

**Address by Martina Dalić, president of the Management Board of Podravka Inc., to the shareholders of Podravka Inc. on the General Assembly on May 16, 2024 in Koprivnica**

Dear Podravka shareholders,

I intend to take this opportunity to inform each of our 12,243 shareholders (12,120 individuals and 123 legal entities) about the most important events that marked the business year 2023, and the business activities that are at the core of the results achieved last year and form the foundation for our growth in 2024.

I believe you will agree with me that we had a successful business year. I consider the past year successful not only due to the achieved business results and the increase in the company's market value but also because of the strides made in the modernization and transformation of numerous areas of operations aimed at strengthening growth potential in the coming years.

During the business year 2023, Podravka's market capitalization exceeded one billion euros for the first time in history, reaching 1.1436 billion euros by the end of the year. The share price increased by 93.6 percent. In this way, Podravka has joined the select group of Croatian companies with a market capitalization of over one billion euros. The entire Management Board of Podravka and I are extremely proud that shareholders and investors recognize our results so clearly and express confidence in the business strategy we are implementing.

Compared to 2022, the Group's sales increased by seven percent, normalized EBITDA by 10.4 percent, and normalized profit (excluding one-time items) by 14.2 percent. The reported net profit of the Group reached 66.4 million euros, 35.3 percent higher than the previous year due to the use of tax relief based on the Investment Promotion Act related to the investment in the logistics-distribution center. These results are not only a reflection of our business success but also the result of the dedicated work, persistence, and determination of all Podravka Group employees in implementing the business strategy we adopted three years ago, aimed at strengthening our competitiveness and transforming Podravka into a strong and potent Croatian multinational company. In 2023, the Podravka Group achieved 67.3 percent of its sales revenue outside of Croatia. Further internationalization and sales growth outside Croatia are key priorities for the Group and the foundation of our future growth. Therefore, last year we carried out numerous activities aimed at further strengthening our ability to operate in international markets, especially in Western and Central Europe. In the Food segment, this primarily refers to restructuring the markets of Poland, the Czech Republic, and Hungary, and changing the business model in the markets of Germany and Austria. In addition to strengthening managerial and human resources capacities in sales in all mentioned markets, special attention in Poland, the Czech Republic, and Hungary was focused on eliminating unprofitable portfolios and aligning pricing policies. In the German and Austrian markets, the business model was changed in such a way that in Austria we entrusted the distribution of our products to the Atlantic Group with clearly defined goals for increasing the depth and breadth of distribution. In Germany, we turned to our own distribution to major retail chains, while a new network of higher-quality distributors was established for traditional

stores. This way, we have laid a solid foundation for realizing our strategic determination to designate the markets of Central Europe, Germany, and Austria as focus markets. Undertaking all these activities, especially those aimed at eliminating unprofitable assortments, resolving relationships with former distributors, and setting new business relationships with some customers, brought a certain short-term sales decline in these markets. However, the growth of overall profitability, sales trends in the last quarter of 2023, and especially sales growth in the first quarter of this year, confirm that these changes are delivering the planned results. The planned result is stable and profitable sales growth in these markets. A particularly important result of all these changes is observed in the new sales policies through which we have achieved the goal that our products in richer markets than the Croatian one are no longer sold at prices lower than those in Croatia.

At the same time, the Podravka Group and the Atlantic Group agreed on cooperation in the USA through which Podravka, via its company in the USA, began distributing Atlantic Group brands. In this way, the project of expanding and positioning Podravka's company in the USA as an export hub for brands from Southeast Europe was initiated. In the context of building the export hub, in addition to the Atlantic Group, contracts were also signed with several smaller companies.

In the Pharmaceuticals segment, a sales growth path was established in Eastern Europe with stable and predictable commercial conditions, with a special priority placed on expanding and improving sales in the markets of Central and Southeast Europe. In Croatia, the commercial model was changed by establishing a single sales channel for all customers.

Thanks to these efforts, sales revenue in the Food segment in 2023 amounted to 553.7 million euros, which is six percent or 31.5 million euros more compared to 2022. These are non-normalized sales revenues, meaning that the revenue growth also includes the effect of the aforementioned restructuring of international markets which in the short term brought a reduction in sales of certain categories to improve sales profitability but also create a stable foundation for the upcoming period. Sales revenue in Pharmaceuticals increased by 15.2 million euros, 10.5 percent more than in the comparable period, reflecting expansion in export markets and the mentioned change in the way Belupo products are marketed in the Croatian market. Ultimately, the Podravka Group achieved sales revenue of 713.8 million euros in 2023, which is 46.7 million euros or seven percent more compared to the previous year. Revenue in the Food segment reached 553.7 million euros, while Belupo's revenue, which constitutes the Pharmaceuticals segment, amounted to 160.2 million euros.

In an environment marked by challenges such as rising raw material costs and inflation, we managed to limit the impact of rising raw material costs on production costs through procurement efficiency and insisting on competition among suppliers. In this regard, particularly notable is the insistence on a larger number of suppliers and creating a competitive environment in every procurement item, including the intensive use of electronic auctions as a method of determining the final procurement price. For example, 52 percent of realized procurement for raw materials and packaging was conducted through electronic auctions, and almost all investment procurements in the final round of offers were concluded in this way.

