



# Podravka Group

*Always with a heart!*



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



## BU Culinary

Food seasoning.

2021 sales: **761 HRK**m;  
% total sales: **16.4%**



## BU Soups

Soups, Instant meals.

2021 sales: **279 HRK**m;  
% total sales: **6.0%**



## BU Cereals, Snack and Beverages

Cereals, Baby food, Snack, Tea and Beverages.

2021 sales: **305 HRK**m;  
% total sales: **6.6%**



## BU Creamy spreads and Desserts

Creamy spreads, Desserts.

2021 sales: **231 HRK**m;  
% total sales: **5.0%**



## BU Bakery

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

2021 sales: **569 HRK**m;  
% total sales: **12.3%**



## BU Basic Food

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

2021 sales: **719 HRK**m;  
% total sales: **15.5%**



## BU Meat products

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

2021 sales: **307 HRK**m;  
% total sales: **6.6%**



## BU Fish

Fish products, Fish salads, Other fish products.

2021 sales: **209 HRK**m;  
% total sales: **4.5%**



## Prescription drugs

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

2021 sales: **697 HRK**m;  
% total sales: **15.1%**



## Non-prescription programme

OTC medicine, dietary products, natural products.

2021 sales: **123 HRK**m;  
% total sales: **2.7%**





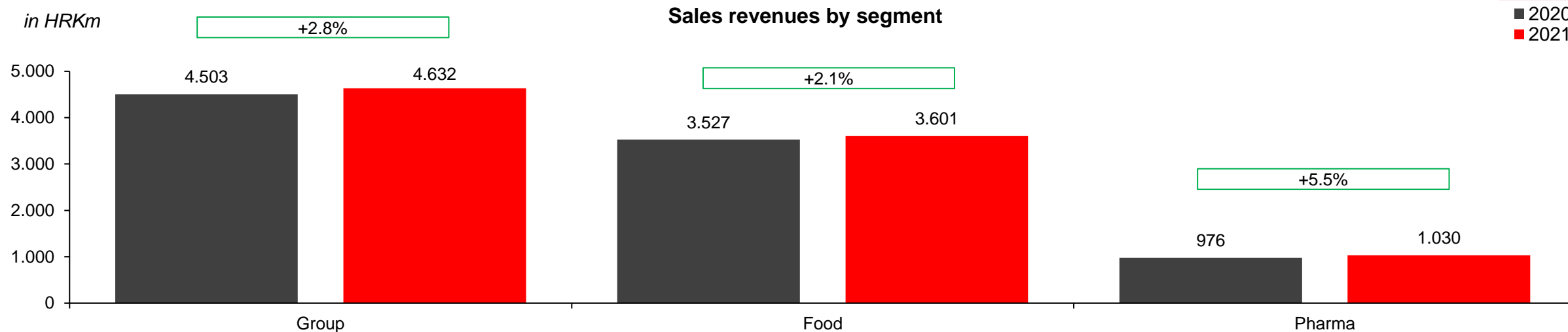


**2021 results**

1Q 2022 results



# Sales increase in both business segments



## Podravka Group in 2021<sup>1,2</sup>:

- **Own brands** → 2.3% higher sales,
- **Other sales** → 8.4% higher sales,
- **Total Podravka Group** → 2.8% higher sales.

## Food segment in 2021<sup>1,2</sup>:

- **Own brands** → 1.8% higher sales, sales increase of the BU Basic food, Culinary and Soups successfully cancelled out lower sales of other business units in the comparative period,
- **Other sales** → 6.8% higher sales, primarily as a result of trade goods sales increase in Croatian market, Benelux and Slovenia,
- **Total Food** → 2.1% higher sales.

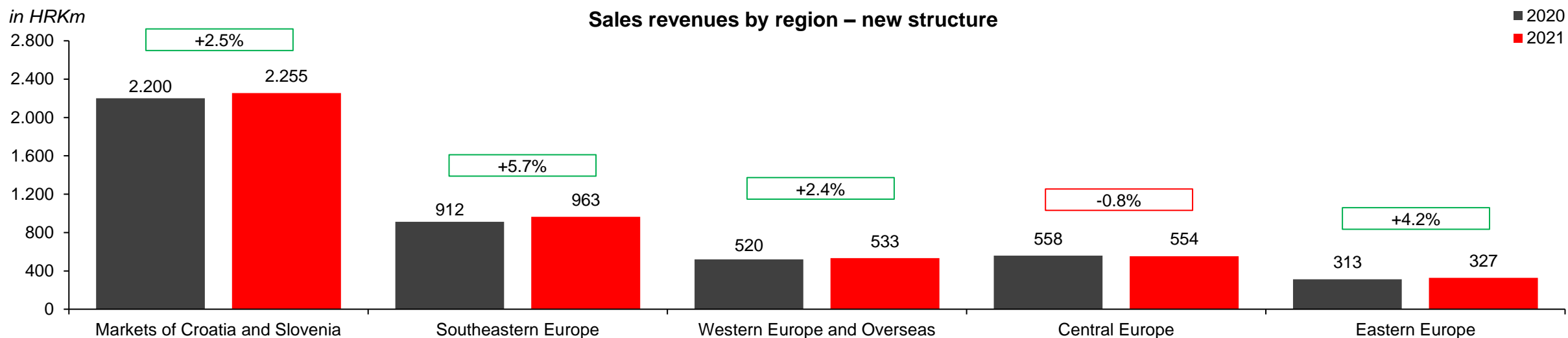
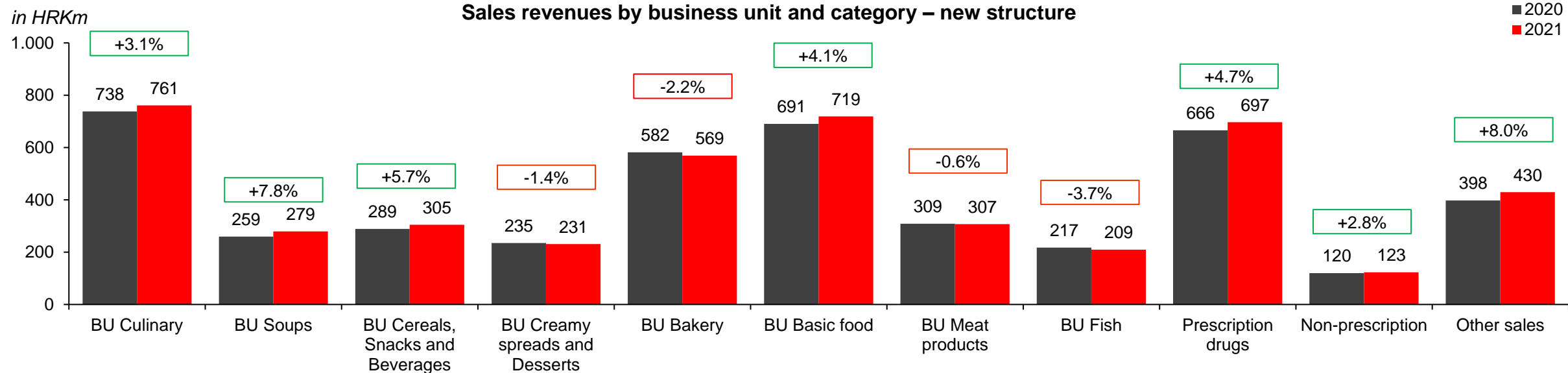
## Pharmaceuticals segment in 2021<sup>1,2</sup>:

- **Own brands** → 4.4% higher sales, as a result of Prescription drugs sales increase in markets of Russia, Bosnia and Herzegovina and Slovenia,
- **Other sales** → 10.3% higher sales, due to sales increase of trade goods in Bosnia and Herzegovina,
- **Total Pharma** → 5.5% higher sales.

<sup>1</sup>The situation caused by COVID-19 disease positively impacted the sales revenues trends in 2020 when a prominent effect of stockpiling of food and pharmaceutical products by customers was recorded in almost all markets in which the Podravka Group is present. Increased demand in 2020 significantly contributed to sales revenues of both business segments and almost all business units and categories, but this impact could not be clearly distinguished from the impact of regular demand for products. In 2021, the epidemiological situation also had a significant impact in most countries in which the Podravka Group operates, especially in the Adria region (mostly in Croatia), which is different from the one recorded in 2020. Negative impact on sales revenues in the first three months of 2021 comes from the introduced strict epidemiological measures such as lockdown and curfew, reduced store opening hours, restrictions on the number of customers in stores, limited movement of people, closure of the Gastro channel (includes HoReCa customers, institutional customers, industrial customers, etc.), difficult access to health care facilities, reduced number of diagnostic procedures and consequently, lower levels of prescription drugs prescribed. The positive impact on sales revenues in the reporting period comes from the easing of measures which began in May and a significant easing in the third quarter, which gave a boost to the tourist season and the arrival of foreign guests in Croatia. Positive trends continued until the end of 2021 since there was no new lockdown, as was the case in the comparative period. The successful tourist season, easing of epidemiological measures in the countries where the Podravka Group is present with its range, opening of the Gastro channel in Croatia and abroad and the absence of strict epidemiological measures in the fourth quarter positively reflected on the movements of sales revenues, but this effect cannot be clearly estimated or quantified.

