

Independent limited assurance report on Remuneration Report for the year 2021

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 2021 ("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 2021 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 2021 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 2021 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 International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

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 2021 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 2021
- 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

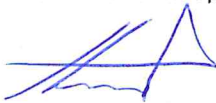
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that Remuneration Report for the year ended 2021 prepared by Valamar Riviera d.d. does not contain data, in all material respects, in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.

Restrictions on the use of our Report

Our report is intended solely for the Company's Management board and Supervisory board for the purpose of reporting on the Remuneration Report prepared by the Company for the year ended 31 December 2021 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

24 February 2022

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



Dragan Rudan,
Director

24 February 2022

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



Vedrana Miletić,
Certified Auditor

Attachment: Remuneration report for 2021



**REMUNERATION REPORT
OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS
FOR 2021**

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 14 February 2022 and the Supervisory Board of the Company at its meeting held on 24 February 2022 determined the following

**REMUNERATION REPORT
OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS
FOR 2021**

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.

The difficulty, uncertainty and disruption of all business processes and activities due to the crisis caused by the corona virus pandemic (COVID 19) marked the Company's business operations in 2020 and the first half of 2021. In the second half of 2021, the crisis manifested itself primarily in the difficulty of securing the necessary human resources to provide adequate services according to the Company's standards, disruptions in the supply of goods and investments. 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 7 May 2018, adopted in accordance with the provisions of the Company's Articles of Association, the Company's Management Board was appointed in two members and the following were appointed for the term from 1 January 2019 to 31 December 2022:

1. Željko Kukurin for the President of the Management Board and
2. Marko Čížmek as a Member of the Management Board.

The President and a member of the Management Board are employed by the Company and their remuneration is determined by an individual contract and acts of the Company.

Remuneration of the President and a member 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 to the President and the Member of the Management Board in accordance with the results achieved in the business year or depending on the realization of certain key business indicators (KPI) and amounts to 8% to 100% of annual gross salary; 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 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 or 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, health insurance and medical examinations and use of family leave.

2.1. Remuneration of members of the Management Board in 2021

The members of the Management Board in 2021 (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 (annual gross I salary)	%	VARIABLE REMUNERATION	%	REMUNERATION IN KIND (car, insurance, etc.)	%	NON-TAXABLE REMUNERATION	%	TOTAL REMUNERATION	%
ŽELJKO KUKURIN	1.567.857,15	89,90%	-	0,00%	170.471,04 *	9,78%	5.579,70	0,32%	1.743.907,89	100,00%
MARKO ČIŽMEK	1.207.500,02	96,66%	-	0,00%	38.707,43 **	3,10%	3.000,00	0,24%	1.249.207,45	100,00%

* for the use of a company car, life and health insurance policy, use of annual family leave

** for the use of a company car

Members of the Management Board were paid a fixed salary (basic salary) for the first four months of 2021 reduced by 30% compared to the individually agreed basic salary, and starting from May 1, 2021 onwards a fixed remuneration was paid according to the contracted basic salary. Namely, on March 25, 2020, the members of the Management Board made a decision waiving 30% of their individually contracted basic salaries, thus acting in solidarity and in the best interest of the Company due to extraordinary circumstances caused by the COVID-19 virus.

In 2021, the members of the Management Board were not paid any variable remuneration , neither in cash nor in shares.

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 24 hours, and the President of the Management Board Mr. Željko Kukurin is also entitled to life and health insurance and the right to paid vacation expenses with family.

2.2. Remuneration of Management Board members in other companies of the Valamar Group in 2021 (*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 326.768,35 gross I remuneration in 2021 in accordance with the acts and decisions of the competent bodies of Imperial Riviera d.d.

Board member Mr. Marko Čižmek was a member of the Management Board of Valamar A GmbH with its registered office in Tamsweg, Forstamtsgasse 6, Republic of Austria until November 29, 2021, and on that basis he did not receive any remuneration in 2021.

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. HRK	COMPANY NET PROFIT in thou. HRK	AVERAGE GROSS I ANNUAL INCOME PER EMPLOYEE	AVERAGE GROSS I ANNUAL INCOME OF MANAGEMENT BORD MEMBERS
2017	1.638.845	231.979	112.503,62	2.307.822,99
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

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 on the basis of 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 all comparable years.

