

Independent limited assurance report on Remuneration Report for the year 2022

To the Management board and Supervisory board of Valamar Riviera d.d.

We have been engaged by the Management board of Valamar Riviera d.d. ("the Company"), in order to perform, on the basis of the provisions of Article 272r, paragraph 3 of the Companies Act, an engagement expressing a limited assurance on the attached Remuneration Report for the year ended 31 December 2022 ("Remuneration Report") prepared by the Company's Management board and Supervisory board.

Our task, based on the procedures performed and the evidence gathered, is to express a conclusion in the form of an independent report expressing a limited assurance on the examination of the Remuneration Report.

Underlying Subject Matter and Applicable Criteria

The limited assurance engagement relates to the following subject matter on which the following applicable criteria are applied:

- Remuneration Report prepared by the Company for the year ended 31 December 2022 contains data in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.

The applicable reporting criteria for identifying the individuals to be included in the Remuneration Report and the disclosure requirements of their remuneration are contained in the provisions of Article 272r, paragraphs 1 and 2 of the Companies Act.

Management board and Supervisory board Responsibilities

The Company's Management board and Supervisory board are responsible for:

- preparing the Remuneration Report for the year 2022 in accordance with the disclosure requirements of Article 272r, paragraphs 1 and 2 of the Companies Act,
- identifying the individuals to be included in the Remuneration Report in accordance with Article 272r, paragraph 1 of the Companies Act,
- selecting and applying appropriate remuneration policies as well as making judgments and estimates that are reasonable in relation to the data disclosed in the Remuneration Report,
- measurement of remunerations for the year ended 31 December 2022 in accordance with the provisions of Article 272r, paragraphs 1 and 2 of the Companies Act, and
- publishing the Remuneration Report on the Company's website in accordance with the provisions of Article 272r, paragraph 4 of the Companies Act.

The Company's Management board and Supervisory board are responsible for the design, implementation and maintenance of the internal control system which reasonably ensures that the previously described data do not contain material errors, whether due to fraud or error. In addition, the Company's Management board and Supervisory board are responsible for ensuring that the documentation provided to us is complete and accurate.

Our Responsibilities

We conducted our assurance engagement in accordance with the requirements of Article 272r, paragraph 3 of the Companies Act, and in accordance with International Standards for Assurance Engagements (ISAE) 3000 (revised) - Engagements to perform assurance engagements other than audits or reviews of historical financial information. These regulations require that we comply with ethical standards and plan and perform our assurance engagement to form a conclusion based on the evidence gathered as to whether the report contains the information required in accordance with the relevant legal requirements.

We apply the International Standard on Quality Management (ISQM) 1, quality management for firms that perform audits or reviews of financial statements, or other assurance or related services engagements, and accordingly maintain a comprehensive quality control system, including documented policies and procedures regarding ethical compliance requirements, professional standards, and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The nature and extent of our procedures were determined based on our risk assessment and our professional judgment in order to obtain limited assurance.

In respect of the subject matter, we have performed the following procedures:

- inquired members of the Management board and Supervisory board and other persons within the Company, to gain understanding of remuneration policies and the process applied in preparing the Remuneration Report;
- received from the Company a list of all members of the Company's Management board and Supervisory board during 2022 and checked whether their remunerations are disclosed in the Remuneration Report;
- reconciled the remuneration data presented in the Remuneration Report with the Company's accounting records (general ledger and subledgers) for the year ended 31 December 2022
- reviewed, on a sample basis, the relevant documentation of the Company (contracts and payments) related to the remuneration data presented in the Remuneration Report; and
- checked whether the Remuneration Report contains all the data required by the provisions of Article 272r, paragraphs 1 and 2 of the Companies Act.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited conclusion.

Limited assurance conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that Remuneration Report for the year ended 2022 prepared by Valamar Riviera d.d. does not contain data, in all material respects, in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.

Restrictions on the use of our Report

Our report is intended solely for the Management board and Supervisory board for the purpose of reporting to the General Assembly on the Remuneration Report prepared by the Company for the year ended 31 December 2022 in accordance with Article 272r of the Companies Act. Our report is not, nor does it represent, a legal opinion on compliance with Article 272r of the Companies Act.

In the case of additional information or data provided to us, or in the case of misleading oral or written statements or explanations, our findings, interpretations or conclusions in our independent limited assurance report may be incomplete or may result in the need for additional procedures not included in the scope of this engagement.