<sup>2</sup>Percentages in the text relate to performance in 2021 compared to 2020.

# Sales increase in most profitable business units and most regions



<sup>1</sup>Percentages in the text relate to performance in 2021 compared to 2020.

## Food segment profitability influenced by cost savings and positive FX differences

Food segment (in HRK m)	REPORTED				NORMALIZED <sup>1</sup>			
	2020	2021	Δ	%	2020	2021	Δ	%
Sales revenue	3,527	3,601	74	2.1%	3,527	3,601	74	2.1%
Gross profit	1,191	1,194	3	0.2%	1,191	1,196	5	0.4%
EBITDA	388	381	(7)	(1.8%)	387	396	9	2.3%
EBIT	233	221	(12)	(4.9%)	232	243	11	4.6%
Net profit after MI	182	202	21	11.3%	181	195	14	7.6%
Gross margin	33.8%	33.1%		-63 bp	33.8%	33.2%		-57 bp
EBITDA margin	11.0%	10.6%		-42 bp	11.0%	11.0%		+2 bp
EBIT margin	6.6%	6.1%		-46 bp	6.6%	6.7%		+16 bp
Net profit margin after MI	5.2%	5.6%		+46 bp	5.1%	5.4%		+28 bp

### Food segment profitability in 2021:

- **Gross profit** → higher 0.2% with the gross margin of 33.1%. Negative trends in prices of raw materials and supplies were recorded in 2021 compared to 2020, where estimated effect of movements in 2021 amounted to negative HRK 17m<sup>2</sup> (primarily grains and mill products, fats and oils),
- **EBIT** → 4.9% lower, normalized 4.6% higher. Positive effect came from cost savings (marketing expenses) and favorable movements in FX differences on trade receivables and trade payables (HRK +4m in 2021; HRK -10m in 2020),
- **Net profit after MI** → higher HRK 21m, while normalized is HRK 14m higher compared to 2020. Bottom line was positively impacted by FX differences on borrowings (HRK +1m in 2021; HRK -3m in 2020) and lower finance costs. Tax cost is HRK 26m lower due to deferred tax effect.

<sup>1</sup>Normalized for one-off impacts.

<sup>2</sup>Obtained as used volumes of raw materials and supplies in 2021\*prices in 2021 – used volumes of raw materials and supplies in 2021\*prices in 2020.

## Profitability improvement in Pharmaceutical segment

Pharma segment (in HRK m)	REPORTED				NORMALIZED <sup>1</sup>			
	2020	2021	Δ	%	2020	2021	Δ	%
Sales revenue	976	1,030	54	5.5%	976	1,030	54	5.5%
Gross profit	468	485	16	3.5%	466	485	19	4.1%
EBITDA	159	211	52	32.9%	156	212	56	35.8%
EBIT	100	144	44	44.6%	93	147	54	58.2%
Net profit after MI	67	107	40	59.2%	63	109	46	72.5%
Gross margin	48.0%	47.0%		-94 bp	47.7%	47.0%		-65 bp
EBITDA margin	16.2%	20.5%		+421 bp	16.0%	20.5%		+458 bp
EBIT margin	10.2%	14.0%		+378 bp	9.5%	14.3%		+475 bp
Net profit margin after MI	6.9%	10.4%		+350 bp	6.5%	10.6%		+411 bp

### Pharmaceuticals segment profitability in 2021:

- **Gross profit** → reported is higher 3.5% while normalized is 4.1% higher. The gross margin is 47.0%, which is lower than in the comparative period, due to the increase in portion of trade goods in sales revenues,
- **EBIT** → reported HRK 44m higher, while normalized is up by HRK 54m as a result of positive movement of FX differences on trade receivables and trade payables (HRK +10m in 2021; HRK -36m in 2020),
- **Net profit after MI** → reported is HRK 40m higher, while normalized is HRK 46m higher. Bottom line was affected by favorable movements in FX differences on borrowings (HRK +0m in 2021; HRK -1m in 2020) and lower finance costs. Tax cost is higher by HRK 9m.

<sup>1</sup>Normalized for one-off impacts.

## Group profitability significantly improved

Podravka Group (in HRK <sub>m</sub> )	REPORTED				NORMALIZED <sup>1</sup>			
	2020	2021	Δ	%	2020	2021	Δ	%
Sales revenue	4,503	4,632	128	2.8%	4,503	4,632	128	2.8%
Gross profit	1,659	1,678	19	1.1%	1,657	1,680	24	1.4%
EBITDA	547	592	45	8.3%	543	608	65	11.9%
EBIT	332	365	33	9.9%	325	390	65	19.9%
Net profit after MI	249	309	60	24.2%	244	304	60	24.4%
Gross margin	36.8%	36.2%		-62 bp	36.8%	36.3%		-51 bp
EBITDA margin	12.1%	12.8%		+64 bp	12.1%	13.1%		+106 bp
EBIT margin	7.4%	7.9%		+51 bp	7.2%	8.4%		+120 bp
Net profit margin after MI	5.5%	6.7%		+115 bp	5.4%	6.6%		+114 bp




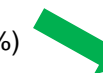








### Profitability of the Podravka Group in 2021:

- **Gross profit** → reported is higher 1.1%, while normalized is up by 1.4%. Cost of goods sold are up by 3.9%, while reported gross margin is 36.2%,
- **EBIT** → reported is HRK 33m higher, while normalized grew by HRK 65m. EBIT was positively affected by lower marketing costs and favorable movements in FX differences on trade receivables and trade payables (HRK +13m in 2021; HRK -46m in 2020),
- **Net profit after MI** → is HRK 60m higher. Bottom line was impacted by favorable movements in FX differences on borrowings (HRK +1m in 2021; HRK -4m in 2020) and lower finance costs. Tax cost is HRK 16m lower due to the effects of deferred tax in the Food segment.

<sup>1</sup>Normalized for one-off impacts.



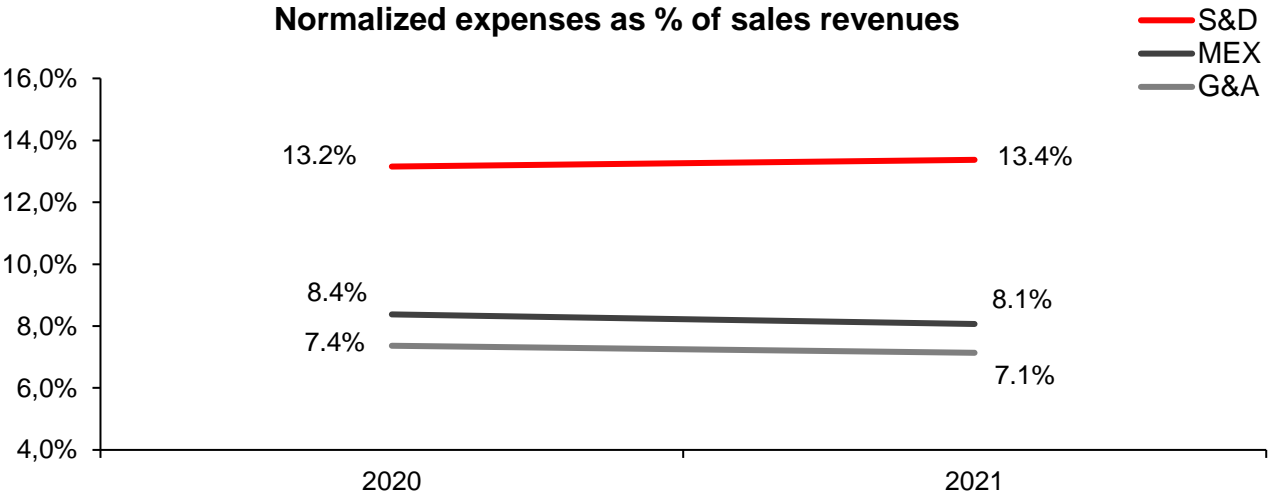
# Operating expenses increase mitigated by positive FX differences

Operating expenses 2021 vs. 2020 % change	REPORTED	NORMALIZED <sup>1</sup>
Cost of goods sold (COGS)	3.9% 	3.7% 
General and administrative expenses (G&A)	3.0% 	(0.4%) 
Sales and distribution costs (S&D)	4.5% 	4.5% 
Marketing expenses (MEX)	(1.0%) 	(1.0%) 
Other expenses / revenues, net	(225.0%) 	(209.8%) 
<b>Total</b>	<b>2.3%</b> 	<b>1.5%</b> 

## Key highlights of operating expenses in 2021:

- **Cost of goods sold (COGS):**
  - Higher 3.9% (normalized up by 3.7%) higher level of sales realized, the structure of sales, improved material rights of employees and movements in prices of raw materials and supplies (estimated negative impact in the Food segment of HRK 17m),
- **General and administrative expenses (G&A):**
  - Higher 3.0% (normalized down by 0.4%) following the improved material rights of employees and other expenses relative to 2020,
- **Sales and distribution costs (S&D):**
  - Higher 4.5% (normalized up by 4.5%) due of improving material rights of employees, higher costs of transportation services and other expenses,
- **Marketing expenses (MEX):**
  - Lower 1.0% (Food -3.6%, Pharma +2.8%),
- **Other expenses (revenues), net:**
  - Amounted to HRK -27m in 2021 (positive effect); HRK +21m in 2020 (negative effect), mainly due to positive movements in FX differences on trade receivables and trade payables (HRK +13m in 2021; HRK -46m in 2020).

