



## BUSINESS RESULTS 1/1/2023 - 30/6/2023



**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 over 21,000 commercial keys, Valamar's 37 hotels and resorts and 15 camping resorts can welcome around 58,000 guests daily and provide perfect holidays for each guest. Valamar creates authentic guest experiences in partnership with its destinations, and with investments over HRK 6.4 billion in the last 19 years, Valamar is one of the top Croatian and regional investors in tourism.

Valamar is Croatia's TOP employer in tourism, focused on creating a stimulating corporate culture where guests and employees come first. Valamar leads the innovative management of leisure tourism and creates new value for guests, employees, shareholders and local communities in its destinations.

Tourism portfolio of Valamar Group



## KEY MESSAGES

In the first half of 2023, Valamar Group business results improved compared to 2022, and all necessary preparations for 2023 tourist season were successfully executed. Overnights (+3.1%) and operating revenues (+17.1%) in the first half of 2023 surpassed those from the same period in 2022. Apart from increased revenues, the northern destinations also recorded a higher number of overnights than in 2019. Inflation has caused a decrease in operating profit (adjusted EBITDA) compared to 2022. Very good growth in revenue and occupancy in the first half of the year as well as good booking status for the main season drive our growth outlook, while increased labour costs, inflation and high energy prices continue to put pressure on operating margins.

Valamar has successfully completed investments for the 2022/23 season in the total amount of EUR 58 million. The largest investment of EUR 32 million, in three hotels and the children's complex Maro World, has been realised in the destination of Dubrovnik. Valamar is also restarting investment preparations for the construction of the Pinea hotel in Poreč (over 500 accommodation units at the level of 5\*), the largest single investment project in Croatian tourism.

Compared to the first half of 2022, Valamar manages three new properties: Valamar Amicor Green Resort on the island of Hvar, Kesselspitze Valamar Collection Hotel and Obertauern [PLACESHOTEL] by Valamar in Obertauern, Austria. The financial results of these properties are not consolidated in the Group's financial statements. The total number of employees in companies under Valamar's management on 31 July 2023 amounts to around 8,000.

OVERNIGHTS AND REVENUES HIGHER COMPARED TO THE FIRST HALF OF 2022

INCREASED OPERATING COSTS AFFECTED THE REDUCTION IN OPERATING PROFIT (ADJUSTED EBITDA)

## BUSINESS RESULTS

In the first six months of 2023, Valamar Group recorded nearly two million overnights, which is an increase of 3.1% compared to the same period in 2022. The average price is 18.8% higher and amounts to EUR 95. This has translated into operating revenues of EUR 105.3 million which are 17.1% higher compared to the same period last year. Such results have been achieved despite a reduced number of operating days for a large part of hotels and campsites in the first quarter of 2023, following more than a thrice increase in electricity costs recorded in 2022. Northern destinations continue to enjoy a higher demand than southern Croatia. They recorded a higher number of overnights for the observed period than in 2019 (+0.8%). The best results were again achieved by hotels and campsites within invested premium properties segment. Such properties achieve higher prices and higher occupancy rates, justifying Valamar's investments in high-value-added tourism. Direct sales continue to record excellent results and show a slight share increase compared to last year. The Group expects to realise approximately 11% higher board revenues in July 2023 compared the same period in 2022, driven by significant average price increase on a similar number of overnights.

Operating expenses increased by 21.2% to EUR 102.6 million following continued significant investments in employees (labour costs increased by EUR 11.9 million), and increased food costs as well as large number of other costs due to inflationary pressures (maintenance costs, consumables, small inventory, textile accessories, etc.). Operating profit (adjusted EBITDA) of EUR 2.4 million was generated which is EUR 1.5 million lower than the profit for the same period of 2022. The decline in the market price of electricity had a positive effect on the Group's financial results as the related costs are somewhat lower than comparable costs in 2022. New electricity supply contract has been signed for the period from 1 June 2023 to 31 May 2024, with lower prices than in the previous contract. Its positive effects are mostly expected in the third quarter of 2023.

As at 30 June 2023, the Group's net debt amounts to EUR 253.1 million, an increase of 4.4% in the period observed. Loans have a fixed interest rate in their entirety or are protected by interest rate swaps, which eliminates the interest rate risk. In May 2023, a dividend of EUR 0.20 per share (dividend yield of 4.5%) was paid out, i.e. EUR 24.4 million in total.

## INVESTMENTS

Investments for the 2022/23 season in Group's hotels, resorts and campsites in total amount of EUR 58 million have been successfully completed. They represent an important further step in improving service quality and enabling the Group's growth.

The investments in Istra Premium Camping Resort were aimed at further quality increase and improvement of the premium segment through an expansion of various types of accommodation units in the camping zone Orlandin (10 new mobile homes). They also covered an expansion of Zone C with 18 new villas with a swimming pool, a new restaurant called Tuna Bay Grill, the finalisation of Fonte restaurant, an upgrade of the supermarket and outdoor wellness and an expansion of the parking and charging stations for electric vehicles.

The project of reconstructing and repositioning Valamar Tirena Hotel encompassed the renovation of this hotel to raise its quality and upgrade its premises. Worn-out equipment elements have been refurbished and working processes have been modernised. After these investments, the hotel's category is raised to four stars, i.e. the hotel is repositioned to Valamar Hotels & Resorts 4\*. All 208 accommodation units and public spaces were completely renovated.

With respect to Valamar Lacroma Hotel, investments were aimed at improving its quality and doing an interior redesign of the hotel. The investments have

SUCCESSFULLY  
COMPLETED  
INVESTMENTS  
IN THE 2022/23  
SEASON IN THE  
AMOUNT OF EUR  
58 MILLION. NEW  
INVESTMENTS OF  
EUR 66 MILLION  
ARE PLANNED FOR  
THE 2023/24 CYCLE

PINEA PROJECT IN  
POREČ RESTARTED

covered a part of the hotel's accommodation units, its public spaces with an emphasis on the F&B segment, an indoor pool and wellness zone, the new outdoor Mezzino bar, and a swimming pool complex with slides and a sunbathing area.

The investment in Valamar Club Dubrovnik Hotel has been completed. It included a complete renovation of 102 and a partial renovation of 199 accommodation units. The entrance to the hotel and the driveway have been also been renovated. The hotel reception, lobby and entire restaurant have been refurbished. With this investment, the hotel has been repositioned to Club Dubrovnik Sunny Hotel by Valamar.

The Group currently plans investments for the 2023/24 season at the level of EUR 66.2 million including Imperial Riviera investments, allocated to the repositioning of Eva Hotel on Rab Island and the renovation of Rivijera tourist complex in Makarska., with a total value of around EUR 37.5 million. The final decision will be reached by the end of 2023.

The investment in the construction of the Pinea hotel started in 2019 and paused in 2020, is under preparation to be relaunched, carrying investment value of approximately EUR 130 million. Pinea project envisages the construction of Pinea Valamar Collection Resort, a five-star luxury all-year-round resort in the Pical zone in Poreč, with a capacity of approximately 500 accommodation units and a range of amenities for high-quality year-round tourism. This Valamar's investment represents the largest and most significant single investment in Croatian tourism, making the Pical zone one of the most attractive tourist zones in the Republic of Croatia.

## HUMAN RESOURCES

In 2023, Valamar, as the most desirable employer in the Croatian tourism industry, is investing an additional EUR 20 million in workers' wages in 2023. Furthermore, in agreement with social partners, primarily salaries in hotel operations have been increased, thus aligned with European salaries during the main season. Salaries paid in peak season, i.e. in June, July and August for professional occupations - including chefs, waiters and receptionists in Valamar hotels, campings and resorts are between EUR 1,200 and 1,800 net, and for housekeepers, assistant chefs, assistant waiters, kitchen workers, servers and a number of other occupations are between EUR 1,000 and 1,200 net. Valamar continues with its award programs to motivate loyalty, focus and achieving business goals.

## SUSTAINABILITY

In its integrated report at the end of June 2023, Valamar presented its 2022 achievements in the area of sustainability. It was reported on indirect carbon footprint emissions in Valamar's supply chain for the first time. In the upcoming period, Valamar will focus on sustainable suppliers to reduce emissions in scope 3. Valamar's Integrated Annual Report is available on the Company's website.

