



Ilirija d.d.
BIOGRAD NA MORU

Tel: Centrala ++385 23 383 165; Fax: ++385 23 384 564; Prodaja: ++385 23 383 556; sales@ilirijabiograd.com; www.ilirijabiograd.com

In Biograd na Moru, dated 24th February 2023

THE
CROATIAN FINANCIAL SERVICES SUPERVISORY AGENCY
MIRAMARSKA 24B
10 000 ZAGREB

Zagrebačka burza d.d. /Zagreb Stock Exchange plc./
Ivana Lučića 2a
10 000 ZAGREB

HINA
Marulićev trg 16
10 000 ZAGREB

COMPANY'S WEBSITE

ISIN:HRILRARA0009

SECURITIES: ILRA-R-A

LEI: 74780000V0GH8Q3K5K76

PRINCIPAL MEMBER STATE: Croatia

QUOTATION: Službeno tržište Zagrebačke burze d.d. /Official Market of the Zagreb Stock Exchange plc./

Subject: Invitation to the General Assembly Meeting of Ilirija d.d.

In accordance with the provisions of the Capital Market Act and the Zagreb Stock Exchange Rules, Ilirija d.d., Tina Ujevića 7, Biograd na Moru, Vat No, OIB: 05951496767, (hereinafter: the Company) hereby announces the Invitation to the General Assembly Meeting of the Company that will be held on 21st April 2023, beginning at 09:30 CET.

Invitation to the General Assembly Meeting of the Company with the agenda and proposed decisions is attached to this announcement.

Yours sincerely

ILIRIJA d.d.

Management Board: Goran Ražnjević

ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru 2

ILIRIJA d.d. for hospitality and tourism, Tina Ujevića 7, Biograd na Moru, Commercial Court in Zadar, MBS: 060032302, Company No.: 3311953.,
OIB: 05951496767; Account: ERSTE & STEIERMARKISCHE BANK d.d. - RIBKA IBAN: HR5824020061100097324.
Share capital: HRK 229,146,480.00 paid in full. Number of issued shares: 2.413.488, with no par value.
Management Board: G. Ražnjević, President of the Supervisory Board: G. Medić



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According to Article 277 of the Companies' Act ("Official Gazette" Number 152/11-consolidated text, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22 and 18/23) and Article 7 of the Articles of Association of ILIRIJA d.d., Biograd na Moru (hereinafter referred to as: Company), the Management Board has convened

**ORDINARY GENERAL ASSEMBLY
OF THE JOINT STOCK COMPANY ILIRIJA BIOGRAD NA MORU
on 21st April 2023 at 09:30 hours
in the registered office of the Company, Biograd na Moru, Tina Ujevića 7.**

The following agenda has been determined for the General Meeting

AGENDA

1. Opening of the General Meeting, determining the number of shareholders present or their proxies and the establishment of the quorum;
2. The following reports are taken note of:
 - 2.1. Annual report of the Company for the year 2022 consists of:
 - Annual financial statements of the Company for the year 2022 (non-consolidated) – statement of financial position (balance sheet), profit and loss account, comprehensive income statement, statement of cash flow, statement of changes in equity and notes to the financial statements,
 - Statement of applying the Corporate Governance Code;
 - Management Representation Letter / Annual Management's report on the position in the Company;
 - Statements made by responsible persons of the Company.
 - Reports by the Company's auditor for the year 2022;
 - 2.2. Report by the Company's Supervisory Board on performed supervision of conducting the Company's business in the year 2022,
 - 2.3. Management Board's Report on acquisition of equity shares in 2022,
3. Report on Remuneration received by members of the Supervisory board and Management board for the year 2022;
4. Decision on use of profit of Ilirija d.d. for the fiscal year 2022;
5. Decision on the distribution of the dividend;
6. Giving remuneration to the Company's Management Board for the fiscal year 2022;
7. Giving remuneration to the members of the Supervisory Board for the fiscal year 2022;
8. Appointment of the Company's auditor for the year 2023;

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9. Decision on harmonizing the Company's share capital by increasing the share capital from the Company's funds and amending the Company's Articles of Association;
10. Decision on Amendment to the Decision on remuneration of the Supervisory Board Members

DRAFT DECISIONS

According to the provision of Article 280, paragraph 3 of the Companies' Act (Official Gazette No.: 152/11-consolidated text 111/12, 68/13, 110/15, 40/19, 34/22, 114/22 and 18/23) the Management Board and Supervisory Board of the Company propose that the General Assembly should take the following decisions:

Ad. 2; The Reports referred to in item 2. of Agenda has been taken note of.

