

## Report on receipts of members of the Management Board and the Supervisory Board of LUKA RIJEKA d.d. for 2019

Pursuant to Article 272r of the Companies Act, the Management Board and the Supervisory Board of the Luka Rijeka d.d. compiled the following:

### REPORT ON RECEIPTS OF MEMBERS OF THE MANAGEMENT BORD AND THE SUPERVISORY BOARD OF LUKA RIJEKA D.D. FOR 2019

#### 1. Fixed and variable parts of receipts of members of the Management Board for 2019

Fixed receipts of members of the Management Board is considered to be an annual fixed salary, use of a car, insurance, compensation for separate living and housing costs, compensation for unused annual leave and the right to use an official car and laptop. Variable receipts refer to the bonus reservation and relocation costs. The amount of the annual bonus is determined according to the valid employment contracts, and is related to the realized EBITDA, ie earnings before interest, taxes and depreciation. The payment of the variable part follows the date of approval of the annual audited reports for the previous year.

During 2019, the following amounts of gross and fixed fees were paid to the members of the Management Board as shown in the table below in HRK:

Name and surname	Regular work	Car use and associated costs	Housing costs	Relocation costs	Total
Jędrzej Mirosław Mierzewski	766,763.30	42,916.75	141,219.07	60,282.00	<b>1,011,181.12</b>
Duško Grabovac	511,071.39	23,560.61	-	-	<b>534,632.00</b>
Tomislav Kalafatić	705,087.95	57,482.99	-	-	<b>762,570.94</b>
Bartłomiej M. Pastwa	640,586.82	54,741.97	-	-	<b>695,328.79</b>
<b>Total:</b>	<b>2,623,509.46</b>	<b>178,702.32</b>	<b>141,219.07</b>	<b>60,282.00</b>	<b>3,003,712.85</b>

During 2019, there were no payments to members of the Management Board based on variable remuneration. For the achieved results for the business year 2019, the following members of the Management Board exercised the right to a variable part of the fee (bonus) in HRK in gross I and amount as follows:

Name and surname	Bonus
Tomislav Kalafatić	145.027,21
Bartłomiej M. Pastwa	145.027,21
<b>Total:</b>	<b>290.054,41</b>

The ratio of paid and promised fixed and variable remuneration of members of the Management Board for 2019 is shown in the table below in HRK:

Name and surname	Fixed fees	Variable fees	Total fees	% Fixed fees	% Variable fees
Jędrzej Mirosław Mierzewski	1.011.181,12	0,00	1.011.181,12	100,0%	0,0%
Duško Grabovac	534.632,00	0,00	534.632	100,0%	0,0%
Tomislav Kalafatić	762.570,94	145.027,21	907.598	84,0%	16,0%
Bartłomiej M. Pastwa	695.328,79	145.027,21	840.356	82,7%	17,3%
<b>Total:</b>	<b>3.003.712,85</b>	<b>290.054,41</b>	<b>3.293.767,26</b>	<b>91,2%</b>	<b>8,8%</b>

## **Report on receipts of members of the Management Board and the Supervisory Board of LUKA RIJEKA d.d. for 2019**

### **1. Fixed and variable parts of receipts of members of the Management Board for 2019 (continuation)**

#### **Remark:**

The employment of the President of the Management Board, Mr. Jędrzej Mirosław Mierzewski, was terminated on 1 April 2019 on the basis of the Annex to the Employment Contract, which is the basis for the payment of relocation costs. By signing the Annex to the employment contract, the President of the Management Board explicitly states that he has no claims against the Company based on the payment of bonuses, receipts such as fees for the use of official cars, apartment rent and other fixed and variable benefits to which he was entitled. The annex stipulates a notice period of 6 months and during the notice period the right to salary, then the right to paid rent for 3 months counting from the month following the month in which the term of office of the President of the Management Board ended and the right to paid relocation costs. All the above rights arising from the Annex to the employment contract are included in the above presentation of fixed and variable remuneration. During the notice period, the President of the Management Board is obliged to use all the remaining annual leave that belongs to him, the use of which does not affect the course of the notice period.

