



Podravka
Group
business
results for
January -
December 2023
period
UNAUDITED

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Key
financial
indicators in
1 - 12 2023



Key financial indicators in 1 - 12 2023

NOTE: Pursuant to the Act on the introduction of the euro as the official currency in the Republic of Croatia, as of 1 January 2023 the Group adjusted the reporting of data published in previous periods in such a way that it converted the data previously published in HRK into EUR, applying the fixed conversion rate of EUR 1 = HRK 7.5345 in accordance with the rules for conversion and rounding from the aforementioned Act.

Decimal differences in the document are possible due to rounding.

(in EUR millions)	1 - 12 2022	1 - 12 2023	Δ	%
Sales revenue	667.2	713.8	46.7	7.0%
EBITDA ¹	93.9	91.9	(1.9)	(2.0%)
Net profit after MI	49.1	66.4	17.3	35.3%
Net cash flow from operating activities	75.0	115.4	40.4	53.8%
Cash capital expenditures	52.7	73.8	21.1	40.1%
Normalized EBITDA ²	83.3	91.9	8.6	10.4%
Normalized net profit after MI	41.3	47.2	5.9	14.2%
(in EUR; market capitalization in EURm)	31 Dec 2022	31 Dec 2023	Δ	%
Net debt / normalized EBITDA	0.7	0.2	(0.6)	(78.2%)
Normalized Earnings per share	5.9	6.7	0.8	14.3%
Last price at the end of period	84.1	163.0	78.9	93.7%
Market capitalization	590.6	1,143.6	553.0	93.6%
Return on average equity ³	8.3%	8.8%		+46 bp
Return on average assets ⁴	6.1%	6.4%		+29 bp

Key highlights in 1 - 12 2023:

- In 1-12 2023, the Podravka Group recorded a revenue increase of EUR 46.7m (+7.0%), where the Food segment revenues increased by EUR 31.5m (+6.0%), while the Pharmaceuticals segment revenues grew by EUR 15.2m (+10.5%) relative to the comparative period,
- Operating profit before depreciation and amortisation (EBITDA) in 1 – 12 2023 amounted to EUR 91.9m, which is EUR 1.9m (-2.0%) lower than in the comparative period, while net profit after MI increased by EUR 17.3m (+35.3%). Normalized operating profit before depreciation and amortisation (EBITDA) amounted to EUR 91.9m and is higher than in the previous period by EUR 8.6m (+10.4%). The increase in normalized operating profit before depreciation and amortisation (EBITDA) was achieved despite the increase in

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

² Normalized EBITDA is calculated in a way that normalized EBIT was increased by the depreciation and amortization

³ 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 (31.12.2023) and comparative period (31.12.2022) divided by 2. Normalized Net income include the last 12 months period.

⁴ 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 (31.12.2023) and comparative period (31.12.2022) divided by 2. Normalized Net income include the last 12 months period.



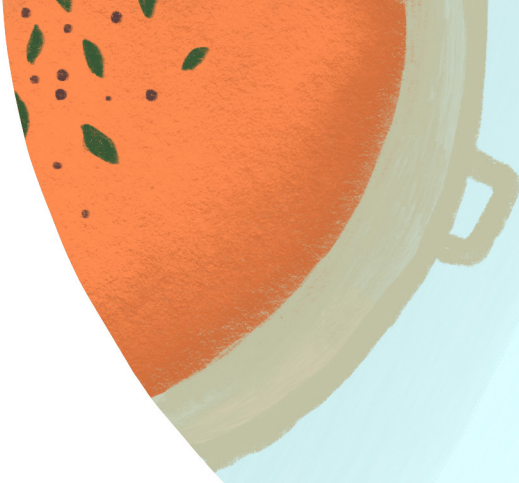
prices of raw materials, packaging and energy, where this cost increased by EUR 8.4m (+3.2%), with additional investments in improving the material status of employees of EUR 6.8m (+4.6%) at the entire Group level. Normalized net profit after MI is EUR 5.9m (+14.2%) higher than in the comparative period,

- Total debt at the Podravka Group level decreased by EUR 26.6m (-31.6%) due to regular repayment of short-term borrowings. At the end of the reporting period, net debt⁵ amounted to EUR 14.9m, which is EUR 47.2m (-76.0%) lower, while the leverage (net debt to normalized EBITDA ratio) at the end of the reporting period stood at 0.2.

⁵ Net debt= Financial debt – cash and cash equivalents.



Significant
events in
1 - 12 2023
and after the
balance sheet date



Significant events in 1 - 12 2023 and after the balance sheet date

The business results of the Podravka Group for 2023 show that the company operated successfully in the past year. Such a result was achieved primarily due to the implemented planned activities in all business segments – from sales and procurement to the successful realization of investments, the introduction of a number of new products and the expansion of agricultural production, to increasing the competence and expertise of human resources.

In the past period, we were focused on achieving the set business goals, but also on creating a foundation that will bring good results in the coming years, i.e. long-term successful business and growth.

Successfully implemented change of business model on international markets as a basis for strong growth in the Food segment in the following years

The Podravka Group generates almost 70% of its sales revenue outside of Croatia, and further internationalization, both in the Food and Pharmaceuticals segments, is one of the key determinants of the Business Strategy. Therefore, in the past year, Group Podravka largely focused on activities aimed at changing and improving operations on international markets, especially the markets of Western and Central Europe, with the aim of strengthening growth and better profitability in the coming years. In the Food segment, this primarily refers to the restructuring of the markets of Poland, the Czech Republic and Hungary, through the termination of part of the unprofitable range and the harmonization of pricing policies with those in Western Europe. On the German market, Podravka has improved the way it markets its products, turning to its own distribution to large retail chains, while in traditional/ethnic stores, the distributor has been changed. All the changes are in line with the strategy that designates the market of Germany and Central Europe as a priority for sales expansion. Also, the Podravka Group and Atlantic Grupa have agreed to cooperate on foreign markets, specifically in the United States of America and Austria, in order to jointly strengthen the export of Croatian brands. Atlantic's distribution company in Austria now provides support for the placement of Podravka's products on the Austrian market, while Podravka markets Atlantic's products on the US market through its company in the USA. In this way, mutual synergies are maximized and, using the developed business network and market positions in Austria and the USA, the product placement of both companies is strengthened and brand recognition raised. With these changes, we have ensured that Podravka's products are sold at prices that bring adequate profit, i.e. that in markets with greater purchasing power they are not sold at prices lower than those on the domestic market.

In the Pharmaceuticals segment (Belupo), a number of activities were carried out to expand and improve sales in the markets of Central and Southeastern Europe, in order to strengthen the diversity in the export structure. The way of servicing the Croatian market has also been changed, due to which Belupo achieves a more efficient relationship with customers.

Due to these efforts, sales revenues in the Food segment in 2023 amounted to EUR 553.6m, which is 6% or EUR 31.5m more than in 2022. These are non-normalized sales revenues,



which means that the revenues growth also includes the effect of the abovementioned restructuring of international markets, which in the short term brought a decrease in sales of certain categories in order to improve the profitability of sales, but also to create a stable basis in the coming period. Sales revenues in the Pharmaceuticals (Belupo) increased by EUR 15.2m (+10.5%) relative to the comparative period, which reflects the expansion in export markets, but also a change in the way Belupo's products are placed on the Croatian market.

New Podravka Group corporate logo presented

In order to further strengthen its presence on the global market and to ensure and support the achievement of strategic goals set by the business and sustainability strategy, Podravka redesigned its visual identity. The new visual identity is adapted to the new times and the needs and goals of the company, and for the first time the corporate logo of the Podravka Group is separated from the production logo of the Podravka brand. The new visual identity is based on the element of the heart and the red colour, it has preserved the most important and longest-lasting elements of the previous versions, thus preserving the company's recognizability and tradition. Also, this enables simpler and more effective communication with consumers and other stakeholders.

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

The business sustainability strategy of the Podravka Group until 2030 was presented in May last year. The Strategy defines a clean environment, healthy nutrition, care for employees and the community, and responsible corporate management as the main areas of action.

These strategic pillars contain ten main goals, including obtaining 100% electricity and 50% thermal energy from renewable sources in production in the EU, reducing carbon dioxide emissions by 60% at the level of Podravka Inc., and 40% at the level of the Group, further improvement of corporate culture and climate in all organizational units, etc.

Key investments that support and enable the achievement of the sustainability goals of the Podravka Group include, among others, the expansion of the solar power plant, the construction of a cogeneration plant, the concentration of bakery production in Slovenia at one location, the modernization of the fleet and the construction of a new logistics and distribution centre in Koprivnica. The Podravka Group will invest one hundred million euros in the achievement of sustainability goals.

In addition, in the area of healthy nutrition, Podravka will increase the number of products with a lower content of salt, added sugar and saturated fat per serving, as well as products that contain positive ingredients and/or promote a healthy, balanced and sustainable diet. In the area of a clean environment, Podravka will focus on goals such as reducing its own CO₂ emissions, increasing the share of renewable energy sources (RES) in total energy consumption, using recyclable packaging, reducing mineral fertilizers and pesticides in agricultural production, and many others. When it comes to care for employees and the community, Podravka will continue to work actively on equal gender representation and reducing the difference in salaries between men and women, improving the material status of employees and working conditions, as well as developing skills, new knowledge and



competences of employees. With the support to various cultural, sports and humanitarian organizations and associations, the Podravka Group will continue to support the community in which it operates and promote awareness of the importance of a balanced and healthy diet and the importance of reducing and disposing of food waste.

New nutrition strategy aimed at a balanced and sustainable diet adopted

The nutrition strategy is part of the Sustainability Strategy as well as the Business Strategy. With its Nutrition strategy for the period until 2027, Podravka confirms its focus on healthy, balanced and sustainable nutrition through the development of new and innovative products. We continue to adjust and supplement our wide range of products in accordance with health recommendations, food trends and consumer needs. This includes products with a lower content of salt and added sugars, enriched with fibre, proteins, vitamins and minerals, as well as products based on fruits, vegetables, legumes, whole grains, plant-based protein sources, etc.

Podravka adopted the first nutrition strategy in 2014, and since then until the adoption of the new one, has reduced the total amount of salt in its products by 300 tonnes and sugar by 1,423 tonnes. Salt was mainly reduced in the range of soups, soup cubes, Fant and meat products. Sugar was mainly reduced in baby food, breakfast cereals and fruit spreads. In addition to adjustments of the recipes of existing products, which were carried out in such a way that their distinctive and consumers' favourite flavours were preserved, new products were also developed that support a balanced diet or meet individual lifestyle needs. The range has been enriched with a series of new products without additives, flavour enhancers and colourings, with specific benefits such as gluten-free products, products enriched with proteins, vitamins, minerals, fibres, etc. In addition, Podravka has reduced the use of palm oil and uses RSPO palm oil and in addition launched lines of BIO products as well as products for vegetarians and vegans.

