



CORPORATE COMMUNICATIONS

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PRESS RELEASE

Despite the challenging period, Podravka achieved good business results in the first half of the year

- *Revenue growth up 8.8 percent over the same period last year, profit down 1.3 percent*
- *Higher salaries, all investments proceed according to plan*

In the first six months of 2022, the Podravka Group had HRK 2.4 billion in sales revenues, which is HRK 195.7 million or 8.8 percent more than in the same period last year. At the same time, the normalized net profit of the Group was HRK 195.4 million, which is HRK 2.7 million or 1.3 percent less than last year.

After a sharp increase in the prices of raw materials in the second half of 2021, the events related to the war in Ukraine caused an additional increase in the prices of all raw materials, materials and energy, which had a significant negative impact on business conditions, both in the Food and Pharmaceutical segments. Namely, in the first half of the year the costs of raw materials increased by 21.6 percent, and the limited access to the markets of Russia and Ukraine additionally affected the profitability of the Pharmaceuticals segment. However, the impact of the sharp increase in the prices of raw materials, materials and energy was not fully reflected in the performance in the first half of 2022, thanks to supplies purchased at lower prices in the previous period. It is, therefore, to be expected that the sharp increase in the prices of raw materials and energy will have significant effects on the Group's operations in the second half of the year.

"Even though market developments and the rapid increase of raw material prices have a strong impact on operating costs, and thus the company's profitability, we persisted in carrying out our planned investment activities, improving working conditions and increasing the salaries of our employees. I am particularly pleased that, in conditions of rising inflation, the average net salary in June 2022 was 14 percent higher compared to June 2021, which was above average in Croatia, where this growth was 8.2 percent," said President of the Management Board of Podravka, Martina Dalić, pointing out that this increase represented the continuation of the growth of investment in workers' salaries, which, this year alone, amounted to HRK 35 million.



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Podravka continues to invest in strategic projects that include investment in modernization and the introduction of new production lines, increasing energy efficiency and improving working conditions. The investment in the air conditioning of the production plants in Koprivnica and Varaždin was completed, which significantly improved the working conditions in the factories.

In the coming months, a solar power plant is expected to start operating, and its construction is under way on the roofs of the factories of Soups and Vegeta, Baby food and cream spreads, and the Danica meat company. That way, Podravka places an additional focus on the use of renewable energy sources in order to increase energy efficiency and the share of renewable sources in electric power generation. In addition, the project to build a new logistics and distribution centre in Koprivnica is proceeding according to plan, and the digitalization of production management at the soups and Vegeta factory is expected to be completed in the third quarter.