



Independent limited assurance report on the Remuneration Report of Plava Laguna d.d.

We were engaged by the Management Board of Plava Laguna d.d. („Company“) to express limited assurance on the Remuneration Report for the year ended 31 December 2022, attached as an appendix. Our engagement is to form an independent limited assurance conclusion, based on our work performed and evidence obtained, that nothing has come to our attention that causes us to believe that the attached Remuneration Report is not prepared in accordance with the requirements specified in Paragraphs 1 and 2 of Article 272r of the Companies Act applicable in the Republic of Croatia (“Reporting Criteria”).

Management and Supervisory Board responsibilities

Management and Supervisory Board are responsible for the preparation and presentation of the Remuneration Report that is free from material misstatement in accordance with Paragraphs 1 and 2 of Article 272r of the Companies Act and for the information contained therein.

Management is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation and presentation of the Remuneration Report that is free from material misstatement, whether due to fraud or error;
- measurement and reporting of compensations in accordance with the Reporting Criteria;
- selecting and applying policies as well as making judgments and estimates that are reasonable in relation to the preparation of the Remuneration Report.

Our responsibility

Our responsibility is to examine the Remuneration Report and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 - *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. ISAE 3000 requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Remuneration Report is prepared in accordance with the Reporting Criteria, in all material respects, as the basis for our limited assurance conclusion.

KPMG Croatia d.o.o. za reviziju complies with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and applies the International Standard on Quality Control 1 (ISQM 1). Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards, including independence and other requirements founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour as well as applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

As part of this engagement, we have not performed any procedures by way of audit or review of the Remuneration Report nor of the underlying accounting and other records from which it was compiled.



Independent limited assurance report on the Remuneration Report of Plava Laguna d.d. (continued)

Reporting Criteria

The Reporting Criteria for the preparation of the Remuneration Report are the required information as specified in Paragraphs 1 and 2 of Article 272r of the Companies Act.

Limitations in the preparation of the Remuneration Report

The interpretation of performance results is to some extent subjective because it takes into account both qualitative and quantitative aspects. Due to the inherent subjectivity in interpreting qualitative reward criteria, but also subjectivity applied in measuring quantitative goals (for example, related to measuring results for the year), different acceptable methodologies for measuring the achievement of individual goals are possible. Furthermore, various other estimates and judgments were used in the preparation of the Remuneration Report, including, but not limited to: compliance with the remuneration policy; the manner in which the members of the Management Board and the Supervisory Board support the long-term success of the Company and the manner in which the benchmarks for assessing that performance have been applied; an explanation of how workers' remuneration was taken into account in calculating average remuneration and what is the composition of workers included in that calculation.

Statement of Management and Supervisory Board

The Management Board and the Supervisory Board state that the Remuneration Report for the year ended 31 December 2022 is accurate and complete and includes all required information as specified in Paragraphs 1 and 2 of Article 272r of the Companies Act.

Our conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Remuneration Report for the year ended 31 December 2022 is not prepared, in all material respects, in compliance with the requirements specified in Paragraphs 1 and 2 of Article 272r of the Companies Act.

This conclusion should be considered in context with the remainder of our limited assurance report, especially in context with the *Limitations in the preparation of the Remuneration Report* and the *Restrictions on the use of our report* paragraphs.

Restrictions on the use of our report

Our report is intended solely for the purpose specified in Article 272r of the Companies Act. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Croatia d.o.o. za reviziju

Croatian registered auditors
Eurotower, 17th floor
Ivana Lučića 2a
10000 Zagreb
Croatia

June 2023



Pursuant to Art. 272.r. of the Companies Act, the Corporate Governance Code (CGC) of the Zagreb Stock Exchange d.d. and the Croatian Financial Services Supervisory Agency, the Management Board and the Supervisory Board of PLAVA LAGUNA joint stock company for hospitality and tourism, submit the following to the General Assembly:

REMUNERATION REPORT of Supervisory and Management Board members during the financial year 2022

INTRODUCTION

In accordance with regulatory obligations, CGC recommendations and on the basis of the adopted remuneration policy, Company's Management Board and Supervisory Board prepare once a year a report on all the compensations paid by the Company to each member of the Management Board and of the Supervisory Board during the financial year 2022. The Company's General Assembly adopted the Remuneration Policy for the members of the Management Board on 28 August 2020 which regulates the basic principles of the remuneration and reward system. The mentioned policy reflects corporate values and the tradition of corporate governance in the Company, founded on responsibility and stability, as well as objectivity in the assessment of risks. Financial year 2022 turned into a year of recovery after the global crisis caused by COVID-19 pandemic, but at the same time, tourism industry and the economy as a whole were faced with inflationary pressures on the purchasing markets and with a global energy crisis.

Based on the above mentioned and the fact that payments of bonuses were made in 2022, it should be stated that there were no deviations from the remuneration policy in the declared part.

SUPERVISORY BOARD MEMBERS' REMUNERATION

The Supervisory Board of Plava laguna d.d. is composed of 7 (seven) members, where six members are appointed by the General Assembly and one member is appointed through the Workers' Council in the capacity of the workers' representative.