Ad. 3. According to the provisions of Article 275, paragraph 1, section 3 of the Companies' Act (Official Gazette, No. 152/11-consolidated text, 111/12, 68/13, 110/15 40/19, 34/22, 114/22 and 18/23) at the proposal of the Management Board and the Supervisory Board of the Company, the General Assembly of the Company did at the session held on 21st April, 2023 take the:

DECISION

on granting the approval to the Report on Remuneration received by members of the Supervisory board and Management board for the year 2022

Article 1

The Report on Remuneration received by members of the Supervisory board and Management board for the year 2022 is approved along with the Independent Auditor's Report publicized as an attachment to the call for the General Assembly session and constitutes an integral part of this Decision.

Article 2

This Decision comes into force on the date of taking it.

Ad.4. According to the provision of Article 220 and 275, paragraph 1, section 2 of the Companies' Act (Official Gazette Number 152/11-consolidated text, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22 and 18/23) and Article 7 of the Articles of Association of ILIRIJA d.d., at the proposal of the Management Board and Supervisory Board of the Company, at the meeting held on 21st April 2023, the General Assembly of the Company takes the

DECISION

on use of profit of Ilirija d.d. for the fiscal year 2022

Article 1

The profit generated in the fiscal year 2022 after the taxation in the amount of HRK 22.174.476,03 which by applying the fixed conversion rate (7.53450) equals to the amount of: EUR 3.117.753,76 is allocated in the following way:

- EUR 1.794.045,66 to retained profit;
- EUR 1.323.708,10 for profit distribution;

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Article 2

This Decision comes into force immediately on the date of taking it.

Ad.5. According to the provision of Article 220 and 275, paragraph 1, section 2 of the Companies' Act (Official Gazette Number 152/11-consolidated text, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22 and 18/23) and Article 7 of the Articles of Association of ILIRIJA d.d., at the proposal of the Management Board and Supervisory Board of the Company, at the meeting held on 21st April 2023, the General Assembly of the Company takes the

DECISION on distribution of the dividend

Article 1

The dividend in the total amount of EUR 1.323.708,10 shall be distributed to the Company's shareholders.

The dividend shall be distributed from the profit for the year 2022.

The dividend per one share is EUR 0,55 (fifty five euro cents).

Article 2

The dividend referred to in Article 1 of this Decision shall be distributed to the shareholders registered in the Depository of the Central Clearing Depository Company Inc. (SKDD) on 28th April 2023 (record date).

The date on which the share of the company Ilirija d.d. will be traded in without a right to distribution of the dividend is 27th April 2023 (ex date).

The claim for the dividend distribution falls due on 19th May 2023 (payment date).

Article 3

This Decision comes into force immediately on the date of taking it.



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Ad.6. According to the provision of Article 275, paragraph 1, section 4 and Article 276, paragraph 1, of the Companies' Act (Official Gazette, No. 152/11- consolidated text, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22 and 18/23), upon proposal of the Management Board and Supervisory Board of the Company, at the meeting held on 21st April 2023, the General Assembly of the Company takes the

DECISION

on giving remuneration to the Company's Management Board for the fiscal year 2022

Article 1

The remuneration is given to the Goran Ražnjević, the only member of the Management Board of the Company.

Article 2

By giving remuneration, the General Assembly approves the work of the Management Board on managing the business operations of the Company in the year 2022.

Article 3

This Decision comes into force immediately on the date of taking it.

Ad. 7. According to the provision of Article 275, paragraph 1, section 4 and Article 276, paragraph 1, of the Companies' Act (Official Gazette, No. 152/11- consolidated text, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22 and 18/23), upon proposal of the Management Board and Supervisory Board of the Company, at the meeting held on 21st April 2023, the General Assembly of the Company takes the

DECISION

on giving remuneration to the Supervisory Board of the Company for the fiscal year 2022

Article 1

Remuneration is given to the Supervisory Board of ILIRIJA d.d., namely to the following persons:

Goran Medić, President of the Supervisory Board of the Company;
David Tudorović, Deputy President of the Supervisory Board;
Davor Tudorović, Member of the Supervisory Board of the Company;
Darko Prebežec, Member of the Supervisory Board of the Company;
Siniša Petrović, Member of the Supervisory Board of the Company.

Article 2

By giving the remuneration, the General Assembly approves of the work of the Supervisory Board for the supervision of the Company's operations for the year 2022.

