



SUPERVISORY BOARD

No. NO-5-4-2019
Koprivnica, 30th April 2019

Pursuant to Article 263, item 3 and Articles 300c and 300d of the Companies Law ("Official Gazette" no. 152/11 - clear version, 111/12, 68/13, 110/15 and 40/19), the Supervisory Board of Podravka Inc., at its 5th session held on 30th April 2019 accepted the

**REPORT OF PODRAVKA Inc. SUPERVISORY BOARD
ON PERFORMED SUPERVISION OVER PODRAVKA Inc.
MANAGING BUSINESS IN 2018**

During 2018, the Supervisory Board of Podravka Inc. (hereinafter: the "Supervisory Board") performed its function in composition as follows:

- In the period from 1st January to 7th September 2018: Dubravko Štimac – president, Luka Burilović – deputy president, Damir Grbavac, Ksenija Horvat, Marko Kolaković, Ivana Matovina, Petar Miladin, Slavko Tešija and Petar Vlaić – Supervisory Board members.
- In the period from 8th September to 31st December 2018: Dubravko Štimac – president, Luka Burilović – deputy president, Damir Grbavac, Ksenija Horvat, Ivana Matovina, Dajana Milodanović, Petar Miladin, Krunoslav Vitelj and Petar Vlaić – Supervisory Board members.

The Supervisory Board has, in accordance with its powers defined under the provisions of the Companies Act and the Articles of Association of Podravka Inc., continuously supervised the business operations of Podravka Inc. and Podravka Group in 2018 by making decisions and conclusions over seven sessions held in 2018.

In supervising of the Podravka Inc. business operations, the Supervisory Board discussed in 2018 all key matters regarding business operations of Podravka Inc. and its related companies and has regularly received written business reports as well as other reports and decisions proposals of the Management Board which, in accordance with the regulations and the Articles of Association of Podravka Inc, it considered and decided upon.

The Supervisory Board was informed by the Management Board on all important business developments, course of business and in general on Podravka Inc. and Podravka Group business.

The Management Board was regularly submitting monthly, quarterly, semi-annual and annual business reports to the Supervisory Board.

In order to be more efficient in performance of its functions, the Supervisory Board established three committees: the Audit Committee, the Remuneration Committee and the Corporate Governance Committee.

The Audit Committee held eight sessions and the Remuneration Committee held one session in 2018.

The Corporate Governance Committee performed its role in the workshop and the Supervisory Board sessions, without holding a separate session in 2018.

Having examined the management of business operations of Podravka Inc., the Supervisory Board has established that Podravka Inc. performed in 2018 in accordance with applicable laws, the Articles of Association and other decisions and acts of Podravka Inc.

In accordance with Article 300 c of the Companies Act, the Supervisory Board has examined the Annual Non-consolidated and Consolidated Financial Statements together with the opinion of the independent auditor KPMG Croatia Ltd., as submitted by Podravka Inc. Management Board.



SUPERVISORY BOARD

The Supervisory Board has determined that Annual Financial Statements of Podravka Inc. and its related companies (Podravka Group Consolidated Statements) and of Podravka Inc. (Company Non-consolidated Statements) for 2018 were constituted in accordance with positions in business records of Podravka Inc. and its related companies, presenting correctly the assets and business status of Podravka Inc. and its related companies.

The Supervisory Board, in accordance with the previously submitted opinion of the Audit Committee, has no objections to the Auditor's Report on the audit performed. Also, the Supervisory Board has no objections to the Annual Report of the Management Board on the Status of the Company.

Pursuant to such findings, the Supervisory Board has approved the Annual Financial Statements for 2018 and Auditor's opinion, whereby, pursuant to Article 300d of the Companies Act, such reports are determined by the Management and the Supervisory Boards.

Constituent parts of the Annual Financial Statements of Podravka Inc. and its related companies for the business year ended 31st December 2018 are as follows:

1. Statement on the Company's Financial Position (Balance)
2. Profit and Loss Account
3. Statement on Other Comprehensive Income
4. Statement on Cash Flow
5. Statement on Changes in Equity
6. Notes to the Financial Statements
7. Annual Report of the Management Board on the Status of the Company and its related companies
8. Report on performed audit of the independent auditor KPMG Croatia Ltd.

The Supervisory Board agrees with the proposal of the Management Board on the profit distribution of Podravka Inc. for the year 2018, establishing that Company net profit in 2018 amounts HRK 113,141,325.96 and proposal that this amount shall be allocated to legal reserves in the amount of HRK 5,657,066.30, dividend payment to shareholders of PODRAVKA Inc. in the gross amount of 9.00 (nine) HRK per share and the last part of net profit shall be carried to other reserves.

The Supervisory Board consented with the Decision Proposal on the profit distribution of Podravka Inc. for the year 2018 and proposed General Assembly of Podravka Inc. to pass such decision-making.

President of the
Supervisory Board:

Dubravko Štimac, v.r.