



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

To the Management Board and Supervisory Board 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 2023 ("Report"), in the form of a conclusion given, that based on our work performed and evidence obtained, nothing has come to our attention to cause us to suspect that the Report has not been 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.

Management Board and Supervisory Board responsibilities

The Management Board and Supervisory Board are responsible for:

- compilation of the Remuneration Report for the year 2023 in accordance with the disclosure requirements of Article 272.r paragraphs 1 and 2 of the Companies Act;
- identification of individuals who will be included in the Remuneration Report in accordance with Article 272.r paragraph 1 of the Companies Act;
- selection and application of appropriate remuneration policies, as well as making reasonable judgments and assessments in relation to the data disclosed in the Remuneration Report;
- measurement of remuneration for the year ended on 31 December 2023 in accordance with the requirements specified in Article 272.r paragraphs 1 and 2 of the Companies Act; and
- publication of the Remuneration Report on the Company's website in accordance with the provisions specified in Article 272.r paragraph 4 of the Companies Act.

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 *the International Standard on Assurance Engagements (ISAE) 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB).

We have fulfilled 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 for Accountants (IESBA).

This version of the Independent limited assurance report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.



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

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, issued by IAASB. The standard requires us to design, implement, and operate a quality management system, including policies and procedures relevant to compliance with ethical requirements and professional standards, as well as applicable legal and regulatory requirements.

The scope of the limited assurance engagement is significantly less than the scope of engagements where reasonable assurance is expressed regarding risk assessment procedures, including understanding internal controls and procedures performed in response to assessed risks. The nature and extent of our procedures were determined based on the risk assessment and our professional judgment to express a conclusion with limited assurance. Procedures included:

- inquiries,
- sample examination of relevant documentation,
- verification of the content of the Report against Applicable criteria.

Our engagement did not include an audit or review of the Remuneration Report or related accounting and other records on the basis of which it was compiled.

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

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.

Applicable Criteria

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

Statement of Management Board and Supervisory Board

The Management Board and the Supervisory Board state that the Remuneration Report for the year ended 31 December 2023 is accurate and complete and includes all required information as specified in Paragraphs 1 and 2 of Article 272r of the Companies Act.

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

Conclusion with limited assurance

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 2023 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.

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Croatian registered auditors
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29 May 2024

Joško Džida
Partner, Croatian registered auditor



PLAVA LAGUNA

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 d.d. for hospitality and tourism, submit the following to the General Assembly:

REMUNERATION REPORT of the Supervisory and Management Board members during the financial year 2023

INTRODUCTION

In accordance with regulatory obligations, CGC recommendations as well as on the basis of the adopted Remuneration Policy, the Company's Management Board and the Supervisory Board prepare annual report on all the compensations paid by the Company to each member of the Management Board and the Supervisory Board during the financial year 2023. The Company's General Assembly adopted the Remuneration Policy for the members of the Management Board on 28th 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 the objectivity in the assessment of risks, and simultaneously encourages development while maintaining the balanced relationship with other stakeholders.

In the business year 2023, the Company continued a positive trend of the real growth in business results, despite negative macroeconomic trends, primarily strong inflation in the segment of procurement and labour costs, but reinforced by the growing demand for travel in the source markets.

THE 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 12 meetings were held during the year 2023.

During 2023, the Supervisory Board was composed as below:

Davor Lukšić Lederer	President, since August 2011
Patricio Tomas Balmaceda Tafra	Vice President, since September 2002
Davor Domitrović	Member, since August 2011
Neven Staver	Member, since October 2019
Paul Marie Francois Jean ReneLe Bault De La Moriniere	Member, since April 2022
Duncan Graham Bramwell	Member, since October 2019 until May 2023
Christiaan Paul Dijk	Member, since May 2023
Marica Kurtek	Member -workers' representative since November 2019

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Temeljni kapital: 191.646.191,00 EUR podijeljen na 2.197.772 redovnih dionica bez nominalne vrijednosti i 420.000 povlaštenih dionica nominalne vrijednosti 33,00 EUR. Temeljni kapital je uplaćen u cijelosti.

Uprava:

Predsjednik: Dragan Pujas

Član: Damir Mendica

Član: Danira Rančić

Nadzorni odbor:

Predsjednik: Davor Luksic Lederer

Based on the Decision of the Extraordinary General Assembly of 31st October 2019, members of the Supervisory Board are entitled to a compensation for their work in the fixed amount of EUR 2,000.00 net per held Supervisory Board meeting in which the member participated, the amount that reflects the estimated time requirements and responsibilities of the 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 2023 were paid based on the Decision of the Extraordinary General Assembly of 31st October 2019, and confirmed at the Ordinary General Assembly on 30th August 2023.

