

# M+GRUPA

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**REPORT ON REMUNERATION OF MEMBERS OF THE  
MANAGEMENT BOARD AND THE SUPERVISORY  
BOARD FOR THE YEAR ENDED DECEMBER 31, 2020,  
WITH THE INDEPENDENT AUDITOR'S LIMITED  
ASSURANCE REPORT**

ZAGREB, April 29, 2022

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## INDEPENDENT LIMITED ASSURANCE REPORT ON THE REMUNERATION REPORT FOR THE YEAR 2021

To the Management and Supervisory Board of Meritus Ulaganja d.d.

We were engaged by the Management Board of the company Meritus ulaganja d.d. ("the Company") to, in accordance with the provisions of Article 272.r (3) of the Companies Act, conduct a limited assurance engagement for the accompanying Remuneration report for the year ended 31 December 2021 ("Remuneration report") prepared by the Management and Supervisory Board of the Company.

Our task is to, based on procedures conducted and evidence obtained, provide a conclusion in the form of an independent limited assurance report on the examined Remuneration report.

### *Subject matter*

Pursuant to the provisions of Article 272.r (3) of the Companies Act and the contract concluded with the Company, we conducted a limited assurance engagement for the accompanying Remuneration report for the year ended 31 December 2021 ("Remuneration report") prepared by the Management and Supervisory Board of the Company.

### *Applicable criteria*

The applicable criteria for determining individuals to be included in the Remuneration report and requirements concerning the disclosure thereof have been defined in the provisions of Article 272.r (1) and (2) of the Companies Act.

### *Responsibilities of the Management Board and Supervisory Board*

The Management and Supervisory Board are responsible for:

- Preparing the Remuneration report for the year 2021 in line with disclosure requirements defined in Article 272.r (1) and (2) of the Companies Act;
- Determining individuals to be included in the Remuneration report in line with Article 272.r (1) of the Companies Act;
- Selecting and then applying relevant remuneration policies, as well as adopting reasonable judgements and estimates in relation to data disclosed in the Remuneration report;
- Measuring remuneration for the year ended 31 December 2021 in line with the provisions of Article 272.r (1) and (2) of the Companies Act; and
- Publishing the Remuneration report on the Company website in line with the provisions of Article 272.r (4) of the Companies Act.

The Management Board of the Company is responsible for the design, implementation and maintenance of internal control systems ensuring to a reasonable extent that the previously described data contain no material misstatements, whether due to fraud or error. In addition, the Management and Supervisory Board of the Company are required to secure the completeness and accuracy of the documentation delivered.

This version of our limited assurance report is a translation from the original, which was prepared in the 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.

The company was registered at Zagreb Commercial Court: MBS 030022053; paid-in initial capital: Kn 44,900.00; Company Directors: Marina Tonžetić, Dražen Nimčević, Katarina Kadunc; Bank: Privredna banka Zagreb d.d., Radnička cesta 50, 10 000 Zagreb, bank account no. 2340009-1110098294; SWIFT Code: PBZGHR2X IBAN: HR3823400091110098294.

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## INDEPENDENT LIMITED ASSURANCE REPORT ON THE REMUNERATION REPORT FOR THE YEAR 2021 (CONTINUED)

### *Our responsibilities*

We have completed our assurance engagement in line with Article 272.r (3) of the Companies Act and in line with the International Standard for Assurance Engagements (ISAE) 3000 – *Assurance Engagements other than Audits or Reviews of Historical Financial Information (Revised)*. This regulation requires us to meet the relevant ethical standards and plan and perform our engagement in a way that enables us to use evidence obtained to form our conclusion on whether the report contains information stipulated in the relevant legal requirements.

### *Quality assurance*

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Code of Ethics for Professional Accountants (including International Independence Standards) (Code) issued by the International Ethics Standards Board for Accountants. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality, and professional conduct. We comply with the *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* (ISQC 1) and accordingly maintain an overall management control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and statutory requirements.

### *Summary of the work performed*

The nature and scope of our actions were determined based on a risk assessment and our professional judgement with the purpose of obtaining limited assurance.

