



Podravka Group

Always with a heart!



Prime Plus webcast, September 13th 2023



New Nutrition Strategy aimed at a balanced and sustainable diet adopted



Podravka Group Business Sustainability Strategy for the period 2023-2030 adopted



Investment cycle carried out according to plan. In the first half of 2023, realized investments amounted to almost EUR 29m



Salaries and employee earnings increase again as of July 2023



At the Podravka Inc. General Assembly, dividend distribution of EUR 2.65 per share approved, 53% higher than last year



Podravka and Atlantic joined forces to strengthen the export of Croatian brands





1H 2023 results





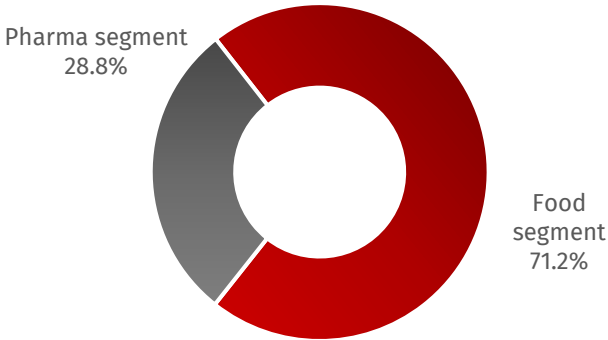
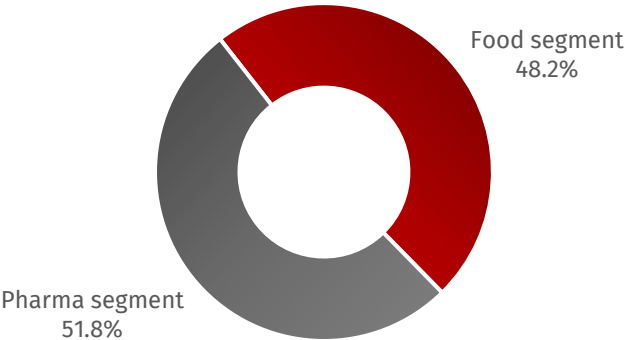
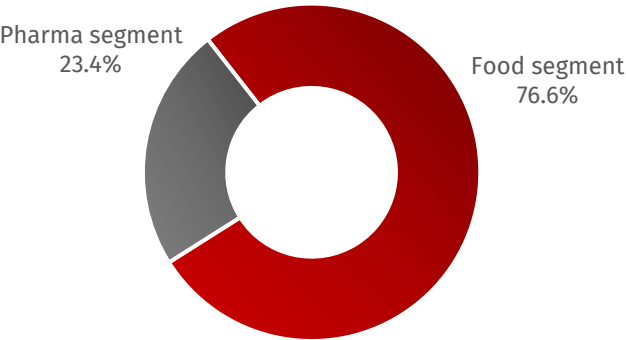
Sales revenues



