

# FY2022 audited consolidated results

29 September 2023



# Executive summary

## Operational performance for FY 2022<sup>1</sup>



- **Total consolidated<sup>2</sup> revenues** from continuing operations: **HRK 40,734m** (+30% vs FY 2021)
- **Without the impact of Mercator's integration** total underlying revenues from continuing operations **increased +14%** vs FY 2021 on a like-for-like basis

## Financial performance



- **Adjusted consolidated EBITDA** according to the Subscription Agreement: **HRK 2,358m** (+21% vs FY 2021 on a like-for-like basis)
- **Net profit for the period from continuing operations:** **HRK 27m** (HRK 728m improvement vs FY 2021).
- **HRK 2,185m of cash and cash equivalents** at the end of December 2022 compared to HRK 1,872m at the end of December 2021
- **Leverage as of 31 December 2022: 3.44x** per lender definition

## Other important business events



- **Refinancing of the Loan note has been executed with existing lender - HPS**
  - ✓ Amount: EUR 1.2 billion
  - ✓ New maturity: Nov 2024
- With this refinancing there will no longer be **sanctioned entities** in the credit structure
- 130 out of 196 Fortenova's companies were merged / sold or liquidated
- **EURO project** resulted in a **successful transition to the new currency** in Croatia from 1 January 2023

## External impacts

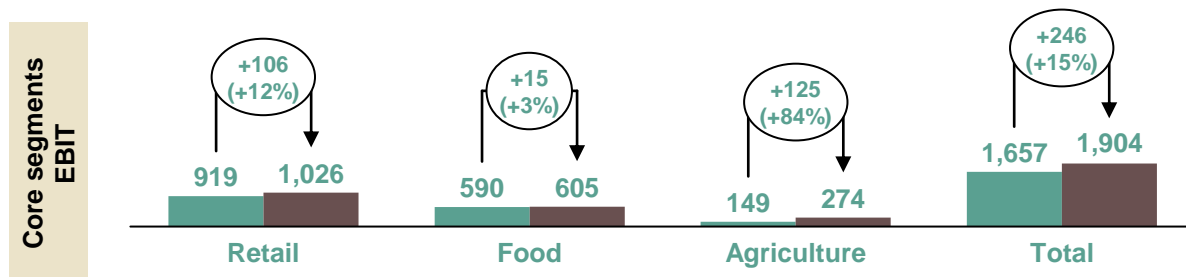
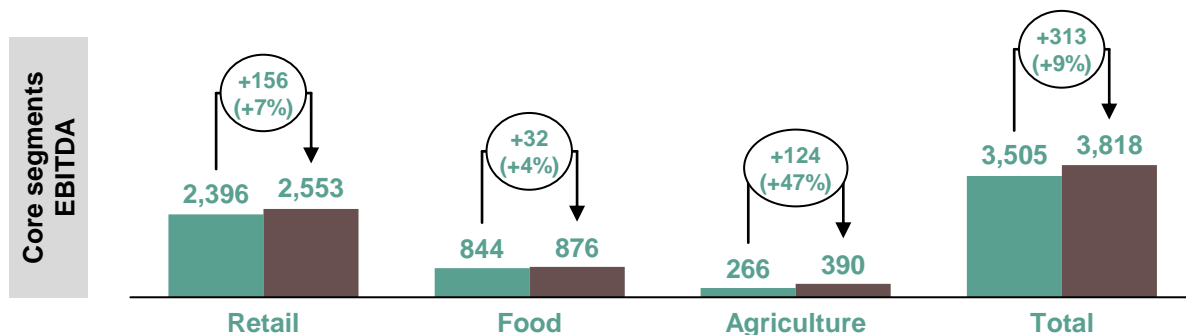
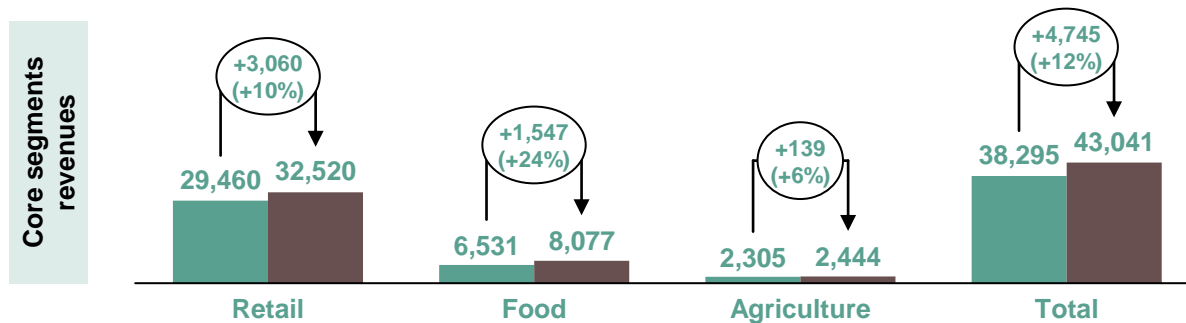