Article 3

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Ad. 8. According to the provision of Article 275, paragraph 1, section 4 of the Companies' Act (Official Gazette, No. 152/11- consolidated text, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22 and 18/23), upon the proposal of the Supervisory Board, at the meeting held on 21st April 2023, the General Assembly of the Company takes the

DECISION
on appointment of the auditor for the year 2023

Article 1

The chartered audit company „UHY RUDAN d.o.o.“, Ilica 213, Zagreb, Tax Number OIB: 71799539000, is appointed to perform audit for the year 2023.

Article 2

This Decision comes into force immediately on the date of taking it.

Ad.9. According to the provisions of Article 275, paragraph 1, items 6 and 7, Article 328 and Article 329 of the Companies' Act (Official Gazette No. 152/11-consolidated text, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22 and 18/23), and the provisions of Article 21, paragraph 2, paragraph 5 and paragraph 6 of the Act on Amendments to the Companies' Act (Official Gazette No. 114/22), in conjunction with the provision of Article 13, paragraph 6 and Article 65, paragraph 2 of The Act on Introduction of the Euro as the official currency in the Republic of Croatia (Official Gazette No. 57/22 and 88/22), for the purpose of harmonizing the amount of share capital, in connection with the introduction of the Euro as the official currency in the Republic of Croatia, at the proposal of the Company's Management Board and Supervisory Board, the General Assembly of the Company made at the meeting held on 21st April 2023 the

DECISION
on harmonizing the Company's share capital by increasing the share capital from the Company's funds and amending the Company's Articles of Association

Article 1

The share capital of the Company amounts to: HRK 229.146.480,00 (two hundred and twenty-nine million one hundred and forty-six thousand four hundred and eighty Kuna), which by applying the fixed conversion rate (7.53450) equals to the amount of: EUR 30.412.964,36 (thirty million four hundred and twelve thousand nine hundred and sixty-four Euro and thirty six cents) and is divided into 2.413.488 (two million four hundred and thirteen thousand four hundred eighty-eight) ordinary bearer shares, without par value. The Company's share capital has been paid in full.

Article 2

For the purpose of harmonizing the share capital with the Companies' Act and for the purpose of rounding the amount of share capital to a whole number, based on the adopted and audited Annual Financial Statements for the year 2022, the share capital from the Company's funds is increased:

- from the amount of EUR 30.412.964,36 (thirty million four hundred and twelve thousand nine hundred and sixty-four Euro and thirty six cents)
- by the amount of EUR 7.035,64 (seven thousand thirty five Euro sixty four cents)
- to the amount of EUR 30.420.000,00 (thirty million four hundred and twenty thousand Euro).



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Article 3

The Company's share capital is increased from the Company's funds by converting the other reserves in the amount of HRK 53.010,03 (fifty-three thousand and ten Kuna and three Lipa), which by applying the fixed conversion rate (7.53450) equals to the amount of EUR 7.035,64 (seven thousand thirty-five Euro sixty-four cents) to the Company's share capital, without issuing new shares. The other reserves indicated in the previous sentence are presented in the adopted audited Annual Financial Statements of the Company for the year 2022.

The Company's share capital is increased without issuing new shares in a way that the portion of all issued shares in the Company's share capital was proportionally increased.

Article 4

It is established that the Company's share capital is increased and harmonized with the Act on the introduction of the Euro as the official currency in the Republic of Croatia (Official Gazette No. 57/22 and 88/22) and the Act on Amendments to the Companies' Act (Official Gazette No. 114/2022) and that after the harmonization and increase performed, the Company's share capital amounts to EUR 30.420.000,00 (thirty million four hundred and twenty thousand Euro) and it is divided into 2.413.488 (two million four hundred thirteen thousand four hundred eighty-eight) ordinary shares without the par value.

The Company's Management Board is instructed to file an application in accordance with this Decision and take any other necessary legal actions to enter the harmonization by increasing the Company's share capital into the court registry of the competent commercial court.

All costs of increasing the share capital shall be borne by the Company.

After the increase in the Company's share capital is entered in the court registry, the Company will perform the procedure of recording the corporate action of increasing the share capital at the Central Depository Clearing Company, joint stock company.

Article 5

Article 4, paragraph 1 of the Company's Articles of Association of 28th November 2017 (hereinafter referred to as: Company's Articles of Association) is changed and now it reads:

"The share capital of the company amounts to: EUR 30.420.000,00 (thirty million four hundred and twenty thousand Euro)."

Article 6, paragraph 9 of the Company's Articles of Association is changed and now it reads:

„On the last day of each calendar quarter, the Company's Management Board is obliged to report to the Supervisory Board in writing about all legal transactions that the Company completed with Related Persons in that calendar quarter, the individual value of which exceeds the amount of EUR 13.500,00 (thirteen thousand five hundred Euro)."