To the fullest extent permitted by law, we do not accept responsibility and do not agree to any obligations to any party other than the Company's Management board and Supervisory board, in connection with our work or this independent limited assurance report or the conclusions we have reached.



Berislav Horvat,
President of the Board and Certified auditor

28 February 2023

Ernst & Young d.o.o.
Radnička cesta 50
Zagreb
Republic of Croatia



Vedrana Miletić,
Director and certified Auditor

28 February 2023

UHY RUDAN d.o.o.
Ilica 213/IV
Zagreb
Republic of Croatia

Attachment: Remuneration report for 2022



**REMUNERATION REPORT
OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS
FOR 2022**

In accordance with Article 272.r of Companies Act and the relevant provisions of the Corporate Governance Code of the Zagreb Stock Exchange d.d. and the Croatian Financial Services Supervisory Agency, the Management Board of Valamar Riviera Joint Stock Company for Tourism, with headquarters in Poreč, Stancija Kaligari 1, OIB: 36201212847 (hereinafter: the Company or Valamar) at the meeting held on 14th of February 2023 and the Supervisory Board of the Company at its meeting held on 28th of February 2023 determined the following

**REMUNERATION REPORT
OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS
FOR 2022**

1. Introduction

Valamar Riviera d.d. is the largest tourism company in the Republic of Croatia and one of the key national strategic economic branches with a significant share in the GDP. The Company's operations reflect the responsibility of such an important position, indicated by the core values, which are an integral part of its business relations, corporate rules and standards, business development and strategy. The Company strives to innovatively manage leisure tourism and create a stimulating corporate culture through corporate social responsibility, while creating new value for shareholders and taking care of sustainable development and local communities. The Management Board has adopted this Remuneration Policy in order to conduct due diligence and responsibility in accordance with the Company's established core values and business strategy. The Policy encourages the Company's development and responsible decision-making, rewards good performance and results, but also provides security and stability to board members in decision-making, which discourages them from taking unnecessary risks. Remuneration of members of the Supervisory Board determined by the decision of the General Assembly of the Company does not depend on the results of the Company's operations and does not contain a variable part of the remuneration.

2022 was a year of gradual recovery and return of guests from source markets after two years of difficult, uncertain and disrupted business operations due to the crisis caused by the coronavirus pandemic (COVID 19). However, the Company's uncertain business continued in 2022, both in the difficult provision of the necessary human resources for the provision of adequate services according to the Company's standards, and especially in relation to inflation and the energy crisis, which already seriously impair the business results of the tourism sector and significantly reduce investment opportunities in the coming year. In addition, a significant challenge was presented by changes in tax regulations - additional income tax introduced at the end of 2022 for 2022. This situation conditioned the exceptional efforts of all Management Board members and the special attention of the Supervisory Board members in finding and undertaking activities and measures in order to operate as successfully as possible and generate as much revenue as possible in the short season and shoulder-season.

2. The Management Board

By the decision of the Supervisory Board of December 3, 2021, adopted in accordance with the provisions of the Company's Articles of Association, the Company's Management Board was appointed in three members and the following were appointed for the term from January 1, 2022 to December 31, 2026:

1. Željko Kukurin for the President of the Management Board and
2. Marko Čižmek as a Member of the Management Board and
3. Ivana Budin Arhanić as a member of the Management Board.

The Company employs the President and members of the Management Board and their remuneration is determined by an individual contract and acts of the Company.

Remuneration of the President and the members of the Management Board are divided into three categories:

1. The fixed remuneration - consists of the basic monthly salary expressed in its gross amount. Fixed remuneration is determined, both in absolute and relative terms, in a sufficient amount to provide financial security and stability, i.e. to enable a Management Board member to be independent of the variable part of remuneration. Such a fixed remuneration encourages responsible decision-making, eliminating the need to take unnecessary risks. Careful and conscientious management of the Company's business presupposes an appropriate income, a salary for a complex and highly responsible job.
2. variable remuneration - is (1) a bonus that can be paid in accordance with the results achieved in the business year or depending on the realization of certain key business indicators (KPI) and amounts to three to twelve monthly gross salaries to the President of the Management Board and one to eight monthly gross salaries to the Management Board Members; and (2) participating in the reward in Company shares - "Recovery & development program". Variable remuneration are conditioned by the criteria for payment in a way that it rewards the business that achieves the Company's sustainable development. Together with fixed remunerations, they are an ideal incentive for the Management Board to lead the Company's operations responsibly, without taking unnecessary risks, and with the aim of developing and creating new value in a sustainable and innovative way. The criteria on which the realization of payment and the amount of the yearly Bonus depend on are determined by the Supervisory Board of the Company. The criteria for the payment of bonuses are objective financial criteria such as

