

Independent limited assurance report on Remuneration Report for the year 2023

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

Underlying Subject Matter

Pursuant to the provisions of Article 272r, paragraph 3 of the Companies Act and the agreement concluded with Valamar Riviera d.d. ("the Company"), we have performed an engagement expressing a limited assurance on the attached Remuneration Report for the year ended 31 December 2023 ("Remuneration Report") prepared by the Company's Management board and Supervisory board.

Our limited assurance engagement relates to the subject matter whether the Remuneration Report contains data in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.

Applicable Criteria

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.

Inherent limitations

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.

Specific purpose and distribution of use

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 2023 in accordance with Article 272r of the Companies Act.

Based on the procedures performed and outlined below, this is a report expressing a conclusion with limited assurance and its purpose is not, nor does it represent, a legal opinion on compliance with Article 272r of the Companies Act.

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 limited assurance report or the conclusions we have reached.

Management board and Supervisory board Responsibilities

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

- preparing the Remuneration Report for the year 2023 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 2023 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.

Management board and Supervisory board Responsibilities (continued)

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 Responsibility

Our responsibility is to express a conclusion on Remuneration Report in accordance with the requirements of Article 272r, paragraph 3 of the Companies Act. We conducted our limited assurance engagement 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.

Applicable requirements for quality management

We apply the International Standard on Quality Management (ISQM) 1 and accordingly, we ensure the design, implementation, and functioning of the quality management system, including policies and procedures related to compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

Compliance with independence requirements and other ethical requirements

We comply with the requirements of independence and other ethical requirements of the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board of Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional behavior.

Summary of performed procedures

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 2023 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 2023
- 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.

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

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 2023 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.



Berislav Horvat
President of the Board and Certified auditor

28 February 2024

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



Vedrana Miletić
Director and Certified auditor

28 February 2024

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

Attachment: Remuneration report for 2023.



**REMUNERATION REPORT
OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS
FOR 2023**

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 February 14, 2024 and the Supervisory Board of the Company at its meeting held on February 28, 2024 determined the following

REMUNERATION REPORT OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS FOR 2023

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 as well as 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 values for shareholders while 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.

2023 was a year of the global trend of high demand for traveling and the year of successful recovery of business despite certain unfavorable macroeconomic trends in the main emitting markets, continuous inflationary pressures and a reduced number of overnight stays in the destination of Dubrovnik. The Company's business activity in 2023 continued with the growth of operating costs and challenges in securing the necessary human resources to provide appropriate services according to the Company's standards. In addition, changes in regulations related to obligation of non-financial reporting for future periods presented a significant challenge. In 2023, the members of the Management Board made an extraordinary effort, and the members of the Supervisory Board paid special attention to

finding and undertaking activities and measures in order to conduct business as successfully as possible and generate as much income as possible.

2. The Management Board

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

1. Željko Kukurin as 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. *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* consists of:
 - (1) a bonus that can be paid in accordance with the achieved results in the business year, i.e. depending on the realization of certain key business indicators (KPI) and amounts from three to twelve monthly gross salaries to the President of the Management Board and one to ten monthly gross salaries to the Management Board Members; and
 - (2) participating in the reward in Company shares, in accordance with Regulation on Remuneration in the Company's Shares - "Recovery & development program" (hereinafter: RDP) and Rules on the long-term incentive plan for key management (hereinafter: LTIP). 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, variable remuneration is an ideal incentive for the Management Board to lead the Company's operations responsibly, without taking unnecessary risks, all with the aim that the Company continues to develop and create 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. as well as 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", 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 made up the team for the economic recovery of the Company and companies of the Valamar Group which are covered by 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 December 31, 2022. The RDP was realized on July 4, 2023, by allocating shares to key employees, including members of the Management Board.

The criteria for participation in the LTIP are determined by the Rules on the long-term incentive plan for key management, which was adopted by the Company's Supervisory Board at the meeting held on June 28, 2023. The long-term plan for remuneration in the Company's shares continues with the strategy of encouraging the members of the Management Board and key managers of the Company and Group who constitute a team whose work and commitment represent one of the key business success factors of the Company and Group especially in relation to the increase in market capitalization and business value of the and Group as important indicators of business performance in the interest of shareholders and other stakeholders. The LTIP was established for the period from 2023 to 2026 and the first allocation of shares is expected in 2024.

