



Lanterna Premium Camping Resort 5*, Poreč

BUSINESS RESULTS 1/1/2022 - 30/6/2022



VALAMAR
All you can holiday

ABOUT VALAMAR

Valamar is Croatia's leading tourism company operating hotels, resorts and camping resorts in prime destinations – Istria, the islands of Krk, Rab and Hvar, Makarska, Dubrovnik, and Obertauern in Austria. With around 21,000 keys, Valamar's 37 hotels and resorts and 15 camping resorts can welcome around 58,000 guests daily and provide perfect holidays and authentic experiences for each guest. The company believes in a growthdriving strategy focused on investments in high added-value products, talents, innovative services and destinations to maintain business continuity. The active promotion and advancement of these interests make Valamar a responsible and desirable employer and one of the top Croatian and regional investors in tourism with over HRK 6.1 billion invested in the last 18 years.

Steered by sustainability and social responsibility, Valamar leads the innovative management of leisure tourism and continuously creates new value for all our stakeholders. Valamar's business success is based on longstanding partnerships and an open communication with its key stakeholders. Therefore, we have established policies at company level that represent our continuing commitment to be the hospitality market leader in Croatia in terms of service quality, guest and user satisfaction, caring for the interests of our employees, company and local community, environmental protection and resource management.

Tourism portfolio of Valamar Group



KEY MESSAGES

The first half of 2022 for Valamar Group reflects an almost full recovery to pre-covid levels in revenues and overnights, driven strongly by the upscale portfolio and the camping segments. However, increased costs of electricity, labour and foodstuffs have put significant pressure on profitability. Planned investments in the portfolio were successfully completed and positioned on the market, supported by strong demand for high quality products and services across Valamar destinations.

BUSINESS RESULTS

Valamar hotels, resorts and campsites have experienced a surge in demand parallel to the easing of COVID-19 restrictions in Croatia and globally for the main summer season. In 2022 Valamar opened all hotels and campsites. Over the first six months of 2022 Valamar Group realized 2.1 million overnights, or 145% more than in 2021, and only 3% less than the same period of 2019. Northern destinations, especially Poreč and the island of Krk, continued to enjoy higher demand than southern Croatia. In 2022, the group, allotment and MICE segments also began to recover as well as the event industry. Operating revenue growth in the first half of 2022 is driven largely by an increase in average prices which are 8% higher than in 2019 and 26% higher compared to 2021, resulting in operating revenue of 677.5 million HRK, about the same as in the same period of 2019. The invested premium properties segment has shown the best performance, which is especially true for campsites. The Group expects to realise approximately 21% higher board revenues in July 2022 compared the same period in 2019, driven by average price increases on a similar number of overnights.

Increased costs, especially those for electricity, labour and foodstuffs, have had a significant impact on the Group's profitability. Operating profit (adjusted EBITDA) for the first six months amounts to HRK 28.9 million and is under pressure compared to the pre-crisis year 2019, when it amounted to HRK 86.5 million. The decrease in adjusted EBITDA of HRK 57.6 million is entirely the result of increased electricity costs (HRK 36.9 million) and labour

REVENUES
EXCEEDED THOSE
FROM 2019.
OVERNIGHTS
SLIGHTLY LOWER

TOTAL
INVESTMENTS OF
HRK 530 MILLION IN
HOTELS, RESORTS
AND CAMPS
MANAGED BY
VALAMAR

costs (HRK 21.7 million). As of 30 June 2022, the Group's net debt amounts to HRK 1.9 billion and it has been decreased by 4.5% in the reporting period.

INVESTMENTS

The value of investments in hotels, resorts and campsites under Valamar's management in the 2021/2022 season amounts to HRK 530 million. These investments represent an important driver for growth and positive expectations. Imperial Riviera's investment in Dalmacija [PLACESHOTEL] by Valamar in Makarska was one of the most significant investments amounting to HRK 67 million, repositioning the hotel into a flagship lifestyle property for Valamar. Helios Faros investments of HRK 220 million were focused on the construction of the Valamar Amicor Green Resort and Aquamar pool complex on the island of Hvar. Valamar Amicor Green Resort is a new concept of a fully sustainable resort, following the highest standards in green building, sustainable energy use and high energy efficiency level. The resort was opened in July this year. The investments for this season also include renovation and rebranding of the Corinthia Hotel in Baška to the level of the Sunny Plus brand, a certain adjustment of the operational concept in Valamar Bellevue Hotel in Rabac, the construction of Padova beach on the island of Rab, and the continuation of investments in Istra Premium Camping Resort and Lanterna Premium Camping Resort. A new Valamar Staff Residence for accommodation of seasonal employees was opened in Dubrovnik, which is the fifth Valamar Staff Residence in our destinations.

HUMAN RESOURCES

Valamar is among the TOP 10 most desirable Croatian employers and the best rated employer in tourism industry, according to research conducted by the Moj posao (My Job) portal. Human resources management policies have been aligned to ensure the best working conditions in tourism. Valamar's employer branding and communication for 2022 has been implemented under the umbrella programme 'No. 1 for a reason'. The aim of this campaign is to increase the attractiveness of key jobs in tourism by investing around EUR 15 million to increase salaries and awards programmes in 2022. The salaries for professional positions, including chefs, waiters, specialist

housekeepers and receptionists at Valamar have increased by an average of 14%, bringing their income this season between EUR 1,000 to 1,600 net per month. Valamar's minimum net salary guarantee for housekeepers, assistant chefs, assistant waiters, kitchen workers and others will increase to a monthly amount of EUR 750 to 1,100 net. In addition to raising basic wages, Valamar will continue its programmes awarding excellence. Within these programmes, last year employees received a '13th and 14th' salary of up to EUR 1,500 net, depending on how long and how successfully they had worked. Additional programmes have been created for this season, aiming at attracting seasonal employees, increasing employee satisfaction and performance excellence.

INTERNATIONALIZATION

Following a change in capital, ownership structure and expansion of the Austrian portfolio in Obertauern in December of 2021 to two properties, the Group no longer consolidates the results of the Austrian portfolio where Valamar Riviera holds a minority stake. In July, Valamar A, the Austrian umbrella entity, finalized the acquisition of the third hotel in Obertauern - Hotel Kesselspitze. This is a 5* category hotel with 66 keys and is planned to be repositioned as Valamar Collection Kesselspitze Hotel for the winter season 2022/2023. Respective management agreement was concluded mid of July 2022, whereby Valamar undertakes the managing of Hotel Kesselspitze.

VALAMAR IS
AMONG THE
TOP 10 MOST
DESIRABLE
CROATIAN
EMPLOYERS

NEW
SUSTAINABILITY
STRATEGY AND
2025 ESG GOALS

SUSTAINABILITY

Within its integrated report end of June 2022 (available at the link: <https://valamar-riviera.com/media/451419/integrated-annual-report-and-sustainability-2021.pdf>), Valamar presented its new sustainability strategy and 2025 ESG goals. The strategic plan includes 12 key goals in the area of environment (E), society (S) and governance (G), which Valamar plans to realise until 2025 through 6 strategic initiatives. Among other, Valamar will become a carbon neutral company in the next three years in scope 1 & 2. The integrated report for 2021, which includes a non-financial report, has been compiled in line with the Global Reporting Initiative (GRI) Standards and the applicable EU taxonomy regulations. Valamar is the first hospitality company in Croatia that has integrated sustainable development in the management of its business operations and development, and that has published its sustainability goals in line with the ESG framework.

Very good results for this year so far as well as the current status of bookings are encouraging, however, there are increased risks due to global inflation, energy sources price increase and global geopolitical tensions. The source Russian and Ukrainian markets made up a maximum of 2% of Valamar's revenue and their absence has been compensated by our other source markets. The introduction of the euro as well as the entry of Croatia to the Schengen Area are planned for 1 January 2023. They have already had a positive impact to Croatia's credit rating and could thus bring an additional impetus to Croatia as a tourist destination.

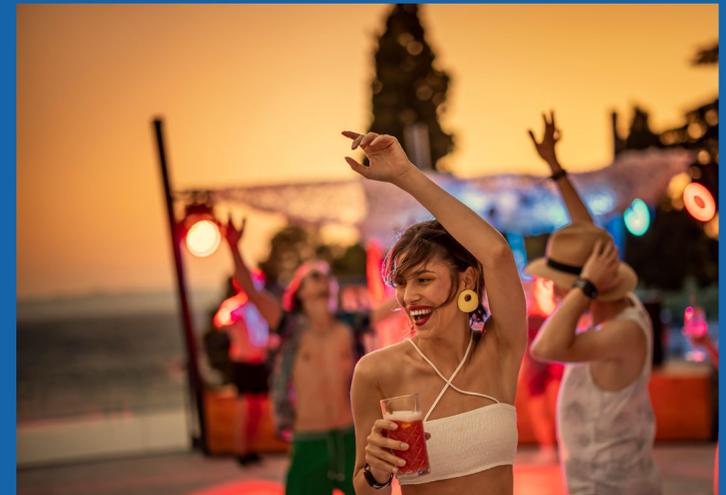
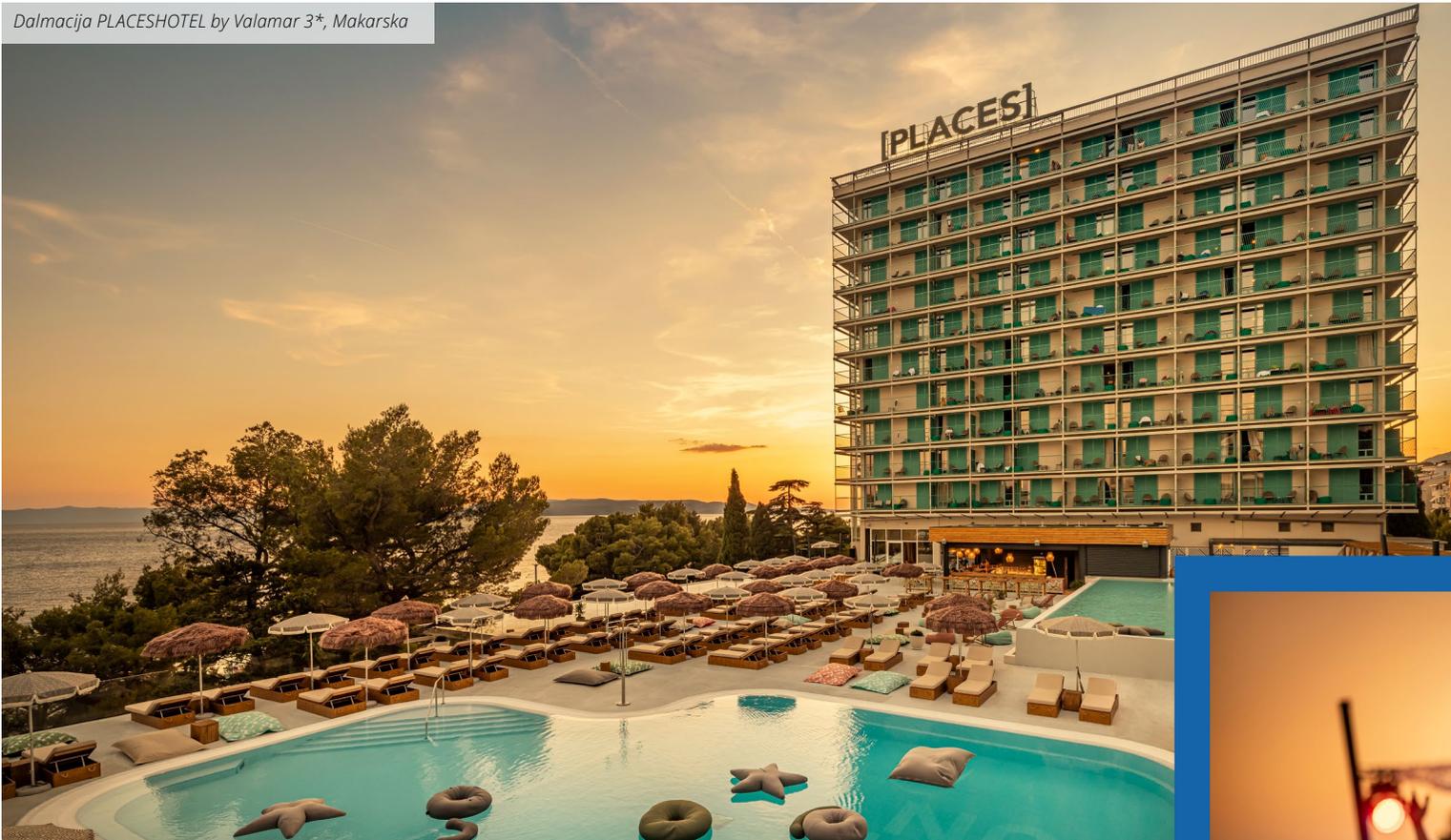
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Ježevac Premium Camping Resort 4*, Krk Island



Dalmacija PLACESHOTEL by Valamar 3*, Makarska



Significant Business Events

CRISIS MANAGEMENT DURING COVID-19

In the first half of 2022, COVID-19 pandemic significantly weakened both, globally and in Croatia. Related restrictions in Croatia have been significantly eased and everyday life and business are now running almost completely normally. However, this is not the case with all of our source markets, and the arrivals of guests from distant countries are still somewhat difficult. Although the year 2022 is expected to return to the almost normal phase, there is still some uncertainty regarding the development of the global pandemic, which has not completely disappeared. That may have an impact on travel flows and, consequently, on the Group's business results.

Istria and the northern Adriatic, where the majority of the Group's properties are located, have a great advantage in the fact that they are the traditional drive in tourism destination for our major source markets (Italy, Slovenia, Austria, Germany, the Netherlands, the Czech Republic, Hungary, etc.). Our camping resorts play a major role in attracting our guests and they have become the resorts of the first choice for many. This is due to shifting guest preferences favouring nature and privacy, but also due to the fact that they offer an increased quality of service and facilities thanks to considerable investments over the last period.

The health of our guests and their feeling of being safe in our properties is our utmost priority. In 2020 we introduced some key innovations, such as our V Health & Safety programme of comprehensive health, safety and ecology standards, an enhanced cleaning system 'CleanSpace - 100% privacy', the Online reception desk, the 'Bed & Brunch' hotel concept and the Valfresco Direkt online shopping and food delivery service. By introducing these services, Valamar has also strengthened the market position of small manufacturers and local family farms. In 2021 Valamar introduced the V-Care Guarantee concept, which enables the organization of all necessary health services during the guest's stay (and in case of COVID-19 infection as well). For the guests who have made their reservations directly at valamar.com or via the Valamar reservation centre, this includes e.g. free medical consultation by phone (phone or video call) 24/7, Antigen testing at the hotel or camping resort, and organizing PCR testing at designated locations in all Valamar destinations. Guests infected with COVID-19 and anyone included in their reservation will have their costs covered if they need to extend their

FURTHER
NORMALIZATION
OF TOURISM
BUSINESS DURING
2022

AT THE BEGINNING
OF 2022, THREE
HOTELS IN
DUBROVNIK WERE
TRANSFERRED
FROM VALAMAR
RIVIERA TO
IMPERIAL RIVIERA

stay up to 14 days. Also, the return trip travel expenses for guests infected with COVID-19 will be reimbursed, if the return dates are different than those originally scheduled.

VALAMAR AND PENSION FUNDS JOINT INVESTMENTS

In 2021, Valamar Riviera and AZ pension funds recapitalized Imperial Riviera by increasing the share capital of the Company with a total of HRK 690 million. Valamar Riviera participated in this investment by a contribution in kind, i.e. by investing real estate (land on the Babin Kuk peninsula in Dubrovnik), while AZ pension funds made cash investment. This capital increase is aimed at a further development of the portfolio in Dubrovnik, Makarska and on the island of Rab.

At the beginning of 2022, three hotels (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) in Dubrovnik were transferred from Valamar Riviera to Imperial Riviera. The acquisition value of cited hotels amounts to EUR 95.3 million. Financing for this transaction was secured largely by taking over Valamar Riviera's existing loan obligations by Imperial Riviera. These hotels in the area of Babin Kuk in Dubrovnik, together with the real estate contributed to Imperial in the process of the share capital increase represent strategically important asset. Imperial Riviera has thus become a multi-destination company present in Istria, Kvarner, Dalmatia and the city of Dubrovnik.

In accordance with a decision of the General Assembly of the company Helios Faros of 14 April 2022, Valamar Riviera and PBZ CO pension funds participate in the recapitalization of Helios Faros by a share capital increase totalling HRK 130 million, out of which Valamar Riviera pays in HRK 26 million.

EXPANSION OF AUSTRIAN PORTFOLIO

Following a change in capital, ownership structure and expansion of the Austrian portfolio in Obertauern in December of 2021 to two properties, the Group no longer consolidates the results of the Austrian portfolio where Valamar Riviera holds a minority stake. After capital increase in June 2022, the company Valamar A beginning of July finalized the acquisition of the third hotel in Obertauern – Hotel Kesselspitze. Valamar Riviera participated in the capital increase with EUR 1.47 million, and its ownership percentage in Valamar A remains at 24.54%.

Hotel Kesselspitze is a 5* category hotel with 66 keys, a restaurant, a swimming pool and wellness facilities. It is situated on an excellent location with direct access to the ski slopes. The plan is to reposition it as the Valamar Collection Kesselspitze Hotel for the winter season 2022/2023.

Respective management agreement was concluded mid of July 2022, whereby Valamar undertakes the managing of Hotel Kesselspitze in Obertauern. After having acquired the Valamar Obertauern Hotel in 2018 and Hotel Marietta in November 2021, Hotel Kesselspitze is now the third hotel managed by Valamar in Obertauern, Austria.

This acquisition represents a new important step for Valamar in the further internalization of its business, with the aim to expand its portfolio and manage hotels and tourist properties in the best winter holiday destinations in Austria and Italy.

2025 SUSTAINABILITY GOALS WITHIN NEW ESG STRATEGY

Within its integrated report, at the end of June 2022 Valamar presented its new sustainability strategy and 2025 ESG goals. The strategic plan includes 12 key goals in the area of environment (E), society (S) and governance (G), which Valamar plans to realize until 2025 through 6 strategic initiatives.

When it comes to environmental goals, Valamar will continue decreasing its greenhouse gas emissions. The plan is to reach carbon neutrality by

ACQUISITION OF
THE THIRD HOTEL
IN OBERTAUERN
- HOTEL
KESSELSPITZE

VALAMAR WILL
REACH CARBON
NEUTRALITY BY
2025

2025 in Scope 1&2. Valamar's goals also include generating 15% of solar electricity and 100% of electricity from renewable sources, the protection and management of sea quality in all Valamar destinations and investments in coastal biodiversity. They also include the protection of 80,000 trees and hundreds of hectares of greenery around Valamar properties. We would like to also point out a higher than EU average waste recycling rate, low water withdrawal intensity and the cessation of using single-use plastic.

Social goals include hiring and retaining domestic employees and a high 80% share of domestic production and local products in the food and beverages segment. Until 2025, Valamar will invest EUR 50 million in its destinations and social impact.

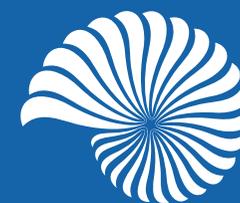
Relating to the governance area, we would like to highlight the goal of 80% procurement from responsible suppliers and the goal of 100% of our properties having sustainability certificates.

The integrated report for 2021, which also includes the non-financial report, has been compiled in line with the Global Reporting Initiative (GRI) Standards and the applicable EU taxonomy regulations. Valamar is the first tourist company in Croatia that has integrated sustainable development in its operations and development management, and that has published its sustainability goals in line with the ESG framework.

VALAMAR RIVIERA'S GENERAL ASSEMBLY

The General Assembly of the Company was held on 19 May 2022. Except regular decisions on the distribution of profit realized in 2021, giving approval of actions to members of the Management Board and Supervisory Board and appointing auditors for 2022, the General Assembly also passed the decision on amending a provision of the Articles of Association whereby it increased the number of Supervisory Board members from 7 to 9. It also passed the decision on electing two new female Supervisory Board members.

Isabella Valamar Collection Island Resort 4*/5*, Poreč



Results of the Group

QUARTERLY FINANCIAL STATEMENTS

The Management Board hereby presents the unaudited quarterly financial statements for the second quarter and the first halfyear of 2022.

The Group's profit and loss account for the period considered consolidates the data from the following companies (only for the period when they were subsidiaries of Valamar Riviera d.d.): Imperial Riviera d.d. (a subsidiary 46.27% owned by Valamar Riviera d.d.), Valamar A GmbH (until 29 November 2021, 100% owned, and from 29 November 2021, 24.54% owned), Valamar Obertauern GmbH (10% directly owned and, until 29 November, 90% indirectly owned by Valamar Riviera d.d. and afterwards, 22.08% indirectly owned by Valamar Riviera d.d.), Palme Turizam d.o.o. (until 7 May 2021, when it was merged to Valamar Riviera d.d., 100% owned), Magične stijene d.o.o. (100% owned) and Bugenvilia d.o.o. (100% owned).