With reference to the engagement subject, we conducted the following procedures:

- We made enquiries to the members of the Management Board, Supervisory Board, and other Company staff in order to gain an understanding of remuneration policies and the Remuneration report preparation procedure;
- We obtained from the Company a list of all Management and Supervisory Board members in 2021 and verified whether their remuneration had been disclosed in the Remuneration report;
- We adjusted the remuneration data from the Remuneration report with the accounting records of the Company (general and special ledgers) for the year ended 31 December 2021;
- We examined the relevant Company documentation (contracts and remuneration) concerning remuneration data disclosed in the Remuneration report; and
- We verified whether the Remuneration report included all data required by the provisions of Article 272.r (1) and (2) of the Companies Act.

The scope of the limited assurance engagement is substantially smaller than the scope of the reasonable assurance engagement in terms of risk assessment procedures, including the understanding of internal controls and procedures implemented in response to the assessed risks.

We believe that the obtained evidence is sufficient and appropriate to provide an adequate basis for our limited conclusion.

## INDEPENDENT LIMITED ASSURANCE REPORT ON THE REMUNERATION REPORT FOR THE YEAR 2021 (CONTINUED)

### *Limited assurance conclusion*

Based on the procedures conducted and evidence obtained, nothing caused us to believe that the Remuneration report for the year 2021 prepared by the company Meritus ulaganja d.d. did not contain data, in all material aspects, stipulated in Article 272.r (1) and (2) of the Companies Act.

### *Limitations on the use of our Report*

Our report is intended solely for the Management and Supervisory Board of the Company for the purpose of reporting on the Remuneration report prepared by the Company for the year ended 31 December 2021 in line with Article 272.r of the Companies Act. We allow the publication of this report on the Company website in line with the provisions of Article 272.r (4) of the Companies Act. Our report is not, nor does it constitute, a legal opinion on the compliance with Article 272.r (4) of the Companies Act.

In the event of additional information or data that were made available or accessible to us, or erroneous or misleading oral or written representations and explanations, our findings, interpretations, or opinions in our limited assurance report might be incomplete or may result in the need for additional procedures that do not belong in the scope of this engagement.

To the greatest extent permitted by law, we do not accept or agree to any liability to any other party, except to the Management and Supervisory Board of the Company, with regard to our work or this independent limited assurance report or the conclusions we made.

The Management and Supervisory Board are responsible for publishing the Remuneration report on the Company website, as well as data accuracy. The scope of our work does not entail the review of data and we accept no responsibility for any amendments to the Remuneration report based on the Independent limited assurance report or any differences between the report we issued and the data disclosed on the Company website.

**Marina Tonžetić**

Director and Certified auditor

For signatures, please refer to the original Croatian auditor's report, which prevails.

Deloitte d.o.o.

29 April 2022

Radnička cesta 80

10 000 Zagreb

Republic of Croatia

Pursuant to the provision of Article 272r of the Companies Act (Official Gazette 111/1993, 34/1999, 121/1999, 52/2000, 118/2003, 107/2007, 146/2008, 137/2009, 125/2011, 111 / 2012, 68/2013, 110/2015, 40/2019; "**Companies Act**"), the Management Board of MERITUS ULAGANJA d.d., Zagreb, Heinzelova ulica 62/a, entered in the court register of the Commercial Court in Zagreb under the company's (court) registration number (MBS): 081210030, OIB: 62230095889 (hereinafter: "**the Company**" and/or "**Meritus ulaganja d.d.**") compiles the following

## REPORT

### on remuneration of members of the Management Board and the Supervisory Board for 2021

#### INTRODUCTION

During the last business year (2021), the following persons were, or still are, members of the Management Board and/or the Supervisory Board of the Company:

#### Management Board:

- i. **Darko Horvat, President of the Management Board** since May 19, 2020. He continues to hold the position. Member of the Management Board in the period from December 3, 2018, to May 18, 2020;
- ii. **Tomislav Glavaš, Member of the Management Board** since May 19, 2020. He continues to hold the position;

#### Supervisory Board:

- i. **Sandi Češko, Member and President of the Supervisory Board** since June 30, 2020. He continues to hold the position;
- ii. **Igor Varivoda, Deputy President of the Supervisory Board** since December 3, 2018. He continues to hold the position;
- iii. **Tamara Sardelić, Member of the Supervisory Board** since December 3, 2018. She continues to hold the position;
- iv. **Hrvoje Prpić, Member of the Supervisory Board** since July 1, 2019. He continues to hold the position;
- v. **Joško Miliša, Member of the Supervisory Board** since June 30, 2020. He continues to hold the position;
- vi. **Ulf Gartzke, Member of the Supervisory Board** since June 30, 2020. He continues to hold the position;