Article 6

All other provisions of the Company's Articles of Association shall remain unchanged.

These changes to the Company's Articles of Association come into force and shall apply as of the date of entering them into the court registry.

The Supervisory Board is authorized to adopt the consolidated text of the Company's Articles of Association.

Ad. 10. According to the provisions of Article 269 of the Companies' Act (Official Gazette, No. 152/11-consolidated text, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22 and 18/23) at the proposal of the Supervisory Board, the General Assembly of the Company made at the meeting held on 21st April, 2023 the

DECISION
on Amendment to the Decision on remuneration of the Supervisory Board Members

Article 1

Item 3 of the Decision on the remuneration of the Supervisory Board Members, which was adopted at the General Meeting of the Company on 24th September, 2021 is changed and now it reads:

„Each member of the Supervisory Board is entitled to a fixed monthly remuneration for his/her work in the Supervisory Board of the Company in the net amount of: EUR 1.350,00 (one thousand three hundred and fifty Euro).“

Article 2

All other provisions of the Decision on the remuneration of members of the Supervisory Board indicated in the above Article of this Decision shall remain unchanged.

This Decision on an amendment to the Decision on remuneration of the Supervisory Board Members shall enter into force following the adoption thereof by the General Assembly and shall apply by the time a different decision is made by the General Assembly of the Company.

The Supervisory Board is authorized to adopt the consolidated text of the Decision on remuneration of the Supervisory Board Members.



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CALL AND INSTRUCTIONS FOR SHAREHOLDERS FOR PARTICIPATION IN THE GENERAL MEETING (hereinafter referred to as: Call, that is, Instructions)

- 1.) The entitlement to participation in the work of the General Meeting and exercising voting right (one share = one vote) is vested in each Company's shareholder, that notifies the Company about its participation in writing no later than six days prior to holding the General Meeting, that is, no later than 14th April 2023. The Company's shareholder is considered to be a legal and natural person that is as the shareholder registered with the Depository of the Central Clearing Depository Company Inc. (SKDD) on the last day for registration for the participation in the work of the General Meeting, that is, on 14th April 2023.
- 2.) The shareholders participate at the General Meeting in person or are represented by their proxies on the basis of a written power of attorney duly authenticated by a notary public.
- 3.) The application (in order to be valid) must include, and also must be accompanied by the following:
 - a) Shareholders – natural persons:
 - first name and family name, place of residence, Tax No. OIB, number of account in SKDD and total number of shares
 - b) Shareholders – legal persons:
 - company or name of a legal person, registered seat, Tax No. OIB, number of account in SKDD and total number of shares;
 - a copy of the excerpt from the court or any other registry on registration of persons authorized for representation of the legal person in the current year;
 - power of attorney for representation by a proxy of a legal person if the legal person is not represented by a person authorized for representation according to the legal provisions
 - c) Proxies of shareholders – natural persons:
 - first name and family name, place of residence (address) and proxy's tax number OIB;
 - list of shareholders represented by him, for each of them the number of account opened in SKDD and total number of shares of all represented shareholders are to be indicated;
 - the application is to be accompanied by all individual powers of attorney of shareholders on prescribed form.
 - d) Proxies of shareholders – legal persons:
 - company name or name of a legal person, registered seat and address and proxy's tax no. OIB;
 - list of shareholders represented by him, for each of them the number of account opened in SKDD and total number of shares of all represented shareholders are to be indicated;
 - the application is to be accompanied by individual powers of attorney of shareholders in written form, and if a shareholder is a legal person, the application is to be accompanied by an excerpt from court registry or any other registry with which the legal person is registered, or its copy, certified copy or any other public document which shows that the power of attorney has been signed by a person that is legally authorized to represent this legal person.
- 4.) The application for participation in the General Meeting and the powers of attorney and all attachments must be in the Croatian language, but if they are in a foreign language, they should be accompanied by a Croatian translation to be produced by a qualified court interpreter.

It is recommended that the form of application for participation in the General Meeting and powers of attorney should be used.

The application forms can be obtained in the registered office of the Company and they are also available on the website of the Company www.ilirijabiograd.com

Shareholders, representatives and proxies of shareholders who do not fulfill their obligation of submitting a proper notice of participation in the work of the General Meeting in accordance with this call, shall not have the right to participate and to vote at the General Meeting of the Company.



