



Pursuant to Article 263 and Article 300c of the *Companies Act*, the *Articles of Association of the Atlantic Grupa d.d.*, Articles of the *Code of the Corporate Governance* of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency, the Supervisory Board of Atlantic Grupa d.d. (Atlantic Grupa d.d. hereinafter also as: a „Company“) submits to the General Assembly the following

REPORT

ON THE PERFORMED SUPERVISION OF THE COMPANY'S BUSINESS OPERATIONS MANAGEMENT IN THE YEAR 2020

The Supervisory Board of Atlantic Grupa d.d. (hereinafter referred to as: the Supervisory Board), pursuant to the powers conferred by the provisions of the *Company Act*, the *Articles of Association of the Atlantic Grupa d.d.*, *Rules of Procedure of the Supervisory Board* and the *Code of the Corporate Governance* of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency, continually performed supervision of business operations of Atlantic Grupa d.d. in the period from January 1st, 2020 to December 31st, 2020. Through its supervision the Supervisory Board concluded that in 2020 Atlantic Grupa d.d. has operated in accordance with the Law, the Company's acts and decisions of the General Assembly.

In 2020, the Supervisory Board operated in the following composition:

Zdenko Adrović (President),
Siniša Petrović (Vice President),
Anja Svetina Nabergoj (member),
Monika Elisabeth Schulze (member),
Franz Josef Flosbach (member),
Aleksandar Pekeć (member),
Lars Peter Elam Håkansson (member).

In 2020 the Supervisory Board held four sessions in which it discussed issues and reached decisions and conclusions on matters pertaining to the functioning and business operations of the Company and its affiliates. The Supervisory Board was duly informed by the Management Board of all business events of greater importance, the course of business operations, revenues and expenditures, as well as of the general status of the Company. The Management Board regularly submitted to the Supervisory Board quarterly, semi-annual and annual written reports on business operations to which the Supervisory Board had no objections and which were unanimously adopted. The Supervisory Board has performed supervision of the Company's activities in line with the decisions adopted by the Company's General Assembly and concluded that the Company acted entirely in conformity with decisions of the General Assembly. The Supervisory Board used its counsel and recommendations to influence the Company's activities which marked the business

year of 2020 (conducting the business during the COVID-19 pandemic, defining the new strategic vision of Atlantic Grupa, sale of the Bebi brand as continuation of the process of divesting minor and non-core activities, entering into strategic partnership with Procaffe company, new corporate bond issuance) and discussed in details the Annual Business Plan for 2021.

Three Committees were established which activities assist the operation and functioning of the Company's Supervisory Board, namely: the Audit Committee, the Nomination and Remuneration Committee and the Corporate Governance Committee.

Each Committee anticipates three members of which two are appointed from the ranks of Supervisory Board members while one member is appointed from the ranks of top external experts in the subject area.

The Audit Committee is chaired by Franz Josef Flosbach, Marko Lesić was appointed as the external expert, while Zdenko Adrović was appointed from the ranks of Supervisory Board members. The Committee held two sessions throughout 2020.

The Corporate Governance Committee is chaired by Siniša Petrović, while Nina Tepeš was appointed as the external expert. The Committee held five sessions throughout 2020.

The Nomination and Remuneration Committee is chaired by Aleksandar Pekeč, Lars Peter Elam Håkansson was appointed from the ranks of Supervisory Board members, while Zoran Sušanj was appointed as the external expert. The Committee held two sessions throughout 2020.

Within the legal timeframe, prescribed in Article 300c of the *Companies Act*, the Supervisory Board reviewed the annual financial statements of Atlantic Grupa d.d. and its affiliates for the year ended on December 31st, 2020 together with the report of an independent auditors Ernst & Young d.o.o., Radnička cesta 50, Zagreb and Kulić i Spirk revizija d.o.o., Radnička cesta 50, Zagreb, submitted by the Management Board. Supervisory Board has determined that they were drafted in accordance with the situation established in the financial records of Atlantic Grupa d.d. and its affiliates and that they realistically and objectively present the financial status and the results of business operations of Atlantic Grupa d.d. In accordance with such findings, the Supervisory Board agrees with the annual financial statement for 2020 and the independent auditor's report and thereby, pursuant to Article 300d of the *Companies Act*, the Management and Supervisory Board have affirmed the annual financial statements of the Company. The integral parts of the annual financial statement of Atlantic Grupa d.d. for the year ended on December 31st, 2020 are:

- Income statement of Atlantic Grupa d.d.
- Balance sheet of Atlantic Grupa d.d.
- Cash flow statement of Atlantic Grupa d.d.
- Statement of changes in equity of Atlantic Grupa d.d.
- Notes to the financial statements of Atlantic Grupa d.d.
- Income statement of Atlantic Grupa d.d. and its affiliates
- Balance sheet of Atlantic Grupa d.d. and its affiliates
- Cash flow statement of Atlantic Grupa d.d. and its affiliates

- Statement of changes in equity of Atlantic Grupa d.d. and its affiliates
- Notes to the financial statements of Atlantic Grupa d.d. and its affiliates
- Auditor's report on the performed audit of the audit companies Ernst & Young d.o.o. and Kulić i Šperk revizija d.o.o.

The Supervisory Board reviewed the annual report of the Management Board on the status of the Company for 2020 and determined that it accurately and objectively presents the current business situation and status of the Company. In accordance with such findings, the Supervisory Board has accepted the Management Board's report on the status of the Company for 2020.

The Management Board presented to Supervisory Board a Proposal of the Decision on use of retained earnings of the Company realized in the previous business years and use of earning realized in 2020, the Supervisory Board agrees with the proposal of the Decision of the Management Board of Atlantic Grupa d.d. and, therefore, such proposal of the decision will be submitted to the General Assembly of Atlantic Grupa d.d. for adoption.

Pursuant to all of above, the Supervisory Board submits this report to the General Assembly with a motion that the General Assembly makes decisions under its competence in conformity with the proposals of the Management and Supervisory Board.



Zdenko Adrović
President of the Supervisory Board