Operating profit



Net profit after MI



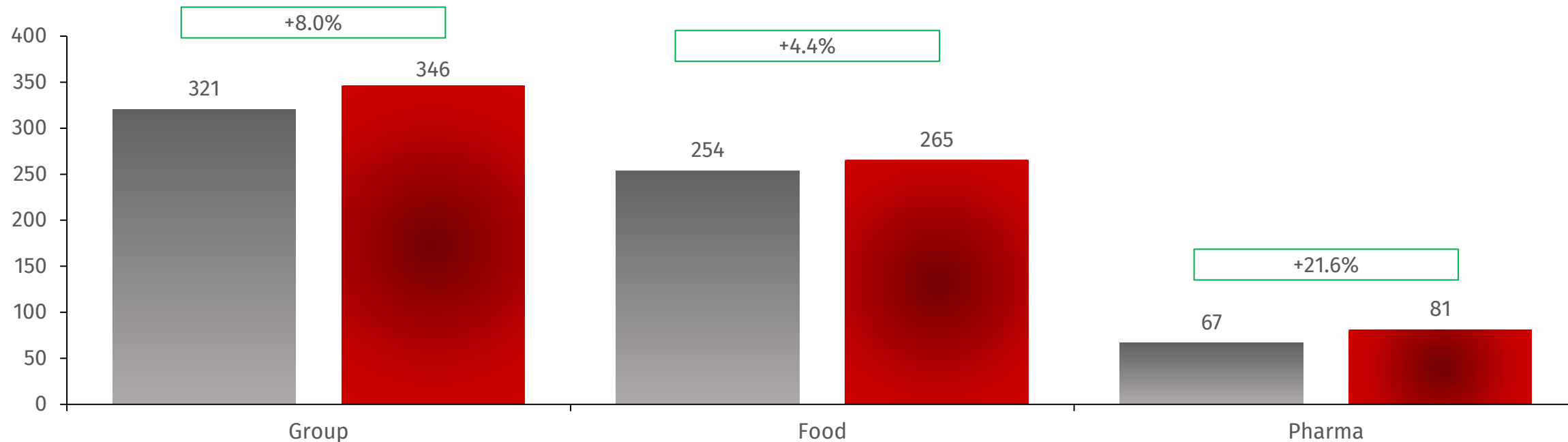
Sales increase of both segments



in EURm

Sales revenues by segment

■ 1H 2022 ■ 1H 2023



Podravka Group in 1 - 6 2023¹:

- **Own brands** → 8.5% higher revenues,
- **Other sales** → 3.1% higher revenues,
- **Total Podravka Group** → 8.0% higher revenues.

Food segment in 1 - 6 2023¹:

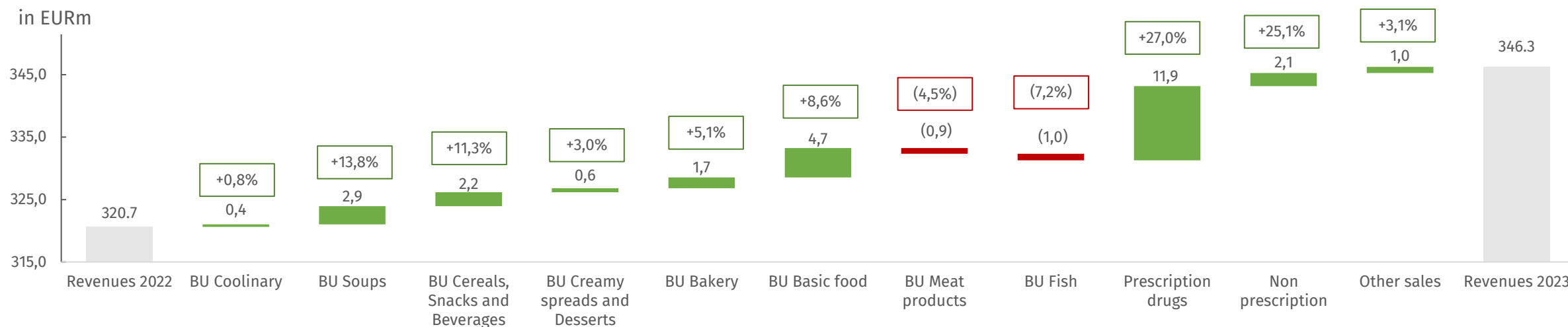
- **Own brands** → 4.5% higher revenues due to increase in revenues of almost all business units,
- **Other sales** → 3.3% higher revenues, primarily as a result of the increase in trade goods sales in the markets of the USA and the Czech Republic,
- **Total Food** → 4.4% higher revenues.

Pharmaceuticals segment in 1 - 6 2023¹:

- **Own brands** → 26.7% higher revenues, as a result of increase in sales revenues of Prescription drugs and Non-prescription drugs,
- **Other sales** → 2.8% higher revenues, due to the increase in trade goods sales in the markets of Bosnia and Herzegovina and Croatia,
- **Total Pharma** → 21.6% higher revenues.