The nutrition strategy for the period until the end of 2027 defines several key goals:

- in 75% of new and innovative products, to reduce the average content of salt and sugar by 20% compared to the current average content,
- in 75% of new and innovative products, to incorporate at least one ingredient that supports a healthy and balanced diet, such as fibres, proteins, vitamins and minerals,
- to base at least 40% of new and innovative products on ingredients related to sustainable nutrition, such as fruits, vegetables, legumes, whole grains, plant-based protein sources, etc.,
- to support sustainable nutrition with 100% of products.

Realized investments amount to EUR 69m, almost 31% more than in 2022

The investment cycle of the Podravka Group is in full swing, and is carried out in accordance with the Podravka Group Business Strategy until 2025. So far, as part of the investment cycle that started in 2021, almost EUR 150m have been invested, of which EUR



68.9m were realized in 2023. The investment cycle also includes an additional almost one hundred million euros in 2024. The priorities of the investment cycle are investment in modernization, the introduction of new technologies and digitization, raising efficiency and energy efficiency, and further improving working conditions. It is important to point out that, in addition to an intensive investment cycle in the last two years, the Podravka Group is in a continuous process of deleveraging, which indicates the stability of the business.

In 2023, Podravka completed the construction of the new PASTA FACTORY. This is an investment worth more than EUR 15m, of which seven million euros were invested in construction infrastructure, and eight million euros in technology and assembly. This is also the first newly built factory in the Food segment in the last 17 years. The pasta factory was built on more than 4,800 m². It houses two fully automated process lines for the production of short and curly pasta and three automated lines for packaging and palletizing products. The new Pasta factory produces industrial pasta that is used for the production of Podravka soups, as well as curly and short pasta under the Zlato Polje brand. The construction of the factory foresees the possibility of further expansion of technological capacities and product range, as well as further investment in renewable energy sources, i.e. a solar power plant. The construction of the factory and assembly of the lines ultimately took only one year, and with this investment, Podravka additionally ensures its own pasta production, modernizes the technological production process and further growth of the soup category, as well as the development of new products. Also, during the third quarter of 2023, an investment in a line for the production of instant noodles was launched at the Pasta Factory. The investment will ensure own production, contribute to production efficiency and greater flexibility of production. The completion of the project is expected at the end of 2024, when the first own production will take place.

THE CONSTRUCTION OF A LOGISTICS AND DISTRIBUTION CENTRE in Koprivnica is the largest investment within the Podravka Group's Business Strategy until 2025, with the total value of EUR 48m. The works began in March 2023 and their completion is expected in the second part of 2024. The logistics and distribution centre will meet the expected needs for storage space on the Croatian market in the next ten years, and if needed, it can be expanded in the future. With this investment, 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 better cost control. This will also have a positive impact on the environment through the reduction of carbon dioxide emissions.

As part of the investment in energy sustainability and efficiency, during the first quarter of 2023 Podravka initiated the realization of the second phase of INVESTMENT IN SOLAR POWER PLANTS, co-funded by the Modernisation fund in the amount of over EUR 3.3m. For the implemented first phase of the project – the largest integrated solar power plant in Croatia, Podravka received the prestigious award of the Croatian Energy Society "Hrvoje Požar" last year in the category of the realized project of rational energy management and improvement of environmental quality. The completion of the second phase is expected in the third quarter of 2024, and it will also include other production and storage sites of Podravka Inc. that were not included in the first phase, as well as the Pasta factory and facilities at the Belupo location. The third phase of the investment in solar power plants will relate to the new logistics and distribution centre in Koprivnica. The completion of the project is expected in the second half of 2025. The investment will greatly contribute to the reduction of electricity costs.



As part of the MODERNIZATION OF THE DANICA MEAT INDUSTRY, an investment in the new modern system for product sterilization worth EUR 2.4m in the meat canning plant has been completed. With the introduction of the new system, the sterilization capacity will increase by 25% and significant savings in thermal energy will be achieved. Compared to the previous sterilization system, water consumption will be reduced by as much as 70%. The investment represents a step forward in the improvement and modernization of the production process in the factory of meat products, with the aim of optimizing costs and improving efficiency. The new sterilization system will make the work of the plant workers much easier because the entire process of filling and emptying the sterilizer is automated. Also, during the first nine months of 2023, an investment in the luncheon meat line of the Danica meat industry was launched. The investment will contribute to increasing the efficiency of the luncheon meat production, and its commissioning is expected during 2024.

During 2023, the INVESTMENT IN THE CONCENTRATION AND MODERNIZATION OF BAKERY IN SLOVENIA continued – the Podravka Group has completed the first major investment as part of the restructuring of the Žito operations, with a total value of around EUR 5m. It is a new automated line for the production of bread with a capacity of up to 2,400 pieces per hour at the Vič Bakery in Slovenia. The new line is characterized by low energy consumption, and maintenance costs are expected to decrease by 20%. Also, investments in the purchase of new lines for the production of pastries and bread in the Maribor bakery worth over EUR 8m have been launched, which are expected to be completed in the third quarter of 2024. The concentration and modernization of bakery will result in the optimization of the production process, greater control of production costs and the creation of prerequisites for the production of new products. The project of relocating frozen food production from Ljubljana to Maribor has been successfully implemented. The investment will ensure the continuity of the frozen food range production, and a higher level of production efficiency.

An investment in the MODERNIZATION AND INCREASE IN THE PRIMARY PROCESSING CAPACITY FOR FRESH TOMATOES IN CONTINENTAL CROATIA is underway, which includes the construction of a facility within the existing Kalnik factory in Varaždin. This will ensure the increase in the primary processing capacity for fresh tomatoes and continuity of own production, and the beginning of commercial production in the new facility is expected in the third quarter this year. In a broader sense, the investment also includes investment in AGRICULTURAL MACHINERY and irrigation, which is necessary for the smooth performance of primary production. For the needs of the new factory, Podravka will organize the production of tomatoes on its own land and with subcontractors, in total on approximately 400 hectares. Podravka will continue subcontractor production in Istria, but in order to meet the capacity of the new factory, it will also expand cooperation with subcontractors.

After completing the project of PRODUCTION MANAGEMENT SYSTEM DIGITALIZATION at the Soups and Vegeta factory, the project continued during 2023 at other production sites in Croatia and Slovenia. The digitalization of the production site in Varaždin is underway, and the planned completion of the entire project is mid-2024. This way, the monitoring of work on production lines will be digitized, which will enable better plant efficiency and use of production resources. Also, with the aim of reducing procurement costs, increasing efficiency, transparency and standardization of procurement processes at the level of the Podravka Group, in 2023 investments were made in the DIGITIZATION OF PROCUREMENT



PROCESSES, and the new system was successfully implemented at the end of 2023. At the end of 2023, a new IT solution was selected for the implementation of INFORMATION TECHNOLOGIES FOR PLANNING AND REPORTING ON PROFITABILITY. It is an investment that will enable further digitization of the planning process and reporting on the profitability of business segments and markets. By this, a higher level of flexibility will be achieved during the planning and reporting processes, and the processes will be largely automated. The completion of the project and use of the system is expected in the third quarter of 2024. The project of transitioning the existing SAP system to the SAP S/4HANA version is underway, which will improve operations and efficiency of business processes, primarily those in finance and accounting.

At the end of the year, a decision was made to continue INVESTMENTS IN AGRICULTURAL MACHINERY and related equipment. The investment will result in savings in the costs of agrotechnical operations and provide the necessary raw materials for the new primary processing factory for fresh tomatoes in continental Croatia.

Also, at the end of 2023, a decision was made to build a CENTRAL FACILITY FOR TRANSPORT AND MAINTENANCE WITH ACCOMPANYING FACILITIES, which will contribute to improving the working conditions of logistics employees and will make logistics processes more efficient. The start of construction is expected in the first quarter, and completion in the third quarter of 2024.

After the completion of the works on the reconstruction and modernization of the main office building, the RENOVATION OF OTHER OFFICE SPACES AT THE LOCATION OF THE COMPANY'S HEADQUARTERS HAS BEEN COMPLETED. The renovation includes IT and energy reconstruction and overall modernization, which will significantly improve the working conditions of employees and reduce energy consumption.

Salaries and employee earnings increased twice in 2023, on average higher by almost 19%

The past year was marked by the continued increase in the material status of employees. During 2023, salaries were increased twice (in July and December), which is a total of five increases in the past two and a half years. In addition, in July 2023, Podravka and the unions reached an agreement on a new salary system for all employees of Podravka Inc. and Belupo, which entered into force on 1st December 2023. Podravka thus introduced a fairer and more modern salary system that replaced the previous tariff system, which dates back to 1997. In this way, numerous inconsistencies in the valuation of jobs were corrected and clearer opportunities for promotion were opened up.

With the implementation of the new system, THE SALARY INCREASE AMOUNTED TO AT LEAST EUR 150 GROSS. FOR A THIRD OF THE EMPLOYEES EVEN MORE THAN THIS, AND THESE ARE EMPLOYEES WHOSE JOBS WERE NOT ADEQUATELY VALUED IN THE OLD SALARY SYSTEM. In addition to the monthly salary, Podravka's employees also receive a non-taxable allowance, which the employer, at its discretion, pays to all employees in equal monthly amounts based on the limits set for these payments by the Income Tax Regulation. In 2023, this allowance amounted to EUR 82.95 net per month.



As a result, THE AVERAGE NET SALARY OF EMPLOYEES DETERMINED BY THE NEW SALARY SYSTEM INCREASED BY THE MONTHLY NON-TAXABLE ALLOWANCE FOR DECEMBER 2023 AMOUNTED TO EUR 1,059 NET AND IT WAS ALMOST 19% HIGHER THAN FOR DECEMBER 2022 AND ALMOST 52% HIGHER THAN FOR DECEMBER 2020. However, the actually paid average net salary and earnings for December 2023 of employees on the former tariff is even higher than this amount, as allowances for meals, transportation, etc. needs to be added to it. This will be explained in more detail in the Annual Report.

The new system classifies jobs according to the degree of complexity of the job into respective salary classes. The contracted gross salary of an employee depends on the job complexity and no one can have a gross salary lower than the minimum of the salary class their job belongs to. Also, a new, higher base for calculating salary allowances for special working conditions has been introduced (such as shift work or overtime work), and the length of service calculation. In addition, the new system gives greater opportunities for the promotion and rewarding of employees based on results, which was not possible until now because the former system was based solely on the level of education. The new salary system made it possible to correct the long-standing injustices and inconsistencies that had burdened Podravka's employees for many years.

Turnaround of Žito successfully completed

Podravka has successfully completed the restructuring of Žito Inc. Ljubljana, which is an integral part of the Podravka Group. The aim is restructuring operations and modernizing production in order to increase efficiency and competitiveness in the segment of bakery products production. The entire Turnaround is strategically focused on the bakery industry, and it sets even better conditions for strengthening the market position on the Slovenian market, as well as expanding the availability of Žito bakery products on the Croatian market.

The turnaround was implemented through a total of five pillars of business improvement, namely: the increase in production efficiency and technological modernization, active portfolio management, simplification of the organizational structure of the Žito Group, restructuring of the sales organization and Retail, and standardization of processes with those of Podravka Inc.