In 2023, Valamar Riviera decided to join UN Global Compact, the world's largest initiative for sustainable development and corporate sustainability, with over 15,000 members in 162 countries and 69 local networks around the world.

VALAMAR IS  
AMONG THE  
TOP 10 MOST  
DESIRABLE  
CROATIAN  
EMPLOYERS

INTEGRATED  
REPORT WITH  
SIGNIFICANT ESG  
ACHIEVEMENTS IN  
2022 PUBLISHED

## CHANGES IN THE SUPERVISORY BOARD

As of 27 June 2023, Mr. Gustav Wurmböck was discharged of his duties as Chairman of the Supervisory Board on his personal request. He remains a member of the Supervisory Board of the Company until the expiry of his term of office on 15 June 2025. The current Deputy Chairman Mr. Franz Lanschützer was elected Chairman of the Supervisory Board, and Supervisory Board member Mr. Daniel Goldscheider was elected Deputy Chairman of the Supervisory Board, both with effect as of 28 June 2023.

Mr. Wurmböck was heading the Supervisory Board of Valamar Riviera for ten years, and, before that, he held other high positions in the Group. Let us thank him for his dedicated work from the very beginning of his engagement at Valamar. His successful work contributed to Valamar's positioning as a regional leader in holiday tourism and responsible and sustainable business management. We congratulate Mr. Franz Lanschützer and Mr. Daniel Goldscheider on their new positions, and we wish them a successful continuation on the path as outlined by their predecessors.

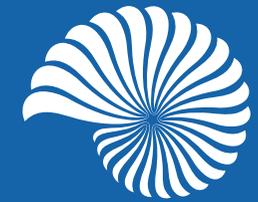
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Ježevac Premium Camping Resort 4\*, Krk Island



Istra Premium Camping Resort 5\*, Poreč



# Results of the Group

## QUARTERLY FINANCIAL STATEMENTS

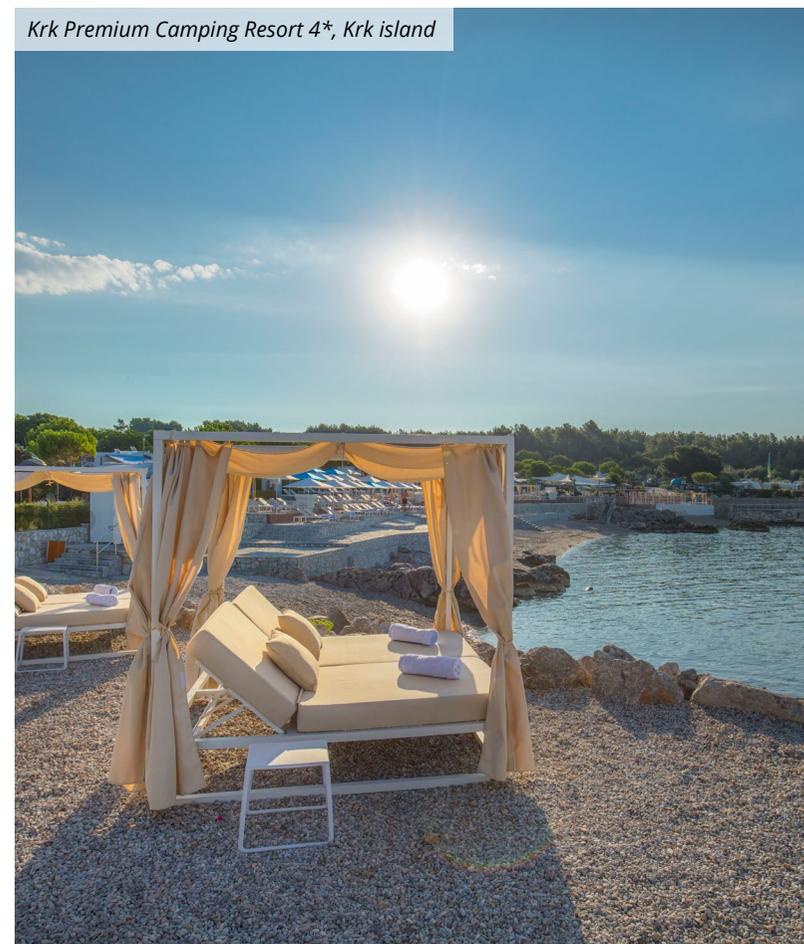
The Management Board hereby presents the unaudited quarterly financial statements for the second quarter and the first halfyear of 2023.

The Group's profit and loss account for the period considered consolidates the data from the following companies: Valamar Riviera d.d. (Parent Company), Imperial Riviera d.d. (a subsidiary 46.27% owned by Valamar Riviera d.d.), Magične stijene d.o.o.\* (100% owned) and Bugenvilia d.o.o. (100% owned).

The investments in the company Helios Faros d.d. (20% owned) and Valamar A GmbH (24,54% owned) are reported according to the equity method since Valamar Riviera d.d. does not exercise control but a significant influence over them.

\* The Company initiated the procedure for the termination of the company Magične stijene d.o.o. by abbreviated procedure without liquidation with expected completion in the second half of 2023.

 *The Management Board presents the quarterly financial statements for the second quarter and the first halfyear of 2023*



## KEY FINANCIAL INDICATORS<sup>1</sup>

(IN EUR)	1 - 6/2022	1 - 6/2023	2023/2022
Total revenues	92.640.322	106.558.750	15,0%
Operating income	89.918.027	105.293.981	17,1%
Sales revenues	87.780.589	104.175.208	18,7%
Board revenues (accommodation and board revenues) <sup>2</sup>	70.467.216	83.960.344	19,1%
Operating costs <sup>3</sup>	84.643.495	102.580.331	21,2%
EBITDA <sup>4</sup>	4.620.893	1.917.610	-58,5%
Extraordinary operations result and one-off items <sup>5</sup>	791.555	-460.627	-158,2%
Adjusted EBITDA <sup>6</sup>	3.829.338	2.378.237	-37,9%
EBIT	-27.966.395	-30.232.763	8,1%
Adjusted EBIT <sup>6</sup>	-28.757.950	-29.772.136	3,5%
EBT	-30.571.650	-34.265.456	12,1%
	<b>31/12/2022</b>	<b>30/6/2023</b>	<b>2023/2022</b>
Net debt <sup>7</sup>	242.529.080	253.083.652	4,4%
Cash and cash equivalents	89.299.582	39.183.736	-56,1%
Market capitalization <sup>8</sup>	510.165.244	564.603.388	10,7%
EV <sup>9</sup>	887.143.152	947.900.149	6,8%
Share price	4,05	4,48	10,7%
EPS <sup>9</sup> (for the first half)	-0,18	-0,19	5,6%

## KEY BUSINESS INDICATORS<sup>10</sup>

	1 - 6/2022	1 - 6/2023	2023/2022
Number of accommodation units (capacity)	20.093	20.087	0,0%
Number of beds	56.142	56.354	0,4%
Accommodation units sold	876.136	886.411	1,2%
Overnights	1.914.969	1.973.959	3,1%
ARR <sup>11</sup> (in EUR)	80	95	18,8%

1 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.

2 In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry). Non-commercial properties/data excluded.

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

4 EBITDA (eng. earnings before interest, taxes, depreciation and amortization) is calculated as: operating income - total operating costs + depreciation and amortisation + value adjustments.

5 Adjustments were made for (i) extraordinary income (in the amount of EUR 250 thous. in H1 2023, and EUR 1.4 million in H1 2022), (ii) extraordinary expenses (in the amount of EUR 534 thous. in 2023, and EUR 545 thous. in 2022), and (iii) termination benefit costs (in the amount of EUR 176 thous. in 2023, and EUR 83 thous. in 2022).

6 Adjusted by the result of extraordinary operations and one-off items.

7 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.