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- 5.) The applications for participation in the General Meeting shall be submitted directly to the Company at its headquarters in Biograd na Moru, Tina Ujevića 7 or are to be sent to the Company by registered mail to the address: Ilirija d.d., Tina Ujevića 7, 23210 Biograd na Moru;
- 6.) Applications for participation at the General Meeting shall be considered timely submitted if they have been submitted or sent by ordinary mail at the post office to the Company no later than by 24:00 hours on 14th April 2023 according to these Instructions. The shareholders that failed to report their participation at the General Meeting properly in accordance with these Instructions or who failed to attach the relevant documents to the application form according to these Instructions shall not be entitled to participate in the General Meeting.
- 7.) For underage natural persons and persons without legal capacity or with limited legal capacity the application form is to be submitted by and such a person is represented by a legal representative who has to attach the original or a copy or certified copy of the document to the application form that shows his status of a legal representative.
- 8.) This Decision and draft decisions that are proposed to the General Assembly by the Management Board and the Supervisory Board shall be published on the website of the Court Registry, Zagreb Stock Exchange, HINA (The Croatian News Agency) and Ilirija d.d. and shall be submitted to HANFA (Croatian Financial Services Supervisory Agency).
- 9.) The shareholders who together hold shares in the amount of the twentieth part of the share capital of the Company may request in a written form that an item be placed on the agenda of the General Assembly. Such a request, together with an explanation and a draft decision must be received by the Company no later than 30 days before the date when the General Meeting is held, or on the closing date 21st March 2023. The failure to observe the deadline results in non-valid disclosure of the proposed agenda items and they cannot be properly decided upon at the General Meeting.
- 10.) Each shareholder shall by stating his name and surname be authorized to submit his counterproposal supported by an explanation to the draft decision by the Management Board and the Supervisory Board by the agenda items and deliver it to the Company at least 14 days before the General Meeting is held or on the closing date 06th April 2023 to the address of the Company Tina Ujevića 7, 23210 Biograd na Moru. Failing to observe this deadline shall not result in deprivation of the right to submit the counterproposal at the General Meeting.
- 11.) The Management Board shall at the General Meeting give every shareholder at his request, information about the affairs of the Company, if it is necessary to make judgment of the issues on the agenda.
- 12.) All materials relating to the agenda of the General Assembly will be available to the shareholders at the Company's headquarters every working day from 11.00 to 12.00 hours from the day of publication of this Decision.
- 13.) Participants are invited to come to the Management Board's Office of the Company one hour before the scheduled commencement of the General Meeting, in order to make the registration of the participants and deliver materials for participation in the work of the General Meeting in proper time. Voting at the General Meeting is done electronically.

The public is excluded from the work of the General Meeting.

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INDEPENDENT LIMITED ASSURANCE REPORT ON REMUNERATION REPORT FOR THE YEAR 2022

To the Management board and Supervisory board of ILIRIJA d.d.

We have been engaged by the Management Board of ILIRIJA 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 2022 ("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 2022 contains data in accordance with the 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 2022 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 2022 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 Management 1 (ISQM 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 2022 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 2022;
- 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 2022 prepared by ILIRIJA 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 Assembly of the Company on the Remuneration Report prepared by the Company for the year ended 31 December 2022 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.

In Zagreb, 20 February 2023

UHY RUDAN d.o.o. za porezno savjetovanje i reviziju

Ilica 213

10 000 Zagreb

Republika Hrvatska

Mr. sc. Dragan Rudan



Director and Certified Auditor

UHY RUDAN d.o.o.
za porezno savjetovanje i reviziju
ZAGREB, Ilica 213

Attachment

Remuneration Report for 2022

Registered at Commercial court in Zagreb under MBS 080006795, PIN 71799539000

Management Board: Dragan Rudan, M. Sc. and Vedrana Miletić; Share capital 1.000.000,00 HRK paid in full;

Bank account: Istarska kreditna banka Umag d.d., IBAN: HR80 2380 0061 1800 0023 2; BIC: ISKBHR2X

A member of Urbach Hacker Young International Limited, an international network of independent accounting and consulting firms



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**REPORT ON REMUNERATION RECEIVED BY MEMBERS OF THE SUPERVISORY BOARD AND
MANAGEMENT BOARD FOR THE YEAR 2022 WITH AUDITOR'S REPORT**

ILIRIJA d.d. for hospitality and tourism, Tina Ujevića 7, Biograd n/M, Commercial Court in Zadar, MBS: 060032302, Company No.: 3311953.,
OIB: 05951496767; Account: ERSTE & STEIERMARKISCHE BANK d.d. – RIJEKA **IBAN: HR5824020061100097324**.
Share capital: HRK 229,146,480.00 paid in full. Number of issued shares: 2.413.488, with no par value.
Management Board: G. Ražnjević, President of the Supervisory Board: G. Medić



