



SUPERVISORY BOARD

No. NO-15-4-2020
Koprivnica, 23rd March 2020

Pursuant to Article 263, item 3 and Articles 300.c and 300.d 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 15th session held in writing on 23rd March 2020, accepted by voting in writing the

**REPORT OF PODRAVKA Inc. SUPERVISORY BOARD
ON PERFORMED SUPERVISION OVER PODRAVKA Inc.
MANAGING BUSINESS IN 2019**

During 2019, the Supervisory Board of Podravka Inc. (hereinafter: the "Supervisory Board") performed its function in composition as follows:

- In the period from 1st January to 30th June 2019: Dubravko Štimac – president, Luka Burilović – deputy president, Damir Grbavac (member till 18.6.2019.), Ksenija Horvat, Ivana Matovina, Petar Miladin, Dajana Milodanović, Krunoslav Vitelj and Petar Vlaić – Supervisory Board members.
- In the period from 1st July to 31st December 2019: Želimir Vukina – president, Luka Burilović – deputy president, Marina Dabić, Ksenija Horvat, Tomislav Kitonić, Ivana Matovina, Dajana Milodanović, Petar Miladin and Krunoslav Vitelj – 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 2019 by making decisions and conclusions over nine sessions held in 2019.

In supervising of the Podravka Inc. business operations, the Supervisory Board discussed in 2019 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 acts through the committees as follows: the Audit Committee, the Remuneration Committee, the Corporate Governance Committee and the Nomination Committee.

The Audit Committee acted during 2019 in composition as follows: Ivana Matovina – president of the Audit Committee and its members as follows: Dubravko Štimac and Petar Vlaić (members till 30.6.2019.), Želimir Vukina and Tomislav Kitonić (members from 1.7.2019.).

The Audit Committee held seven sessions in 2019.

The Remuneration Committee acted during 2019 in composition as follows: Luka Burilović – president of the Remuneration Committee and its members as follows: Petar Miladin, Dubravko Štimac (member till 30.6.2019.), Želimir Vukina (member from 23.7.2019.) and Krunoslav Vitelj (member in period 23.7.-10-12-2019.).

The Remuneration Committee held one session in 2019.



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The Corporate Governance Committee composed of its members: Luka Burilović, Petar Miladin and Petar Vlaić (member till 30.6.2019.) ceased operation 23.7.2019. and didn't hold a separate session in 2019.

The Nomination Committee is established on 10.12.2019. in composition as follows: Želimir Vukina – president, Luka Burilović and Krunoslav Vitelj – members of the Nomination Committee.

Having examined the management of business operations of Podravka Inc., the Supervisory Board has established that Podravka Inc. performed in 2019 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 Ernst&Young Ltd., as submitted by Podravka Inc. Management 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 2019 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 and its related companies.

Pursuant to such findings, the Supervisory Board has approved the Annual Financial Statements for 2019 and Auditor's opinion, whereby, pursuant to Article 300.d 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 2019 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 Ernst&Young Ltd.

The Supervisory Board agrees with the proposal of the Management Board on the profit distribution of Podravka Inc. for the year 2019, establishing that Company net profit in 2019 amounts HRK 145.189.103,67 and proposal that this amount shall be allocated to legal reserves in the amount of HRK 7.259.455,18, to other reserves in the amount of HRK 73.849.621,49 and to retained (undistributed) profit in the amount of HRK 64.080.027,00.

The Supervisory Board consented with the Decision Proposal on the profit distribution of Podravka Inc. for the year 2019 and proposed General Assembly of Podravka Inc. to pass such decision-making.

President of the
Supervisory Board:

Želimir Vukina, v.r.