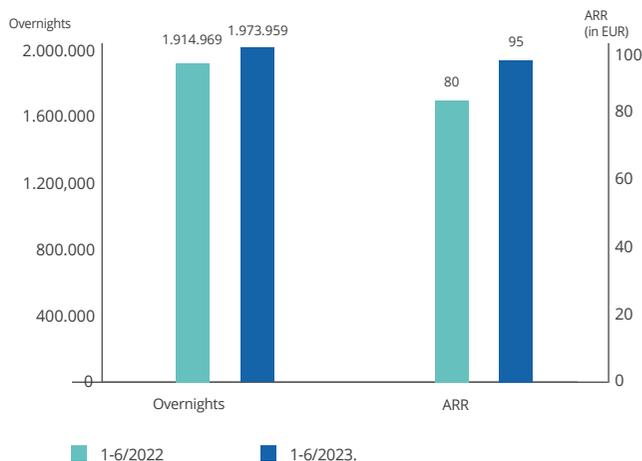
8 Market capitalization is calculated as the total number of shares multiplied by the last share price on last day of the period

9 EV refers to enterprise value; calculated as market capitalization + net debt + minority interest. EPS - earnings per share.

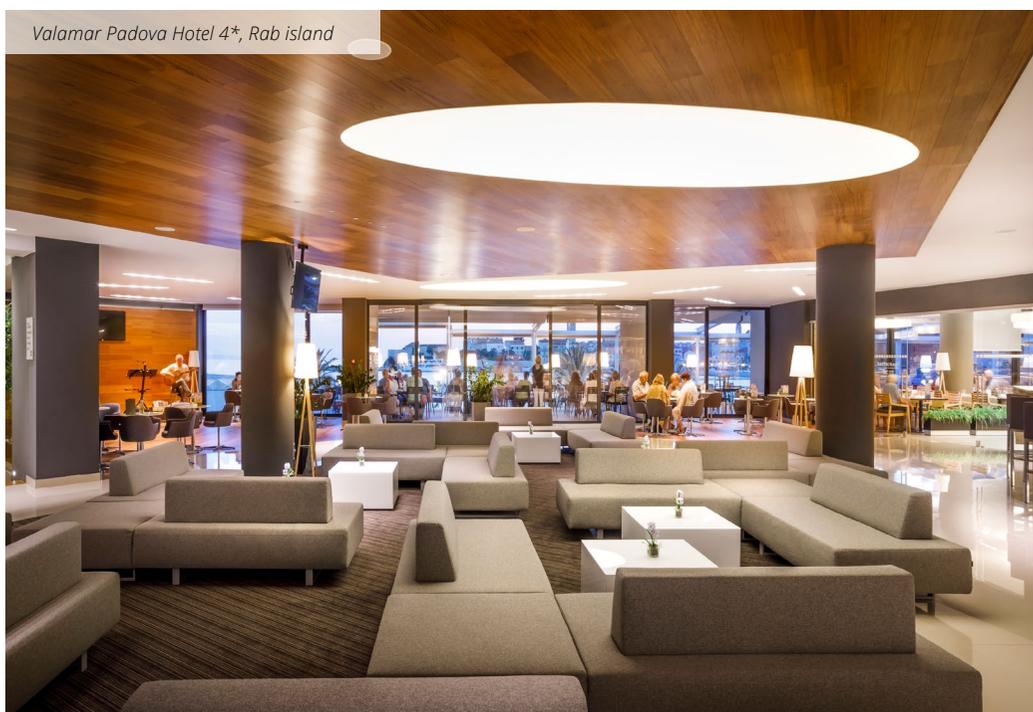
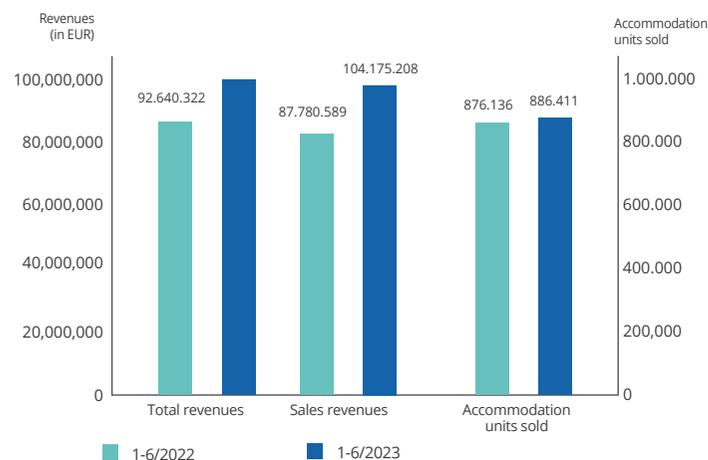
10 Data for Helios Faros and Valamar A GmbH are not included. Non-commercial properties/data excluded.

11 Average rate is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

## Overnights and ARR



## Revenues and accommodation units sold



In the fall of 2022, Valamar made the decision to reduce the number of working days in most hotels and campsites for the last quarter of 2022 and the first quarter of 2023 due to increase in electricity costs and other inflationary pressures. In the second quarter, all properties were opened. Thus, average operating days were reduced from 86 in the first half of 2022 to 77 in the first half of 2023. Despite this, and after strong demand for Valamar's hotels, resorts and campsites, in the first half of 2023, the Group exceeded overnights (+3.1%) and operating income (+17.1%) achieved in the same period of 2022.

## REVENUES

In the first half of 2023, total revenues amounted to EUR 106.6 million, an increase of 15.0% (EUR 13.9 million). The total realized revenues were affected by:

a) sales revenue growth of 18.7% (EUR 16.4 million) to the amount of EUR 104.2 million, of which EUR 84.0 million are board revenues. There has been a slight change in the structure of revenues; domestic sales revenues amount to EUR 14.8 million with a share of 14.2% in sales revenues (14.8% in the same period in 2022) and are up by EUR 1.8 million as regards to the comparable period in 2022. With a share of 85.8% in sales revenues (85.2% in the same period 2022), sales revenues on foreign markets amount to EUR 89.4 million, an increase of EUR 14.6 thousand.

b) decrease of other operating revenues of 49.0% compared to the same period in 2022 to EUR 1.1 million mainly due to lower revenues from the sale of assets.

c) financial revenues amount to EUR 1.3 million and are 53.5% lower than those realized in the same period in 2022, mostly due to the absence of unrealised gains from financial assets (based on the fair value of interest swaps).



**TOTAL OPERATING EXPENSES OF VALAMAR GROUP<sup>12</sup>**

(in EUR)	1-6/2022	1-6/2023	2023/2022
Operating costs <sup>13</sup>	84.643.495	102.580.331	21,2%
Total operating expenses	117.884.422	135.526.744	15,0%
Material costs	38.238.262	43.880.870	14,8%
Staff cost	37.859.052	44.888.994	18,6%
Depreciation and amortisation	32.587.288	32.150.373	-1,3%
Other costs	8.622.098	13.953.859	61,8%
Provisions and value adjustments	0	0	
Other operating expenses	577.722	652.648	13,0%

**TOTAL OPERATING EXPENSES**

Total operating expenses amount to EUR 135.5 million and are up by 15.0% from last year's. Breakdown of operating expenses:

a) material costs amount to EUR 43.9 million and are higher by 14.8% mainly as a result of increased costs of raw material, maintenance, consumables and costs of promotional activities

A new contract on electricity supply was concluded, covering the period from 1 June 2023 to 31 May 2024. Having in mind the recent market trends, the contracted prices are lower than in the contract from 1 June 2022 to 31 May 2023 signed last year. However, these new prices are still higher than in the period before the energy crisis, with the prices peaking after the beginning of the war in Ukraine in February 2022. By concluding this contract, we have ensured electricity supply and price stability for one year. We would especially like to highlight that the contracted prices include a supply of 100% of electricity from renewable sources. The cost of electricity for the period January - June 2023 amounts to EUR 6.4 million and is EUR 1.8 million lower than last year.

b) staff costs increased by 18.6% and amount to EUR 44.9 million, after additional investments in salary increases and employee rewards

c) depreciation amounts to EUR 32.2 million, which represents a decrease of 1.3%

d) other costs increased by 61.8% to the amount of EUR 14.0 million. The increase is mainly due to increased costs for food and employee accommodation, costs of work through the agency, utility charges and travel expenses

e) other operating expenses amount to EUR 653 thousand, which represents a decrease of 13.0%.

