional equality within the private sector", of which Podravka is a signatory.

The salary increase in 2022 represents an increase in investments in employees' earnings of around HRK 35m annually, while in 2021 investments in earnings of employees increased by HRK 21m, so that in less than a year Podravka Inc. and Mirna Inc. have invested more than HRK 55m in improving salaries and total employees' earnings.

### **Podravka Group investment cycle implemented in line with the adopted strategy**

Despite the pressures on operating expenses due to the exceptional rise in raw material prices, the Podravka Group's investment cycle is going according to plan.

The investment in air conditioning of production plants in Koprivnica and Varaždin is completed which significantly improved working conditions in those production facilities.

The project of building a new logistics and distribution centre in Koprivnica is carried out according to plan. The conceptual design is in the finalization phase, the designer has been selected, and the initial offers for the machinery have been received, with the aim of starting construction works in the first quarter of 2023, while the deadline for completion of the investment will be defined by a deadline for machinery delivery. With the construction of the LDC, the Podravka Group will increase its efficiency in the logistics and distribution segment of operations through the optimization of the number of warehouses, minimization of internal transport and greater cost control. This will also have a positive impact on the environment through the reduction of carbon dioxide.

During the first quarter of 2022, the LEAN management implementation program was launched in Podravka with a focus on improving business processes and increasing productivity in the areas of production, maintenance and logistics. The first results are manifested through an increase in the efficiency of the machine park, i.e. through a reduction in scrap. Also, at two production sites, the Soups and Vegeta factory and Maribor bakery, a pilot project of production management system digitalization was launched, which digitalizes the monitoring, recording and control of work on production lines, which will enable better plant efficiency and use of production resources. Completion of the digitization of the entire Soups and Vegeta factory and Maribor Bakery is planned during third quarter 2022.

At the end of the third quarter of 2022, the solar power plant at the Danica site is expected to start operating, which will increase the share of renewable sources in electricity production. Solar power plant will have an installed capacity of 3,059 kW (a total of 9,272 panels) and an estimated own electricity production of 3,266,470 kW per year. The solar power plant will be built on the roofs of the Soups and Vegeta factory (installed capacity 1,744 kW), the Baby food and creamy spreads factory (installed capacity 939 kW) and the Danica meat industry (installed capacity 376 kW). A decision was made to speed up the implementation of the second and third phases of the construction of the solar power plant with the planned completion date of the investments in 2023. The second phase of the construction of the solar power plant includes the remaining facilities at the Danica site, and the main project is in the process of preparation. The third phase of the investment in solar power plants refers to the facilities at the Belupo site.

In the first quarter of 2022, an investment in the expansion of the Soups and Vegeta factory in Koprivnica was launched, whereby in second quarter 2022 a complete process line was contracted and a conceptual project was completed, while construction work is expected to start in third quarter 2022. This investment will ensure stability and security in the availability of industrial pasta as a strategic raw material in the production of soups, which is one of the most profitable categories of the food products portfolio. For the Soups and Vegeta factory it should be noted that the already launched investment in the bouillon cubes packaging line, will be finalized according to the investment plan. Initiated investments in new production lines in the Kalnik factory will be realized by the end of 2022, and will result in raising the level of production efficiency and creating preconditions for production of innovative products. Regarding the investment in the line for the production of extruded products in the Cocktail snacks factory,

in third quarter 2022 the completion of the installation and the beginning of production are expected. The investment cycle also includes companies outside the Republic of Croatia, where in second quarter 2022 the equipment was installed in the construction of a flow chamber for raising dough in the Vrhnika bakery in Slovenia with the aim of increasing equipment capacity and improving working conditions for employees, which will be put into operation in Q3 2022.

Investment in agricultural machinery and irrigation in the Republic of Croatia was realized second quarter 2022 and put into operation, and it will result in a tripling of agricultural areas under irrigation. The goal of the investment is to reduce the procurement cost of raw materials and services of agro-technical operations and to increase self-sufficiency and reduce dependence on imported raw materials. Investments in the modernization and maintenance of machinery have begun in accordance with the annual investment plan, most of which will be finalized by the end of the year. Also, the Podravka Group is investing in the modernization of its truck fleet, which will result in a reduction in maintenance costs and an increase in the efficiency, timeliness and reliability of transport and distribution of products. In second quarter 2022, 6 new trucks were purchased, while the purchase of an additional 8 trucks is expected by the end of 2022.

Works on the reconstruction and modernization of the office building in Koprivnica are proceeding according to plan and completion is expected by the end of July.

### ***Restructuring and modernization of Žito Group production begun***

The restructuring of the Žito Group's operations includes consolidating the bakery in a smaller number of locations and focusing on bakery production, technological modernization of the bakery and full harmonization of business processes with the business processes of Podravka Inc. As part of the restructuring, sales and production functions have been separated, so Podravka Ltd. Ljubljana took over all sales operations on the Slovenian market for the entire portfolio of the Food segment, including the bakery portfolio. There were also changes in the leadership of the Žito Group, where Tomislav Bujanović took over the position of the general director of Žito.

The process of consolidation of the Žito Group bakery will be based on three locations – Maribor, Vrhnika and Ljubljana (Vič). Until now, two production sites have been closed – the bakeries in Novo Mesto and Ljubljana (Bežigrad). At the same time, around EUR 10m will be invested in the bakery modernization this year, of which we should mention a new line of higher capacity for bakery products at Vič, robotization and automation of lines in Maribor, and investment in infrastructure and expansion of frozen products storage facilities in Maribor. Equipment procurement is in the process and delivery is expected in first quarter 2024.

The process of terminating business cooperation with confectionery products manufacturer for which the Žito Group produced a private label, has been finalised. This will have a negative impact on the sales revenue of the Žito Group, but will have positive effects on profitability. Also, the process of increasing the efficiency of the production portfolio in order to increase profitability is in progress, due to which part of the unprofitable product categories was eliminated, and part was moved to outsourced production.

As a result of the implemented business restructuring and changes in the organization, the first results in increasing the cost efficiency of the Žito Group are expected during 2022.

## **Change in Podravka Inc. and the Food segment organization**

In early March 2022, the Management Board of Podravka Inc. adopted a decision to change the organization of Podravka Inc. and the Food segment. The goal of the new organization is to enhance and improve the efficiency of the Podravka Group, enable faster reaction and adjustment to market changes, clearer separation of roles and responsibilities between organizational units, clear definition of responsibilities and management roles of corporate functions of Podravka Inc. for the entire Podravka Group and faster and more efficient communication. The reorganization also ensured the full integration of the Žito Group's activities into the management mechanisms of the Podravka Group and the Žito Group's focus on bakery. Podravka Inc. is divided by the new organization into four business areas (Sales, Business Units, Finance, Supply Chain) and eight corporate functions.

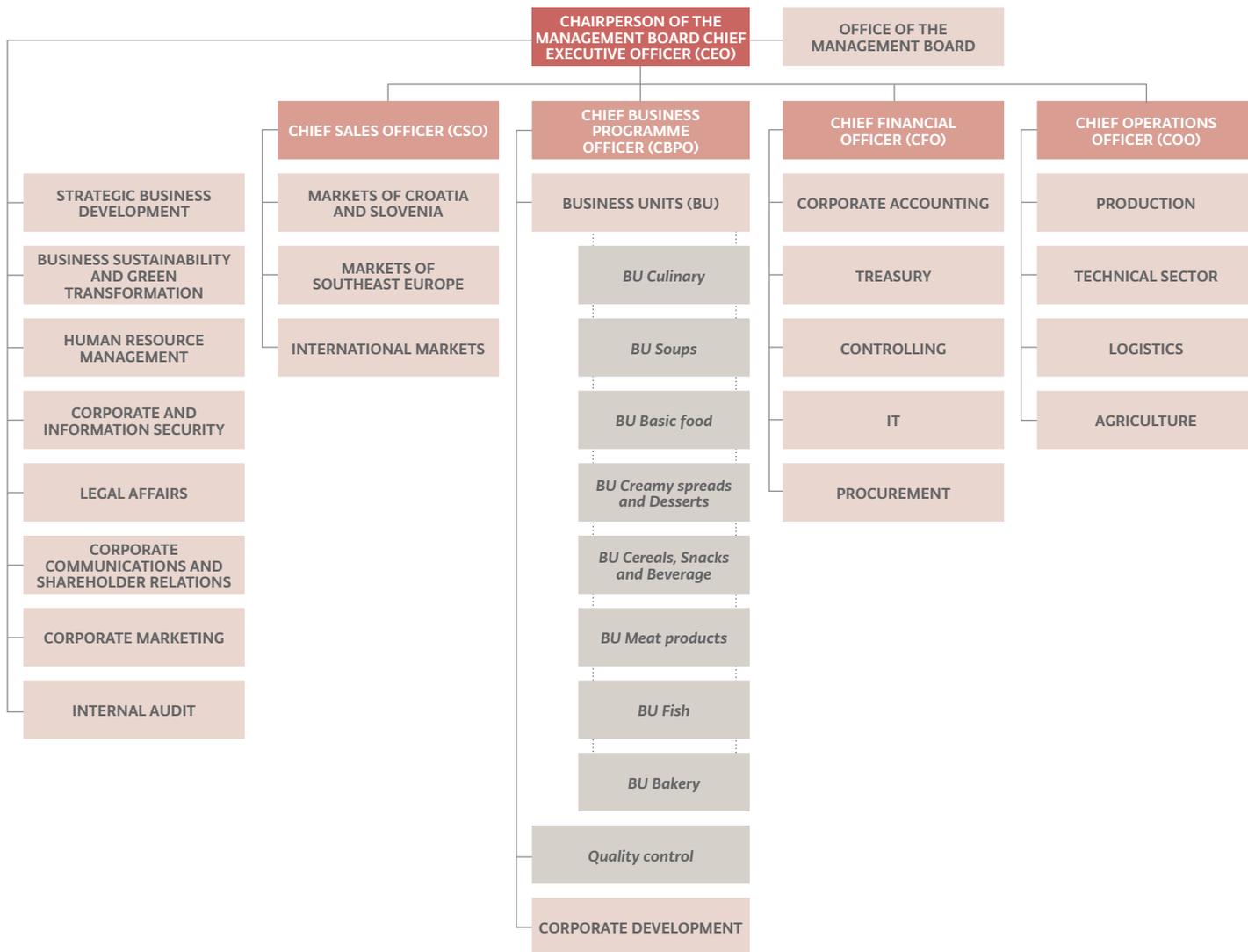
The Sales business area is divided into three main divisions – the markets of the Republic of Croatia and the Republic of Slovenia, the market of Southeastern Europe and the International markets. The former Adria region has been divided into two divisions for a better focus on the two largest markets of Croatia and Slovenia. The Sales business area is managed by the member of the Management Board of Podravka Inc. for sales, Milan Tadić.