## Normalized expenses as % of sales revenues



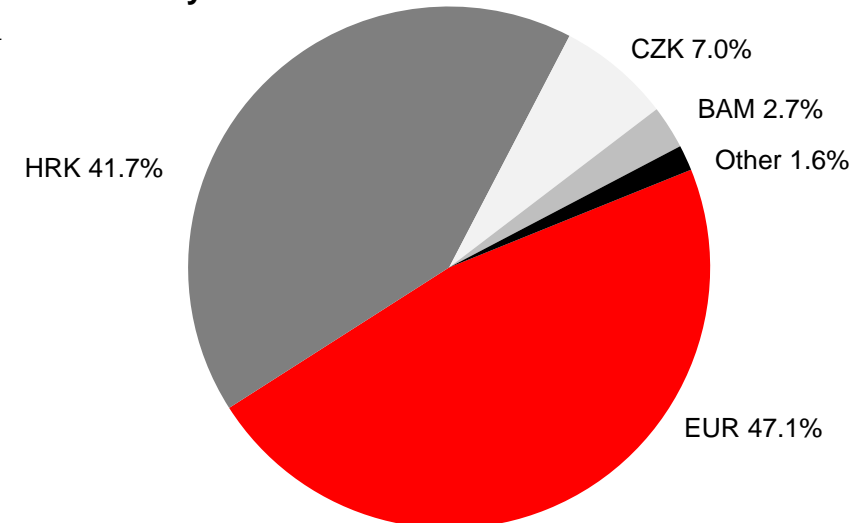
<sup>1</sup>Normalized for one-off impacts.

# Significant decline of indebtedness and improvement of debt indicators



(in HRKm) <sup>1</sup>	2020	2021	% change
Financial debt <sup>2</sup>	785	494	(37.1%)
Cash and cash equivalents	52	33	(35.8%)
Net debt	733	461	(37.2%)
TTM interest expense	12	7	(40.4%)
Net debt / TTM EBITDA	1.4	0.8	(43.9%)
EBITDA / Interest expense	28	57	101.3%
Equity to total assets ratio	69.4%	75.3%	+592 bp

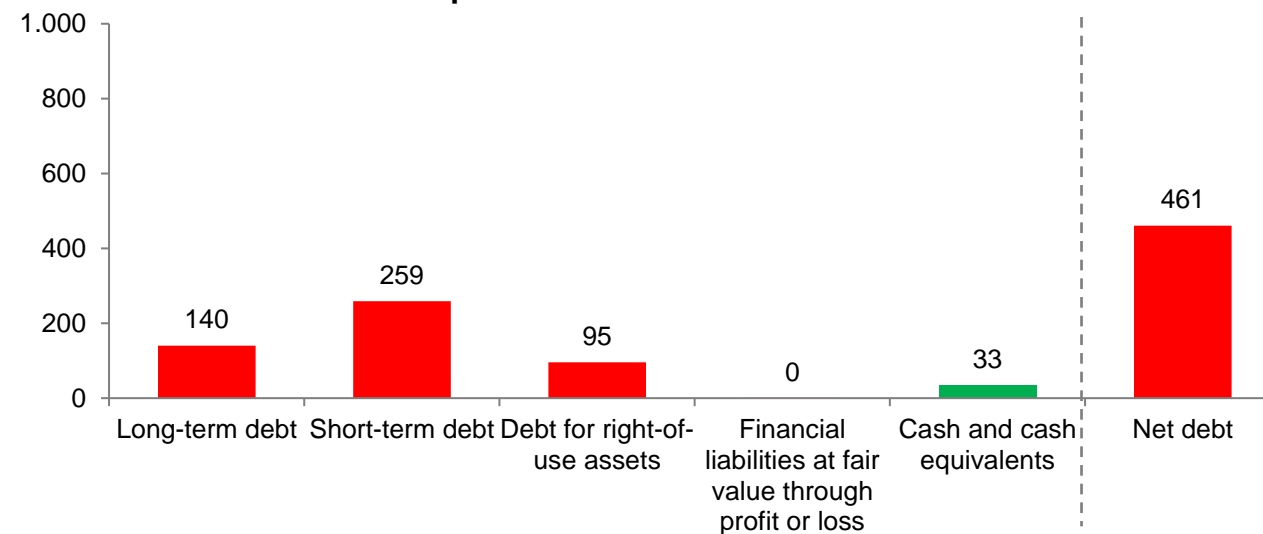
Currency structure of debt as at 31 December 2021



## Key highlights:




- **Financial debt** decrease → due to all debt components decrease,
- **Long-term debt** decrease → due to regular repayments of long-term debt,
- **Short-term debt** increase → due to regular repayments of short-term debt,
- Lower **interest expenses** → refinancing of borrowings under more favorable commercial terms with a continuous decrease in the total borrowings,
- **Weighted average cost of debt excluding liabilities for right-of-use assets:**
  - As at 31 December 2021 → 0.9%,
  - As at 31 December 2016 → 2.5%.

Net debt components in HRKm as at 31 December 2021



<sup>1</sup>All P&L figures are calculated on the trailing 12 months level, while BS figures are taken at the end of period, <sup>2</sup>long-term and short-term borrowings + liabilities for right-of-use assets + financial liabilities at fair value through P&L.

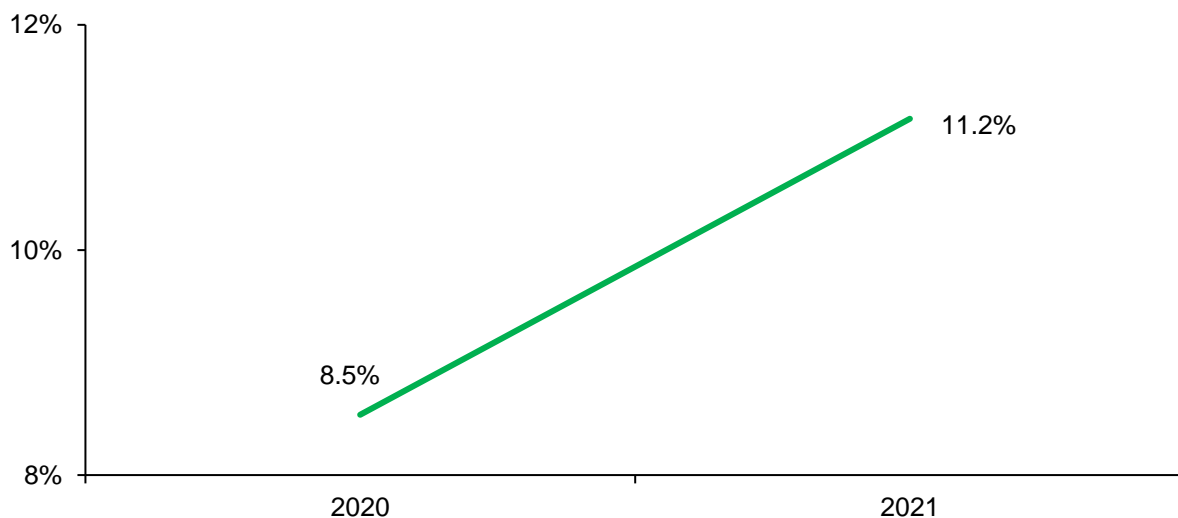
## High level of cash flow from operating activities

Working capital movement in BS	31 Dec 2021 / 31 Dec 2020		Impact
Inventories		(4.8%)	<ul style="list-style-type: none"> <li>This movement is primarily the result of the decrease in inventories in both business segments in the reporting period,</li> </ul>
Trade and other receivables		5.5%	<ul style="list-style-type: none"> <li>This movement is in line with the regular operations of both segments in the reporting period,</li> </ul>
Trade and other payables		(4.3%)	<ul style="list-style-type: none"> <li>This movement is mostly in line with the regular operations of both segments in the reporting period.</li> </ul>

(in HRKm)	2020	2021	Δ
Net cash from operating activities	385	517	133
Net cash from investing activities	(187)	(156)	31
Net cash from financing activities	(201)	(379)	(178)
Net change of cash and cash equivalents	(4)	(19)	(15)

- **CAPEX** in 2022 is expected to be at the level of HRK 500m, in 2023 is expected to be at the level of HRK 500m and in 2024-2025 period is expected to be at the level of HRK 250m.

