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Podravka's Žito sells confectionery business and strengthens focus on bakery

Podravka Group continues active portfolio management to increase focus on key business areas. As part of this strategy, Podravka and its company Žito Ltd. Ljubljana have decided to sell the Confectionery business unit, which includes the brands Šumi, Gorenjka, Herba, Mistica, and Bali, in order to strengthen the focus of Žito Ltd. Ljubljana on its core business – bakery.

In line with this decision, a sale and purchase agreement was signed today in Ljubljana between Žito Ltd. Ljubljana and UPI Star Ltd. Sarajevo, a company that will take over the entire confectionery business – employees, brands, and the Šumi factory in Krško and Gorenjka factory in Lesce – with the aim of further developing and strengthening it. Prior to the closing of the transaction, UPI Star Ltd. Sarajevo will establish a company named UPI Star SEE Ljubljana, which will become the ultimate owner. The purchase price amounts to EUR 8.6 million, increased by the value of inventory and net cash as of the closing date, expected by the end of the year, subject to the fulfillment of all conditions.

UPI Star Ltd. Sarajevo is owned by the family of Rusmir Hrvić, an entrepreneur from Bosnia and Herzegovina and co-owner and CEO of one of the leading business groups in the country, AS Holding. Rusmir Hrvić has gained his business experience through the development and expansion of food brands, especially in the confectionery and FMCG sectors, which will be of key importance in the strategic oversight of the further development of the Šumi and Gorenjka brands. These brands will continue to be led by a team of Slovenian and international managers, with the goal of expanding business to regional and international markets.

“This decision is part of our strategic orientation to focus Žito Ltd. Ljubljana on bakery as its core activity, while also ensuring that the confectionery business is preserved and further developed. Gorenjka and Šumi are strong Slovenian brands that generations of Slovenian – and regional – consumers are emotionally connected to. We are pleased to have found a partner who will continue to invest in and develop Šumi and Gorenjka, thereby preserving these valuable brands,” **said Martina Dalić, President of the Management Board of Podravka.**

A prerequisite for the completion of the sale is the separation of Žito's confectionery operations into a new legal entity named Šumi Gorenjka Ltd., after which the buyer will acquire 100% of the shares in the newly established company. Additionally, Podravka's companies will continue to act as distributors of the confectionery portfolio in the markets where they are already present.