growth in operating income, EBITDA, improvement in EBITDA, share price on the Zagreb Stock Exchange, etc. and the assessment of the Supervisory Board on the qualitative improvement of the Company. The criteria for participation in the RDP are determined by the Regulation on Remuneration in the Company's Shares - "Recovery & Development Program" (hereinafter: RDP), adopted by the Supervisory Board on April 12, 2021 and December 6, 2022 to reward key employees of the Company, including members of the Management Board. The key employees are the economic recovery team of the Valamar Group and the companies covered by the consolidation (hereinafter: the Group) with the aim of recovering the value of the Group's capital or EBITDA in the minimum amount of HRK 706,000,000.00 by 31 December 2022. The RDP was formed with the expected allotment of the Company's shares in 2023.

3. other benefits - include the right to use official vehicles and mobile phones for business and private purposes, the right to cover travel expenses, membership in domestic and foreign professional organizations, additional professional education, etc., the right to life and health insurance and use of family leave.

2.1. Remuneration of members of the Management Board in 2022

The members of the Management Board in 2022 (regardless of the period to which the payment refers) were paid the following remunerations in gross I and amounts in HRK:

Name and Surname	Fixed remuneration (year gross I salary)	%	VARIABLE REMUNERATION	%	SALARY IN KIND (car, insurance and other)	%	NON-TAXABLE REMUNERATION	%	TOTAL REMUNERATION	%
Željko Kukurin	1.983.849,62	53,07%	1.500.000,00	40,12%	237.976,36 *	6,37%	16.678,22	0,45%	3.738.504,20	100,00%
Marko Čižmek	1.522.571,43	65,78%	736.000,00	31,80%	38.892,94 **	1,68%	17.207,62	0,74%	2.314.671,99	100,00%
Ivana Budin Arhanić	1.434.303,34	75,95%	420.249,60	22,25%	15.645,02 **	0,83%	18.391,56	0,97%	1.888.589,52	100,00%

** for the use of an official car, life and additional health insurance policy and use of family leave*

*** for the use of an official car, and additional health insurance policy*

The members of the Management Board were paid a fixed remuneration (basic salary) in accordance with individually concluded contracts.

In 2022, members of the Management Board were paid variable cash remuneration- a bonus for 2019. Namely, on March 25, 2020, the Management Board, acting in the best interest of the Company due to extraordinary circumstances caused by the COVID-19 virus, postponed until further notice the payment of bonuses for realized business results and KPIs for 2019 to all managers, including the Management Board. As the conditions were met in 2022, the payment of the deferred bonus realized in 2019 was made.

In addition to the above, members of the Management Board are entitled to additional benefits/remuneration in kind, namely the use of an official car and mobile phone 24 hours a day, and the President of the Management Board Mr. Željko Kukurin to life and health insurance and use of family leave.

2.2. Remuneration of Management Board members in other companies of the Valamar Group in 2022 (companies that are subject to consolidation)

President of the Management Board Mr. Željko Kukurin is the Vice President of the Supervisory Board of Imperial Riviera d.d. with its registered office in Rab, Juraj Barakovića 2, and on that basis he achieved HRK 413.639,11 gross I remuneration in 2022 in accordance with the acts and decisions of the competent bodies of Imperial Riviera d.d.

2.3. Comparative presentation of revenue/profit trends of the Company and income of Management Board members and employees in the last 5 years

YEARS	TOTAL INCOME OF THE COMPANY in thousand HRK	NET PROFIT OF THE COMPANY in thousand HRK	AVERAGE GROSS I ANNUAL REMUNERATION PER EMPLOYEE	AVERAGE GROSS I ANNUAL BOARD MEMBERS REMUNERATION
2018	1.793.315	239.279	118.030,92	2.543.675,74
2019	1.893.927	377.007	123.173,40	3.005.329,42
2020	566.639	-308.550	108.803,20	1.403.720,89
2021	1.388.673	304.606	127.604,92	1.496.557,67
2022	1.944.009	560.685	145.414,58	2.647.255,24

In the comparative presentation of revenue/profit trends in the last 5 years, and the total revenues and net profit of the Company are stated according to the achieved in a particular business year and the income of employees and Management Board members according to the paid amounts in a certain calendar year.