The Group's balance sheets as at 31 December 2021 and 30 June 2022 consolidate the data for the following companies: Valamar Riviera d.d. (Parent Company), Imperial Riviera d.d., Magične stijene d.o.o. and Bugenvilia d.o.o.

The investment in the company Helios Faros d.d. is reported according to the equity method since Valamar Riviera d.d. does not exercise control but a significant influence over Helios Faros d.d.

 *The Management Board presents the quarterly financial statements for the second quarter and the first halfyear of 2022*



KEY FINANCIAL INDICATORS¹

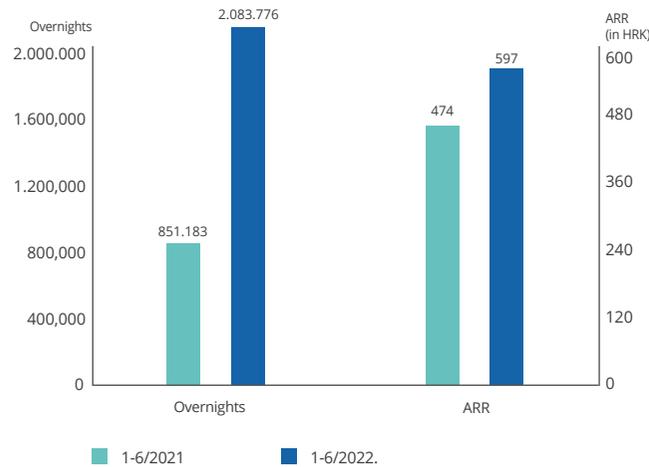
	1-6/2021	1-6/2022	2022/2021
Total revenues	290.973.816	697.998.510	139,9%
Operating income	266.400.722	677.487.378	154,3%
Sales revenues	249.034.083	661.382.847	165,6%
Board revenues (accommodation and board revenues) ²	199.685.650	532.591.379	166,7%
Operating costs ³	233.216.702	637.746.410	173,5%
EBITDA ⁴	25.900.160	34.816.117	34,4%
Extraordinary operations result and one-off items ⁵	6.257.893	5.963.971	-4,7%
Adjusted EBITDA ⁶	19.642.267	28.852.146	46,9%
EBIT	-224.627.278	-210.712.801	-6,2%
Adjusted EBIT ⁶	-230.885.171	-216.676.772	-6,2%
EBT	-235.880.714	-230.342.099	-2,3%
	31/12/2021	30/6/2022	2022/2021
Net debt ⁷	1.973.103.640	1.884.272.201	-4,5%
Cash and cash equivalents	1.115.257.824	924.528.030	-17,1%
Market capitalization ⁸	4.158.908.886	4.196.717.149	0,9%
EV ⁹	7.175.077.019	7.096.365.935	-1,1%

KEY BUSINESS INDICATORS¹⁰

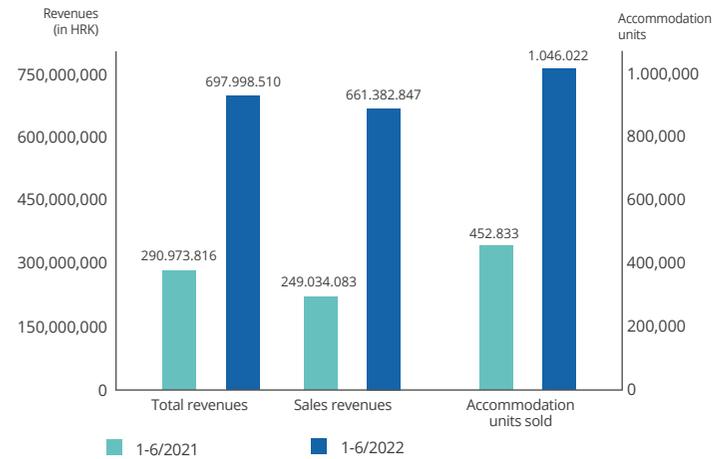
	1-6/2021	1-6/2022	2022/2021
Number of accommodation units (capacity)	21.328	21.305	-0,1%
Number of beds	58.617	58.696	0,1%
Accommodation units sold	452.833	1.046.022	131,0%
Overnights	851.183	2.083.776	144,8%
ARR ¹¹ (in HRK)	474	597	25,9%

- Classified according to the Annual Financial Statement (GFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income.
- In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).
- Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.
- EBITDA (eng. earnings before interest, taxes, depreciation and amortization) is calculated as: operating income - total operating costs + depreciation and amortisation + value adjustments.
- Adjustments were made for (i) extraordinary income (in the amount of HRK 10,7 million in 2022, and HRK 11,7 million in 2021), (ii) extraordinary expenses (in the amount of HRK 4,1 million in 2022, and HRK 6,0 million in 2021), and (iii) termination benefit costs (in the amount of HRK 0.6 million in 2022, and HRK 0.8 million in 2021).
- Adjusted by the result of extraordinary operations and one-off items.
- Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other + other liabilities according to IFRS 16 (leases) - cash and cash equivalents - long-term and short-term investments in securities - current loans given, deposits, etc.
- Market capitalization is calculated as the total number of shares multiplied by the last share price at the end of period.
- EV refers to enterprise value; calculated as market capitalization + net debt + minority interest.
- Data for Helios Faros and Valamar Obertauern (after 29 November 2021) are not included.
- Average rate is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues). Non commercial accommodation units sold excluded.

Overnights and ARR



Revenues and accommodation units sold



Both overnights and revenues are significantly higher than in the first half of 2021 which was considerably more impacted by the COVID-19 pandemic. Four Group's hotels and two campsites were open during the whole of the first quarter, while additional five hotels opened during February and March. The second quarter saw the opening of all other properties. The new Valamar Amicor Green Resort on the island of Hvar was opened mid of July after works had finished.

The beginning of the year was marked by excellent trends in accommodation reservations. However, these trends slowed down after the commencement of the war in Ukraine at the end of February. This situation had lasted for approximately a month. Immediately after that, reservations quite recovered and the markets started again showing a positive sentiment and a strong desire to travel.

REVENUES

In the first half of 2022, the total revenues amounted to HRK 698.0 million, which is an increase of 139.9% (HRK 407.0 million). The realized total revenues have been influenced by:

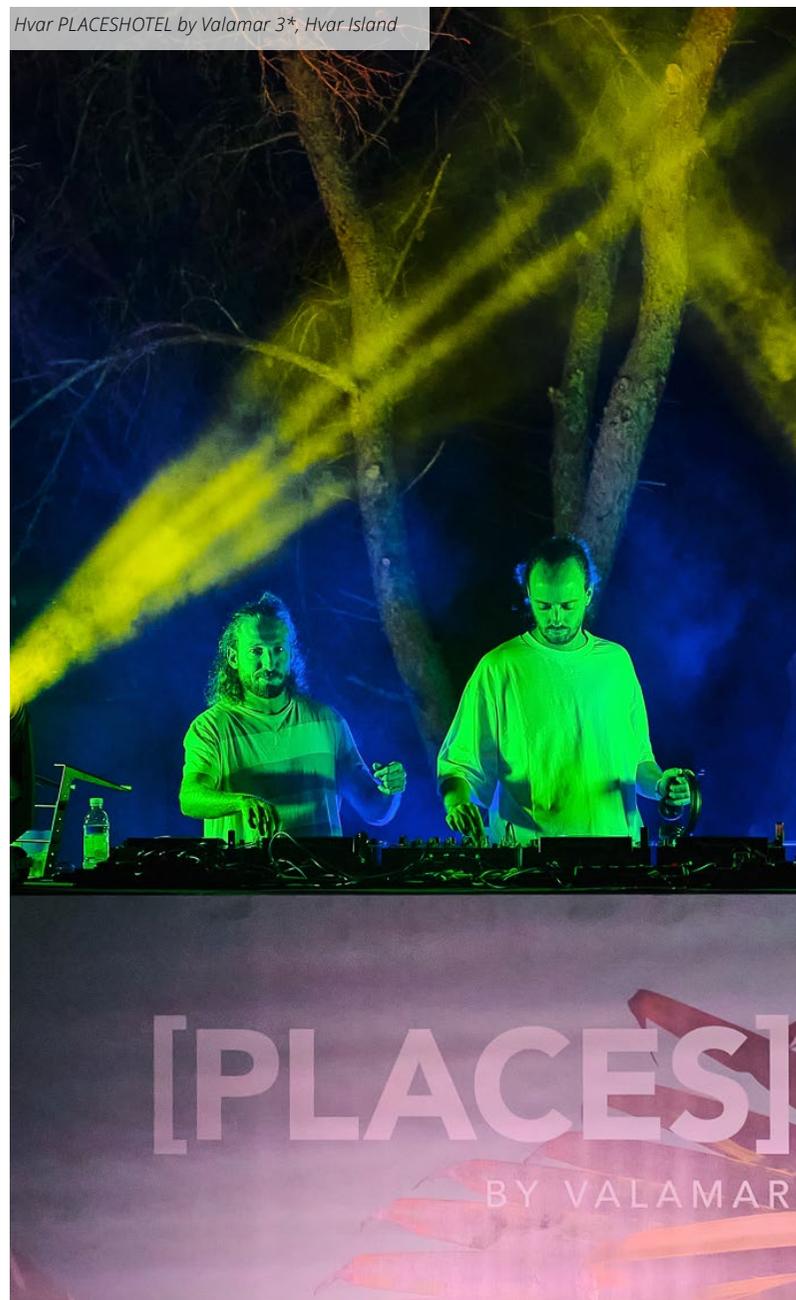
a) increase in sales revenues by 165.6% (HRK 412.3 million) to the amount of HRK 661.4 million. This amount primarily consists of board revenues (HRK 532.6 million) due to a significant improvement in tourist flows following a significantly smaller impact of the COVID-19 pandemic in the first half of 2022.

The revenue structure has changed: the sales revenues on the domestic market amount to HRK 97.6 million and make up 14.8% of sales revenues (vs. 22.2% in the same period of 2021). Compared to the respective period of 2021, they are by HRK 42.3 million higher. With an 85.2% share in sales revenues (vs. 77.8% for the same period of 2021), the sales revenues on foreign markets amount to HRK 563.8 million and are by HRK 370.1 million higher.

b) decrease in other operating revenues of 7.3% to HRK 16.0 million compared to the same period in 2021, mainly due to lower revenues from previous years

c) financial income amounts to HRK 20.5 million and is by 16.5% lower than those realized in the same period of 2021 as a result of the decrease in positive exchange rate differences.

Hvar PLACESHOTEL by Valamar 3*, Hvar Island



TOTAL OPERATING EXPENSES OF VALAMAR GROUP¹²

(in HRK)	1-6/2021	1-6/2022	2022/2021
Operating costs ¹³	233.216.702	637.746.410	173,5%
Total operating expenses	491.028.000	888.200.179	80,9%
Material costs	117.392.388	288.106.182	145,4%
Staff cost	81.148.405	285.249.022	251,5%
Depreciation and amortisation	250.508.368	245.528.918	-2,0%
Other costs	37.297.887	64.963.209	74,2%
Provisions and value adjustments	19.070	0	-100,0%
Other operating expenses	4.661.882	4.352.848	-6,6%

TOTAL OPERATING EXPENSES

Total operating expenses amount to HRK 888.2 million and are by 80.9% higher than last year:

a) material costs amount to HRK 288.1 million and are by 145.4% higher as a result of increased raw material costs, electricity, maintenance, promotional costs and other direct costs in accordance with the increased volume of operations

b) staff costs have increased by 251.5% and amount to HRK 285.2 million. This has also been caused by the increased volume of operations and the need for workforce, as well as due to abolishing of the COVID grants for employee cost subsidies (which in the first half of 2021 amounted HRK 87.8 million for the Group and HRK 72.7 million for the Company)

c) depreciation amounts to HRK 245.5 million, which represents a 2.0% decrease

d) other costs have increased by 74.2% to the amount of HRK 65.0 million. The increase is mainly driven by increased employee transportation and accommodation reimbursements, employee awards, utilities charges and travel expenses reimbursements

e) other business expenses amount to HRK 4.4 million, which represents a 6.6% decrease.

¹² Classified according to Annual Financial Statements standard (GFI POD-RDG).

¹³ Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

EBITDA AND PROFIT FOR THE PERIOD

With respect to the increased volume of operations compared to the first half of 2021 which was marked by the pandemic, the adjusted EBITDA shows an improvement of HRK 9.3 million and amounts to HRK 28.9 million. However, increased costs, especially electricity, labour and foodstuffs, have had a significant impact on profitability. Comparing these results with the results of the first half of the last pre-crisis year, i.e. 2019, with almost equal sales revenues, the adjusted EBITDA for the first half of 2022 is by HRK 57.6 million lower. It is entirely the result of increased electricity costs (HRK 36.9 million) and labour costs (HRK 21.7 million).

Taking into account 2.0% lower depreciation costs and a somewhat weaker net financial result (a detailed explanation follows in the upcoming section), loss before tax (EBT) amounts to HRK 230.3 million. This is an improvement of 2.3% compared to the same period last year.

The Group reported tax income in the amount of HRK 37.3 million, mostly as a result of recognizing deferred tax assets on realized loss. The period's net loss thus amounts to HRK 193.0 million.

Valamar Carolina Hotel & Villas 4*, Krk Island



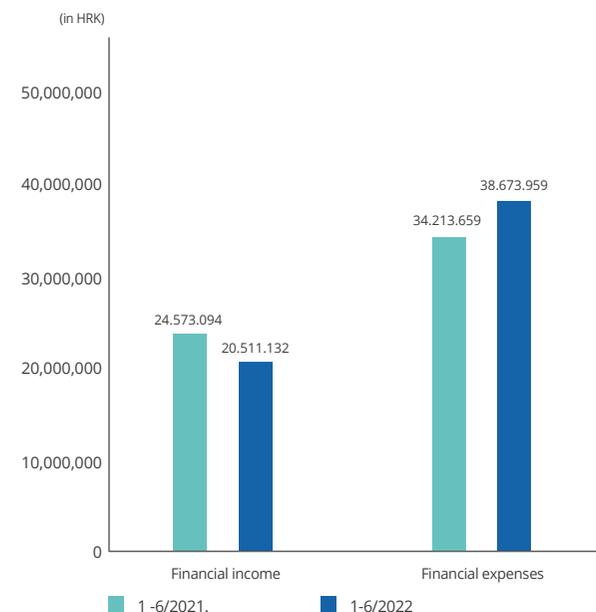
RESULT FROM FINANCIAL ACTIVITIES

In the first half of 2022, the net financial result amounts to HRK -18.1 million and is by HRK 8.5 million lower compared to the same period of 2021 (when it amounted to HRK -9.6 million).

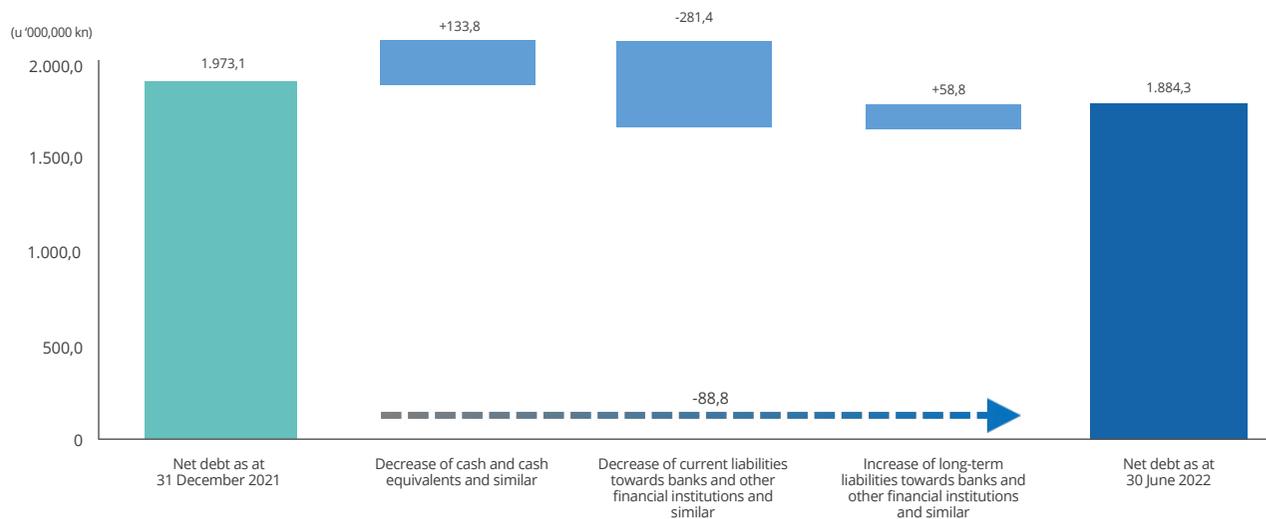
The decrease of positive and the increase in negative exchange rate differences have had the biggest impact on the decrease in the net financial result amounting to HRK 21.8 million net. This is primarily related to unrealized exchange rate differences on long-term loans. Namely, in the first half of 2021, the kuna exchange rate was stronger, while in 2022 it has become weaker.

On the other hand, the increase in unrealized gains on financial assets amounting to HRK 13.2 million has had the biggest impact on the net financial result improvement (based on the fair value of interest rate swaps). The same is true for lower expenses for interest rates on loans, amounting to HRK 2.9 million (lower loan obligations).

Financial income and expenses



Net debt ¹⁴



¹⁴ Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other + other liabilities according to IFRS 16 (leases) – cash and cash equivalents – long-term and short-term investments in securities – current loans given, deposits, etc.

ASSETS AND LIABILITIES

As at 30 June 2022, the total value of the Group's assets is on the same level as at 31 December 2021, and it amounts to HRK 6,949.5 million. The total share capital and reserves amount to HRK 3,120.8 million and are lower by 5.7% as a result of the realized net loss in the first half of 2022.

The total long-term and short-term liabilities to banks and other financial institutions as at 30 June 2022 amount to HRK 2,886.9 million. They are lower by 7.3% compared to 31 December 2021 as a result of loans repayment.

A large part of the credit portfolio (88%) consists of long-term loans with contracted fixed interest rates and loans protected by derivative instruments (IRS) for the purpose of hedging against interest rate risk.

Assets and liabilities



As at 30 June 2022, after investments and loan repayments, the Group's cash balance amounted to HRK 924.5 million (a decrease of 17.1% compared to 31 December 2021), which together with i) contracted credit lines, ii) valuable tourism assets and iii) a strong operational business model make the Group's balance sheet position stable.



HOTEL AND CAMPING RESORTS OVERVIEW¹⁵

HOTELS AND RESORTS OVERVIEW		LOCATION	KEYS
Hotels and Resorts			9.387
VALAMAR COLLECTION			1.261
Marea Valamar Collection Suites	5*	Poreč	108
Imperial Valamar Collection Hotel	4*	Island Rab	136
Dubrovnik President Valamar Collection Hotel	5*	Dubrovnik	292
Isabella Valamar Collection Island Resort	4* / 5*	Poreč	334
Girandella Valamar Collection Resort	4* / 5*	Rabac	391
VALAMAR HOTELS & RESORTS			3.682
Valamar Riviera Hotel & Residence	4*	Poreč	132
Valamar Tamaris Resort	4*	Poreč	507
Valamar Parentino Hotel	4*	Poreč	329
Valamar Bellevue Resort	4*	Rabac	372
Valamar Diamant Hotel & Residence	3*/4*	Poreč	372
Valamar Pinia Hotel	3*	Poreč	170
Valamar Sanfior Hotel & Casa	4*	Rabac	242
Valamar Atrium Baška Residence & Villa Adria	4* / 5*	Island Krk	92
Valamar Carolina Hotel & Villas	4*	Island Rab	176
Valamar Padova Hotel	4*	Island Rab	175
Valamar Meteor Hotel	4*	Makarska	268
Valamar Argosy Hotel	4*	Dubrovnik	308
Valamar Lacroma Dubrovnik Hotel	4*	Dubrovnik	401
Valamar Obertauern Hotel	4*	Austria	82
Valamar Amicor Green Resort	4*	Island Hvar	56
[PLACES] by Valamar			369
Hvar [PLACESHOTEL] by Valamar	3*	Island Hvar	179
Dalmacija [PLACESHOTEL] by Valamar	3*	Makarska	190
SUNNY BY VALAMAR			3.946
Lanterna Sunny Resort by Valamar	2*	Poreč	606
San Marino Sunny Resort by Valamar	3*	Island Rab	457
Rivijera Sunny Resort by Valamar	2*	Makarska	258
Arkada Sunny Hotel by Valamar	2*	Island Hvar	251
Tirena Sunny Hotel by Valamar	3*	Dubrovnik	208
Club Dubrovnik Sunny Hotel	3*	Dubrovnik	338
Eva Sunny Hotel & Residence	2* / 3*	Island Rab	284
Crystal Sunny Hotel by Valamar	4*	Poreč	223
Rubin Sunny Hotel by Valamar	3*	Poreč	253
Allegro Sunny Hotel & Residence by Valamar	3*	Rabac	180
Miramar Sunny Hotel & Residence by Valamar	3*	Rabac	178
Corinthia Baška Sunny Hotel by Valamar	3*	Island Krk	431
Zvonimir Sunny Hotel by Valamar	4*	Island Krk	85
Koralj Sunny Hotel by Valamar	3*	Island Krk	194
NEW ACQUISITION			129
Hotel Marietta	4*	Austria	129

CAMPING RESORTS OVERVIEW		LOCATION	KEYS
Camping Resorts			11.651
CAMPING ADRIATIC BY VALAMAR - PREMIUM RESORTS			5.435
Istra Premium Camping Resort	5*	Poreč	928
Lanterna Premium Camping Resort	4*	Poreč	2.959
Krk Premium Camping Resort	5*	Island Krk	500
Ježevac Premium Camping Resort	4*	Island Krk	632
Padova Premium Camping Resort	4*	Island Rab	416
CAMPING ADRIATIC BY VALAMAR - RESORTS			4.556
Orsera Camping Resort	3*	Poreč	592
Solaris Camping Resort	3*	Poreč	1.824
Marina Camping Resort	4*	Rabac	329
Baška Beach Camping Resort	4*	Island Krk	593
Bunculuka Camping Resort	4*	Island Krk	408
San Marino Camping Resort	4*	Island Rab	810
CAMPING ADRIATIC BY VALAMAR - SUNNY			1.660
Brioni Sunny Camping	2*	Pula	740
Tunarica Sunny Camping	2*	Rabac	160
Škrila Sunny Camping	3*	Island Krk	342
Solitude Sunny Camping	3*	Dubrovnik	418

¹⁵ Hotel Marietta in Obertauern, Austria, acquired by Valamar A GmbH in December 2021. It is not managed by Valamar Riviera and is not branded by Valamar Riviera. Leased to a third party until mid-2023.

