

Independent limited assurance report on Remuneration Report for the year 2020

To the Management board and Supervisory board of Atlantic Grupa d.d.

We have been engaged by the Management board of Atlantic Grupa 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 2020 (“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 2020 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 2020 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 2020 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 2020 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 2020
- 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 2020 prepared by Atlantic Grupa 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 2020 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,

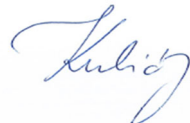


**President of Management Board
and Certified auditor**

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

3 May 2021

Janja Kulić,



Director and Certified auditor

**Kulić i Šperk REVIZIJA d.o.o.
Radnička cesta 52,
Zagreb, Croatia**

3 May 2021

Attachment: Remuneration report for 2020.



Pursuant to Article 272r of the *Companies Act* and Articles of the *Code of Corporate Governance* of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency (HANFA), the Management Board and the Supervisory Board of Atlantic Grupa d.d. (hereinafter also referred to as: the Company) submit to the General Assembly the following

REPORT

ON THE REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD IN THE YEAR 2020

Remuneration of members of the Supervisory Board

The Supervisory Board of Atlantic Grupa d.d. is comprised of seven members. On 31 December 2020, the Supervisory Board operated in the following composition: Zdenko Adrović, President of the Supervisory Board, Siniša Petrović, Vice President of the Supervisory Board, Anja Svetina Nabergoj, member, Monika Elisabeth Schulze, member, Franz Josef Flosbach, member, Aleksandar Pekeč, member, and Lars Peter Elam Håkansson, member.

Pursuant to the provision of Article 269, paragraph 3 of the *Companies Act*, on 18 June 2020 the Company's General Assembly adopted the *Decision on the remuneration of members of the Supervisory Board* under which, without any derogation, further payments of remuneration to members of the Supervisory Board were made. The said Decision set the amounts of remuneration of members of the Supervisory Board, whereby different external and internal factors have been taken into account, such as economic conditions, prevailing wage levels, remuneration data and best practices of regional and relevant industries as well as remuneration levels and policies of the Company. The remuneration of members of the Supervisory Board related to the period before adoption of the said Decision, was paid in accordance with the then valid principles determined in the Company's Articles of Association.

Each member of the Supervisory Board is entitled to a fixed monthly remuneration, from the day of his/her appointment to such duty until the day of its termination. In order to maintain their independence and full impartiality, the remuneration of members of the Supervisory Board is not dependent on the Company's results and does not contain a variable part of remuneration. In line with the above, the said fixed remuneration represents 100% of their total remuneration. Members of the Supervisory Board are not entitled to payments by the Company or its associated companies in Company shares.

Accordingly, in 2020 members of the Supervisory Board received remuneration in the following gross I amounts:

Remuneration of Supervisory Board members in 2020	HRK
Zdenko Adrović	348,724.99
Siniša Petrović	242,630.69
Anja Svetina Nabergoj	180,000.00
Monika Schulze	180,000.00
Lars Peter Håkansson	180,000.00
Aleksandar Pekeč	164,430.21
Franz Jozef Flosbach	153,513.25
TOTAL	1,449,299.14

Based on her professional education and long-standing lecturing experience in the field of development of design thinking and innovative processes at Stanford University, USA and University of Ljubljana, Slovenia, member of the Supervisory Board Anja Svetina Nabergoj has, during 2020, concluded three education service contracts, with focus on their practical application. In accordance with the provision of the *Companies Act*, the Supervisory Board examined these engagements and, after careful review, unanimously approved them. These are: the Contract concluded on 09 March 2020 for the provision of training in the field of research of consumers' experiences and habits for the purpose of developing new products, the Contract concluded on 20 May 2020 for the provision of training in the field of innovation development and the Contract concluded on 28 July 2020 for the organisation of practical classes in the field of developing products adjusted to customer needs. In 2020, under these education service contracts concluded with the Company, member of the Supervisory Board Anja Svetina Nabergoj received a total amount of HRK 142,613.15.