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According to Article 272.r of the Companies' Act and articles of Corporate Governance Code of the Zagreb Stock Exchange and HANFA (The Croatian Financial Services Supervisory Agency), The Management Board and The Supervisory Board of ILIRIJA d.d. (hereinafter referred to as „Company“) submit the below Report to the General Assembly

**REPORT
ON REMUNERATION RECEIVED BY MEMBERS OF THE SUPERVISORY BOARD AND
MANAGEMENT BOARD FOR THE YEAR 2022**

Remuneration received by Members of the Supervisory Board

The Supervisory Board of the Company was constituted on 22nd December, 1995 and has five (5) members elected for a term of 4 (four) years. The Members of the Supervisory Board as of 31st December, 2022 were: Goran Medić (President) a term of office pending since 21st June 2021., David Anthony Tudorović (Deputy President), Davor Tudorović, Siniša Petrović and Darko Prebežac – terms of office pending since 18th December 2021.

Extraordinary General Assembly of the Company held on 24th September 2021, adopted the Decision on remuneration for the members of the Supervisory Board.

The Members of the Supervisory Board are entitled to the remuneration from the day of their appointment to this position until the day of dismissal from this position. If a member of the Supervisory Board has been a member of the Supervisory Board for a part of the fiscal year, he/she is entitled to the remuneration in proportion to the time spent in performing the duty („pro rata temporis“).

A member of the Supervisory Board who is not Company employee is entitled to a fixed monthly remuneration in the net amount of: HRK 6,500.00, while a member of the Supervisory Board who is also a Company employee is entitled to a fixed monthly remuneration in the net amount of: HRK 4,500.00.

Each member of the Supervisory Board may, while performing the duty in the Supervisory Board, be a member of the Supervisory Board Committee (e.g. Audit Committee) and based on membership in the Supervisory Board Committee be entitled to additional remuneration/reward for membership in one of the Committees.

Members of the Supervisory Board who are also members of the Audit Committee are Mr. David Tudorović (president), Mr. Goran Medić (member) and Mr. Darko Prebežac (member). Until October 31, 2022. Mr. Darko Prebežac, as a member of the Audit Committee, received a monthly fee for his work in the Audit Committee in the amount of HRK 2,500.00 net. By the decision of the Supervisory Board of the Company, which is in force from November 1, 2022. the monthly net remuneration for the work of members of the Audit Committee was determined in the amount of HRK 10,000.00 for the Chairman of the Audit Committee and HRK 5,000.00 for the other members of the Audit Committee.

The Supervisory Board Members are entitled to reimbursement of all business-related reasonable and documented expenses incurred in connection with participation in the meeting of the Supervisory Board or the work of the Supervisory Board.

The Members of the Supervisory Board who are also employees of the Company (Goran Medić, David Tudorović, Davor Tudorović) in addition to the remuneration determined by this Decision on remuneration for the members of the Supervisory Board, are also entitled to the remuneration in accordance with the valid Employment Contract.

ILIRIJA d.d. for hospitality and tourism, Tina Ujevića 7, Biograd n/M, Commercial Court in Zadar, MBS: 060032302, Company No.: 3311953.,
OIB: 05951496767; Account: ERSTE & STEIERMARKISCHE BANK d.d. – RIJEKA IBAN: HR5824020061100097324.

Share capital: HRK 229,146,480.00 paid in full. Number of issued shares: 2,413,488, with no par value.

Management Board: G. Ražnjević, President of the Supervisory Board: G. Medić



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Taxes and contributions on the remuneration of the Supervisory Board Members are calculated and paid by the Company in accordance with applicable tax regulations.

In determining the model of remunerating the members of the Supervisory Board, the practices of the local and regional companies in the tourism sector and other relevant factors such as economic conditions, business operations and position of the Company, duration of their engagement and work performed for the Company were taken into account.