Hotel Kesselspitze in Obertauern was acquired by Valamar A GmbH at the beginning of July 2022, and in mid-July 2022, a management contract was concluded whereby Valamar takes over the management of the hotel. The hotel is 5* category and has 66 keys.

Dubrovnik President Valamar Collection Hotel 5*, Dubrovnik



Results of the Company

At the beginning of 2022, the three hotels in Dubrovnik (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) were transferred from the company Valamar Riviera to the company Imperial Riviera. Consequently, Valamar Riviera generated net revenues, i.e. profit from the assets' sale in the amount of HRK 471.9 million shown in the item Other operating revenues with entrepreneurs within the group. This transaction had a significant impact on the Company's separate financial reports, while it had no impact on the Group's financial reports as it was an intragroup transaction.

In the first half of 2022, total revenues amounted to HRK 1,048.5 million, which is an increase of HRK 795.0 million compared to the same period in 2021 (HRK 253.5 million). The increase in total revenues are due to the above-mentioned revenues from the assets' sale and higher sales revenues from the core hospitality business. Sales revenues amounted to HRK 545.6 million, increasing by 149.1% compared to the same period last year. The increase is a result of significant improvements in tourism flows following the considerably lower impact of the COVID-19 pandemic in the first six months of 2022. Domestic sales revenues were HRK 110.2 million and represented 20.2% of total sales revenues (22.3% in 2021). Foreign sales revenues amount to HRK 435.4 million with a share of 79.8% in total revenues (77.7% in 2021).

Material costs amount to HRK 241.3 million and are up by 127.5% as a result of increased raw material costs, electricity, maintenance costs, promotional costs and other direct costs in line with the increased volume of operations. Staff costs amount to HRK 235.1 million and are up by 225.2% compared to last year, also due to increased business volume and the need for labor, as well as due to the abolition of COVID grants related to employee cost subsidies. Depreciation amounts to HRK 182.6 million and is down by 7.0% compared to last year, mainly due to the above-mentioned transfer of assets. Value adjustments and provisions amount to HRK 0 after last year's also low HRK 19 thousand.

In the first half of 2022, the net financial result amounted to HRK -16.1 million, down by HRK 8.5 million compared to the same period in 2021 (HRK -7.5 million). The decrease in net financial result was mainly affected by the decrease in positive exchange rate differences and by the increase

HIGH PROFIT
FROM THE SALE OF
THREE HOTELS TO
IMPERIAL RIVIERA
ACHIEVED

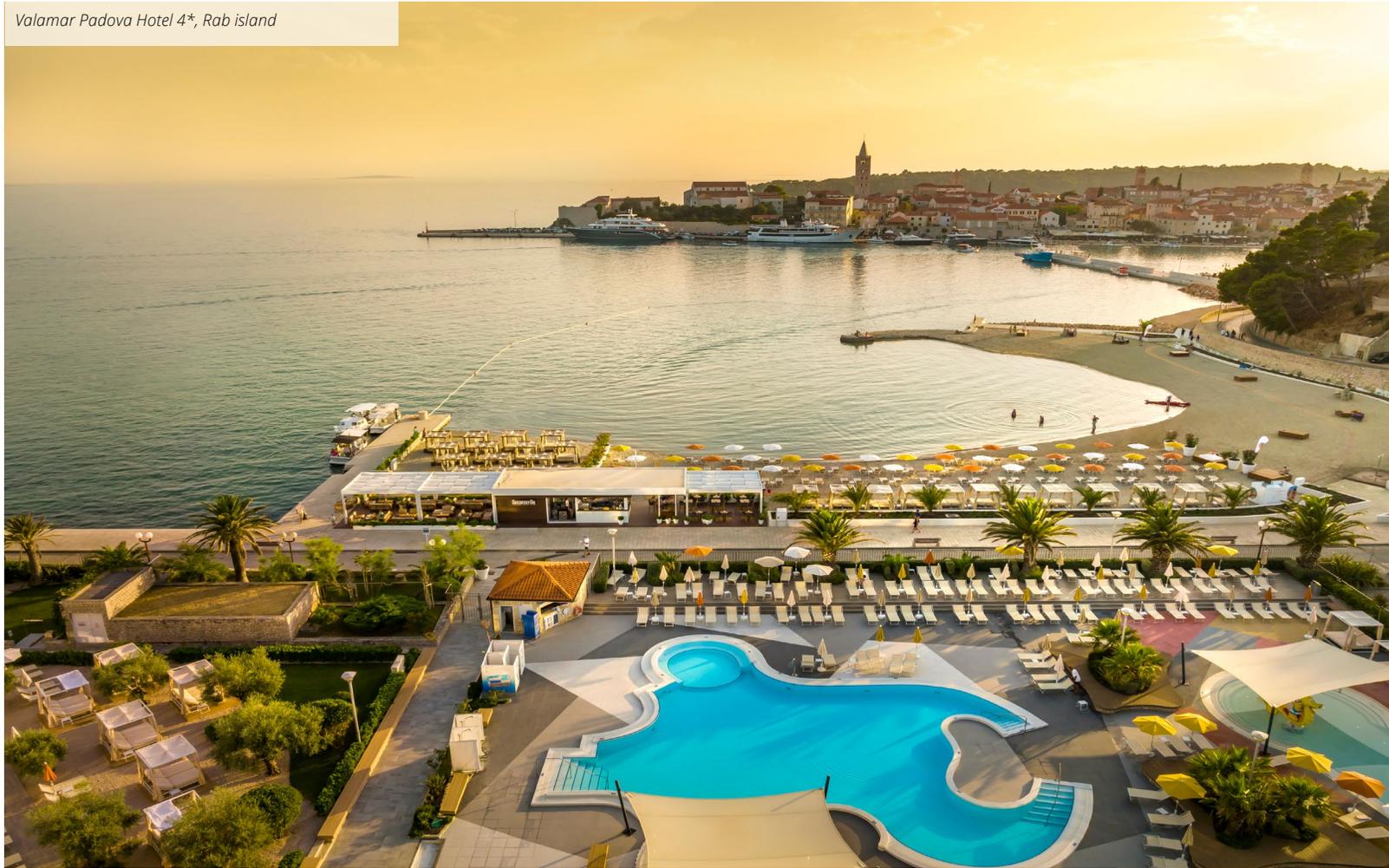
STRONG CASH
POSITION OF THE
COMPANY AS AT 30
JUNE 2022 OF HRK
563 MILLION

in negative exchange rate differences in the net amount of HRK 20.7 million, primarily unrealized on long-term loans. Namely, in the first half of 2021, the exchange rate of the kuna strengthened, while in 2022 it weakened. On the other hand, the improved net financial result were mostly influenced by the increase in unrealized gains on financial assets in the net amount of HRK 8.1 million (based on the fair value of interest rate swaps) and lower loan interest expenses in the amount of HRK 6.2 million (lower loan obligations).

EBITDA in the amount of HRK 499.4 million was realized due to the significantly increase in business volume (compared to the first half of 2021 which was marked by the pandemic) and the aforementioned profit from the assets' sale in the amount of HRK 471.9 million. This is an increase of HRK 482.6 million compared to 2021 when EBITDA amounted to HRK 16.8 million. Increased costs, primarily electricity, labor and foodstuffs, have had a significant impact on profitability. After 7.0% lower depreciation costs and slightly lower net financial result, profit before tax (EBT) amounted to HRK 300.8 million, an increase of HRK 487.9 million compared to the same period last year. The Company reported a tax expense in the amount of HRK 54.5 million, of which the majority consists of the use of deferred tax assets on profit associated with the intra-group transaction. The net profit for this period amounts to HRK 246.3 million.

As at 30 June 2022, the total value of the Company's assets amounted to HRK 5,586.7 million a decrease by 4.2% compared to 31 December 2021, primarily as a result of selling three hotels to Imperial Riviera. The total share capital and reserves amount to HRK 2,868.3 million, up by 9.5% as a result of the realized net profit. As at 30 June 2022, the cash balance of the Company amounts to HRK 563.2 million, which represents a decrease of 3.3% compared to 31 December 2021.

Valamar Padova Hotel 4*, Rab island



Investments

The success and growth of Valamar Riviera rests on investing in products, employees, and tourist destinations, whereby Valamar Riviera always takes care of ensuring sustainable and socially responsible development. Along with enriching our tourist offer, we have been continually developing Valamar's service concepts with the aim of harmonising them with the current market demands, especially those relating to trends and guest expectations. With our timely and thorough approach to mitigating and controlling the adverse effects caused by the occurrence of the COVID-19 pandemic, we have implemented an adjusted business plan in all business segments, including investments. We have therefore adapted the planned development of our portfolio towards the high added value offer and services, with an emphasis on the premium resorts and campsites segment, through a respective decrease in investment intensity. Simultaneously, new growth and development projects have been prepared for the time when circumstances allow it. In accordance with the harmonization of our planned portfolio and development with the tourist flows and based on a proactive approach to cash flow management and financing, we have focused the implementation of our investments in 2021/2022 investment cycle mostly on finishing the commenced projects and realizing new investments aimed at boosting our quality level and guest satisfaction. The total of the approved investments for the 2021/22 investment cycle at the Valamar Group level amounts to HRK 313 million. As in the last year, the Group has continued with the alignment of its products and with the development of digitalization projects to improve our service quality and guests' safety for the upcoming tourist season. The investments mostly relate to financing the renovation and rebranding of the Corinthia Hotel in Baška, continuing the improvement and quality increase of Istra Premium Camping Resort and Lanterna Premium Camping Resort, the renovation of the Dalmacija Sunny Hotel by Valamar, and the construction of the Padova beach within the Valamar Padova Hotel. Besides investing in hotels and

Istra Premium Camping Resort 5*, Poreč



campsites, Valamar has also been actively investing in safety and digitalization and innovation for the new growth period.

VALAMAR RIVIERA

The Supervisory Board of Valamar Riviera approved the amount of HRK 188.2 million for the 2021/22 investment cycle. Investments mostly relate to renovation and rebranding of Corinthia Hotel in Baška to the level of the Sunny Plus brand, certain adjustment of the operational concept in Valamar Bellevue Hotel, level 4* in Rabac, and continuation of the investments in the campsites Istra Premium Camping Resort and Lanterna Premium Camping Resort. They also include other investment and maintenance projects relating to properties and guest facilities in all destinations, the continuation of investments in the accommodation for seasonal employees as well as the continuation of investments in energy efficiency and digitalization projects.

The Corinthia Hotel has been the favourite choice of all Valamar's guests in the destination of Baška. The upgrade of the quality of this hotel to the Sunny Plus brand level has been realized through an investment aimed at its renovation and rebranding. It includes the redesign and refurbishment of 340 rooms and the renovation of the current Lobby zone to Sunny Lounge, which will house an additional Chill & Play zone and a digital library. It also covers the redesign of the main restaurant and its upgrade to the Sunny Plus standard. The investment further includes the renovation and upgrade of kids' facilities, the introduction of the multimedia room, renovation and remodeling of the wellness area, the renovation of installations, and the transformation of 78 units into rooms for staff and other employees.

By continuing investments in Istra Premium Camping Resort, one of the best campsites in the Mediterranean, the premium segment accommodation is additionally upgraded and its quality improved. A further upgrade of its products and services includes an additional expansion of the interior of the Grano Duro restaurant which offers a wide selection of Italian cuisine specialties. The Bokoon

IN 2021/22 CYCLE
VALAMAR RIVIERA'S
INVESTMENTS
AMOUNT TO HRK
188.2 MILLION,
AND IMPERIAL
RIVIERA'S 125.3
MILLION

ALL
INVESTMENTS
WERE RUNNING
ACCORDING TO
PLAN

tavern, which offers authentic traditional Istrian dishes and which has been recognized and favoured by both tourists and the local population, will undergo various improvements. Investments also include the opening of the new Fonte restaurant with a covered terrace, a new multifunctional sports court, an additional beach on the northern side, improvement of accommodation, and upgrade of the Sunset & A Zone pitches as well as the expansion of the Orlandin zone with 33 new premium units, ten of which luxurious premium villas with a private swimming pool. The investments in Lanterna Premium Camping Resort ensure a quality level upgrade for all facilities in this campsite as well as additional horticultural landscaping and a general service improvement. The Punto Blue zone was finalised – a completely new, exclusive, and sustainable premium zone consisting of 30 elegant premium camping homes and two swimming pools with a spectacular view of Tar Bay and the city of Novigrad. Solar collectors were placed at the top of the new roof covers, charging stations for electric cars were installed, and two sanitary facilities were completely reconstructed. The Valamar Bellevue Hotel by the sea has proven to be the perfect choice for families due to its numerous kid facilities. Investments enabled the achievement of its repositioning, including F&B upgrade and rebranding, the implementation of the Maro Smart Play, and an upgrade of 26 accommodation units. The Sunny Plus concept was implemented in the Allegro Sunny Hotel in order to be able to offer our guests an even more fulfilling experience. It includes a digital library, the Chill & Play zone, and the Valfresco food display cabinet available 24/7. Also, the quality of the restaurant, sunbathing area, and swimming pool has been improved.

Besides investing in hotels and campsites, Valamar has been actively investing in maintenance, furniture as well as in IT maintenance and equipment. Within other investments, Valamar is also investing in the digitalization and business transformation for the new growth period and in the implementation of digital and innovative projects. Investments also includes an upgrade of the beaches in its destinations, brand implementation and updating of the Valamar's web for the year 2022. Various safety improvement projects are also being actively implemented.

IMPERIAL RIVIERA

Imperial Riviera d.d. 2021/22 investment cycle amount to HRK 125.3 million. The most significant investments relate to the renovation of the Dalmacija Sunny Hotel by Valamar, the reconstruction of the restaurant on the beach below this hotel, an additional investment in the Valamar Meteor Hotel, and the construction of the Padova I beach with restaurant and sanitary facilities in the destination of Rab. An investment amounting to HRK 67.1 million in the existing Dalmacija Sunny Hotel by Valamar in the destination of Makarska is underway, which was repositioned to Dalmacija [PLACESHOTEL] by Valamar. This investment includes the reconstruction of the existing and the construction of a new swimming pool, the arrangement of sundecks and a new swimming pool bar, the renovation of 190 accommodation units and other joint spaces at the level of lifestyle design with an emphasis on digitalization and quality, as well as the renovation of bathrooms. The renovation of the existing main restaurant, which makes part of the Lobby zone (Flexi board concept), is also underway. The ground floor and Lobby have been designed as one unit, thematically separated by zones (Lobby Bar/Reception, Digital Library, Pop Up Store, and Game Room). The existing Wellness will be branded into Places Spa. The idea behind this new concept is to be able to offer to our guests, via the new [PLACES] hotel concept, a wider range of services as well as the possibility to truly get to know the local Mediterranean lifestyle of this destination. The works on the hotel renovation were finalized and executed according to the planned dynamics. The hotel was opened in mid-May. The beach restaurant below the Dalmacija [PLACESHOTEL] by Valamar, currently named Il Golfo, is being repositioned and rebranded to Mannana. The key interventions are the renovation and arrangement of the terrasse, new bar and counter, the arrangement of the interior and kitchen, furnishing with new seating furniture and beach amenities, and installing sunshades. The northern Valamar Padova Sandy Beach and the southern entrance is being branded and marked, and new signaling is being installed on the promenade and the beach. Additional investment in the Valamar Meteor Hotel is also underway,

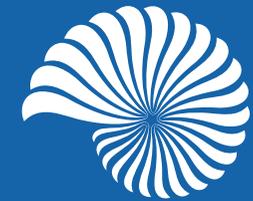
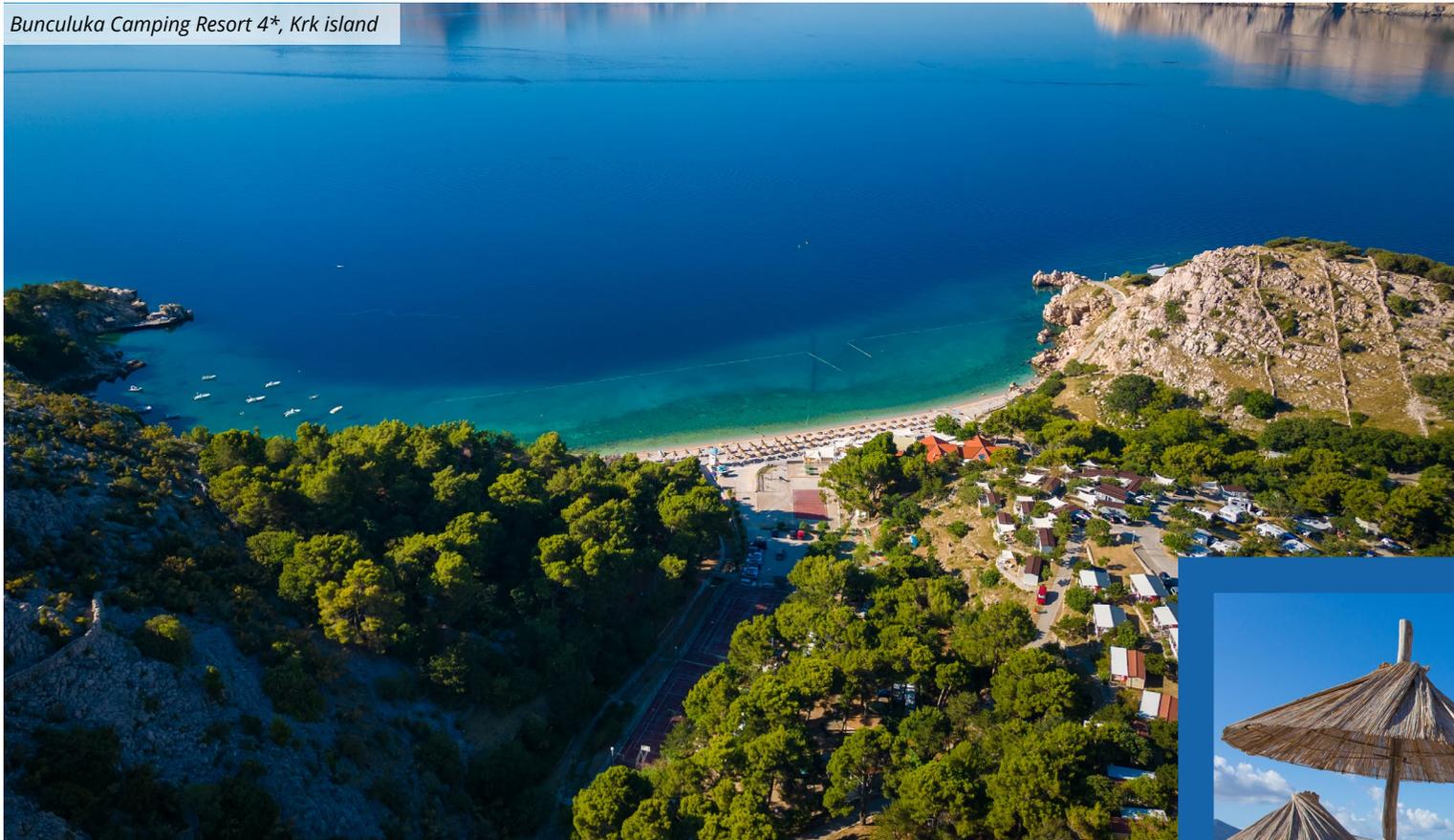
including new sundecks with attractions for kids in front of the Mediterraneo restaurant and on the Lobby terrace, as well as an upgrade of the existing family rooms, restaurant, swimming pool and sundeck, sports facilities and animation, which were all completed. In the destination of Rab, the construction and furnishing of the Padova I beach has been completed, as well as the construction and furnishing of the associated hospitality facility called The Beat Beach Club and the sanitary facilities. The purpose of this investment is to increase service quality and expand business activities on the future Padova beach.