Member of the Management Board Mr. Duško Grabovac's term of office as a member of the Supervisory Board ceases to run from 1 May 2019 and the same date begins the term of office of the Deputy Member of the President of the Management Board till 31 December 2019 or until the appointment of a third party. Appendix 1 to the Employment Contract of 17 January 2020, Mr. Grabovac's term of office as Deputy President of the Management Board is extended until April 30, 2020. Upon expiration of the term or in case of appointment of a third person, Mr. Grabovac will continue his employment with the Company, in the position of advisor to the Management Board, until April 30, 2023. On May 1, 2020, Mr. Duško Grabovac becomes President of the Management Board. Member of the Management Board

Tomislav Kalafatić, in accordance with the employment contract, may be entitled to variable remuneration as stated in the previous table.

Member of the Management Board Bartłomiej M. Pastwa in accordance with the employment contract, and depending on the decision of the Supervisory Board, may be entitled to variable remuneration as stated in the previous table. As of the date of this report, no such decision has been made

Members of the Management Board, Mr. Tomislav Kalafatić and Mr. Bartłomiej M. Pastwa, are members of the Management Board throughout 2019. The employment contract agreed that Mr. Kalafatić has a notice period of 6 months, and Mr. Pastwa has a notice period of 3 months, on the basis of which all rights from the contract are valid unless otherwise agreed in the Agreement or the Annex to the employment contract.

### **2. Fixed and variable parts of the remuneration of the members of the Supervisory Board for 2019**

Members of the Supervisory Board are entitled to remuneration for the work of the Supervisory Board in the amount of HRK 6,000.00 net per month. The decision on the amount of compensation was made on August 7, 2018 at the General Assembly. Pursuant to Article 6 of the Rules of Procedure of the

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Supervisory Board, members of the Supervisory Board are entitled to reimbursement of expenses (per diems, travel expenses, etc.) in connection with work in the Supervisory Board or committees of the Supervisory Board. The Supervisory Board of the Luka Rijeka d.d. has five members.

The tabular presentation of the remuneration of the members of the Supervisory Board in 2019 is given below and is presented in HRK in gross I amount:

<b>Name and surname</b>	<b>Fixed fee</b>	<b>Travel expenses</b>	<b>Other receipts (mobile fee)</b>	<b>Total</b>
Alen Jugović	110.497	4.150	-	<b>114.647,01</b>
Zbigniew Nowik	105.263	29.629	-	<b>134.891,79</b>
Jerzy Grezegorz Majewski	105.263	40.405	-	<b>145.668,10</b>
Duško Grabovac	36.832	-	-	<b>36.832,40</b>
Dragica Varljen	105.263	-	1.982	<b>107.245,16</b>
<b>Total:</b>	<b>463.119,08</b>	<b>74.183,38</b>	<b>1.982,00</b>	<b>539.284,46</b>

**Remark:**

Mrs. Dragica Varljen, a member of the Supervisory Board, is also an employee of the Company. The table above shows a fixed fee for Mrs. Varljen refers only to the remuneration for work as a member of the Supervisory Board and does not include her remuneration based on the employment contract as an employee of the Company.

The term of office of Duško Grabovac, a member of the Supervisory Board, expires on 1 May 2019, and the term of office of the Deputy Member of the Presidency of the Management Board begins on the same day.

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### 3. Comparative presentation of annual changes in receipts, income, ie profit of the Company and average receipts of full-time employees

In 2019, the Company's revenue amounted to HRK 164,360, while the Company's pre-tax loss amounted to HRK 27,303. These amounts refer to data from the unconsolidated financial statements.

During 2019, there were no changes in the receipts of members of the Management Board of the Luka Rijeka d.d. The ratio of average remuneration of members of the Management Board of the Luka Rijeka d.d. full-time employees in 2019 were 1: 8,99. The calculation of average remuneration of members of the Management Board takes into account all fixed and variable remuneration as defined in item 1.