The business area Business Units is divided into eight business units (BU Culinary, BU Soups, BU Cereals, snack and beverages, BU Creamy spreads and desserts, BU Bakery, BU Basic food, BU Meat products, BU Fish) and Quality Control and Corporate Development. The portfolio of the previous business unit Žito and Lagris has been divided into other business units according to the product categories, while the bakery has been separated into a separate business unit. BU Bakery is located in Ljubljana, but in all its activities it operates within the business area Business Units. The business area Business Units is managed by the member of the Management Board of Podravka Inc. for business units, Ivan Ostojić.

The business area Finance is divided into Corporate Accounting, Treasury and Controlling, and after the reorganization it also includes Procurement and IT. The business area Finance is managed by the member of the Management Board of Podravka Inc. for finance, Davor Doko.

The business area Supply Chain includes Production, Technical Sector, Logistics and Agriculture. The Production Sector manages all factories in Croatia and the Czech Republic, while the Žito Group, as a production company outside Croatia, is fully functionally integrated into the Podravka Group's operations, but it retains its legal personality and position in accordance with Slovenian laws. The Supply Chain business area is managed by the member of the Management Board of Podravka Inc. for the supply chain, Ljiljana Šapina.

Corporate functions include Strategic Business Development, Business Sustainability and Green Transformation, Human Resource Management, Corporate and IT Security, Internal Audit, Legal Affairs, Corporate Communications and Stakeholder Relations, Corporate Marketing and the Office of the Management Board. Corporate functions are in charge of managing appropriate operations at the level of the Podravka Group, and they are managed by the President of the Management Board of Podravka Inc. Martina Dalić.



In line with the business trends and company’s needs, and in order to place greater emphasis on strategy management and the impact of green policies, a stronger role is given to the Strategic Business Development and Business Sustainability and Green Transformation sectors. This is the result of the growing global emphasis on sustainable business and the focus of investors on the non-financial part of business. Through a proactive approach, the Podravka Group has integrated the ESG report into its Annual Report and is continuously improving the range of information in accordance with the relevant European Union regulations in order to provide investors with all relevant information necessary for valuations. The next step in the transparency of non-financial reporting is the development of the Green Strategy, which will cover the operations of all parts of the Podravka Group and which will define the goals of sustainable development of the Podravka Group, as well as procedures for achieving the defined goals.

Podravka’s management and professional team has recently been strengthened by experts with knowledge and experience, who came from established companies where they had significant

careers and excellent business results, and who will bring new business standards and practices to the Podravka Group. In the past year, 14 new managers with respectable careers in Croatian and foreign companies have joined the Podravka Group. The new organization is equally an opportunity for advancement for Podravka's internal experts and managers who have many years of business experience and knowledge. The teams have been strengthened with new knowledge and experience, while at the same time continuing to invest in own talents and the growth and development of employees. Strengthening the management and professional teams, especially in sales, is an essential prerequisite for fulfilling the strategic commitment related to a stronger move into the markets of Central and Western Europe. The new organization reduced the number of management levels, opened up space for the advancement of Podravka's best experts and managers, and accelerated and simplified decision-making processes.

The Podravka Group is increasingly facing a shortage of labour, especially skilled workers, so foreign workers from Nepal and Tanzania have been hired. With the purpose of attracting young professionals, strengthening talents and enhancing the professional, innovative and creative potential of the Podravka Group employees, an intern recruitment project was launched under the motto "Be a lid to our pot", which will be held regularly every year.

### ***Change of Podravka Inc. organization brought a more prominent application of the ESG criteria***

In accordance with the ESG criteria and the Code of Ethical Principles<sup>7</sup>, the Podravka Group is committed to equal opportunities and equality of all employees regardless of gender and to a zero tolerance for any form of discrimination. With 40 % of women in the Management Board and 33 % in the Supervisory Board as at 30<sup>th</sup> June 2022, Podravka Inc. is among leaders of gender equality in Croatia, and with the implementation of the new organization from 1<sup>st</sup> April 2022, the share of women in top management increased from 24 % to 43 %. As at 30<sup>th</sup> June 2022, 52 % of employees in the Podravka Group were women (Podravka Inc. 48 %), and out of the total number of employees with university education, women make up as much as 65 % (Podravka Inc. 61 %). Although there is a gender pay gap of 2.2 % (Podravka Inc. 4.25 %), it is far below the national average (11.2 %) and the EU average (13.0 %). The intention of the Podravka Group is to further reduce the pay gap between male and female employees in the coming period through various measures. More detailed quantitative indicators of the Social criteria are available within the ESG report in the Annual Report of the Podravka Group for 2021.<sup>8</sup>

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<sup>7</sup> Available at <https://www.podravka.com/investors/corporate-governance/documents>.

<sup>8</sup> Available at <https://www.podravka.com/investors/financial-reports>.

### ***The General Assembly of shareholders of Podravka Inc. held***

On 14<sup>th</sup> June 2022, the General Assembly of shareholders of Podravka Inc. was held. Based on the decision of the General Assembly, there was a change in the composition of the Supervisory Board, and as of 1<sup>st</sup> July 2022, Damir Grbavac was elected a new member of the Supervisory Board instead of Ivan Ostojić, who became a member of the Management Board of Podravka Inc. on the same day. In September 2022, the mandate of four members of the Supervisory Board expires: Petar Miladin, Luka Burilović, Krunoslav Vitelj and Dajana Milodanović. By the decision of the General Assembly, Petar Miladin, Luka Burilović and Krunoslav Vitelj received new mandates in the Supervisory Board, and Damir Felak will replace Dajana Milodanović in the Supervisory Board. Thus, as of September 2022, the Supervisory Board will have the following composition: Želimir Vukina, Luka Burilović, Ksenija Horvat, Krunoslav Vitelj, Tomislav Kitonić, Marina Dabić, Petar Miladin, Damir Grbavac and Damir Felak.

The assembly also confirmed the dividend distribution proposal to Podravka Inc shareholders in the amount of HRK 13.0 per share. The dividend will be paid on 12th August 2022 to all shareholders registered in the shareholders list as at 14<sup>th</sup> July 2022. Taking into account the last market price of the Podravka share (HRK 590.0) on the last day of the reporting period (30<sup>th</sup> June 2022), the confirmed dividend amount implies a dividend yield of 2.2%. With the continuity of the dividend yield over the years, the Podravka Group puts the emphasis and focus on the realization of the expectations set by the shareholders.

### **Supervisory Board of Podravka Inc. appointed new Management Board under the continued leadership of Martina Dalić**

At the session of the Podravka Inc. Supervisory Board held on 4<sup>th</sup> February 2022, the decision was made to appoint the Management Board that will lead the company in the five-year mandate, starting from 24<sup>th</sup> February 2022. The Supervisory Board appointed Martina Dalić, PhD the President of the Management Board, and previous Board members Davor Doko and Ljiljana Šapina received new mandates. Milan Tadić, previously Podravka's Head Director for the Adria Region, was appointed as a new member of the Management Board. As of 1<sup>st</sup> July 2022, the Management Board operates in full composition following the arrival of Ivan Ostojić, until then a member of the Management Board of Wüstenrot stambena štedionica and a member of the Podravka Inc. Supervisory Board.



As of 24<sup>th</sup> February 2022, the President of the Management Board of Belupo Inc., Hrvoje Kolarić, no longer holds the position of a member of the Management Board of Podravka Inc., which will put a greater focus of Belupo Inc. Management Board on the pharmaceutical business. The Management Board of Belupo Inc. has also been strengthened since 24<sup>th</sup> February 2022 with the former member of Podravka Inc. Management Board, Marko Đerek, whereby the number of Belupo Inc. Management Board was increased to three. After the end of the term in the Management Board of Belupo Inc. (3<sup>rd</sup> May 2022), Hrvoje Kolarić ceased to hold the position of the President of the Management Board of Belupo Inc. The appointment of a new President of the Management Board of Belupo Inc. is expected soon, and until then Tihomir Heđever and Marko Đerek, as members of the Management Board, continue to lead Belupo Inc. The Belupo Group operations are supervised at the operational level through the functions of the President of the Management Board of Podravka Inc. and the member of the Management Board for Finance of Podravka Inc. and the Strategic Business Development sector of Podravka Inc.

### ***Podravka presented new Vegeta BIO with organically grown vegetables and spices***

In March 2022, Podravka presented its new product – Vegeta BIO – which contains 400 grams of fresh organically grown vegetables. This product was designed in response to the needs of increasingly demanding consumers in Central and Western Europe, and has found its place also on Croatian shelves, following the trends of healthy food. As the increase in consumer awareness of proven and sustainable products is at the highest levels so far, the Vegeta brand, which is an unquestionable guarantee of quality, has brought a novelty that meets all the set consumer prerequisites. Vegeta BIO contains organically grown vegetables and spices, and with a combination of sea salt, it is an ideal universal food seasoning that will perfectly complement any dish. The development of the food portfolio in the BIO segment is in line with nutritional preferences and increasing consumer awareness of the importance of a healthy diet.

### ***Operations of the Podravka Group in conditions of COVID-19 disease***

The first half of 2022 was still strongly marked by the COVID-19 pandemic and epidemiological measures that differed in scope and duration in individual countries. In all markets where the Podravka Group operates, epidemiological measures in the first quarter created certain restrictions related to consumer behaviour and business itself. In the second quarter, the epidemiological measures were completely lifted, which made everyday business easier. It is not possible to quantify or assess the impact of COVID-19 disease on sales revenue trends of both business segments. The recovery of the Gastro channel (HoReCa customers, institutional customers, industrial customers, etc.) in the Food segment was evident already in the first quarter, primarily in the markets of Croatia and Slovenia. In the reporting period, the Podravka Group received subsidies in Slovenia in the total net amount of HRK 0.3m, while there were no financial impacts or risks caused by COVID-19, or value adjustments or any other situation that could be connected with COVID-19 disease.