Besides investing in facilities, Imperial Riviera d.d. has been actively investing in maintenance, furniture, IT maintenance and equipment as well as in energy efficiency increase projects. Additional infrastructural solutions, i.e. additional investment in software integration, Wi-Fi projects, video surveillance and smart rooms, are also planned.



Valamar Meteor Hotel 4*, Makarska

Bunculuka Camping Resort 4*, Krk island



The Risks of the Company and the Group

Tourism is a global industry, closely connected with the real and financial economy, geopolitical position and environmental sustainability. The integrity of this industry will determine its future growth. Given the importance of tourism and its overall impact on society, the Company and the Group monitor and assess risks at micro and macro levels. Moreover, when defining the strategy, particular attention is given to the short and medium-term risk impact in order to maintain business sustainability over time.

When monitoring and assessing risks the Company and Group use a proactive approach thus assessing the potential impact of each individual risk. The Company and Group consider risk management to be a key factor of differentiation among competitors. Risk management aims at creating sustainable value, thus offering reliability and security to numerous stakeholders.

5

KEY STEPS IN RISK MANAGEMENT PROCESS

There are five key steps in a risk management process:

- 1) Identifying potential risks;
- 2) Assessing identified risks;
- 3) Determining actions and responsibilities for efficient risk management;
- 4) Monitoring and overseeing preventive actions;
- 5) Exchanging information on risk management results conducted by the Management board.

The different types of risks facing Valamar can be classified into the following groups:

- Financial risks - related to financial variables, can have a negative impact on meeting liabilities for the company and the Group, liquidity, debt management etc.;
- Business risks - related to the way company business is conducted in terms of supply and demand, competition, adapting to market trends, investments, growth etc.;
- Operational risks - can arise from inadequate use of information, errors in business operations, non-compliance with internal procedures, human error, IT system, financial reporting and related risks, etc.;
- Global risks - can arise from natural disasters, pandemics, food shortage, social unrest, wars and other force majeure events beyond Valamar's control;
- Compliance risks - can arise from failure to comply with state laws and local regulations; risks related to changes in tax and other regulations.



FINANCIAL RISKS

In their day-to-day business activities, the Company and Group face a number of financial threats, especially:

- 1) Foreign exchange risk;
- 2) Interest rate risk;
- 3) Credit risk;
- 4) Price risk;
- 5) Liquidity risk;
- 6) Share-related risks;
- 7) Risk of inflation and increase in prices of purchased goods.

The Company and Group have a proactive approach in mitigating interest rate and foreign exchange risks, by employing available market instruments. Internal risk management goals and policies aim at protecting foreign currency inflows during seasonal activity and partial interest hedging of the principal loan amount.

1) Foreign exchange risk

The Company and Group conduct their business operations across national borders and are exposed to foreign exchange risks. They mainly result from changes in the euro/ kuna exchange rate. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. Historically, most of our foreign revenue has been in euros, the currency in which the majority of our long-term debt is denominated. Hence, for the most part the Company and Group are naturally hedged from exchange rate risks. Since some liabilities are contracted in kunas, the Company and Group actively manage risks by using derivative instruments available on the financial market. The instruments are used according to operating assessments and expected market trends. In this way the cash flows are protected from the risk impact. Due to the emergence of exceptional circumstances caused by the COVID-19 pandemic in the first quarter of 2020, potentially strong depreciation pressures against the kuna/ euro currency pair affect the value of euro-denominated long-term debt and contractual forward transactions whose potential negative effects are sought to be controlled by the proactive management of agreed derivative financial instruments. In the event of a drastic decrease of euro inflows,

the Company and the Group will use existing euro liquidity reserves to service the long term debt repayments and make adequate use of financial protection instruments, in accordance with the current state and future assessment of the Company's and the Group's foreign exchange position, expectations of movements in the value of the kuna/euro currency pair as well as other intercurrent relationships among world currencies.

2) Interest rate risk

Variable rate loans expose the Company and Group to cash flow interest rate risk. Actively, the Company and Group resort to derivative instruments in order to hedge cash flow and interest rate by applying interest rate swaps. The economic effect of such swaps is the conversion of variable interest rate loans into fixed interest rate loans for a precommitted hedged part of the loan principal. Therefore, a major part of the loan portfolio (over 80%) is comprised of long-term fixed interest loans or, respectively, loans hedged by a derivative instruments (IRS). The Company and Group have interest-bearing assets (cash assets and deposits) so their revenue and cash flow depend on changes in market interest rates. This becomes evident especially during the season when the Company and Group have significant cash surpluses at their disposal. The Company and the Group expect a limited impact from the increased interest rate volatility consequent to the recent coronavirus pandemic, since a large portion of the Group's loan portfolio (88%) is made up of long-term fixed-rate loans, i.e. loans protected by derivative instruments (IRS).

3) Credit risk

Credit risk arises from cash assets, time deposits and receivables. According to the Company and Group sales policy, business transactions are conducted only with customers with suitable credit history, i.e. by agreeing advances, bank securities and (for individual customers) payments made through major credit card companies. In order to reduce credit risk, the Company and the Group continuously monitor their exposure to the business parties and their creditworthiness, obtain instruments for securing receivables (bills of exchange, debentures and guarantees), thus reducing the risks of uncollectability of their receivables for the services provided. In view of the negative effects of COVID-19 on the customers of the Company and the Group, especially tour operators and travel agencies, the impact of the currently unfavorable circumstances on the related parties is being closely

monitored, while actively reviewing the credit ratings and their potential to overcome current challenges.

4) Price risk

The Company and Group hold equity securities and are exposed to equity price risk due to security price volatility. Valamar is not an active participant in the market trade in terms of trading in equity and debt securities. However, with investments in buying Imperial Riviera and Helios Faros shares, the company is exposed to the said risk to a certain extent.

5) Liquidity risk

The Company and Group have a sound liquidity risk management. Sufficient funds for meeting liabilities are available at any given moment through adequate amounts from contracted credit lines and by ensuring credit line availability in the future. Liquidity risk is managed by generating strong positive net operating cash flows, while capital investments are financed by credit lines. Credit lines for 2020 and 2021 have been contracted with reputable financial institutions, while credit repayments in general are in line with the period of significant cash inflows from operating activities. The repayment of the major credit lines coincides with periods of strong cash inflows from operations. The Company and Group monitor the level of available funds through daily cash and debt reports. Long-term cash flow forecasts as well as annual (monthly) forecasts are based on the set budget. After meeting the needs of working capital management the surplus is deposited in the treasury. From there the funds are invested in current accounts, time deposits, money market deposit accounts and marketable securities. Only instruments with suitable maturities and sufficient liquidity are selected, according to the forecast needs for liquid funds.

COVID-19 pandemic, as an external stressor to the operations of the Company and the Group, will create uncertain pressures on operating cash flow. In accordance with prudent management of the now increased liquidity risk, escalation plans for minimizing costs, maintaining liquidity, solvency of the company and maintaining business continuity were developed and activated, together with applications for support measures and assistance to the economy and the tourism sector, including temporary deferral of payment of overdue principal on long-term loans in accordance

with the given opportunity of a moratorium on the repayment of credit obligations.

6) Share-related risks

The market value of shares is the riskiest asset class due to its volatility resulting from the volatile nature of the whole capital market, macroeconomic trends on markets where the Company and Group operate and discrepancies between the expectations of financial analysts and the actual results. Furthermore, other contributing factors are also changes in the dividend policy, various activities in the segment of consolidations, mergers, acquisitions and forming of strategic partnership, the instability of the business model of the Company and Group as well as the fluctuations in the financial results for the Company and Group. In case any negative implications happen to be associated with these factors there is a considerable risk of market value drop that will in turn prevent investors from selling their shares at a fair market price.

7) Risk of inflation and increase in prices of purchased goods

COVID-19 pandemic and related movement restrictions as well as supply disruptions, along with strong rising energy prices and the war in Ukraine, have induced global inflation and rising prices at the end of 2021 and in the first half of 2022.

Negative risks still prevail, which would be especially pronounced in case of a prolonged duration and an additional escalation of the geopolitical instability that would endanger Europe's gas supply. This would then spill over to the domestic economy through a weakening of the foreign demand, an additional strengthening of inflationary pressures and a longer uncertainty. Global prices of energy products and raw materials, in particular of foodstuffs, are noticeably higher. The spill-over effect of increasing input costs on the prices of a wider range of goods and services is more and more visible. This means that the domestic inflation of consumer prices in 2022 could speed up significantly (to 9.4%) (source: Croatian National Bank). The global slowing down of economic growth, accompanied with a high inflation, may lead to stagflation.

Inflation and rising prices of purchased goods may have an effect on the purchasing power of foreign and domestic guests, as well as on the level

of our selling prices. The Company and the Group have also been exposed to the impact of the changes in the purchase prices for energy products (especially electrical energy) as well as prices for food and beverages and consumables. The Company and the Group have been continually making considerable investments in energy efficiency and renewables in order to mitigate the impact of a possible increase in energy prices as well as to decrease their dependence on suppliers. The Company and the Group have a very high share of direct channels and other online channels in total sales, and sales prices are largely formed dynamically, during the year. Accordingly, the Company and the Group have the flexibility to manage selling price levels in 2022.

BUSINESS RISK

The Company and Group are constantly exposed to risks threatening its competitiveness and future stability. Since the Company and Group own significant number of real estates, this business model requires a large amount of capital in order to maintain high product and service standards. Various large capital investments in the upgrade of products and services can surpass budget expectations, delay the end of construction works, as well as the town-planning regulations and fiscal policy may be changed. These risks can increase costs for the Company and Group, and have a negative impact on the cash flow and revenues. In the previous period, the company and Group's business decisions improved their results and operating efficiency in the demanding Mediterranean market. These positive trends are expected to continue in the future through a prudent long-term strategic management.

Over 95% of Valamar's guests come from other countries and they are very careful when choosing their vacation destination in the competitive Mediterranean environment. Stable domicile countries macroeconomic indicators are important decision-making factors especially those relating to exchange rates and the price of goods and services because they directly affect the guests' purchasing power. However small, the share of domestic guests is also important; it is a segment directly influenced by various other macroeconomic indicators: employment/ unemployment rate, GNP rise/ fall, industrial production and others. They all have a direct impact not

only on the purchasing power of Croatian residents but they also determine whether they will choose to spend their vacation on the Adriatic.

When considering risks related to the tourism and hospitality industry, in previous years, the Croatian economy has been afflicted by the consequences of a global financial crisis and economic standstill. In this period, the tourism and hospitality industry has been among the rare growing industries in Croatia. Moreover, the marked seasonality of this industry leads to insufficient use of the Company and Group's resources. After joining the European Union, the Croatian market became part of a large European market, while safety risks decreased after joining the NATO. Good management of human resources is vital for the future growth of the Company and Group. Risks related to shortages of specific skills, expertise and jobs are connected with the opening and expansion of the labor market. Valamar Riviera is one of the largest and most desirable employers in tourism. The active approach towards HR management develops key talents and supports investments in training opportunities. We determine the needs for new skills and expertise by following emerging global trends in tourism. In this way, we are able to respond to challenges effectively. Through a continual dialogue with our social partners, we have ensured a high level of workers' rights in terms of competitive salaries, reward systems, career development, employees' wellbeing and cooperation with training institutions from all parts of Croatia.

OPERATIONAL RISKS

Operational risks are risks connected with direct or indirect losses that arise from inadequate or wrong internal or external processes within the Company and the Group. They include the creation and analysis of financial reporting data (also known as "financial reporting risk") and also the potential insufficient and inadequate internal and external information sharing. When implementing the system of operational risk management, the Company and Group focused on its continuity and complexity due to the size of the organization. The benefits of the system include i) defining and identifying the Company and Group risk profile in relation to the operating risk ii) identifying and managing the known risk occurrences in order to decrease the Company and Group costs and iii) data analysis which indicates the business trends for the Company and Group and trends in the domestic economy. The Company

and Group are aware of the reliability of IT business solutions and safety in the cyber world. Hence, they continually upgrade, develop and implement new technologies in everyday business operations. A special focus is given to providing sufficient resources for the development and implementation of new technologies related to ICT, data protection, and upgrade of the current business systems and implementation of new ones.

GLOBAL RISKS

Despite improved security and political conditions, which have encouraged to a certain extent investments into tourism and hospitality, there are challenges that the Croatian tourism has to face, such as:

- Periods of global financial crisis which reduce the purchasing power of the travelling-prone population;
- Security and political issues related to globally escalating terrorism threats;
- Security and political instability in the immediate environment of the neighbouring countries.

Environmental risks can also have an adverse effect on the Company and Group's business results, primarily in terms of customer satisfaction with the whole experience while staying at one of Valamar's properties and this can affect the number of arrivals. The possible risks can include: sea pollution (caused by oil or chemical spillage), but also long-term water quality reduction and coast pollution due to inadequate waste disposal and waste water treatment as well as extensive use of agricultural fertilizers. Other environmental conditions typical for climate changes such as long drought periods or long rainy periods can directly influence the guests' length of stay in the hotels and campsites as well as increasing the operating costs. A number of other natural disasters and calamities (earthquakes, fires, floods and rainstorms), air pollution caused by toxic gas emissions from industrial plants and vehicles, as well excessive urbanization and the introduction of plant and animal invasive species should also be taken into consideration. Likewise, disease outbreaks and pandemics can adversely affect Valamar's business results. In order to minimize their impact, Valamar is actively tracking pandemic and health

risk levels worldwide, especially on its source markets, and taking proactive steps in their management. The COVID-19 pandemic is a recent example of the operational and financial disruption to the global economy, especially tourism flows, since almost all global destinations were blocked by travel restrictions. The emergence of exceptional circumstances in the Republic of Croatia and the introduction of extraordinary measures to prohibit gatherings, movements and the operation of restaurants and shops, all with the primary objective of protecting the population from the risk of contagion, resulted in the expected consequential and immediate disruption of the Company's and the Group's operations, cancellation of accommodation and other contracted services by partner agencies and guests.

REGULATORY RISKS

Changes in tax laws and other regulations pose a very serious threat and represent a demanding segment in risk management because in this particular situation the possibilities for the Company and Group are limited.

Frequent changes in laws regulating taxes and parafiscal charges often take place only after the business policy and budget for the next financial year have been approved and commercial terms and conditions with partners agreed. All this jeopardizes the Company and Group financial position and future investment plans as well as credibility towards shareholders. The Company and Group are also threatened by changes in regulations governing concession fees for maritime domain and tourism land use, the latter still presenting unresolved legal issues. Given the nature of the Company and Group's business, the right to use parts of the maritime domain as well as land for tourism purposes is of vital importance for future growth, especially for campsite-related operations.

Valamar Collection Imperial Hotel 4*, Rab island



Corporate Governance

The Company and the Group continuously strive to develop and operate according to good practices of corporate governance. The business strategy, corporate policy, key corporate regulations and business practice have set a high standard of corporate governance and are all geared towards creating a transparent and efficient business operation while forging solid bonds with the local community. The Management Board fully complies with the provisions of the adopted Corporate Governance Act. After the company was listed on the regulated market of the Zagreb Stock Exchange, the Company has also complied with the Zagreb Stock Exchange Governance Code. The Company respects and implements the prescribed corporate governance measures (as reported in detail in the prescribed annual questionnaire and published as prescribed on the Zagreb Stock Exchange and Valamar Riviera websites). The Company has harmonized its general corporate governance acts with the Corporate Governance Code to the applicable extent.

The major direct Valamar Riviera's shareholders according to the Central Depository and Clearing Company data and the shareholders whom are Valamar Riviera's Management Board and Supervisory Board members are as follows: the Chairman of the Supervisory Board, Mr. Gustav Wurmböck, holds a 100% stake in Wurmböck Beteiligungs GmbH, which holds 25,017,698 RVP-R-A shares; the Deputy Chairman of the Supervisory Board, Mr. Franz Lanschuetzer, holds 4,437,788 RVP-R-A shares; the Deputy Chairman of the Supervisory Board, Mr. Mladen Markoč, holds 30,618 RVP-R-A shares; the Member of the Supervisory Board Mr. Georg Eltz holds a total of 6,545,367 RVP-R-A shares, of which directly 20,463 RVP-R-A shares, and indirectly through a 100% stake in company Satis d.o.o. 6,524,904 RVP-R-A shares; the Member of the Supervisory Board Mr. Boris Galić holds a total of 10,000 RVP-R-A shares, the President of the Management Board, Mr. Željko Kukurin, holds 126,360 RVP-R-A shares; the Member of the Management Board Mr. Marko Čižmek holds 68,251 RVP-R-A shares and the Member of the Management Board Ms. Ivana Budin Arhanić holds 35,529 RVP-R-A shares. The Company defined the process of preparing and disclosing financial reports in a detailed internal document. With this, the financial reporting procedure is set within a system of internal review and risk management. Moreover, in order to monitor and mitigate the financial reporting risk, the Company uses the measures described in "The Risks of the Company and the Group".

THE GROUP HAS
ESTABLISHED
HIGH STANDARDS
OF CORPORATE
GOVERNANCE
IN ORDER
TO OPERATE
TRANSPARENTLY
AND EFFICIENTLY

The Companies Act and the Company Statute define the General Assembly's authority and prescribe how it meets and works. The meeting invitation, proposals and the adopted resolutions are made public according to the provisions of the Companies Act, Capital Market Act and the Zagreb Stock

Exchange Rules. There is a time limit related to the voting right at the General Assembly: according to the provisions of the Croatian Companies Act, shareholders are required to register their participation within the prescribed time limit in order to attend the General Assembly. Under no circumstances can the financial right arising from securities be separated from holding the securities. There are no securities with special control rights nor are there any limitations to voting rights at the Company (one share, one vote).

The Company Statute complies with the Croatian Companies Act and the provisions of the Procedure of appointment, i.e. the election and profile of the Management Board and the Supervisory Board and defines the procedure of appointing and recalling members of the Management Board and Supervisory Board. There are no limitations based on gender, age, education, profession or similar. The Companies Act determines any amendments to the Company Statute, without any additional limitations. The Management Board members' authority fully complies with the regulations prescribed by the Companies Act.

The Company acquires treasury shares based on and in accordance with the conditions determined by the General Assembly's decision on acquisition of treasury shares dated on 9 May 2019 which is in force as of 17 November 2019. The Company does not have a share-buyback program or an employee share ownership plan. The Company holds and acquires treasury shares as a form of rewarding the Management and key managers pursuant to the Company acts on the long-term reward plan and for the purpose of dividend payout in rights - Company share to the equity holders. During first half of 2022 the Company wasn't involved in treasury shares acquisition neither disposal of its own shares.

THE COMPANY'S CORPORATE BODIES ARE:

Management Board: Mr. Željko Kukurin, CEO, and Mr. Marko Čižmek and Ms. Ivana Budin Arhanić, members.

The Company appointed senior executives, who are the Company's key management, in accordance with the provisions of the Capital Markets Acts and the EU Regulation No. 596/2014. The Company's senior executives are the following – 3 Senior Vice Presidents: Alen Benković, Davor Brenko and David Poropat; 2 Vice Presidents: Ines Damjanić and Sebastian Palma; and 21 Sector Directors and Heads: Tomislav Dumančić, Ljubica Grbac, Flavio Gregorović, Marin Gulan, Vlastimir Ivančić, Željko Jurcan, Ivan Karlić, Dario Kinkela, Mauro Teković, Mile Pavlica, Tomislav Poljuha, Mirella Premeru, Bruno Radoš, Sandi Sinožić, Martina Šolić, Andrea Štifanić, Dragan Vlahović, Ivica Vrkić, Mario Skopljaković, Marko Vusić and Vlatka Kocijan.

Supervisory Board: Mr. Gustav Wurmböck, president, Mr. Franz Lanschützer and Mr. Mladen Markoč, deputy presidents and members: Mr. Georg Eltz, Mr. Daniel Goldscheider, Mr. Boris Galić, Mr. Ivan Ergović (employee representative), and from 23 June 2022, Mrs. Gudrun Kuffner and Mrs. Peter Stolb

In order to perform efficiently its function and duties as prescribed by the Audit Act and the Corporate Governance Act, the Supervisory Board has formed the following bodies:

Presidium: Mr. Gustav Wurmböck - Chairman, and members: Mr. Franz Lanschützer and Mr. Mladen Markoč.

Audit Committee: Mr. Georg Eltz - Chairman, and members: Mr. Mladen Markoč, Mr. Boris Galić and Mrs. Gudrun Kuffner from 29 June 2022.

Investment Committee: Mr. Franz Lanschützer - Chairman and members: Mr. Georg Eltz and Mr. Gustav Wurmböck.

Committee on Digitization and Sustainability: Mr Daniel Goldscheider, Chairman and members: Mr Franz Lanschützer, Mr Gustav Wurmböck and Mrs. Petar Stolba from 29 June 2022.