The project started in January 2022, and it consolidated a number of production locations - the production of bake off range and frozen products was consolidated in Maribor and Vrhnika, daily production in Vič and production of small batches in Lesce. A total of EUR 8.2m have been invested through the investment cycle so far which include a new production line for bread in Vič, which was put into operation in 2023. By the summer of 2024, an additional eight million euros will be invested into two new production lines in the bakery in Maribor, bringing the total investment to EUR 16.2m, and it was financed with the funds obtained from the sale of real estate. Also, as part of the restructuring, sales and production functions were separated, so Podravka Ljubljana took over all distribution tasks on the Slovenian market for the entire portfolio of the Food segment, including the bakery portfolio.



At the Podravka Inc. General Assembly, dividend distribution of EUR 2.65 per share approved, 53% higher than last year, and new Supervisory Board members elected

At the General Assembly of Podravka Inc. held on 17th May 2023, the shareholders of Podravka Inc. confirmed the proposal of the Management of Podravka Inc. on the payment of a dividend of EUR 2.65 per share, which is 53% more than last year. The dividend was paid on 14th July 2023 to all shareholders in the register of shareholders as at 15th June 2023. Taking into account the last market price of the Podravka share at the end of 2022 (EUR 84.15), the paid amount of the dividend implies a dividend yield of 3.1%. With the continuity of the dividend yield over the years, the Podravka Group confirms its focus on meeting the expectations set by shareholders.

The terms of the members of the Supervisory Board Marina Dabić and Tomislav Kitonić expired on 30th June 2023. The new members of the Supervisory Board are Darko Prpić, Damir Čukman and Ante Jelčić; they were elected for a four-year term, which for Darko Prpić and Damir Čukman began on 1st July 2023, while Ante Jelčić began to perform his duties on 17th May 2023.

Podravka's share reached its highest value in history

At the end of 2023, the share of Podravka reached its highest level in history so far. The last price in 2023 was EUR 163, which made its value 93.7% higher than the last price in 2022. The market value of the company then reached as much as EUR 1,143.6m. The importance of the Podravka share was also recognized by the investor community, and Podravka received a special recognition from the Zagreb Stock Exchange. Podravka won the prize of the Zagreb Stock Exchange in two categories - for the Top Turnover Share and the Stock of the Year as chosen by the public. The fact that the Podravka share attracted the greatest interest of investors indicates that the investor community recognized Podravka as a company worth investing in.

Podravka develops SuperfoodChef-AI by Coolinarika - the first AI assistant in the food industry in the region

Podravka was the first in the food industry in the region to launch an innovative digital product driven by artificial intelligence (AI) and thus became one of the leading brands in the world that integrated generative AI technology in its digital channels.

This is SuperfoodChef-AI by Coolinarika, a personal AI assistant for a nutritionally balanced diet developed to create an even better user experience on the largest regional culinary platform - Coolinarika, by integrating GPT (generative pre-trained transformer) technology. Coolinarika is one of the most visited portals in Croatia and the central place for the exchange of recipes in the entire region, visited by almost 70,000 users daily, and has long been a leader in setting innovative trends on the market. In addition to the website, SuperfoodChef-AI is also present on the Coolinarika mobile application. The first Croatian AI assistant in the kitchen was created in a partnership between Podravka and the leading regional IT company Infobip and the international digital agency C3 Croatia - 01 Content & Technology, and is currently in the beta phase of development, i.e. it is still under development and being upgraded.



Year marked by awards

In 2023, Podravka received many awards, from those at the corporate level, such as the awards of the Zagreb Stock Exchange, to recognition for the coolest cereals, which Lino cereals for children can boast. The awards received are the result of hard work, constant improvement of business, investment in production, safety and satisfaction of our consumers and they additionally confirm the desire for the best. They point to the strong position of our high-quality products, not only in Croatia, but in the region and the world, and represent additional motivation in all future plans and achievements.

Last year, Podravka received two awards from the Zagreb Stock Exchange - the Stock of the Year and the Top Turnover Share awards. Likewise, Poslovni dnevnik and the Zagreb Stock Exchange recognized Podravka as one of the companies that best cooperates with investors, awarding it the second prize, which is the third time in the last four years. Following the company's excellent results, the President of the Management Board, Martina Dalić, was declared Businesswoman of the Year, as chosen by the expert jury of Večernji list and Poslovni dnevnik. Podravka regularly and timely communicates about the results of its business, as well as all other news regarding the company. The result of this is also the last year's prestigious PR award GrandPRix, awarded by the Croatian Association for Public Relations. The project marking 75 years of Podravka was awarded, through which numerous activities were carried out – from investments, donations, culinary shows, etc. Belupo also received confirmation of its excellent results, winning the Golden Kuna plaque as the most successful large company in Koprivničko-križevačka county.

On several occasions during 2023, Podravka's significant effort in the context of ESG was also recognized. The company thus received two certificates in the field of human resources management – Employer Partner and Mamforce, as well as the annual award of the “Hrvoje Požar” Foundation of the Croatian Energy Society in the category for the realized project of rational energy management and improvement of environmental quality for the construction project of the largest integrated solar power plant in Croatia. Also, in December 2023, Belupo received a certificate for participating in the voluntary action Bottle cap for medicine, which collected more than five hundred kilograms of plastic caps. The profit from the sold caps will pay for medicines for members of the Association of Leukaemia and Lymphoma Patients.

Podravka's products have also received many awards. Eight of them were awarded the Superior Taste Award, while Vegeta was once again declared the best-selling universal seasoning in Europe. Lino Njupalice in the meat pates category and Dolcela muffins in the cake mixes and creams category were declared the best according to Chosen by Moms, Dolcela HI protein shakes received the guarantee mark Live healthy, and Vegeta BIO was declared the best product in the category and holder of the "Selected product of the year" mark for 2023. Also, at the traditional annual IQVIA Pharmaceutical Market Forum, Belupo was awarded in the Commercial Performance Award category – the best company in the OTC segment. Lupocet was particularly highlighted as the leading brand on the Croatian OTC market.

The awards were received on other markets as well. At the 23rd sensory evaluation of bread, rolls, fine pastries, biscuits, pasta and fresh desserts in the cold chain, out of a total



of 37 products applied, as many as 35 Žito products received gold awards. The Vegeta in your pocket campaign won a bronze award (bronze pie) at the Digital Pie competition on the Slovakian market, where Podravka also won the title of Superbrand for the tenth time. With the AI.VAR campaign for Podravka ajvar on the Slovenian market, Podravka also won the most important award for digital communications in the region – the SoMo Fighter statue, and the year ended with the most sought-after international design quality label. Podravka and Bruketa&Žinić&Grey agency received the Red Dot award for the design of the Vegeta&Spirulina packaging, winning the “Red Dot Best of the Best” title, which is awarded to the best among all Red Dot winners

Podravka and citizens provided EUR 74,000 for renovation of school kitchens and dining halls

Podravka, as a socially responsible company, has been supporting financially and with product donations many humanitarian, economic, cultural, sports and scientific projects throughout the Republic of Croatia for decades. Accordingly, throughout February and March 2023, Podravka carried out the campaign “We donate and renovate school kitchens” aimed at helping schools across Croatia to renovate kitchens and dining halls. In the period from 15th February to 15th March, EUR 0.10 was allocated from the sale of each blue Vegeta package, Podravka’s most famous brand, for donations to schools.

In the end, in order to help renovate a larger number of schools than initially planned, Podravka doubled the amount collected through the sales campaign. Thus, Podravka and the citizens who participated in the campaign by buying the blue Vegeta packaging together donated EUR 74,000 for the renovation of a total of ten school kitchens and dining halls.

Podravka is a signatory of the voluntary agreement on the food waste prevention and reduction “United against food waste”

Podravka is among the 33 signatories who in March 2023 together with the Ministry of Agriculture signed a voluntary agreement “United against food waste” aimed at preventing and reducing food waste. The agreement is one of the measures of the Plan to prevent and reduce food waste in the Republic of Croatia and the reform measure “Improving the food donation system in the Republic of Croatia” from the National Recovery and Resilience Plan.

With their signature, the signatories voluntarily undertake to invest efforts in reducing food waste in their business processes, to donate food, but also to actively communicate with consumers. The ultimate goal of the Agreement is to reduce the generation of food waste in the Republic of Croatia by 30% by 2028.

Podravka and University North concluded a cooperation agreement

On the occasion of the opening of the new building of the University North in the Koprivnica campus, Podravka and the University signed an agreement expanding the existing cooperation in June last year. Podravka becomes the teaching base of the University, that is, it will participate in scientific research and professional projects of the University,



enable the organization and execution of professional practice, enable the control of learned skills, organize guest lectures at certain courses with the aim of presenting practical experiences, etc. On the other hand, the University North committed to prepare students for practice classes well, to work out methods of testing the acquired practical knowledge, etc.





Overview of sales revenues in 1 - 12 2023



Sales revenues by segment in 1 - 12 2023

(in EUR millions)	Sales revenues by segment			
	1 - 12 2022	1 - 12 2023	Δ	%
Food	522.2	553.6	31.5	6.0%
<i>Own brands</i>	485.8	507.1	21.3	4.4%
<i>Other sales</i>	36.4	46.6	10.1	27.9%
Pharmaceuticals	145.0	160.2	15.2	10.5%
<i>Own brands</i>	116.0	130.9	14.9	12.9%
<i>Other sales</i>	29.0	29.3	0.3	1.0%
Podravka Group	667.2	713.8	46.7	7.0%
<i>Own brands</i>	601.8	638.1	36.3	6.0%
<i>Other sales</i>	65.4	75.8	10.4	15.9%

Movements of the Food segment revenues (1 - 12 2023 compared to 1 - 12 2022):

- OWN BRANDS recorded EUR 21.3m (+4.4%) higher sales due to the increase in sales of almost all business units,
- OTHER SALES recorded EUR 10.1m (+27.9%) higher sales, primarily as a result of the development of distribution on the US market,
- Overall, the FOOD SEGMENT recorded EUR 31.5m (+6.0%) higher sales. The revenue growth includes the effect of the restructuring of international markets, which in the short term brought a decrease in the sales of certain categories in order to improve the profitability of sales, but also to create a stable base in the coming period.

Movements of the Pharmaceuticals segment revenues (1 - 12 2023 compared to 1 - 12 2022):

- OWN BRANDS recorded EUR 14.9m (+12.9%) higher sales, as a result of the increase in sales revenues of Prescription drugs and Non-prescription drugs,
- OTHER SALES recorded EUR 0.3m (+1.0%) higher revenues, due to the increase in trade goods sales in the market of Bosnia and Herzegovina, and due to the increase in sale of services on the market of Croatia,
- Overall, the PHARMACEUTICALS SEGMENT recorded EUR 15.2m (+10.5%) higher sales revenues.