The calculation of the average gross I and annual remuneration per employee of the Company includes all fixed and variable parts of employees' salaries (basic salary, allowances for past work, shift work, double work and other allowances according to the Company's Collective Agreement; various performance awards, contributions and excellence, bonuses and other awards according to reward programs and acts of the Company), occasional remuneration and remuneration in kind and all other payments to employees based on acts of the Company (material rights such as compensation of transportation costs, jubilee awards, etc.). The average number of employees for a given year was calculated based on the total number of working hours in relation to the maximum possible number of working hours per year per employee.

The average gross annual remuneration of Management Board members includes all fixed, variable and non-taxable remunerations paid to members of the Management Board, with the Management Board having two members (president and one member) in 2018, 2019, 2020 and 2021, and three Management Board Members (President and two Members) i 2022.

2.4. Other information

In 2022, there were no changes in the Management Board, therefore the Company had no payments and/or payment obligations based on early termination of membership in the Management Board.

Members of the Management Board have not been paid nor is there an obligation to pay remuneration by third parties in connection with the activities they perform as members of the Management Board.

The company and other companies of the Valamar Group that are subject to consolidation have not given any loans or advances or guarantees in favor of the members of the Management Board or gifts or benefits of significant value.

In accordance with the provisions of the contract Mr. Željko Kukurin, President of the Management Board, Marko Čižmek and Ivana Budin Arhanić, Members of the Management Board, are entitled to a severance pay of twelve salaries in case they are not appointed to a new term, and do not enter into employment contracts with the Company to perform other relevant tasks and six salaries in case of revocation before the expiration of the term, except in case of wrong behaviors.

As stated under item 3.1 of this Report in 2022, members of the Management Board were paid a variable remuneration – bonus for 2019, the payment of which was postponed due to extraordinary circumstances caused by the COVID-19 virus.

As stated under item 2. of this Report, The Company will be obliged to pay variable remuneration to members of the Management Board in accordance with the RDP in 2023, provided that the objectives and conditions set by the Regulation on remuneration in shares of the Company - "Recovery & development program" are achieved by December 31, 2022. Amount of RDP belonging to each individual member of the Management Board is HRK 900,000.00 gross I will be converted into the number of Company shares according to the average market value of shares on the Zagreb Stock Exchange realized in the period from June 1 to June 30, 2023. The payment of variable remuneration in the Company's shares according to RDP will be made in July 2023, provided that by June 30, 2023, the annual financial statements for 2022 have been established and published and that by June 30, 2023, a dividend has been paid to shareholders.

3. Supervisory Board

Until June 23, 2022, the Supervisory Board of the Company consisted of seven members, six of whom were elected by the General Assembly on April 21, 2021 for a four-year term starting from June 16, 2021, and one member was appointed by the Workers' Council of the Company for the same term of office. On May 19, 2022, by amending the Articles of Association of the Company, the General Assembly increased the number of members of the Supervisory Board from seven to nine and elected two new members whose term of office began on June 23, 2022, lasting until the end of the term of office of the other members of the Supervisory Board.

Thus, until June 23, 2022, the Supervisory Board consisted of: Gustav Wurmböck, President, Mladen Markoč and Franz Lanschützer, Vice-Presidents and members: Georg Eltz, Boris Galić, Daniel Goldscheider and Ivan Ergović, workers' representative. From June 23, 2022, the Supervisory Board consisted of: Gustav Wurmböck, President, Mladen Markoč and Franz Lanschützer, Vice-Presidents and members: Georg Eltz, Boris Galić, Daniel Goldscheider, Ivan Ergović (workers' representative), Gudrum Kuffner and Petra Stolba.

On May 8, 2018, the General Assembly of the Company passed the Decision on the remuneration for the work of the members of the Supervisory Board, according to which the members of the Supervisory Board have the right to:

- a) monthly remuneration in the amount of gross I EUR 2,000.00 (in words: two thousand) for a member of the Supervisory Board, or in the amount of gross I EUR 3,000.00 (in words: three thousand) for the President and Deputy Chairmen of the Supervisory Board;
- b) an additional award for each meeting of the Supervisory Board or the committee of the Supervisory Board in the amount of gross I EUR 2,000.00 (in words: two thousand);
- c) additional remuneration for the work of a member of the Supervisory Board who performs tasks that belong to permanent supervision, with the consent of the President of the Supervisory Board, in the amount of gross I EUR 1,000.00 (in words: one thousand), if the work lasted all day, in the amount of gross I EUR 500.00 (in words: five hundred), if the work lasted half a day (more than 3, but less than 6 hours), or in the amount of gross I EUR 130.00 (in words: one hundred and thirty)

per hour, if the work lasted up to three hours. Such consent may be given to the Chairman of the Supervisory Board by any of the Deputy Chairmen.

d) The right to reimbursement of travel expenses.