Net cash flow from operating activities as % of sales





2021 results

**1Q 2022 results**





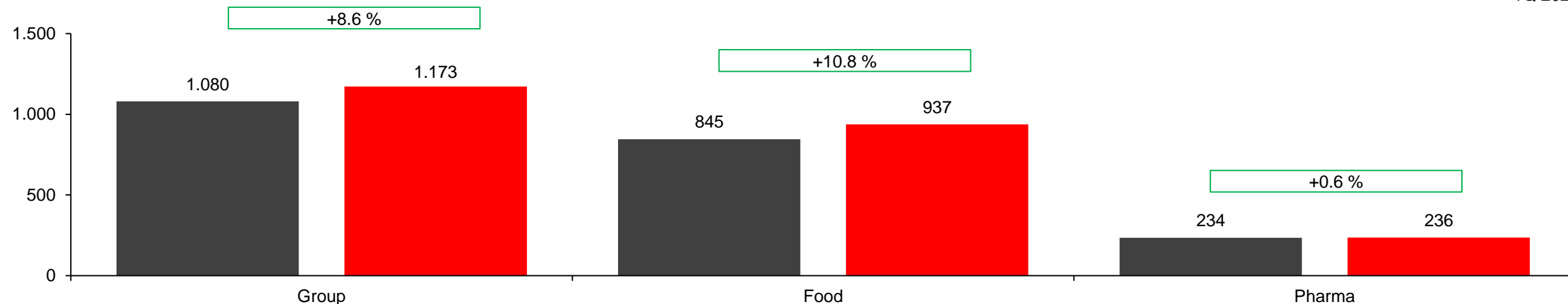
# Sales increase in both business segments



in HRK<sup>m</sup>

Sales revenues by segment

■ 1Q 2021  
■ 1Q 2022



## Podravka Group in 1 - 3 2022<sup>1</sup>:

- **Own brands** → 7.4 % higher sales,
- **Other sales** → 21.0 % higher sales,
- **Total Podravka Group** → 8.6 % higher sales.

## Food segment in 1 - 3 2022<sup>1</sup>:

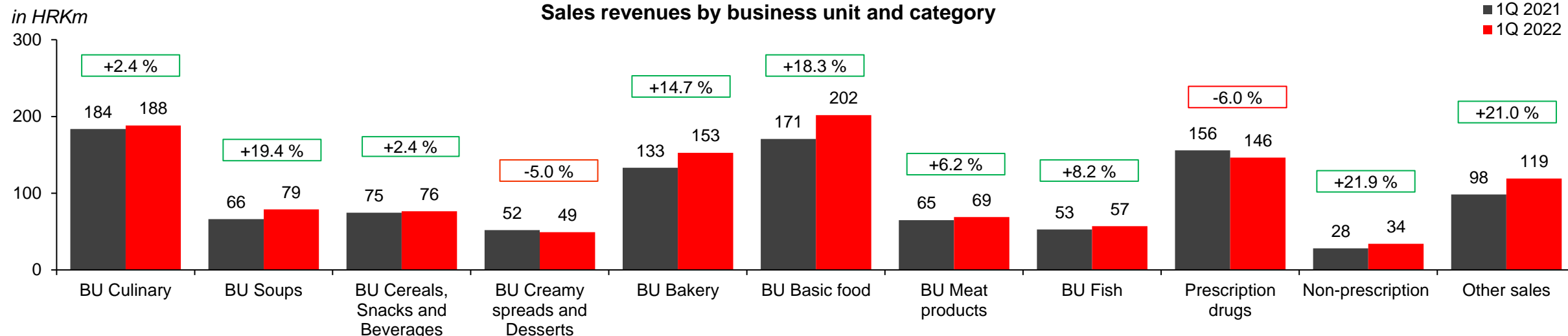
- **Own brands** → 9.5 % higher sales, sales increase of almost all business units,
- **Other sales** → 33.5 % higher sales, primarily as a result of trade goods sales increase in Croatian market, Austria and Slovenia,
- **Total Food** → 10.8 % higher sales.

## Pharmaceuticals segment in 1 - 3 2022<sup>1</sup>:

- **Own brands** → 1.8 % lower sales, as a result of the Ukrainian crisis and the discontinued deliveries of drugs to the market of Russia,
- **Other sales** → 9.1 % higher sales, due to sales increase of trade goods in Bosnia and Herzegovina and in Croatia,
- **Total Pharma** → 0.6 % higher sales.

<sup>2</sup>Percentages in the text relate to performance in 1 - 3 2022 compared to 1 - 3 2021.

# Sales increase in almost all business units



## Business unit and category performance in 1 - 3 2022<sup>1</sup>:

- **BU Culinary (+2.4 %)** → higher sales mostly due to higher sales of Universal food seasonings, primarily in Southeastern Europe region and WE and Overseas region,
- **BU Soups (+19.4 %)** → higher sales mostly due to sales increase of subcategory Clear soups. Revenue growth was recorded all regions,
- **BU Cereals, Snack and Beverages (+2.4 %)** → higher sales, due to sales increase of the Tea and beverages and Snack categories. Revenue growth was recorded in the Southeastern Europe region and in the Markets of Croatia and Slovenia,
- **BU Creamy spreads and Desserts (-5.0 %)** → lower sales, due to lower sales of Creamy spreads in most regions,
- **BU Bakery (+14.7 %)** → higher sales due to higher sales of the categories Žito Flour, Rolls and salt bakery products, and Bread, primarily in the Markets of Croatia and Slovenia,
- **BU Basic food (+18.3 %)** → higher sales, 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,
- **BU Meat products (+6.2 %)** → higher sales is a result of sales increase of Ready meals category, primarily in the Southeastern Europe region,
- **BU Fish (+8.2 %)** → higher sales due to sales increase of the Sardine subcategory, with a sales growth in most regions,
- **Prescription drugs (-6.0 %)** → lower sales, mainly as a result of the dermatological drugs sales decrease, primarily in the market of Russia,
- **Non-prescription programme (+21.9 %)** → higher sales as a result of sales increase of the OTC drugs subcategory in the market of Croatia,
- **Other sales (+21.0 %)** → In the Pharmaceuticals segment, sales up by HRK 5m, primarily due to higher sales of trade goods in the market of Bosnia and Herzegovina; in the Food segment, sales up by HRK 16m mainly due to trade goods sales increase in Croatian market.

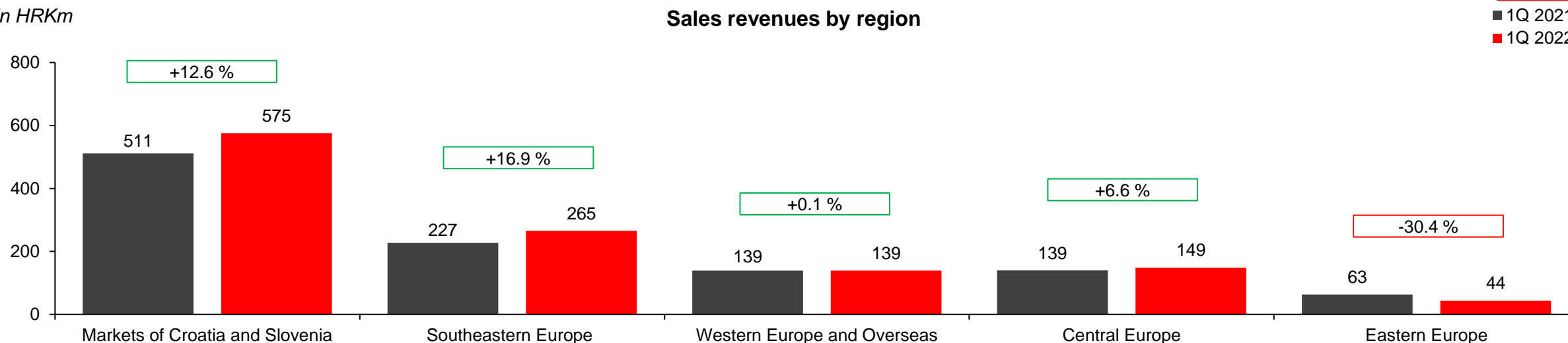
<sup>1</sup>Percentages in the text relate to performance in 1 - 3 2022 compared to 1 - 3 2021.

