



CORPORATE COMMUNICATIONS

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PRESS RELEASE

## **Podravka Group achieves a growth in profitability and launches a strong investment cycle**

**The Supervisory Board has granted its approval to launch an investment cycle, confirmed the results of operations for the first quarter of this year, adopted the audited business results for 2020, and proposed the pay out of dividends**

At today's session, the Podravka Supervisory Board granted its consent to the Podravka Management Board to launch a new investment cycle that will unfold in several phases. In this cycle, Podravka will optimise its logistics processes by investing in a new logistics distribution centre. The construction of this centre will serve to improve the efficacy of logistics in the operations of the Podravka Group, and will contribute to raising the competitiveness of overall operations. The approved investment cycle also includes IT and energy reconstruction and modernisation of the corporate building in Koprivnica to improve energy efficiency, corporate and IT security systems, and to create adequate working conditions that will fully comply with the prescribed legal standards and respond to the new challenges in the post-Covid period. The start of reconstruction works on the corporate building is planned for this August, with works estimated to last from six to eight months. In addition to these two highly valuable projects, the Podravka Group is also anticipating several significant projects aimed at technical and technological modernisation and digital transformation of the company, bringing it to an optimal level of development so it can adequately respond to all challenges on the many markets it operates on.

Also at today's session, the Supervisory Board confirmed the business results for the first quarter of 2021, and expressed its satisfaction with the achieved growth of profitability in a very challenging year. In this period, the Podravka Group achieved net profits in the amount of HRK 105.2 million, which is an increase of 15.6% over the same period last year. This positive result is confirmation of the company's capability to quickly adapt its operation to the unpredictable and extraordinary situation, and reflects the strength and durability of the business model and fundamental activities of the Podravka Group. With regard to sales revenues, they totalled HRK 1079.7 million in the first quarter of the year, and as expected were lower in the comparison period, though in full alignment with the adopted business plan for this year. The expected drop in sales revenues in comparison to 2020 is the consequence of the unusually high retraction of goods and creation of additional stocks by customers in March 2020, due to the implementation of the lockdown in most countries where the Podravka Group is present. However, it is certainly worthwhile mentioning the 4.3% increase in sales



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revenues over one year earlier that was achieved on the markets of Western Europe and Transoceanic countries. It should be stated that these achievements were under the strong impact of limited movements and operations in most countries where Podravka Group operates, with numerous customers, such as institutional customers (schools, hospitals, etc.) operating under reduced capacities and thereby reducing their product orders. This was particularly evident on the Slovenian market, where Žito is a large supplier for such customers. However, when comparing the total sales revenues of the first quarter of this year with the same period in 2019, prior to the Covid crisis, then an increase of these sales of about 6 percent is seen, which certainly indicates positive trends in the company operations.

With regard to Podravka stock prices, double digit growth of 13.4% was achieved in the first quarter of this year in comparison to the end of 2020, confirming investor trust in the company's further growth and development.

The agenda of today's session also included the audited business results of the Podravka Group for 2020, which was adopted by the Supervisory Board. After an exceptionally successful year in 2019, the Podravka Group continued its successful operations in 2020, with achieved net profits of HRK 248.9 million, representing growth of 12.3 percent over the year before. Sales revenues of the Podravka Group were HRK 4503.2 million, an increase of 2.1 percent over the year before.

In accordance with the achieved results, the Supervisory Board also adopted the proposed decision on use of profits for 2020, and forwarded it to the Podravka d.d. General Assembly for adoption. This decision proposes the pay out of dividends to Podravka d.d. shareholders in the amount of HRK 9 per share.

Operations in 2020 were marked by the appearance of the COVID-19 virus on all markets where the Podravka Group is present, and operations in these difficult conditions proclaimed a pandemic also continued into 2021. Under such extraordinary circumstances, particularly in conditions of the strict measures implemented, the Podravka Group was one of the key companies responsible for ensuring the continuity of production and regular supply of food and medications in Croatia. Working processes within the company were quickly adapted to the newly arisen situation, so as to ensure unhindered production in accordance with market demands. The Podravka Group took all necessary activities to ensure sufficient quantities of all its food and pharmaceutical products, thereby meeting the needs of its loyal customers on the many markets where the company operates.