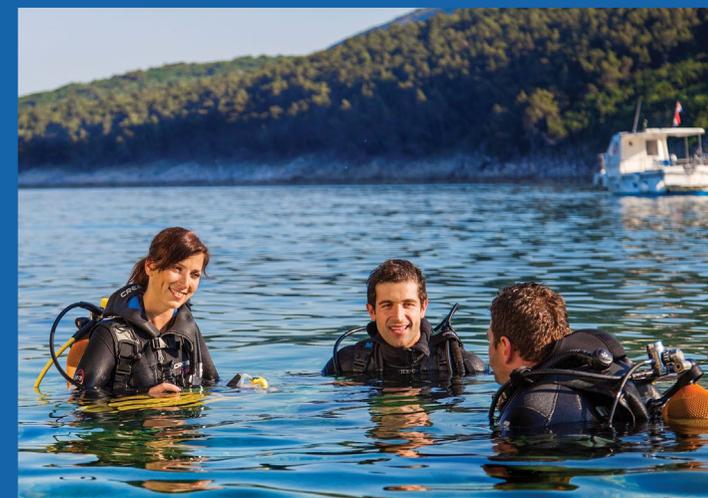
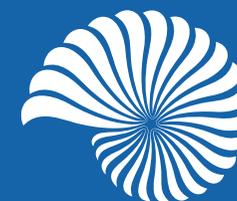
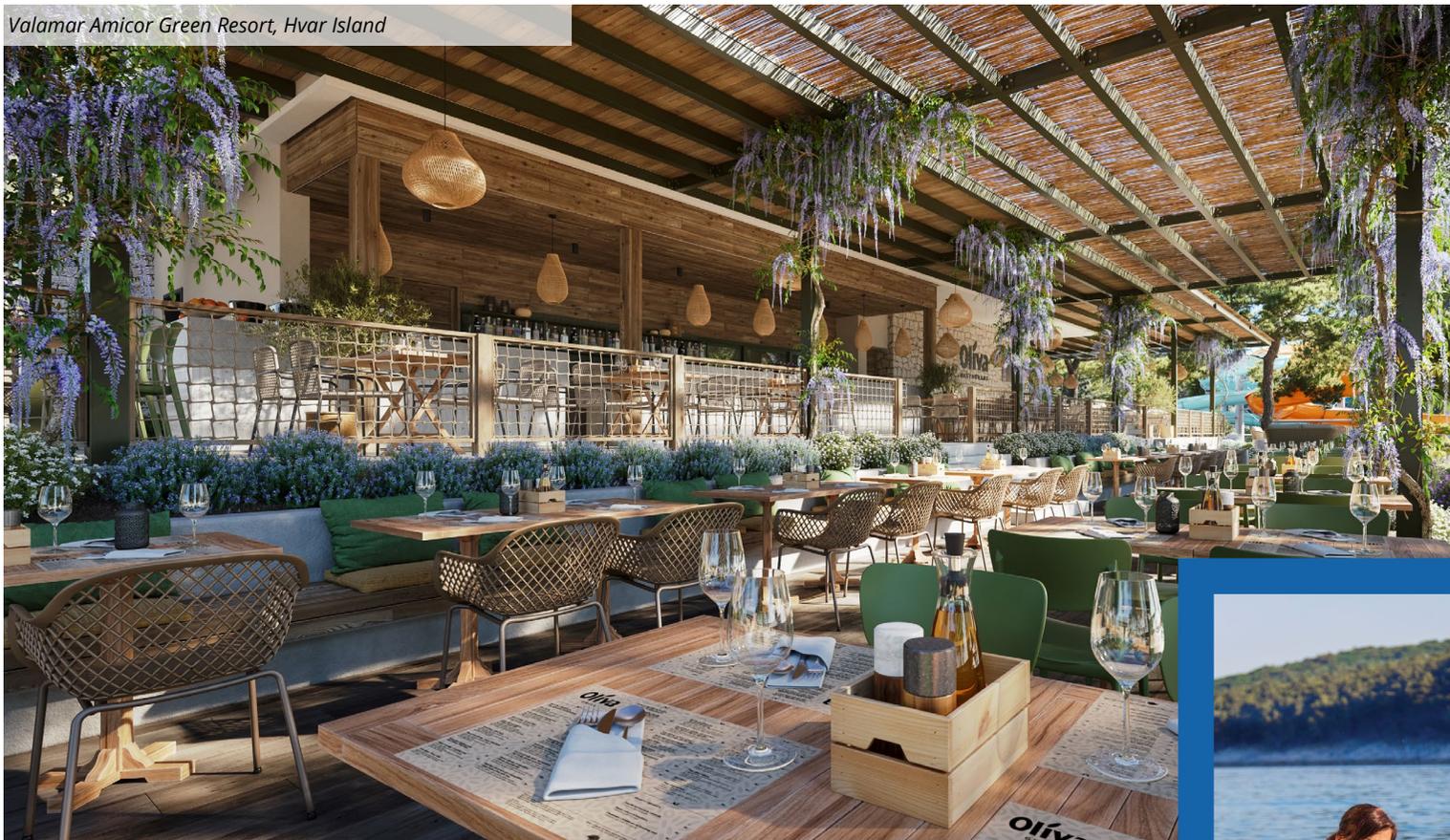
Compliant to effective regulations and Company by laws, the Management and Supervisory Board primarily act through meetings and by correspondence in their decision-making.

The Company has concluded Employment contracts with the President and a member of the Management Board for the duration of the term for which they were appointed, and a member of the Supervisory Board, employee representative, has an employment contract for an indefinite period.

Valamar Collection Isabella Resort 4*/5*, Poreč



Valamar Amicor Green Resort, Hvar Island



Related-party Transactions & Branch Offices

RELATED-PARTY TRANSACTIONS

Transactions between related parties within the Group are conducted under standard commercial terms and conditions and at current market prices.

In the first half of 2022, HRK 511.8 million of revenue from transactions with related parties was generated (HRK 5.6 million in first half 2021) for the Company and HRK 3.9 million (HRK 1.2 million in first half 2021) for the Group. Expenses amounted to HRK 3.6 million (first half 2021: HRK 736 thousand) for the Company and HRK 354 thousand for the Group (first half 2021: HRK 267 thousand).

As at 30 June 2022, receivables and liabilities toward related parties are as follows: company's receivables amount to HRK 15.4 million (vs. HRK 27.0 million EO 2021), and Group's receivables amount to HRK 1.2 million (vs. HRK 7.3 million EO 2021). Company's liabilities amount to HRK 2.6 million (vs. HRK 131 thousand EO 2021), and Group's receivables amount to HRK 135 thousand (vs. HRK 63 thousand EO 2021).

The most significant transaction of the Company in the first half of 2022 relates to the sale of three hotels to the related party Imperial Riviera d.d. Valamar Lacroma Dubrovnik Hotel, Dubrovnik Club Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar were sold with an acquisition value of HRK 717,766 thousand.

TRANSACTIONS WITH RELATED PARTIES UNDER USUAL COMMERCIAL TERMS AND CONDITIONS

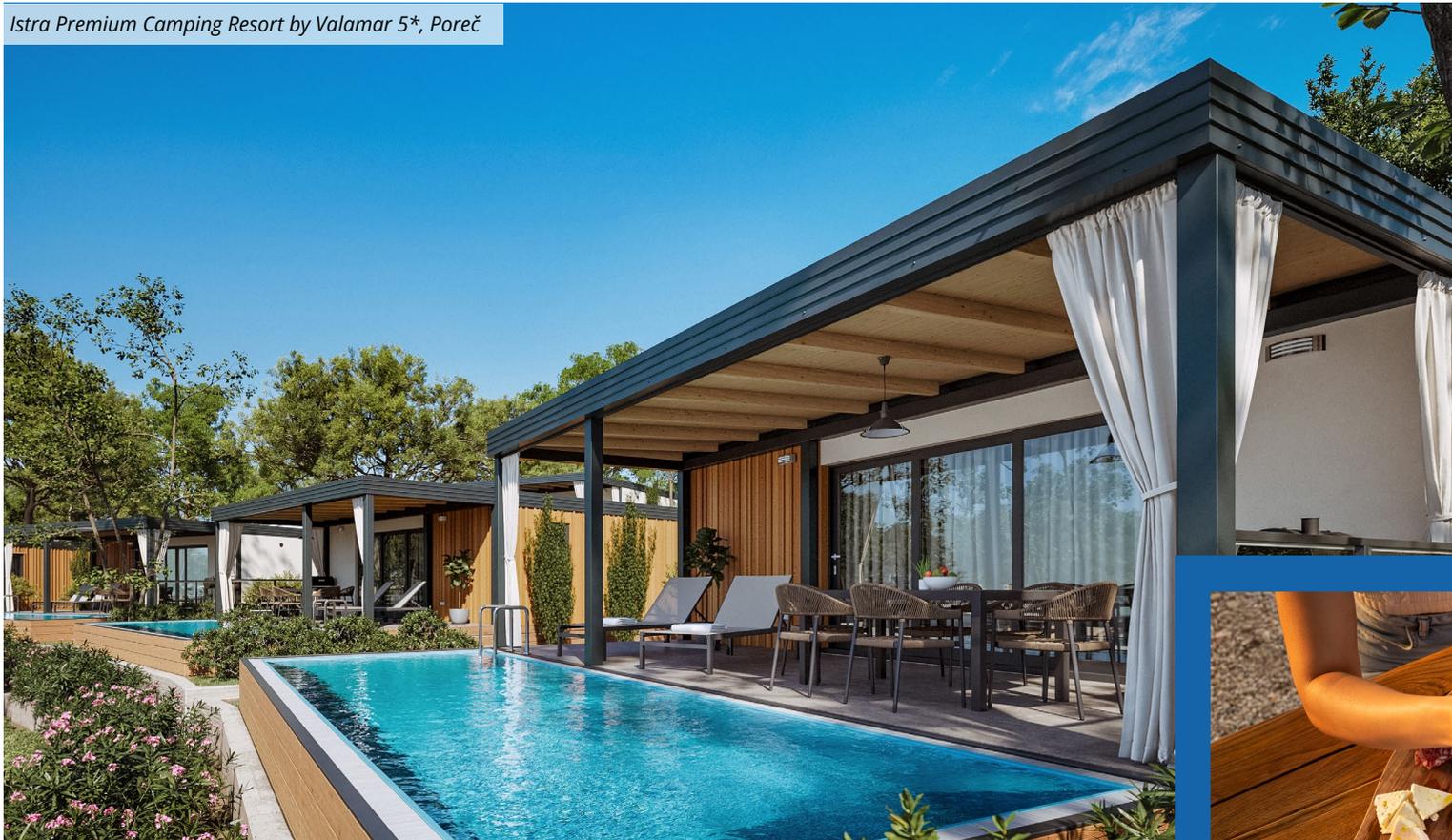
BRANCH OFFICES OF THE COMPANY

The Company has several branch offices, where it performs its business activities outside of its headquarters: Branch Office for Tourism RABAC, with the seat in Rabac, Slobode 80; Branch Office for Tourism ZLATNI OTOK, with the seat in Krk, Vršanska 8; Branch Office for Tourism DUBROVNIK-BABIN KUK, with the seat in Dubrovnik, Vatroslava Lisinskog 15a; Branch Office for Business and Administration Consulting ZAGREB, with the seat in Zagreb, Miramarska cesta 24; Branch Office for Tourism BRIONI, with the seat in Pula, Puntičela 155 and from 28 June 2022, the Austria Branch Office, with headquarters in Austria, Obertauern, Gamsleitenstrasse 6.

The subsidiaries of Rabac, Zlatni otok, Dubrovnik-Babin kuk and Brioni are the drivers of economic growth in their local communities. They operate at their destinations and support their development by promoting further investments and the development of tourism while participating in social and business activities.

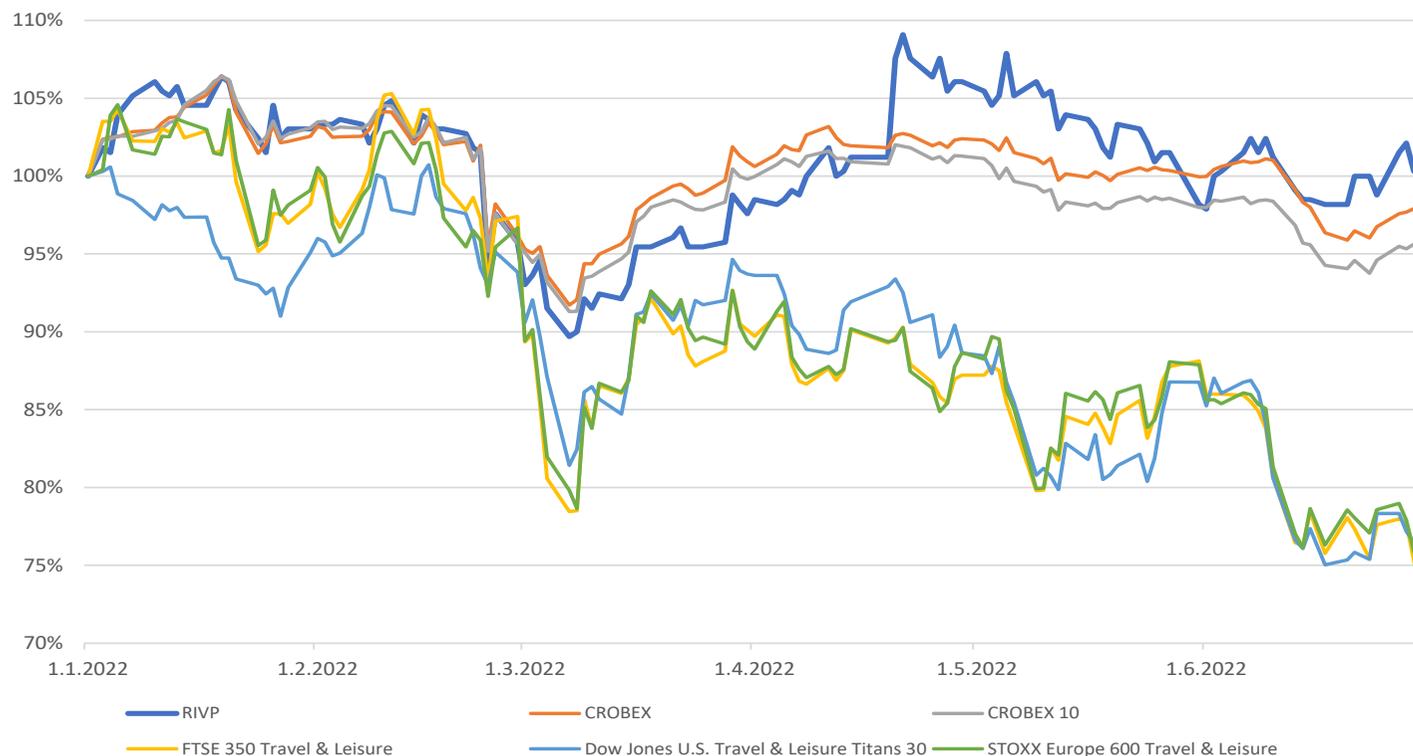
In addition to branch offices based in Croatia, the Company established a branch office in Austria and offices on the island of Rab, in Makarska and in Stari Grad on the island of Hvar for more efficient management of hotel and tourist properties and facilities of the companies Imperial Riviera, Helios Faros, Valamar Obertauern, and from 12 July 2022 of the company Kesselspitze, all in accordance with the provisions of the concluded hotel management contracts.

Istra Premium Camping Resort by Valamar 5*, Poreč



Valamar Share

Performance of Valamar Riviera's share and Zagreb Stock Exchange and travel and leisure indices in the first half of 2022



During the first half of 2022, the highest achieved share price in regular trading on the regulated market was HRK 36.00, and the lowest HRK 29.00. On 30 June 2022 the price was HRK 33.30 which represents an increase of 0.9% compared to the last price in 2021. With a total turnover of HRK 101.8 million¹⁶, Valamar Riviera share was the second share on the Zagreb Stock Exchange in terms of turnover during the first half 2022.

In addition to the Zagreb Stock Exchange index, the joint stock index of the Zagreb and Ljubljana stock exchanges ADRIprime, the stock is also a component of the Vienna Stock Exchange index (CROX¹⁷ and SETX¹⁸) and the Warsaw Stock Exchange (CEEplus¹⁹),

the SEE Link regional platform index (SEELinX and SEELinX EWI)²⁰ and the MSCI Frontier Markets Index. Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. perform the activities of market makers with ordinary shares of Valamar Riviera listed on the Leading Market of the Zagreb Stock Exchange d.d.

The Company did not acquire or dispose of its own shares in the period from 1 January 2022 to 30 June 2022. As of 30 June 2022 the Company holds 4,139,635 treasury shares, which is 3.28% of the share capital.

Valamar Riviera actively holds meetings and conference calls with domestic and foreign investors, as well as presentations for investors, providing support for the highest possible level of transparency, creating additional liquidity, increasing share value and involving potential investors. By continuing to actively represent Valamar Riviera, we will

¹⁶ Block transactions are excluded from the calculation.

¹⁷ Croatian Traded Index (CROX) is a capitalization-weighted price index and is made up of 12 most liquid and highest capitalized shares of Zagreb Stock Exchange.

¹⁸ South-East Europe Traded Index (SETX) is a capitalization-weighted price index consisting of blue chip stocks traded on stock exchanges in the region of South-eastern Europe (shares listed in Bucharest, Ljubljana, Sofia, Belgrade and Zagreb).

¹⁹ CEEplus is a stock index that comprise the most liquid stocks listed on stock exchanges in the Visegrad Group countries (Poland, Czech Republic, Slovakia, Hungary) and Croatia, Romania and Slovenia.

²⁰ SEE Link is a regional platform for securities trading. It was founded by Bulgarian, Macedonian, and Zagreb Stock Exchange. SEE LinX and SEE LinX EWI are two "blue chip" regional indices composed of ten most liquid regional companies listed on three Stock Exchanges: five from Croatia, three from Bulgaria, and two from Macedonia.

strive to contribute to further growth in value for all stakeholders with the intention of recognizing the Company's share as one of the leaders on the Croatian capital market and one of the leaders in the CEE region. Analytical coverage of Valamar Riviera is provided by: 1) ERSTE bank

2nd

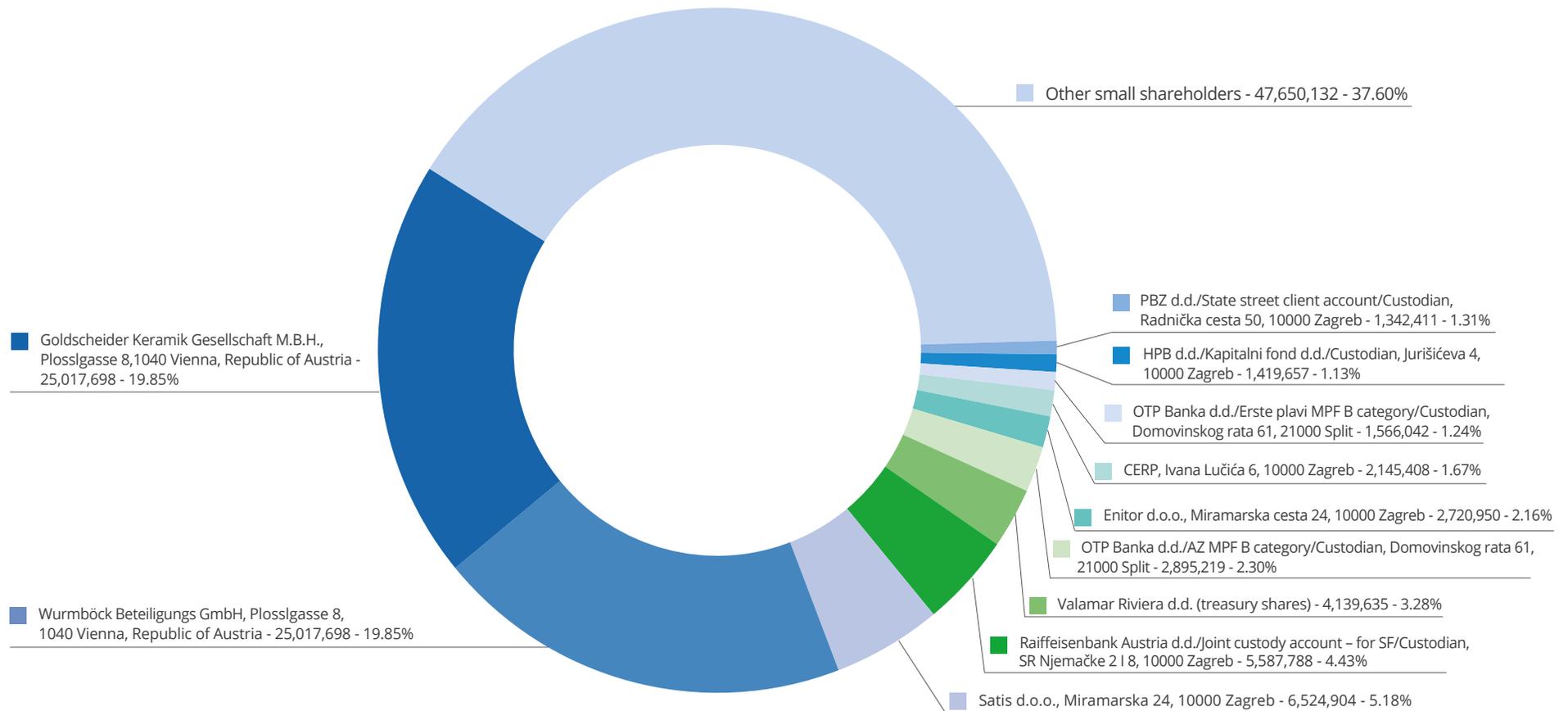
MOST ACTIVELY
TRADED SHARE
BY REGULAR
TURNOVER ON THE
ZAGREB STOCK
EXCHANGE IN THE
FIRST HALF 2022

d.d., Zagreb; 2) Interkapital vrijednosni papiri d.o.o., Zagreb; 3) Raiffeisenbank Austria d.d., Zagreb; 4) Zagrebačka banka d.d., Zagreb.