Consequently, in 2022, the members of the Supervisory Board were paid remuneration in the following gross amounts, expressed in kunas and euros using a fixed conversion rate (7.53450):

Member of the Supervisory Board	Remuneration for the work in the Supervisory Board		Fixed base salary		Variable part of the salary	Total	
	Amount in kn	Amount in Eur	Amount in kn	Amount in Eur		Amount in kn	Amount in Eur
Goran Medić (employee)*	91.638,04	12.162,46	463.540,54	61.522,40	0,00	555.178,58	73.684,86
David Tudorović (employee)**	127.434,13	16.913,42	741.038,95	98.352,77	0,00	868.473,08	115.266,19
Davor Tudorović (employee)***	112.638,89	14.949,75	315.468,76	41.869,90	0,00	428.107,65	56.819,65
Siniša Petrović	116.978,16	15.525,67	0,00		0,00	116.978,16	15.525,67
Darko Prebežac ****	164.339,69	21.811,63	0,00		0,00	164.339,69	21.811,63

*In addition to the remuneration for the work in the Supervisory Board, a monthly remuneration for the work in the Audit Committee in the amount of HRK 5,000.00 net (663,61 Euro) was calculated and paid out, starting from November 1, 2022.

**Remuneration for work in the Supervisory Board also includes compensation for the previous period 07/2021-12/21. In addition to the remuneration for the work in the Supervisory Board, a monthly remuneration for work in the Audit Committee was calculated and paid in the amount of HRK 10,00.00 net (1.327,23 Euro), starting on November 1, 2022.

***Remuneration for work in the Supervisory Board also includes compensation for the previous period.

****In addition to the remuneration for the work in the Supervisory Board, a monthly remuneration for the work in the Audit Committee in the amount of HRK 2,500.00 net (331,81 Euro) was calculated and paid out until October 31, 2022. and from 01.11.2022. in the amount of HRK 5,000.00 net (663,61 Euro)..

Members of the Supervisory Board neither exercise the right to a part of the remuneration in the Company's shares nor are there delays in the remuneration or a part of the remuneration for the members of the Supervisory Board. The Members of the Supervisory Board are not entitled to severance pay.

The report on the remuneration of members of the Supervisory Board for the year 2022 was prepared in accordance with the relevant legal provisions, the Corporate Governance Code of the Zagreb Stock Exchange and HANFA.

Apart from the above payments, the Company made no other payments.



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Apart from the above mentioned, the Company granted no loans or advances to the members of the Supervisory Board.

The Company has not given any gifts or benefits of significant value to the members of the Supervisory Board. The Company finds that the remuneration paid to the members of the Supervisory Board adequately corresponds to their engagement, tasks and duties performed in the Supervisory Board and the commissions established by it.

Remuneration received by the Members of the Management Board

The Management Board of Ilirija d.d. consists of one member. Mr. Goran Ražnjević was appointed by the decision of the Supervisory Board of the Company on 18th June, 2020 as the sole member of the Management Board for a term of 5 years, which is also his fifth consecutive term of office.

Pursuant to Article 247.a of the Companies' Act ("ZTD"), the Supervisory Board of the Company adopted the Remuneration Policy at its session on 28th April 2020, which sets out the principles for the remuneration of the President of the Management Board as the sole member of the Management Board (hereinafter referred to as: Remuneration Policy). The remuneration policy applies as of 10th August, 2020 when it was approved by the General Assembly of the Company in accordance with Article 276.a, paragraph 1 of the Companies' Act. The remuneration of the President of the Management Board consists of the following parts:

- A fixed part of the remuneration that is not performance-dependant, and
- Variable part of the remuneration based on the fulfillment of financial and non-financial annual and multi-annual performance criteria.

Fixed parts of the remuneration

The fixed part of the remuneration consists of a **base salary and a salary in kind**.

The base salary is paid out twelve times a year. In determining the base salary, various factors were taken into account, primarily that this part of the salary is paid for accepting the function of the President of the Management Board and the related overall responsibility of the President of the Management Board. In addition, the amount of such remuneration is determined according to the remuneration of management board members that are common in the market in some other successful tourism companies whose shares are listed on the regulated market.

Salary in kind includes the entitlement to use the company car for private purposes. The Company provided the President of the Management Board with a personal vehicle of a higher middle class that can be used for private purposes as well.



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Variable parts of the remuneration

The President of the Management Board is entitled to a variable part of the remuneration, which depends on both the economic development of the Company and the accomplishment of the agreed goals. The variable part of the remuneration ranges from 1.0% to 1.6% of the realized amount of EBITDA, and is limited to a maximum of 100% of the gross amount of the base salary as a component of the fixed part of the remuneration on an annual basis, assuming that the planned business goals are achieved.

The variable part of the remuneration is paid out, as a rule, once a year in accordance with the decision of the Supervisory Board. However, the Supervisory Board may decide that the variable part of the remuneration be paid on an one off basis for a maximum of the past three fiscal years.

In 2022, no payment of the variable part of the remuneration was made to the President of the Management Board.