¹ Percentages in the text relate to performance in 1 - 6 2023 compared to 1 - 6 2022

Sales increase of almost all business units

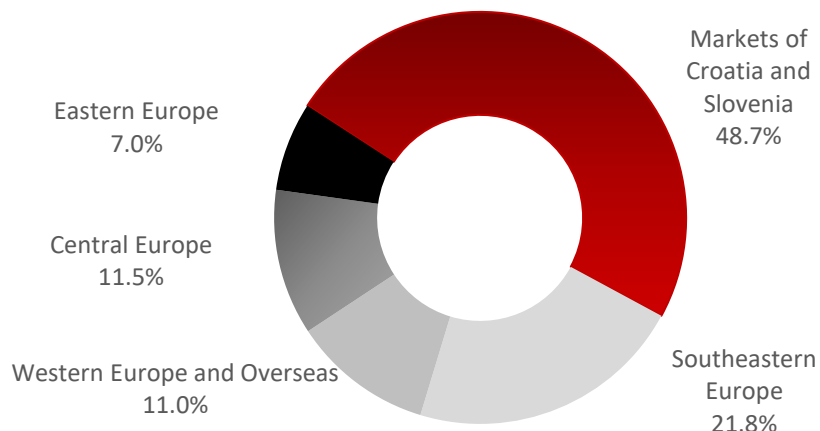


Business unit and category performance in 1 - 6 2023¹:

- **BU Culinary (+0.8%)** → higher revenues, growth was recorded mainly in the markets of Southeastern Europe, Croatia and Slovenia, which compensated for lower revenues in the market of Poland. The lower performance on the Polish market is related to the process of restructuring and shrinking the portfolio with the aim of increasing profitability,
- **BU Soups (+13.8%)** → revenues growth, primary growth of the BU was realised in the key markets of Croatia, Slovenia and the Southeastern Europe. The new Noodles subcategory, contributes to an additional positive trend within the Soups business unit,
- **BU Cereals, Snack and Beverages business unit (+11.3%)** → higher revenues, through the increase in almost all categories, primarily in the markets of Croatia, Slovenia, Bosnia and Herzegovina and Serbia,
- **BU Creamy spreads and Desserts (+3.0%)** → higher revenues, growth was recorded in the Markets of Croatia, Slovenia and in the Southeastern Europe region, with the growth of almost all categories,
- **BU Bakery (+5.1%)** → higher revenues with the simultaneous implementation of the business unit portfolio optimization with the aim of increasing profitability. Revenue growth is primarily realised due to higher sales of the subcategories Bread, Rolls and Cakes and biscuit cakes,
- **BU Basic food (+8.6%)** → higher revenues, the increase in revenues of most categories, primarily Processed fruit, Condiments and Flour. The Croatian market, which is also the most important market in the business unit portfolio, contributes the most to the growth of sales revenues,
- **BU Meat products (-4.5%)** → lower revenues, with the simultaneous implementation of the business unit portfolio optimization and the discontinuing of low turnover products with the aim of increasing profitability, primarily on the Croatian market,
- **BU Fish (-7.2%)** → lower revenues, due to the decrease in sales of almost all subcategories, primarily of the Tuna subcategory, due to changes in consumer consumption habits. During the reporting period, new innovative products were launched within the Fish salads category, which record a positive growth trend,
- **Prescription drugs (+27.0%)** → higher revenues, primarily due to the increase in sales of dermatological drugs, drugs for nervous system, and cardiovascular drugs,
- **Non-prescription programme (+25.1%)** → higher revenues as a result of the increase in revenues of the OTC drugs subcategory,
- **Other sales (+3.1%)** → in the Food segment, other sales increased by EUR 0.6m (+3.3%), mainly due to the increase in trade goods sales in the markets of the USA and the Czech Republic. In the Pharmaceuticals segment, other sales grew by EUR 0.4m (+2.8%), primarily due to higher trade goods sales of trade goods in the markets of Bosnia and Herzegovina, and Croatia.

¹Percentages in the text relate to performance in 1 - 6 2023 compared to 1 - 6 2022.