<sup>12</sup> Classified according to Annual Financial Statements standard (GFI POD-RDG).

<sup>13</sup> 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

Revenue growth in the first half of 2023 failed to compensate for the increase in costs, and the realized operating profit (adjusted EBITDA) was lower than that of the first six months of 2022. Operating expenses increased by 21.2% to EUR 102.6 million following continued significant investments in employees (labour costs increased by EUR 11.9 million), and increased food costs as well as large number of other costs due to inflationary pressures (maintenance costs, consumables, small inventory, textile accessories, etc.). Operating profit (adjusted EBITDA) of EUR 2.4 million was generated which is EUR 1.5 million lower than the profit for the same period of 2022. The decline in the market price of electricity had a positive effect on the Group's financial results as the related costs are somewhat lower than comparable costs in 2022. We expect most of the positive effects in the third quarter of 2023.

Following 1.3% lower depreciation costs and a slightly worse net financial result (explained in more detail in the next chapter), the loss before taxation (EBT) amounts to EUR -34.3 million, which is EUR 3.7 million lower than last year.

The Group estimated the increase in deferred tax assets on the realized loss in the period and new investment incentives based on Investment Promotion Law (the latter refers in its entirety to Imperial Riviera d.d.) and recognised tax revenue of EUR 9.5 million accordingly. The net loss for the period amounts to EUR 24.8 million.

Valamar Carolina Hotel & Villas 4\*, Krk Island



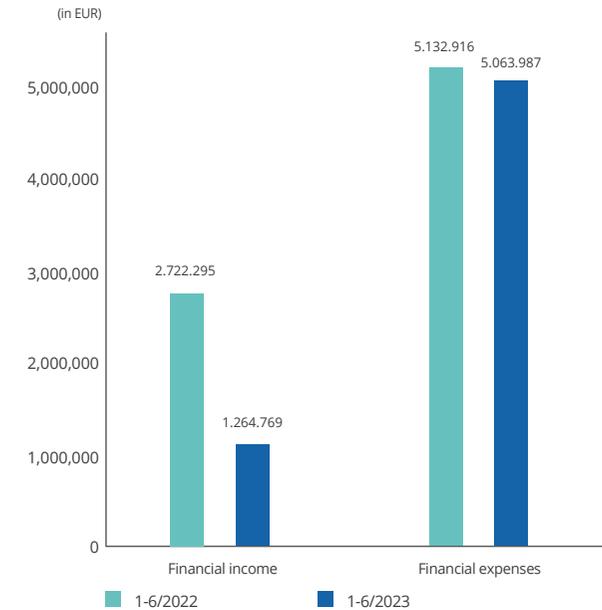
## RESULT FROM FINANCIAL ACTIVITIES

The result of financial activities for the first half of 2023 amounts to EUR -3.8 million and are lower by EUR 1.4 million compared to the same period in 2022, when it amounted to EUR -2.4 million.

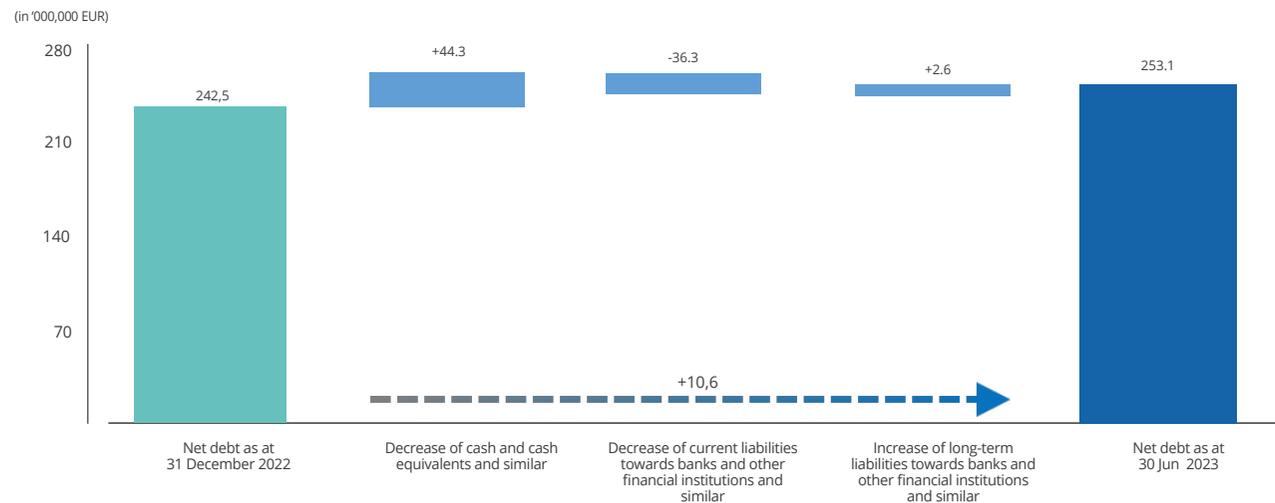
The weaker net financial result was mostly impacted by the reduction of unrealized income from financial assets (based on the fair value of interest rate swaps) by EUR 1.7 million compared to the same period last year, and increased interest expenses by EUR 642 thousand due to the increase in interest rates.

On the other hand, due to the introduction of the euro, there were no exchange rate differences, which in the first six months of last year amounted to a net -449 thousand euros and related mainly to long-term loans denominated in euros, while this year they amount to only -4 thousand euros and refer to operational business with other foreign currencies. At the same time, due to the increase in interest rates, other income from interest was higher by EUR 542 thousand.

## Financial income and expenses



## Net debt <sup>14</sup>



<sup>14</sup> 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 2023, the total value of the Group’s assets amounted to EUR 845.9 million and decreased by 0.7% compared to 31 December 2022. Total share capital and reserves amount to EUR 389.8 million and are lower by 11.6% as a result of the realized loss in the first half of 2023 and paid dividends of EUR 24.4 million in the first half of 2023.

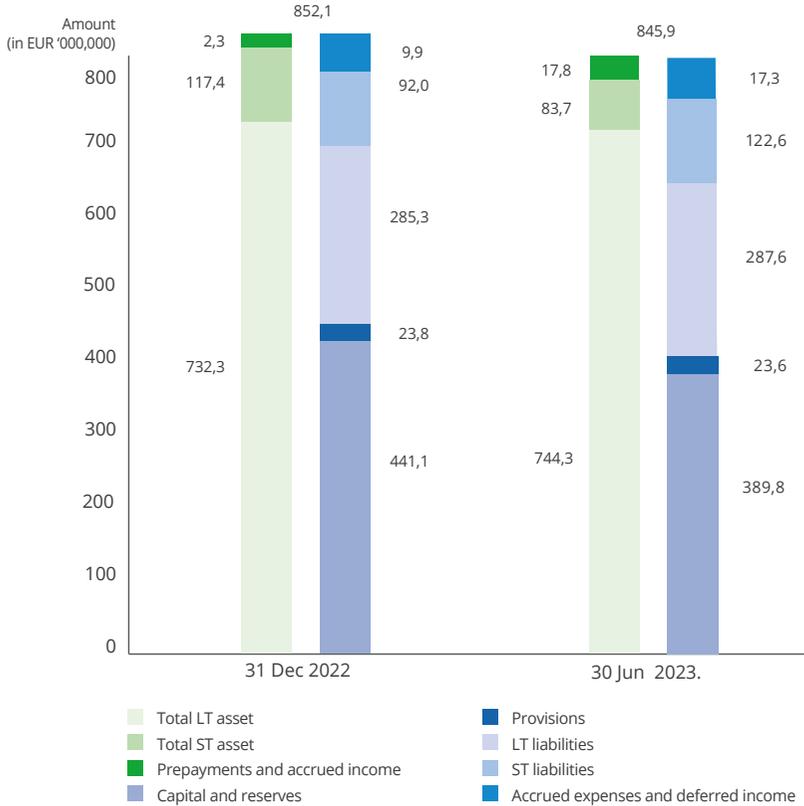
Total long-term and short-term liabilities to banks and other financial institutions as at 30 June, 2023 amount to EUR 312.0 million and are down by 9.8% compared to 31 December, 2022 as a result of repayment of loans.

