

1.4 REPORT OF THE SUPERVISORY BOARD FOR 2020

In 2020, the Supervisory Board monitored the operations of Intereuropa, d. d. and the Intereuropa Group, and responsibly supervised its management. It was briefed periodically on reports on different business lines, discussed various aspects of their performance, and adopted the appropriate resolutions in this regard and monitored the implementation thereof. Certain topics were discussed in advance in detail by committees, e.g. the Audit Committee and the Nomination and Remuneration Committee, before being discussed by the Supervisory Board. The Supervisory Board adopted the appropriate resolutions on the basis of their findings and recommendations.

1.4.1 COMPOSITION OF THE SUPERVISORY BOARD

The composition of the Company's Supervisory Board was changed at the end of 2019, when shareholders elected the following persons at the General Meeting of Shareholders to serve as members of the Supervisory Board for a period of four years beginning on 30 December 2019: Boris Novak, MSc, Andrej Rihter, MSc, Vinko Filipič and Milan Perović. On 13 January 2020, Boris Novak, MSc was unanimously appointed to serve as Chairman of Intereuropa, d. d.'s Supervisory Board.

The Company's Supervisory Board functioned in a composition of six members in 2020. That composition is presented in the section Corporate governance statement (Composition of the Supervisory Board and its committees), in the business report section of the annual report.

1.4.2 WORK OF THE SUPERVISORY BOARD IN 2020

The work and decision-making of the Supervisory Board are based on the monitoring and verification of the operations of Intereuropa, d. d. and the Intereuropa Group. The work of the members of the Supervisory Board and the work of committee members, was professional and focused on the effective performance of their function. In adopting the appropriate resolutions, the Supervisory Board was supported in terms of appropriate content by the proposals of its committees. The Supervisory Board continuously informed interested parties about its most important decisions.

The materials that served as the basis for conducting sessions and adopting the relevant decisions were made available in a timely manner and in accordance with the Rules of Procedure of the Supervisory Board and the Rules of Procedure of the Audit Committee. Reports prepared by the Management Board for the purpose of the work of the Supervisory Board and the Supervisory Board's committees were suitable for the quality assessment of information and the fulfilment of the obligations of Supervisory Board members that are prescribed by the law and the Articles of Association.

The Supervisory Board believes that its cooperation with the Management Board was appropriate, and compliant with legislation and best practices. To the best of its knowledge and with due care, the Supervisory Board requested the necessary clarifications from the Management Board to assess the position of the Company, and formulated the appropriate resolutions based on those clarifications. The Supervisory Board continuously monitored the implementation of its own resolutions.

The Supervisory Board met at 15 sessions, two of which were correspondence sessions. All members of the Supervisory Board attended sessions regularly. Attendance was 100% at all but one of the Supervisory Board's sessions. Some sessions were conducted as video-conference meetings in 2020 due to the COVID-19 pandemic. The Supervisory Board and Management Board focused their efforts on defining and monitoring the development strategy, and managing business risks, which is important for the successful future operations of the Company and the Intereuropa Group.

The important matters that the Supervisory Board discussed in 2020 are presented below:

- It discussed and approved interim reports regarding the current operations of the entire Intereuropa Group and of individual subsidiaries on a quarterly basis. It also monitored the compliance of reports with adopted business and strategic plans.
- It adopted the audited annual report of the Intereuropa Group for 2019, together with the report of the certified audit firm Ernst & Young, d. o. o., and was briefed in advance on the findings of the audit.
- It took a position regarding the corporate governance statement and statement regarding non-financial operations in accordance with the ZGD-LJ.
- Together with the Management Board, the Supervisory Board drafted the agenda and proposed resolutions with justifications for the 34th General Meeting of Intereuropa, d. d., which was held on 27 August 2020.
- It was briefed quarterly on sales activities, changes in the balance of receivables, risk management reports, reports on the sale of real estate and reports on the progress of the implementation of priority projects.
- It adopted the plan of the Intereuropa Group for 2020 on 10 February.
- It gave its consent to the signing of an employment contract with President of the Management Board, Marko Cegnar, and Management Board members, Marko Rems and Matija Vojsk, MSc.
- On 9 July, it adopted the revised plan of the Intereuropa Group for 2020, which was drafted on the basis of assessments of

operations and risks solely as the result of the COVID-19 pandemic.