- Due to **imposed sanctions** against SBK ART and VTB they cannot exercise their voting rights as DR holders
- **Cost inflation** (energy, fuel, gas, labor costs etc.)
- Lower availability of workforce

# Non-consolidated, unaudited Core segments performance in FY 2022 on a like-for-like basis

Excludes Frozen segment and includes Mercator companies in both years

■ FY 2021 ■ FY 2022 (in HRK million)



- Core segments<sup>1</sup> realized **higher net sales revenues (NSR) by 12%**, higher **EBITDA by 9%** and higher **EBIT by 15%** compared to last year.
- **Retail & Wholesale segment achieved higher NSR by 10%** driven by revenue initiatives and high inflation. Despite cost inflation and related restrictive government measures, as well as price optimization on some markets, **EBITDA was higher by 7%** while **EBIT was higher by 12%** compared to last year.
- **Food segment achieved higher NSR by 24%**, higher **EBITDA by 4%** and higher **EBIT by 3%** due to higher prices offset by higher raw material prices, input costs inflation and increased salaries.
- **Agriculture companies achieved higher NSR by 6%** with pig farming, cattle farming and dairy production contributing the most, which offset the negative effect on net revenues from exiting trading business. **EBITDA increased by 47%** and **EBIT by 84%** following the rise in market-driven sales prices, improved natural performance indicators and strong operational cost management.

<sup>1</sup>Core segments include 18 companies (Konzum, Konzum Sarajevo, Tisak, Jamnica, Sarajevski kiseljak, Roto dinamic, Zvijezda, Dijamant, PIK Vrbovec, Agrolaguna, Belje, PIK Vinkovci, Vupik, Mercator Slovenia, Mercator Serbia, Mercator BH, Mercator Montenegro, Mercator Croatia). The results are aggregated and include intercompany trading.

Note: From 1 January 2022 Agrolaguna is classified as a Food company, not Agriculture company as it used to be classified in previous DR holders' presentations.

# Consolidated Financial Statements – Basis of Preparation



The presented consolidated financial statements comprise the financial statements of Fortenova grupa d.d. and its 55 subsidiaries, including Mercator entities.



The accounting policies adopted in the preparation of the presented consolidated financial statements are consistent with all the International Financial Reporting Standards effective and used in the audited consolidated financial statements for the year ended 31 December 2022.



Discontinued operations presented in these consolidated financial statements, in accordance with the IFRS 5 requirements, represent operations of Kompas group, Frozen group and other smaller entities and relate to financial year 2021.