The total loan portfolio (100%) consists of long-term loans with an agreed fixed interest rate or loans protected by derivative instruments (IRS) for the purpose of protection against interest rate risk. This completely eliminated the interest rate risk. Additionally, most of the Group’s cash receipts are in EUR, as is the entire loan portfolio, which largely eliminates currency risk.

As at 30.6.2023, the Group’s cash balance amounts to EUR 39.2 million, which represents a decrease of 56.1% vs. 31.12.2022. The main reasons for the decrease in cash in the first half of 2023, in which high main season inflows are usually absent, are loan repayments, investments in long-term assets, expenses needed to prepare for the season and paid dividend.



### Assets and liabilities

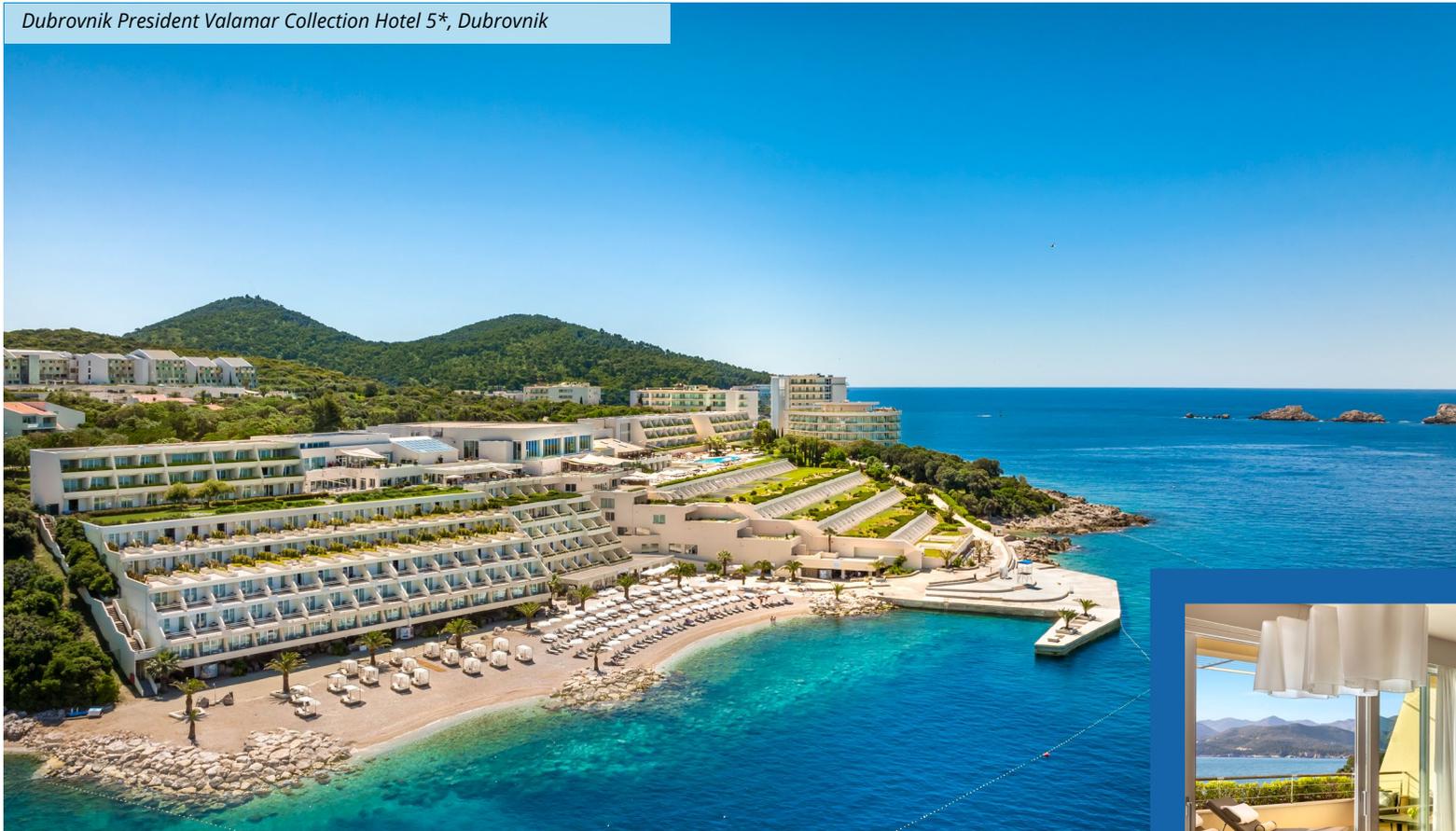


High cash balance of the Group together with i) the contracted credit lines, ii) valuable tourism assets and iii) a strong operational business model made the Group’s balance sheet position stable.

## HOTEL AND CAMPING RESORTS OVERVIEW

HOTELS AND RESORTS OVERVIEW		LOCATION	KEYS	CAMPING RESORTS OVERVIEW		LOCATION	KEYS
<b>Hotels and Resorts</b>			<b>9.214</b>	<b>Camping Resorts</b>			<b>11.684</b>
<b>VALAMAR COLLECTION</b>			<b>1.328</b>	<b>CAMPING ADRIATIC BY VALAMAR - PREMIUM RESORTS</b>			<b>5.469</b>
Marea Valamar Collection Suites	5*	Poreč	108	Istra Premium Camping Resort	5*	Poreč	962
Imperial Valamar Collection Hotel	4*	Island Rab	136	Lanterna Premium Camping Resort	4*	Poreč	2.959
Dubrovnik President Valamar Collection Hotel	5*	Dubrovnik	292	Krk Premium Camping Resort	5*	Island Krk	500
Isabella Valamar Collection Island Resort	4* / 5*	Poreč	334	Ježevac Premium Camping Resort	4*	Island Krk	632
Girandella Valamar Collection Resort	4* / 5*	Rabac	391	Padova Premium Camping Resort	4*	Island Rab	416
Kesselspitze Valamar Collection Hotel	4* Superior	Austrija	67				
<b>VALAMAR HOTELS &amp; RESORTS</b>			<b>3.759</b>	<b>CAMPING ADRIATIC BY VALAMAR - RESORTS</b>			<b>4.574</b>
Valamar Riviera Hotel & Residence	4*	Poreč	130	Orsera Camping Resort	3*	Poreč	595
Valamar Tamaris Resort	4*	Poreč	507	Solaris Camping Resort	3*	Poreč	1.825
Valamar Parentino Hotel	4*	Poreč	329	Marina Camping Resort	4*	Rabac	329
Valamar Bellevue Resort	4*	Rabac	372	Baška Beach Camping Resort	4*	Island Krk	601
Valamar Diamant Hotel & Residence	3*/4*	Poreč	372	Bunculuka Camping Resort	4*	Island Krk	414
Valamar Sanfior Hotel & Casa	4*	Rabac	242	San Marino Camping Resort	4*	Island Rab	810
Valamar Atrium Baška Residence & Villa Adria	4* / 5*	Island Krk	92				
Valamar Carolina Hotel & Villas	4*	Island Rab	176	<b>CAMPING ADRIATIC BY VALAMAR - SUNNY</b>			<b>1.641</b>
Valamar Padova Hotel	4*	Island Rab	175	Brioni Sunny Camping	2*	Pula	725
Valamar Meteor Hotel	4*	Makarska	268	Tunarica Sunny Camping	2*	Rabac	162
Valamar Argosy Hotel	4*	Dubrovnik	308	Škrila Sunny Camping	3*	Island Krk	349
Valamar Lacroma Dubrovnik Hotel	4*	Dubrovnik	401	Solitude Sunny Camping	3*	Dubrovnik	405
Valamar Tirena Hotel	4*	Dubrovnik	208				
Valamar Obertauern Hotel	4*	Austria	82				
Valamar Amicor Green Resort	4*	Island Hvar	97				
<b>[PLACES] by Valamar</b>			<b>489</b>				
Hvar [PLACESHOTEL] by Valamar	3*	Island Hvar	179				
Dalmacija [PLACESHOTEL] by Valamar	3*	Makarska	190				
Obertauern [PLACESHOTEL] by Valamar	4*	Austria	120				
<b>SUNNY BY VALAMAR</b>			<b>3.638</b>				
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	266				
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	168				
Miramar Sunny Hotel & Residence by Valamar	3*	Rabac	165				
Corinthia Baška Sunny Hotel by Valamar	3*	Island Krk	341				
Zvonimir Sunny Hotel by Valamar	4*	Island Krk	85				
Koralj Sunny Hotel by Valamar	3*	Island Krk	194				

Dubrovnik President Valamar Collection Hotel 5\*, Dubrovnik



# Results of the Company

In the first half of 2023, total revenues amounted to EUR 90.0 million, which is a decrease of 35.3% or EUR 49.2 million compared to the same period in 2022. The greatest contribution to the decrease in total revenues is the absence of income from the sale of assets. Namely, in the first quarter 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 company Valamar Riviera to company Imperial Riviera. Consequently, Valamar Riviera d.d. generated net revenues, i.e. profit from the assets' sale in the amount of EUR 62.6 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.