- It adopted the remuneration policy for members of Intereuropa, d. d.'s Management Board, which complies with the provisions of the Act Governing the Earnings of Management Staff at Companies under the Majority Ownership of the Republic of Slovenia and Self-Governing Local Communities (ZPPOGD) and the provisions of the Companies Act (ZGD-1) and the Employment Relationships Act (ZDR-1).
- At the proposal of the Nomination and Remuneration Committee, it gave its consent to the work contract of the external member of the Supervisory Board's Audit Committee.
- It was briefed on the semi-annual and annual report on the work of the Internal Audit Department and gave its consent to the rules on the work of the Internal Audit Department.
- It assessed the effectiveness of the work of the Supervisory Board in 2020 according to the methodology of the Slovenian Directors' Association, and adopted an action plan for future work improvements on the basis of the results of that assessment.
- The Supervisory Board monitored the implementation of strategic projects.
- It was briefed on the report of the Works Council of Intereuropa, d. d. as it relates to employee participation in management.
- It was briefed annually and semi-annually on the report on the corporate integrity system.
- It discussed the reports of the Audit Committee and the Nomination and Remuneration Committee.
- At its session held on 28 October, the Supervisory Board of Intereuropa, d. d. reappointed the current President of the Management Board, Marko Cegnar, to a four-year term of office, effective 12 November 2020.
- The Supervisory Board was briefed at the session of 28 October that as of 12 November 2020 the term of office of current Management Board member, Matija Vojsk, MSc would cease, and decided that, after 12 November 2020, the Management Board of Intereuropa, d. d. will be reconstituted so that it comprises two members: President of the Management Board, Marko Cegnar, and Vice-President of the Management Board, Marko Rems.
- The Supervisory Board adopted the business and financial plan of the Intereuropa Group for the 2021 financial year and the Strategic development programme of the Intereuropa Group until 2025.
- It was briefed on the amended Rules of Procedure of the Management Board.
- It approved the financial calendar of announcements for 2021, in which the Company's major public announcements are planned.
- At the end of the calendar year, it adopted its own work plan, including the planned content of sessions in 2021.
- The Supervisory Board monitored and was actively included in the integration processes of Intereuropa, d. d. and Pošta Slovenije, d. o. o., a process that required a great deal of engagement by both the Management Board and Supervisory Board.
- It was briefed on other information relating to Intereuropa, d. d., the Intereuropa Group and its subsidiaries.

The work of the Supervisory Board was in line with the provisions of applicable legislation, the Articles of Association, the Rules of Procedure of the Supervisory Board, the internal acts of Intereuropa, d. d., the Corporate Governance Policy of Intereuropa, d. d. and the Slovenian Corporate Governance Code (hereinafter: Code). The Supervisory Board and Management Board are committed to respecting the independence of the members of both bodies, and to taking the appropriate action in circumstances that could lead to a significant change in the status of an individual member of the Management Board or Supervisory Board in relation to the Company. They determined that all Supervisory Board members meet the criteria of independence. Both bodies thus signed a statement on the fulfilment of the criteria of independence. The Company publishes the statements of Supervisory Board members on its website. In their work and decision-making, Supervisory Board members took into account the objectives of the Company, and subordinated any other personal interests or the individual interests of third parties, the Management Board, shareholders and the public to those objectives. The members of the Supervisory Board are qualified, and possess the appropriate competences, different knowledge and experience with respect to the frameworks and requirements in which the Company operates. The Supervisory Board believes that its composition and size facilitate effective discussions and high-quality decision-making based on the diverse experience of its members.

The remuneration of members of the Supervisory Board and its committees is disclosed in the financial report of the parent company in note no. 32 Other explanations. Other costs associated with the work of the Supervisory Board and its committees comprise the costs of liability insurance for members of the Supervisory Board, membership fees for the Slovenian Directors' Association and training costs for Supervisory Board members. The aforementioned costs amounted to EUR 20,988 in 2020.

Two committees functioned under the aegis of the Supervisory Board in 2020: the Audit Committee and the Nomination and Remuneration Committee. The composition of the Supervisory Board's committees is described in the section Corporate governance statement (Composition of the Supervisory Board and its committees). Members prepared themselves adequately for topics discussed at individual committee sessions and put forward constructive proposals, and through their active participation, contributed to the performance of the Supervisory Board's tasks. The work of committees contributed significantly to the effective work of the Supervisory Board.

The Audit Committee met at thirteen sessions in 2020. One of those sessions was a correspondence session. All members of the Audit Committee of Intereuropa, d. d.'s Supervisory Board were present at all sessions and voted on matters by submitting ballots to the chair of the Audit Committee. Members of the Supervisory Board who are not members of the

Audit Committee were kept abreast about the latter's work by viewing the minutes of and materials for sessions published on an external portal for members of the Audit Committee. The chair of the Audit Committee also regularly reported on the committee's work and findings at sessions of the Supervisory Board, as explained in the point Report on the work of the Audit Committee. The Audit Committee addressed issues in accordance with the ZGD-1, recommendations for the work of audit committees, the Audit Committee's rules of procedure, the work plan of the Supervisory Board's Audit Committee adopted on 17 November 2020 and the resolutions of the Audit Committee.