3.1. Remuneration of members of the Supervisory Board in 2022

In 2022, the members of the Supervisory Board (regardless of the period to which the payment refers) were paid the following remunerations in gross I amounts in HRK:

No.	Name and Surname	Function	Total paid Gross I award for 2022
1	Gustav Wurmböck	Chairman	509.818,19
2	Franz Lanschützer	Deputy Chairman	684.346,16
3	Mladen Markoč	Deputy Chairman	532.266,61
4	Georg Eltz	Member	325.943,06
5	Ivan Ergović	Member, worker's representative	241.099,45
6	Boris Galić	Member	331.824,99
7	Daniel Goldscheider	Member	292.781,07
8	Petra Stolba	member, since June 23	160.488,13
9	Gudrun Kuffner	member, since June 23	172.289,29

In 2022, the members of the Supervisory Board were paid an award and reimbursement of travel expenses in accordance with the Decision of the General Assembly of May 8, 2018.

3.2. Remuneration of Management Board members in other companies of the Valamar Group in 2022 (companies that are subject to consolidation)

Chairman of the Supervisory Board Mr. Gustav Wurmböck was a Supervisory Board Member of Imperial Riviera d.d. with its registered office in Rab, Juraj Barakovića 2 until May 17, 2022, and on that basis has achieved HRK 113.876,64 gross I in remuneration in 2022, in accordance with the acts and decisions of the competent bodies of the company Imperial Riviera d.d.

As of May 18, 2022. Mr. Franz Lanschützer is the Deputy President of the Supervisory Board of Imperial Riviera d.d. with its registered office in Rab, Juraj Barakovića 2, and on that basis he has achieved HRK 190.387,72 gross I remuneration in 2022 in accordance with the acts and decisions of the competent bodies of the company Imperial Riviera d.d.

Deputy Chairman of the Supervisory Board Mr. Mladen Markoč is a Supervisory Board Member of Imperial Riviera d.d. with its registered office in Rab, Juraj Barakovića 2, and on that basis has achieved HRK 322.453,14 gross I remuneration in 2022 in accordance with the acts and decisions of the competent bodies of the company Imperial Riviera d.d.

Member of the Supervisory Board Mr. Boris Galić is the Supervisory Board President of Imperial Riviera d.d. with its registered office in Rab, Juraj Barakovića 2, and on that basis has achieved HRK 436.424,11 gross I remuneration in 2022 in accordance with the acts and decisions of the competent bodies of Imperial Riviera d.d.

3.3. Other information

During 2022, there were changes in the composition of the Supervisory Board pursuant to item 4 of this Report.

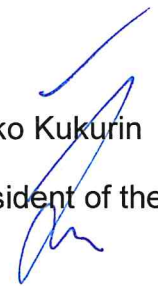
Members of the Supervisory Board have not been paid nor is there an obligation to pay remuneration by third parties in connection with the function/activities they perform as members of the Supervisory Board.

The company and other companies of the Valamar Group that are subject to consolidation have not given any loans or advances or guarantees in favor of the members of the Supervisory Board or gifts or benefits of significant value.

4. In conclusion

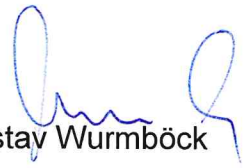
The remuneration of the members of the Management Board and the Supervisory Board in 2022, after two years of reduced remuneration, is in accordance with the agreed fixed remuneration or in accordance with the acts and decisions of the Company's bodies. The remuneration of the members of the Management Board in 2022 in relation to variable remuneration (bonus) is not in accordance with the Remuneration Policy of the Management Board members, since in 2022 there was no application, the same as in the previous two years, valuation in accordance with the achieved result in the financial year, depending on the degree of achievement of certain key business indicators (KPIs), and on this basis there will be no payments for 2022 in the following period. The remuneration of the Management Board members in relation to variable remuneration – participation in the remuneration in the Company's shares – "Recovery & Development Program" (RDP) will be applied in 2023 in accordance with items 2 and 2.4 of this Report. The remuneration of Management Board and the Supervisory Board members in 2022 reflect the work they performed in 2022, and reflect to the state and business performance of the Company.

Therefore, the Management Board and the Supervisory Board submit this report to the General Assembly and propose its approval.



Željko Kukurin

President of the Management Board



Gustav Wurmböck

Chairman of the Supervisory Board