Sales revenues amounted to EUR 85.6 million, increasing by 18.2% compared to the same period last year. Domestic sales revenues were EUR 16.6 million and represented 19.4% of total sales revenues (20.2% in 2022). Foreign sales revenues amount to EUR 69.0 million with a share of 80.6% in total revenues (79.8% in 2022).

Material costs amount to EUR 35.6 million with a growth of 11.1% as a result of increased costs of raw and other materials, maintenance, consumables and costs of promotional activities. Staff costs amount to EUR 36.5 million and are 16.9% higher than last year, following additional investments in salary increases and rewards for employees. Depreciation is EUR 23.4 million and is 3.4% lower compared to last year.

In the first half of 2023, the net financial result is EUR 0.1 million (EUR -2.1 million in the same period of 2022). The improved net financial result was mostly influenced by the received dividend from the company Imperial Riviera d.d. in the amount of EUR 2.2 million. Additionally, due to the increase in interest rates, other income from interest was higher by EUR 0.5 million. On the other hand, the weaker net financial result was mostly influenced by the absence of unrealized income from financial assets, which was reported in 2022 in the amount of EUR 1.4 million (based on the fair value of interest rate swaps), while in 2023 it was reported at level of EUR 0.2 million.

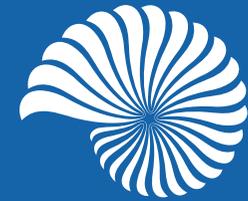
TOTAL REVENUES  
SIGNIFICANTLY  
REDUCED DUE TO  
THE ABSENCE OF  
A HIGH PROFIT  
REALIZED IN THE  
FIRST HALF OF  
2022 FROM THE  
SALE OF THREE  
IMPERIAL RIVIERA  
HOTELS

STRONG CASH  
POSITION OF THE  
COMPANY AS AT 30  
JUNE 2023 OF EUR  
33 MILLION

In the first half of 2023, EBITDA was realized in the amount of EUR 2.2 million, which represents a decrease of 64.0 million euros compared to the EBITDA realized in the first half of 2022 in the amount of EUR 66.2 million. This is primarily the result of the absence of the previously mentioned profit from the sale of assets realized in 2022 in the amount of EUR 62.6 million. An additional impact comes from increased investments in the total income of employees and increased costs of raw materials and materials, maintenance, consumables as well as the costs of promotional activities. After 3.4% lower depreciation costs and the previously described better net financial result, profit before taxation (EBT) amounts to EUR -21.0 million. The Company estimated the increase in deferred tax assets on the realized loss in the period and accordingly recognized tax revenue in the amount of EUR 1.9 million. The net loss for the period amounts to EUR 19.1 million.

As at 30 June 2023, the total value of the Group's assets amounted to EUR 682.6 million and decreased by 1.5% compared to 31 December 2022. Total share capital and reserves amount to EUR 364.9 million and are down by 10.6% as a result of the realized loss in the observed period and paid dividend. As at 30 June 2023, the Company's cash balance amounted to EUR 33.0 million, which represents a decrease of 44.3% compared to 31 December 2022.

Tirena Sunny Hotel by Valamar 4\*, Dubrovnik



# Investment cycle 2022/23

The continuous success and growth of Valamar Riviera rest on investing in products, employees and tourist destinations. Through its commitment to reducing carbon footprint and its continued renewable energy investments, Valamar Riviera always takes care to ensure sustainable and socially responsible development. Along with enriching our tourist offer, we have developed Valamar service concepts to reach current market demands and guest expectations. We have thus respectively adjusted our planned portfolio development towards high added value offer and services, focused on the premium resorts and campsites segment, to the decreased investment intensity in the past couple of years. Simultaneously, we have prepared new growth and development projects for the future. In accordance with the harmonisation of our planned portfolio and development with the current tourist flows and a proactive approach to cash flow management and financing, we have primarily focused our investments in the 2022/2023 cycle on finalising the commenced projects and realising new investments. These investments are aimed at enhancing quality and guest satisfaction.

The approved investments for the 2022/2023 cycle at Valamar Group amount to a total of EUR 58 million. The Group has continued aligning its products and developing digitalisation projects to boost its service quality and improve guests' safety for the upcoming tourist season. These investments mostly relate to financing the improvement and quality upgrade of Istra Premium Camping Resort, the repositioning of the Valamar Tirena Hotel to the VHR 4\* category, the building of the Maro World in Babin Kuk and the repositioning of the Club Dubrovnik Sunny Hotel to the Sunny Plus concept. Besides investing in hotels and campsites, Valamar has also been actively investing in digitalisation and innovation for the new growth period.

## VALAMAR RIVIERA

Valamar Riviera continues its investment cycle in 2022/2023 in the amount of EUR 26.0 million. Besides continuing to invest in energy efficiency and digitalisation projects, these investments mostly relate to the projects of quality upgrade and improvement of Istra Premium Camping Resort 5\*, a further upgrade and improvement of the Corinthia Sunny Plus Hotel by Valamar 3\*, projects of investing in the

Istra Premium Camping Resort 5\*, Poreč



maintenance of properties and guest facilities and in accommodation of seasonal employees in all destinations.

The biggest single capital investment in 2022/2023, amounting to EUR 7.5 million, relates to Istra Premium Camping Resort, the best Family Camping Resort in Croatia and one of the best campsites in the Mediterranean. This investment was focused on additional quality upgrades and premium segment improvements. It included an expansion of the Orlandin zone (10 new mobile houses), an expansion of the C zone including new villas with a swimming pool, a new restaurant called Tuna Bay Grill, the finalisation of the Fonte restaurant, an upgrade of the supermarket and outdoor wellness, and an expansion of the parking lot and charging stations. The C zone was expanded to an area of 9,200 m<sup>2</sup> that will accommodate 18 brand new villas with a private swimming pool (the area of the villa with terrace is 54m<sup>2</sup> and the pool is 28m<sup>2</sup>). Besides a private pool with heated water and an outdoor shower, each villa will consist of a bedroom with a double bed, a children's room with two beds, a bathroom with a shower, and a covered terrace. These investments also ensure an additional quality upgrade of all campsite facilities and an overall service uplift. Another significant investment related to further modernisation and upgrade of Corinthia Sunny Plus Hotel by Valamar 3\*, i.e. the investment in the rooms as well as the reconstruction of Buffet and pool terrace.

Valamar Riviera is continually focused on green projects, sustainability and energy efficiency. In this investment cycle, Valamar Riviera has invested in sustainability projects almost 10% of its total current investment plan. We have upgraded our bio-waste and recycling units, reconstructed our solar panels, installed electric vehicle chargers, and planted new trees and greenery in all of our destinations. We have made an additional investment of EUR 4 million in digitalisation and innovation projects that serve to continually improve our service quality. When it comes to significant investments in sustainability and energy efficiency, we can mention the refurbishment of the recycling yard in Rabac and desalination – the process of removing minerals from seawater. Demineralized water will be used for irrigating horticulture in the Istra Premium Camping Resort camp. This ensures financial savings, reduces dependence on tap water and preserves it for the consumption of residents and guests of the area.