# Overview of sales revenues in 1 – 6 2022



## Sales revenues by segment in 1 – 6 2022

(in HRK millions)	1 – 6 2021	1 – 6 2022	Δ	%
<b>Food</b>	<b>1,716.6</b>	<b>1,913.8</b>	<b>197.3</b>	<b>11.5%</b>
<i>Own brands</i>	1,619.1	1,780.2	161.1	9.9%
<i>Other sales</i>	97.5	133.7	36.2	37.1%
<b>Pharmaceuticals</b>	<b>503.9</b>	<b>502.4</b>	<b>(1.5)</b>	<b>(0.3%)</b>
<i>Own brands</i>	400.8	395.0	(5.8)	(1.4%)
<i>Other sales</i>	103.2	107.4	4.3	4.1%
<b>Podravka Group</b>	<b>2,220.5</b>	<b>2,416.2</b>	<b>195.7</b>	<b>8.8%</b>
<i>Own brands</i>	2,019.9	2,175.1	155.3	7.7%
<i>Other sales</i>	200.6	241.1	40.5	20.2%

### Movements of the Food segment revenues (1 – 6 2022 compared to 1 – 6 2021):

- OWN BRANDS recorded HRK 161.1m (+9.9 %) higher sales due to the increase in sales of almost all business units,
- OTHER SALES recorded HRK 36.2m (+37.1 %) higher sales, primarily as a result of the increase in trade goods sales in the markets of Croatia, Slovenia and Austria,
- Overall, the FOOD SEGMENT recorded HRK 197.3m (+11.5 %) higher sales,

### Movements of the Pharmaceuticals segment revenues (1 – 6 2022 compared to 1 – 6 2021):

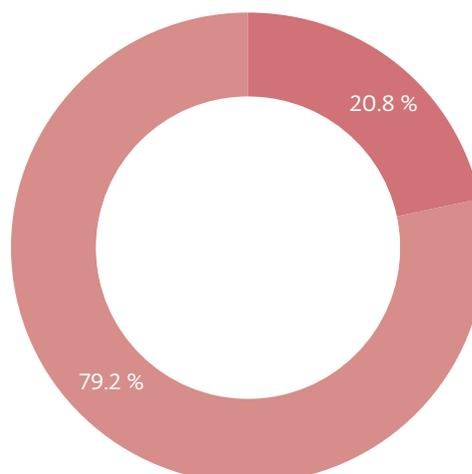
- OWN BRANDS recorded HRK 5.8m (-1.4 %) lower sales, as a result of the decline in sales revenues of Prescription drugs, primarily dermatological drugs,
- OTHER SALES recorded HRK 4.3m (+4.1 %) higher revenues, due to the increase in trade goods sales in the markets of Croatia, and Bosnia and Herzegovina,
- Overall, the PHARMACEUTICALS SEGMENT recorded HRK 1.5m (-0.3 %) lower sales revenues,

### Movements of the Podravka Group revenues (1 – 6 2022 compared to 1 – 6 2021):

- Podravka Group's OWN BRANDS recorded an increase in sales of HRK 155.3m (+7.7 %),
- The revenues of OTHER SALES are HRK 40.5m (+20.2 %) higher,
- Overall, the PODRAVKA GROUP sales revenues are HRK 195.7m (+8.8 %) higher.

### Sales revenues by segment in 1 – 6 2022

- Pharmaceuticals segment 20.8 %
- Food segment 79.2 %



### Sales revenues by business unit and category in 1 – 6 2022

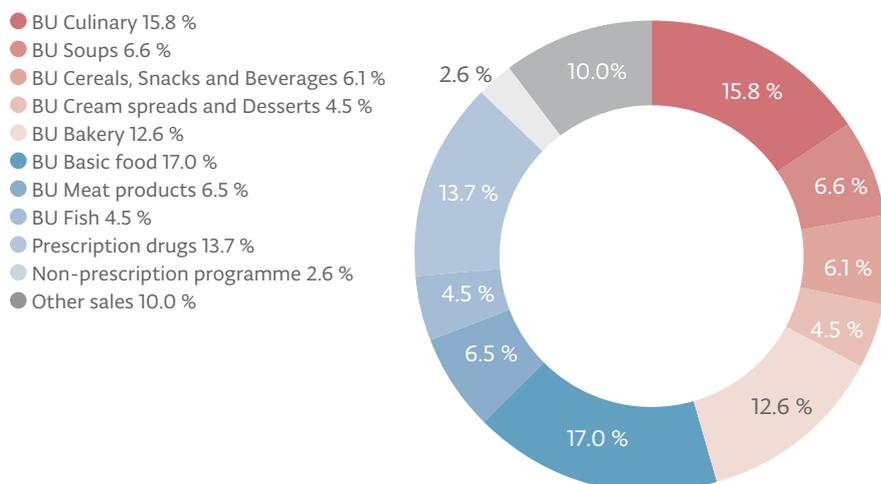
**NOTE:** At the beginning of March 2022, the Podravka Group completed the process of internal reorganization of the Food segment with the aim of increasing business efficiency. The new internal reorganization defined eight business units instead of the previous six. An overview is presented in the „Additional tables for 1 – 6 2022“ section for better understanding of the business units.

(in HRK millions)	1 – 6 2021	1 – 6 2022	Δ	%
BU Culinary	381.7	382.0	0.3	0.1%
BU Soups	135.7	160.1	24.4	18.0%
BU Cereals, Snack and Beverages	144.7	148.6	3.9	2.7%
BU Creamy spreads and Desserts	108.7	107.5	(1.2)	(1.1%)
BU Bakery	266.8	305.0	38.3	14.3%
BU Basic food	338.8	410.9	72.1	21.3%
BU Meat products	139.7	156.9	17.2	12.3%
BU Fish	103.1	109.3	6.2	6.0%
Prescription drugs	340.6	331.9	(8.8)	(2.6%)
Non-prescription programme	60.1	63.1	3.0	5.0%
Other sales	200.6	241.1	40.5	20.2%
<i>Other sales Food</i>	<i>97.5</i>	<i>133.7</i>	<i>36.2</i>	<i>37.1%</i>
<i>Other sales Pharmaceuticals</i>	<i>103.2</i>	<i>107.4</i>	<i>4.3</i>	<i>4.1%</i>
<b>Podravka Group</b>	<b>2,220.5</b>	<b>2,416.2</b>	<b>195.7</b>	<b>8.8%</b>

**Movements of sales revenues by region  
(1 – 6 2022 compared to 1 – 6 2021):**

- The CULINARY BUSINESS UNIT recorded HRK 0.3m (+0.1 %) higher sales, primarily due to Monospices and salt sales increase. Revenue growth recorded in the Southeastern Europe region, the Markets of Croatia and Slovenia and the Central Europe region cancelled out the lower sales of the Eastern Europe region,
- The SOUPS BUSINESS UNIT recorded HRK 24.4m (+18.0 %) sales growth, primarily due to the increase in sales of the Clear soups subcategory. The business unit recorded revenue growth in all regions, except for the Eastern Europe region,
- The CEREALS, SNACK AND BEVERAGES BUSINESS UNIT recorded HRK 3.9m (+2.7 %) higher sales, due to the increase in sales of the Tea and beverages and Snack categories. The revenue growth was recorded in the Southeastern Europe region and in the Markets of Croatia and Slovenia,
- The CREAMY SPREADS AND DESSERTS BUSINESS UNIT records HRK 1.2m (-1.1 %) lower sales than in the comparative period, primarily as a result of lower sales of the Creamy spreads category. The revenue growth was recorded in the Southeastern Europe region,
- The BAKERY BUSINESS UNIT recorded HRK 38.3m (+14.3 %) sales growth, primarily due to higher sales of the categories Žito Flour, Rolls and salt bakery products, and Bread, primarily in the Markets of Croatia and Slovenia,
- In the observed period, the BASIC FOOD BUSINESS UNIT recorded HRK 72.1m (+21.3 %) higher sales than in the comparative period, primarily due to the increase in sales of the categories Side dishes, Vegetables and Podravka Flour. A significant growth was recorded in the Markets of Croatia and Slovenia, and the Central Europe region,
- In the reporting period, the MEAT PRODUCTS BUSINESS UNIT recorded HRK 17.2m (+12.3 %) higher sales as a result of the Ready meals and Pâtés categories. The revenue growth was recorded in all regions,
- The FISH BUSINESS UNIT recorded HRK 6.2m (+6.0 %) higher sales than in the comparative period, due to the increase in sales of the Sardine subcategory. The business unit recorded sales growth in most regions,
- The PRESCRIPTION DRUGS CATEGORY recorded HRK 8.8m (-2.6 %) lower sales, due to dermatological drugs sales decrease, mostly in the market of Russia,
- The revenues of the NON-PRESCRIPTION PROGRAMME CATEGORY are HRK 3.0m (+5.0 %) higher, as a result of sales increase of the OTC drugs subcategory in the market of Croatia,
- The OTHER SALES CATEGORY recorded HRK 40.5m (+20.2 %) higher sales. In the Food segment, other sales grew by HRK 36.2m (+37.1 %) mainly due to the increase in trade goods sales in the Croatian market. In the Pharmaceuticals segment, other sales grew by HRK 4.3m (+4.1 %), primarily due to higher trade goods sales in the markets of Croatia and Bosnia and Herzegovina.

## Sales revenues by business unit and category in 1 – 6 2022



## Sales revenues by region in 1 – 6 2022

**NOTE:** At the beginning of March 2022, Podravka completed the process of internal reorganization of the Food segment with the aim of increasing business efficiency and a new division of regions was made. An overview is presented in the „Additional tables for 1 – 6 2022“ section for better understanding of the regions.

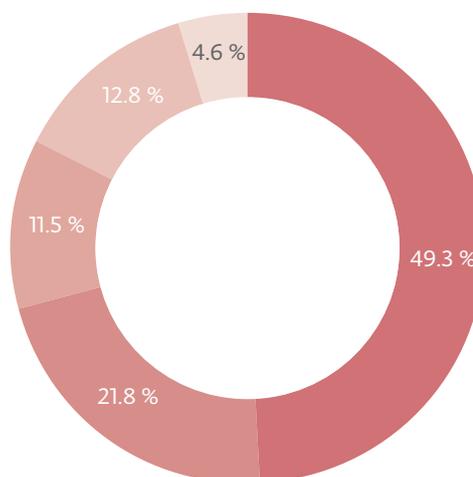
(in HRK millions)	1 – 6 2021	1 – 6 2022	Δ	%
<b>Markets of Croatia and Slovenia</b>	<b>1,045.0</b>	<b>1,191.3</b>	<b>146.3</b>	<b>14.0%</b>
<i>Food</i>	<i>838.5</i>	<i>967.9</i>	<i>129.4</i>	<i>15.4%</i>
<i>Pharmaceuticals</i>	<i>206.6</i>	<i>223.5</i>	<i>16.9</i>	<i>8.2%</i>
<b>Southeastern Europe</b>	<b>462.6</b>	<b>526.7</b>	<b>64.0</b>	<b>13.8%</b>
<i>Food</i>	<i>314.9</i>	<i>362.1</i>	<i>47.2</i>	<i>15.0%</i>
<i>Pharmaceuticals</i>	<i>147.7</i>	<i>164.6</i>	<i>16.9</i>	<i>11.4%</i>
<b>WE and Overseas</b>	<b>278.4</b>	<b>278.7</b>	<b>0.3</b>	<b>0.1%</b>
<i>Food</i>	<i>277.0</i>	<i>276.5</i>	<i>(0.4)</i>	<i>(0.2%)</i>
<i>Pharmaceuticals</i>	<i>1.4</i>	<i>2.2</i>	<i>0.8</i>	<i>54.0%</i>
<b>Central Europe</b>	<b>271.0</b>	<b>308.5</b>	<b>37.6</b>	<b>13.9%</b>
<i>Food</i>	<i>235.1</i>	<i>269.9</i>	<i>34.8</i>	<i>14.8%</i>
<i>Pharmaceuticals</i>	<i>35.9</i>	<i>38.6</i>	<i>2.7</i>	<i>7.6%</i>
<b>Eastern Europe</b>	<b>163.5</b>	<b>111.0</b>	<b>(52.5)</b>	<b>(32.1%)</b>
<i>Food</i>	<i>51.2</i>	<i>37.4</i>	<i>(13.7)</i>	<i>(26.8%)</i>
<i>Pharmaceuticals</i>	<i>112.3</i>	<i>73.6</i>	<i>(38.7)</i>	<i>(34.5%)</i>
<b>Podravka Group</b>	<b>2,220.5</b>	<b>2,416.2</b>	<b>195.7</b>	<b>8.8%</b>