Valamar Obertauern Hotel 4*, Obertauern



OVERVIEW OF MAJOR SHAREHOLDERS AS AT 30 JUNE 2022:



Hotel Kesselspitze 5*, Obertauern



Additional Information

Marea Valamar Collection Suites 5*, Poreč



 *The Management Board expresses its gratitude to all shareholders, business partners, and guests for their support and trust, and particularly to all employees for their contribution.*

ADDITIONAL INFORMATION

Within its integrated report, at the end of June 2022 Valamar presented its new sustainability strategy and 2025 ESG goals. The strategic plan includes 12 key goals in the area of environment (E), society (S) and governance (G), which Valamar plans to realize until 2025 through 6 strategic initiatives.

As one of the largest employers in Croatia (as of 30 June 2022, the Group employed a total of 6,722 employees, of which 2,417 permanent, and the Company 5,077 employees, of which 1,896 permanent), the Company and the Group systematically and continuously invest in the development of their human resources through a comprehensive strategic approach to their management that includes a transparent recruitment process, clear goals, measuring employee performance and investing in employee development, as well as their careers, and encouraging two-way communication.

In the course of the first half of 2022 the Company's Management Board performed the actions provided by law and the Articles of Association and regarding the management and representation of the Company and planned a business policy that was implemented with prudent care. The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth. The quarterly separate and consolidated financial statements for the first half of 2022 were adopted by the by the Management Board on 29 July 2022.

The Management Board expresses its gratitude to all shareholders, business partners, and guests for their support and trust, and particularly to all employees for their contribution.

Management Board of the Company

Željko Kukurin
Management Board
President

Marko Čižmek
Management Board
Member

Ivana Budin Arhanić
Management Board
Member

Valamar Collection Girandella Resort 4*/5*, Rabac



Disclaimer

This report contains certain outlook based on currently available facts, findings and circumstances and estimates in this regard. Our outlook is based including, but no limited on a) results achieved in first six months of 2022; b) operating results achieved by 27 July 2022; c) current booking status; d) 2022 year end business results forecast; e) the absence of further significant negative effects of the risks to which the Company and the Group are exposed.

Outlook statements are based on currently available information, current assumptions, forward-looking expectations and projections. This outlook is not a guarantee of future results and is subject to future events, risks, and uncertainties, many of which are beyond the control of, or currently unknown to Valamar Riviera, as well as potentially incorrect assumptions that could cause the actual results to materially differ from the said expectations and forecasts. Risks and uncertainties include, but are not limited to those described in the chapter "Risks of the Company and the Group". Materially significant deviations from the outlook may arise from changes in circumstances, assumptions not being realized, as well as other risks, uncertainties, and factors, including, but no limited to:

- Recall of aid measures adopted by the Croatian government, Croatian National Bank, Croatian Bank for Reconstruction and Development, competent ministries as well as state and local authorities to help the economy and mitigate the extraordinary circumstances caused by the COVID-19 pandemic;
- Macro-economic trends in the Republic of Croatia and in the source markets, including currency exchange rates fluctuations and prices of goods and services, deflation and inflation, unemployment, trends in the gross domestic product and industrial production, as well as other trends having a direct or indirect impact on the purchasing power of Valamar Riviera's guests;
- Economic conditions, security and political conditions, trends and events in the capital markets of the Republic of Croatia and Valamar Riviera's source markets;
- Spending and disposable income of guests, as well as guests' preferences, trust in and satisfaction with Valamar Riviera's products and services;

- Trends in the number of overnights, bookings, and average daily rates of accommodation at Valamar Riviera's properties;
- Trends in the Croatian Kuna exchange rate in relation to world currencies (primarily the Euro), change in market interest rates and the price of equity securities, and other financial risks to which Valamar Riviera is exposed;
- Labor force availability and costs, transport, energy, and utilities costs, selling prices of fuel and other goods and services, as well as supply chain disruptions;
- Changes in accounting policies and findings of financial report audits, as well as findings of tax and other business audits;
- Outcomes and costs of judicial proceedings to which Valamar Riviera is a party;
- Loss of competitive strength and reduced demand for products and services of Croatian tourism and Valamar Riviera under the impact of weather conditions and seasonal movements;
- Reliability of IT business solutions and cyber security of Valamar Riviera's business operations, as well as related costs;
- Changes of tax and other regulations and laws, trade restrictions, and rates of customs duty;
- Adverse climatic events, environmental risks, disease outbreaks and pandemics.

Should materially significant changes to the stated outlook occur, Valamar Riviera shall immediately inform the public thereof, in compliance with Article 459 of the Capital Market Act. The given outlook statements are not an outright recommendation to buy, hold or sell Valamar Riviera's shares.

RESPONSIBILITY FOR THE QUARTERLY FINANCIAL STATEMENTS

In Poreč, 29 July 2022

In accordance with provisions of Law on Capital Market, Marko Čižmek, Management board member responsible for finance, treasury and IT business as well as relations with institutional investors and Ljubica Grbac director of Department of Finance and Accounting, procurator and person responsible for finance and accounting, together as persons responsible for the preparation of quarterly financial reports of the company VALAMAR RIVIERA d.d. seated in Poreč, Stancija Kaligari 1, OIB 36201212847 (hereinafter: Company), hereby make the following

STATEMENT

According to our best knowledge:

- consolidated and unconsolidated financial statements for the first half of 2022 are prepared in accordance with applicable standards of financial reporting and give true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and the companies included in consolidation (Group);
- Report of the Company's Management board for the period from 1 January to 30 June 2022 contains the true presentation of development, results and position of the Company and companies included in the consolidation, with description of significant risks and uncertainties which the Company and companies included in consolidation are exposed.



Marko Čižmek
Management Board Member



Ljubica Grbac
Director of Department of
Finance and Accounting /
Procurator



BALANCE SHEET (balance as at 30.06.2022)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	5.671.819.566	5.687.472.065
I INTANGIBLE ASSETS (ADP 004 to 009)	003	39.086.495	34.577.161
1 Research and development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	30.356.827	21.403.544
3 Goodwill	006	6.567.609	6.567.609
4 Advances for the purchase of intangible assets	007		
5 Intangible assets in preparation	008	2.162.059	6.606.008
6 Other intangible assets	009		
II TANGIBLE ASSETS (ADP 011 to 019)	010	5.221.568.500	5.156.851.246
1 Land	011	980.924.514	979.048.250
2 Buildings	012	3.363.126.345	3.206.301.579
3 Plant and equipment	013	432.241.488	408.231.560
4 Tools, working inventory and transportation assets	014	100.025.874	98.842.300
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	42.528	2.097.819
7 Tangible assets in preparation	017	288.533.889	410.038.796
8 Other tangible assets	018	53.493.881	49.263.499
9 Investment property	019	3.179.981	3.027.443
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	82.071.741	131.832.458
1 Investments in holdings (shares) of undertakings within the group	021		
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits, etc. to undertakings within the group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	76.533.067	112.138.816
5 Investment in other securities of companies linked by virtue of participating interests	025		
6 Loans, deposits etc. to companies linked by virtue of participating interests	026		2.219.915
7 Investments in securities	027	220.812	251.033
8 Loans, deposits, etc. given	028	5.177.862	5.170.681
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	12.052.013
IV RECEIVABLES (ADP 032 to 035)	031		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
V DEFERRED TAX ASSETS	036	329.092.830	364.211.200
C) CURRENT ASSETS (ADP 038+046+053+063)	037	1.217.957.755	1.156.679.266
I INVENTORIES (ADP 039 to 045)	038	26.310.071	51.684.992
1 Raw materials and consumables	039	25.050.909	49.294.866
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	1.230.618	2.333.520
5 Advances for inventories	043	28.544	56.606
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	38.388.235	85.599.689
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interests	048	7.293.712	1.204.566
3 Customer receivables	049	17.995.662	63.185.082
4 Receivables from employees and members of the undertaking	050	738.835	9.344.135
5 Receivables from government and other institutions	051	9.116.616	8.828.326
6 Other receivables	052	3.243.410	3.037.580
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	38.001.625	94.866.555
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057		
5 Investment in other securities of companies linked by virtue of participating interests	058		
6 Loans, deposits etc. to companies linked by virtue of participating interests	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	38.001.625	94.866.555
9 Other financial assets	062		
IV CASH AT BANK AND IN HAND	063	1.115.257.824	924.528.030
D) PREPAID EXPENSES AND ACCRUED INCOME	064	23.768.145	105.385.789
E) TOTAL ASSETS (ADP 001+002+037+064)	065	6.913.545.466	6.949.537.120
F) OFF-BALANCE SHEET ITEMS	066	54.173.148	54.145.563

BALANCE SHEET (balance as at 30.06.2022) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	3.311.057.807	3.120.782.281
I INITIAL (SUBSCRIBED) CAPITAL	068	1.672.021.210	1.672.021.210
II CAPITAL RESERVES	069	5.223.432	5.223.432
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	98.247.550	98.247.550
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury shares	072	136.815.284	136.815.284
3 Treasury shares and holdings (deductible item)	073	-124.418.267	-124.418.267
4 Statutory reserves	074		
5 Other reserves	075	2.249.472	2.249.472
IV REVALUATION RESERVES	076		
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	81.109	105.891
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	81.109	105.891
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	388.045.406	495.159.430
1 Retained profit	084	388.045.406	495.159.430
2 Loss brought forward	085		
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	104.374.607	-165.351.817
1 Profit for the business year	087	104.374.607	
2 Loss for the business year	088		165.351.817
VIII MINORITY (NON-CONTROLLING) INTEREST	089	1.043.064.493	1.015.376.585
B) PROVISIONS (ADP 091 to 096)	090	166.154.627	164.989.513
1 Provisions for pensions, termination benefits and similar obligations	091	29.827.505	29.827.505
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	50.117.237	50.117.237
4 Provisions for renewal of natural resources	094		
5 Provisions for warranty obligations	095		
6 Other provisions	096	86.209.885	85.044.771
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	2.614.508.279	2.668.480.260
1 Liabilities to undertakings within the group	098		
2 Liabilities for loans, deposits, etc. of undertakings within the group	099		
3 Liabilities to companies linked by virtue of participating interests	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities to banks and other financial institutions	103	2.547.107.295	2.602.281.342
7 Liabilities for advance payments	104		
8 Liabilities to suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	15.636.060	16.612.556
11 Deferred tax liability	108	51.764.924	49.586.362
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	733.966.582	876.954.793
1 Liabilities to undertakings within the group	110		
2 Liabilities for loans, deposits, etc. of undertakings within the group	111		
3 Liabilities to companies linked by virtue of participating interests	112	39.205	44.202
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities to banks and other financial institutions	115	565.523.996	284.666.605
7 Liabilities for advance payments	116	40.344.672	263.702.290
8 Liabilities to suppliers	117	67.470.609	184.351.731
9 Liabilities for securities	118		
10 Liabilities to employees	119	28.794.007	54.589.419
11 Taxes, contributions and similar liabilities	120	16.508.477	69.098.237
12 Liabilities arising from the share in the result	121	379.676	379.676
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	14.905.940	20.122.633
E) ACCRUALS AND DEFERRED INCOME	124	87.858.171	118.330.273
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	6.913.545.466	6.949.537.120
G) OFF-BALANCE SHEET ITEMS	126	54.173.148	54.145.563

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.06.2022)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	266.400.722	236.231.033	677.487.378	618.030.585
1 Income from sales with undertakings within the group	002				
2 Income from sales (outside group)	003	249.034.083	229.211.832	661.382.847	613.072.934
3 Income from the use of own products, goods and services	004	155.597	82.026	151.709	76.895
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	17.211.042	6.937.175	15.952.822	4.880.756
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	491.028.000	301.692.625	888.200.179	615.253.210
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	117.392.388	92.034.584	288.106.182	238.685.947
a) Costs of raw materials and consumables	010	66.531.810	54.523.425	191.193.291	165.363.137
b) Costs of goods sold	011	2.349.621	1.579.437	5.456.681	3.792.748
c) Other external costs	012	48.510.957	35.931.722	91.456.210	69.530.062
3 Staff costs (ADP 014 to 016)	013	81.148.405	56.995.590	285.249.022	205.621.564
a) Net salaries and wages	014	45.915.276	33.856.471	178.738.871	127.876.151
b) Tax and contributions from salary costs	015	24.689.633	15.899.780	69.038.630	50.657.561
c) Contributions on salaries	016	10.543.496	7.239.339	37.471.521	27.087.852
4 Depreciation	017	250.508.368	125.497.943	245.528.918	122.805.663
5 Other costs	018	37.297.887	24.928.193	64.963.209	46.587.944
6 Value adjustments (ADP 020+021)	019	19.070	11.090		
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	19.070	11.090		
7 Provisions (ADP 023 to 028)	022				
a) Provisions for pensions, termination benefits and similar obligations	023				
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	4.661.882	2.225.225	4.352.848	1.552.092
III. FINANCIAL INCOME (ADP 031 to 040)	030	24.573.094	36.077.650	20.511.132	27.010.247
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	40.101	13.522	80.404	17.324
8 Exchange rate differences and other financial income	038	18.673.144	32.904.820	1.660.226	18.763.390
9 Unrealised gains (income) from financial assets	039	2.620.380	1.419.814	15.835.527	6.659.803
10 Other financial income	040	3.239.469	1.739.494	2.934.975	1.569.730
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	34.213.659	18.400.862	38.673.959	19.088.457
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	32.056.499	16.447.400	29.156.718	15.573.411
4 Exchange rate differences and other expenses	045	208.303	1.465.116	5.040.012	2.698.886
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	1.948.857	488.346	4.477.229	816.160
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049				
VI SHARE IN PROFIT FROM JOINT VENTURES	050				
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	1.612.871	1.361.479	1.466.471	1.840.736
VIII SHARE IN LOSS OF JOINT VENTURES	052				
IX TOTAL INCOME (ADP 001+030+049+050)	053	290.973.816	272.308.683	697.998.510	645.040.832
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	526.854.530	321.454.966	928.340.609	636.182.403
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-235.880.714	-49.146.283	-230.342.099	8.858.429
1 Pre-tax profit (ADP 053-054)	056				8.858.429
2 Pre-tax loss (ADP 054-053)	057	-235.880.714	-49.146.283	-230.342.099	

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.06.2022) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
XII INCOME TAX	058	-59.527.964	-284.582	-37.302.374	2.047.925
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-176.352.750	-48.861.701	-193.039.725	6.810.504
1. Profit for the period (ADP 055-059)	060				6.810.504
2. Loss for the period (ADP 059-055)	061	-176.352.750	-48.861.701	-193.039.725	

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)

XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
XV INCOME TAX OF DISCONTINUED OPERATIONS	065				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				

TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)

XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	068				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
XVII INCOME TAX (ADP 058+065)	071				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				

APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)

XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	-176.352.750	-48.861.701	-193.039.725	6.810.504
1 Attributable to owners of the parent	076	-158.113.705	-41.661.871	-165.351.817	7.002.138
2 Attributable to minority (non-controlling) interest	077	-18.239.045	-7.199.830	-27.687.908	-191.634

STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)

I PROFIT OR LOSS FOR THE PERIOD	078	-176.352.750	-48.861.701	-193.039.725	6.810.504
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)	079	292.315	187.103	30.222	-8.219
III ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)	080	125.509	98.635	30.222	-8.219
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	125.509	98.635	30.222	-8.219
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083				
4 Actuarial gains/losses on the defined benefit obligation	084				
5 Other items that will not be reclassified	085				
6 Income tax relating to items that will not be reclassified	086	22.591	17.754	5.440	-1.479
IV ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)	087	166.806	88.468		
1 Exchange rate differences from translation of foreign operations	088	166.806	88.468		
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.06.2022) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	269.724	169.349	24.782	-6.740
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-176.083.026	-48.692.352	-193.014.943	6.803.764
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VII COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	-176.083.026	-48.692.352	-193.014.943	6.803.764
1 Attributable to owners of the parent	100	-157.843.981	-41.492.522	-165.327.035	6.995.398
2 Attributable to minority (non-controlling) interest	101	-18.239.045	-7.199.830	-27.687.908	-191.634

STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2022 to 30.06.2022)**Submitter: Valamar Riviera d.d.**

in HRK

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	001	-235.880.714	-230.342.099
2 Adjustments (ADP 003 to 010):	002	255.042.834	258.745.030
a) Depreciation	003	250.508.368	245.528.918
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-837.884	-8.015.391
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-22.349	-60.637
e) Interest expenses	007	34.005.356	32.550.623
f) Provisions	008	-5.994.355	-1.165.114
g) Exchange rate differences (unrealised)	009	-18.673.144	5.037.961
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-3.943.158	-15.131.330
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	19.162.120	28.402.931
3 Changes in the working capital (ADP 013 to 016)	012	123.196.198	308.098.610
a) Increase or decrease in short-term liabilities	013	183.068.767	465.722.501
b) Increase or decrease in short-term receivables	014	-56.333.508	-132.248.971
c) Increase or decrease in inventories	015	-3.539.061	-25.374.920
d) Other increase or decrease in working capital	016		
II Cash from operations (ADP 011+012)	017	142.358.318	336.501.541
4 Interest paid	018	-19.600.163	-46.025.844
5 Income tax paid	019	-12.365	-2.802
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	122.745.790	290.472.895
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	3.084.299	10.611.133
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	27.431	87.600
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposits	025	133.681	11.530
6 Other cash receipts from investment activities	026		
III Total cash receipts from investment activities (ADP 021 to 026)	027	3.245.411	10.710.263
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-48.342.205	-172.581.959
2 Cash payments for the acquisition of financial instruments	029		-1.083.324
3 Cash payments for loans and deposits for the period	030	-30.000	-56.869.279
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		-32.292.135
IV Total cash payments from investment activities (ADP 028 to 032)	033	-48.372.205	-262.826.697
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-45.126.794	-252.116.434
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the increase in initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	173.068.740	60.173.752
4 Other cash receipts from financing activities	038	1.756.034	2.739.417
V Total cash receipts from financing activities (ADP 035 to 038)	039	174.824.774	62.913.169
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-289.834.155	-290.800.938
2 Cash payments for dividends	041		
3 Cash payments for finance lease	042	-25.245	-21.975
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-777.166	-1.176.511
VI Total cash payments from financing activities (ADP 040 to 044)	045	-290.636.566	-291.999.424
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	-115.811.792	-229.086.255
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-38.192.796	-190.729.794
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	665.932.900	1.115.257.824
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	627.740.104	924.528.030

NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

Valamar Riviera d.d.

Personal identification

number OIB: **36201212847**

Reporting period:

01.01.2022. to 30.06.2022.