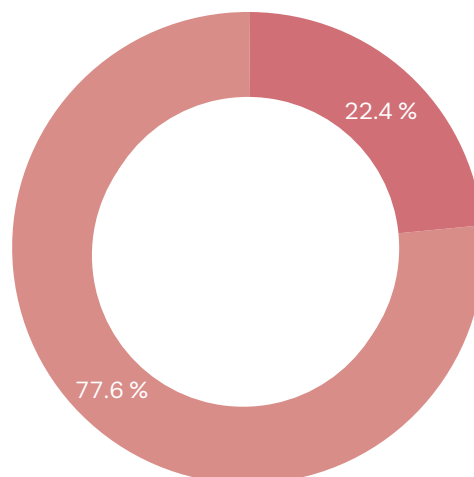
Movements of the Podravka Group revenues (1 - 12 2023 compared to 1 - 12 2022):

- Podravka Group's OWN BRANDS recorded an increase in sales of EUR 36.3m (+6.0%),
- The revenues of OTHER SALES are EUR 10.4m (+15.9%) higher,
- Overall, the PODRAVKA GROUP sales revenues are EUR 46.7m (+7.0%) higher.



Sales revenues by segment in 1 - 12 2023

- Food segment 77.6 %
- Pharmaceuticals segment 22.4 %



Sales revenues by business units and categories in 1 - 12 2023

Sales revenues by business units and categories

(in EUR millions)	1 - 12 2022	1 - 12 2023	Δ	%
BU Culinary	101.3	105.5	4.2	4.1%
BU Soups	41.9	47.0	5.1	12.2%
BU Cereals, Snack and Beverages	42.7	46.6	3.9	9.2%
BU Creamy spreads and Desserts	45.6	47.9	2.3	4.9%
BU Bakery	69.5	70.9	1.3	1.9%
BU Basic food	114.4	118.7	4.3	3.8%
BU Meat products	43.3	44.0	0.7	1.7%
BU Fish	27.1	26.6	(0.5)	(2.0%)
Prescription drugs	97.4	109.8	12.4	12.7%
Non-prescription programme	18.6	21.2	2.6	13.8%
Other sales	65.4	75.8	10.4	15.9%
Other sales Food	36.4	46.6	10.1	27.9%
Other sales Pharmaceuticals	29.0	29.3	0.3	1.0%
Podravka Group	667.2	713.8	46.7	7.0%

* As a result of the internal reorganization, the Confectionery category, which was within the BU Bakery, during the reporting period became an integral part of the BU Creamy spreads and Desserts. Therefore, historical data was adjusted due to new organizational structure.



Movements of sales revenues by business units and categories (1 - 12 2023 compared to 1 - 12 2022):

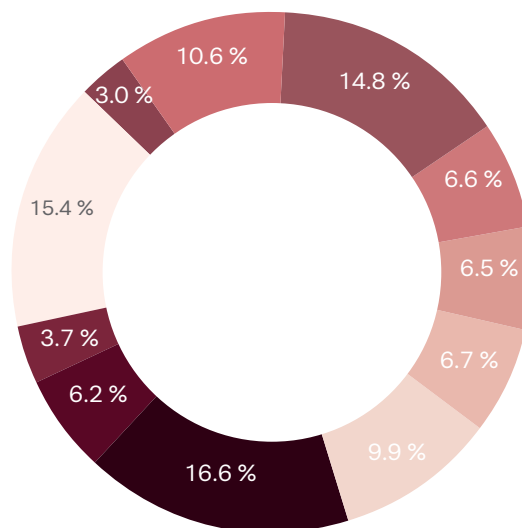
- The CULINARY BUSINESS UNIT recorded EUR 4.2m (+4.1%) higher sales. Revenue growth was recorded mainly in the markets of Southeastern Europe, and Croatia and Slovenia. The revenue growth includes the effect of the restructuring of the market of Poland, where, despite lower revenues following the portfolio shrinking and optimization, profitability increased,
- The SOUPS BUSINESS UNIT recorded EUR 5.1m (+12.2%) sales growth. The revenue growth of the business unit was realised in the key markets of the Southeastern Europe, and Croatia and Slovenia. The new Noodles subcategory contributes to an additional positive trend within the Soups business unit,
- The CEREALS, SNACK AND BEVERAGES BUSINESS UNIT recorded EUR 3.9m (+9.2%) higher sales. The sales revenue growth was recorded in all categories, primarily in the markets of Croatia, Bosnia and Herzegovina, Slovenia, North Macedonia, and Serbia. Also, with the aim of increasing profitability, the product range was optimized with the introduction of new products and a greater focus on more profitable categories, primarily the Baby Food category,
- The CREAMY SPREADS AND DESSERTS BUSINESS UNIT records EUR 2.3m (+4.9%) higher sales. The revenue growth was recorded in the market of Croatia and in the Southeastern Europe region in almost all categories. As a result of the internal reorganization, the Confectionery category, which was within the BU Bakery, during the reporting period became an integral part of the BU Creamy spreads and Desserts,
- The BAKERY BUSINESS UNIT recorded EUR 1.3m (+1.9%) sales growth, with the simultaneous implementation of the business unit portfolio optimization and the reduction of the number of products with the aim of increasing profitability. Revenue growth is primarily realised due to higher sales of the subcategories Bread, and Cakes and biscuit cakes. Also, the Turnaround of Žito project was successfully completed with the aim of restructuring operations and modernizing production in order to increase efficiency and competitiveness in the segment of the production of bakery products, which created even better conditions for strengthening the market position of the business unit. The most significant revenue growth was recorded in the Western Europe region,
- In the observed period, the BASIC FOOD BUSINESS UNIT recorded EUR 4.3m (+3.8%) higher sales due to the increase in sales of almost all categories, primarily Processed fruit, Condiments and Flour. The Croatian market, which is also the most important market in the business unit portfolio, contributes most to the growth of sales revenues,
- In the reporting period, the MEAT PRODUCTS BUSINESS UNIT recorded EUR 0.7m (+1.7%) higher sales, 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,



- The FISH BUSINESS UNIT recorded EUR 0.5m (-2.0%) lower sales, which is primarily caused by the decline in revenues of the Tuna subcategory due to changes in consumer spending habits. In addition, the focus in the business unit is placed on those products and markets that are more profitable, which is manifested as a decrease in sales with an increase in profitability. During the reporting period, new innovative products were launched within the Fish salads category, which record a positive growth trend,
- The PRESCRIPTION DRUGS CATEGORY recorded EUR 12.4m (+12.7%) higher sales, primarily due to the increase in sales of dermatological drugs, drugs for systemic infections, and cardiovascular drugs,
- The revenues of the NON-PRESCRIPTION PROGRAMME CATEGORY are EUR 2.6m (+13.8%) higher, as a result of the increase in sales of the OTC drugs subcategory,
- The OTHER SALES CATEGORY recorded EUR 10.4m (+15.9%) higher sales. In the Food segment, other sales increased by EUR 10.1m (+27.9%), mainly due to the development of distribution on the US market which includes the revenues from the distribution of Atlantic Grupa's products. In the Pharmaceuticals segment, other sales grew by EUR 0.3m (+1.0%), primarily due to higher trade goods sales in the markets of Bosnia and Herzegovina, and Croatia.

Sales revenues by business unit and category in 1 - 12 2023

- BU Culinary 14.8 %
- BU Soups 6.6 %
- BU Cereals, Snack and Beverages 6.5 %
- BU Creamy spreads and Desserts 6.7 %
- BU Bakery 9.9 %
- BU Basic food 16.6 %
- BU Meat products 6.2 %
- BU Fish 3.7 %
- Prescription drugs 15.4 %
- Non-prescription programme 3.0 %
- Other sales 10.6 %



Sales revenues by region in 1 - 12 2023

Sales revenues by region

(in EUR millions)	1 - 12 2022	1 - 12 2023	Δ	%
Markets of Croatia and Slovenia	332.8	352.9	20.1	6.0%
<i>Food</i>	271.8	289.2	17.4	6.4%
<i>Pharmaceuticals</i>	61.0	63.6	2.6	4.3%
Southeastern Europe	139.5	152.6	13.1	9.4%
<i>Food</i>	96.7	106.8	10.1	10.4%
<i>Pharmaceuticals</i>	42.8	45.8	3.0	7.0%
WE and Overseas	71.3	84.1	12.8	18.0%
<i>Food</i>	70.5	82.7	12.2	17.3%
<i>Pharmaceuticals</i>	0.8	1.5	0.7	86.9%
Central Europe	84.6	80.2	(4.3)	(5.1%)
<i>Food</i>	74.7	69.4	(5.3)	(7.1%)
<i>Pharmaceuticals</i>	9.9	10.9	1.0	10.2%
Eastern Europe	39.1	44.1	5.0	12.8%
<i>Food</i>	8.5	5.7	(2.9)	(33.8%)
<i>Pharmaceuticals</i>	30.6	38.5	7.9	25.8%
Podravka Group	667.2	713.8	46.7	7.0%

Movements of sales revenues by region (1 - 12 2023 compared to 1 - 12 2022):

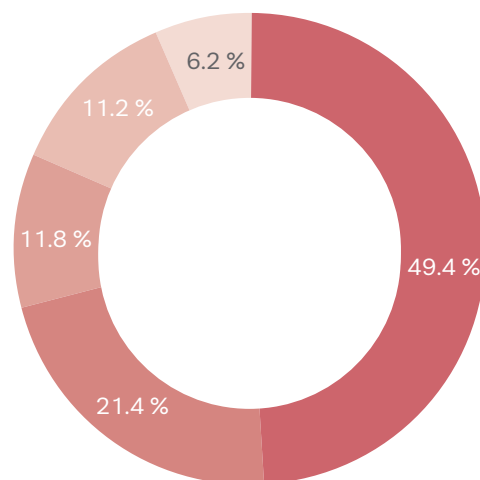
- The MARKETS OF CROATIA AND SLOVENIA recorded a sales increase of EUR 20.1m (+6.0%). Food segment revenues increased by EUR 17.4m (+6.4%), primarily due to sales increase of the business units Basic food and Cereals, Snack and Beverages. In the market of Croatia and Slovenia, the Retail sales channel achieved the strongest revenue growth of EUR 13.7m (+6.8%), while Special sales channels recorded revenue growth of EUR 3.5m (+5.1%). It should be noted that the restructuring of the sales organization was carried out in the Slovenian market in order to improve its efficiency and focus. Pharmaceuticals segment revenues are EUR 2.6m higher (+4.3%), due to higher sales of Prescription drugs and the Non-prescription programme. On the Croatian market, in the Pharmaceuticals segment, a change in the commercial model and performance was implemented with the aim of improving profitability,



- Revenues of the **SOUTHEASTERN EUROPE REGION** grew by EUR 13.1m (+9.4%) in the reporting period. The Food segment recorded revenue growth of EUR 10.1m (+10.4%), due to the increase in sales of almost all business units, with the largest absolute growth generated by the business units Culinary and Soups. Pharmaceuticals segment revenues are EUR 3.0m higher (+7.0%), primarily due to Prescription drugs and Non-prescription programme sales increase,
- The **WESTERN EUROPE AND OVERSEAS REGION** recorded EUR 12.8m (+18.0%) higher sales. The Food segment recorded EUR 12.2m (+17.3%) higher sales primarily due to the development of distribution on the US market, and sales increase in the Culinary and Bakery business units. At the same time, on the German market, Podravka improved the way it markets its products, turning to its own distribution to large retail chains, while in traditional/ethnic stores, the distributor was changed, which created a basis for revenue growth with better profitability in the future. The Pharmaceuticals segment revenues are EUR 0.7m (+86.9%) higher, primarily due to an increase in Prescription drugs revenues,
- The revenues of **CENTRAL EUROPE** in the reporting period are lower by EUR 4.3m (-5.1%). In the Food segment, a decrease in revenue of EUR 5.3m (-7.1%) was recorded, as a result of a decrease in revenues of the Basic food and Culinary business units. The lower result of Central Europe is primarily related to the targeted process of restructuring, and shrinking and optimizing the portfolio on the markets of Poland and the Czech Republic, which resulted in increased profitability and a sustainable base for growth in the future period. In the Pharmaceuticals segment, revenue growth of EUR 1.0m (+10.2%) was achieved primarily due to higher revenues of the Prescription drugs category,
- The **EASTERN EUROPE REGION** recorded an increase in revenues of EUR 5.0m (+12.8%), as a result of the increase in sales of the Pharmaceuticals segment of EUR 7.9m (+25.8%) due to the increase in sales of the Prescription drugs category. The Food segment recorded EUR 2.9m (-33.8%) lower revenue following the termination of operations on the Russian market.