Other than those mentioned above, no other payments were made by the Company or its associated companies. The Company and its associated companies did not provide any loans or advances, nor issue any guarantees for the benefit of members of the Supervisory Board. The Company and its associated companies did not provide any gifts or benefits of significant value to members of the Supervisory Board.

The report on the remuneration of members of the Supervisory Board for 2020 has been prepared in accordance with the respective provisions of the law, the *Code of Corporate Governance* of the Zagreb Stock Exchange and HANFA, as well as the *Code of Corporate Governance* and the *Articles of Association* of Atlantic Grupa d.d.

Remuneration of members of the Management Board

The Management Board of Atlantic Grupa is composed of six members, namely: Emil Tedeschi, President of the Management Board; Neven Vranković, Group Vice President for Corporate Activities; Zoran Stanković, Group Vice President for Finance, Procurement and Investments; Lada Tedeschi Fiorio, Group Vice President for Corporate Strategy and Development; Srećko Nakić, Group Vice President for Distribution; and Enzo Smrekar, Group Vice President for Savoury Spreads, Donat and International Expansion.

Pursuant to the provisions of Article 247 of the *Companies Act*, on 18 June 2020 the Company's General Assembly adopted the *Remuneration Policy for Members of the Management Board* (hereinafter referred to as: the Remuneration Policy) under which, without any derogation, further payments of remuneration to members of the Management Board were made. The remuneration of members of the Management Board related to the period before adoption of the said Remuneration Policy was paid in accordance with the provisions of the Company's *Articles of Association*. The Remuneration Policy for Members of the Management Board is set in a manner that strongly supports the pay for performance culture and the long-term strategy of the Company. The amount of remuneration paid out to members of the Management Board is determined with the aim to attract, motivate and retain qualified professionals, to promote sound and effective risk management, as well as to discourage risk-taking that exceeds the level of tolerated risk of the Company. It takes into account all regional, local and relevant industry practices of remuneration for managers holding corresponding positions, including employees of the Company's associated companies. The Company provides attractive terms of employment, of which remuneration, personal development, training, working environment and intellectually stimulating environment are all important components. As such, the Remuneration Policy for Members of the Management Board contributes to achieving the Company's strategic goals.

The remuneration structure for members of the Management Board ensures a proper balance between the variable and fixed remuneration, whereby the fixed part – in terms of the principal salary – is set by the contract with a member of the Management Board in the gross amount, while the variable part of remuneration, also set by the contract, is always performance-related.

The amount of the annual bonus for 2020 is determined under the contract with a member of the Management Board and correlated to the realisation of key financial/sales metrics, as well as qualitative (non-financial) performance criteria (hereinafter jointly: Key Performance Indicator/s or KPI/s):

- for the President of the Management Board, the Group Vice President for corporate activities, the Group Vice President for finance, procurement and investments and the Group Vice President for business development and strategy:
 - fulfilment of the following profit goal related to EBITDA Atlantic Grupa, with the weighted share of 75%;
 - fulfilment of the direct sales to the external buyers/third party or IMS consolidated Atlantic Grupa with the weighted share of 15%;

- fulfilment of the qualitative (non-financial) key employee retention ratio objective with the weighted share of 10%;
- for the Group Vice President for distribution and the Group Vice President for savoury spreads, Donat and international expansion:
 - fulfilment of the following profit goal related to EBITDA Atlantic Grupa, with the weighted share of 40%;
 - fulfilment of the following profit goal related to EBITDA of the business or distribution unit from the area of responsibility of the Board member, with the weighted share of 35%;
 - fulfilment of the Direct sales to the external buyers/third party or IMS of the business or distribution units from the area of responsibility of the Board member with the weighted share of 15%;
 - fulfilment of the qualitative (non-financial) key employee retention ratio objective with the weighted share of 10%.

Each member of the Management Board is entitled to the annual bonus related to a specific business year provided that the following preconditions are fulfilled:

- at least 90% of the Company's consolidated EBITDA plan for the relevant business year is realised,
- at least 90% of the planned EBITDA of the business unit tied to the authority of the respective Management Board member for the relevant business year is realised,
- if he/she was employed by the Company or its associated companies for at least 2/3 of the relevant business year, as well as on 31 December of the relevant business year, and has the right to payment of the annual bonus.

