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PRESS RELEASE

BUSINESS RESULTS OF THE PODRAVKA GROUP FOR THE FIRST HALF OF 2020

Podravka Group achieves growth in revenues and net profits

- Sales revenues grew by HRK 105.8 million, or 5 percent
- Net profits achieved in the amount of HRK 161.6 million, representing growth of 15.4 percent over the year before
- Company brands achieved growth in sales revenue in the amount of HRK 118.6 million, with growth achieved in both business segments: Food and Pharmaceuticals
- Under extremely difficult and complex operating conditions, the company showed great capacity for rapid adaptation to the new, extenuating circumstances, with a successful response to the many challenges faced

At today's session, the Supervisory Board of Podravka d.d. confirmed the unaudited business results of the Podravka Group for the first half of 2020, and expressed its great satisfaction and support for all the efforts made to ensure that the company continues to achieve positive indicators at virtually all levels of operation during the extenuating circumstances caused by the COVID-19 epidemic.

“Despite numerous negative impacts on the economy as a whole, caused by the COVID-19 epidemic, we have succeeded in rapidly transforming our operations in response to the numerous challenges, achieving results that we



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can all be proud of. The period ahead will be both demanding and challenging, however, we believe that despite this, our company will continue to achieve positive development," stressed Marin Pucar, President of the Podravka Management Board at the release of the business results.

The net profits of the Podravka Group for the first half of 2020 totalled HRK 161.6 million, which is growth of 15.4% over the same period one year earlier. This organic growth in sales, with the simultaneous control of operating costs, has resulted in increased profitability.

Sales revenues of the Podravka Group increased by HRK 105.8 million to a total of HRK 2245.3 million, representing growth of 4.9% over the year before. Growth in both business segments: Food and Pharmaceuticals influenced the trend in sales revenues.

The Food segment achieved HRK 1755.0 million in sales revenues, which is an increase in HRK 70.7 million over the year before. Virtually all the business programmes in this segment achieved growth in sales revenues, with a growth in company brands of 6.2 percent or HRK 97.9 million. The highest growth, HRK 45.2 million, was achieved in the Culinary business programme, while the Meat products, dishes and spreads business programme achieved growth of HRK 21.6 million. The Fish business programme had a growth in sales revenues of HRK 14 million, Children's food, desserts and snacks programme of HRK 12.1 million, while the Podravka food programme increased by HRK 6.9 million over the same period last year. The Žito and Lagris business programme retained the same sales results as the year before, mainly due to the negative impact of revenue trends in the category of fresh bakery products, primarily on the Slovenian and Italian markets..

The second segment in the Podravka Group, Pharmaceuticals, achieved sales revenues of HRK 490.3 million, which is growth of HRK 35.1 million over the year before. In this segment, the category of Over-the-counter programme



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achieved growth in sales revenues of HRK 12.2 million, while the Prescription drugs programme achieved growth in sales revenues of HRK 8.5 million over the same period one year earlier.

In examining the achieved sales revenues of the Podravka Group by regions, the highest growth, amounting to HRK 68.5 million, was recorded in the Adria region, followed by the Central Europe region in the amount of HRK 30.4 million, and the Eastern Europe region in the amount of HRK 5.6 million. The region Western Europe and Transoceanic countries achieved HRK growth 3.6 million in sales revenues over the year before.

Despite numerous negative impacts caused by the COVID-19 epidemic on operations (including increasing prices of raw materials and packaging, increasing prices of transport prices and hindered product delivery conditions, influence of exchange rates, more pronounced business complexity in the gastro segment, etc.), Podravka Group has succeeded and continued to achieve positive business trends in comparison to the previous period. This once again confirms the fact that the company is capable of adapting its operations even under such unpredictable, exceptional situations. At this time, it is very difficult to assess the influence of future trends on the overall operations of Podravka Group in 2020 due to the uncertainty of how the epidemic will continue to unfold. In any case, the company is prepared to respond to any challenges it may face in the forthcoming period.