Sales revenues by region



(in EURm)	1H 2022	1H 2023	Δ	% change
Markets of Croatia and Slovenia	158.1	168.7	10.6	6.7%
Southeastern Europe	69.9	75.5	5.6	8.0%
Western Europe and Overseas	37.0	38.3	1.3	3.4%
Central Europe	40.9	39.7	(1.3)	(3.1%)
Eastern Europe	14.7	24.2	9.4	64.1%
Podravka Group	320.7	346.3	25.6	8.0%

Region performance in 1 - 6 2023¹:

- **Markets of Croatia and Slovenia (+6.7%)** → **Food** revenues 7.6% higher, primarily due to revenues increase of the business units Basic food and Cereals, Snack and Beverages; **Pharmaceuticals** revenues are EUR 0.8m higher (+2.6%), due to higher sales of Prescription drugs and the Non-prescription programme,
- **Southeastern Europe (+8.0%)** → **Food** revenues higher 8.6%, due to revenues increase of almost all business units with the largest absolute growth generated by the business units Soups and Basic food; **Pharmaceuticals** segment revenues up by 6.7% primarily due to Prescription drugs and Non-prescription programme sales increase,
- **WE and Overseas region (+3.4%)** → **Food** revenues higher 3.4%, primarily due to sales increase in the Bakery business unit and the development of distribution on the US market, where the first results of cooperation with Atlantic Group can be seen; **Pharmaceuticals** segment revenues are EUR 9 thousand (+3.2%) higher, primarily due to an increase in other sales revenues,
- **Central Europe (-3.1%)** → **Food** revenues down by 5.3%, primarily as a result of a decrease in revenues of the Basic food and Culinary business units. The lower performance of Central Europe is related to the process of restructuring and shrinking the portfolio on the Polish market, with the aim of increasing profitability; **Pharmaceuticals** segment revenues are higher 11.8% primarily due to higher revenues of the Prescription drugs category,
- **Eastern Europe (+64.1%)** → **Food** revenues down by -41.9% following the termination of operations on the Russian market; **Pharmaceuticals** revenues 118.0% higher due to the increase in sales of the Prescription drugs category.

¹Percentages in the text relate to performance in 1 - 6 2023 compared to 1 - 6 2022.

Food segment - profitability influenced by increased prices of raw materials and energy



Food segment	REPORTED				NORMALIZED ¹			
(in EURm)	1H 2022	1H 2023	Δ	%	1H 2022	1H 2023	Δ	%
Sales revenue	254.0	265.2	11.2	4.4%	254.0	265.2	11.2	4.4%
Gross profit	85.2	82.1	(3.1)	(3.6%)	85.2	82.1	(3.1)	(3.6%)
EBITDA	33.8	27.1	(6.7)	(19.8%)	33.1	27.8	(5.4)	(16.2%)
EBIT	23.2	15.6	(7.6)	(32.6%)	22.6	16.3	(6.2)	(27.7%)
Net profit after MI	18.7	32.2	13.5	71.9%	18.1	13.0	(5.0)	(27.9%)
Gross margin	33.5%	31.0%		-259 bp	33.5%	31.0%		-259 bp
EBITDA margin	13.3%	10.2%		-308 bp	13.0%	10.5%		-257 bp
EBIT margin	9.1%	5.9%		-324 bp	8.9%	6.1%		-273 bp
Net profit margin after MI	7.4%	12.1%		+476 bp	7.1%	4.9%		-220 bp

Food segment profitability in 1 - 6 2023:

Gross profit

- lower by EUR 3.1m with the gross margin of 31.0%,

EBIT

- reported lower by EUR 7.6m, normalized lower by EUR 6.2m. Significant negative impact on the operating profit (EBIT) came from: i) an increase in the costs of raw materials, packaging and energy of EUR 9.3m (+8.3%), ii) investing in improving the material status of employees EUR 3.2m (+5.6%), and iii) the investment cycle, which resulted in an increase in depreciation costs of EUR 0.9m (+8.5%),

Net profit after MI

- reported higher by EUR 13.5m, due to the impact of tax benefits based on the Investment Promotion Act in the amount of EUR 19.7m, while at the normalized level it is lower by EUR 5.0m.

¹Normalized for one-off impact.