# Sales growth in most regions

in HRKm



■ 1Q 2021  
■ 1Q 2022



## Region performance in 1 - 3 2022<sup>1</sup>:

- **Markets of Croatia and Slovenia (+12.6 %)** → **Food** sales 13.3 % higher, due to sales increase of BU Bakery and Core food and sales increase in trade goods; **Pharmaceuticals** sales 9.8 % higher due to higher demand and sales Non-prescription programme,
- **Southeastern Europe (+16.9 %)** → **Food** sales higher 17.8 %, due to sales increase of all business units; **Pharmaceuticals** sales up by 15.1 % due to higher sales of Prescription drugs,
- **WE and Overseas region (+0.1 %)** → **Food** sales -0.2 % lower, where the sales increase of BU Culinary, Fish and Meat products and trade goods sales increase largely cancelled out the sales decrease by other BU; **Pharmaceuticals** segment sales revenues up by HRK 1m (+122.1 %) due to Prescription drugs sales increase,
- **Central Europe (+6.6 %)** → **Food** sales up by 9.2 %, as a result of a significant sales increase of BU Core food ; **Pharmaceuticals** sales down by 11.1 % due to lower sales of both drugs categories and lower sales of trade goods,
- **Eastern Europe (-30.4 %)** → **Food** sales down by -4.1 % primarily due to lower sales of BU Culinary; **Pharmaceuticals** sales lower -45.3 %) due to lower sales of Prescription drugs and Non-prescription programme due to the discontinued deliveries of drugs to the market of Russia.

<sup>1</sup>Percentages in the text relate to performance in 1 - 3 2022 compared to 1 - 3 2021.

## Food segment profitability influenced by price increase of raw materials

Food segment (in HRK <sup>m</sup> )	REPORTED				NORMALIZED <sup>1</sup>			
	1 - 3 2021	1 - 3 2022	Δ	%	1 - 3 2021	1 - 3 2022	Δ	%
Sales revenue	845	937	92	10.8 %	845	937	92	10.8 %
Gross profit	303	325	22	7.2 %	303	325	22	7.2 %
EBITDA	135	142	7	5.0 %	135	142	7	5.0 %
EBIT	98	103	5	5.4 %	98	103	5	5.5 %
Net profit after MI	81	83	2	2.8 %	81	84	2	2.9 %
Gross margin	35.8 %	34.7 %		-117 bp	35.8 %	34.7 %		-117 bp
EBITDA margin	16.0 %	15.1 %		-85 bp	16.0 %	15.2 %		-84 bp
EBIT margin	11.6 %	11.0 %		-57 bp	11.6 %	11.0 %		-56 bp
Net profit margin after MI	9.6 %	8.9 %		-70 bp	9.6 %	8.9 %		-69 bp

### Food segment profitability in 1 - 3 2022:

- **Gross profit** → higher 7.2 % with the gross margin of 34.7 %. In the reporting period, negative trends in prices of raw materials and supplies were recorded if compared to 1 - 3 2021, where estimated effect of movements in reported period amounted to negative HRK 42m<sup>2</sup> (primarily grains and mill products, fats and oils, vegetables and metal packaging),
- **EBIT** → higher 5.4 %, normalized 5.5 % higher. In addition to the impact above the gross profit level, EBIT was affected by the increase in some operating expenses, primarily marketing expenses and expenses related to sales growth, as well as unfavourable movement in foreign exchange differences on trade receivables and trade payables (HRK +0m in 1 – 3 2022; HRK +2m in 1 – 3 2021),
- **Net profit after MI** → higher HRK 2m compared to 1 - 3 2021. Bottom line was positively impacted by FX differences on borrowings (HRK -1m in 1 – 3 2022; HRK +0m in 1 – 3 2021) and lower finance costs. Tax cost is HRK 3m higher.

<sup>1</sup>Normalized for one-off impacts.

<sup>2</sup>Obtained as used volumes of raw materials and supplies in 1 - 3 2022\*prices in 1 - 3 2022 – used volumes of raw materials and supplies in 1 - 3 2022\*prices in 1 - 3 2021.



## Decreased profitability of Pharmaceutical segment due to negative FX differences

Pharma segment (in HRK <sub>m</sub> )	REPORTED				NORMALIZED <sup>1</sup>			
	1 - 3 2021	1 - 3 2022	Δ	%	1 - 3 2021	1 - 3 2022	Δ	%
Sales revenue	234	236	1	0.6 %	234	236	1	0.6 %
Gross profit	109	111	2	1.7 %	109	111	2	1.7 %
EBITDA	49	29	(21)	(42.3 %)	49	29	(21)	(42.3 %)
EBIT	33	12	(21)	(63.5 %)	33	12	(21)	(63.5 %)
Net profit after MI	24	6	(19)	(77.0 %)	24	6	(19)	(77.0 %)
Gross margin	46.4 %	47.0 %		+54 bp	46.4 %	47.0 %		+54 bp
EBITDA margin	21.1 %	12.1 %		-898 bp	21.1 %	12.1 %		-898 bp
EBIT margin	14.2 %	5.2 %		-907 bp	14.2 %	5.2 %		-907 bp
Net profit margin after MI	10.3 %	2.4 %		-796 bp	10.3 %	2.4 %		-796 bp

### Pharmaceuticals segment profitability in 1 - 3 2022:

- **Gross profit** → is higher 1.7 %, the gross margin is 47.0 %,
- **EBIT** → is HRK 21m lower, as a result of negative movement of FX differences on trade receivables and trade payables (HRK -24m in 1 – 3 2022; HRK +4m in 1 – 3 2021), while a positive impact came from lower marketing expenses and lower general and administrative expenses,
- **Net profit after MI** → is HRK 19m lower. Bottom line was affected by lower finance costs, while movements in foreign exchange differences on borrowings are at the level of the comparative period (HRK -0m in 1 – 3 2022; HRK -0m in 1 – 3 2021). The lower level of pre-tax profit resulted in the decrease in tax expense of HRK 3m.

<sup>1</sup>Normalized for one-off impacts.

# Group profitability influenced by negative FX differences in Pharmaceutical segment















Podravka Group	REPORTED				NORMALIZED <sup>1</sup>			
(in HRK m)	1 - 3 2021	1 - 3 2022	Δ	%	1 - 3 2021	1 - 3 2022	Δ	%
Sales revenue	1,080	1,173	93	8.6 %	1,080	1,173	93	8.6 %
Gross profit	412	436	24	5.8 %	412	436	24	5.8 %
EBITDA	185	170	(14)	(7.7 %)	185	171	(14)	(7.6 %)
EBIT	131	115	(16)	(12.2 %)	131	116	(16)	(12.1 %)
Net profit after MI	105	89	(16)	(15.6 %)	106	89	(16)	(15.5 %)
Gross margin	38.1 %	37.1 %		-100 bp	38.1 %	37.1 %		-100 bp
EBITDA margin	17.1 %	14.5 %		-257 bp	17.1 %	14.6 %		-256 bp
EBIT margin	12.1 %	9.8 %		-232 bp	12.2 %	9.9 %		-232 bp
Net profit margin after MI	9.7 %	7.6 %		-217 bp	9.8 %	7.6 %		-217 bp

## Profitability of the Podravka Group in 1 - 3 2022:

- **Gross profit** → higher 5.8 %. Cost of goods sold are up by 10.4 %, while reported gross margin is 37.1 %,
- **EBIT** → lower by HRK 16m. EBIT was affected by unfavourable movements in FX differences on trade receivables and trade payables (HRK -24m in 1 – 3 2022; HRK +6m in 1 – 3 2021), dominantly from Pharmaceutical segment, and higher level of expenses related to sales growth,
- **Net profit after MI** → is HRK 16m lower. Bottom line was impacted by movements in FX differences on borrowings (HRK -1m in 1-3 2022; HRK -0m in 1-3 2021). Tax expense amounted to HRK 21m which is at the level of the comparative period..