The overview below shows the average full-time employee income of the Luka Rijeka d.d., and is based on paid gross I salary, Christmas bonus, Easter bonus, holiday pay, non-taxable rewards and severance pay based on all full-time employees in 2019 (excluding members of the Management Board ) for the last five business years in relation to revenues and net profit or loss of the Company in that period:

<b>Annual receipts per employee - in HRK</b>	<b>2019.</b>	<b>2018.</b>	<b>2017.</b>	<b>2016.</b>	<b>2015.</b>
Annual base (Gross I)	91.528	90.540	89.779	83.581	88.261
<b>in thousands of HRK for the Company</b>	<b>2019.</b>	<b>2018.</b>	<b>2017.</b>	<b>2016.</b>	<b>2015.</b>
Total income *	164.360	175.364	179.801	178.920	181.454
Total comprehensive income / (loss)	(30.823)	(46.973)	(6.567)	1.144	921

\* total income includes financial income

### 4. Number of shares and share options granted or undertaken by the Company to members of the Management Board and the Supervisory Board

The employment contracts of the members of the Management Board do not provide for the right to the Company's shares. Members of the Supervisory Board are also not entitled to shares of the Company.

### 5. Return of variable parts of receipts

The practice of managing variable receipts does not provide for the return of the variable part of receipts on any basis.

### 6. Receipts paid to a member of the Management Board or committed in 2019 by a third party in connection with the activities he performed as a member of the Management Board

There are no payments or obligations for payment by a third party to the members of the Management Board in connection with the activities they performed as members of the Management Board in the Company.

### 7. Receipts that the Company undertook to pay to a member of the Management Board in case of early termination of membership in the Management Board

In accordance with the concluded employment contracts, the Company has no pre-agreed obligation to pay the member of the Management Board the remuneration in case of early termination of membership

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in the Management Board. However, if the termination of employment is not a consequence of dismissal due to misconduct, continuation of employment with another employer or employment within an affiliated company and if it is not a consequence of the resignation of a member of the Management Board, the severance pay may not be less than the prescribed amount by Labour Law. In addition, by terminating the employment contract, the parties may set out rights and obligations of a different content and scope than provided for in the current employment contract. During 2019, there was no amendment to this agreement.

Exceptionally from the above, in the case of consensual termination of employment or unilateral dismissal of a member of the Board Bartłomiej M. Pastwa on the basis of the employment contract shall be entitled to severance pay in the amount corresponding to its quarterly salary, unless it is to the termination of employment and unilateral dismissal due gross violations of employment by employees.

During 2019, there were no payments to members of the Management Board in the event of early termination of membership in the Management Board, nor were there any changes to the agreement governing the payment in question.

### **8. Receipts that the Company undertook to pay to a member of the Management Board in case of regular termination of membership in the Management Board**

In 2019, there was no regular termination of membership in the Management Board, and thus no payment of remuneration on that basis. Pursuant to the concluded employment contracts, the Company did not undertake to pay the members of the Management Board the remuneration in the event of regular termination of membership in the Management Board. During 2019, there was no amendment to this agreement.

### **9. Receipts that the Company undertook to pay to a former member of the Management Board whose membership in the Management Board was terminated in 2019, in connection with the termination of membership in the Management Board**

Based on the termination of membership in the Management Board of Mr. Jędrzej Mirosław Mierzewski, there was no payment of fees. Pursuant to the concluded employment contracts, the Company did not undertake to pay the members of the Management Board remuneration in the event of termination of membership in the Management Board. During 2019, there was no amendment to this agreement.

### **10. Final provisions**

This Report on Receipts, as well as the Auditor's Report on the Examination of the Report on Receipts, will be published and made available by the Company free of charge for a period of ten years on its website after the General Assembly decides on the Report in accordance with law. The remuneration policy in accordance with Article 247a of the Companies Act will be prepared for adoption at the General Assembly to be held on in 2020.

Approved by the Management Board and the Supervisory Board on 02 July 2020 as signed below:



## **Report on receipts of members of the Management Board and the Supervisory Board of LUKA RIJEKA d.d. for 2019**

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**Duško Grabovac**

*President of the Management Board*

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**Alen Jugović**

*President of the Supervisory Board*