

**PODRAVKA D.D.**

**SUPERVISORY BOARD AND  
REMUNERATION REPORT FOR 2023**

**MANAGEMENT BOARD**

## **Independent limited assurance report on Remuneration Report for the year 2023**

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

### ***Underlying Subject Matter***

Pursuant to the provisions of Article 272r, paragraph 3 of the Companies Act and the agreement concluded with Podravka d.d. ("the Company"), we have performed an engagement expressing a limited assurance on the attached Remuneration Report for the year ended 31 December 2023 ("Remuneration Report") prepared by the Company's Management board and Supervisory board.

Our limited assurance engagement relates to the subject matter whether the Remuneration Report contains data in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.

### ***Applicable Criteria***

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.

### ***Inherent limitations***

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.

### ***Specific purpose and distribution of use***

Our report is intended solely for the Management board and Supervisory board for the purpose of reporting to the General Assembly on the Remuneration Report prepared by the Company for the year ended 31 December 2023 in accordance with Article 272r of the Companies Act.

Based on the procedures performed and outlined below, this is a report expressing a conclusion with limited assurance and its purpose is not, nor does it represent, a legal opinion on compliance with Article 272r of the Companies Act.

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 limited assurance report or the conclusions we have reached.

### ***Management board and Supervisory board Responsibilities***

The Company's Management board and Supervisory board are responsible for:

- preparing the Remuneration Report for the year 2023 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 2023 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 Responsibility***

Our responsibility is to express a conclusion on Remuneration Report in accordance with the requirements of Article 272r, paragraph 3 of the Companies Act. We conducted our limited assurance engagement 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.

### ***Applicable requirements for quality management***

We apply the International Standard on Quality Management (ISQM) 1 and accordingly, we ensure the design, implementation, and functioning of the quality management system, including policies and procedures related to compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

### ***Compliance with independence requirements and other ethical requirements***

We comply with the requirements of independence and other ethical requirements of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board of Accountants (IESBA), which are based on fundamental principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional behavior.



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### ***Summary of performed procedures***

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 2023 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 2023
- 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.

The nature and extent of our procedures were determined based on our risk assessment and our professional judgment in order to obtain limited assurance.

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 2023 prepared by Podravka d.d. does not contain data, in all material respects, in accordance with the Article 272r, paragraphs 1 and 2 of the Companies Act.

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Berislav Horvat  
President of the Management board and certified auditor

Ernst & Young d.o.o.  
Radnička cesta 50  
10000 Zagreb  
Republic of Croatia

4 April 2024

### **Attachment**

1. Supervisory board and management board remuneration report for 2023



In accordance with Article 272r of the Companies Act and the provisions of the Corporate Governance Code of the Zagreb Stock Exchange and HANFA, the Management Board and the Supervisory Board of PODRAVKA Inc. (hereinafter referred to as the "Company") submit to the General Assembly of the Company the following

## SUPERVISORY BOARD AND MANAGEMENT BOARD REMUNERATION REPORT FOR 2023

### 1. Introduction

PODRAVKA Inc. was registered in 1993 as a joint-stock company. The Company's shares have been listed on the Prime Market of the Zagreb Stock Exchange.

The bodies of PODRAVKA Inc. are the Management Board, the Supervisory Board and the General Assembly, as determined by the Company's Articles of Association.

In accordance with the provisions of the Articles of Association, the Management Board consists of three to six members appointed by the Supervisory Board. The Management Board is appointed for a period determined by the Supervisory Board, but for a maximum of five years with the possibility of reappointment.

In accordance with the provisions of the Articles of Association, the Supervisory Board of the Company has nine members, eight of whom are elected by the shareholders at the General Assembly, while one member of the Supervisory Board is appointed by the Workers' Council of the Company. Members of the Supervisory Board are elected for a term of four years.

The reward system for the Supervisory Board and the Management Board of PODRAVKA Inc. is determined by the internal acts of the Company in accordance with the Remuneration Policy adopted by the General Assembly on 14 June 2022 (hereinafter: the Remuneration Policy) in accordance with which receipts were paid to members of the Management Board and the Supervisory Board in 2023.

The last Supervisory Board and Management Board remuneration report for 2022 was approved by the General Assembly on 17 May 2023.

