



Koprivnica, 15th December, 2014

- ZAGREB STOCK EXCHANGE d.d.
- CROATIAN FINANCIAL SERVICES SUPERVISORY AGENCY (HANFA)
- CROATIAN NEWS AGENCY (HINA)
- COMPANY'S WEB SITE

Subject: Cessation of production in Poland

After Croatia's accession to the European Union and joining the zone of free circulation of goods among EU member countries, PODRAVKA Inc. decided to station the production of equivalent types of goods for EU markets in one location – in Koprivnica.

In the interest of reducing operational costs, the decision was adopted to gradually cease the production in Podravka's Polish plant at Kostrzyn, which operates within Podravka's subsidiary Podravka Polska Sp.z.o.o.

The process of cessation of production in Poland starts on 15.12.2014 and should be completed by 31.03.2015. Podravka Polska Sp. z.o.o. will, as part of a redundancy scheme and in agreement with trade unions, disburse severance payments to around 45 workers.

This decision will have a positive impact on business operations in 2015 as it will increase utilization of production capacities in the plants in Koprivnica, thus reducing the product unit costs and staff costs. It is estimated that the negative impact of the cessation of production in Poland in 2014 will amount to around HRK 20.6 million, for the most part accounted for by the once-off write-off of assets and the provisions for severance payments.

The decision to close the production capacities in Poland will not have any negative impact on Podravka's sales in Poland and Podravka's focus on expanding the range of products offered to Polish consumers will continue.

PODRAVKA Inc.