Sales revenues by region in 1 - 12 2023.

- Markets of Croatia and Slovenia 49.4 %
- Southeastern Europe 21.4 %
- Western Europe and Overseas 11.8 %
- Central Europe 11.2 %
- Eastern Europe 6.2 %





Profitability

in 1 - 12 2023

Profitability in 1 - 12 2023.

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 - 12 2023" section.

On 2nd May 2023, the Ministry of Economy and Sustainable Development approved to Podravka Inc. the status of the beneficiary of investment support from the Investment Promotion Act. The status was approved based on investments to expand capacity and increase business competitiveness through construction and equipment at the sites in the City of Koprivnica and the City of Varaždin. The project investment plans the construction of a new logistics and distribution centre and a new plant for tomato processing, the purchase of new machinery and equipment, and the creation of at least 15 new jobs. Taking into account the probability of activation of the assets declared in the application for the acquisition of the status of the support beneficiary in the three-year investment period, the business plans in the possible period of use of the support, and the plans for tax corrections of the planned accounting profit, Podravka Inc. determined the amount of incentives that can be used in the total amount of EUR 19,718 thousand. Deferred tax assets were recorded in the same amount.

Profitability of the Food segment in 1 - 12 2023

(in EUR millions)	Profitability of the Food segment				Normalized			
	1 - 12 2022	1 - 12 2023	Δ	%	1 - 12 2022	1 - 12 2023	Δ	%
Sales revenue	522.2	553.6	31.5	6.0%	522.2	553.6	31.5	6.0%
Gross profit	164.6	168.7	4.2	2.5%	164.6	168.7	4.2	2.5%
EBITDA*	61.7	52.5	(9.3)	(15.0%)	51.2	52.5	1.3	2.5%
EBIT	39.8	29.3	(10.6)	(26.5%)	29.7	29.6	(0.1)	(0.4%)
Net profit after MI	31.8	43.3	11.5	36.2%	23.6	24.0	0.4	1.7%
Gross margin	31.5%	30.5%		-104 bp	31.5%	30.5%		-104 bp
EBITDA margin	11.8%	9.5%		-235 bp	9.8%	9.5%		-33 bp
EBIT margin	7.6%	5.3%		-234 bp	5.7%	5.3%		-34 bp
Net margin after MI	6.1%	7.8%		+173 bp	4.5%	4.3%		-18 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 - 12 2023 compared to 1 - 12 2022):

- In the 1 - 12 2023 period, the Food segment recorded an increase in GROSS PROFIT of EUR 4.2m (+2.5%). OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA) is EUR 9.3m (-15.0%) lower, WHILE NORMALISED OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA) is EUR 1.3m (+2.5%) higher,
- The increase in the NORMALIZED OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA) was achieved despite the negative impact of the increase in the costs of raw



materials, packaging and energy by EUR 3.9m (+1.7%), with additional investments in improving the material status of employees, which resulted by an increase in staff costs by EUR 5.1m (+4.5%). These impacts were mitigated through the optimization of the product range, the management of the production process, and the increase in the procurement processes efficiency. In addition to creating greater competition through the increased number of suppliers, an integral part of the procurement processes improvement is the regular use of electronic auctions, so in 2023 the number of conducted electronic auctions is 56% higher than in 2022, and the value of procured items that were carried out through electronic auctions is 92% higher compared to 2022,

- NET PROFIT AFTER MINORITY INTERESTS is EUR 11.5m higher (+36.2%) which also contains impact of tax benefits based on the Investment Promotion Act in the amount of EUR 19.7m, while at the normalized level it is higher by EUR 0.4m (+1.7%).

Profitability of the Pharmaceuticals segment in 1 - 12 2023

(in EUR millions)	Profitability of the Pharmaceutical segment				Normalized			
	1 - 12 2022	1 - 12 2023	Δ	%	1 - 12 2022	1 - 12 2023	Δ	%
Sales revenue	145.0	160.2	15.2	10.5%	145.0	160.2	15.2	10.5%
Gross profit	72.2	80.0	7.8	10.8%	72.2	80.0	7.8	10.8%
EBITDA*	32.1	39.5	7.3	22.9%	32.1	39.5	7.4	22.9%
EBIT	22.7	30.0	7.3	32.1%	23.3	30.2	6.9	29.6%
Net profit after MI	17.3	23.0	5.8	33.5%	17.7	23.2	5.5	30.8%
Gross margin	49.8%	49.9%		+15 bp	49.8%	49.9%		+15 bp
EBITDA margin	22.2%	24.6%		+248 bp	22.2%	24.7%		+249 bp
EBIT margin	15.7%	18.7%		+306 bp	16.1%	18.8%		+278 bp
Net margin after MI	11.9%	14.4%		+248 bp	12.2%	14.5%		+225 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 - 12 2023 compared to 1 - 12 2022):

- The Pharmaceuticals segment recorded EUR 7.8m (+10.8%) higher GROSS PROFIT, with a retention of the stable gross margin,
- OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA) is higher by EUR 7.3m (+22.9%), while normalized profit before depreciation and amortisation (EBITDA) is higher by EUR 7.4m. The most significant impact on the increase in operating profit before depreciation and amortisation (EBITDA) came from the growth of sales revenues and lower marketing expenses,



- NET PROFIT AFTER MINORITY INTERESTS is EUR 5.8m (+33.5%) higher, while normalized net profit after minority interest is EUR 5.5m (+30.8%) higher. In addition to the impact above the EBIT level, net profit after minority interests was impacted by higher tax expense following the higher profit before tax.

Profitability of the Podravka Group in 1 - 12 2023

(in EUR millions)	Profitability of the Podravka Group				Normalized			
	1 - 12 2022	1 - 12 2023	Δ	%	1 - 12 2022	1 - 12 2023	Δ	%
Sales revenue	667.2	713.8	46.7	7.0%	667.2	713.8	46.7	7.0%
Gross profit	236.7	248.7	12.0	5.1%	236.7	248.7	12.0	5.1%
EBITDA*	93.9	91.9	(1.9)	(2.0%)	83.3	91.9	8.6	10.4%
EBIT	62.5	59.3	(3.3)	(5.2%)	53.0	59.7	6.8	12.8%
Net profit after MI	49.1	66.4	17.3	35.3%	41.3	47.2	5.9	14.2%
Gross margin	35.5%	34.8%		-64 bp	35.5%	34.8%		-64 bp
EBITDA margin	14.1%	12.9%		-119 bp	12.5%	12.9%		+39 bp
EBIT margin	9.4%	8.3%		-107 bp	7.9%	8.4%		+43 bp
Net margin after MI	7.4%	9.3%		+194 bp	6.2%	6.6%		+42 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 - 12 2023 compared to 1 - 12 2022):

- In the observed period, the Podravka Group recorded EUR 12.0m (+5.1%) higher GROSS PROFIT, where the positive impact came both from the Food and the Pharmaceuticals segments,
- OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA) is EUR 1.9m (-2.0%) lower, while NORMALISED OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA) is EUR 8.6m (+10.4%) higher,
- NET PROFIT AFTER MINORITY INTERESTS is EUR 17.3m higher (+35.3%). NORMALIZED NET PROFIT AFTER MINORITY INTERESTS is EUR 5.9m (+14.2%) higher, due to the growth in net profit of the Food and the Pharmaceuticals.



Key highlights of the income statement in 1 - 12 2023



Key highlights of the income statement in 1 - 12 2023

PODRAVKA GROUP (in EUR millions)	REPORTED				NORMALIZED			
	1 - 12 2022	1 - 12 2023	Δ	%	1 - 12 2022	1 - 12 2023	Δ	%
Cost of goods sold	430.4	465.1	34.7	8.1%	430.4	465.1	34.7	8.1%
General and administrative expenses	50.4	53.7	3.3	6.6%	47.2	53.2	6.0	12.6%
Selling and distribution costs	89.3	89.0	(0.4)	(0.4%)	89.3	89.0	(0.4)	(0.4%)
Marketing expenses	49.6	47.9	(1.7)	(3.4%)	49.6	47.9	(1.7)	(3.4%)
Other expenses (income), net	(15.1)	(1.1)	14.0	(92.6%)	(2.3)	(1.0)	1.3	(55.3%)
Total operating expenses	604.7	654.6	49.9	8.3%	614.2	654.1	39.9	6.5%

Cost of goods sold

Cost of goods sold increased by 8.1% 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. The increase in the cost of production materials was mitigated by improving production processes and procurement processes. In addition to creating greater competition through the increased number of suppliers, an integral part of the procurement processes improvement is the regular use of electronic auctions, so in 2023 the number of conducted electronic auctions is 56% higher than in 2022, and the value of procured items that were carried out through electronic auctions is 92% higher compared to 2022.

General and administrative expenses

In relation to the comparative period, general and administrative expenses are EUR 3.3m higher (+6.6%), primarily due to higher depreciation cost and investments in improving the material status of employees.

Selling and distribution costs

In the observed period, selling and distribution costs are EUR 0.4m (-0.4%) lower than in the comparative period, primarily as a result of lower other selling costs and lower net provisions for trade receivables.

Marketing expenses

In the reporting period, marketing expenses (which include marketing investments expenses and marketing department expenses) are 3.4% lower than in the comparative period. In this, the costs of marketing investments are lower by EUR 1.5m (-5.7%) due to the focus on achieving better efficiency with lower investments, while the costs of the marketing department are lower by EUR 0.2m (-1.0%).



Other expenses (income), net

In the reporting period, other expenses and income, net amounted to EUR -1.1m (positive impact), while in the comparative period they amounted to EUR -15.1m (positive impact). This was mainly affected by the income from sale of non-operating assets, which in 1 - 12 2023 amounted to EUR 0.56m, while in the previous period the income from the sale of non-operating assets amounted to EUR 14.1m.

Net finance costs

In the observed period, net finance costs amounted to EUR 0.6m (negative impact), while in the comparative period they amounted to EUR 1.1m (negative impact).

