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Subject: **Notification of the Initiation of the PALME TURIZAM d.o.o. Merger and concluded Merger Agreement**
(*Inside information*)

Pursuant to the provision of the Article 17 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/12/EC, 2003/125/EC and 2004/72/EC, Valamar Riviera d.d. with registered office in Poreč, Stancija Kaligari 1, personal identification number (OIB): 36201212847, entered into court register of the Commercial Court in Pazin with the number (MBS) 040020883 (hereinafter: The Company or Valamar), hereby notifies that the Supervisory Board has approved the initiation of the merger of the company PALME TURIZAM d.o.o., with registered office in Dubrovnik, Vatroslava Lisinskog 15a, personal identification number (OIB): 22017442176, entered into court register of the Commercial Court in Dubrovnik with the number (MBS) 090014461 to the company Valamar.

Valamar is the sole shareholder of the company PALME TURIZAM d.o.o. and has business shareholding representing 100% of share capital. The merger is initiated to improve operating efficiency and rationalize operations.

On 19 March 2021 Valamar and PALME TURIZAM d.o.o. concluded a Merger agreement in the form of a notary public document. The agreement will take effect on the day it is approved by the assembly of the company PALME TURIZAM as transferor and the General assembly of Valamar as transferee, only in case the assembly is required by shareholders pursuant relevant regulations.

After submitting the agreement to the court register of the Commercial court in Dubrovnik and Commercial court in Pazin, the Company will notify the shareholders on their rights regarding provisions of the articles 531 and 517 paragraph 2 of the Companies Act. The prescribed documentation will be announced and available on the Company website.

Pursuant to regulations, the merger is considered to be completed only upon its registration in the transferee company's court register which is expected by the end of May this year.

Valamar Riviera d.d.