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Podravka Group increased revenue and profit in the first half of the year, marked by integration and Agricultural investments

In the first six months of 2025, the Podravka Group achieved **sales revenue of EUR 484 million**. This result includes the contribution from the agricultural segment, namely Podravka Agri, which has been part of the Group since January 31 of this year.

Sales revenue in the Food segment amounted to EUR 295.5 million in the first half of the year, marking an increase of 1.7% compared to the same period last year. This revenue growth was achieved despite increasing uncertainty in key sales markets, reflected in growing recessionary pressures in several markets, a slowdown in food and beverage retail, especially in Central Europe, and changes in consumer behavior due to heightened global risks and instability. Revenue in the Pharmaceuticals segment (Belupo) increased by 2.3% in the same period, reaching EUR 91.9 million. Both segments that were part of the Group before the agricultural acquisition continued the trend of growing branded product sales. Compared to the first half of 2024, branded product sales in the Food segment grew by 1.6%, and in the Pharmaceuticals segment by 3.7%. Meanwhile, development continued on Podravka's distribution hub in the United States, which supports brands from Southeast Europe. Podravka USA Inc. also took on the role of importer and distributor of Kraš products in the U.S. In the first half of the year, revenue from distribution increased by 27.8%.

The Group's third business pillar, Agriculture, operating as Podravka Agri, generated EUR 99.1 million in sales revenue between February and the end of June. A significant influence on this result came from the decline in livestock prices caused by an outbreak of foot-and-mouth disease in Germany.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) for the first six months of 2025 reached EUR 142.5 million, which is EUR 76.7 million or 116.5% higher than in the same period last year. **Normalized EBITDA amounted to EUR 88 million, an increase of EUR 21.9 million or 33.1% year-over-year.** Normalized EBITDA for the Food and Pharmaceuticals segments remained at last year's level (EUR 65.8 million), while normalized EBITDA for the Agriculture segment reached EUR 22.3 million.

Normalized net profit for the Podravka Group in the first half of this year amounted to EUR 41.3 million, which is 6.5% higher than in the same period in 2024. This result was influenced by financing costs related to the acquisition of agricultural companies.

"Despite a challenging market environment, all key business indicators recorded growth in the first half of the year. This confirms the strength of the Podravka Group and its ability to adapt to a market environment characterized by growing uncertainty and risk across nearly all sales markets. However, the most significant event was the successful start of integrating the Agriculture segment. I am especially pleased with the progress

of integration, the pace at which employee working conditions have improved, as well as the speed of business process and work method enhancements—particularly in crop farming—which are already showing their first positive impact on the segment's profitability," **said Martina Dalić, President of the Management Board of Podravka.**

The Agriculture segment, acquired through the newly established company Podravka Agri on January 31 and co-owned by the European Bank for Reconstruction and Development (EBRD), has already seen significant progress. Immediately after the acquisition, comprehensive reforms were launched to boost efficiency and profitability, including the completion of a EUR 33 million investment that equipped all Podravka Agri companies with modern agricultural machinery. In line with Group values, strong investments were also made to improve employees' material status and working conditions. As of April 1, the lowest wages were increased by about 16%, while the average raise for employees covered by collective agreements at Belje, Vupik, and PIK Vinkovci exceeded 10%. Work is also actively underway to reorganize all affiliated companies to enable centralized management of agricultural land as a unified resource. This strategic approach is already delivering results, especially during this year's wheat harvest, which was conducted with exceptional efficiency. Podravka Agri is also the central driver of the Group's future modernization and sustainable development plans — with nearly EUR 200 million in investments planned by 2030. These will focus on technological development, energy efficiency, expanding irrigation systems, and building new farms.

As with the Agriculture segment, additional investments under the new Podravka Group Business Strategy through 2030 are also planned for Food and Pharmaceuticals. The Strategy is built on a comprehensive development approach — from strengthening brand power, presence, and recognition, and further investment in production capacities, especially in agriculture, to digitization and the use of artificial intelligence, as well as boosting the domestic raw material base and cooperation with local suppliers.

In Food, the focus will be on further strengthening brand presence in developed markets of Western and Central Europe, as well as in the U.S. and Australia. Belupo aims to become the leading European expert in dermatology by 2030, supported by planned investments of EUR 36 million to increase production and logistics capacities and improve operational efficiency.

At the halfway mark of this year, Podravka continued actively managing its portfolio of companies within the Group. With the approval of Podravka Inc., the subsidiary Žito Ltd. Ljubljana made the decision to sell its Confectionery business unit, which includes the brands Šumi, Gorenjka, Herba, Mistica and Bali. The goal is to focus on its core business — bakery operations. A purchase agreement was signed in Ljubljana between Žito Ltd. Ljubljana and UPI Star Ltd. Sarajevo, which will take over the entire confectionery business, including employees, brands, and the Šumi factory in Krško and Gorenjka in Lesce — with the intention of further developing and strengthening the business.