



**SUPERVISORY BOARD**

No. NO-159-4-2018  
Koprivnica, 25<sup>th</sup> April 2018

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 and 110/15), the Supervisory Board of Podravka Inc., at its 159<sup>th</sup> session held on 25<sup>th</sup> April 2018 accepted the

**PODRAVKA Inc. SUPERVISORY BOARD'S REPORT  
ON PERFORMED SUPERVISION OF PODRAVKA Inc.  
MANAGING BUSINESS OPERATIONS IN 2017**

During 2017, the Supervisory Board of Podravka Inc. (hereinafter: the "Supervisory Board") acted as follows:

- In the period from 1<sup>st</sup> January to 21<sup>st</sup> February 2017: Dubravko Štimac – president, Mato Crkvenac – deputy president, Ivo Družić, Ksenija Horvat, Petar Miladin, Dinko Novoselec and Petar Vlaić – Supervisory Board members.
- In the period from 21<sup>st</sup> February to 30<sup>th</sup> June 2017: Dubravko Štimac – president, Luka Burilović – deputy president, Damir Grbavac, Ksenija Horvat, Marko Kolaković, Petar Miladin, Dinko Novoselec, Slavko Tešija and Petar Vlaić – Supervisory Board members.
- In the period from 30<sup>th</sup> June to 31<sup>st</sup> December 2017: 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.

The Supervisory Board, according to its powers defined under the provisions of the Companies Law, the Articles of Association of Podravka Inc. and the Rules of Procedure of the Supervisory Board, has continuously supervised the business operations of Podravka Inc. and Podravka Group in 2017 by making decisions and conclusions over sixteen sessions that have been held in 2017.

By supervising the business operations of Podravka Inc., the Supervisory Board discussed numerous issues regarding business operations of Podravka Inc. and its related companies in 2017 and regularly received written business reports as well as other reports and decisions proposals by the Management Board which, in accordance with the regulations and the Articles of Association of Podravka Inc, considered and decided upon them.

Supervisory Board was reported by the Management Board on all important business events, course of business and generally on business operations of Podravka Inc. and Podravka Group. Management Board regularly submitted to the Supervisory Board quarterly, semi-annual and annual business reports.

The Supervisory Board has due to more efficient performance of its functions 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 2017.

The Corporate Governance Committee performed its role in the workshop and the Supervisory Board sessions, so didn't hold a separate session in 2017.

Having examined the management of business operations of Podravka Inc., the Supervisory Board established that Podravka Inc. acted in 2017 in accordance with applicable laws, Articles of Association and acts of Podravka Inc. and resolutions of the General Assembly.



**SUPERVISORY BOARD**

The Supervisory Board has examined, within legally proscribed term pursuant to Article 300 c of the Companies Act, the Annual Financial Statements of Podravka Inc. and its related companies for the year ended 31<sup>st</sup> December 2017, together with the opinion of the independent auditor KPMG Croatia Ltd., Zagreb, Eurotower, Ivana Lučića 2a/17, which have been submitted by Podravka Inc. Management Board. The Supervisory Board determined that the Annual Financial Statements of Podravka Inc. and its related companies (Podravka Group Consolidated Statements) and of Podravka Inc. (Company Non-consolidated Statements), for the year ended 31<sup>st</sup> December 2017 were constituted in accordance with positions in business records of Podravka Inc. and its related companies, presenting correctly the assets and business positions 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.

Pursuant to such findings, the Supervisory Board is compliant to the Annual Financial Statements for 2017 and Auditor's opinion, by which, pursuant to Article 300d of the Companies Act, the Management and the Supervisory Boards determine the Company's Annual Financial Statements and will present them to the General Assembly of Podravka Inc.

Constituent parts of the Annual Financial Statements of Podravka Inc. and its related companies for the business year ended 31<sup>st</sup> December 2017 are as follows:

1. Statement on the Company's Financial Position (Balance)
2. Profit and Loss Account
3. Statement on Total Income
4. Statement on Changes in Equity
5. Statement on Cash Flow
6. Notes to Financial Statements
7. Annual Report on the Status of the Company and its related companies
8. Opinion of authorised auditors KPMG Croatia Ltd.

The Management Board presented to the Supervisory Board a Decision Proposal on the profit distribution of Podravka Inc. for the business year 2017, establishing that Company net profit in 2017 amounts HRK 86,437,219.04 and suggesting that this amount shall be allocated to legal reserves in the amount of HRK 4,321,860.95, dividend payment to shareholders of Podravka Inc. in the gross amount of 7.00 (seven) HRK per share and the last part of net profit shall be carried to other reserves.

The Supervisory Board complied with the suggested Decision Proposal on the profit distribution of Podravka Inc. for the business year 2017 and proposed General Assembly of Podravka Inc. to pass such Decision.

President of the  
Supervisory Board:

Dubravko Štimac, v.r.