This Report is presented in the Euro (EUR).

### 2. Remuneration of the members of the Supervisory Board

The Supervisory Board of PODRAVKA Inc. as of 31 December 2023 has nine members.

During 2023, from 1 January to 31 December 2023, members of the Supervisory Board were as follows:

- Damir Grbavac, President of the Supervisory Board,
- Luka Burilović, Vice-President of the Supervisory Board,
- Damir Čukman, member from 1 July 2023,
- Marina Dabić, member until 30 June 2023,
- Damir Felak, member
- Ksenija Horvat, member,
- Ante Jelčić, member from 17 May 2023,
- Tomislav Kitonić, member until 30 June 2023,
- Petar Miladin, member,
- Darko Prpić, member from 1 July 2023,
- Krunoslav Vitelj, member.

Each member of the Supervisory Board is entitled to a fixed monthly gross compensation from the date of their election or appointment to the Supervisory Board until the date their status of a member ceases. The Supervisory Board remuneration does not depend on the Company's results and does not contain a variable part of the remuneration. Members of the Supervisory Board are not entitled to remuneration for membership in committees of the Supervisory Board.

Members of the Supervisory Board have received remuneration for their work and are entitled to remuneration that is appropriate to the scope of their engagement and the tasks they perform, as well as the position and results of the Company's operations.

Pursuant to the Remuneration Policy and the Decision of the Company's General Assembly, the remuneration of the members of the Supervisory Board is determined according to the position they hold in the Supervisory Board in relation to the average gross salary of the Podravka Group employees paid in the previous month.

Pursuant to the Decision of the General Assembly, the remuneration of the member of the Audit Committee is determined in relation to the average gross salary of employees in the Podravka Group companies in the Republic of Croatia in the previous month.

Thus, the members of the Supervisory Board are entitled to a monthly compensation in the amount of 2 (two) average monthly gross salaries paid to employees of the Podravka Group in the previous month. This remuneration is increased for the President of the Supervisory Board by 50%, and for the Vice-President of the Supervisory Board by 30%.

Members of the Supervisory Board are also entitled to reimbursement of expenses and costs incurred in performing the tasks of the Supervisory Board, in accordance with the regulations applicable to employees of the Company.

Members of the Supervisory Board are not entitled to severance pay, additional payments by the Company or its related parties, or the allocation of the Company's shares.

The member of the Audit Committee is entitled to a monthly compensation in the amount of 1 (one) average gross monthly salary of employees in the Podravka Group companies in the Republic of Croatia in the previous month.

Consequently, in 2023, the members of the Supervisory Board were paid remuneration in the following gross amounts:

Name and surname	Position	Gross remuneration of Supervisory Board members in 2023 in EUR
Damir Grbavac	President of SB	44,411
Luka Burilović	Vice-President of SB	38,490
Marina Dabić	Member of SB until 30 June 2023	15,797
Ksenija Horvat	Member of SB	29,607
Tomislav Kitonić	Member of SB until 30 June 2023	15,797
Ante Jelčić	Member of SB from 17 May 2023	17,769
Damir Felak	Member of SB	29,607
Petar Miladin	Member of SB	29,607
Damir Čukman	Member of SB from 1 July 2023	13,810
Krunoslav Vitelj	Member of SB	29,607
Darko Prpić	Member of SB from 1 July 2023	13,810

In 2023, Mrs Ivana Matovina, President of the Audit Committee, received remuneration on the basis of membership in the Audit Committee in the gross amount of EUR 14,804.



Remuneration in the following gross amounts was paid to a current member of the Supervisory Board for membership in the Supervisory Board of a subsidiary and to a former member of the Supervisory Board for membership in the Supervisory Board of a subsidiary:

Name and surname	Position	Gross remuneration of Supervisory Board members in 2023 in EUR
Petar Miladin *	Member of SB	4,633
Petar Vlajić **	Former member of SB	13,805

\* Member of the Supervisory Board of Podravka Inc., Petar Miladin is also a member of the Supervisory Board of the subsidiary Belupo Inc. Koprivnica; the total gross receipts from remuneration in both Supervisory Boards amount to EUR 34,240.

\*\* Member of the Supervisory Board of the subsidiary Žito d.o.o., Ljubljana.