Mercator group is consolidated from 1 May 2021;  
Mercator-H d.o.o. was merged with Konzum plus d.o.o. as of 30 December 2022

# Consolidated Profit and Loss statement

FY 2022

All amounts in HRK thousand, IFRS	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Revenue	40,386,225	30,921,620
Other income	347,589	350,617
<b>Total income</b>	<b>40,733,814</b>	<b>31,272,237</b>
Changes in inventories of finished goods and work in progress	269,140	230,101
Cost of materials and goods sold	(28,850,676)	(21,846,472)
Cost of services	(2,728,469)	(2,207,908)
Staff costs	(4,803,009)	(3,840,801)
Depreciation, amortisation and impairment	(1,267,849)	(1,131,653)
Depreciation of right of use assets	(789,275)	(656,754)
Other costs	(1,236,662)	(987,259)
Gains on sale of properties	69,048	23,440
Other gain, net	-	83,659
<b>Total expenses</b>	<b>(39,337,752)</b>	<b>(30,333,647)</b>
<b>PROFIT BEFORE INTEREST AND TAX</b>	<b>1,396,062</b>	<b>938,590</b>
Finance income	54,900	120,022
Finance expenses	(1,342,582)	(1,690,439)
<b>Net financial result</b>	<b>(1,287,682)</b>	<b>(1,570,417)</b>
Share of profit of associates	-	-
<b>PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>108,380</b>	<b>(631,827)</b>
Income tax	(81,377)	(69,316)
<b>PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>27,003</b>	<b>(701,143)</b>
<b>PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS</b>	-	1,205,432
<b>PROFIT FOR THE PERIOD</b>	<b>27,003</b>	<b>504,289</b>
Fx differences	(32,635)	73,735
<b>PROFIT FOR THE PERIOD w/o Fx differences</b>	<b>59,638</b>	<b>430,554</b>

Comparison without discontinued operations, HRKm			
Revenues	FY2022	FY2021	(%)
Total revenues	40,734	33,014	23.4%
Total revenues from discontinued operations	-	1,742	-
Total revenues from continuing operations	40,734	31,272	30.3%
<i>Total revenues from continuing operations w/o Mercator</i>	23,015	20,180	14.0%

Net financial result breakdown, HRKm		
	FY 2022	FY 2021
Interest expense on loans	(832)	(1,108)
Interest income	10	17
Interest expense on lease liabilities	(409)	(360)
Net Fx result	(33)	74
Other, net	(24)	(193)
<b>Total</b>	<b>(1,288)</b>	<b>(1,570)</b>

# Consolidated Balance Sheet

31 December 2022 vs 31 December 2021

All amounts in HRK thousand, IFRS	31 December 2022	31 December 2021	All amounts in HRK thousand, IFRS	31 December 2022	31 December 2021
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	11,949,148	11,910,111	Share capital	200	200
Right of use assets	4,522,020	4,855,060	Reserves	930,642	374,296
Investment property	1,048,065	1,017,189	Gain for the period	27,003	504,289
Intangible assets	5,847,702	6,001,998		<b>957,845</b>	<b>878,785</b>
Biological assets	134,054	119,156	<b>NON-CONTROLLING INTERESTS</b>	25,004	213,640
Investments in associates	-	-	<b>TOTAL EQUITY</b>	<b>982,849</b>	<b>1,092,425</b>
Loans, deposits and other non-current financial assets	216,356	241,248	<b>NON-CURRENT LIABILITIES</b>		
Deferred tax assets	396,410	380,454	Profit participating loan	8,949,729	8,929,144
Other non-current assets	83,272	96,000	Borrowings	1,318,666	1,869,534
<b>TOTAL NON-CURRENT ASSETS</b>	<b>24,197,026</b>	<b>24,621,216</b>	Lease liabilities	4,706,049	4,519,738
<b>CURRENT ASSETS</b>			Provisions	542,066	516,509
Inventories	4,768,518	4,036,275	Deferred tax liabilities	230,675	335,966
Biological assets	370,743	256,064	Other non-current liabilities	1,734	1,798
Assets classified as held for sale	227,842	318,922	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>15,748,919</b>	<b>16,172,689</b>
Loans and deposits	118,302	86,000	<b>CURRENT LIABILITIES</b>		
Trade receivables	1,971,739	1,909,001	Trade payables	6,421,752	5,933,065
Other current assets	840,325	768,511	Income tax payable	59,923	55,950
Cash and cash equivalents	2,184,520	1,872,026	Borrowings	8,961,747	8,364,683
<b>TOTAL CURRENT ASSETS</b>	<b>10,481,989</b>	<b>9,246,799</b>	Lease liabilities	833,231	849,830
<b>TOTAL ASSETS</b>	<b>34,679,015</b>	<b>33,868,015</b>	Other current liabilities	1,670,594	1,399,373
			<b>TOTAL CURRENT LIABILITIES</b>	<b>17,947,247</b>	<b>16,602,901</b>
			<b>TOTAL LIABILITIES</b>	<b>33,696,166</b>	<b>32,775,590</b>
			<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34,679,015</b>	<b>33,868,015</b>