Pharmaceutical segment – higher revenues and profit margins

Pharma segment	REPORTED				NORMALIZED ¹			
(in EURm)	1H 2022	1H 2023	Δ	%	1H 2022	1H 2023	Δ	%
Sales revenue	66.7	81.0	14.4	21.6%	66.7	81.0	14.4	21.6%
Gross profit	31.7	40.1	8.4	26.4%	31.7	40.1	8.4	26.4%
EBITDA	14.7	21.2	6.5	44.4%	15.1	21.2	6.2	41.0%
EBIT	10.3	16.8	6.5	63.1%	10.7	16.8	6.1	57.7%
Net profit after MI	7.6	13.0	5.4	71.5%	7.9	13.0	5.1	65.2%
Gross margin	47.6%	49.5%		+188 bp	47.6%	49.5%		+188 bp
EBITDA margin	22.1%	26.2%		+414 bp	22.6%	26.2%		+362 bp
EBIT margin	15.5%	20.7%		+528 bp	16.0%	20.7%		+475 bp
Net profit margin after MI	11.4%	16.1%		+467 bp	11.8%	16.1%		+424 bp

Pharmaceuticals segment profitability in 1 - 6 2023:

Gross profit

- higher by EUR 8.4m, with an increase in gross margin from 47.6% to 49.5%,

EBIT

- higher by EUR 6.5m. The most significant impact on the increase in operating profit (EBIT) is related to growth of sales revenues and increase in gross margin, while certain negative impact comes from the movements in foreign exchange differences on trade receivables and trade payables (EUR -0.4m in 1 – 6 2023; EUR 1.0m in 1 – 6 2022),

Net profit after MI

- higher by EUR 5.4m. In addition to the impacts above the EBIT level, net profit after minority interests was also impacted by higher tax expense following the higher profit before tax.

¹Normalized for one-off impact.

Podravka Group - normalized profitability at the level of the comparative period



Podravka Group	REPORTED				NORMALIZED ¹			
(in EURm)	1H 2022	1H 2023	Δ	%	1H 2022	1H 2023	Δ	%
Sales revenue	320.7	346.3	25.6	8.0%	320.7	346.3	25.6	8.0%
Gross profit	116.9	122.2	5.3	4.5%	116.9	122.2	5.3	4.5%
EBITDA	48.5	48.3	(0.1)	(0.3%)	48.2	49.0	0.8	1.7%
EBIT	33.5	32.4	(1.1)	(3.2%)	33.2	33.1	(0.1)	(0.3%)
Net profit after MI	26.3	45.2	18.9	71.8%	25.9	26.0	0.1	0.4%
Gross margin	36.5%	35.3%		-117 bp	36.5%	35.3%		-117 bp
EBITDA margin	15.1%	14.0%		-116 bp	15.0%	14.2%		-87 bp
EBIT margin	10.5%	9.4%		-108 bp	10.4%	9.6%		-79 bp
Net profit margin after MI	8.2%	13.1%		+485 bp	8.1%	7.5%		-57 bp

Profitability of the Podravka Group in 1 - 6 2023:

Gross profit

- higher by EUR 5.3m, with a positive contribution from the Pharmaceutical segment,

EBIT

- reported lower by EUR 1.1m (-3.2%), under the impact of the decrease in Food's operating profit, while the normalized operating profit (EBIT) is at the level of the comparative period,

Net profit after MI

- reported higher by EUR 18.9m (+71.8%), mainly as the result of positive impact of tax benefits in Food segment based on the Investment Promotion Act in the amount of EUR 19.7m. Normalized net profit after minority interests is EUR 0.1m (+0.4%) higher.