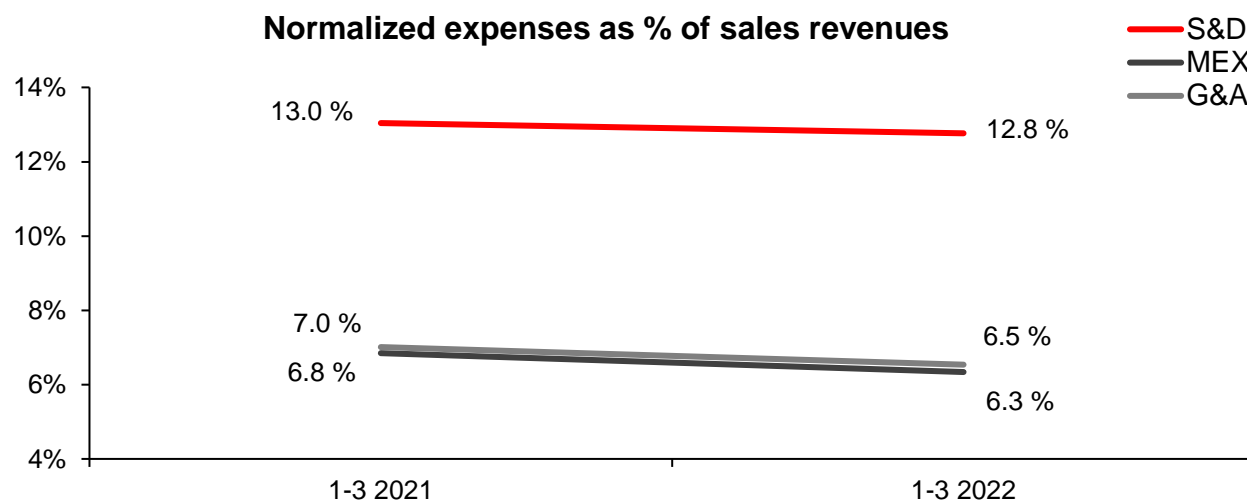
<sup>1</sup>Normalized for one-off impacts.

# Increase in operating expenses influenced by raw materials price increase

Operating expenses 1 - 3 22 vs. 1 - 3 21 % change	REPORTED	NORMALIZED <sup>1</sup>
Cost of goods sold (COGS)	10.4 % 	10.4 % 
General and administrative expenses (G&A)	1.4 % 	1.3 % 
Sales and distribution costs (S&D)	6.3 % 	6.3 % 
Marketing expenses (MEX)	0.6 % 	0.6 % 
Other expenses / revenues, net	290.3 % 	290.3 % 
<b>Total</b>	<b>11.5 %</b> 	<b>11.5 %</b> 

## Key highlights of operating expenses in 1 - 3 2022:

- **Cost of goods sold (COGS):**
  - Higher 10.4 % higher level of sales realized, the structure of sales, and movements in prices of raw materials and supplies (estimated negative impact in the Food segment of HRK 42m),
- **General and administrative expenses (G&A):**
  - Higher 1.4 % (normalized up by 1.3 %) following the increase of other expenses relative to comparative period,
- **Sales and distribution costs (S&D):**
  - Higher 6.3 % due to higher costs of transportation services and other expenses,
- **Marketing expenses (MEX):**
  - Higher 0.6 % (Food +6.6 %, Pharma -5.7 %),
- **Other expenses (revenues), net:**
  - Amounted to HRK +19m in 1 - 3 2022 (negative effect); HRK -10m in 1 - 3 2021 (positive effect), mainly due to negative movements in FX differences on trade receivables and trade payables (HRK -24m in 1 - 3 2022; HRK +6m in 1 - 3 2021).



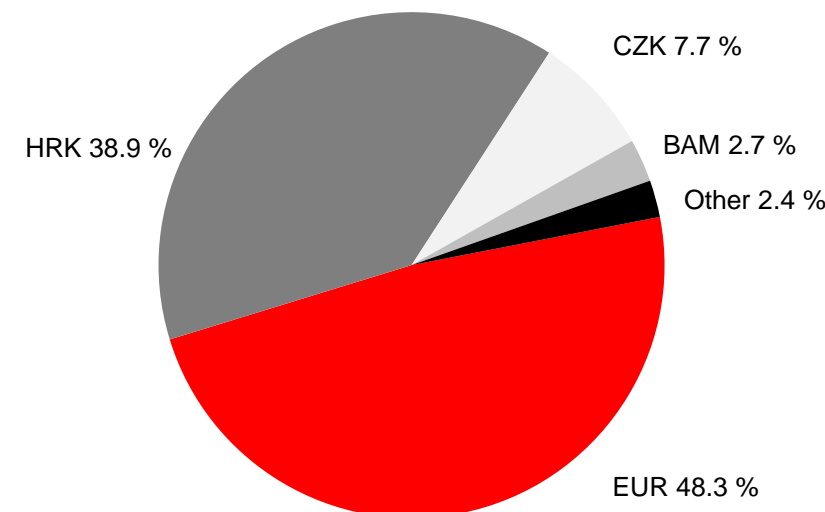
<sup>1</sup>Normalized for one-off impacts.

# Continuous decline of indebtedness and improvement of debt indicators



(in HRKm) <sup>1</sup>	2021.	1 - 3 2022	% change
Financial debt <sup>2</sup>	494	436	(11.8 %)
Cash and cash equivalents	33	215	545.0 %
Net debt	461	221	(52.0 %)
TTM interest expense	7	6	(7.4 %)
Net debt / TTM EBITDA	0,8	0,4	(50.9 %)
EBITDA / Interest expense	57	59	3.5 %
Equity to total assets ratio	75.3 %	72.8 %	-246 bp

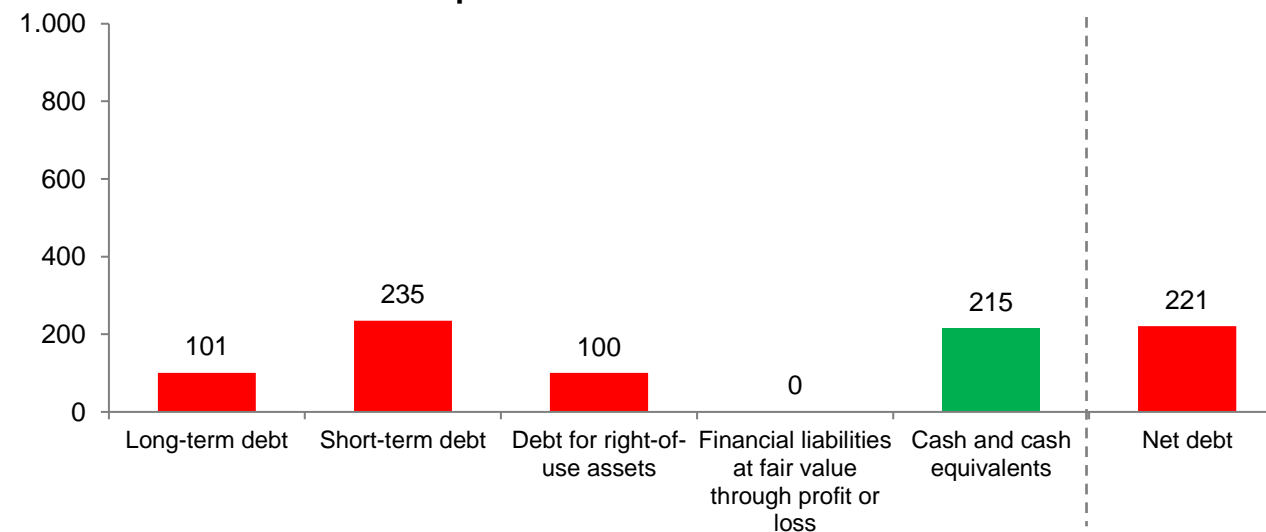
Currency structure of debt as at 31 March 2022



## Key highlights:

- **Financial debt** decrease → due to decrease in level of long-term and short-term debt,
- **Long-term debt** decrease → due to regular repayments of long-term debt,
- **Short-term debt** increase → due to regular repayments of short-term debt,
- Lower **interest expenses** → continuous decrease in the total borrowings,
- **Weighted average cost of debt excluding liabilities for right-of-use assets:**
  - As at 31 March 2021 → 1.0 %,
  - As at 31 December 2016 → 2.5 %.




Net debt components in HRKm as at 31 March 2022



<sup>1</sup>All P&L figures are calculated on the trailing 12 months level, while BS figures are taken at the end of period, <sup>2</sup>long-term and short-term borrowings + liabilities for right-of-use assets + financial liabilities at fair value through P&L.