Notes to financial statements for quarterly periods include:

- a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (items 15 to 15C IAS 34 - Interim financial reporting)
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (item 16.A (a) IAS 34 - Interim financial reporting)
- d) a description of the financial performance in the case of the issuer whose business is seasonal (items 37 and 38 IAS 34 - Interim financial reporting)
- e) other comments prescribed by IAS 34 - Interim financial reporting
- f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:
 1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration
 2. adopted accounting policies (only an indication of whether there has been a change from the previous period)
 3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately
 4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence
 5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security
 6. average number of employees during the financial year
 7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries
 8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year
 9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial

NOTES TO FINANCIAL STATEMENTS - TFI (continued)

(drawn up for quarterly reporting periods)

- statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking
10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital
 11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer
 12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability
 13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member
 14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13
 15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available
 16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking
 17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2022 – 30/06/2022“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

BALANCE SHEET (balance as at 30.06.2022)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	5.152.301.804	4.825.658.321
I INTANGIBLE ASSETS (ADP 004 to 009)	003	34.640.301	30.439.166
1 Research and development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	26.854.197	18.515.146
3 Goodwill	006	6.567.609	6.567.609
4 Advances for the purchase of intangible assets	007		
5 Intangible assets in preparation	008	1.218.495	5.356.411
6 Other intangible assets	009		
II TANGIBLE ASSETS (ADP 011 to 019)	010	3.936.984.239	3.623.400.116
1 Land	011	593.370.669	533.436.722
2 Buildings	012	2.593.423.408	2.302.241.356
3 Plant and equipment	013	355.975.206	327.786.580
4 Tools, working inventory and transportation assets	014	72.736.320	70.550.684
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	42.528	2.097.819
7 Tangible assets in preparation	017	267.938.392	339.094.508
8 Other tangible assets	018	50.317.735	45.165.004
9 Investment property	019	3.179.981	3.027.443
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	1.017.453.237	1.063.543.036
1 Investments in holdings (shares) of undertakings within the group	021	941.803.942	941.803.942
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits, etc. to undertakings within the group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	70.112.312	107.184.531
5 Investment in other securities of companies linked by virtue of participating interests	025		
6 Loans, deposits etc. to companies linked by virtue of participating interests	026		2.219.915
7 Investments in securities	027	219.121	249.343
8 Loans, deposits, etc. given	028	5.177.862	5.170.681
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	6.914.624
IV RECEIVABLES (ADP 032 to 035)	031		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
V DEFERRED TAX ASSETS	036	163.224.027	108.276.003
C) CURRENT ASSETS (ADP 038+046+053+063)	037	656.422.372	675.547.595
I INVENTORIES (ADP 039 to 045)	038	23.619.254	42.183.068
1 Raw materials and consumables	039	22.520.626	40.171.744
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	1.098.628	2.011.324
5 Advances for inventories	043		
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	50.219.276	69.365.491
1 Receivables from undertakings within the group	047	19.738.193	14.238.162
2 Receivables from companies linked by virtue of participating interests	048	7.293.713	1.204.566
3 Customer receivables	049	16.667.610	42.749.916
4 Receivables from employees and members of the undertaking	050	625.968	7.992.921
5 Receivables from government and other institutions	051	3.070.818	487.744
6 Other receivables	052	2.822.974	2.692.182
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	444.055	793.730
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056	28.300	28.300
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057		
5 Investment in other securities of companies linked by virtue of participating interests	058		
6 Loans, deposits etc. to companies linked by virtue of participating interests	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	415.755	765.430
9 Other financial assets	062		
IV CASH AT BANK AND IN HAND	063	582.139.787	563.205.306
D) PREPAID EXPENSES AND ACCRUED INCOME	064	21.272.442	85.485.995
E) TOTAL ASSETS (ADP 001+002+037+064)	065	5.829.996.618	5.586.691.911
F) OFF-BALANCE SHEET ITEMS	066	54.173.148	54.145.563

BALANCE SHEET (balance as at 30.06.2022) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	2.619.280.406	2.868.298.182
I INITIAL (SUBSCRIBED) CAPITAL	068	1.672.021.210	1.672.021.210
II CAPITAL RESERVES	069	5.710.563	5.710.563
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	98.247.551	98.247.551
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury shares	072	136.815.284	136.815.284
3 Treasury shares and holdings (deductible item)	073	-124.418.266	-124.418.266
4 Statutory reserves	074		
5 Other reserves	075	2.249.472	2.249.472
IV REVALUATION RESERVES	076		
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	81.109	105.891
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	81.109	105.891
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	538.614.167	845.959.390
1 Retained profit	084	538.614.167	845.959.390
2 Loss brought forward	085		
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	304.605.806	246.253.577
1 Profit for the business year	087	304.605.806	246.253.577
2 Loss for the business year	088		
VIII MINORITY (NON-CONTROLLING) INTEREST	089		
B) PROVISIONS (ADP 091 to 096)	090	134.552.238	134.552.238
1 Provisions for pensions, termination benefits and similar obligations	091	24.962.956	24.962.956
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	28.843.417	28.843.417
4 Provisions for renewal of natural resources	094		
5 Provisions for warranty obligations	095		
6 Other provisions	096	80.745.865	80.745.865
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	2.331.903.180	1.801.486.493
1 Liabilities to undertakings within the group	098		
2 Liabilities for loans, deposits, etc. of undertakings within the group	099		
3 Liabilities to companies linked by virtue of participating interests	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities to banks and other financial institutions	103	2.303.872.723	1.773.137.860
7 Liabilities for advance payments	104		
8 Liabilities to suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	15.575.274	16.322.811
11 Deferred tax liability	108	12.455.183	12.025.822
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	665.431.238	683.479.328
1 Liabilities to undertakings within the group	110	101.669	2.258.817
2 Liabilities for loans, deposits, etc. of undertakings within the group	111		
3 Liabilities to companies linked by virtue of participating interests	112	7.389	44.202
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities to banks and other financial institutions	115	523.630.896	199.357.782
7 Liabilities for advance payments	116	36.066.605	222.208.963
8 Liabilities to suppliers	117	51.117.222	148.518.979
9 Liabilities for securities	118		
10 Liabilities to employees	119	24.804.908	42.725.364
11 Taxes, contributions and similar liabilities	120	14.661.562	49.722.334
12 Liabilities arising from the share in the result	121		
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	15.040.987	18.642.887
E) ACCRUALS AND DEFERRED INCOME	124	78.829.556	98.875.670
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	5.829.996.618	5.586.691.911
G) OFF-BALANCE SHEET ITEMS	126	54.173.148	54.145.563

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.06.2022)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	230.242.165	202.135.487	1.032.916.659	500.159.595
1 Income from sales with undertakings within the group	002	3.981.191	2.772.393	34.695.390	22.490.198
2 Income from sales (outside group)	003	215.048.862	197.387.818	510.925.138	474.100.821
3 Income from the use of own products, goods and services	004	108.648	57.201	143.973	72.011
4 Other operating income with undertakings within the group	005	308.501	254.751	473.398.683	258.136
5 Other operating income (outside the group)	006	10.794.963	1.663.324	13.753.475	3.238.429
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	409.841.392	253.743.446	716.069.998	493.759.213
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	106.053.805	82.331.718	241.302.703	196.620.776
a) Costs of raw materials and consumables	010	58.758.994	47.474.497	149.695.735	128.711.715
b) Costs of goods sold	011	2.323.533	1.553.349	6.930.169	3.661.840
c) Other external costs	012	44.971.278	33.303.872	84.676.799	64.247.221
3 Staff costs (ADP 014 to 016)	013	72.292.745	50.194.469	235.116.495	166.404.362
a) Net salaries and wages	014	40.734.874	29.684.606	146.982.573	103.267.958
b) Tax and contributions from salary costs	015	22.097.362	14.081.561	57.419.094	41.308.978
c) Contributions on salaries	016	9.460.509	6.428.302	30.714.828	21.827.426
4 Depreciation	017	196.395.787	98.247.914	182.566.572	90.516.867
5 Other costs	018	31.112.196	21.135.328	53.335.103	38.652.042
6 Value adjustments (ADP 020+021)	019	19.070	11.090		
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	19.070	11.090		
7 Provisions (ADP 023 to 028)	022				
a) Provisions for pensions, termination benefits and similar obligations	023				
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	3.967.789	1.822.927	3.749.125	1.565.166
III. FINANCIAL INCOME (ADP 031 to 040)	030	23.288.473	33.936.932	15.587.115	18.466.291
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035			669.344	397.818
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	24.808	13.382	78.115	17.259
8 Exchange rate differences and other financial income	038	17.444.693	30.799.292	1.316.777	13.343.543
9 Unrealised gains (income) from financial assets	039	2.620.380	1.419.814	10.698.137	3.239.029
10 Other financial income	040	3.198.592	1.704.444	2.824.742	1.468.642
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	30.823.818	16.456.226	31.666.976	14.535.518
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	28.915.574	14.795.087	22.698.382	11.714.039
4 Exchange rate differences and other expenses	045	16.435	1.205.420	4.623.453	2.063.482
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	1.891.809	455.719	4.345.141	757.997
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049				
VI SHARE IN PROFIT FROM JOINT VENTURES	050				
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051				
VIII SHARE IN LOSS OF JOINT VENTURES	052				
IX TOTAL INCOME (ADP 001+030+049+050)	053	253.530.638	236.072.419	1.048.503.774	518.625.886
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	440.665.210	270.199.672	747.736.974	508.294.731
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-187.134.572	-34.127.253	300.766.800	10.331.155
1 Pre-tax profit (ADP 053-054)	056			300.766.800	10.331.155
2 Pre-tax loss (ADP 054-053)	057	-187.134.572	-34.127.253		

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.06.2022) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
XII INCOME TAX	058	-46.564.024	2.476.443	54.513.223	2.047.207
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-140.570.548	-36.603.696	246.253.577	8.283.948
1. Profit for the period (ADP 055-059)	060			246.253.577	8.283.948
2. Loss for the period (ADP 059-055)	061	-140.570.548	-36.603.696		

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)

XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
XV INCOME TAX OF DISCONTINUED OPERATIONS	065				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				

TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)

XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	068				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
XVII INCOME TAX (ADP 058+065)	071				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				

APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)

XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075				
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				

STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)

I PROFIT OR LOSS FOR THE PERIOD	078	-140.570.548	-36.603.696	246.253.577	8.283.948
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080 to 087)	079	125.509	98.635	30.222	-8.219
III ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)	080	125.509	98.635	30.222	-8.219
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	125.509	98.635	30.222	-8.219
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083				
4 Actuarial gains/losses on the defined benefit obligation	084				
5 Other items that will not be reclassified	085				
6 Income tax relating to items that will not be reclassified	086	22.591	17.754	5.440	-1.479
IV ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)	087				
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.06.2022) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	102.918	80.881	24.782	-6.740
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-140.467.630	-36.522.815	246.278.359	8.277.208

APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)

VII COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099
1 Attributable to owners of the parent	100
2 Attributable to minority (non-controlling) interest	101

STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2022 to 30.06.2022)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	001	-187.134.572	300.766.800
2 Adjustments (ADP 003 to 010):	002	197.278.388	-278.600.255
a) Depreciation	003	196.395.787	182.566.572
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-920.059	-480.231.323
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-7.057	-58.745
e) Interest expenses	007	30.807.384	25.960.199
f) Provisions	008	-5.994.355	
g) Exchange rate differences (unrealised)	009	-17.447.283	4.623.453
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-5.556.029	-11.460.411
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	10.143.816	22.166.545
3 Changes in the working capital (ADP 013 to 016)	012	115.238.692	269.033.388
a) Increase or decrease in short-term liabilities	013	168.342.414	374.247.560
b) Increase or decrease in short-term receivables	014	-50.506.153	-86.650.358
c) Increase or decrease in inventories	015	-2.597.569	-18.563.814
d) Other increase or decrease in working capital	016		
II Cash from operations (ADP 011+012)	017	125.382.508	291.199.933
4 Interest paid	018	-16.040.554	-39.462.285
5 Income tax paid	019		
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	109.341.954	251.737.648
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	3.048.809	51.011.707
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	12.139	85.708
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposits	025	103.044	11.530
6 Other cash receipts from investment activities	026	1.110.110	
III Total cash receipts from investment activities (ADP 021 to 026)	027	4.274.102	51.108.945
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-30.718.176	-109.510.408
2 Cash payments for the acquisition of financial instruments	029		-1.083.324
3 Cash payments for loans and deposits for the period	030	-30.000	-354.024
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		-32.292.135
IV Total cash payments from investment activities (ADP 028 to 032)	033	-30.748.176	-143.239.891
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-26.474.074	-92.130.946
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the increase in initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	150.118.740	60.173.752
4 Other cash receipts from financing activities	038	1.756.034	2.739.417
V Total cash receipts from financing activities (ADP 035 to 038)	039	151.874.774	62.913.169
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-286.167.378	-240.021.880
2 Cash payments for dividends	041		
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-1.059.800	-1.432.472
VI Total cash payments from financing activities (ADP 040 to 044)	045	-287.227.178	-241.454.352
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	-135.352.404	-178.541.183
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-52.484.524	-18.934.481
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	522.973.238	582.139.787
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	470.488.714	563.205.306

STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2022 to 30.06.2022)
Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Attributable to owners of the parent																	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		872									
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		872									
5 Profit/loss of the period	05																		
6 Exchange rate differences from translation of foreign operations	06														304.605.806	304.605.806			304.605.806
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									97.850							97.850		97.850
9 Profit or loss arising from effective cash flow hedge	09																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																		
12 Actuarial gains/losses on the defined benefit obligation	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14									-17.613							-17.613		-17.613
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18																		
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20																		
21 Other distributions and payments to members/shareholders	21														1.756.034	1.756.034			1.756.034
22 Transfer to reserves according to the annual schedule	22														-380.935.370	308.549.679	-72.385.691		-72.385.691
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																		
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		81.109					538.614.167	304.605.806	2.619.280.406		2.619.280.406
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25									80.237							80.237		80.237
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26									80.237						304.605.806	304.686.043		304.686.043
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27														-379.179.336	308.549.679	-70.629.657		-70.629.657
Current period																			
1 Balance on the first day of the previous business year	28	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		81.109					538.614.167	304.605.806	2.619.280.406		2.619.280.406
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
4 Balance on the first day of the previous business year (restated) (ADP 28 to 30)	31	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		81.109					538.614.167	304.605.806	2.619.280.406		2.619.280.406
5 Profit/loss of the period	32																		
6 Exchange rate differences from translation of foreign operations	33																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									30.222							30.222		30.222
9 Profit or loss arising from effective cash flow hedge	36																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38																		
12 Actuarial gains/losses on the defined benefit obligation	39																		
13 Other changes in equity unrelated to owners	40																		
14 Tax on transactions recognised directly in equity	41																		
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																		
18 Redemption of treasury shares/holdings	45																		
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47																		
21 Other distributions and payments to members/shareholders	48																		
22 Carryforward per annual plane	49														2.739.417	2.739.417			2.739.417
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50														304.605.806	-304.605.806			
24 Balance on the last day of the previous business year reporting period (ADP 31 to 50)	51	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		105.891					845.959.390	246.253.577	2.868.298.182		2.868.298.182
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME OF THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52									24.782							24.782		24.782
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53									24.782						246.253.577	246.278.359		246.278.359
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54														307.345.223	-304.605.806	2.739.417		2.739.417

NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

Valamar Riviera d.d.

Personal identification

number OIB: **36201212847**

Reporting period:

01.01.2022. to 30.06.2022.

Notes to financial statements for quarterly periods include:

- a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (items 15 to 15C IAS 34 - Interim financial reporting)
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (item 16.A (a) IAS 34 - Interim financial reporting)
- d) a description of the financial performance in the case of the issuer whose business is seasonal (items 37 and 38 IAS 34 - Interim financial reporting)
- e) other comments prescribed by IAS 34 - Interim financial reporting
- f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:
 1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration
 2. adopted accounting policies (only an indication of whether there has been a change from the previous period)
 3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately
 4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence
 5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security
 6. average number of employees during the financial year
 7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries
 8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year
 9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial

NOTES TO FINANCIAL STATEMENTS - TFI (continued)

(drawn up for quarterly reporting periods)

- statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking
10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital
 11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer
 12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability
 13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member
 14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13
 15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available
 16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking
 17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2022 – 30/06/2022“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

NOTES TO FINANCIAL STATEMENTS FOR THE HALF-YEAR PERIOD ENDED 30 JUNE 2022

NOTE 1 – GENERAL INFORMATION

Valamar Riviera d.d., Poreč ("the Company") has been established and registered in accordance with Croatian laws and regulations. The Company is registered with the Commercial Court in Pazin. The principle activity of the Company is the provision of accommodation in hotels, resorts and campsites, food preparation and catering services as well as the preparation and serving of beverages. Company's business is of seasonal character. Company's registration number (MBS) is: 040020883, while the Company's personal identification number (OIB) is: 36201212847. The registered office of Valamar Riviera d.d. is in Poreč, Stancija Kaligari 1. Company's share capital amounts to HRK 1,672,021 thousand and comprises 126,027,542 ordinary shares with no prescribed nominal value. On June 28, 2022, a branch of the Company was established in Austria under the name Valamar Riviera d.d., Zweigniederlassung Austria.

Valamar Riviera Group consists of Valamar Riviera d.d., Poreč, joint-stock company for tourism services (the Parent Company) and its subsidiaries (the Group) as follows:

- Palme turizam d.o.o., Dubrovnik, 100% ownership (subsidiary until 7 May 2021, date of merger into the Parent Company taking effect on 8 May 2021);
- Magične stijene d.o.o., Dubrovnik, 100% ownership;
- Bugenvilia d.o.o., Dubrovnik, 100% ownership;
- Imperial Riviera d.d., Rab, 43.68% ownership with the subsidiary Praona d.o.o., Makarska;
- Valamar A GmbH, Vienna, 100% ownership until 29 November 2021 and 24.54% ownership from 30 November 2021, with subsidiaries WBVR Beteiligungs GmbH, Vienna, ContiEstates AG, Zug and Valamar Marietta GmbH, Vienna and
- Valamar Obertauern GmbH, Obertauern, 10% direct ownership and until 29 November 2021 90% indirect ownership (90% share owned by Valamar A GmbH). From 29 November 2021 22.08% indirect ownership.

The merger of Palme turizam d.o.o. into the Company was entered in the court register on 7 May 2021, pursuant to the Decision of the Commercial Court in Pazin No. Tt-21/2510-3. The legal effect of the merger started as of 8 May 2021. After the registration of the merger, Palme turizam d.o.o. ceased to exist and the Company became the

universal legal successor of the merged company: all the assets, rights and liabilities of Palme turizam d.o.o. were transferred to the Company.

On 29 November, 2021, the General Assembly of Valamar A GmbH made a decision to increase the share capital from the amount of EUR 35,000.00 by EUR 107,624.00 to EUR 142,624.00, with the participation of a new member of the Wurmböck Beteiligungs GmbH based in Vienna, Austria, in the amount of EUR 107,624.00 after which Valamar Riviera d.d. holds 24.54% and Wurmböck Beteiligungs GmbH 75.46%. A new member of the company undertook to pay EUR 11,070,000.00 into capital reserves. At the same time, Valamar A GmbH changed its headquarters from Tamsweg to Vienna and a new two-member board was appointed. The members of the company concluded the Articles of Association and the agreement by which they regulated their mutual relations, especially in relation to important decisions that require the approval of Valamar Riviera d.d. for their adoption.

The Company's shares were listed on the Prime market of the Zagreb Stock Exchange d.d., and were traded in 2021 in accordance with the relevant regulations on the organized market. Pursuant to the Decision of Imperial Riviera's d.d. General Assembly from 10 September 2021, the share capital of Imperial Riviera d.d. was increased by HRK 689,765,631.10 from HRK 826,668,557.32 to HRK 1,516,434,188.42. Share capital increase was court registered on 26 November 2021. The participants of the share capital increase are: Valamar Riviera d.d. with investment in real estate in their ownership - land located at Babin Kuk in Dubrovnik, area of 148,949 m² and total estimated value of HRK 352,844,705.64, and in the amount of HRK 336,920,925.46 Allianz ZB d.o.o. društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima acting in its own name and on behalf of AZ Obvezni mirovinski fond kategorije A, personal identification number (OIB): 15220336427, AZ Obvezni mirovinski fond kategorije B, personal identification number (OIB): 59318506371, AZ Profit otvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 22134623145, AZ Benefit otvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 56427866267, AZ A1 zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 64811569641, AZ Dalekovod zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB):

NOTE 1 – GENERAL INFORMATION / CONTINUED

49118401443, AZ HKZP zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 25137661054, AZ Zagreb zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 01774504225, Auto Hrvatska zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 24189818978, AZ ZABA zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 11641097984, AZ Treći Horizont zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 42239479988 (hereinafter: AZ). Upon the completion of the share capital increase, Valamar Riviera d.d. is the holder of 1,054,728 (46.27%) shares, while AZ holds 1,104,665 (48.46%) shares of Imperial Riviera d.d.

Pursuant to the Decision of Helios Faros's d.d. General Assembly from 14 April 2022, the share capital of Helios Faros d.d. was increased by issuing new shares with cash contributions by the two largest shareholders of Helios Faros d.d. namely PBZ Croatia osiguranje d.d. za upravljanje obveznim mirovinskim fondovima acting in its own name and on behalf of PBZ Croatia obvezni mirovinski fond kategorije A and PBZ Croatia obvezni mirovinski fond kategorije B for HRK 104,000,000.00 and Valamar Riviera d.d. for HRK 26,000,000.00.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Company's and Group's financial statements for the half-year period ended on 30 June 2022 have been prepared in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting. The financial statements have been prepared under the historical cost method, except for the financial assets at fair value through profit or loss and financial assets.