According to the long-term Business Cooperation Agreement concluded with the Company, the President of the Management Board has provided a diffuse hotel Ražnjevića Dvori with the surrounding land, categorized according to the decision of the State Administration Bureau as a 4-star diffuse hotel, which is in his private ownership to the company Ilirija d.d. for commercial use and disposal and according to the said Agreement, he is entitled to payment of a monthly fee from the Company in the amount of HRK 15,000.00 net until October 30, 2022. and from November 1, 2022. the stated compensation amounts HRK: 22.603,50 net.

Consequently, in 2022, the Member of the Management Board was paid the remuneration in the following gross amount expressed in kunas and euros using a fixed conversion rate (7.53450):

Member of the Management Board	Fixed part		%	Variable part	%	Receipts from property rental		%	Total		%
	Amounts in kn	Amounts in Euro				Amounts in kn	Amounts in Euro		Amounts in kn	Amounts in Euro	
Goran Ražnjević	946.462,14	125.617,11	81,9%	0,00	0%	209.319,00	27.781,41	18,1%	1.155.781,14	153.398,52	100%

The amount of remuneration for the President of the Management Board stipulated by the Remuneration Policy ensures that the total remuneration to be received by the President of the Management Board be adequate to the position he holds in the Company and to the remuneration payable in comparable companies, stimulating for the conduct aimed at sustainable development of the Company and improve the Company's business strategy, long-term development and interest. Remunerations are, accordingly, adequate to the total responsibility of the Management Board related to the tasks and responsibilities of the President of the Management Board, thereby also considering the length of employment, acceptance of the function of the sole member of the Management Board, i.e. the function of the President of the Management Board.

The remunerations of the President of the Management Board stipulated by the Remuneration Policy should allow the Company to find and retain a capable President of the Management Board and be a good balance between the variable and fixed remuneration.



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In order to ensure an appropriate ratio of the remuneration received by the President of the Management Board to the remuneration received by the employees and working conditions in the Company, the remuneration policy stipulates that the monthly base (fixed) salary of the President of the Management Board should not exceed ten times the average monthly base salary of the Company's employees, calculated on the basis of full working time of the employees employed in the Company.

The following tables show the average remuneration paid out to all employees in gross 1 amount expressed in kunas and euros using a fixed conversion rate (7.53450). These amounts include a fixed and variable part of the salary, payments in kind and other material benefits of employees arising from the employment, divided by an average number of employees working full time, and the total revenues and profits of the Company.

Average remuneration per employee - Gross 1	2022	2021	2020	2019	2018
Annual remuneration (HRK)	106.550,94	101.805,58	94.457,52	100.274,40	97.485,48
Annual remuneration (Eur)	14.141,74	13.511,92	12.536,67	13.308,70	12.938,55

ILIRIJA d.d.	2022.	2021.	2020.	2019.	2018.
Revenues (Kn)	179.158.989,19	134.831.127,96	97.737.763,82	167.797.556,86	161.048.880,05
Revenues (Eur)	23.778.484,20	17.895.165,96	12.972.030,50	22.270.562,99	21.374.859,65
Net profit (loss) Kn	23.490.715,74	22.172.476,03	1.021.879,54	31.333.913,66	37.035.167,22
Net profit (loss) Eur	3.117.753,76	2.942.793,29	135.626,72	4.158.725,02	4.915.411,40

The remuneration policy stipulates no allocation of shares and/or options on shares to the President of the Management Board.

The company did not request a refund of the variable part of the salary, since no payment of the variable part was made in the year 2022.

The Company did not waive the Remuneration Policy adopted by the Supervisory Board and determined by the General Assembly.

The President of the Management Board has not received any payments or commitments for payments from any third party in connection with the work he has performed as a member of the Management Board during the previous fiscal year.

In case of cancellation of the contract due to the end of the term for which it was concluded, and in case that the Company offers no new contract to the President of the Management Board or in case that such a new contract is turned down by the Management Board or in case of the termination or cancellation of the contract by the Company not attributable to the misconduct of the President of the Management Board, the Company shall pay him a severance pay sum up to a maximum of his 12 base salaries. The stated amount makes up for the gross amount of severance pay and is reduced by all prescribed taxes and contributions from the salary.

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This report on the remuneration of members of the Management Board for the year 2022 was prepared in accordance with the Company's Remuneration Policy, relevant legal provisions, the Corporate Governance Code of the Zagreb Stock Exchange and HANFA. The report on remuneration for the year 2022 will be submitted to the General Assembly for approval to be held in 2023.

In Biograd na Moru, dated 10th February 2023.

ILIRIJA d.d.

Goran Ražnjević

President of the Management Board

Goran Medić

President of the Supervisory Board