The realisation of such financial preconditions and financial KPI metrics are based on the Company's consolidated financial results for the relevant business year, while a valuation of the non-financial objective (realisation of the key employee retention objective in 2020) is based on the official Company report.

The annual bonus represents 75% of the realised principal annual gross salary in case of 100% realisation of KPIs. Members of the Management Board are entitled to payment of the annual bonus in cash or in Company shares in accordance with items 7 and 8 of the Remuneration Policy.

Contracted amount of the variable part in the overall remuneration of a member of the Management Board is not less than 40% of the total remuneration under the assumption of 100% realisation of the set KPIs and including a deferred part of the bonus.

Members of the Management Board in 2020 received remuneration in the following (gross I, in HRK) amounts:

Amounts in HRK	Fixed remuneration	%	Variable remuneration*	%	Receipts in kind	%	Total	%
Emil Tedeschi	2,746,200.01	59.21	1,544,738.00	33.31	346,830.70	7.48	4,637,768.71	100
Neven Vranković	1,785,000.00	60.34	1,091,406.25	36.89	82,054.32	2.77	2,958,460.57	100
Zoran Stanković	1,731,000.02	60.78	1,057,742.75	37.14	59,294.76	2.08	2,848,037.53	100
Lada Tedeschi Fiorio	1,680,000.01	62.89	907,875.00	33.99	83,248.97	3.12	2,671,123.98	100
Srećko Nakić	1,679,999.99	63.40	919,171.27	34.69	50,551.81	1.91	2,649,723.07	100
Enzo Smrekar	1,301,684.00	64.17	563,990.77	27.80	162,875.24	8.03	2,028,550.01	100

*variable remuneration refers to the calculated annual bonus for the financial year 2019, which includes remuneration for Management Board membership

For the results achieved in the business year 2019, the following members of the Management Board received the variable part of the remuneration in cash (gross I, in HRK), with the term of its payment as follows:

Member of the Management Board	Variable remuneration for 2019, total	Payment in 2020	Deferred part of the 2019 bonus	Deferred part of the 2019 bonus for payment in 2023 with a multiplier of 1.2
Emil Tedeschi	2,059,650.50	1,544,738.00	514,912.50	617,895.00
Lada Tedeschi Fiorio	1,222,875.00	907,875.00	315,000.00	378,000.00

For the results achieved in the business year 2019, other members of the Management Board received the variable part of the remuneration (gross I, in HRK) in Atlantic Grupa shares as follows:

Member of the Management Board	*Gross I variable remuneration for 2019	Number of shares, payment in 2020	Number of shares retained for 3 years	Number of shares, payment in 2023, with a yield of 1.8
Neven Vranković	1,338,750	616	217	391
Zoran Stanković	1,298,250	597	210	379
Srećko Nakić	1,128,172	524	185	333
Enzo Smrekar	606,005	299	105	190

*variable remuneration refers to the calculated annual bonus for the financial year 2019, which includes remuneration for Management Board membership

Out of the gross I value of the variable remuneration (annual bonus), 75% of the net amount was paid in the form of shares in 2020 according to the average share price (volume-weighted) of the Zagreb Stock Exchange on 21 April 2020 (HRK 1,168.65). The grant date for the Employee Stock Option Program (ESOP) is upon expiration of 30 days from the date of adoption of the annual financial results for the business year by the Company's Supervisory Board. Members of the Management Board must retain such shares for a minimum period of 2 years from the day of their transfer to share accounts.

The remaining 25% of the realised annual bonus for 2019 for the respective member of the Management Board, multiplied by the coefficient of 1.8, will be paid in Company shares in 2023, provided that this member of the Management Board is still employed by the Company or its associated company on 1 April of the respective year.

