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Koprivnica, October 28th, 2022

**Despite the negative trends in the market Podravka Group managed to maintain growth**

*Sales revenue increased by 9.7 percent, net profit by 3.8 percent. Investments in the first nine months amounted to HRK 294.5 million, almost three times more than in the same period last year*

In the first nine months of 2022, Podravka Group successfully coped with the market challenges generated by the Covid 19 virus pandemic, and multiplied by the aggression against Ukraine, the consequences of which are reflected in the strong and continuous increase in the prices of all raw materials, packaging and energy. In the first nine months of this year, Podravka Group achieved revenue growth of HRK 329.1 million, which is 9.7 percent more than in the same period last year. The Food segment grew by 11.1 percent, or HRK 292 million, while the Pharmaceuticals segment recorded an increase in revenue of five percent, or HRK 37.1 million. The investment cycle is in full swing, so capital investments at the Group level in the first nine months amounted to HRK 294.5 million, which is almost three times more than in the same period last year when they amounted to HRK 103.7 million.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) in this period was higher by 5.7 percent, and net profit by 3.8 percent compared to the first three quarters of 2021. However, comparing the third quarter of 2022 with the same period in 2021, there is a visible drop in net profit in the Food segment, which is a direct consequence of business conditions that have further worsened due to rising prices of raw materials, packaging and energy. Specifically, the costs of raw materials, packaging and energy in the Food segment were HRK 269 million or 25.3 percent higher than in nine months of last year.

"Business conditions in the first nine months were far more challenging than we expected at the beginning of the year, which is why we are strongly focused on optimizing all types of costs and maintaining sales volume. In the past period, through active management of supplies, sales prices and increasing production efficiency, we partially amortized the rise in the prices of raw materials, packaging and energy, and thus managed to maintain growth. I am particularly pleased that, in such challenging circumstances, we increased the salaries of our workers at the end of March. However, it is important to emphasize that the results achieved in the first nine months do not reflect what awaits us at the annual level. The most severe impact of cost growth awaits us in the fourth quarter, which will certainly



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affect the overall result for this year", said President of the Management Board of Podravka Martina Dalić, adding that despite this, the company continues to implement all its strategic plans, which include significant investments and improvement of conditions of work.

In accordance with the development strategy, the implementation of the investment cycle is in full swing, as evidenced by the investments completed during the last three months. A new line at the Cocktail snacks Factory, worth HRK 30 million, was put into operation, and work was completed on the solar power plant, which is currently the largest integrated (performed on the roofs of existing facilities/buildings) solar power plant in the Republic of Croatia.

In addition, the production facilities were air-conditioned and a complete energy and IT renovation of the business headquarters worth HRK 104.5 million was completed, which significantly improved the working conditions of many employees. The digitization of production at the Soups and Vegeta Factory was also completed, the installation of a new line in Varaždin, worth HRK 40 million, is in the final phase, and construction work on the expansion of the Soups and Vegeta Factory began at the beginning of October. This investment, worth HRK 104.8 million, is the first investment in the construction of new Food production facilities in Koprivnica after 15 years and will also create new jobs.

During September, the commemoration of the 75th anniversary of Podravka began, and, on this occasion, the Management Board decided to pay the employees a special award in the amount of HRK 750, instead of large ceremonies. And the results of the investment cycle are a contribution to that great anniversary and a stake in the future development of Podravka.