The consolidated and unconsolidated financial statements for the half-year period do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's and Group's annual financial statements as at 31 December 2021 which are available on HANFA (Croatian

In order to acquire the Kesselspitze Hotel in Obertauern, on 3 June 2022, the Agreement on the purchase and transfer of all business shares of the company Kesselspitze GmbH, Obertauern, Austria and the company Kesselspitze GmbH & Co KG, Obertauern, Austria, was concluded between the buyer Valamar A GmbH and the seller: Lürzer Obertauern GmbH & Co KG, Mr. Heribert Lürzer, Mr. Gerhard Lürzer and Mr. Harald Lürzer. The members of Valamar A GmbH paid the amount of EUR 6,000,000.00 into the capital reserves of Valamar A GmbH, in proportion to their business shares as follows, Valamar Riviera d.d. as the owner of a business share of EUR 35,000.00, which corresponds to 24.54% of the share capital of Valamar A GmbH, paid the amount of EUR 1,472,400.00, and Wurmböck Beteiligungs GmbH, as the owner of a business share of EUR 107,624.00, which corresponds to 75.46 % of the share capital Valamar A GmbH paid the amount of EUR 4,527,600.00.

The consolidated and unconsolidated financial statements for the half-year period ended 30 June 2022 were approved by the Management Board on 29 July 2022. The consolidated and unconsolidated financial statements for the half-year period ended 30 June 2022, have not been audited.

Financial Services Supervisory Agency), Zagreb Stock Exchange and Group's web pages.

2.2 Going concern

Company's and Group's half-year financial statements have been prepared on a going concern basis. Based on current expectations, Management believes, although potentially negative short-term effects on Company's and Group's revenues and cash inflows are expected, it is not probable that the situation will have significant negative impact on the Company's and Group's ability to fulfil its obligations nor prolonged impact on Company's and Group's revenues and overall business which can affect the Company's and Group's ability to continue as a going concern in the foreseeable future.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

2.3 Critical accounting estimates

There were no changes in critical accounting estimates used for preparation of financial statements for the half-year period ended 30 June 2022 comparing to those used for the preparation of the annual financial statements for the year ended 31 December 2021. At the end of the tourist season and until the preparation of the annual financial statements for 2022, the Company and the Group will make an assessment of existing indications of impairment of non-current tangible and intangible assets.

The Company and the Group, as the lessees as regards the tourist land

The Company and the Group need to determine the ownership status for cca 3.24 million m² and cca 3.54 million m² respectively, pursuant to the provisions of the Act on unappraised land (hereinafter: the Act), that entered into force on 2 May 2020.

The Act lays down the obligation to determine and establish, within the prescribed deadlines, real estate on the assessed parts of the camp, hotel, tourist complexes and other building land as the subject matter of the right of ownership of the Company and the Group; and real estate on the parts of the camp, hotel, tourist complexes and other building land that have not been assessed as the subject matter of the right of ownership of the Republic of Croatia or local governments. As regards the parts of land owned by the Republic of Croatia or local governments, the Company and the Group will conclude a lease agreement for a period of 50 years.

The unit amount of the rent and the manner of and deadlines for the payment will be laid down by a regulation adopted by the Government. At the moment of creating this document, the regulation has not been adopted yet; therefore it has not been possible to determine right-of-use assets and liabilities since the entry into force of the Act, i.e. since 2 May 2020. After the adoption of the regulation on prices, the Company and the Group will revise total surface areas that will be the subject matter of the lease agreement and they will assess the value of the right-of-use assets and liabilities in accordance with the

provisions of IFRS 16. In 2020, 2021 and the first half-year period of 2022, the Company and the Group were not able to determine the object of the lease and the value of the lease. Due to circumstances arising from the COVID-19 pandemic, the Republic of Croatia adopted a regulation on exemption from the payment of the variable part of the fee for the year 2019. For the period from January to April 2020, when ZOTZ was in force, the Company and the Group did not receive any fees for compensation for concessions for tourist land. Considering that no regulation on prices has been passed by the end of 2021, nor has a waiver of obligations been enacted by law, as a precautionary principle, the Company and the Group reserved the cost of lease for tourist land for the period from the entry into force of the ZNGZ, i.e. from 1 May, 2020 to the end of 2021 on the basis of the calculation of compensation under the old regulations in the amount of HRK 24,828 thousand for the Company and HRK 26,282 thousand for the Group.

Under the assumption of the lowest/highest price spread reaching HRK 6/12/m², lowest/highest discount rate reaching 4/8% and with the correction of surface areas that will be subject to the lease +/- 10%, the Company and the Group assessed the value of the right-of-use assets and liabilities on the day of the entry into force of the Act, which would amount to a range from cca HRK 212,522 thousand to cca HRK 921,895 thousand for the Company, while the assessment for the Group would range from cca HRK 224,536 thousand to cca HRK 974,010 thousand.

2.4 Significant accounting policies

The accounting policies adopted in the preparation of the financial statements for the half-year period ended 30 June 2022 are consistent with those followed in the preparation of the Company's and Group's annual financial statements for the year ended 31 December 2021.

NOTE 3 – FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company and the Group is the current bid price. The fair value of financial instruments that are not traded in the active market is determined by using valuation techniques. The Company and the Group use a variety of methods and make assumptions that are based on market conditions existing at each reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Quoted market prices for similar instruments are used for long-term debt. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company and the Group for similar financial instruments.

The following table presents assets measured at fair value as at:

GROUP		Level 1	Level 2	Level 3	Total
(in thousands of HRK)					
As at 31 December 2021					
Assets measured at fair value					
Financial assets - equity securities		391	-	-	391
Total assets measured at fair value		391	-	-	391
Liabilities measured at fair value					
Derivative financial instruments		-	7,749	-	7,749
Total liabilities measured at fair value		-	7,749	-	7,749
As at 30 June 2022					
Assets measured at fair value					
Financial assets - equity securities		421	-	-	421
Derivative financial instruments		-	11,912	-	11,912
Total assets measured at fair value		421	11,912	-	12,333
Liabilities measured at fair value					
Derivative financial instruments		-	1,980	-	1,980
Total liabilities measured at fair value		-	1,980	-	1,980

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTE 3 – FAIR VALUE ESTIMATION / CONTINUED

COMPANY

(in thousands of HRK)

	Level 1	Level 2	Level 3	Total
As at 31 December 2021				
Assets measured at fair value				
Financial assets - equity securities	359	-	-	359
Total assets measured at fair value	359	-	-	359
Liabilities measured at fair value				
Derivative financial instruments	-	7,749	-	7,749
Total liabilities measured at fair value	-	7,749	-	7,749
As at 30 June 2022				
Assets measured at fair value				
Financial assets - equity securities	389	-	-	389
Derivative financial instruments	-	6,775	-	6,775
Total assets measured at fair value	389	6,775	-	7,164
Liabilities measured at fair value				
Derivative financial instruments	-	1,980	-	1,980
Total liabilities measured at fair value	-	1,980	-	1,980

NOTE 4 - SEGMENT INFORMATION

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group's Management (the chief operating decision-makers) who are responsible for allocating resources to the reportable segments and assessing its performance. The Group records operating revenues and expenses by types of services rendered in three basic segments: hotels and apartments, camping and other business segments. Revenue was divided between

segments according to the organisational principle, where all of the income generated from camping profit centres was reported in the camping segment, and all of the income generated from hotel and apartment profit centres was reported in that segment. Other business segments include revenue from laundry services, other rentals of properties, revenue generated from the central services and central kitchens, revenue from retail, agency revenue and revenue from the accommodation of employees.

The segment information related to reportable segments for the half-year period ended 30 June 2021 is as follows:

GROUP				
(in thousands of HRK)	Hotels and apartments	Camps	Other business segments	Total
Total sales	141,953	94,701	31,569	268,223
Inter-segment revenue	(266)	(14)	(18,908)	(19,189)
Revenue from external customers	141,687	94,687	12,661	249,034
Depreciation and amortisation	156,582	66,092	27,834	250,508
Net finance income/(expense) net	(9,164)	(4,010)	3,534	(9,640)
Write-off of fixed assets	103	203	538	844
Profit/(loss) of segment	50,804	57,102	(69,786)	38,120

NOTE 4 - SEGMENT INFORMATION / CONTINUED

The segment information related to reportable segments for the half-year period ended 30 June 2022 is as follows:

GROUP				
(in thousands of HRK)	Hotels and apartments	Camps	Other business segments	Total
Total sales	443,739	189,500	98,905	732,144
Inter-segment revenue	(3,020)	(13)	(67,728)	(70,761)
Revenue from external customers	440,719	189,487	31,177	661,383
Depreciation and amortisation	152,963	64,803	27,763	245,529
Net finance income/(expense) net	(23,036)	(8,415)	13,288	(18,163)
Write-off of fixed assets	87	158	54	299
Profit/(loss) of segment	113,924	95,718	(154,245)	55,397

The segment information related to total assets and liabilities by reportable segments are as follows:

GROUP				
(in thousands of HRK)	Hotels and apartments	Camps	Other business segments	Total
As at 31 December 2021				
Total assets	3,207,709	1,383,094	722,119	5,312,923
Total liabilities	1,977,090	934,627	473,878	3,385,595
As at 30 June 2022				
Total assets	3,558,549	1,405,226	345,115	5,308,890
Total liabilities	2,307,769	847,972	330,720	3,486,461

All hotels, apartments and camps (operating assets) are located in the Republic of Croatia.

NOTE 4 - SEGMENT INFORMATION / CONTINUED

Reconciliation of the profit per segment with profit before tax is as follows:

GROUP

(in thousands of HRK)

	January -June 2021	January -June 2022
Revenue		
Revenue from segments	268,223	732,144
Inter-segment revenue	(19,189)	(70,761)
Total revenue	249,034	661,383
Profit		
Profit from segments	38,120	55,397
Other unallocated expenses	(270,723)	(274,042)
Elimination of inter-segment profit/(loss)	(3,278)	(11,697)
Total profit before tax	(235,881)	(230,342)

NOTE 4 - SEGMENT INFORMATION / CONTINUED

The reconciliation of segment assets and liabilities with the Group's assets and liabilities is as follows:

GROUP (in thousands of HRK)	As at 31 December 2021		As at 30 June 2022	
	Assets	Liabilities	Assets	Liabilities
	Segment assets/liabilities	5,312,923	3,385,596	5,308,890
Hotels and apartments segment	3,207,710	1,977,091	3,558,549	2,307,769
Camps segment	1,383,094	934,627	1,405,226	847,972
Other business segment	722,119	473,878	345,115	330,720
Unallocated	1,600,624	216,893	1,640,646	342,294
Investments in associate	76,503	-	112,109	-
Other financial assets	391	-	421	-
Loans and deposits	43,179	-	102,257	-
Cash and cash equivalents	1,115,258	-	924,528	-
Income tax receivable	2	-	-	-
Other receivables	36,198	-	125,208	-
Deferred tax assets/liabilities	329,093	51,765	364,211	49,586
Other liabilities	-	80,551	-	208,065
Liabilities for investments in associate	-	5,244	-	7,000
Derivative financial assets/ liabilities	-	7,749	11,912	1,980
Provisions	-	76,828	-	75,663
Total	6,913,547	3,602,488	6,949,536	3,828,755

The Group's hospitality services are provided in Croatia and Austria (till 29 November 2021) to domestic and foreign customers. The Group's sales revenues are classified according to the customers' origin.

GROUP (in thousands of HRK)	January -June 2021	January -June 2022
Revenue from sales to domestic customers	55,327	97,610
Revenue from sales to foreign customers	193,707	563,773
	249,034	661,383

NOTE 4 - SEGMENT INFORMATION / CONTINUED

Foreign sales revenues can be classified according to the number of overnights based on the customers' origin, as follows:

(in thousands of HRK)	GROUP			
	January - June 2021	%	January - June 2022	%
EU members	182,822	94.38	476,776	84,57
Other	10,885	5.62	86,997	15,43
	193,707	100.00	563,773	100,00

NOTE 5 - STAFF COSTS

The following table shows the information of the total cost of employees during the period:

(in thousands of HRK)	GROUP		COMPANY	
	January - June 2021	January - June 2022	January - June 2021	January - June 2022
Net salaries	45,915	178,739	40,735	146,982
Tax and contributions from salary costs	24,690	69,039	22,097	57,419
Contributions on salaries	10,543	37,471	9,461	30,715
Total /i/	81,148	285,249	72,293	235,116

/i/ In the half-year period ended 30 June 2022 the Company and the Group did not receive COVID-19 grants related to net salaries compensation with related tax and contribution write-offs due to revenue decline (30 June 2021 Group: HRK 87.8 million; Company: HRK 72.7 million).

For the half-year period ended 30 June 2022 Company's average number of employees is 3,372 (30 June 2021: 2,359), while the Group's average number of employees is 4,313 (30 June 2021: 2,836).

The Company capitalised net salaries cost in the amount of HRK 2.87 million (30 June 2021: HRK 2.36 million), cost of contributions and tax from salaries in the amount of HRK 1.11 million (30 June 2021: HRK 0.93 million) and cost of contributions on salaries in the amount of HRK 0.45 million (30 June 2021: HRK 0.43 million). The Group capitalised net salaries cost in the amount of HRK 3.67 million (30 June 2021: HRK 2.62 million), cost of contributions and tax from salaries in the amount of HRK 1.44 million (30 June 2021: HRK 1.03 million) and cost of contributions on salaries in the amount of HRK 0.63 million (30 June 2021: HRK 0.49 million).

NOTE 6 - INCOME TAX

During the period in 2022 the Company and the Group estimate the period income tax expense/income according to the IAS 34 provisions, i.e. it is based on the best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for the expected changes during the period.

Income tax comprise:

(in thousands of HRK)	GROUP		COMPANY	
	January - June 2021	January - June 2022	January - June 2021	January - June 2022
Current tax	5	-	-	-
Deferred tax	(59,533)	(37,302)	(46,564)	54,513
Tax (income)/expense	(59,528)	(37,302)	(46,564)	54,513

In the half-year period ended 30 June 2022 and in accordance with the provisions of IAS 34, the Company presented tax expense in the amount of HRK 54.5 mil., the largest part of which is the utilisation of deferred tax assets on profit related to intra-group transaction. The Group presented tax income in the amount of HRK 37.3 mil., which is mostly a result of recognition of deferred tax assets on losses incurred during the period.

Movement overview of deferred tax assets and liabilities in 2022:

DEFERRED TAX ASSET

(in thousands of HRK)	GROUP	COMPANY
As at 1 January 2022	329,093	163,224
Credited/(debited) to the income	35,118	(54,948)
As at 30 June 2022	364,211	108,276

DEFERRED TAX LIABILITIES

(in thousands of HRK)	GROUP	COMPANY
As at 1 January 2022	51,765	12,455
Credited/(debited) to the income	(2,184)	(435)
Credited/ (debited) to the other comprehensive income	5	5
As at 30 June 2022	49,586	12,025

NOTE 7 – EARNINGS/(LOSS) PER SHARE

Basic

Basic earnings/(loss) per share are calculated by dividing the profit/(loss) for the period of the Group by the weighted average number of shares ordinary in issue during the period, excluding the ordinary shares purchased by the Company and held as treasury shares.

Diluted

Diluted earnings/(loss) per share are equal to basic, since the Group did not have any convertible instruments and share options outstanding during both periods.

GROUP

	January – June 2021	January – June 2022
Profit/(loss) attributable to equity holders (in thousands of HRK)	(158,114)	(165,352)
Weighted average number of shares	121,887,907	121,887,907
Basic/diluted earnings/(loss) per share (in HRK)	(1.30)	(1.36)

NOTE 8 – NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

During the half-year period ended 30 June 2022, the Group acquired assets in the amount of HRK 172.582 thousand (30 June 2021: HRK 48,342 thousand), while the Company acquired assets in the amount of HRK 109,510 thousand (30 June 2021: HRK 30,718 thousand).

During the half-year period ended 30 June 2022, the Group disposed the assets with a net book value of HRK 2,081 thousand (30 June 2021: HRK 2,134 thousand), resulting in a net gain on disposal of HRK 8,530 thousand (30 June 2021: HRK 950 thousand).

During the half-year period ended 30 June 2022, the Company disposed the assets with a net book value of HRK 250,473 thousand (30 June 2021: HRK 2,129 thousand), resulting in a net gain on disposal of HRK 480,322 thousand (30 June 2021: HRK 920 thousand).

The most significant Company's transaction in 2022 relates to the sales of three hotels to the related-party Imperial Riviera d.d. More precisely, it is the sales of hotels Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar with sales value of HRK 717,766 thousand.

NOTE 9 – LIABILITIES FOR BORROWINGS AND LEASES UNDER IFRS 16

The following table shows bank borrowings and lease liabilities (IFRS 16) by maturity:

(in thousands of HRK)	GROUP		COMPANY	
	Total liabilities on 30 June 2022	Maturity over 5 years	Total liabilities on 30 June 2022	Maturity over 5 years
Bank borrowings	2,886,948	989,931	1,972,496	666,349
Lease liabilities under IFRS 16	16,970	4,181	16,896	4,149
Total	2,903,918	994,112	1,989,392	670,498

As at 30 June 2022 non-current and current bank borrowings of the Group amounted HRK 2,886,948 thousand all secured with a pledge over Group's property facilities and movable property.

As at 30 June 2022 non-current and current bank borrowings of the Company amounted HRK 1,972,496 thousand all secured with a pledge over Company's property facilities and movable property.

The Company and the Group need to determine the ownership status for cca 3.24 million m² and cca 3.54 million m² respectively, pursuant to the provisions of the Act on

unappraised land (hereinafter: the Act), that entered into force on 2 May 2020. As regards the parts of land owned by the Republic of Croatia or local governments, the Company and the Group will conclude a lease agreement for a period of 50 years, on which IFRS 16 will be applied. The unit amount of the rent and the manner of and deadlines for the payment will be laid down by a regulation adopted by the Government. At the moment of creating this document, the regulation has not been adopted yet; therefore it has not been possible to apply IFRS 16. The range of potential impact of IFRS 16 on the Company's and Group's financial statements is presented in Note 2.3. *Critical accounting estimates.*

NOTE 10 – CONTINGENCIES AND COMMITMENTS

The contracted capital commitments of the Company in respect to investments in tourism facilities at 30 June 2022 amount to HRK thousand 532,771 thousand (30 June 2021: HRK 518,976 thousand). The contracted capital commitments of the Group in respect to investments in tourism facilities at 30 June 2022 amount to HRK 561,808 thousand (30 June 2021: HRK 527,278 thousand).

The Company is the guarantor of the loans of related-party Valamar Obertauern GmbH. The estimated maximum amount of the guarantee that can be realized is HRK 45,564

thousand. The loan of the related-party is secured by mortgages on the real estate of Valamar Obertauern GmbH. The Company estimates the very low probability of incurring an actual obligation under the guarantee.

The Company is the guarantor of the loan of related-party Imperial Riviera d.d. in the amount HRK 485,144 thousand, and to secure the claim a pledge over Imperial Riviera's property facilities was established in the amount of the claim. The Company estimates the very low probability of incurring an actual obligation under the guarantee.

NOTE 11 – ASSOCIATES

The following table shows total capital and reserves and profit or loss for the last business year of associates as at 31 December 2021:

/i/ Explained detailed in Note 1 – *General information*.

(in thousands of HRK)				
ASSOCIATE	Country	Ownership	Total capital and reserves	Profit/(loss) for the year
Helios Faros d.d., Stari Grad	Croatia	20.00%	222,411	2,740
Valamar A GmbH, Vienna /i/	Austria	24.54%	82,998	(235)
Valamar Obertauern GmbH, Obertauern /i/	Austria	10% directly/ 22.08% indirectly	29,805	(270)

NOTE 12 – RELATED PARTY TRANSACTIONS

Related party transactions were as follows:

GROUP	January – June 2021	January – June 2022
(in thousands of HRK)		
Sale of services		
Associate with participating interest	1,213	3,874
	1,213	3,874
Purchase of services		
Associate with participating interest	211	231
Other related parties to the owners and corporate governance bodies	56	123
	267	354
	As at 31 December 2021	As at 30 June 2022
Trade and other receivable		
Associate with participating interest	7,294	1,205
	7,294	1,205
Liabilities		
Associate with participating interest	23	91
Other related parties to the owners and corporate governance bodies	39	44
	63	135

NOTE 12 – RELATED PARTY TRANSACTIONS / CONTINUED

Related party transactions were as follows:

COMPANY

(in thousands of HRK)	January – June 2021	January – June 2022
Sale of services		
Subsidiaries	4,418	507,923
Associate with participating interest	1,213	3,874
	5,631	511,797
Purchase of services		
Subsidiaries	469	3,327
Associate with participating interest	56	123
Other related parties to the owners and corporate governance bodies	211	119
	736	3,569
	As at 31 December 2021	As at 30 June 2022
Trade and other receivable		
Subsidiaries	19,712	14,212
Associate with participating interest	7,294	1,205
	27,006	15,417
Other receivables		
Subsidiaries	26	26
	26	26
Trade and other payables		
Subsidiaries	70	2,435
Associate with participating interest	39	44
Other related parties to the owners and corporate governance bodies	22	91
	131	2,570
Loans given		
Subsidiaries	28	28
	28	28

/i/ The most significant Company's transaction in 2022 relates to the sales of three hotels to the related-party Imperial Riviera d.d. More precisely, it is the sales of hotels Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar with sales value of HRK 717,766 thousand.

NOTE 13 – SUBSEQUENT EVENTS

The Company and the Group did not record any significant events after the balance sheet date.

Valamar Riviera d.d.

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