### Movements of sales revenues by region (1 – 6 2022 compared to 1 – 6 2021):

- The **MARKETS OF CROATIA AND SLOVENIA** recorded a sales increase of HRK 146.3m (+14.0 %) relative to the comparative period. Food segment revenues increased by HRK 129.4m (+15.4 %), primarily due to sales increase of the business units Bakery and Basic food and trade goods sales increase. Pharmaceuticals segment revenues are HRK 16.9m higher (+8.2 %), due to higher demand and sales of the Non-prescription programme compared to the same period of the previous year,
- Revenues of the **SOUTHEASTERN EUROPE REGION** grew by HRK 64.0m (+13.8 %) in the reporting period. The Food segment recorded revenue growth of HRK 47.2m (+15.0 %), due to sales increase of almost all business units, with the largest absolute growth generated by the business units Soups and Culinary. Pharmaceuticals segment revenues are HRK 16.9m higher (+11.4 %) due to Prescription drugs sales increase,
- The **WESTERN EUROPE AND OVERSEAS REGION** recorded HRK 0.3m (+0.1 %) higher sales. The Food segment recorded HRK 0.4m (-0.2 %) lower sales, where the increase in sales of business units Meat products, Fish, and trade goods sales increase mitigated the sales decrease by business units Bakery and Creamy spreads and Desserts. Pharmaceuticals segment revenues are HRK 0.8m (+54.0 %) higher, primarily due to an increase in other sales revenues,
- Revenues of the **CENTRAL EUROPE REGION** are HRK 37.6m (+13.9 %) higher in the reporting period. The Food segment recorded revenue growth of HRK 34.8m (+14.8 %), primarily as a result of a significant sales increase of the Basic food business unit. The Pharmaceuticals segment revenues are HRK 2.7m higher (+7.6 %) due to higher sales of the prescription drugs category,
- The **EASTERN EUROPE REGION** recorded a decrease in revenues of HRK 52.5m (-32.1 %) as a result of lower sales of the Food segment of HRK 13.7m (-26.8 %), due to a sales revenues decline of business unit Culinary and a decrease in sales of the Pharmaceuticals segment of HRK 38.7m (-34.5 %) due to a drop in sales revenues of the prescription drugs category, mostly dermatological drugs.

### Sales revenues by region in 1 – 6 2022

- Markets of Croatia and Slovenia 49.3 %
- Southeastern Europe 21.8 %
- Western Europe and Overseas 11.5 %
- Central Europe 12.8 %
- Eastern Europe 4.6 %





Profitability  
in 1 – 6 2022

## Profitability in 1 – 6 2022

**NOTE:** The overview and explanation of value adjustments to non-current assets used in the EBITDA calculation, the overview and explanation of items treated as one-off by management and the overview of methodology of calculation of the normalized result are provided in the "Additional tables for 1 – 6 2022" section.

### Profitability of the Food segment in 1 – 6 2022

(in HRK millions)	Profitability of the Food segment				Normalized			
	1 – 6 21	1 – 6 22	Δ	%	1 – 6 21	1 – 6 22	Δ	%
Sales revenue	1,716.6	1,913.8	197.3	11.5%	1,716.6	1,913.8	197.3	11.5%
Gross profit	602.4	642.1	39.6	6.6%	602.4	642.1	39.6	6.6%
EBITDA*	243.0	254.4	11.4	4.7%	243.5	249.5	6.0	2.5%
EBIT	167.3	174.9	7.6	4.5%	167.9	170.0	2.1	1.3%
Net profit after MI	136.3	141.1	4.8	3.5%	136.8	136.0	(0.7)	(0.5%)
Gross margin	35.1%	33.5%		-155 bp	35.1%	33.5%		-155 bp
EBITDA margin	14.2%	13.3%		-86 bp	14.2%	13.0%		-115 bp
EBIT margin	9.7%	9.1%		-61 bp	9.8%	8.9%		-90 bp
Net margin after MI	7.9%	7.4%		-57 bp	8.0%	7.1%		-86 bp

\* EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments of non-current assets; normalized EBITDA is calculated in a way that normalized EBIT was increased by depreciation and amortization.

### Profitability of the Food segment (1 – 6 2022 compared to 1 – 6 2021):

- In the 1 – 6 2022 period, the Food segment recorded an increase in GROSS PROFIT of HRK 39.6m (+6.6 %) and the gross margin of 33.5 % was realised. In the reporting period, negative trends in prices of raw materials and supplies were recorded if compared to 1 – 6 2021. Cost of raw materials and supplies in manufacturing increased by HRK 133m (+21.6%), primarily related to cereals and mill products, meat and meat products, metal packaging and vegetables. In the second half of 2022, additional negative effect of movements in prices of raw materials, supplies and energy is expected,
- Reported OPERATING PROFIT (EBIT) is HRK 7.6m (+4.5 %) higher than in the comparative period, while normalized operating profit is HRK 2.1m (+1.3 %) higher. In addition to the impact above the gross profit level, EBIT was negatively affected by the increase in all levels of operating expenses, primarily expenses related to sales growth, while the positive impact comes from favourable movement in foreign exchange differences on trade receivables and trade payables (HRK +5.9m in 1 – 6 2022; HRK +1.4m in 1 – 6 2021),
- Reported NET PROFIT AFTER MINORITY INTERESTS is HRK 4.8m higher (+3.5 %), while normalized net profit after minority interests is HRK 0.7m lower (-0.5 %) compared to 1 – 6 2021. In addition to the impact above the EBIT level, net profit was impacted by foreign exchange differences on borrowings (HRK +0.4m in 1 – 6 2022; HRK +0.9m in 1 – 6 2021) and lower finance costs. Consequently, the tax expense is HRK 3.3m higher compared to 1 – 6 2021.

## Profitability of the Pharmaceuticals segment in 1 – 6 2022

(in HRK millions)	Profitability of the Pharmaceutical segment				Normalized			
	1 – 6 21	1 – 6 22	Δ	%	1 – 6 21	1 – 6 22	Δ	%
Sales revenue	503.9	502.4	(1.5)	(0.3%)	503.9	502.4	(1.5)	(0.3%)
Gross profit	240.7	239.1	(1.7)	(0.7%)	240.7	239.1	(1.7)	(0.7%)
EBITDA*	113.6	110.8	(2.8)	(2.4%)	113.6	113.5	(0.1)	(0.1%)
EBIT	81.4	77.6	(3.8)	(4.7%)	81.4	80.3	(1.2)	(1.4%)
Net profit after MI	61.3	57.2	(4.1)	(6.7%)	61.3	59.3	(1.9)	(3.2%)
Gross margin	47.8%	47.6%		-18 bp	47.8%	47.6%		-18 bp
EBITDA margin	22.5%	22.1%		-48 bp	22.5%	22.6%		+4 bp
EBIT margin	16.2%	15.5%		-71 bp	16.2%	16.0%		-18 bp
Net margin after MI	12.2%	11.4%		-78 bp	12.2%	11.8%		-35 bp

\* EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments of non-current assets; normalized EBITDA is calculated in a way that normalized EBIT was increased by depreciation and amortization.

### Profitability of the Pharmaceuticals segment (1 – 6 2022 compared to 1 – 6 2021):

- The Pharmaceuticals segment recorded HRK 1.7m (-0.7 %) lower GROSS PROFIT, while the gross margin was 47.6 %. In the second half of 2022, additional negative effect of movements in energy prices is expected,
- OPERATING PROFIT (EBIT) decreased by HRK 3.8m (-4.7 %). In addition to lower sales revenues, EBIT was affected by the increase in provisions for trade receivables and the increase in logistics and distribution costs, while a positive impact comes from favourable movements in foreign exchange differences on trade receivables and trade payables (HRK +7.5m in 1 – 6 2022; HRK +6.6m in 1 – 6 2021) and from lower marketing expenses and lower general and administrative expenses,
- NET PROFIT AFTER MINORITY INTERESTS is HRK 4.1m (-6.7 %) lower. In addition to the impact above the EBIT level, net profit after minority interests was impacted by lower finance costs and movements in foreign exchange differences on borrowings (HRK -1.0m in 1 – 6 2022; HRK +0.3m in 1 – 6 2021). The lower level of pre-tax profit resulted in the decrease in tax expense of HRK 0.4m.

## Profitability of the Podravka Group in 1 – 6 2022

(in HRK millions)	Profitability of the Podravka Group				Normalized			
	1 – 6 21	1 – 6 22	Δ	%	1 – 6 21	1 – 6 22	Δ	%
Sales revenue	2,220.5	2,416.2	195.7	8.8%	2,220.5	2,416.2	195.7	8.8%
Gross profit	843.2	881.1	38.0	4.5%	843.2	881.1	38.0	4.5%
EBITDA*	356.6	365.2	8.6	2.4%	357.1	363.0	5.8	1.6%
EBIT	248.7	252.5	3.8	1.5%	249.3	250.3	1.0	0.4%
Net profit after MI	197.6	198.2	0.7	0.3%	198.0	195.4	(2.7)	(1.3%)
Gross margin	38.0%	36.5%		-151 bp	38.0%	36.5%		-151 bp
EBITDA margin	16.1%	15.1%		-94 bp	16.1%	15.0%		-106 bp
EBIT margin	11.2%	10.5%		-75 bp	11.2%	10.4%		-87 bp
Net margin after MI	8.9%	8.2%		-69 bp	8.9%	8.1%		-83 bp

\* EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments of non-current assets; normalized EBITDA is calculated in a way that normalized EBIT was increased by depreciation and amortization.