Besides environmental protection and energy efficiency, we pay particular attention to investing in the maintenance of all of our destinations. We do so

IN THE 2022/23  
CYCLE,  
VALAMAR  
RIVIERA'S  
INVESTMENTS  
WERE REALISED  
IN THE AMOUNT  
OF 26 MILLION,  
AND IMPERIAL  
RIVIERA'S 32  
MILLION

EMPHASIS  
ON GROUP'S  
INVESTMENTS  
IN THE  
DESTINATION  
OF DUBROVNIK

by investing in the regular maintenance of properties and guest facilities and by investing in safety. Taking into account the 2022/2023 investment cycle only, Valamar Riviera has invested in maintenance more than EUR 9 million. We have made additional investments amounting to EUR half a million in the upgrade of beaches and EUR 400 thousand in the improvement of guests' safety.



Istra Premium Camping Resort 5\*, Poreč (new villa in C zone)

## IMPERIAL RIVIERA

The company Imperial Riviera d.d. realised its 2022/2023 investment cycle in the amount of EUR 31.6 million. The most important investments related to the Dubrovnik destination, i.e. to Valamar Tirena Hotel, Valamar Lacroma

Hotel, Valamar Club Dubrovnik, and to the ancillary properties of Exodus and Popiva, i.e. the Maro World.

The most important investment was the project of reconstruction and repositioning of Valamar Tirena Hotel. This project aimed at refurbishing this hotel to make quality upgrades and modernise the hotel premises, renovate old equipment parts and update the working processes. These investments will also be utilised to upgrade this hotel to the four-star quality level, i.e. to reposition it to Valamar Hotels & Resorts 4\*. All accommodation units and all public areas were fully renovated, and the entire outdoor hardware was replaced. New glass balcony fences were installed to meet the safety requirements. The reorganisation of the kitchen on the ground floor in accordance with the provisions of the HACCAP standard was also performed. The cafeteria and the backdoor space was arranged as well. This investment also included a redesign of the main roof cover, a remodelling of the hotel entrance, of the lobby and the reception. The investment amounted to EUR 14.2 million.

The investment in Valamar Lacroma Hotel was completed and it covered quality upgrades and a redesign of the hotel's interior, including a part of accommodation units, public areas with an emphasis on the F&B segment, the indoor swimming pool and wellness zone, a new outdoor Mezzino bar, and the swimming pool complex with water slides and the accompanying sun deck. The investment in the part of accommodation units included a redesign of their interior with fully new furnishings, fitted and moveable furniture and hotel equipment. The investment amounted to EUR 5 million.

The investment in Valamar Club Dubrovnik Hotel has been finalised. It has included a complete remodelling of 102 accommodation units and a partial remodelling of 199 accommodation units. The hotel's entrance and driveway have been remodelled as well, along with the interior redesign of the reception, lobby and the entire restaurant. A new water slide has been installed in the outdoor swimming pool zone, and new equipment for the sun deck and the swimming pool zone has been procured. This investment has repositioned this hotel to Club Dubrovnik Sunny Hotel by Valamar. The investment amounted to EUR 2.9 million.

Also, the investment relating to two existing properties, Popiva and Exodus, was finalised. This area became a large children's animation complex with various facilities for all ages under the name of Maro World. The investment included a

complete reconstruction of the property and the construction and refurbishing of new facilities within and outside the properties on the total area of 1,800 m<sup>2</sup>. Maro World was designed to be a large theme playground at the disposal of all our guests in the destination of Dubrovnik. The investment amounted to EUR 3.9 million.

Except for investing in properties, Imperial Riviera d.d. actively invests in maintenance, furniture, IT equipment, and energy efficiency increase projects. Additional infrastructural solutions were realised within investments in software integrations, WiFi projects, video surveillance, charging stations, adding sand to Padova beach, and planting trees in all of our destinations.

The preparation of the project documentation for the following investments is in final phase: San Marino Sunny Resort by Valamar, San Marino Premium Camping Resort by Valamar, Valamar Collection Suha Punta Resort, repositioning of Valamar Padova Hotel to Maro Hotel, the final phase of the refurbishment of Padova Premium Camping Resort by Valamar (Brdo Zone), improvement of the operations of Valamar Parentino Hotel through National Recovery Plan for Bike Centre Parenzana project, Riviera Sunny Resort by Valamar. The zoning plan documentation for the realisation of future investments is being actively prepared as well.

Numerous activities are ongoing in all destinations in the Company's footprint with the aim of further increasing our service quality and energy efficiency.



Valamar Lacroma Dubrovnik Hotel 4\*, Dubrovnik

Valamar Amicor Green Resort 4\*, Hvar island



# ESG & Human resources

## ESG STRATEGY AND GOALS

At the end of June 2022, Valamar presented a new sustainability strategy and ESG targets by 2025 in an integrated report (available at the link: <https://valamar-riviera.com/pdfjs/viewer.html?file=/media/451419/integrated-annual-report-and-sustainability-2021.pdf>). It is a strategic plan that combines 12 key environmental (E), social (S) and governance (G) goals that Valamar plans to achieve through 6 strategic initiatives by 2025. Valamar is the first tourism company in Croatia to integrate sustainable development into business and development management and to announce sustainability goals according to the ESG framework.

## ESG IN 2023

### Environment

Reducing greenhouse gas emissions is one of the 12 ESG goals defined by the ESG strategy. We have been continuously reducing our carbon footprint by replacing fossil fuels with electricity from renewable sources, installing heat pumps and by undertaking other energy efficiency measures. By building photovoltaic power plants on tourist properties in cooperation with E.ON, we have covered 6% of Valamar's total electricity needs. In 2023, we have continued to invest in LED lighting, electric cars as well as charging infrastructure for electric vehicles, and we have obtained 100% of electricity from renewable sources. We have measured scope 3 emissions and have defined measures to achieve carbon neutrality in scope 1 and 2 until 2025. In spring 2023, Valamar for the first time calculated indirect green gas emissions in scope 3 and defined its emission reduction goals in accordance with the Paris Agreement, which aims to limit the global temperature increase well below 1.5%.

The reduction of waste generation and its proper disposal continues to be an important priority. With an additional investment in our own biocompost installations, the plan is to increase our biocompost tonnage, which currently amounts to 80 tons per year. We have almost completely removed single-use plastic in our hotels and campsites. None of Valamar properties use small packaging of cosmetics, and the cosmetic supplies for our guests are made of natural and/or biodegradable materials (wood, bamboo, cotton). We have replaced paper menus with digital menus,

ESG STRATEGIC PLAN INCLUDES 12 KEY GOALS IN THE AREA OF ENVIRONMENT (E), SOCIETY (S) AND GOVERNANCE (G) TO BE REALIZED UNTIL 2025

VALAMAR PLANS TO ACHIEVE CARBON NEUTRALITY BY 2025 (FIRST AND SECOND SCOPE)

and all plastic straws have been replaced with environmentally friendly alternatives from as early as 2018. Active communication with our guests, employees and suppliers makes an important part of our effective waste management. We participate in the pilot project 'Reduce food waste, cook for your guests', organized by the Environmental Protection and Energy Efficiency Fund, the Ministry of Economy and Sustainable Development and the Ministry of Tourism and Sports.

Valamar manages over 80,000 trees. We are also continuing with the donation campaign 'Easy as one, two, tree'. Through this campaign, together with our guests, we will be planting over 8,000 trees in Croatia, which is almost 5,000 more than last year. Also, at numerous Valamar properties, bird nesting houses and insect 'hotels' have been set up in cooperation with the BIOM association. We have established cooperation with WWF, the world nature conservation organization, which is conducting a company-wide in-depth analysis of our fishery products in 2023. The aim is to use fishery products in our supply chain that have the least impact on biodiversity and marine ecosystems.

### Society

Valamar, which celebrates its 70th anniversary this year, has been supporting the local communities in the destinations in which it operates with numerous humanitarian drives and donations. It has been investing in its employees, products, destinations and the local community in a socially responsible and sustainable way.

With respect to recruitment, apart from employing permanent employees, Valamar ensures the stability and continuity of year-round income for its employees through an active employment measure policy 'Permanent seasonal worker' and the 'Valamar + 3 programme', which has been running from as early as 2016. In 2023, we launched our 'Roof over Your Head' project to provide our employees with housing in their destinations of work. This project consists of several programmes, the first being granting subsidies to employees for their flat rental costs. Valamar's total investments in development and employee rewards programmes in 2023 will amount to approximately EUR 20 million.