# Consolidated Cash Flows

FY 2022

All amounts in HRK thousand, IFRS	FY 2022	FY 2021		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>Profit / (Loss) before tax from continuing operat.</b>	<b>108,380</b>	<b>(631,827)</b>	Cash acquired due to acquisition of subsidiaries	- 460,058
<b>Profit before tax from discontinued operations</b>	<b>-</b>	<b>1,149,256</b>	Acquisition of subsidiaries paid in cash	- (17,748)
Depreciation, amortization and impairment of non-current asset (excl. goodwill)	1,238,116	1,235,202	Purchase of property, plant and equipment and intangible assets	(787,888) (815,987)
Depreciation charged for right of use assets (IFRS 16)	789,275	683,859	Proceeds from non-current financial investments	157 2,015
Impairment of goodwill	29,732	9,592	Outflow from non-current financial investments	(397) -
Financial income	(54,900)	(125,394)	Proceeds from sale of properties	446,105 101,409
Financial expenses	1,342,582	1,708,152	Proceeds from sale of subsidiaries, net of cash disposed	- 4,539,992
Impairment of financial assets and other assets, net	1,759	12,539	Proceeds from sale of financial assets	1,001 83,073
Loss/ Gain on sale of properties, net	(69,048)	(18,389)	Proceeds from loan receivables collection	10,264 34,882
Other gains/(losses), net	-	(914,949)	Outflow from loans granted	(38,304) (10,725)
Impairment loss on trade receivables, net	32,640	18,393	Interest received	5,724 5,542
Provisions charge, net	58,753	38,682	Dividends received	650 -
Inventory shortages, net	20,755	8,561	<b>Net cash inflow/ (outflow) from investing activities</b>	<b>(362,688) 4,382,511</b>
Other non-cash transactions	(49,750)	(47,580)	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net cash inflow from operating activities before changes in working capital	<b>3,448,294</b>	<b>3,126,096</b>	Proceeds from borrowings	351,455 308,645
Net changes in working capital	(302,047)	(279,999)	Outflow from repayment of borrowings	(634,423) (5,169,768)
<b>Net cash inflow from operating activities before interest and taxes</b>	<b>3,146,247</b>	<b>2,846,097</b>	Cash paid for leases (IFRS 16)	(952,863) (835,284)
Income taxes paid	(126,194)	(81,658)	Transactions with non-controlling interest	(179,105) (20,507)
Interest paid (IFRS 16)	(408,997)	(364,641)	<b>Net cash outflow from financing activities</b>	<b>(1,414,936) (5,716,914)</b>
Interest paid (other)	(504,676)	(1,188,772)	<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>310,285 (146,472)</b>
Short-term and low-value lease payments	(18,471)	(23,096)	<i>Fx difference</i>	2,209 (1,905)
<b>Net cash inflow from operating activities</b>	<b>2,087,909</b>	<b>1,187,930</b>	<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<b>1,872,026 2,020,403</b>
			<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<b>2,184,520 1,872,026</b>

**THANK YOU**



**FORTENOVA  
GRUPA**