### Profitability of the Podravka Group (1 – 6 2022 compared to 1 – 6 2021):

- In the observed period, the Podravka Group recorded HRK 38.0m (+4.5 %) higher GROSS PROFIT, with the gross margin of 36.5 %,
- Reported OPERATING PROFIT (EBIT) is HRK 3.8m (+1.5 %) higher, while normalized is HRK 1.0m (+0.4 %) higher. In addition to the impact above the gross profit level, the increase in operating profit was impacted by positive movements in foreign exchange differences on trade receivables and trade payables (HRK +13.3m in 1 – 6 2022; HRK +8.0m in 1 – 6 2021) and higher level of operating expenses, especially expenses related to sales growth,
- Reported NET PROFIT AFTER MINORITY INTERESTS is HRK 0.7m higher (+0.3 %), while normalized is HRK 2.7m lower (-1.3 %). In addition to the impact above the EBIT level, net profit after minority interests was impacted by movements in foreign exchange differences on borrowings (HRK -0.6m in 1 – 6 2022; HRK +1.2m in 1 – 6 2021) relative to the comparative period. The tax expense is HRK 2.9m higher.

# Key highlights of the income statement in 1 – 6 2022



## Key highlights of the income statement in 1 – 6 2022

Podravka group (in HRK millions)	Reported				Normalized			
	1 – 6 21	1 – 6 22	Δ	%	1 – 6 21	1 – 6 22	Δ	%
Cost of goods sold	1,377.3	1,535.1	157.8	11.5%	1,377.3	1,535.1	157.8	11.5%
General and administrative expenses	154.1	164.1	10.0	6.5%	153.5	160.8	7.3	4.7%
Selling and distribution costs	290.4	321.9	31.5	10.8%	290.4	321.9	31.5	10.8%
Marketing expenses	167.6	170.2	2.6	1.6%	167.6	170.2	2.6	1.6%
Other expenses (income), net	(17.6)	(27.5)	(9.9)	56.1%	(17.6)	(22.0)	(4.4)	24.8%
<b>Total operating expenses</b>	<b>1,971.8</b>	<b>2,163.7</b>	<b>192.0</b>	<b>9.7%</b>	<b>1,971.2</b>	<b>2,166.0</b>	<b>194.8</b>	<b>9.9%</b>

### Cost of goods sold

Cost of goods sold increased by 11.5 % relative to the comparative period due to a higher level of sales realized, the structure of sales and movements in prices of raw materials and supplies (cost of raw materials and supplies in manufacturing increased by HRK 133m (+21.6 %), primarily due to the increase in prices of grains and mill products, meat and meat products, metal packaging and vegetables). In the second half of 2022 it is expected to face additional negative effect of movements in prices of raw materials and supplies in the Food segment and negative effect of movements of energy prices in Food and Pharmaceutical segment.

### General and administrative expenses

In relation to the comparative period, general and administrative expenses are HRK 10.0m higher (+6.5 %), due to the increase in costs of services, staff costs and other expenses relative to the comparative period. On the normalized level, general and administrative expenses increased by HRK 7.3m (+4.7 %).

### Selling and distribution costs

In the observed period, selling and distribution costs are HRK 31.5m (+10.8 %) higher than in the comparative period, primarily as a result of higher costs of transportation following the increase in prices of transportation, and higher energy and staff costs.

### Marketing expenses

In the reporting period, marketing expenses (which include marketing investments expenses and marketing department expenses) are HRK 2.6m higher (+1.6 %) than in the comparative period. In the

Food segment, marketing expenses increased by HRK 4.4m (+5.0 %), while in the Pharmaceuticals segment they decreased by HRK 1.8m (-2.2 %).

#### **Other expenses (income), net**

In the reporting period, other expenses and income, net amounted to HRK -27.5m (positive impact), while in the comparative period they amounted to HRK -17.6m (positive impact). This was mainly due to favourable movements in foreign exchange differences on trade receivables and trade payables, which amounted to HRK +13.3m in the 1 – 6 2022 period, while in the comparative period they amounted to HRK +8.0m and income from sale of non-operating assets (explained in the “Additional tables for 1 – 6 2022” section).

#### **Net finance costs**

In the observed period, net finance costs amounted to HRK -3.2m, which is at the level of the comparative period. This is mainly a result of movements in foreign exchange differences on borrowings (HRK -0.6m in 1 – 6 2022; HRK +1.2m in 1 – 6 2021). At the same time, interest expense on borrowings is HRK 1.0m (-14.8 %) lower due to regular repayment of borrowings, with a continuous decrease in the total borrowings.

#### **Income tax**

In the 1 – 6 2022 period, the income tax of the Podravka Group amounted to HRK 46.4m (HRK +2.9m or +6.7 %).

Key  
highlights of  
the balance  
sheet as at  
30 June  
2022



## **Key highlights of the balance sheet as at 30 June 2022**

### **Property, plant and equipment**

Property, plant and equipment of the Podravka Group are HRK 103.9m or +4.7 % higher compared to 31 December 2021, due to the realized capital investments in the reporting period.

### **Inventories**

Inventories of the Podravka Group are HRK 160.4m (+17.2 %) higher than as at 31 December 2021, and HRK 85.3m (+8.5 %) higher than as at 30 June 2021, as a result of the increase in inventories of the Food segment, with the aim of procuring sufficient amount of raw materials to ensure business continuity and control of future expenses of raw materials and packaging, as well as of the increase in prices of raw materials and packaging.

### **Trade and other receivables**

Trade and other receivables of the Podravka Group are HRK 55.6m (-5.4 %) lower than as at 31 December 2021, and HRK 27.8m (-2.8 %) lower than as at 30 June 2021, as a result of lower sales revenues in the Pharmaceuticals segment in the reporting period.

### **Cash and cash equivalents**

Cash and cash equivalents of the Podravka Group at the end of the observed period are HRK 186.2m higher (+559.1 %) compared to 31 December 2021. This is explained in the “Key highlights of the cash flow statement in 1 – 6 2022” section.

### **Long-term and short-term borrowings**

As at 30 June 2022, long-term and short-term borrowings of the Podravka Group are HRK 105.4m lower than as at 31 December 2021. In the observed period, long-term debt is lower by HRK 78.5m, while short-term debt is lower by HRK 26.8m, as a result of regular repayment of borrowings.

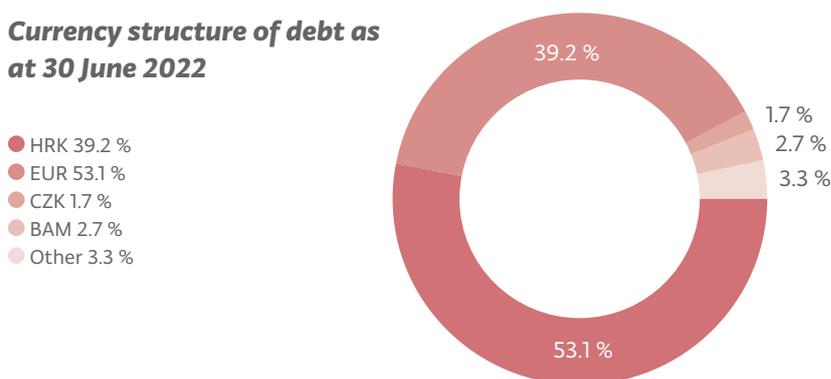
### **Trade and other payables**

Trade and other payables of the Podravka Group are HRK 380.6m or +71.6 % higher compared to 31 December 2021, and HRK 210.7m (+30.1 %) higher compared to 30 June 2021. The movement is a result of the increase in trade payables due to regular operations of the Food segment, but also of movements in prices of raw materials and supplies in the reporting period, as well as of higher provisions for declared dividend for the shareholders of Podravka Inc.

## Indebtedness

As at 30 June 2022, the total debt of the Podravka Group related to borrowings and other interest-bearing financial liabilities amounted to HRK 388.1m, of which HRK 61.2m relates to long-term borrowings, HRK 232.1m to short-term borrowings, HRK 94.8m to liabilities for right-of-use assets, while there were no financial liabilities at fair value through profit or loss. The AVERAGE WEIGHTED COST OF DEBT on all the stated liabilities as at 30 June 2022 was 1.1 %, while if right-of-use assets are excluded it was 0.7 %.

## Currency structure of debt as at 30 June 2022



Analysing the debt currency structure, the highest exposure, of 53.1 %, was toward the Euro (EUR), while the exposure to the domestic currency (HRK) was 39.2 %. The debt share in the Czech koruna (CZK) amounted to 1.7 %, in the Bosnia and Herzegovina mark (BAM) to 2.7 %, while the remainder of 3.3 % relates to other currencies.

(in HRK millions)*	2021	1 – 6 2022	Δ	%
Financial debt <sup>9</sup>	493.8	388.1	(105.7)	(21.4%)
Cash and cash equivalents	33.3	219.5	186.2	559.1%
Net debt <sup>10</sup>	460.5	168.6	(292.0)	(63.4%)
Interest expense	6.8	5.8	(1.0)	(14.8%)
Net debt / normalized EBITDA	0.8	0.3	(0.5)	(63.7%)
Normalized EBIT / Interest expense	56.9	66.9	10.0	17.6%
Equity to assets ratio <sup>11</sup>	75.3%	71.9%		-334 bp

\* NOTE: All indicators are calculated in a way that income statement items are calculated at the level of the last 12 months, while balance sheet items are taken at the period end.

Net debt decrease as at 30 June 2022 relative to the comparative period is a result of the repayment of a portion of borrowings compared to 31 December 2021. A significant net debt decrease led to a lower net debt to normalized EBITDA ratio. Decrease in interest expense has driven the rise in the interest coverage ratio (Normalized EBIT / Interest expense).

<sup>9</sup> Financial debt: long-term and short-term borrowings + liabilities for right-of-use assets + financial liabilities at fair value through profit or loss. The data is provided in the "Consolidated statements of financial position as at 30 June 2022" section.

<sup>10</sup> Net debt: Financial debt – Cash and cash equivalents.

<sup>11</sup> Equity to assets ratio: total shareholder's equity / total assets. The data is provided in the "Consolidated statements of financial position as at 30 June 2022" section.