The Supervisory Board acts by having regular meetings, usually once a month, and 13 meetings were held during year 2022.

During 2022, the Supervisory Board was composed as below:

Davor Lukšić Lederer	President, since June 2012
Patricio Tomas Balmaceda Tafra	Vice President, since October 2006
Davor Domitrović Grubišić	Member, since April 2000
Joseph Ignace Bulnes	Member, until February 2022
Paul Marie Francois Jean ReneLe Bault De La Moriniere	Member, since April 2022
Neven Staver	Member, since October 2019
Duncan Graham Bramwell	Member, since October 2019
Marica Kurtek	Member – workers' representative, since November 2019.



Based on the Decision of the Extraordinary General Assembly of 31.10.2019, members of the Supervisory Board are entitled to a compensation for their work in the fixed amount of EUR 2,000.00 net (kuna equivalent where applicable) per held Supervisory Board meeting in which the member participated, which amount reflects estimated time requirements and responsibilities of members.

Remuneration to Supervisory Board members does not include a variable component ie. it is not related to business performance.

Payments recorded as remuneration in 2022 were paid based on the Decision of the Extraordinary General Assembly of 31.10.2019.

In 2022, members of the Supervisory Board were paid (regardless of the period to which the payment relates) gross I amounts in HRK, as shown below;

Supervisory Board member	Gross I – fixed remuneration	%
Davor Luksic Lederer	284.689,84	100
Patricio Tomas Balmaceda Tafra	280.287,45	100
Neven Staver	271.878,79	100
Davor Domitrović Grubisic	284.689,84	100
Joseph Ignace Bulnes	41.794,27	100
Paul Marie Francois Jean ReneLe Bault De La Moriniere	146.339,59	100
Duncan Graham Bramwell	250.967,10	100
Marica Kurtek	275.320,33	100

Stated remuneration does not include payments to Supervisory Board members in the form of reimbursement of expenses incurred by attending meetings (travel and accommodation expenses) to which Supervisory Board members are entitled under the Company's Statute.

The companies within the Plava laguna Group did not enter into transactions with the members of the Supervisory Board nor did they make payments to the members of the Supervisory Board on any basis other than those mentioned above, and there are no further financial obligations of any nature towards the appointed members. Members of the Supervisory Board are not entitled to shares or share options.

MANAGEMENT BOARD MEMBERS' REMUNERATION

During 2022, the Management Board was composed of three members:

Dragan Pujas	President, since October 2019 (former Member from January 2018 until October 2019)
Damir Mendica	Member, since January 2018
Danira Rančić	Member, since January 2018

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040020834 – OIB: 57444289760

PDV identifikacijski broj: HR57444289760.

Računi:

PRIVREDNA BANKA ZAGREB d.d. Zagreb IBAN: HR1623400091100017577 ZAGREBAČKA BANKA
d.d. Zagreb IBAN: HR7923600001101325211
ERSTE & STEIERMARKISCHE BANK d.d. Rijeka IBAN: HR8124020061100389462 ADDIKO BANK d.d. Zagreb
IBAN: HR7325000091101010729
RAIFFEISENBANK AUSTRIA d.d. Zagreb IBAN: HR3124840081135054215 ISTARSKA KREDITNA
BANKA d.d. Umag IBAN: HR7323800061110009038

Temeljni kapital: 1.444.530.057,18 kuna podijeljen na 2.197.772 redovnih dionica bez nominalne
vrijednosti i 420.000 povlaštenih dionica nominalne vrijednosti 250,00 kuna. Temeljni kapital je uplaćen u
cijelosti.

Uprava:
Predsjednik: Dragan Pujas
Član: Damir Mendica
Član: Danira Rančić

Nadzorni odbor:
Predsjednik: Davor Luksic Lederer

Remuneration for the members of the Management Board is determined by the Company's Remuneration Policy submitted by the Supervisory Board to the General Assembly and adopted by the Decision of the General Assembly of 28.08.2020 according to which, in addition to the fixed remuneration in a form of salary, payment of a variable remuneration in a form of bonus in money is regulated, as well as other benefits and rights that can be provided to the members of the Management Board.

In 2022, members of the Management Board were paid (regardless of the period to which the payment relates) gross I amounts in HRK, as shown below:

	FIXED REMUNE RATION	%	VARIABLE REMUNE RATION	%	BENEFIT IN KIND AND OTHER BENEFITS (car use, health insurance policy)	%	NON – TAXABLE REMUNE RATION	%	TOTAL
Dragan Pujas	1.164.624,39	54,8	934.308,16	44,0	19.852,00	0,9	6.000,00	0,3	2.124.784,55
Damir Mendica	808.521,64	60,4	518.517,59	38,8	5.773,44	0,4	5.000,00	0,4	1.337.812,67
Danira Rančić	740.720,36	59,9	486.297,85	39,3	5.203,42	0,4	4.000,00	0,3	1.236.221,63

Fixed remuneration refers to the agreed monthly salary of the Management Board member in gross I amount paid in accordance with the employment contract of the President or Member of the Management Board agreed with the President of the Supervisory Board.