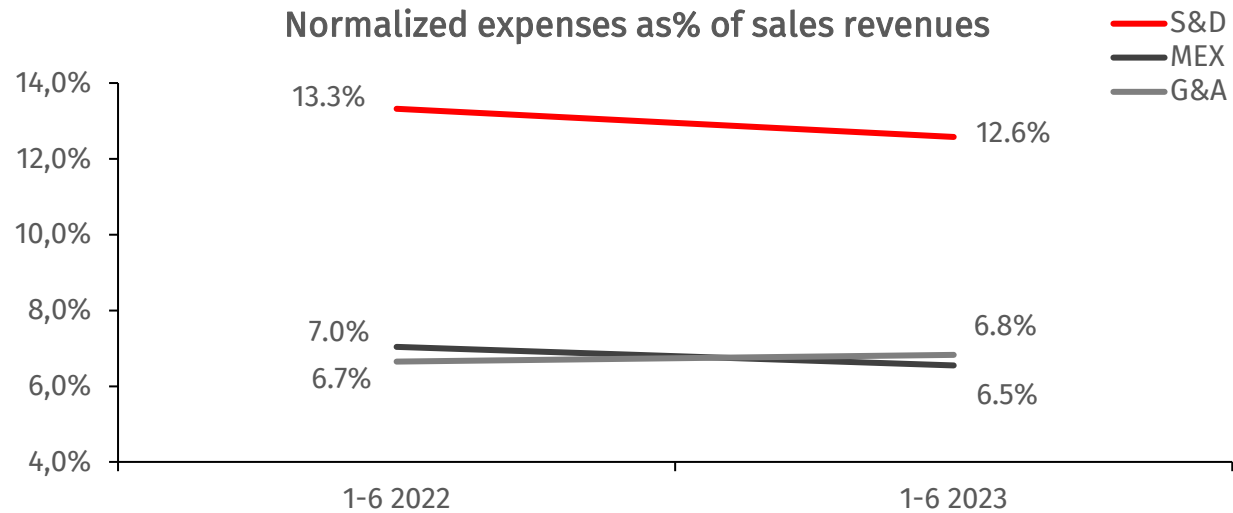
¹Normalized for one-off impact.

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

Expenses 1 - 6 '23 vs. 1 - 6 '22 % change	REPORTED		NORMALIZED ¹	
Cost of goods sold (COGS)	10.0%	↑	10.0%	↑
General and administrative expenses (G&A)	11.5%	↑	10.7%	↑
Sales and distribution costs (S&D)	2.0%	↑	2.0%	↑
Marketing expenses (MEX)	0.3%	↑	0.3%	↑
Other expenses / (revenues), net	(79.7%)	↓	(73.6%)	↓
Total	9.3%	↑	8.9%	↑

Key highlights of expenses in 1 - 6 2023:

- **Cost of goods sold (COGS):**
 - Higher 10.0% relative to the comparative period due to movements in prices of raw materials, packaging and energy and investments in improving the material status of employees,
- **General and administrative expenses (G&A):**
 - Higher 11.5% due to investments in improving the material status of employees,
- **Sales and distribution costs (S&D):**
 - Higher 2.0% due to higher costs of transportation and distribution, and investments in improving the material status of employees,
- **Marketing expenses (MEX):**
 - Higher 0.3%, (marketing investments +4.9%, cost of marketing department -3.7%),
- **Other expenses (revenues), net:**
 - In the reporting period, other expenses and income, net amounted to EUR -0.7m (positive impact), while in the comparative period they amounted to EUR -3.7m (positive impact).

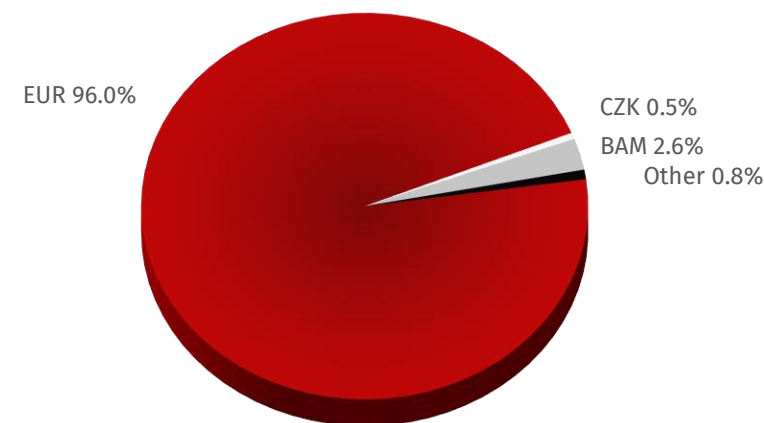


¹Normalized for one-off impact.