# Key highlights of the cash flow statement in 1 – 6 2022



### Key highlights of the cash flow statement in 1 – 6 2022

<i>(in HRK millions)</i>	1 – 6 2021	1 – 6 2022	Δ
Net cash flow from operating activities	359.7	503.0	143.3
Net cash flow from investing activities	(47.8)	(182.7)	(133.9)
Net cash flow from financing activities	(142.6)	(134.1)	8.5
<b>Net increase / (decrease) of cash and cash equivalents</b>	<b>168.3</b>	<b>186.2</b>	<b>17.9</b>

#### **Net cash flow from operating activities**

In the observed period, net cash flow from operating activities amounted to positive HRK 503.0m as a result of operating business and dynamics of movements in the working capital.

#### **Net cash flow from investing activities**

Net cash flow from investing activities in the reporting period amounted to negative HRK 182.7m, primarily as a result of cash CAPITAL EXPENDITURES amounting to HRK 203.8m. The most significant capital expenditures in 1 – 6 2022 were related to:

- investment in IT and energy renovation of the Office building with the aim of increasing energy efficiency and improving working conditions,
- modernization of the truck fleet of Podravke Inc. with the aim of maintenance costs reduction and increase in efficiency of transport and distribution of products,
- continuation of investment activities related to investing in a fruit processing line, aseptic line and vacuum boilers, which ensures business continuity and increases productivity,
- continuation of investment activities related to investing in the solar power plant in order to increase the use of green energy and reduce costs,
- investment in the expansion of the Soups and Vegeta factory, which creates preconditions for the consolidation of pasta production in order to improve business,
- investment in agricultural machinery in order to increase agricultural production and reduce costs,
- investment in production line for extruded products in order to improve business operations.

The above capital expenditures are expected to positively impact the operating profitability increase.

In 2022, EXPECTED CAPITAL EXPENDITURES amount to HRK 500.0m, in 2023 expected capital expenditures are also at a level of approximately HRK 500.0m, while in the 2024 – 2025 period expected capital expenditures amount to HRK 250.0m.

#### **Net cash flow from financing activities**

In the 1 – 6 2022 period, net cash flow from financing activities amounted to negative HRK 134.1m, mainly as a result of repayment of borrowings. The difference in relation to the repayment of borrowings in the balance sheet primarily relates to foreign exchange differences.

# Share in 1 – 6 2022



### List of major shareholders as at 30 June 2022

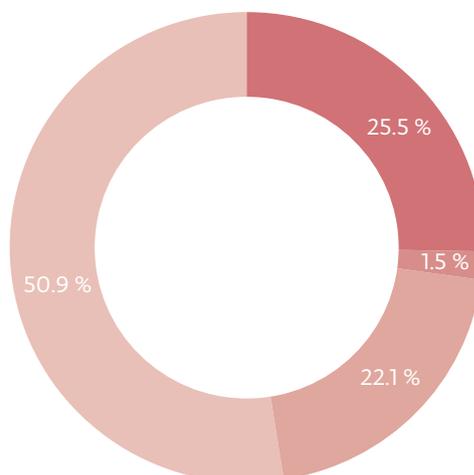
No.	Shareholder	Number of shares	% of ownership
1.	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
2.	AZ mandatory pension fund, category B	921,563	12.9%
3.	RSC* - Croatian Pension Insurance Institute	727,703	10.2%
4.	Erste Plavi mandatory pension fund, category B	638,248	9.0%
5.	Raiffeisen mandatory pension fund, category B	625,298	8.8%
6.	RSC* - Republic of Croatia	452,792	6.4%
7.	Capital Fund	406,842	5.7%
8.	Pivac Brothers Meat Industry	226,659	3.2%
9.	Republic of Croatia	167,281	2.3%
10.	Podravka Inc. - treasury account	107,252	1.5%
	Other shareholders	1,748,721	24.6%
	<b>Total</b>	<b>7,120,003</b>	<b>100.0%</b>

\* The Restructuring and Sale Centre holds 1,241,504 shares through four accounts, Capital Fund holds 406,842 shares, the Republic of Croatia additionally holds 167,281 shares on a separate account.

Podravka Inc. has a stable ownership structure where the most significant stake is held by the Republic of Croatia and domestic pension funds. A total of 7,120,003 shares have been issued at nominal price of HRK 220.0 per share. As at 30 June 2022, the Republic of Croatia holds 25.5 % stake, and domestic pension funds (mandatory and voluntary) hold a total of 50.9 % stake. Podravka Inc. has 1.5 % of treasury shares. Podravka Inc.'s shares have been listed on the Prime Market of the Zagreb Stock Exchange and in eight Zagreb Stock Exchange indices (CROBEX, CROBEX10, CROBEXtr, CROBEX10tr, CROBEXprime, CROBEXplus, CROBEXnutris and ADRIAprime).

### Ownership structure as at 30 June 2022

- Republic of Croatia 25.5 %
- Treasury shares 1.5 %
- Others 22.1 %
- Croatian pension funds\*\* 50.9 %



\*\* Includes all mandatory and voluntary pension funds managed by the pension companies: AZ, ROMF, PBZCO and ERSTE.

## Share price movement in 1 – 6 2022



<b>(closing price in HRK; closing points)</b>	<b>31 December 2021</b>	<b>30 June 2022</b>	<b>%</b>
PODR	632.0	590.0	(6.6%)
CROBEX	2,079.4	2,012.1	(3.2%)
CROBEX10	1,262.3	1,192.3	(5.6%)

In the reporting period, the price of Podravka's share dropped by 6.6 % compared to 1 – 6 2021, while the CROBEX and CROBEX10 stock indices decreased by 3.2 % and 5.6 %, respectively.

## Result on the Croatian capital market in 1 – 6 2022

<b>(in HRK; in units)<sup>12</sup></b>	<b>1 – 6 2021</b>	<b>1 – 6 2022</b>	<b>%</b>
Weighted average daily price	537.3	624.9	16.3%
Average daily number of transactions	11	26	133.4%
Average daily volume	1.108	1.484	33.8%
Average daily turnover	595,518.6	903,622.9	51.7%

In the 1 – 6 2022 period, the weighted average daily price of Podravka's share recorded an increase of 16.3 % relative to the comparative period. Compared to 1 – 6 2021, the average daily volume increased by 33.8 %, the average daily turnover increased by 51.7 %, while the average daily number of transactions is 133.4 % higher.

<sup>12</sup> The weighted average daily price in the reporting period is calculated as the sum of the weighted average daily prices in the reporting period, multiplied by the daily volume weight. The daily volume weight is calculated as a ratio of daily volume and total volume in the reporting period. The formula, Weighted average daily price in the reporting period =  $\sum$  average daily price\*(daily volume/total volume in the reporting period).

Other indicators are calculated as the average of average daily transactions/volume/turnover in the reporting period. Block trades are excluded from the calculation.

## Valuation

(in HRK millions; last price and earnings per share in HRK)<sup>2\*</sup>

	2021	1 – 6 2022	%
Last price	632.0	590.0	(6.6%)
Weighted average number of shares <sup>13</sup>	7,008,269	7,015,078	0.1%
Market capitalization <sup>14</sup>	4,429.2	4,138.9	(6.6%)
EV <sup>15</sup>	4,953.0	4,375.5	(11.7%)
Normalized earnings per share <sup>16</sup>	43.4	43.0	(1.0%)
EV / sales revenue	1.1	0.9	(15.2%)
EV / normalized EBITDA	8.2	7.1	(12.5%)
EV / normalized EBIT	12.7	11.2	(11.9%)
Last price / normalized earnings per share ratio (P / E)	14.6	13.7	(5.7%)

\*NOTE: All indicators are calculated in a way that income statement items are calculated at the level of the last 12 months, while balance sheet items are taken at the period end.

<sup>13</sup> The weighted average number of shares is calculated on the basis of previous 12 months period by dividing the sum of the weighted number of shares of each individual month by the total number of calendar days in the previous 12 months. The weighted number of shares on a monthly basis is calculated by reducing the total number of issued shares by the amount of treasury shares and multiplying the difference by the number of days of that month.

<sup>14</sup> Market Capitalization: Last price \* Weighted average number of shares.

<sup>15</sup> Enterprise value: Market Capitalization + Net debt + Minority interests.

<sup>16</sup> Normalized earnings per share is calculated in a way that normalized Net income after minority interests is divided with weighted average number of shares. Normalized Net income after minority interests include the last 12 months period.

An illustration featuring a person with orange hair and sunglasses in the upper right corner, looking down. In the lower right, a hand in a white sleeve is watering a small green plant with a blue watering can. The text is centered on the left side of the page.

Additional  
tables  
for 1 – 6 2022

### Calculation of reported and normalized EBITDA

EBITDA is calculated in a way that EBIT was increased by depreciation and amortization and value adjustments to non-current assets. There were no value adjustments to non-current assets in the reporting and the comparative periods.

<b>Reported EBITDA calculation</b>	<b>1 – 6 2022</b>			<b>1 – 6 2022</b>		
	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>
<b>(in HRK millions)</b>						
Reported EBIT	248.7	167.3	81.4	252.5	174.9	77.6
+depreciation and amortization	107.8	75.7	32.2	112.7	79.5	33.2
+value adjustment	-	-	-	-	-	-
<b>Reported EBITDA</b>	<b>356.6</b>	<b>243.0</b>	<b>113.6</b>	<b>365.2</b>	<b>254.4</b>	<b>110.8</b>

<b>Normalized EBITDA calculation</b>	<b>1 – 6 2021</b>			<b>1 – 6 2022</b>		
	<b>Group</b>	<b>Food</b>	<b>Pharma</b>	<b>Group</b>	<b>Food</b>	<b>Pharma</b>
<b>(in HRK millions)</b>						
Normalized EBIT	249.3	167.9	81.4	250.3	170.0	80.3
+depreciation and amortization	107.8	75.7	32.2	112.7	79.5	33.2
+value adjustment	-	-	-	-	-	-
<b>Normalized EBITDA</b>	<b>357.1</b>	<b>243.5</b>	<b>113.6</b>	<b>363.0</b>	<b>249.5</b>	<b>113.5</b>

### One-off items in 1 – 6 2022 and 1 – 6 2021

In the 1 – 6 2022 period, the Food segment incurred HRK 0.6m costs of severance payments for employees (long-term sick leaves and restructuring on the Russian market) and HRK 5,5m of income from sale of non-operating assets in Poland and Croatia, treated as one-off items.

The Pharmaceuticals segment incurred HRK 2.6m costs of severance payments related to the restructuring on the Russian market, treated as one-off item.

The estimated impact of these one-off items on tax of Food is HRK 0.1m (decreases it), and on tax of Pharmaceuticals HRK 0,5m (decreases it).

In the 1 – 6 2021 period, the Food segment incurred HRK 0.6m costs of severance payments for employees on long-term sick leaves, treated as one-off item.

The Pharmaceuticals segment did not record any one-off items in the 1 – 6 2021 period.