The Audit Committee was regularly briefed on periodic and quarterly reports on the operations of the Group and Group companies, and on assessments of the interim operating results of Intereuropa, d. d. and the Group, while special attention was given to financial and accounting data, liquidity, borrowing and the fulfilment of commitments to banks. The committee regularly monitored periodic risk management reports for the Company and Group, and the half-yearly and annual reports of the Internal Audit Department.

In 2020, the Audit Committee was briefed on the Internal Audit Department's annual report for 2019 and on the latter's work plan for 2020, and was regularly briefed throughout the year on quarterly reports on the work of the Internal Audit Department, and on reports on the implementation of the latter's recommendations and the recommendations of the external auditor.

The Audit Committee held several meetings in 2020 with the external auditors of Ernst & Young, d. o. o. during the preliminary audit and audit of the financial statements. During those meetings, it was actively involved in the definition of areas subject to auditing, monitored the independence and the quality of the work of the certified auditor and was briefed on the course of and findings from the preliminary audit/audit of the financial statements of the Company and Intereuropa Group. It discussed the unaudited and audited annual report of the Company and the Intereuropa Group for 2019, with the opinion of the independent auditor. It issued a report on its work in 2019, with an assessment of the annual report of the Company and the Intereuropa Group for 2019. It was briefed on the findings and recommendations from the letter to the management drafted by the audit firm, and on response reports.

The Audit Committee was also briefed on the business-financial plan of the Intereuropa Group for 2021 with projections for 2022 and 2023 and on the Strategic Development Programme of the Intereuropa Group for the period 2021 to 2025, and proposed that the Supervisory Board approve both plans. The Audit Committee adopted its work plan for 2021 and carried out a self-assessment of its work for the previous year, and thus established the basis for its work in the coming year.

In 2020, the Supervisory Board's **Nomination and Remuneration Committee** met at five sessions, one of which was a correspondence session. The main topics discussed were the procedure of appointing the President of the Management Board and the future composition of Intereuropa, d. d.'s Management Board, and the remuneration of the latter. The entire process took a few months, and was conducted by the Nomination and Remuneration Committee of Intereuropa, d. d.'s Supervisory Board, which was already briefed on a variety of potential approaches to recruiting candidates in June 2020, and on the basis of the possibilities available decided in favour of the re-election process. In adopting its decisions, the committee relied on legislation governing this area, as well as on the Company's internal acts.

1.4.3 PERFORMANCE OF THE INTEREUROPA GROUP IN 2020

The Intereuropa Group is a leading logistics company that is consolidating its position as the leading provider of logistics solutions in Slovenia and Southeast Europe. The performance of the Company and the Intereuropa Group focuses on achieving long-term growth.

The Intereuropa Group generated EUR 150.7 million in sales revenue in 2020, a decrease of 6% relative to 2019, but 8% higher than planned. The main factor in lower sales was the COVID-19 pandemic. The Intereuropa Group generated a cash flow from operating activities (EBITDA) of EUR 12.3 million in 2020, a decrease of 12% relative to 2019, but 21% higher than planned. Earnings before interest and taxes (EBIT) was also down relative to 2019 (by 23%), but was 120% higher than planned to stand at EUR 5.8 million in 2020. Despite the negative effects of the COVID-19 pandemic, the Intereuropa Group ended the 2020 financial year with a profit of EUR 3.6 million.

It responded to the adverse conditions by accelerating the implementation of certain development projects, and continued to implement enhanced marketing activities and supply logistics support to customers along the entire supply chain through its network of twelve subsidiaries in nine countries in Southeast Europe and the Ukraine in the scope of the Pošta Slovenije Group during the remainder of 2020.

The Supervisory Board assesses that Intereuropa, d. d. performed well and achieved the key outlined objectives of Intereuropa, d. d. and the Intereuropa Group. It also bases its findings on the independent auditor's report on the financial statements of Intereuropa, d. d. and the Intereuropa Group for 2020, and on the submitted Management Board reports. In addition to its regular tasks, the Supervisory Board devoted special attention in 2020 to the implementation of the Strategic development programme of the Intereuropa Group and its business and financial plan, and to integration with Pošta Slovenije, d. o. o.