Pursuant to the provisions of Article 272r of the Companies Act, the Management Board of the Company hereby reports that the above-mentioned members of the Management Board and the Supervisory Board of the Company were remunerated in 2021 as follows:

#### 1. Fixed and variable parts of the remuneration of the members of the Management Board and the Supervisory Board of the Company

##### 1.1. The Management Board of Meritus ulaganja d.d.

With the remuneration policy for members of the Management Board approved by the General Assembly of the Company on June 30, 2020, the Company places special emphasis on personal development, stimulating environment, work environment and aims to attract and retain quality and capable professionals, which, without a doubt, contributes to the business strategy and long-term development of the Company.

The amounts of remuneration paid to the members of the Management Board and the manner of determining these amounts are defined in order to motivate, promote effective risk management, and achieve the strategic goals of the Company.

## 1. Fixed and variable parts of remuneration of members of the Management Board and the Supervisory Board of the Company (continued)

Members of the Management Board are entitled to fixed remuneration defined by the Employment Agreement with the Company or an associated company of the Company, in accordance with the provisions of the law governing employment, other regulations, and internal acts of the Company.

In addition to the fixed part of remuneration, members of the Management Board are also entitled to a variable part of remuneration, i.e., bonuses, which are determined and paid in accordance with the decision of the Supervisory Board and criteria defined by the Supervisory Board. The payment of the variable part of the remuneration of the members of the Management Board, i.e., bonuses, is generally paid by allocating the Company's own shares according to their market value, whereby the basis for the payment of bonuses is the realization of at least 90% of planned EBITDA. The Supervisory Board is responsible for determining whether all conditions and preconditions for the payment of bonuses to a certain member of the Management Board are met, and provided that a certain member of the Management Board has earned the right to bonus payment, the Supervisory Board determines how many shares a certain member of the Management Board is entitled to. This procedure aims to ensure that the bonuses of the members of the Management Board are balanced, sustainable, and transparent. In addition, the aim is to motivate and retain qualified members of the Management Board and promote good and effective risk management and discourage members of the Management Board from assuming risks that exceed the level of acceptable risk.

Following the above, in 2021, the members of the Management Board were paid the following remuneration in gross (I) amounts:

REMUNERATION OF MANAGEMENT BOARD MEMBERS IN 2021						
Member	Fixed remuneration	%	Variable remuneration	%	Total	%
Darko Horvat	HRK 295.990,41	100%	HRK 0,00	0%	HRK 295.990,41	100%
Tomislav Glavaš	HRK 675.724,54	100%	HRK 0,00	0%	HRK 675.724,54	100%

In addition to the above, the Company or its affiliates paid other payments to the following members of the Management Board during 2021:

- a subsidiary of the Company, Meritus Plus d.o.o. approved and made available a loan in the amount of HRK 751,030.90 to **Tomislav Glavaš**, and the subsidiary of the Company, M Plus Croatia d.o.o approved and made available a loan in the amount of HRK 304,722.90.
- a subsidiary of the Company, Meritus Plus d.o.o. approved and made available a loan in the amount of HRK 751,200.00 to **Darko Horvat**, and a subsidiary of the Company, M Plus Croatia d.o.o. approved and made available a loan in the amount of HRK 584,240.31.

### 1.2. The Supervisory Board of Meritus ulaganja d.d.

Remuneration is paid to the members of the Supervisory Board in accordance with the decision of the General Assembly of June 30, 2020, which in addition to the amounts provided for payment, also defines the dynamics of payment, and approves the payment of compensation for the business year 2019 and for future periods until a different decision of the Assembly of the Company.

The remuneration policy of the members of the Supervisory Board, approved by the General Assembly of the Company on June 30, 2020, is based on the principle of engaging, motivating, and retaining qualified persons in the Supervisory Board.

The policy contributes to the business strategy and long-term development of the Company by ensuring balanced, sustainable, and transparent remuneration to the members of the Supervisory Board, which undoubtedly significantly contributes to maintaining the long-term strategy and development of the Company.