For the results achieved in the business year 2020, the following members of the Management Board received the variable part of the remuneration in cash (gross I, in HRK), with the term of its payment as follows:

Member of the Management Board	Variable remuneration for 2020, total	Payment in 2020	Deferred part of the 2020 bonus	Deferred part of the 2020 bonus for payment in 2024 with a multiplier of 1.2
Emil Tedeschi	2,059,650.50	1,498,395.38	499,465.13	599,358.15
Lada Tedeschi Fiorio	1,222,875.00	916,650.00	305,550.00	366,660.00

For the results achieved in the business year 2020, other members of the Management Board received the variable part of the remuneration (gross I, in HRK) that will be paid in Atlantic Grupa shares as follows:

Member of the Management Board	*Gross I variable remuneration for 2020	Number of shares, payment in 2021	Number of shares retained for 3 years	Number of shares, payment in 2024, with a yield of 1.8
Neven Vranković	1,231,596.86	611	171	308
Zoran Stanković	1,199,345.55	595	166	299
Srećko Nakić	1,248,000.00	624	151	271
Enzo Smrekar	1,097,250.00	570	162	292

**variable remuneration refers to the calculated annual bonus for the financial year 2020, which includes remuneration for Management Board membership*

Out of the gross I value of the variable remuneration (annual bonus, in HRK), 75% of the net amount is paid in the form of shares in 2021 according to the average share price (volume-weighted) of the Zagreb Stock Exchange on 20 April 2021 (HRK 1,540). The grant date for the Employee Stock Option Program (ESOP) is upon expiration of 30 days from the date of adoption of the annual financial results for the business year pertaining to the annual bonus by the Company's Supervisory Board. Members of the Management Board must retain such shares for a minimum period of 2 years from the day of their transfer to share accounts.

The remaining 25% of the realised annual bonus for 2020 for the respective member of the Management Board, multiplied by the coefficient of 1.8, is paid in Company shares with the vesting period until 2024, provided that this member of the Management Board is still employed by the Company or its associated company on 1 April of the respective year.

The overview provided below shows the average income of employees in Atlantic Grupa d.d. for 2020 in the gross I value, which includes both fixed and variable part of the salary, other receipts in kind and all other payments made in relation to the employee status, including awarding remuneration divided by the average number of full-time equivalent (FTE) employees. The guidance is based on the average income of Atlantic Grupa d.d. employees since the majority are on managerial and key professional positions which are relevant for comparison of remuneration.

Annual average remuneration per employee - HRK	2020	2019	2018	2017	2016
Annual base (gross I)	464,749	456,945	493,811	456,071	455,143
(Atlantic Grupa d.d.; THRK)					
Revenues	444,190	417,644	371,093	279,533	132,778
Net profit/(loss)	224,534	187,594	76,490	4,282	(12,736)
(Atlantic Grupa consolidated; THRK)					
Revenues	5,328,674	5,506,404	5,330,624	5,303,426	5,174,539
Net profit/(loss)	341,730	388,880	243,970	275,529	162,800

The Company did not reclaim any variable part of the salary and there were no conditions realized to do so.

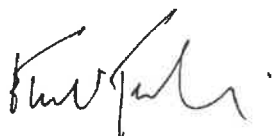
There were no payments or payment obligations by any third party to members of the Management Board with regard to activities they performed as members of the Management Board in the Company or at any other function within Atlantic Grupa.

The report on the remuneration of members of the Management Board for 2020 has been prepared in accordance with the respective provisions of the law, the *Code of Corporate Governance* of the Zagreb Stock Exchange and HANFA, as well as the *Code of Corporate Governance* and the *Articles of Association* of Atlantic Grupa d.d.

The contract on performing the function of a member of the Management Board can be terminated in accordance with provisions of the law. The obligation of severance payment occurs in the case of contract termination by Atlantic Grupa in the period of its duration, unless the contract is terminated due to reasons caused by the wrongful conduct of the respective member of the Management Board. The severance payment is limited to the amount of twelve (12) average monthly gross I salaries paid to the respective Management Board member in the period of three months prior to contract termination.

Zagreb, 3 May 2021

Atlantic Grupa d.d.



Emil Tedeschi
President of the Management Board

A handwritten signature in blue ink, appearing to read 'Zdenko Adrović', written in a cursive style.

Zdenko Adrović
President of the Supervisory Board