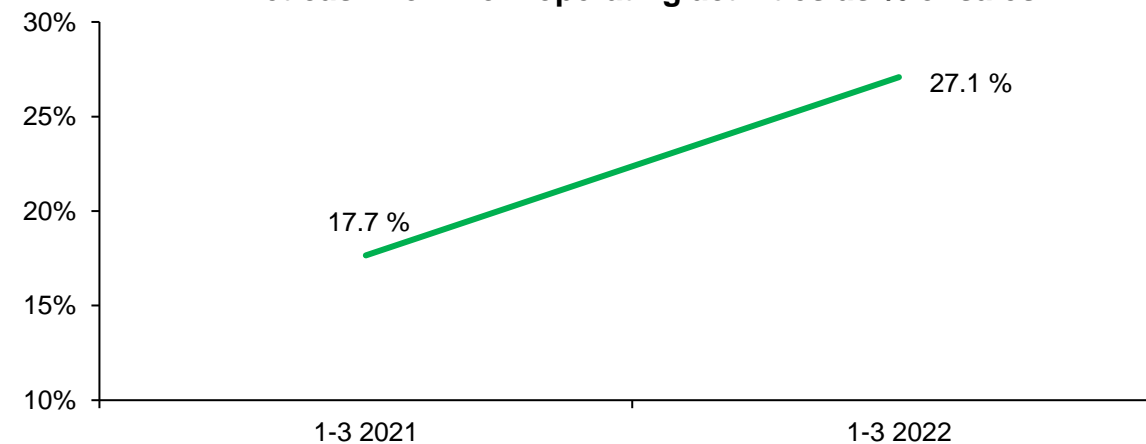
## High level of cash flow from operating activities

Working capital movement in BS	31 Mar 2021 / 31 Mar 2020		Impact
Inventories		0.8 %	<ul style="list-style-type: none"> <li>This movement is primarily the 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,</li> </ul>
Trade and other receivables		0.6 %	<ul style="list-style-type: none"> <li>This movement is in line with the regular operations of both segments in the reporting period,</li> </ul>
Trade and other payables		19.5 %	<ul style="list-style-type: none"> <li>This movement is a result of regular operations, but also of movements in prices of raw materials and supplies in the reporting period.</li> </ul>

(in HRKm)	1 – 3 2021	1 – 3 2022	Δ
Net cash from operating activities	191	318	127
Net cash from investing activities	(14)	(62)	(48)
Net cash from financing activities	(51)	(74)	(23)
Net change of cash and cash equivalents	<b>126</b>	<b>182</b>	<b>55</b>

- **CAPEX** in 2022 is expected to be at the level of HRK 500m, in 2023 is expected to be at the level of HRK 500m and in 2024-2025 period is expected to be at the level of HRK 250m.

Net cash flow from operating activities as % of sales



# Financial indicators overview

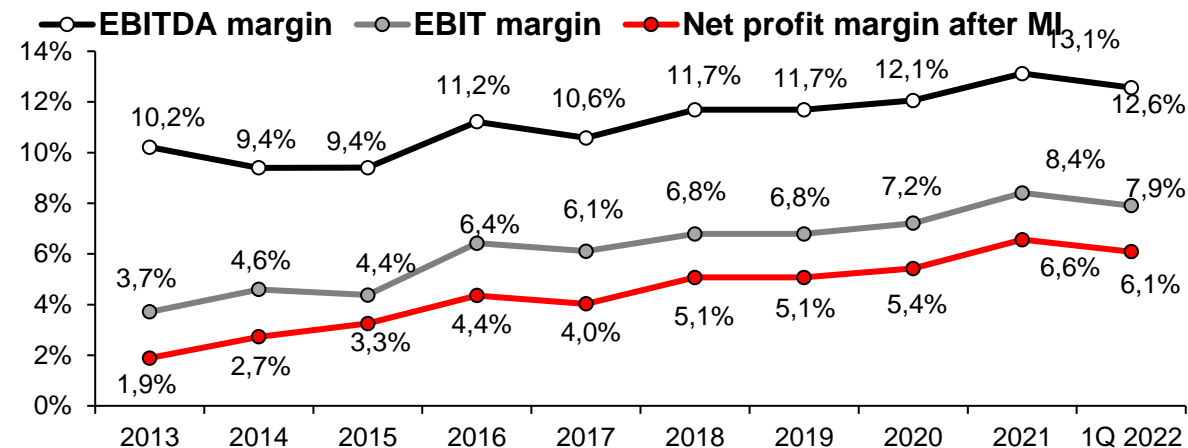


## Restructuring related one-off items burdened profitability

(in HRK m)	2013	2014	2015	2016	2017	2018	2019	2020	2021	1Q 22
Value adjustments	(81)	(28)	(35)	(11)	(89)	(9)	(11)	10	(9)	0
Severance payments	(57)	(72)	(41)	(12)	(40)	(6)	(5)	(4)	(4)	(0)
Other	5	10	298 <sup>1</sup>	8	(18)	4	13	1	14	(0)
Total net one-offs	(133)	(90)	222	(15)	(147)	(10)	(2)	7	1	(1)

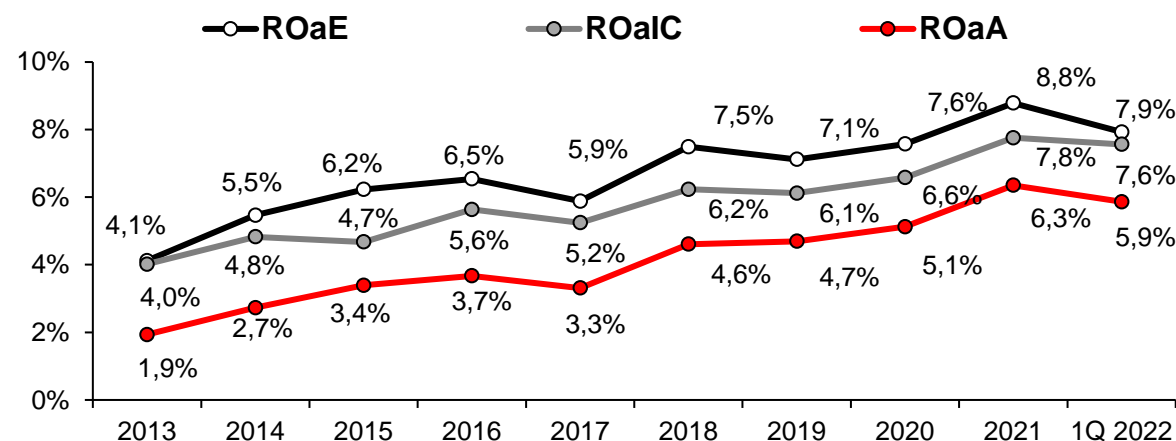
<sup>1</sup>HRK 116m of gain on a bargain purchase from Žito acquisition (badwill), HRK 164m of deferred tax income from Croatian government's incentives for the construction of new Belupo pharmaceutical factories, HRK 19m refers to other items.

## Normalized profitability margins movement<sup>2</sup>

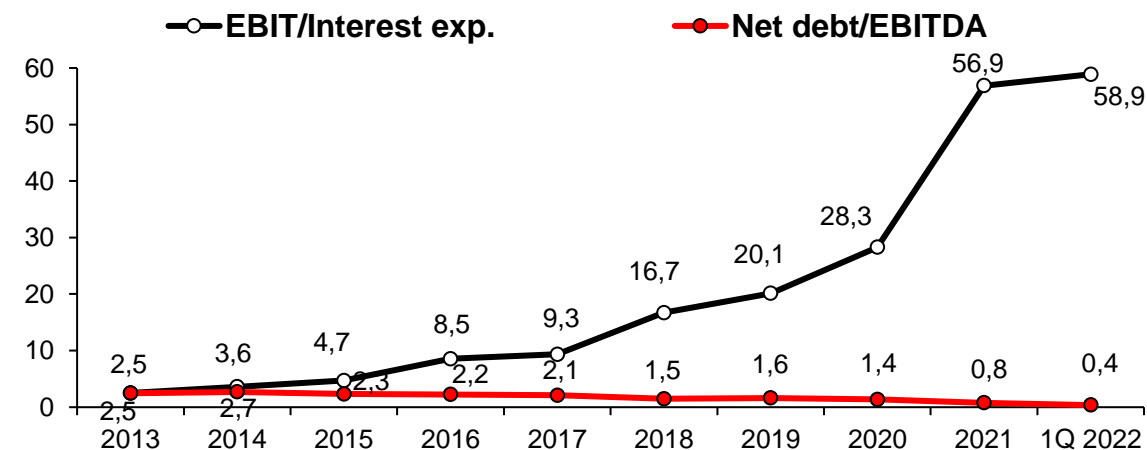


**Note:** Due to sales revenues reclassification in 2016, 2013-2014 margins are made by approximation.

## Normalized return rates movement<sup>2</sup>



## Normalized debt level movement<sup>2</sup>

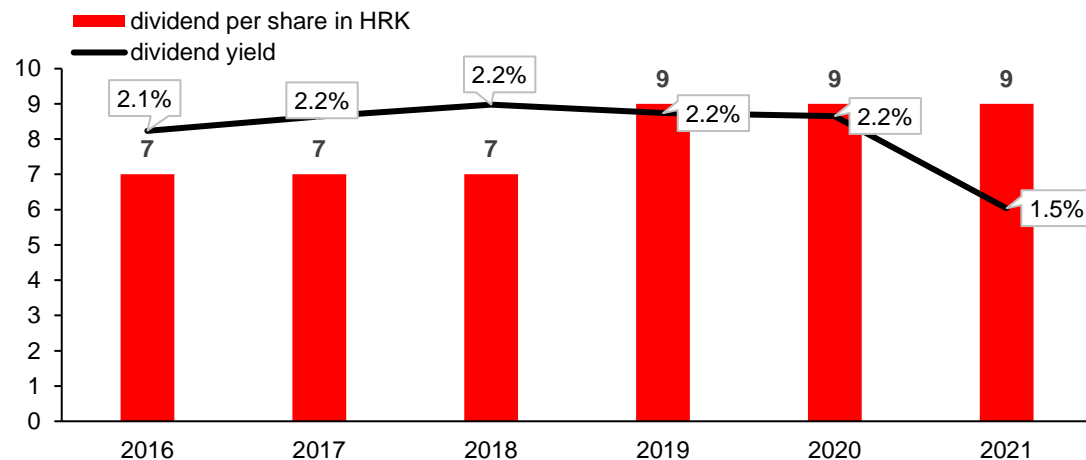


<sup>2</sup>2015 figures include pro-forma Podravka Group and Žito Group full year figures, excluding consolidation effects and tax incentives for Belupo factories; <sup>2</sup>2019, 2020 and 1Q 2021 figures include IFRS 16.