Apart from the above, the Company or its related parties have not made any other payments.

### 3. Remuneration of the members of the Management Board

The Management Board of PODRAVKA Inc. has five members.

During 2023, from 1 January to 31 December 2023, the members of the Management Board were as follows:

- Martina Dalić, President of the Management Board,
- Davor Doko, member,
- Ivan Ostojić, member,
- Ljiljana Šapina, member,
- Milan Tadić, member.

The Management Board remunerations are intended to attract and retain quality experts who will achieve the set strategic goals of the Company through balancing the interests of shareholders and other key stakeholders. The activities of the Management Board members must be aimed at achieving those strategic goals which improve the Company and protect and ensure its long-term sustainable value.

The total remuneration of the members of the Management Board is created in such a way as to ensure competitiveness and encourage the attraction and interest in the position of a member of the Management Board of the appropriate high-quality profile experts with the necessary abilities, skills and experience.

Accordingly, the total remuneration of the members of the Management Board is in correlation to the duties of the members of the Management Board in the Company: the implementation of strategic goals that improve and maintain the operations of both the Company itself and its affiliated companies and the creation of sustainable long-term value.

Accomplishments of the short-term and long-term business plan are monitored and rewarded through the achieved result of business and development of the Company and its affiliated companies. The structure of Management Board members remuneration is determined by the Performance agreement and the employment contract and forms a balance between variable and fixed remuneration, where the fixed part is determined in gross amount, while the variable part of remuneration is related to performance.

For 2022, KPIs for the calculation of the annual bonuses are largely based (weight in the total bonus of 80%) on the realized EBITDA and net profit of the Podravka Group, with key performance indicators for the President of the Management Board and the member of the Management Board for finance being determined according to the realization of the Podravka Group's planned EBITDA in 60% and the planned Podravka Group's net profit in 40%. For other members of the Management Board they are determined according to the realization of the planned net profit of the Strategic Business Unit (SBU) Food in 40% and the planned EBITDA of the SBU Food in 60%.

In the second part (weight in the total bonus of 20%) KPIs are based on individual achievements of the President and members of the Management Board according to the Supervisory Board assessment.

In 2023, the members of the Management Board were paid the following gross amounts:

Name and surname	Annual gross salary/ remuneration in EUR	%	Amount of paid gross bonus for 2022 in EUR	%	Other gross receipts * in EUR	%	Total gross in EUR	%
Martina Dalić	168,981	49%	156,082	45%	21,650	6%	346,712	100%
Davor Doko	146,411	53%	112,814	41%	17,060	6%	276,286	100%
Ljiljana Šapina	137,896	58%	84,943	36%	14,824	6%	237,662	100%
Milan Tadić	146,201	58%	90,252	36%	15,535	6%	251,988	100%
Ivan Ostojić	137,896	70%	42,471	21%	18,430	9%	198,797	100%

\* other gross receipts refer to the use of a company car, health insurance premiums, voluntary pension insurance premiums, life insurance premiums, meals, etc.

The new term of office of the president and members of the Management Board began on 24 February 2022. The remuneration of the members of the Management Board consists of fixed remuneration, variable remuneration (annual bonus and long-term share allocation program) and other. The new contracts on performance of duties and employment contracts cancelled the right of the president and members of the Management Board to be granted option shares that were not related to business results, and introduced the right to be granted shares which depends on achieved long-term business indicators related to EBITDA, net profit of the Podravka Group, dividend per share and earnings per share. In case the criteria for the payment of the annual bonus for the business year is met in such a way that at least 100% of the set performance indicators are met, the members of the Management Board have the right to participate in the Long-Term Share Allocation Program. The total number of shares to which members of the Management Board are entitled for a particular business year is determined by multiplying the number of salaries by the amount of salary and then dividing by the Company's share price. The Company's share price is calculated as the average price achieved on the Zagreb Stock Exchange during 6 months preceding the date of the Supervisory Board's decision on the total number of shares to which the Management Board member is entitled.



The Supervisory Board determines the number of the Company's shares to which the members of the Management Board are entitled for the business year in a way that 50% of the total number of shares is reduced by the number of shares whose market value on the date of allocation corresponds to the value of taxes prescribed by law. The right to the allocation of the remaining 50% of shares will depend on the fulfilment of long-term business indicators (weight 80%) and the discretionary decision of the Supervisory Board (weight 20%), which will be determined by the Supervisory Board in 2025 and 2027.