Continuous improvement of debt indicators

(in EURm) ¹	2022	1H 2023	% change
Financial debt ²	84.0	70.6	(16.0%)
Cash and cash equivalents	21.9	50.7	131.4%
Net debt	62.1	19.9	(68.0%)
Interest expense	0.72	0.66	(9.1%)
Net debt / normalised EBITDA	0.75	0.24	(68.3%)
EBIT / Interest expense	73.3	80.4	9.8%
Equity to total assets ratio	71.8%	72.2%	+42 bp

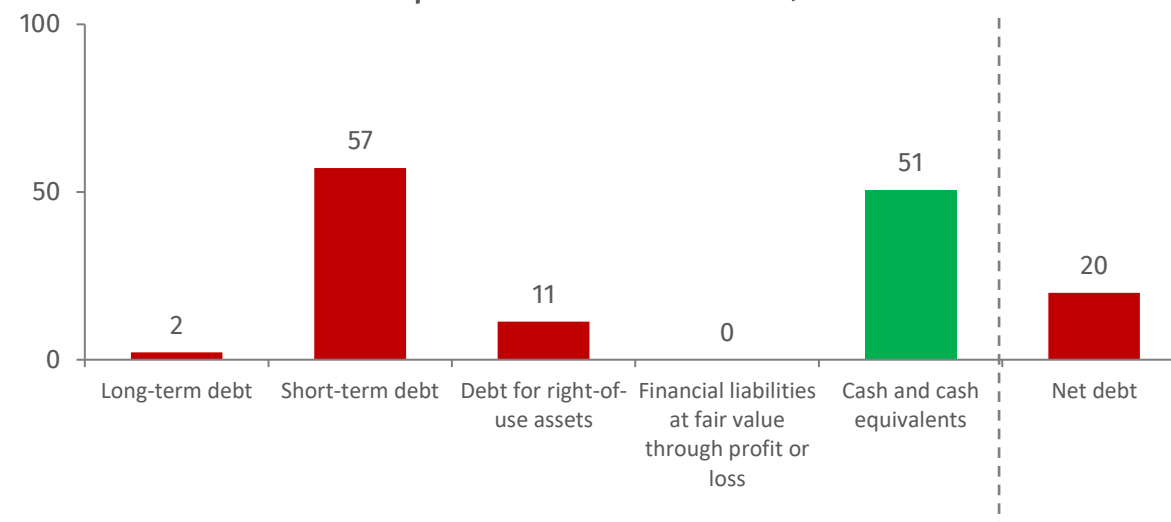
Currency structure of debt as at 30 June 2023



Key highlights:




- **Financial debt decrease** → due to decrease in both short-term and long-term debt,
- **Lower interest expenses** → continuous decrease due to regular repayments,
- **Weighted average cost of debt excluding liabilities for right-of-use assets:**
 - As at 30 June 2023 → 0.73%,
 - As at 31 December 2022 → 0.66%.

Net debt components in EURm as at 30 June 2023



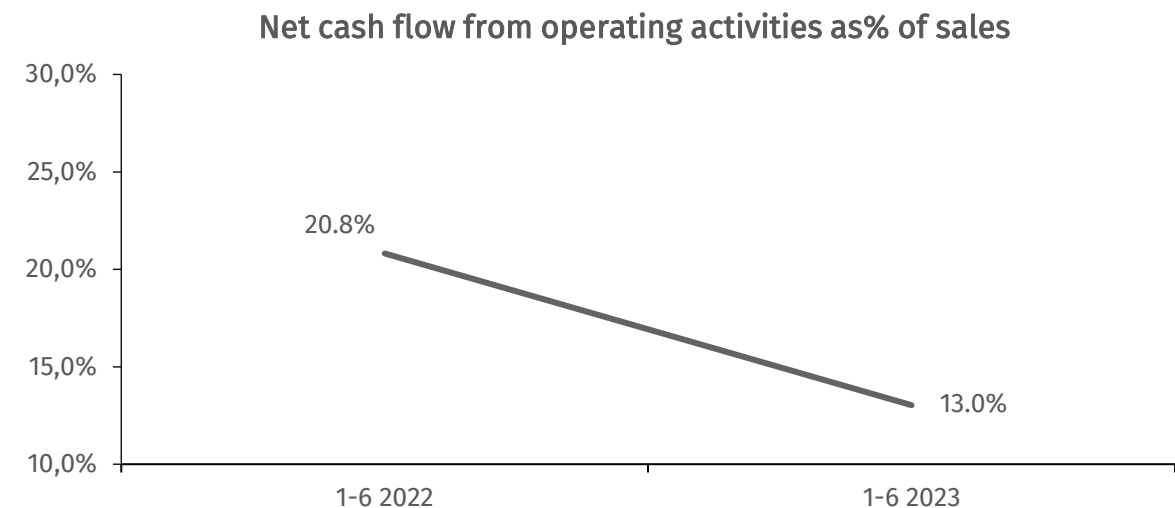
¹All P&L figures are calculated on the trailing 12 months level, while BS figures are taken at the end of period, ²Long-term and short-term borrowings + lease liabilities + financial liabilities at fair value through P&L.