### 1. Fixed and variable parts of remuneration of members of the Management Board and the Supervisory Board of the Company (continued)

The remuneration paid to the members of the Supervisory Board does not include variable elements or other elements related to business performance. It is paid in a monthly lump sum and no remuneration in shares is envisaged.

Following the above, in 2021, the members of the Supervisory Board were paid the following remuneration in gross (I) amounts:

REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD IN 2021		
Member	Fixed remuneration	Note
Sandi Češko	HRK 60.000,00	
Igor Varivoda	HRK 0.00	He waived his right to compensation of a member of the Supervisory Board until the revocation of the Statement on resignation or termination of membership in the Supervisory Board.
Tamara Sardelić	HRK 60.000,00	
Hrvoje Prpić	HRK 60.000,00	
Joško Miliša	HRK 60.000,00	
Ulf Gartzke	HRK 60.000,00	
TOTAL	HRK 215,500.01	

In addition to the above, the Company or its affiliates paid other payments to the following members of the Supervisory Board during 2021:

- In January 2018, **Igor Varivoda**, Deputy President of the Supervisory Board, entered into an Agreement on the provision of consulting services with the Company's subsidiary, Meritus Plus d.o.o., whose legal successor, after the procedure of merging the company with another company, takes over the subsidiary M Plus Croatia d.o.o., where he was paid fees in the gross amount of HRK 535.203,58 based on the said Agreement for 2021. In January 2020, he entered into an Agreement on the sale and transfer of business shares of Meritus Plus d.o.o. with the subsidiary of the Company, M Plus Croatia d.o.o., where, based on the Agreement in 2021, he was paid a gross amount of HRK 10.050.774,09.
- In December 2017, **Tamara Sardelić**, a Member of the Supervisory Board, entered into a Legal services agreement with the Company's subsidiary, Meritus Plus d.o.o., whose legal successor, after the procedure of merging the company with another company, takes over the subsidiary M Plus Croatia d.o.o., where she was paid a fee in the gross amount of HRK 90.000,00 for 2021, based on the said Agreement.

### 2. Comparative presentation of annual changes in remuneration, revenues, i.e., profits of the Company and average remuneration of full-time employees for the last five business years

Considering the fact that the Company has been operating for less than five years, and that the first Remuneration Policy of the Management Board and the Supervisory Board was adopted by the Company in mid-2020, the data as provided for this item of the Report are not presented - due to the above objective circumstances.

### 3. Number of shares and stock options given or undertaken to be given by the Company to members of the Management Board and the Supervisory Board of the Company

In the previous business year, the Company did not give or undertake to give any member of the Management Board or the Supervisory Board of the Company shares or stock options.



#### 4. Return of variable parts of remuneration

In the previous business year, the Company did not request the return of variable parts of remuneration.

#### 5. Deviation from the remuneration policy in accordance with the provisions of the Companies Act

In the previous business year, and from June 30, 2020, when the Company adopted the remuneration policies, the Company did not deviate from the remuneration policy.

#### 6. Remuneration that the Company and/or a third party undertook to pay in case of regular and/or early termination of membership

In the business year 2021:

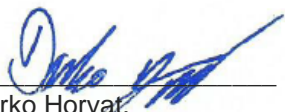
1. there was no remuneration paid or undertaken to be paid to a member of the Management Board by a third party in connection with the activities he/she performed as a member of the Management Board;
2. The Company has not undertaken to pay any remuneration to the members of the Management Board in case of early termination of membership in the Management Board;
3. The Company has not undertaken to pay any cash value to a member of the Management Board in the event of regular termination of membership in the Management Board;
4. During the last business year, there were no changes in the composition of the members of the Management Board, and thus no members of the Management Board whose membership in the Management Board was terminated.

#### 7. Final provisions

On June 30, 2020, the General Assembly of the Company passed the Decision on the approval of the remuneration policy, which the Company published together with the remuneration policies on the same day and made available on the Company's website free of charge.

The General Assembly of the Company has so far adopted the Reports on Receipts for 2019 and 2020 together with the report of the certified auditor, which the Company in accordance with the Companies Act published on the same day after approval and made available free of charge on the Company's website.

The remuneration report for 2021 will be prepared for the General Assembly of the Company, which is scheduled for June 2022.



Darko Horvat,  
President of the Management Board



Tomislav Glavaš,  
Member of the Management Board



Sandi Češko,  
President of the Supervisory Board