A reduction will be applied to the allocation of the remaining 50% of shares for the number of shares whose market value corresponds to the value of taxes prescribed by law. In case of partial fulfilment of the goals, the members of the Management Board have the right to an aliquot part of the remaining 50% of shares, in accordance with the decision of the Supervisory Board. Given that the criterion for the payment of the annual bonus for 2023 has been met, the members of the Management Board have the right to participate in the Long-term share allocation program.

Furthermore, the new contracts of the members of the Management Board changed the criteria for awarding the annual bonus. The annual bonus is based on the achievement of set indicators of the Business Plan of Podravka Group or SBU Food and the decision of the Supervisory Board, whereby the set business indicators contribute to the basis for calculating the annual bonus with 80%, and the decision of the Company's Supervisory Board with 20%.

The basis for calculating the annual bonus of the president and member of the Management Board for finance is the percentage of achievement of set business indicators of Podravka Group, namely EBITDA with 60% and net profit with 40%. For the remaining members of the Management Board, the basis for the calculation is percentage of achievement of set business indicators of SBU Food, EBITDA with 60% and net profit with 40%.

With regard to the achieved results for the business year 2023, the members of the Management Board are entitled to a variable part of the compensation (gross bonus for the year 2023) as follows:

<b>Name and surname</b>	<b>Amount of gross bonus for 2023 in EUR</b>
Martina Dalić	173,280
Davor Doko	125,200
Ljiljana Šapina	106,110
Milan Tadić	118,940
Ivan Ostojić	112,005

With regard to the achieved business results, the members of the Management Board are entitled to the allocation of shares for 2023 as follows:

Name and surname	The year to which the right to allocate shares relates	50 % of the number of allocated shares *	Market value of shares in EUR **	Value of shares belonging to a Member of the Management Board in EUR ***
Martina Dalić	2023	471	74,357	56,517
Davor Doko	2023	326	51,466	39,152
Milan Tadić	2023	326	51,466	39,152
Ljiljana Šapina	2023	307	48,466	36,784
Ivan Ostojić ****	2023	307	48,466	36,784

\* Without reduction for the number of shares corresponding to the value of taxes prescribed by law, calculated on the basis of the average share price for the last 6 months ending on 3 April 2024.

\*\* The market value of the allocated shares was calculated as a product of 50% of the number of allocated shares and the average share price from the Zagreb Stock Exchange on 3 April 2024 of EUR 157.87.

\*\*\* The value of shares belonging to the Member of the Management Board was calculated as the product of 50% of the number of shares allocated reduced for taxes, and the average share price from the Zagreb Stock Exchange on 3 April 2024 of EUR 157.87.

\*\*\*\* Board member Mr. Ivan Ostojić's mandate began on July 1, 2022., which has implications for the dynamics of the allocation of shares. He will be awarded with 50% of the total number of shares to which he has exercised the right for 2023 after the expiration of the two-year term of office of the member of the Management Board, within 30 days from July 1, 2024.

Members of the Management Board have been entitled to options from previous years to purchase shares that have not yet been fully realized. The price of shares which the members of the Management Board have the option to purchase is determined as the weighted average price of the Company's share on the Zagreb Stock Exchange in the year to which the share option relates.

During 2023, members of the Management Board of PODRAVKA Inc. exercised the options as follows:

Name and surname	Year of allocation	Number of exercised options	Gross amount of receipt in EUR *
Davor Doko	2018	7,500	777,821
Milan Tadić	2019, 2020	5,800	428,920
Ljiljana Šapina	2018	7,500	777,821

\* Refers to the difference between market and option price with taxes and surtaxes included



Based on the realized right to the allocation of shares for 2022, the members of the Management Board were allocated shares in 2023 as follows:

Name and surname	Year of allocation	Number of allocated shares	Gross amount of receipt in EUR
Martina Dalić	2022	581	70,912
Davor Doko	2022	403	49,187
Ljiljana Šapina	2022	397	46,274

*Note: In accordance with the decision of the Supervisory Board, 50% of the total number of shares to which they have exercised the right for 2022 will be allocated to the members of the Management Board, Mr. Milan Tadić and Mr. Ivan Ostojić, after the expiry of the two-year member of the Management Board mandate, i.e. on 24 February 2024 for Mr. Milan Tadić and on 1 July 2024 for Mr. Ivan Ostojić.*

Apart from the above, the Company or its related parties have not made any other payments to members of the Management Board.