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 annual family leave.

2.1. Remuneration of members of the Management Board in 2023

The members of the Management Board in 2023 (regardless of the period to which the payment refers) were paid the following remunerations in gross I amounts in EUR:

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	239.117,03	50,62%	199.075,13	42,15%	31.990,56	* 6,77%	2.159,97	0,46%	472.342,69	100,00%
MARKO ČIŽMEK	183.413,89	50,76%	170.321,13	47,14%	5.419,92	** 1,50%	2.175,22	0,60%	361.330,16	100,00%
IVANA BUDIN ARHANIĆ	183.420,63	51,22%	170.321,75	47,56%	2.528,26	** 0,71%	1.860,76	0,52%	358.131,40	100,00%

* for the use of an official car, life and additional health insurance policy and use of annual 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 2023, members of the Management Board were paid variable cash remuneration - a reward. Namely, on March 29, 2023 the Supervisory Board of the Company rendered a decision authorizing the Chairman of the Supervisory Board to determine the amount of the award to the President and members of the Management Board in the amount of 33.3% of the maximum agreed individual annual bonus. The Chairman of the Supervisory Board rendered the decision on the award to the members of the Management Board on April 24, 2023.

In 2023, the members of the Management Board were also paid a variable remuneration in shares in accordance with the provisions of the RDP and the individually concluded Share Transfer Agreement from July 4, 2023.

In addition to the above, members of the Management Board are entitled to additional benefits/remunerations 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 is also entitled to life and health insurance and use of annual family leave.

2.2. Remuneration of Management Board members in other companies of the Valamar Group in 2023 (*companies that are subject to consolidation*)

President of the Management Board Mr. Željko Kukurin is the Deputy Chairman of the Supervisory Board of Imperial Riviera d.d. with its registered office in Rab, Juraj Barakovića 2, and on that basis he achieved EUR 50.233,90 of gross I remuneration in 2023 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

YEAR	COMPANY TOTAL REVENUE in thou. EUR	COMPANY NET PROFIT in thou. EUR	AVERAGE GROSS I ANNUAL INCOME PER EMPLOYEE	AVERAGE GROSS I ANNUAL INCOME OF MANAGEMENT BORD MEMBERS
2019	251.367	50.037	16.348	398.876
2020	75.206	-40.952	14.441	186.306
2021	184.309	40.428	16.936	198.627
2022	258.014	74.416	19.300	351.351
2023	294.385	24.945	22.795	397.268

In the comparative presentation of revenue/profit trends in the last 5 years, 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 the members of the Management Board, with the Management Board having two members (President and one member) in 2019, 2020 and 2021, and three members (President and two Members) in 2022 and 2023.

2.4. Other information

In 2023, 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 point 2.1 of this Report, in 2023, members of the Management Board were paid a variable remuneration – reward, all in accordance with the decision of the Chairman of the Supervisory Board from April 24, 2023.

Furthermore, as stated under point 2 of this Report, on July 4, 2023, based on and in accordance with the provisions of the RDP and the concluded Share Transfer Agreement, the Company paid variable remuneration to the members of the Management Board since the goals set by the RDP were achieved by December 31 in 2022. The amount of RDP belonging to each individual member of the Management Board was EUR 119,450.52 gross and was converted into the number of Company shares according to the last market price of shares on the Zagreb Stock Exchange on July 3, 2023.

In accordance with point 2 of this Report, the Company will have the obligation to pay variable income to the members of the Management Board in accordance with the LTIP in 2024, since the goals established by the LTIP have been achieved by December 31, 2023. The total determined LTIP amount will be distributed among the members of the Management Board in the following proportions: 9% of the LTIP amount to the President of the Management Board and 5% of the LTIP amount to each member of the Management Board. The payment of the variable receipt in the Company's shares according to the LTIP is expected by the end of June 2024.

3. Supervisory Board

The Supervisory Board of the Company consists of nine members. Six members of the Supervisory Board 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. Furthermore, on May 19, 2022, the General Assembly elected two members of the Supervisory Board, whose mandate began on June 23, 2022, until the expiration of mandate of other members of the Supervisory Board.