Income tax

The reported income tax of the Podravka Group in 1 – 12 2023 amounted to EUR -9.0m due to tax incentives based on the Investment Promotion Act, while in the comparative period it amounted to EUR +11.4m. The effects of tax incentives based on the Investment Promotion Act are explained in the introductory notes in the “Profitability in 1 – 12 2023” section.



Key highlights
of the balance
sheet as at
31 December
2023



Key highlights of the balance sheet as at 31 December 2023

Property, plant and equipment

Property, plant and equipment of the Podravka Group are EUR 41.6m or +13.8% higher compared to 31 December 2022, due to the realized capital investments implemented within the strong investment cycle on the basis of the adopted Business Strategy.

Inventories

Inventories of the Podravka Group are EUR 16.2m (-9.7%) lower than as at 31 December 2022, and are maintained at the optimum level in accordance with the needs of operations.

Trade and other receivables

Trade and other receivables of the Podravka Group are EUR 10.2m (+8.7%) higher than as at 31 December 2022, as a result of the increase in sales revenues in the reporting period.

Cash and cash equivalents

Cash and cash equivalents of the Podravka Group at the end of the observed period are EUR 20.6m higher (+94.1%) compared to 31 December 2022. This is explained in the “Key highlights of the cash flow statement in 1 – 12 2023” section.

Long-term and short-term borrowings

As at 31 December 2023, long-term and short-term borrowings of the Podravka Group are EUR 27.5m lower than as at 31 December 2022 as a result of regular repayment of borrowings. Considering the strong cash flow from operating activities, the continuous deleveraging is carried out with simultaneous strong investments in the investment cycle.

Trade and other payables

Trade and other payables of the Podravka Group are EUR 22.1m (or +23.3%) higher compared to 31 December 2022.

Here it is important to point out that this movement is primarily a result of higher liabilities related to the realization of capital investments, as well as the increase in the prices of raw materials and packaging in the reporting period.

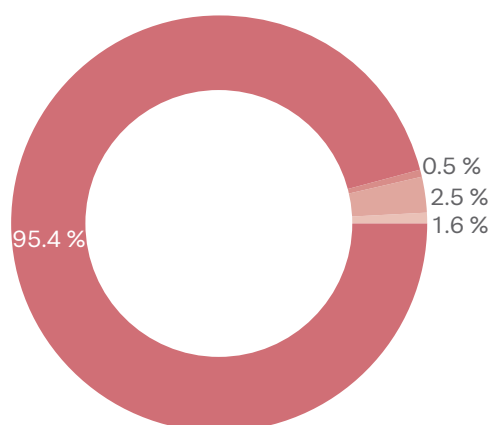
Indebtedness

As at 31 December 2023, the total debt of the Podravka Group related to borrowings and other interest-bearing financial liabilities amounted to EUR 57.4m, of which EUR 0.5m relates to long-term borrowings, EUR 43.5m to short-term borrowings, while EUR 13.4m relates to liabilities for right-of-use assets. The average weighted cost of debt on all the stated liabilities as at 31 December 2023 was 1.2%, while if right-of-use assets are excluded it was 0.8%.



Currency structure of debt as at 31 December 2023

- EUR 95.4 %
- CZK 0.5 %
- BAM 2.5 %
- Other 1.6 %



Analysing the debt currency structure, the highest exposure, of 95.4%, was in the Euro (EUR). The debt share in the Bosnia and Herzegovina mark (BAM) amounted to 2.5%, in the Czech koruna (CZK) to 0.5%, while the remainder of 1.6% relates to other currencies.

<i>(in EUR millions)*</i>	2022	1 - 12 2023	Δ	%
Financial debt ⁶	84.0	57.4	(26.6)	(31.6%)
Cash and cash equivalents	21.9	42.5	20.6	94.1%
Net debt ⁷	62.1	14.9	(47.2)	(76.0%)
Interest expense	0.7	0.7	(0.0)	(5.3%)
Net debt / normalized EBITDA	0.75	0.16	(0.6)	(78.2%)
Normalized EBIT / Interest expense	73.3	87.3	14.0	19.1%
Equity to assets ratio ⁸	71.8%	73.9%		+210 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 31 December 2023 compared to 31 December 2022 is the result of an increase in the line item cash and cash equivalents of EUR 20.6m and the decrease in financial debt of EUR 26.6m. The increase in normalized EBITDA and the decrease in net debt led to a lower net debt to normalized EBITDA ratio. The increase in normalized EBIT has driven the rise in the interest coverage ratio (Normalized EBIT / Interest expense).

⁶ Financial debt: long-term and short-term borrowings + lease liabilities + financial liabilities at fair value through profit or loss. The data is provided in the "Consolidated statements of financial position as at 31 December 2023" section.

⁷ Net debt: Financial debt – Cash and cash equivalents.

⁸ Equity to assets ratio: total shareholder's equity / total assets. The data is provided in the "Consolidated statements of financial position as at 31 December 2023" section.



Key highlights of the cash flow statement in 1 - 12 2023



Key highlights of the cash flow statement in 1 - 12 2023

(in EUR millions)	1 - 12 2022	1 - 12 2023	Δ
Net cash flow from operating activities	75.0	115.4	53.8%
Net cash flow from investing activities	(57.5)	(39.6)	31.1%
Net cash flow from financing activities	(0.0)	(55.2)	n/a
Net increase / (decrease) of cash and cash equivalents	17.5	20.6	17.8%

Net cash flow from operating activities

In the observed period, net cash flow from operating activities amounted to positive EUR 115.4m as a result of operating business and dynamics of movements in the working capital. In other words, it is higher than the EBITDA which amounted to EUR 91.9m.

Net cash flow from investing activities

Net cash flow from investing activities in the reporting period amounted to negative EUR 39.6m, primarily due to cash capital expenditures in the amount of EUR 73.8m and receipts from investments in debt instruments in the amount of EUR 32.3m. The most significant capital expenditures in 1 - 12 2023 were related to:

- investment in the new Pasta factory, which creates preconditions for the consolidation of pasta production in order to improve business,
- investment in the construction of a new logistics and distribution centre with the aim of increasing efficiency in the logistics and distribution segment of business through optimization of the number of warehouse spaces, minimization of internal transport, greater control of costs and reduction of carbon dioxide emissions,
- investment activities related to the Bakery concentration project in order to improve production efficiency and reduce operating expenses,
- investment in the construction of the new tomato factory in continental Croatia and the purchase of agricultural machinery and irrigation equipment for the purpose of increasing the primary processing capacity for fresh tomatoes and ensuring continuity of own production,
- investment in replacing the sterilizer in the meat canning facility of the Danica factory, which will result in raising the level of production efficiency and increasing the profitability of the canned meat range,
- investment in the luncheon meat line in the meat canning facility of the Danica factory, which will result in raising the level of production efficiency and increasing the profitability of the canned meat range,
- investment in the relocation of the frozen food range in Slovenia in order to ensure the continuity of production and a higher level of production efficiency,
- investment in the maintenance of the existing IT and communication infrastructure in order to maintain business continuity,



- investment activities related to the modernization of the truck fleet aimed at reducing maintenance costs and improving the efficiency, timeliness and reliability of transport and distribution,
- investment in additional solar power plants and reconstruction of the thermal energy production and supply system that will reduce energy consumption,
- renovation of the remaining office spaces at the location of the company's headquarters, after the completion of works on the reconstruction and modernization of the administrative building. The renovation includes IT and energy reconstruction and overall modernization, which will significantly improve the working conditions of employees and reduce energy consumption,
- continued investment activities related to the production digitization project in order to improve production efficiency and reduce operating expenses,
- investment in the digitization of the procurement process in order to reduce procurement costs, increase efficiency, transparency and standardization of procurement processes at the Podravka Group level,
- investment in the transition of the existing SAP system to the SAP S/4HANA version, which will improve operations and efficiency of business processes, primarily those in finance and accounting.

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

In 2024, expected capital expenditures are at a level of almost EUR 100m.

Net cash flow from financing activities

In the 1 - 12 2023 period, net cash flow from financing activities amounted to negative EUR 55.2m, primarily due to regular repayment of borrowings, and due to the dividend distribution.



Share in 1 - 12 2023



List of major shareholders as at 31 December 2023

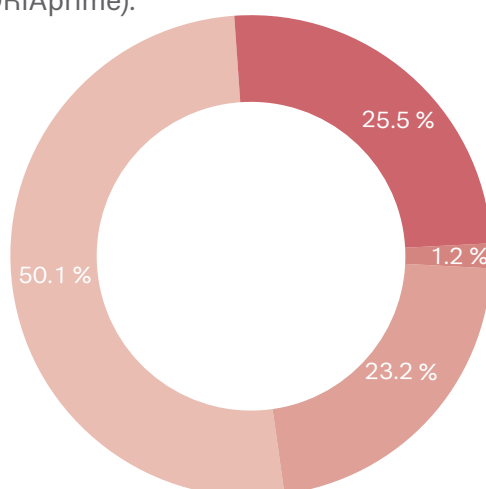
No	Shareholder	Number of shares	% of ownership
1.	PBZ Croatia Osiguranje mandatory pension fund, category B	1,097,644	15.4%
2.	AZ mandatory pension fund, category B	932,563	13.1%
3.	RSC* - Croatian Pension Insurance Institute	727,703	10.2%
4.	Erste Plavi mandatory pension fund, category B	638,248	9.0%
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	370,977	5.2%
9.	Republic of Croatia	167,281	2.3%
10.	OTP banka D.D./aggregate custody accounts	97,035	1.4%
	Other shareholders	1,603,620	22.5%
	Total	7,120,003	100.0%

The Restructuring and Sale Centre holds 1,241,504 shares through four accounts, Capital Fund Inc. 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 EUR 30.0 per share. As at 31 December 2023, the Republic of Croatia holds 25.5% stake, and domestic pension funds (mandatory and voluntary) hold a total of 50.1% stake. Podravka Inc. has 1.2% 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 31 December 2023

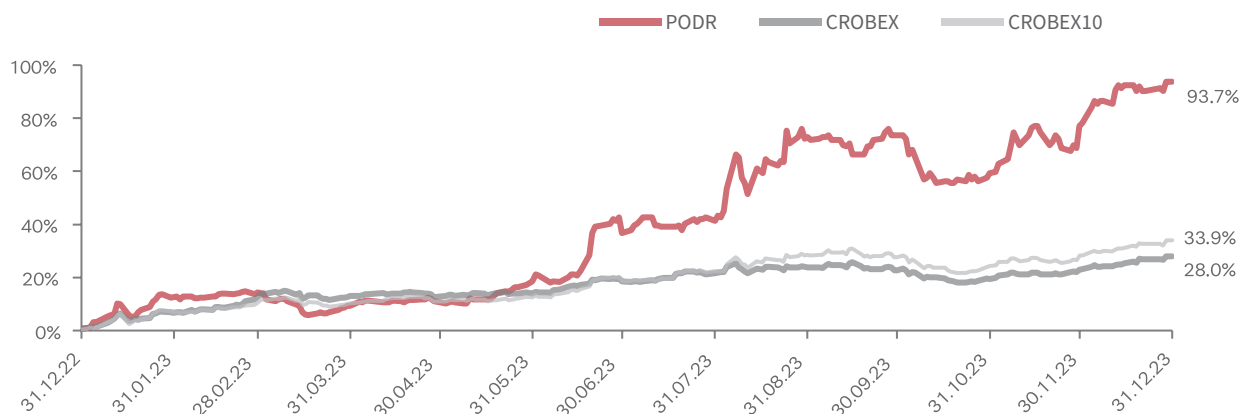
- Republic of Croatia 25.5 %
- Treasury shares 1.2 %
- Others 23.2 %
- Croatian pension funds** 50.1 %



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



Share price movement in 1 - 12 2023



<i>(closing price in EUR; closing points)</i>	31 December 2022	31 December 2023	%
PODR	84.1	163.0	93.7%
CROBEX	1,979.9	2,533.9	28.0%
CROBEX10	1,156.2	1,548.6	33.9%

At the end of 2023, the Podravka's share reached its highest level in history so far. The last price in 2023 was EUR 163, which made its value 93.7% higher than the last price in 2022. The market value of the company then reached as much as EUR 1,143.6m. At the same time, the stock indices grew, where CROBEX increased by 28.0%, while CROBEX10 increased by 33.9%.