High level of cash flow from operating activities

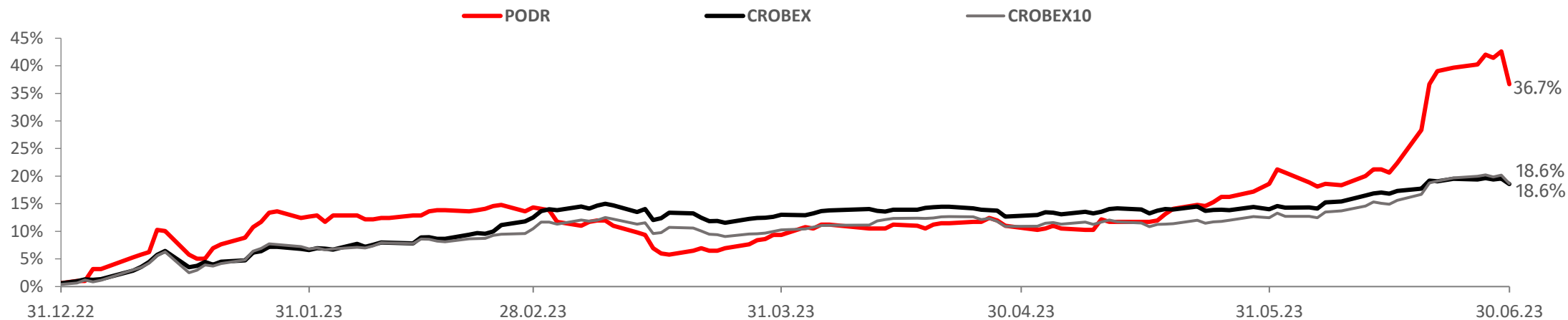
Working capital movement in BS	30 June 2023 / 30 June 2022	Impact
Inventories	 13.7%	<ul style="list-style-type: none"> This movement is the result of the strategic volume increase in inventories of the Food segment with the aim of ensuring a sufficient amount of raw materials at favourable purchase prices in order to mitigate market turbulence on the final product prices. On the other hand, the increase in the prices of raw materials and supplies also had an impact on the increase in inventories,
Trade and other receivables	 (3.7%)	<ul style="list-style-type: none"> This movement is a result of the decrease of receivables in the Pharmaceuticals segment,
Trade and other payables	 (1.3%)	<ul style="list-style-type: none"> Lower by 1.3% and are maintained at optimal level.

(in EURm)	1-6 2022	1-6 2023	Δ
Net cash from operating activities	66.8	45.1	(32.4%)
Net cash from investing activities	(24.2)	2.1	108.8%
Net cash from financing activities	(17.8)	(18.5)	(3.7%)
Net change of cash and cash equivalents	24.7	28.8	16.5%

- For 2023 expected CAPEX is at a level of approximately EUR 106m, for 2024 at a level of EUR 80m, while for 2025 at a level of EUR 45m.



PODR share price movement in 1 – 6 2023



Market activity with PODR share

(EUR; units)	1-6 2022	1-6 2023	% change
Average daily price	82.9	97.4	17.4%
Average daily number of transactions	19	11	(42.6%)
Average daily volume	1,154	738	(36.0%)
Average daily turnover	93,385.0	71,323.1	(23.6%)
Reported earnings per share	7.0 ¹	9.7	38.5%
Normalized earnings per share	5.9 ¹	5.9	0.3%

Last price on
31.12.2022

84.15 EUR

Dividend per share

2.65 EUR

Last price on
30.6.2023

115.00 EUR

Dividend yield²

3.1%

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

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Podravka Group

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