The estimated impact of the above one-off item on tax of the Food segment is HRK 0.1m (decreases it).

### Normalization of the Profit and Loss Statement by segments

Reported and normalized profitability (in HRK millions)	1 – 6 2021			1 – 6 2022		
	Group	Food	Pharma	Group	Food	Pharma
<b>Reported EBIT</b>	<b>248.7</b>	<b>167.3</b>	<b>81.4</b>	<b>252.5</b>	<b>174.9</b>	<b>77.6</b>
+severance payments	0.6	0.6	-	3.3	0.6	2.6
+income from sale of non-operating assets	-	-	-	(5.5)	(5.5)	-
<b>Normalized EBIT</b>	<b>249.3</b>	<b>167.9</b>	<b>81.4</b>	<b>250.3</b>	<b>170.0</b>	<b>80.3</b>
<b>Reported Net profit after MI</b>	<b>197.6</b>	<b>136.3</b>	<b>61.3</b>	<b>198.2</b>	<b>141.1</b>	<b>57.2</b>
+normalizations above EBIT level	0.6	0.6	-	(2.2)	(4.9)	2.6
+estimated impact of normalization on taxes	(0.1)	(0.1)	-	(0.6)	(0.1)	(0.5)
<b>Normalized Net profit after MI</b>	<b>198.0</b>	<b>136.8</b>	<b>61.3</b>	<b>195.4</b>	<b>136.0</b>	<b>59.3</b>

### ***New business units and regions***

At the beginning of March 2022, the Podravka Group completed the process of internal reorganization of the Food segment with the aim of increasing business efficiency. The new internal reorganization defined eight business units instead of the previous six and a new division of regions was made.

#### **BUSINESS UNITS:**

- BU CULINARY: Food Seasonings,
- BU SOUPS: Soups, Instant meals,
- BU CEREALS, SNACK AND BEVERAGES: Cereals, Baby food, Snack, Tea and Beverages,
- BU CREAMY SPREADS AND DESSERTS: Creamy spreads, Desserts,
- BU BAKERY: Bread, Rolls and salt bakery products, Sweet bakery products, Žito flour, Confectionery,
- BU BASIC FOOD: Condiments, Tomato products, Processed fruit, Vegetables, Podravka flour, Side dishes, Wellness food,
- BU MEAT PRODUCTS: Ready meals, Pates, Dried Meat and Sausage Products, Chilled ready meals, Other products,
- BU FISH: Fish products, Fish salads, Fish others.

#### **REGIONS:**

- MARKETS OF CROATIA AND SLOVENIA: Croatia, Slovenia,
- SOUTHEASTERN EUROPE: Bosnia and Herzegovina, North Macedonia, Serbia, Montenegro, Kosovo, Bulgaria, Albania, Greece,
- WESTERN EUROPE AND OVERSEAS: Germany, Austria, Switzerland, France, Great Britain, Italy, Scandinavia, Benelux, Ireland, Spain, Portugal, Malta, the USA, Canada, Australia, New Zealand, MENA, Africa, Asia, South America,
- CENTRAL EUROPE: Poland, the Czech Republic, Slovakia, Hungary, Romania,
- EASTERN EUROPE: the Russian Federation, Ukraine, Kazakhstan, the Baltics, Uzbekistan, Moldova, Belarus, Armenia, Kirgistan, Georgia.

## Historical overview of sales revenues by business units and categories in period 1 – 6

(in HRK millions)	REPORTED REVENUES			
	1 – 6 2019	1 – 6 2020	1 – 6 2021	1 – 6 2022
BU Culinary	335.4	367.3	381.7	382.0
BU Soups	123.8	137.3	135.7	160.1
BU Cereals, Snack and Beverages	132.2	139.0	144.7	148.6
BU Creamy spreads and Desserts	101.4	112.9	108.7	107.5
BU Bakery	312.6	282.3	266.8	305.0
BU Basic food	329.4	358.1	338.8	410.9
BU Meat products	129.6	151.2	139.7	156.9
BU Fish	102.2	116.1	103.1	109.3
Prescription drugs	318.4	326.6	340.6	331.9
Non-prescription programme	56.6	69.1	60.1	63.1
Other sales	198.0	185.2	200.6	241.1
<i>Other sales Food</i>	<i>117.9</i>	<i>90.7</i>	<i>97.5</i>	<i>133.7</i>
<i>Other sales Pharmaceuticals</i>	<i>80.1</i>	<i>94.5</i>	<i>103.2</i>	<i>107.4</i>
<b>Podravka Group</b>	<b>2,139.5</b>	<b>2,245.3</b>	<b>2,220.5</b>	<b>2,416.2</b>

## Historical overview of sales revenues by regions in period 1 – 6

(in HRK millions)	Sales revenues by region			
	1 – 6 2019	1 – 6 2020	1 – 6 2021	1 – 6 2022
<b>Markets of Croatia and Slovenia</b>	<b>1,068.4</b>	<b>1,083.7</b>	<b>1,045.0</b>	<b>1,191.3</b>
<i>Food</i>	869.8	868.1	838.5	967.9
<i>Pharmaceuticals</i>	198.6	215.6	206.6	223.5
<b>Southeastern Europe</b>	<b>410.0</b>	<b>463.2</b>	<b>462.6</b>	<b>526.7</b>
<i>Food</i>	295.2	331.0	314.9	362.1
<i>Pharmaceuticals</i>	114.8	132.2	147.7	164.6
<b>WE and Overseas</b>	<b>252.8</b>	<b>254.1</b>	<b>278.4</b>	<b>278.7</b>
<i>Food</i>	251.8	252.2	277.0	276.5
<i>Pharmaceuticals</i>	1.1	1.9	1.4	2.2
<b>Central Europe</b>	<b>247.8</b>	<b>278.2</b>	<b>271.0</b>	<b>308.5</b>
<i>Food</i>	214.7	246.7	235.1	269.9
<i>Pharmaceuticals</i>	33.1	31.5	35.9	38.6
<b>Eastern Europe</b>	<b>160.5</b>	<b>166.1</b>	<b>163.5</b>	<b>111.0</b>
<i>Food</i>	52.9	57.0	51.2	37.4
<i>Pharmaceuticals</i>	107.6	109.1	112.3	73.6
<b>Podravka Group</b>	<b>2,139.5</b>	<b>2,245.3</b>	<b>2,220.5</b>	<b>2,416.2</b>

# Consolidated financial statements in 1 – 6 2022



## Consolidated financial statements in 1 – 6 2022

<i>(in HRK thousands)</i>	1 – 6 2021	% of sales revenues	1 – 6 2022	% of sales revenues	% change
Sales revenue	2,220,492	100.0%	2,416,235	100.0%	8.8%
Cost of goods sold	(1,377,298)	(62.0%)	(1,535,088)	(63.5%)	11.5%
<b>Gross profit</b>	<b>843,194</b>	<b>38.0%</b>	<b>881,147</b>	<b>36.5%</b>	<b>4.5%</b>
General and administrative expenses	(154,097)	(6.9%)	(164,071)	(6.8%)	6.5%
Selling and distribution costs	(290,424)	(13.1%)	(321,905)	(13.3%)	10.8%
Marketing expenses	(167,570)	(7.5%)	(170,199)	(7.0%)	1.6%
Other (expenses) / income, net	17,634	0.8%	27,532	1.1%	56.1%
<b>Operating profit</b>	<b>248,736</b>	<b>11.2%</b>	<b>252,503</b>	<b>10.5%</b>	<b>1.5%</b>
Financial income	405	0.0%	304	0.0%	(25.0%)
Other financial expenses	(934)	(0.0%)	(1)	(0.0%)	(99.9%)
Interest expenses	(3,833)	(0.2%)	(2,820)	(0.1%)	(26.4%)
Net foreign exchange differences on borrowings	1,190	0.1%	(646)	(0.0%)	154.3%
<b>Net finance costs</b>	<b>(3,171)</b>	<b>(0.1%)</b>	<b>(3,164)</b>	<b>(0.1%)</b>	<b>(0.2%)</b>
<b>Profit before tax</b>	<b>245,565</b>	<b>11.1%</b>	<b>249,340</b>	<b>10.3%</b>	<b>1.5%</b>
Current income tax	(33,334)	(1.5%)	(38,969)	(1.6%)	16.9%
Deferred tax	(10,133)	(0.5%)	(7,393)	(0.3%)	(27.0%)
<b>Income tax</b>	<b>(43,467)</b>	<b>(2.0%)</b>	<b>(46,362)</b>	<b>(1.9%)</b>	<b>6.7%</b>
<b>Net profit for the year</b>	<b>202,098</b>	<b>9.1%</b>	<b>202,977</b>	<b>8.4%</b>	<b>0.4%</b>
Net profit / (loss) attributable to:					
<b>Equity holders of the parent</b>	<b>197,577</b>	<b>8.9%</b>	<b>198,244</b>	<b>8.2%</b>	<b>0.3%</b>
Non-controlling interests	(4,520)	(0.2%)	(4,733)	(0.2%)	4.7%

## Consolidated Balance Sheet as at 30 June 2022

(in HRK thousands)	31 Dec 2021	% share	30 June 2022	% share	% change
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	28,103	0.6%	28,103	0.5%	0.0%
Intangible assets	249,235	5.1%	251,006	4.7%	0.7%
Property, plant and equipment	2,206,453	44.9%	2,310,338	43.7%	4.7%
Right-of-use assets	93,234	1.9%	91,557	1.7%	(1.8%)
Investment property	115,406	2.4%	114,546	2.2%	(0.7%)
Non-current financial assets	43,209	0.9%	43,284	0.8%	0.2%
Deferred tax assets	150,101	3.1%	142,350	2.7%	(5.2%)
<b>Total non-current assets</b>	<b>2,885,741</b>	<b>58.8%</b>	<b>2,981,184</b>	<b>56.4%</b>	<b>3.3%</b>
<b>Current assets</b>					
Inventories	933,710	19.0%	1,094,126	20.7%	17.2%
Trade and other receivables	1,026,086	20.9%	970,444	18.4%	(5.4%)
Financial assets at fair value through profit and loss	0	0.0%	10	0.0%	n/a
Income tax receivable	6,426	0.1%	3,495	0.1%	(45.6%)
Cash and cash equivalents	33,306	0.7%	219,528	4.2%	559.1%
Non-current assets held for sale	23,683	0.5%	16,550	0.3%	(30.1%)
<b>Total current assets</b>	<b>2,023,211</b>	<b>41.2%</b>	<b>2,304,153</b>	<b>43.6%</b>	<b>13.9%</b>
<b>Total assets</b>	<b>4,908,952</b>	<b>100.0%</b>	<b>5,285,337</b>	<b>100.0%</b>	<b>7.7%</b>