In 2023, the Supervisory Board held office in the following composition: Franz Lanschützer, Deputy Chairman until June 27, 2023, Chairman from June 28, 2023, Mladen Markoč, Deputy Chairman, Daniel Goldscheider, member until June 27, 2023, Deputy Chairman from June 28, 2023, Gustav Wurmböck, Chairman until June 27, 2023, member from June 28, 2023, Georg Eltz, member Boris Galić, member, Gudrun Kuffner, member, Petra Stolba, member and Ivan Ergović, member (employee representative).

On May 8, 2018, the General Assembly of the Company rendered 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, on in the amount of gross I EUR 3,000.00 (in words: three thousand) for the Chairman and Deputy Chairman of the Supervisory Board;
- b) an additional award for each session 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 Chairman of the Supervisory Board, in the amount of gross I EUR 1,000.00 (in words: one thousand), if the work lasted all day (over 6 hours), 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 3 (three) hours. Such consent may be given to the Chairman of the Supervisory Board by any of the Deputy Chairman.

d) The right to reimbursement of travel expenses.

3.1. Remuneration of members of the Supervisory Board in 2023

In 2023, 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 EUR:

No.	NAME AND SURNAME	FUNCTION	TOTAL PAID GROSS I AWARD FOR 2023
1	Franz Lanschützer	Deputy Chairman until June 27, 2023, Chairman from June 28, 2023	94.503,97
2	Mladen Markoč	Deputy Chairman	67.772,88
3	Daniel Goldscheider	Member until June 27, 2023, Deputy Chairman from June 28, 2023	78.542,99
4	Gustav Wurmböck	Chairman until June 27, 2023, member from June 28, 2023	69.042,18
5	Georg Eltz	Member	45.608,32
6	Ivan Ergović	Member (employee representative)	34.195,70
7	Boris Galić	Member	42.399,16
8	Petra Stolba	Member	38.371,11
9	Gudrun Kuffner	Member	45.071,05

In 2023, the members of the Supervisory Board were paid an award and reimbursement of travel expenses in accordance with the General Assembly decision from May 8, 2018.

3.2. Remuneration of Supervisory Board members in other companies of the Valamar Group in 2023 (*companies that are subject to consolidation*)

Chairman of the Supervisory Board Mr. Franz Lanschützer is the Supervisory Board Member of Imperial Riviera d.d. with its registered office in Rab, Juraj Barakovića 2, and on that basis has achieved EUR 36.429,20 gross I remuneration in 2023, regardless of the period to which the payment refers, all 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 the Supervisory Board Member of Imperial Riviera d.d. with its registered office in Rab, Juraj Barakovića 2, and on that basis has achieved EUR 35.350,30 gross I remuneration in 2023, regardless of the period to which the payment refers, all 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 Chairman of the company Imperial Riviera d.d. with its registered office in Rab, Juraj Barakovića 2, and on that basis has achieved EUR 50.247,50 gross I remuneration in 2023, regardless of the

period to which the payment refers, all in accordance with the acts and decisions of the competent bodies of the company Imperial Riviera d.d.

3.3. Other information

During 2023, there were changes in the functions of the Supervisory Board pursuant to point 3 of this Report.

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

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 nor gifts or benefits of significant value.

4. Conclusion

The remunerations of the members of the Management Board and the Supervisory Board in 2023, are in accordance with the agreed fixed remuneration i.e. in accordance with the acts and decisions of the Company's bodies. The remunerations of members of the Management Board in 2023 in relation to variable remuneration (bonus) are in accordance with the Remuneration Policy of the Management Board members, since in 2023 the valuation in accordance with the achieved results in the business year depending on the degree of achievement of certain key business indicators (KPI) is again applied, and on that basis, there will be payments for the year of 2023 in the following period. In relation to variable remuneration (participation in rewards in Company shares) - in 2023, members of the Management Board were paid variable remuneration in shares in accordance with the provisions of the RDP and the individually concluded Share Transfer Agreement dated July 4, 2023, while the variable remuneration in shares in accordance with LTIP will follow in 2024 in accordance with points 2 and 2.4. of this Report.

The remunerations of members of the Management Board and the Supervisory Board in 2023 are appropriate relating to the work they performed in 2023, as well as appropriate in relation to the general state and business operation 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



Franz Lanschützer

Chairman of the Supervisory Board