Result on the Croatian capital market in 1 - 12 2023

<i>(in EUR; in units)⁹</i>	1 - 12 2022	1 - 12 2023	%
Weighted average daily price	81.4	129.9	59.5%
Average daily number of transactions	14	14	(0.2%)
Average daily volume	1,214	1,366	12.6%
Average daily turnover	95,633.4	176,797.9	84.9%

In the 1 - 12 2023 period, the weighted average daily price of Podravka's share recorded an increase of 59.5% relative to the comparative period. Compared to 1 - 12 2022, the average daily number of transactions is 0.2% lower, the average daily volume increased by 12.6%, and the average daily turnover increased by 84.9%.

⁹ 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 EUR millions; last price and earnings per share in EUR)*

	2022	1 - 12 2023	%
Last price	84.1	163.0	93.7%
Weighted average number of shares ¹⁰	7,018,424	7,015,732	(0.0%)
Market capitalization ¹¹	590.6	1,143.6	93.6%
EV ¹²	662.1	1,169.1	76.6%
Normalized earnings per share ¹³	5.9	6.7	14.3%
EV / sales revenue	1.0	1.6	65.0%
EV / normalized EBITDA	7.9	12.7	60.0%
EV / normalized EBIT	12.5	19.6	56.5%
Last price / normalized earnings per share ratio (P / E)	14.3	24.2	69.5%

* 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.


¹⁰ 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.

¹¹ Market Capitalization: Last price * Weighted average number of shares.

¹² Enterprise value: Market Capitalization + Net debt + Minority interests.

¹³ 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 man's face in the upper right corner, wearing dark sunglasses and having a white beard. Below the face, a hand is shown watering a small green plant with a blue watering can. The text is centered in the middle of the page.

Additional tables for 1 - 12 2023

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. Value adjustments to non-current assets in the reporting and the comparative periods are presented in the table below.

<i>Value adjustments</i>	1 - 12 2022			1 - 12 2023		
<i>(in EUR millions)</i>	<i>Group</i>	<i>Food</i>	<i>Pharma</i>	<i>Group</i>	<i>Food</i>	<i>Pharma</i>
Intangible assets	0.99	0.40	0.59	0.33	0.15	0.19
Tangible assets	-	-	-	0.54	0.16	0.38
Total	0.99	0.40	0.59	0.87	0.30	0.57

<i>Reported EBITDA calculation</i>	1 - 12 2022			1 - 12 2023		
<i>(in EUR millions)</i>	<i>Group</i>	<i>Food</i>	<i>Pharma</i>	<i>Group</i>	<i>Food</i>	<i>Pharma</i>
Reported EBIT	62.52	39.82	22.70	59.26	29.26	29.99
+amortization and depreciation	30.36	21.51	8.85	31.83	22.90	8.93
+value adjustments	0.99	0.40	0.59	0.87	0.30	0.57
Reported EBITDA	93.87	61.72	32.14	91.95	52.46	39.49

<i>Normalized EBITDA calculation</i>	1 - 12 2022			1 - 12 2023		
<i>(in EUR millions)</i>	<i>Group</i>	<i>Food</i>	<i>Pharma</i>	<i>Group</i>	<i>Food</i>	<i>Pharma</i>
Normalized EBIT	52.96	29.68	23.28	59.74	29.56	30.18
+amortization and depreciation	30.36	21.51	8.85	31.83	22.90	8.93
+value adjustments	-	-	-	0.38	-	0.38
Normalized EBITDA	83.32	51.18	32.13	91.95	52.45	39.49

One-off items in 1 - 12 2023 and 1 - 12 2022.

In the 1 - 12 2023 period, the Podravka Group received tax incentives based on the Investment Promotion Act in the amount of EUR 19.7m, which is treated as a one-time item. The effects of tax incentives based on the Investment Promotion Act are explained in the introductory notes in the "Profitability in 1 - 12 2023" section.

In the 1 - 12 2023 period, the Food segment incurred EUR 0.49m costs of severance payments for employees (the restructuring of the Žito Group, the restructuring in Poland, and long-term sick leaves), EUR 0.56m income from the sale of non-operating assets, and EUR 0.14m of costs related to the restructuring of the Žito Group production. Impairment of tangible assets amounted to EUR 0.16m, while impairment of intangible assets also amounted to EUR 0.15m. Income from the write-off of liabilities amounted to EUR 0.1m. The normalization below the EBIT results primarily refers to the received tax benefits in



accordance with the Investment Promotion Act in the amount of EUR 19.72m, and a one-off tax expense due to the change in the tax rate in Slovenia in the amount of EUR 0.16m. The estimated impact of these one-off items on tax is EUR 0.09m (decreases it).

In the 1 - 12 2023 period, the Pharmaceuticals segment incurred EUR 0.19m costs related to the impairment of non-current intangible assets. The estimated impact of these one-off items on tax of Pharmaceuticals amounts to EUR 0.03m (decreases it).

In the 1 - 12 2022 period, the Food segment incurred EUR 0.73m costs of severance payments for employees (the restructuring on the market of Russia, the restructuring of the Žito Group production, and long-term sick leaves). Income from the sale of assets amounted to EUR 13.50m, of which EUR 12.71m refers to the sale of property in Ljubljana, while EUR 0.79m refers to the sale of other non-operating assets. Costs related to the process of selling the property in Ljubljana amounted to EUR 0.43m, while EUR 0.37m refers to costs related to the restructuring of the Žito Group. According to the new collective agreement, severance pay for retirement was increased from 1.3 to 2.0 thousand euros, which resulted in a one-off impact on the result of EUR 1.45m. Impairment of non-current intangible assets amounted to EUR 0.40m. The company's management treats all of the above as one-off items. The estimated impact of these one-off items on tax of Food is EUR 1.90m (increases it).

In the 1 - 12 2022 period, the Pharmaceuticals segment incurred EUR 0.30m costs of severance payments related to restructuring of operations in Russia, EUR 0.61m of income from the sale of vehicles also related to the restructuring of operations on the market of Russia, EUR 0.31m of actuarial calculation difference according to the new collective agreement (result of the increase in severance pay for retirement from 1.3 to 2.0 thousand euros), and EUR 0.59m of costs related to impairment of non-current intangible assets. The company's management treats all of the above as one-off items. The estimated impact of these one-off items on tax of Pharmaceuticals is EUR 0.10m (decreases it).



Normalization of the Profit and Loss Statement by segments

<i>Reported and normalized profitability</i>	1 - 12 2022			1 - 12 2023		
<i>(in EUR millions)</i>	<i>Group</i>	<i>Food</i>	<i>Pharma</i>	<i>Group</i>	<i>Food</i>	<i>Pharma</i>
Reported EBITDA	93.87	61.72	32.14	91.95	52.46	39.49
+severance payments	1.02	0.73	0.30	0.49	0.49	0.00
+income from the sale of asset in Ljubljana	(12.71)	(12.71)	-	-	-	-
+income from the sale of other asset	(1.41)	(0.79)	(0.61)	(0.56)	(0.56)	-
+cost related to asset sale process in Ljubljana	0.43	0.43	-	-	-	-
+cost of restructuring Žito group	0.37	0.37	-	0.14	0.14	-
+actuarial calculation	1.76	1.45	0.31	-	-	-
+liabilities write off	-	-	-	(0.08)	(0.08)	-
Normalized EBITDA	83.32	51.18	32.13	91.95	52.45	39.49
Reported EBIT	62.52	39.82	22.70	59.26	29.26	29.99
+normalizations above EBITDA level	(10.55)	(10.54)	(0.01)	(0.00)	(0.01)	0.00
+ value adjustment of intangible assets	0.99	0.40	0.59	0.33	0.15	0.19
+ value adjustment of tangible assets	-	-	-	0.16	0.16	-
Normalized EBIT	52.96	29.68	23.28	59.74	29.56	30.18
Reported Net profit after MI	49.06	31.80	17.26	66.36	43.32	23.04
+normalizations above EBIT level	(9.56)	(10.14)	0.58	0.49	0.30	0.19
+effect of deferred tax asset	-	-	-	(19.72)	(19.72)	-
+change in tax rate - Slovenia	-	-	-	0.16	0.16	-
+estimated impact of normalization on taxes	1.79	1.90	(0.10)	(0.13)	(0.09)	(0.03)
Normalized Net profit after MI	41.29	23.56	17.73	47.17	23.97	23.20



Consolidated financial statements in 1 - 12 2023



Consolidated Profit and Loss Statement in 1 - 12 2023

<i>(in EUR thousands)</i>	1 - 12 2022	% of sales revenues	1 - 12 2023	% of sales revenues	% change
Sales revenue	667,175	100.0%	713,848	100.0%	7.0%
Cost of goods sold	(430,445)	(64.5%)	(465,141)	(65.2%)	8.1%
Gross profit	236,730	35.5%	248,707	34.8%	5.1%
General and administrative expenses	(50,392)	(7.6%)	(53,721)	(7.5%)	6.6%
Selling and distribution costs	(89,339)	(13.4%)	(88,976)	(12.5%)	(0.4%)
Marketing expenses	(49,566)	(7.4%)	(47,874)	(6.7%)	(3.4%)
Other (expenses) / income, net	15,088	2.3%	1,120	0.2%	(92.6%)
Operating profit	62,521	9.4%	59,255	8.3%	(5.2%)
Financial income	117	0.0%	1,181	0.2%	907.3%
Other financial expenses	(198)	(0.0%)	(884)	(0.1%)	347.3%
Interest expenses	(723)	(0.1%)	(684)	(0.1%)	(5.3%)
Net foreign exchange differences on borrowings	(283)	(0.0%)	(252)	(0.0%)	(10.9%)
Net finance costs	(1,086)	(0.2%)	(639)	(0.1%)	(41.1%)
Profit before tax	61,435	9.2%	58,616	8.2%	(4.6%)
Current income tax	(9,508)	(1.4%)	570	0.1%	(106.0%)
Deferred tax	(1,845)	(0.3%)	8,393	1.2%	(555.0%)
Income tax	(11,352)	(1.7%)	8,964	1.3%	(179.0%)
Net profit for the year	50,083	7.5%	67,580	9.5%	34.9%
Net profit / (loss) attributable to:					
Equity holders of the parent	49,058	7.4%	66,362	9.3%	35.3%
Non-controlling interests	1,024	0.2%	1,218	0.2%	(18.9%)



