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PRESS RELEASE

Podravka increases revenues and salaries in the first quarter

A growth in revenue of HRK 92.9 million was achieved, up 8.6% over the same period last year

Major investments started to expand and modernise the Soup and Vegeta Factory in Koprivnica

At today's session, the Supervisory Board of Podravka confirmed the unaudited results of the Podravka Group operations for the first quarter of 2022, expressing its satisfaction at the continued growth of sales revenues and how the company has managed the risks caused by the Ukraine crisis and continuous rise in costs.

In the first quarter of 2022, the Podravka Group achieved an increase of revenues of HRK 92.9 million, up 8.6% over the same period the year before. A strong growth in revenues of 10.8% or HRK 91.6 million was achieved by the Food segment, while the Pharmaceutical segment saw growth of HRK 1.3 million or 0.6%.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) in this period was lower by 7.7%, and net profits down by 15.6% in comparison to 2021, as a direct consequence of the effects of the Ukraine crisis on operations, largely due to stopped deliveries and the negative currency exchange differences.

On the markets of Ukraine and Russia, the Podravka Group achieved 6.5% lower revenues in 2021. Though the war in Ukraine and sanctions against Russia, have had a significant impact on revenues and profits in the Pharmaceutical segment, certain negative impacts have also been seen in the Food segment. Growing prices of energy, raw materials and other materials caused by the pandemic and further spurred by the Ukraine crisis, have created additional pressures on the increase of production costs in the Food segment. For example, in comparison to the end of the first quarter of 2021, the stock price of natural gas has increased five-fold, wheat by 67%, oil by 65%, tin packaging by 56%, and powdered milk by 60%.

The overall negative impact of the growth of raw materials and other materials on Group operations was estimated at HRK 41.8 million in the first quarter.

Therefore, the company will continue to further optimise costs and increase business efficacy in order to mitigate the rising costs through internal reserves to



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the greatest extent possible. The new organisation of the Food segment introduced in early April is expected to contribute to this, as one of the primary goals of this change was to improve the efficacy of the Podravka Group and to enable even faster reactions and adjustments to market changes.

Despite the new challenges brought on by the Ukraine crisis, Podravka continues to execute all its strategic plans, including significant investments and increasing working conditions.

With ongoing implementation of numerous investments to technological refurbishment and modernisation, this March, Podravka launched yet another major investment in Koprivnica. The project will expand and modernise the Soups and Vegeta Factory, enabling security and stability in handling the strategic raw material, industrial soup noodles, and creating new market opportunities in that segment. The technology and machinery have already been ordered, and the start of construction works is planned for the autumn. Two large investments to refurbish the corporate building and construct the LDC are unfolding as planned, and investments in the factory HVAC system will be fully completed by the end of May.

In the first quarter, for the second time in less than a year, the salaries of 3200 Podravka Inc. and Mirna Inc. employees were increased. As of 1 March 2022, salaries increased on average by 11%, raising the investments in employee salaries in this year by about HRK 35 million at the annual level.

The Supervisory Board of Podravka Inc. has issued the proposed decision for the General Assembly, including the proposal of pay-out of dividends in the amount of HRK 13. The General Assembly is scheduled for 14 June 2022.