Variable remuneration represents paid bonus in gross I amount for years 2019 and 2021 relevant to key performance indicators, primarily the achieved financial result, business revenues and EBITDA, guest satisfaction, productivity and other parameters evaluated by the Remuneration Committee. As already disclosed in the remuneration reports for years 2020 and 2021, payments of bonuses for years 2019 and 2021 were postponed until the normalisation of business activities and creation of formal legal assumptions for the same.

Based on the achieved results and requirements of IAS 19, the Company recorded a liability and expense for bonuses within the financial year 2022, to be paid upon the creation of conditions (review and approval of audited annual financial statements by the Supervisory Board) and upon the acceptance of proposals for payment to the members of the Management Board and members of the management team at individual level by the Remuneration Committee.

Above mentioned will be comprehensively stated in the Remuneration Report for the related period.

Other Management Board member's rights and benefits during 2022 included the use of the Company's personal car with reimbursement of all costs related to it and a health insurance policy.

The following table provides a comparative overview of the movement of operating income and net profit / loss, as well as the movement of the average annual remuneration per employee over the last five financial years.



Movement of operating income, net profit and average gross I remuneration per employee:

YEAR	Operating income (in 000 HRK)	Net profit (in 000 HRK)	Average gross I annual remuneration per employee* (in HRK)
2018	1.130.243	360.040	116.762
2019	1.158.766	205.545	120.817
2020	483.730	-90.096	113.655
2021	995.623	145.122	119.723
2022	1.350.945	470.716	137.170

* Number of employees is based on paid working hours (work and salary compensation) in relation to total annual payment fund.

When interpreting the above data, it should be noted that the occurrence of the COVID-19 pandemic in 2020 and 2021 had a significant impact on tourism sector as a whole, including business operations of the Company as well.

The methodology for calculating the average annual remuneration is based on including all fixed and variable remuneration payments, for the related period, in the form of base salary, salary compensation and related supplemental pay, material rights (vacation pay, Christmas bonus, benefit for a child, benefit in kind, years of service awards, severance pay and similar), non-taxable payments in the form of supplemental pay for work results during the seasonal months, other non-taxable benefits in kind in the form of accommodation and food, payment of transportation costs and other payments agreed by the Company's Collective agreement, as well as bonuses for the Management Board and the management team.

The number of employees by years was derived on the basis of total working hours of all employees based on their employment contracts, and compensations for work in relation to the total annual payment fund.

REMUNERATION OF MANAGEMENT BOARD MEMBERS IN OTHER COMPANIES OF THE PLAVA LAGUNA GROUP

The Management Board President Mr. Dragan Pujas is appointed Management Board President of TRAVEL d.o.o. and Management Board Member of ISTRATURIST j.d.o.o., both subsidiaries of the parent company PLAVA LAGUNA d.d., and on the said basis did not receive any remuneration in year 2022. The Management Board Member Mrs. Danira Rančić is appointed Management Board Member of TRAVEL d.o.o., and likewise, on the said basis did not receive any remuneration in the related period.

The Management Board President Mr. Dragan Pujas, Management Board Member Mrs. Danira Rančić, Supervisory Board President Mr. Davor Luksic Lederer and Supervisory Board Members Mr. Patricio Tomas Balmaceda Tafra, Mr. Davor Domitrović and Mr. Paul Marie Francois Jean Rene Le Bault De La Moriniere are also members of the Supervisory Board of HOTEL CROATIA d.d. Cavtat and on this basis did not receive any remuneration in the related period.



OTHER INFORMATION

During year 2022, the Company did not request the return of variable parts of remuneration from the members of the Management Board. Board members are not entitled to shares or share options.

During the related period, members of the Management Board were not paid and there is no obligation to pay them any remuneration on any basis, by third parties and other related parties, in connection with the tasks they performed as Management Board members.

The Company did not determine the obligation for remuneration in the event of early termination of membership. In year 2022, there were no early terminations of membership in the Company's Management Board.

The mandate of the Management Board members, due to expiration on 31.12.2020, was extended for the same composition of members with the Decision of the Supervisory Board of 18 December 2020 for the period of three years or until 31.12.2023.

In case of regular termination of membership in the Management Board, a member of the Management Board is entitled to severance pay in accordance with the provisions of the Labour Law provided that he/she refuses to enter into an employment contract for the job position that the Company is obliged to offer in line with professional qualifications and experience of the person in question, thereby terminating the employment with the Company. During year 2022, there were no payments based on the before mentioned.

This report, together with the auditor's report on the examination of this report, is submitted to the Supervisory Board and to the General Assembly for decision, after which it will be published on Company's website for the period determined by relevant regulations.

PLAVA LAGUNA d.d.

Davor Luksic Lederer
President of Supervisory Board

Dragan Pujas
President of Management Board

Damir Mendica
Board Member

Danira Rančić
Board Member

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040020834 – OIB: 57444289760
PDV identifikacijski broj: HR57444289760.

Računi:
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