Consolidated Balance Sheet as at 31 December 2023

(in EUR thousands)	31 Dec 2022	% share	31 Dec 2023	% share	% change
ASSETS					
Non-current assets					
Goodwill	3,876	0.5%	3,776	0.5%	(2.6%)
Intangible assets	32,082	4.4%	33,439	4.3%	4.2%
Property, plant and equipment	300,791	40.9%	342,366	44.0%	13.8%
Right-of-use assets	11,140	1.5%	13,200	1.7%	18.5%
Investment property	14,016	1.9%	13,819	1.8%	(1.4%)
Non-current financial assets	5,728	0.8%	5,734	0.7%	0.1%
Deferred tax assets	16,962	2.3%	25,385	3.3%	49.7%
Total non-current assets	384,595	52.2%	437,719	56.3%	13.8%
Current assets					
Inventories	167,062	22.7%	150,826	19.4%	(9.7%)
Trade and other receivables	118,036	16.0%	128,255	16.5%	8.7%
Financial assets at fair value through profit and loss	12	0.0%	59	0.0%	391.7%
Debit securities at amortized cost	39,767	5.4%	7,957	1.0%	(80.0%)
Income tax receivable	533	0.1%	3,292	0.4%	517.6%
Cash and cash equivalents	21,913	3.0%	42,528	5.5%	94.1%
Non-current assets held for sale	4,304	0.6%	7,434	1.0%	72.7%
Total current assets	351,627	47.8%	340,351	43.7%	(3.2%)
Total assets	736,222	100.0%	778,070	100.0%	5.7%



Consolidated Balance Sheet as at 31 December 2023

<i>(in EUR thousands)</i>	31 Dec 2022	% share	31 Dec 2023	% share	% change
EQUITY AND LIABILITIES					
Shareholders' equity					
Subscribed capital	207,897	28.2%	213,600	27.5%	2.7%
Capital gains	24,780	3.4%	17,479	2.2%	(29.5%)
Treasury shares	(5,634)	(0.8%)	(6,929)	(0.9%)	23.0%
Reserves	163,898	22.3%	172,144	22.1%	5.0%
Retained earnings / (accumulated losses)	128,241	17.4%	168,056	21.6%	31.0%
Attributable to equity holders of the parent	519,182	70.5%	564,350	72.5%	8.7%
Non-controlling interests	9,424	1.3%	10,642	1.4%	12.9%
Total shareholders' equity	528,606	71.8%	574,992	73.9%	8.8%
Non-current liabilities					
Borrowings	3,797	0.5%	534	0.1%	(85.9%)
Lease liabilities	6,253	0.8%	8,137	1.0%	30.1%
Non-current provisions for employee benefits	7,596	1.0%	7,482	1.0%	(1.5%)
Other non-current provisions	4,686	0.6%	5,068	0.7%	8.2%
Other non-current liabilities	2,799	0.4%	2,427	0.3%	(13.3%)
Deferred tax liability	4,166	0.6%	4,352	0.6%	4.5%
Total non-current liabilities	29,297	4.0%	28,000	3.6%	(4.4%)
Current liabilities					
Trade and other payables	94,976	12.9%	117,091	15.0%	23.3%
Income tax payable	3,608	0.5%	1,845	0.2%	(48.9%)
Financial liabilities at fair value through profit and loss	0	0.0%	9	0.0%	n/a
Borrowings	67,738	9.2%	43,507	5.6%	(35.8%)
Lease liabilities	6,249	0.8%	5,254	0.7%	(15.9%)
Current provisions for employee benefits	5,564	0.8%	7,192	0.9%	29.3%
Other current provisions	184	0.0%	180	0.0%	(2.2%)
Total current liabilities	178,319	24.2%	175,078	22.5%	(1.8%)
Total liabilities	207,616	28.2%	203,078	26.1%	(2.2%)
Total equity and liabilities	736,222	100.0%	778,070	100.0%	5.7%



Consolidated Cash Flow Statement in 1 - 12 2023

<i>(in EUR thousands)</i>	1 - 12 2022	1 - 12 2023	% change
Profit before tax	61,435	58,616	(4.6%)
Depreciation and amortization	30,355	31,825	4.8%
(Profit) / Loss on impairment of property, plant, equipment and intangibles	981	783	(20.2%)
Impairment on trade receivables and other receivables	700	(368)	(152.6%)
Reversal of impairment of given loans and interests	(34)	(4)	88.2%
Reversal of impairment of non-current financial assets	11	0	(100.0%)
Impairment of non-current assets	8	86	975.0%
Remeasurement of financial instruments at fair value	(17)	(38)	(123.5%)
Share based payment transactions	1,312	832	(36.6%)
Profit on sale and disposal of non-current assets	(13,868)	(759)	94.5%
Profit on sale of assets held for sale	(988)	(54)	94.5%
Increase in provisions	1,577	1,973	25.1%
Interest income	(97)	(1,141)	(1,076.3%)
Dividends income	(4)	(3)	25.0%
Gains from liabilities write off	0	(75)	(100.0%)
Interest expenses	882	1,563	77.2%
Effect of changes in foreign exchange rates	427	62	(85.5%)
Total adjustments	21,245	34,682	63.2%
Changes in working capital:			
(Increase) / Decrease in inventories	(43,138)	16,236	137.6%
Decrease / (Increase) in trade receivables	18,709	(9,932)	(153.1%)
Increase in trade payables	23,551	21,335	(9.4%)
Cash generated from operations	81,802	120,937	47.8%
Income tax paid	(5,899)	(3,947)	33.1%
Interest paid	(858)	(1,583)	(84.5%)
Net cash from operating activities	75,045	115,407	53.8%



Consolidated Cash Flow Statement in 1-12 2023

<i>(in EUR thousands)</i>	1 - 12 2022	1 - 12 2023	% change
Cash flow from investing activities			
Purchase of property, plant, equipment and intangibles	(52,662)	(73,780)	(40.1%)
Proceeds from investing in marketable securities	0	48,293	100.0%
Investing in marketable securities	(39,750)	(15,912)	60.0%
Proceeds from sale of property, plant, equipment and intangibles	31,758	970	(96.9%)
Proceeds from sale of assets held for sale	2,981	231	(92.3%)
Loans given	(2)	(7)	(250.0%)
Repayment of loans receivable	39	4	(89.7%)
Interest received	97	570	487.6%
Dividend received	4	3	(25.0%)
Net cash from investing activities	(57,535)	(39,628)	31.1%
Cash flow from financing activities			
Dividend pay-out	(12,087)	(18,467)	(52.8%)
Acquisition of additional non-controlling interests	(27)	0	100.0%
Purchase of treasury shares	(3,542)	(5,250)	(48.2%)
Sale of treasury shares	2,764	2,625	(5.0%)
Proceeds from borrowings	89,460	65,771	(26.5%)
Repayment of borrowings	(71,128)	(93,034)	(30.8%)
Repayment of lease	(5,457)	(6,809)	(24.8%)
Net cash from financing activities	(17)	(55,164)	n/a
Net (decrease) / increase of cash and cash equivalents	17,493	20,615	17.8%
Cash and cash equivalents at beginning of the year	4,420	21,913	395.8%
Cash and cash equivalents at the end of year	21,913	42,528	94.1%



Consolidated Statement of Changes in Equity in 1 - 12 2023

(in EUR thousands)	Subscribed capital	Capital gains	Treasury shares	Other reserves	Retained earnings/ accumulated loss	Total	Non-controlling interests	Total
As at 1 January 2022	207,897	25,415	(5,228)	144,706	109,123	481,913	8,400	490,313
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	49,058	49,058	1,024	50,082
Foreign exchange differences	-	-	-	572	-	572	18	590
Actuarial losses (net of deferred tax)	-	-	-	805	-	805	-	805
Other comprehensive income	-	-	-	1,377	-	1,377	18	1,395
Total comprehensive income	-	-	-	1,377	49,058	50,435	1,042	51,477
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	-	17,824	(17,824)	-	-	-
Additional acquisition of minority interests	-	-	-	(9)	-	(9)	(18)	(27)
Exercise of options	-	(1,947)	3,136	-	(34)	1,155	-	1,155
Fair value of share-based payment transactions	-	1,312	-	-	-	1,312	-	1,312
Purchase of treasury shares	-	-	(3,542)	-	-	(3,542)	-	(3,542)
Dividends paid	-	-	-	-	(12,082)	(12,082)	-	(12,082)
Total transactions with owners recognized directly in equity	-	(635)	(406)	17,815	(29,940)	(13,166)	(18)	(13,184)
As at 31 December 2022	207,897	24,780	(5,634)	163,898	128,241	519,182	9,424	528,606
<i>Comprehensive income</i>	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	66,362	66,362	1,218	67,580
Foreign exchange differences	-	-	-	5	-	5	-	5
Actuarial losses (net of deferred tax)	-	-	-	86	-	86	-	86
Other comprehensive income	-	-	-	91	-	91	-	91
Total comprehensive income	-	-	-	91	66,362	66,453	1,218	67,671
<i>Transactions with owners recognized directly in equity</i>	-	-	-	-	-	-	-	-
Allocation from retained earnings	-	-	-	8,155	(8,155)	-	-	-
Exercise of options	-	(2,430)	3,955	-	187	1,712	-	1,712
Fair value of share-based payment transactions	-	832	-	-	-	832	-	832
Purchase of treasury shares	-	-	(5,250)	-	-	(5,250)	-	(5,250)
Dividends paid	-	-	-	-	(18,579)	(18,579)	-	(18,579)
Adjustment of Issued Capital and Shares - EUR Conversion	5,703	(5,703)	-	-	-	-	-	-
Total transactions with owners recognized directly in equity	5,703	(7,301)	(1,295)	8,155	(26,547)	(21,285)	-	(21,285)
As at 31 December 2023	213,600	17,479	(6,929)	172,144	168,056	564,350	10,642	574,992

Notes to the financial statements

In 1 - 12 2023 period there were no changes in accounting policies.

The audited Annual report of the Podravka Group for 2022 are available at:

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

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

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. 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.



Koprivnica, February 26th 2024

**STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL
STATEMENTS**

According to our best knowledge consolidated unaudited financial statements of Podravka Group for the period 1 - 12 2023 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.

Corporate Accounting Director:
Senka Peroš



Podravka
PREHRAMBENA INDUSTRIJA D.D.
KOPRIVNICA 173

Board Member:

Davor Doko



Contact

Podravka Inc.
Ante Starčevića 32, 48 000 Koprivnica
www.podravka.hr

Investor Relations
e-mail: ir@podravka.hr