The investment cycle continued as planned, including investments in technology and increasing production efficiency, investments in the digitalization of production and business operations, as well as investments in agricultural development. Capital investments last year reached 69 million euros, of which 44 percent was allocated to technological modernization, 39 percent to investments in facilities, and 8 percent to digitalization investments. We have also started using artificial intelligence-based tools in marketing.

At the end of last year, a new pasta factory was completed and launched in early January 2024. This is the first newly built factory in the Food segment in 17 years. We are also successfully completing the construction of a logistics and distribution center in Koprivnica, which is our largest investment, with a total value of 48 million euros. The logistics and distribution center will meet the expected storage needs in the Croatian market for the next ten years, and the Podravka Group will increase its efficiency in the logistics and distribution segment by optimizing the number of storage facilities, minimizing internal transport, and gaining greater control over costs. As part of investments in energy sustainability and renewable energy sources, the second phase of investment in solar power plants has begun, co-financed by the Modernization Fund with more than 3.3 million euros. For the first phase of the project – the largest integrated solar power plant in Croatia with a capacity of 3.2 MWh, Podravka received the prestigious “Hrvoje Požar” award from the Croatian Energy Association last year in the category for realized projects in energy efficiency and environmental improvement. The completion of the second phase of the project is expected in the third quarter of 2024. This phase will cover other production and storage locations of Podravka Inc. not included in the first phase, as well as the pasta factory and Belupo facilities. After the completion of the second phase, Podravka will have a rooftop solar power plant with a total capacity of around 13 MWh, meeting about 24 percent of Podravka Inc.’s total electricity needs.

In the context of strengthening agricultural production and increasing self-sufficiency in the production of agricultural raw materials, an investment in a fresh tomato primary processing plant within the existing fruit and vegetable processing factory in Varaždin was launched last year. The plant was completed in April 2024 and is ready for production with the start of the harvest season. In a broader sense, the investment includes the purchase of agricultural machinery and irrigation necessary for the uninterrupted conduct of primary production. According to the capacities of the new primary tomato processing plant and the needs of the final tomato products production, tomato planting has been organized on our land and with cooperatives, covering a total area of about 400 hectares. Cooperative production will continue in Istria, and a new network of cooperatives has been established on the continent to meet the needs of the new factory.

Investments in the concentration and modernization of bakery operations in Slovenia, initiated as part of the restructuring project of Žito, aimed at increasing the competitiveness of bakery products and production efficiency, continued in 2023. The investment in a new bread production line in the Vič bakery near Ljubljana, worth about five million euros, was completed in 2023. Furthermore, investments in new lines for the production of pastries and bread in the Maribor bakery, worth more than eight million euros, were initiated and are

expected to be completed in 2024. The concentration and modernization of bakery operations will result in the optimization of the production process, greater control over production costs, and the creation of conditions for the production of new products. All investments over the past two years were financed by Podravka from its own funds, without incurring debt, which is also reflected in the decline of the net debt to EBITDA ratio to 0.2, further confirming the strength and stability of our operations. Moreover, the liquidity position of the Group was further strengthened in 2023 through the generation of cash and cash equivalents amounting to 20.6 million euros.

In 2023, the Podravka Group remained committed to improving the material position of workers and creating an encouraging work environment for our employees. Last year, Podravka and Belupo implemented a historic transformation of the salary and reward system, abandoning the coefficient system after 27 years and introducing a modern and flexible salary system. The new salary system links pay to the complexity of the jobs performed and opens up space for rewards and advancement based on performance and quality of work. The introduction of the new salary system has also led to a significant increase in the average net salary of our employees, the fifth such increase in the past three years, underscoring our commitment to their well-being and professional development. As a result of greater investment in the material rights of workers and the introduction of the new salary system, the average net salary of Podravka workers in December 2023 was about 19 percent higher than in December 2022 and almost 52 percent higher than in December 2020. In this way, we have managed to maintain salary growth above the rate of inflation and, I believe, correct many injustices in salary relations that have troubled Podravka workers for years.

Last year, we also adopted two key strategies integrated with the business strategy, ensuring a framework for the development of our business in line with environmental requirements and consumer needs. We adopted a Sustainable Business Strategy focused on a clean environment, employee and community care, responsible corporate governance, and healthy nutrition. An important part of this strategy is the new Nutrition Strategy, through which we reaffirm our commitment to the principles of healthy and balanced nutrition and define a framework for the development of new and innovative products based on high-quality and nutritious ingredients.

In conclusion, on behalf of myself and the entire Management Board, I would like to thank all Podravka Group employees for their contributions to the achieved results, their daily persistent work, innovation, creativity, and readiness to professionally and patiently address the many challenges that arose during the year. We face another year full of challenges. However, our strong business and financial position allows us to quickly adapt to changes, work on further improving our results, including the improvement of the material position of workers, while simultaneously achieving our strategic goals, which include the completion of important investments and persistence in implementing our new Sustainability Strategy.

President of the Management Board of Podravka Inc.  
Martina Dalić, PhD

