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MEDIA RELEASE

Podravka starts share capital increase and organized ESOP aiming to gather HRK 510 million

- new 1.7 million of regular shares of Podravka d.d. issued at the price of HRK 300
- only employees can participate in the first round through the ESOP program
- total number of new shares that can be acquired by employees is 813,000 of Company shares, which will be more than 12% of the Company share capital

Podravka d.d. General Assembly supported all the draft resolutions by the Management Board and the Supervisory Board which were subject of voting. Among numerous decisions, special attention of the public is drawn to the resolution on share capital increase, related to the resolution on introducing ESOP.

Having adopted the draft resolution on share capital increase for the amount of last-year's profit of HRK 108 million, Company share capital is additionally increase by issuing of 1.7 million of new regular shares at the price of HRK 300. Increasing the Company share capital by issuing new shares the Company aims to gather HRK 510 million. The aim is to use the gathered funds primarily to finance the acquisition of Žito d.d. Ljubljana, to invest in business expansion to new markets and as partial source of investment for building the new Belupo pharmaceuticals factory, aiming to ensure sufficient production capacities for further growth and development.

Financing the stated projects, issuing new regular shares instead of increasing debt, Podravka Group will maintain its low indebtedness, which will release the potential for further expansion and business development on all levels.

Only employees can participate in the first round of subscription of shares through the ESOP program.

ESOP is started based on Management and Supervisory Boards' proposal for workers to participate in company share capital increase by public bid, aligned with their belief that intertwining the shareholding structure and the employees of the companies within OPdravka Group, the Company will be ensured with better business results and thus contribute to the prosperity of the Company and Podravka Group as a whole.



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ESOP program includes giving the right of precedence to employees of PODRAVKA d.d., DANICA d.o.o., BELUPO d.d. and DELTIS PHARM PHARMACIES to the subscription and payment of the shares within Company share capital increase. The employees of the above stated companies having the status of an employee as on 3rd June, 2015 when this resolution was passed by the General Assembly (full-time workers, part-time workers, seasonal workers), hold the right of precedence in first round to the subscription and payment of the shares.

In case the employees subscribe and pay more than 314,640 shares in the first round, and depending on the results of subscription and payment of shares in the second round by the existing shareholders who will in that round have the right of precedence to new shares, employees will be enabled to acquire the Company shares to the maximum of 813,000 of Company shares (which will be more than 12% of the Company share capital after it is increased, with the maximum planned company share capital increase).

Minimum number of shares for subscription and payment by the employees will not be set, and an individual employee, within the ESOP program can acquire **maximum 500 of new shares at the price of HRK 300.**

ESOP program will also include a remuneration system, offering every employee who acquires company shares exclusively through the ESOP program within the first round of shares subscription and payment, and who **keeps all such acquired shares within the period of two to three years**, the Company will award it with additional shares. For every 10 shares acquired within the Company share capital increase, the workers will be awarded 1 additional share after the second year of keeping them, and after the third year of keeping the shares, 2 more shares will be awarded on every 10 acquired shares. After three years expire, workers are entitled to **3 shares to every 10 acquired shares.**

Basic goals of ESOP program for Podravka are:

- further development of employee loyalty through participation in company ownership
- increase of Podravka productivity based on mid-term and long-term effects of the program (motivation, efficiency, entrepreneurship, dedication...)
- including employees in share ownership at special terms, because such an opportunity was never given to part of the workers
- connecting employee interests with interests of the owners
- creating additional impetus in achieving company strategy, in the sense of connecting growth interests and profitability on the one hand and long-term benefits for the workers on the other.



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The key principle that Podravka wishes to emphasize is the **principle of equality** of all workers in participation in the program. All employees will be offered the same terms of participation in the ESOP program.