# Podravka pays stabile dividend per share



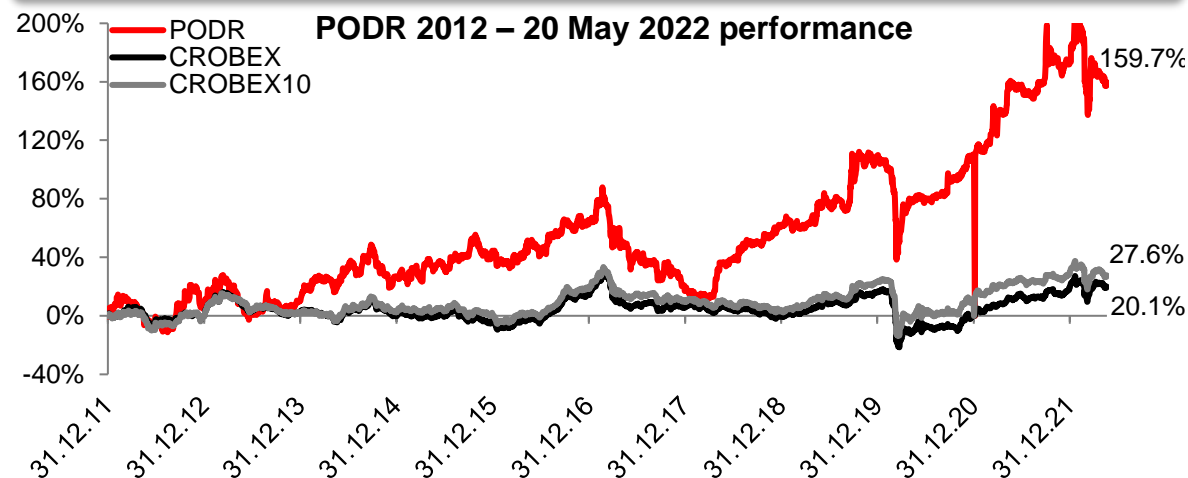
## Dividend and dividend yield<sup>1</sup>



## Dividend policy of Podravka Inc.

- Podravka Inc. started with regular dividend payout in 2016,
- Dividend policy defines, that Podravka Inc. will assess the possibility of dividend payment and, if possible, propose to the General Assembly dividend payment in the amount of at least 25% of the available funds for dividend payment after part of the net profit of Podravka Inc. is allocated to the legal and other reserves of Podravka Inc.,
- Legal reserves are 5% of total net profit of Podravka Inc.,
- The amount of dividend accounted for Podravka Inc. treasury shares is retained in undistributed profit,
- Announced dividend of HRK 13.00 per share in 2022 (to be confirmed by General Assembly on 14 June), record date 14 July, ex date 13 July, payment date 12 Aug.

## Historical share price movement



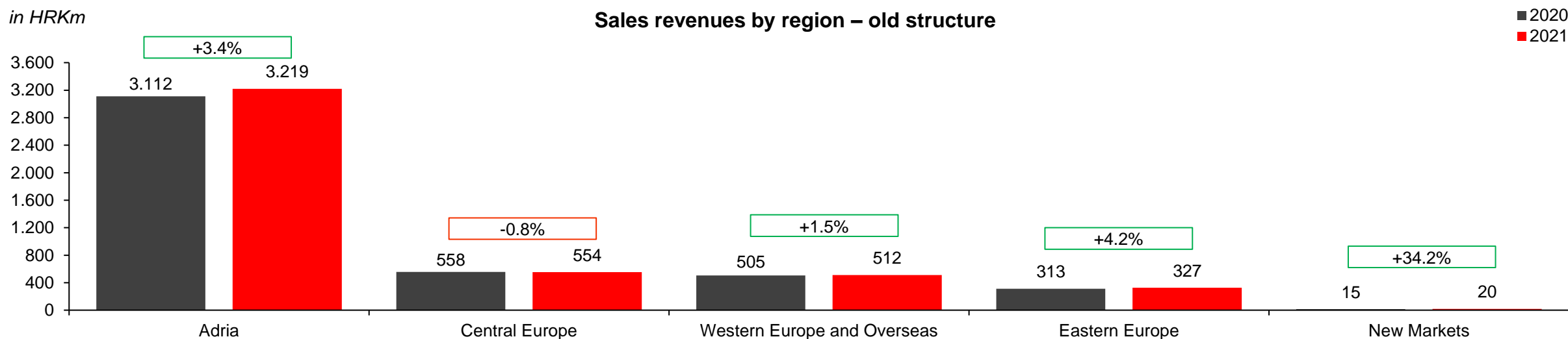
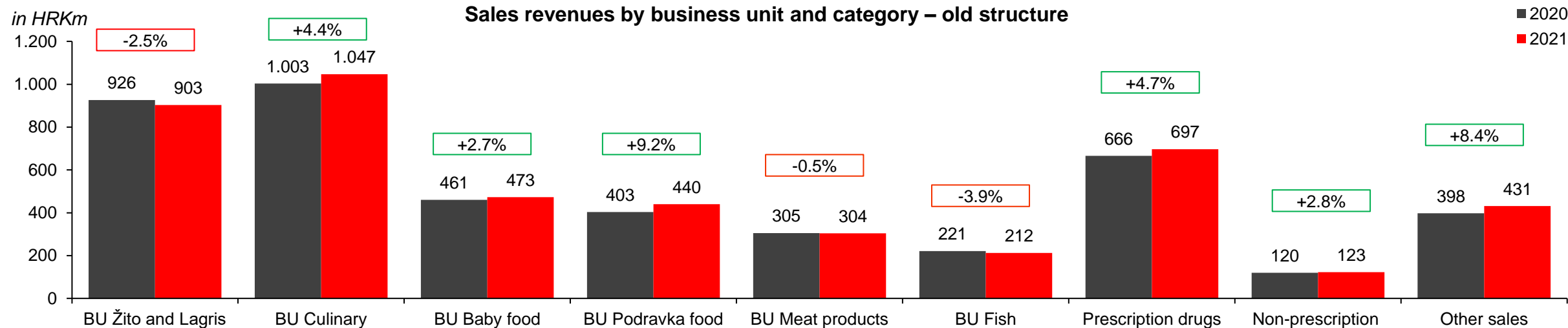
## Peer group multiples comparison

Peer group multiples <sup>2</sup>	EV/Sales	EV/EBITDA	EV/EBIT	P/B	P/E
Weighted average peer group	1.9	10.3	16.3	2.3	18.2
Normalized weight. av. peer group <sup>3</sup>	1.4	8.7	15.2	1.7	17.4
Podravka Group reported	1.0	7.9	13.1	1.1	14.6
Podravka Group normalized <sup>4</sup>	1.0	7.7	12.2	1.1	14.9

**Peer Group Food:** Atlantic Grupa, Ebro, Hochdorf, La Doria, McCormick, Orkla;

**Peer Group Pharma:** Alkaloid, Richter Gedeon, Hikma Pharmaceuticals, Krka, Recordati, Stada Arzneimittel.

<sup>1</sup>DY calculation is based on last mkt. price on the GA date, <sup>2</sup>Obtained from Bloomberg on 24<sup>th</sup> May 2022, based on last price on 23<sup>rd</sup> May 2022 (HRK 610.00); <sup>3</sup>Calculated excluding max. and min. values; <sup>4</sup>Normalized for items stated in the publication 1Q 2022 and 1Q 2021 results.



<sup>1</sup>Percentages in the text relate to performance in 2021 compared to 2020.



Podravka Inc.

Ante Starčevića 32, 48 000 Koprivnica, Croatia

[www.podravka.hr](http://www.podravka.hr)

Investor Relations

[ir@podravka.hr](mailto:ir@podravka.hr)

tel: +385 48 65 16 35





# Podravka Group

*Always with a heart!*