The Company and its related parties have not provided any loans or advances to and do not issue guarantees for the members of the Management Board.

The Company and its related parties have not given any gifts or benefits of significant value to the members of the Management Board.

#### 4. Remuneration of former members of the Management Board

During 2023, a former member of the Management Board of PODRAVKA Inc. and the heirs of the former president of the Management Board exercised the options as follows:

Name and surname	Year of allocation	Number of exercised options	Gross amount of receipt in EUR
Marko Đerek *	2019	7,500	604,652
Heirs of the former president of the Management Board Marin Pucar	2017, 2018, 2019, 2020	24,672	1,721,597

\* Former member of the Management Board of Podravka Inc., Mr. Marko Đerek is a current member of the Management Board of the subsidiary Belupo Inc. and on this basis during 2023 he received from the subsidiary an annual gross salary of EUR 121,602, a gross bonus for 2022 in the amount of EUR 75,387 and other gross receipts in the amount of EUR 12,326.

During 2023 on the basis of the exercised right to the allocation of shares for 2022, he was allocated 251 shares which corresponds to the gross amount of EUR 30,494.

Considering the achieved results for 2023, Mr. Marko Đerek was entitled to receive a bonus in the gross amount of EUR 82,960 and 203 shares, which represent 50% of the total number of allocated shares without reduction for the number of shares corresponding to the value of taxes prescribed by law, thus representing the right of Mr. Marko Đerek to the value of shares in the amount of EUR 24,554.



## 5. Comparative overview of movements in total revenues, profit and employee receipts

The overview below shows the average receipts of employees of PODRAVKA Inc. in gross amount which includes the fixed and variable parts of salary, other benefits in kind and all other payments made in connection with the employee status, divided by full time equivalents (FTEs) of the observed periods.

Other benefits in kind include meals, accommodation, supplementary health insurance premiums, benefits in kind /Easter bonus, etc.

Other payments include severance pay, reimbursement of costs for transportation to and from work, cash bonuses for results and other forms of additional rewards, occasional bonuses, voluntary pension insurance premiums, bonuses to employees for years of service, gifts for children, supports for continuous sick leave of more than 90 days, one-off supports in the event of the death of a member of the employee's immediate family, supports for newborn children, supports for living apart from the family, etc.

In the comparative overview of movements in the last five years, the total revenues and net profit of the Company are stated according to what was realized in a particular year, while the average receipts are stated according to what was paid in a certain calendar year.

Year	Total revenues of PODRAVKA Inc. in EUR thousand	Net profit of PODRAVKA Inc. in EUR thousand	Average annual gross receipts per employee in EUR
2019	285,202	19,270	15,671
2020	290,389	25,726	16,068
2021	303,278	32,531	16,556
2022	331,125	26,290	18,140
2023 *	359,395	47,400	20,218

*\*the average gross receipt per employee incorporates the monthly payments of net non-taxable receipts, which are paid based on the Income Tax Regulations and for which the net amount of payments is equal to the gross amount.*

## 6. Additional information

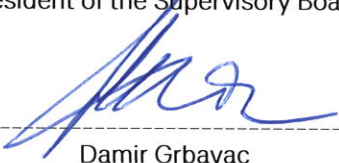
The Company did not request a refund of variable part of the salary from members of the Management Board of PODRAVKA Inc.

There are no payments or liabilities payable by a third party to the members of the Management Board, in connection with the tasks they performed as members of the Management Board in the Company or any other function within Podravka Group.

The Management Board remuneration report for 2023 has been prepared in accordance with the relevant legal provisions, the Corporate Governance Code of the Zagreb Stock Exchange and HANFA and the Articles of Association of PODRAVKA Inc.

In Koprivnica, 4 April 2024

President of the Supervisory Board

  
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Damir Grbavac

President of the Management Board

  
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Martina Dalić, PhD