1.4.4 APPROVAL OF THE 2020 ANNUAL REPORT

Pursuant to paragraph 3 of Article 272 of the Companies Act (ZGD-1), Intereuropa, d. d.'s Management Board submitted the annual report of the Intereuropa Group and Intereuropa, d. d. for 2020, together with the auditor's report for 2020, immediately after compilation and the issuance of the auditor's opinion. The annual report was discussed by the Supervisory Board at its regular session of 29 April 2021. The annual report of the Intereuropa Group and Intereuropa, d. d. for 2020 was audited by the audit firm Ernst & Young revizija, poslovno svetovanje, d. o. o., which issued an unmodified opinion regarding the financial statements of the Intereuropa Group and Intereuropa, d. d. for 2020. At its session of 29 April 2021, the Audit Committee of Intereuropa, d. d.'s Supervisory Board discussed the audited annual report of the Intereuropa Group and Intereuropa, d. d. for 2020 and found that the annual report was compiled in a timely, clear and transparent manner, and in accordance with the provisions of the Companies Act (ZGD-1), the applicable International Financial Reporting Standards, as adopted by the European Union, and other relevant legislation. The Audit Committee had no comments with respect to the annual report of the Intereuropa Group and Intereuropa, d. d. for 2020, and proposed that the Supervisory Board adopt a decision in accordance with Article 282 of the Companies Act (ZGD-1) regarding the approval of the annual report of the Intereuropa Group and Intereuropa, d. d. for 2020. Based on the auditor's opinion, the positions of the Audit Committee of Intereuropa, d. d.'s Supervisory Board, and data and disclosures in the annual report of the Intereuropa Group and Intereuropa, d. d. for 2020, the Company's Supervisory Board assesses that the auditor performed its work independently and professionally in accordance with valid legislation and business practices, that the annual report was compiled, in all material aspects, in accordance with the requirements of the Companies Act (ZGD-1), and that the financial statements fairly present, in all material aspects, the financial position of the Intereuropa Group and Intereuropa, d. d. as at 31 December 2020, and their operating results and cash flows for the year then ended in accordance with the International Financial Reporting Standards, as adopted by the European Union. The Supervisory Board has no remarks regarding the auditor's report. It also has no comments regarding the annual report of the Intereuropa Group and Intereuropa, d. d. for 2020 that would in any way inhibit its decision to approve the annual report. Thus, in accordance with paragraph 3 of Article 282 of the Companies Act (ZGD-1), the Supervisory Board of Intereuropa, d. d. approved the annual report of the Intereuropa Group and Intereuropa, d. d. for 2020. The 2020 annual report was approved by the prescribed deadline, i.e. one month from its submission to the Supervisory Board by the Company's Management Board. The Supervisory Board was also informed about distributable profit in 2020, which amounted to EUR 9,987,873.36, and about the Management Board's proposal to leave distributable profit undistributed.

In accordance with Article 545 of the ZGD-1, the Company drafted the report on relations with affiliates indicating all the legal transactions that the company concluded with the controlling company or any undertaking related thereto in the previous financial year, at the initiative of or in the interest of these companies, and all other acts that were committed or omitted at the initiative or in the interest of these companies in the previous financial year.

The Management Board of Intereuropa, d. d. hereby explained that the Company did not suffer any deprivation on account of the transactions and acts presented in the report on relations with affiliates.

Pursuant to Article 546 of the ZGD-1, the auditor audited the report on relations with affiliates. The auditor had no comments regarding that report and confirmed:

- that the statements in the report on relations between associated companies for the year ended 31 December 2020 are accurate in all material respects;
- that the value of the Company's legal transactions stated in the report is not disproportionately high given the circumstances that were known at the time the legal transactions were executed; and
- that there are no circumstances relating to other acts stated in the report that would suggest a substantially different assessment of deprivation than the one given by the management.

In accordance with Article 546a of the Companies Act (ZGD-1), the Supervisory Board verified the report on relations with affiliates and the Management Board's statement regarding potential deprivations (paragraph 5 of Article 545 of the same act), and had no comments on the aforementioned report and statement. It also had no comments on the auditor's written report on the review of the above-mentioned report.

When adopting the annual report, the Supervisory Board also took a position regarding the corporate governance statement and the statement of compliance with the reference code, which are included in the business report section of the annual report of the Intereuropa Group and Intereuropa, d. d. for 2020, and assessed that they reflect the actual state of corporate governance in 2020.

Koper, 29 April 2021

Andrej Rihter, MSc
Deputy Chairman of the Supervisory Board