## Consolidated Balance Sheet as at 30 June 2022

(in HRK thousands)	31 Dec 2021	% share	30 June 2022	% share	% change
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Subscribed capital	1,566,401	31.9%	1,566,401	29.6%	0.0%
Capital gains	191,489	3.9%	195,890	3.7%	2.3%
Treasury shares	(39,387)	(0.8%)	(47,966)	(0.9%)	21.8%
Reserves	1,090,288	22.2%	1,224,424	23.2%	12.3%
Retained earnings / (accumulated losses)	822,186	16.7%	794,077	15.0%	(3.4%)
<b>Attributable to equity holders of the parent</b>	<b>3,630,977</b>	<b>74.0%</b>	<b>3,732,826</b>	<b>70.6%</b>	<b>2.8%</b>
Non-controlling interests	63,289	1.3%	68,099	1.3%	7.6%
<b>Total shareholders' equity</b>	<b>3,694,266</b>	<b>75.3%</b>	<b>3,800,925</b>	<b>71.9%</b>	<b>2.9%</b>
<b>Non-current liabilities</b>					
Borrowings	139,740	2.8%	61,201	1.2%	(56.2%)
Lease liabilities	62,769	1.3%	58,871	1.1%	(6.2%)
Non-current provisions for employee benefits	52,825	1.1%	51,440	1.0%	(2.6%)
Other non-current provisions	34,265	0.7%	34,812	0.7%	1.6%
Other non-current liabilities	18,445	0.4%	17,998	0.3%	(2.4%)
Deferred tax liability	37,984	0.8%	37,782	0.7%	(0.5%)
<b>Total non-current liabilities</b>	<b>346,028</b>	<b>7.0%</b>	<b>262,104</b>	<b>5.0%</b>	<b>(24.3%)</b>
<b>Current liabilities</b>					
Trade and other payables	531,316	10.8%	911,934	17.2%	71.6%
Income tax payable	2,419	0.0%	17,290	0.3%	614.9%
Financial liabilities at fair value through profit and loss	35	0.0%	0	0.0%	(100.0%)
Borrowings	258,884	5.3%	232,071	4.4%	(10.4%)
Lease liabilities	32,403	0.7%	35,939	0.7%	10.9%
Current provisions for employee benefits	42,221	0.9%	23,692	0.4%	(43.9%)
Other current provisions	1,380	0.0%	1,382	0.0%	0.1%
<b>Total current liabilities</b>	<b>868,658</b>	<b>17.7%</b>	<b>1,222,308</b>	<b>23.1%</b>	<b>40.7%</b>
<b>Total liabilities</b>	<b>1,214,686</b>	<b>24.7%</b>	<b>1,484,412</b>	<b>28.1%</b>	<b>22.2%</b>
<b>Total equity and liabilities</b>	<b>4,908,952</b>	<b>100.0%</b>	<b>5,285,337</b>	<b>100.0%</b>	<b>7.7%</b>

## Consolidated Cash Flow Statement in 1 – 6 2022

<i>(in HRK thousands)</i>	1 – 6 2021	1 – 6 2022	% change
<b>Profit before tax</b>	<b>245,565</b>	<b>249,340</b>	<b>1.5%</b>
Depreciation and amortization	107,839	112,722	4.5%
Adjustment for impairment losses of trade and other receivables	(503)	3,122	720.7%
Reversal of impairment of given loans and interests	0	(241)	(100.0%)
Remeasurement of financial instruments at fair value	42	(45)	(207.1%)
Share based payment transactions	5,788	6,361	9.9%
(Profit) / Loss on sale and disposal of non-current assets	(571)	(2,158)	(277.9%)
(Profit) / Loss on disposal of assets held for sale	(2,491)	(5,521)	(121.6%)
(Decrease) / Increase in provisions	1,181	(19,364)	n/a
Interest income	(367)	(230)	37.3%
Dividend income	0	(27)	(100.0%)
Interest expenses	4,746	2,821	(40.6%)
Effect of changes in foreign exchange rates	(2,709)	479	117.7%
<b>Total adjustments</b>	<b>112,955</b>	<b>97,919</b>	<b>(13.3%)</b>
<b>Changes in working capital:</b>			
(Increase) / Decrease in inventories	(28,416)	(160,416)	(464.5%)
(Increase) / Decrease in trade receivables	(24,790)	52,076	310.1%
(Decrease) / Increase in trade payables	81,511	287,833	253.1%
<b>Cash generated from operations</b>	<b>386,825</b>	<b>526,752</b>	<b>36.2%</b>
Income tax paid	(22,264)	(20,651)	7.2%
Interest paid	(4,851)	(3,053)	37.1%
<b>Net cash from operating activities</b>	<b>359,710</b>	<b>503,048</b>	<b>39.8%</b>

## Consolidated Cash Flow Statement in 1 – 6 2022

<i>(in HRK thousands)</i>	1 – 6 2021	1 – 6 2022	% change
<b>Cash flow from investing activities</b>			
Purchase of property, plant, equipment and intangibles	(56,544)	(203,755)	(260.3%)
Proceeds from sale of property, plant, equipment and intangibles	1,039	2,459	136.7%
Proceeds from sale of assets held for sale	6,331	18,120	186.2%
Loans given	(2)	(14)	(600.0%)
Repayment of loans given	22	255	1059.1%
Interest received	367	230	(37.3%)
Dividend received	0	27	100.0%
<b>Net cash from investing activities</b>	<b>(48,787)</b>	<b>(182,678)</b>	<b>(274.4%)</b>
<b>Cash flow from financing activities</b>			
Dividend pay-out	(56)	(14)	75.0%
Acquisition of additional non-controlling interests	(74)	0	100.0%
Purchase of treasury shares	0	(13,506)	(100.0%)
Sale of treasury shares	6,206	4,577	(26.2%)
Proceeds from borrowings	117,764	137,286	16.6%
Repayment of borrowings	(247,777)	(243,263)	1.8%
Repayment of lease	(18,673)	(19,228)	(3.0%)
<b>Net cash from financing activities</b>	<b>(142,610)</b>	<b>(134,148)</b>	<b>5.9%</b>
<b>Net (decrease) / increase of cash and cash equivalents</b>	<b>168,313</b>	<b>186,222</b>	<b>10.6%</b>
Cash and cash equivalents at beginning of the year	51,856	33,306	(35.8%)
<b>Cash and cash equivalents at the end of year</b>	<b>220,169</b>	<b>219,528</b>	<b>(0.3%)</b>

## Consolidated Statement of Changes in Equity in 1 – 6 2022

(in HRK thousands)	Subscribed capital	Capital gains	Treasury shares	Provision for treasury shares	Legal reserves	Reinvested profit reserve	Statutory reserves	Other reserves	Retained earnings/accumulated loss	Total	Non-controlling interests	Total
As at 1 January 2021	1.566.401	187.215	(47.568)	147.604	76.596	189.738	67.551	469.685	714.828	3.372.050	54.932	3.426.982
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	309.221	309.221	8.601	317.822
Foreign exchange differences	-	-	-	-	-	-	-	502	-	502	(137)	365
Actuarial losses (net of deferred tax)	-	-	-	-	-	-	-	(969)	-	(969)	-	(969)
<b>Other comprehensive income</b>	-	-	-	-	-	-	-	<b>(467)</b>	-	<b>(467)</b>	<b>(137)</b>	<b>(604)</b>
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	<b>(467)</b>	<b>309.221</b>	<b>308.754</b>	<b>8.464</b>	<b>317.218</b>
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	-	-	9.712	-	2.621	127.215	(139.548)	-	-	-
Additional acquisition of minority interests	-	-	-	-	-	-	-	33	-	33	(107)	(74)
Exercise of options	-	(1.986)	8.181	-	-	-	-	-	812	7.007	-	7.007
Fair value of share-based payment transactions	-	6.260	-	-	-	-	-	-	-	6.260	-	6.260
Dividends paid	-	-	-	-	-	-	-	-	(63.127)	(63.127)	-	(63.127)
<b>Total transactions with owners recognized directly in equity</b>	-	<b>4.274</b>	<b>8.181</b>	-	<b>9.712</b>	-	<b>2.621</b>	<b>127.248</b>	<b>(201.862)</b>	<b>(49.826)</b>	<b>(107)</b>	<b>(49.933)</b>
As at 31 December 2021	1.566.401	191.489	(39.387)	147.604	86.308	189.738	70.172	596.466	822.187	3.630.978	63.289	3.694.267
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	198.244	198.244	4.733	202.977
Foreign exchange differences	-	-	-	-	-	-	-	(154)	-	(154)	77	(77)
Other comprehensive income	-	-	-	-	-	-	-	<b>(154)</b>	-	<b>(154)</b>	<b>77</b>	<b>(77)</b>
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	<b>(154)</b>	<b>198.244</b>	<b>198.091</b>	<b>4.810</b>	<b>202.901</b>
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	-	-	12.255	-	4.339	117.694	(134.289)	-	-	-
Exercise of options	-	(1.960)	4.927	-	-	-	-	-	(908)	2.059	-	2.059
Fair value of share-based payment transactions	-	6.361	-	-	-	-	-	-	-	6.361	-	6.361
Treasury shares purchase	-	-	(13.506)	-	-	-	-	-	-	(13.506)	-	(13.506)
Dividends announced	-	-	-	-	-	-	-	-	(91.157)	(91.157)	-	(91.157)
<b>Total transactions with owners recognized directly in equity</b>	-	<b>4.401</b>	<b>(8.579)</b>	-	<b>12.255</b>	-	<b>4.339</b>	<b>117.694</b>	<b>(226.353)</b>	<b>(96.243)</b>	-	<b>(96.243)</b>
As at 30 June 2022	1.566.401	195.890	(47.966)	147.604	98.563	189.738	74.511	714.007	794.077	3.732.826	68.099	3.800.925

# Notes to the financial statements

In 1 – 6 2022 period there were no changes in accounting policies.

The audited Annual report of the Podravka Group for 2021 are available at:

*<https://www.podravka.com/investors/financial-reports/>*



MANAGEMENT BOARD

Koprivnica, 22 July 2022

## STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Consolidated unaudited financial statements of Podravka Group for the period 1 - 6 2022 have been prepared in compliance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards (IFRS) and provide an overall and true presentation of assets, liabilities, profit and loss, financial position and business operations of Podravka Group and all subsidiary companies involved in the consolidation.

Consolidated unaudited financial statements of Podravka Group for the period 1 - 6 2022 were approved by the Management Board of PODRAVKA Inc. on 22 July 2022.

Corporate Accounting Director:  
Julijana Artner Kuček



Board Member:  
Davor Doko

# Contact

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