2.4. Other information

In 2021, 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 and Marko Čižmek, Member of the Management Board, is 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 2021 there were no payments of variable remunerations and therefore there could be no request for reimbursement of variable remunerations.

The Company will be obliged to pay variable remuneration to members of the Management Board in accordance with the RDP in 2023 and 2024, provided that the objectives and conditions set by the Regulation on remuneration in shares of the Company - "Recovery & development program" are achieved. In addition, the Company will be obliged to pay bonuses to the Management Board for 2019 when the conditions are met. 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 2019 to all managers, including the Management Board.

3. Supervisory Board

The Supervisory Board of the Company consists of seven members, six of whom were elected by the General Assembly on May 4, 2017 for a term of four years starting on July 7, 2017. One member of the Supervisory Board was appointed by the Workers' Council of the Company for the same term from July 7, 2017 to July 6, 2021. Prior to the expiration of the term of office on June 15, 2021, all members of the Supervisory Board resigned, and on April 21, 2021, the General Assembly elected six members of the Supervisory Board for a new four-year term starting on June 16, 2021, and the Workers' Council of the Company appointed one member for the same term.

Thus, until June 15, 2021, the Supervisory Board consisted of: Gustav Wurmböck, President, Mladen Markoč and Franz Lanschützer, Vice-Presidents and members: Georg Eltz, Hans Dominik Turnovszky, Vicko Ferić and Valter Knapić, workers' representative. From June 16, 2021, 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.

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 2021

In 2021, 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 bonus for 2021
1	Gustav Wurmböck	Chairman	639.596,42
2	Franz Lanschutzer	Deputy Chairman	640.227,27
3	Mladen Markoč	Deputy Chairman	373.527,22
4	Hans Dominik Turnovszky	Member until June 15	79.356,22
5	Georg Eltz	Member	304.042,61
6	Vicko Ferić	Member until June 15	79.356,44
7	Valter Knapić	Member, worker's representative until June 15	68.742,53
8	Ivan Ergović	Member, worker's representative from June 16	131.385,98
9	Boris Galić	Member, from June 16	171.937,72
10	Daniel Goldscheider	Member, from June 16	153.901,32

By August 1, 2021, the remuneration paid to the members of the Supervisory Board was reduced by 30% compared to the decision of the General Assembly of May 8, 2018, and as of August 1, 2021 the members of the Supervisory Board were paid the remuneration amount in accordance with the General Assembly Decision from May 8, 2018. Namely, due to the crisis caused by the Covid-19 virus, and acting in the best interest of the Company, the Supervisory Board decided to waive payment of any remuneration to members of the Supervisory Board from March 25 to July 31, 2020, and as for the period from August 1, 2020 to August 1, 2021, the decision was made to reduce all bonuses by 30% compared to 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 2021 (*companies that are subject to consolidation*)

Chairman of the Supervisory Board Mr. Gustav Wurmböck 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 252.778,79 gross I in remuneration in 2021, in accordance with the acts and decisions of the competent bodies of 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 217.103,66 gross I remuneration in 2021 in accordance with the acts and decisions of the competent bodies of 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 328.138,07 gross I remuneration in 2021 in accordance with the acts and decisions of the competent bodies of Imperial Riviera d.d.

3.3. Other information

During 2021, there were changes in the composition 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 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

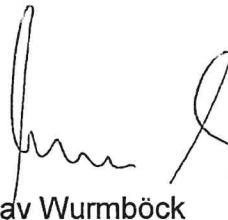
The remuneration of the Management Board and the Supervisory Board members in 2021 continue to reflect the Company's difficult business operations and conditions due to the crisis caused by the corona virus pandemic (COVID 19). All Management Board and all Supervisory Board members have voluntarily waived part of their contractual and/or remunerations determined by Company acts, thus expressing solidarity with other stakeholders in the Company's business relations. The remuneration of Management Board and the Supervisory Board members in 2021 does not reflect the work they performed in 2021, but does reflect to the state 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