In 2023, members of the Supervisory Board were paid (regardless of the period to which the payment relates) gross I amounts in EUR, as shown below;

Supervisory Board member	Gross I – fixed remuneration	%
Davor Luksic Lederer	34.904,04	100
Patricio Tomas Balmaceda Tafra	33.934,68	100
Davor Domitrović	31.995,37	100
Neven Staver	33.333,24	100
Duncan Graham Bramwell	11.111,12	100
Paul Marie Francois Jean ReneLe Bault De La Moriniere	33.333,24	100
Marica Kurtek	33.755,28	100
Christiaan Paul Dijk	22.222,24	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.

THE MANAGEMENT BOARD MEMBERS' REMUNERATION

During 2023, the Management Board was composed of three members:

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

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 28th August 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.



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In 2023, members of the Management Board were paid (regardless of the period to which the payment relates) gross I amounts in EUR, as shown below:

	FIXED REMUNE RATION	%	VARIABLE REMUNE RATION	%	BENEFIT IN KIND AND OTHER BENEFITS (company car use, health insurance policy)	%	NON – TAXABLE REMUNE RATION	%	TOTAL
Dragan Pujas	195.569,82	67,8	88.521,24	30,7	3.493,63	1,2	928,46	0,3	288.513,15
Damir Mendica	119.945,77	75,6	36.795,06	23,2	917,45	0,6	1061,17	0,7	158.719,45
Danira Rančić	116.821,79	75,0	37.264,59	23,9	1.001,62	0,6	663,00	0,4	155.751,00

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 the year 2022 based on the set objectives and key business performance indicators, according to the Balanced Scorecard - Company Balanced Scorecard (hereinafter: BSC), a system that encompasses not only financial and short-term objectives but also non-financial objectives and a developmental component.

Based on the achieved results and requirements of IAS 19, the Company recorded a liability and expense for bonuses within the financial year 2023, 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 2023 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.

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Član: Damir Mendica
Član: Danira Rančić
Nadzorni odbor:
Predsjednik: Davor Luksic Lederer

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

YEAR	Operating income (in 000 EUR)	Net profit/(loss) (in 000 EUR)	Average gross I annual remuneration per employee* (in EUR)
2019	153.795	27.281	16.035
2020	64.202	(11.958)	15.085
2021	132.142	19.261	15.890
2022	179.301	62.475	18.206
2023	206.491	44.431	20.026

* The 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 the Company's business operations 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 THE MANAGEMENT AND THE SUPERVISORY BOARD MEMBERS IN OTHER COMPANIES OF THE PLAVA LAGUNA GROUP

The Management Board President Mr. Dragan Pujas is appointed as the Management Board President of TRAVEL d.o.o. and the 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 the year 2023. 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 and the Management Board Member Mrs. Danira Rančić are also members of the Supervisory Board of Hotel Croatia d.d., a Subsidiary Company with headquarters in Cavtat, and on this basis received remuneration in the year 2023 in the amount of 5.161,52 EUR each, regardless of the period to which the payment relates.



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The members of the Company's Supervisory Board received the following remuneration, based on their functions in the Subsidiary Company Hotel Croatia d.d., and regardless of the period to which the payments relate:

1. President of the Supervisory Board Mr. Davor Luksic Lederer performs the function of the president of the supervisory board of the company Hotel Croatia d.d., and on that basis received remuneration in the amount of 5.404,78 EUR;
2. Vice President of the Supervisory Board Mr. Patricio Tomas Balmaceda Tafra performs the function of the vice president of the supervisory board of the company Hotel Croatia d.d. and on that basis received the remuneration in the amount of 5.264,15 EUR;
3. Member of the Supervisory Board Mr. Davor Domitrović is also a member of the supervisory board of the company Hotel Croatia d.d. and on that basis received a remuneration in the amount of 4.537,59 EUR;
4. Member of the Supervisory Board Mr. Paul Marie Francois Jean ReneLe Bault De La Moriniere is also a member of the supervisory board of the company Hotel Croatia d.d., and on that basis received a remuneration in the amount of 5.161,52 EUR.

OTHER INFORMATION

During the year 2023, 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 the Management Board members.

The Company did not determine the obligation for remuneration in the event of early termination of membership. During the year 2023, there were no early terminations of membership in the Company's Management Board.

The mandate of the Management Board members, due to expiration on 31st December 2023, was extended for the same composition of members with the Decision of the Supervisory Board of 15th December 2023 for the period of three years, i.e until 31st December 2026.

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 the year 2023, there were no payments based on the before mentioned.

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Član: Damir Mendica
Član: Danira Rančić
Nadzorni odbor:
Predsjednik: Davor Luksic Lederer



PLAVA LAGUNA

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 the Supervisory Board

Dragan Pujas
President of the Management Board

Damir Mendica
Member of the Management Board



Danira Rančić
Member of the Management Board

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