This spring, Valamar supported numerous community-oriented projects and initiatives throughout our destinations. In 2023, Valamar provided

a children's playground to the kindergarten in Žbandaj, whereby our long-term cooperation with the City of Poreč-Parenzo and the kindergarten Radost continues. We have launched a new project 'Valamar takes care about delicious snacks'. As part of a creative video competition, at which a total of 20 schools from Istria, Rijeka and its surroundings and the island of Krk applied, Valamar selected two primary schools to which it will be providing healthy and delicious snacks throughout the entire next school year. The selection criteria was the most creative video in which children demonstrated what they love and know about healthy nutrition.

### Governance

The prolongation of the ISO 9001 quality certificate for all Valamar properties is underway as well as the prolongation of the environmental protection ISO 14001 certificate, energy management ISO 50001 certificate, and the sustainability certificate Travelife for 28 hotels and EU Ecolabel for 6 campsites. This year, 16 of our beaches will proudly display their Blue Flags.

In 2023, Valamar joined the United Nations Global Compact. This is the world's largest initiative for sustainable development and corporate sustainability, with over than 15,000 members in 162 countries and 69 local networks around the world. The signatories are obliged to align their business practices with the Ten Principles of the UN Global Compact, based on internationally accepted UN declarations and conventions in the field of human rights, labour, the environment and the fight against corruption.

In 2022, Valamar started analysing its supply chain, i.e. its suppliers, according to the sustainability criteria. These are measures to reduce greenhouse gas emissions, water use and its reduction, energy efficiency, waste management, impact on biodiversity, involvement in improving the quality of life in local communities, employee relations, reporting on sustainability topics, adopted relevant policies and more. Based on the answers collected, Valamar is developing criteria, policies and cooperations whereby it aims to achieve that, by 2025, 80% of its procurement comes from responsible and sustainable suppliers.

At the end of June 2023, in its integrated report, Valamar presented the achievements in the field of sustainability in 2022.

VALAMAR  
PROPERTIES  
ARE HOLDERS  
OF NUMEROUS  
SUSTAINABILITY  
CERTIFICATES AND  
LABELS

VALAMAR GROUP  
ON 30 JUNE 2023  
EMPLOYED ALMOST  
7,000 EMPLOYEES

## VALAMAR RIVIERA AND IMPERIAL RIVIERA ENVIRONMENTAL AND SUSTAINABLE CERTIFICATES IN YEAR 2022

Valamar's commitment to sustainability has been confirmed by certification bodies and organizations that have awarded numerous sustainability certificates and labels to Valamar Group companies and tourist accommodation facilities.

Sustainability certificates are independent confirmation that Valamar operates in accordance with high standards of environmental protection and social responsibility, i.e. that we take care about ecology, health and safety, labour and human rights, as well as the local community when making business decisions and during operations.

The certificates and labels of sustainability pillars that are awarded to Valamar are presented on the next page.

## HUMAN RESOURCES

Valamar is one of the largest employers in Croatia. As at 30 June 2023, Valamar Group employs a total of 6,957 employees, of which 2,495 permanent employees and an additional number of 1,240 employees with year-round income within the permanent seasonal employee measure who have a with fixed-term contract. The Company employs 5,237 of which 1,962 permanent and an additional number of 872 employees with year-round income.

The Company and the Group have been systematically and continuously investing in the development of their human resources through a comprehensive strategic approach to human resources management. This includes a transparent recruitment process, clear goals, measuring employee performance and investing in employee development and careers, and encouraging two-way communication.

In 2023, Valamar Riviera will invest an additional EUR 20 million in the remuneration of its workers. In agreement with its social partners, Valamar Riviera will increase the salaries in its hotel operations, whereby



**ISO 14001 Environmental Management System**  
 Certified all tourist accommodations of Valamar Riviera & Imperial Riviera



**Travelife Sustainable Hotel Certificate**  
 Certified 26 hotels and resorts of Valamar Riviera & Imperial Riviera



**BLUE FLAG**  
 Environmental program for beaches protection  
 Awarded to 15 of our beaches



**EU Ecolabel - Environmental label**  
 Awarded to 6 Valamar Riviera campsites



**Sustainable Hotel Certificate - UPUHH**  
 Certificated 7 hotels of Valamar Riviera & Imperial Riviera



**ISO 5001 Energy Management System**  
 Certified all tourist accommodations of Valamar Riviera & Imperial Riviera



**ConsumelessMed**  
 Sustainable label  
 Awarded to 9 hotels of Valamar Riviera in Istria

the remunerations at Valamar for the high season are adjusted to European salaries.

The salaries for professional jobs - cooks, waiters and receptionists at Valamar's hotels, campsites and resorts to be paid in the high season, i.e. in June, July and August, will range from EUR 1,200 to 1,800 net. In the high season, the salaries for housekeepers, assistant chefs, assistant waiters, kitchen workers, waiters and many others will range from EUR 1,000 to 1,200 net. Additionally, from 1 May, coefficients will increase for as many as 129 jobs, whereby the basic salary of 2,800 employees will increase.

Valamar continues with a number of its reward programmes that are particularly designed for rewarding excellence, commitment and outstanding results. Valamar Riviera thus confirms its title as the TOP employer in the Croatian tourism industry. This is the title that has been awarded to Valamar for many years now.

Except for the increase in salaries, several initiatives have been launched to improve the working conditions in tourism and align the jobs at Valamar to new trends and requirements. The 'Live the Destination' programme thus offers other benefits such as discounts at more than three hundred points of sale and flexible forms of work to best support the life-work balance.

Valamar takes special care about families. This season, it has met the needs of parents of kindergarten children in Poreč. In cooperation with the kindergarten Radost, in its Valamar Pinia Hotel Valamar opened one kindergarten and one nursery group for the children of its employees.

In the last 5 years, EUR 18.5 million has been invested in the construction of quality accommodation for seasonal employees under the name of Valamar House. This investment enabled the opening of five such staff residences for seasonal employees, two of which in Poreč, one on the island of Krk, one in Rabac and one in Dubrovnik. Year after year, Valamar has been investing in that project. This concept of ensuring modern and quality accommodation and meals for seasonal employees during their stay in the destination where they work has been continuously improving. The modern

Valamar Houses offer single and double bedrooms, free internet, relaxation areas and quality meals.

Valamar has introduced a new benefit for its employees, which deals with flat rental subsidy programme, called 'Roof Over Your Head'. It offers its permanent employees, fixed-term employees and permanent seasonal employees in the V +3 programme the possibility to have their flat rental costs in the destination of their employment subsidised. The amount of monthly subsidy is up to EUR 500.

Through its year-round income programmes, seasonal employees are provided with employment for at least 6 to 9 months a year. In cooperation with the Croatian Employment Service, Valamar implements an active employment policy, whereby these employees receive prologued pension insurance for the months when they do not work. Additionally, Valamar employees have the opportunity to work during winter at Valamar hotels on ski resorts in Austria, which enables them to have a year-round income.

Valamar has been included in the Programme of Supporting the Education of Professionals in Hospitality and Tourism, implemented by the Ministry of Tourism and Sports, from its very beginning. Through this Programme, Valamar has been co-financing the scholarships for pupils of vocational tourism schools. Valamar is the largest scholarship provider in Croatia, and it provides scholarships for 111 pupils in the school year 2022/2023.

As an employer, Valamar is included in a series of other activities to increase pupils' motivation for tourism jobs, such as holding presentations to pupils and presenting tourism jobs and career development. Valamar actively participates in increasing the quality of tourism education. Valamar's specialists and mentors hold lectures in schools, and pupils visit Valamar's hotels and campsites and thus become acquainted with the actual requirements of the job.

Valamar also participates as a partner to three regional tourism competence centres and, together with the academic community, develops new curricula and job standards.

CONTINUATION  
OF ADDITIONAL  
INVESTMENTS  
OF 20 MILLION  
EURO IN  
EMPLOYEE  
BENEFITS IN  
2023



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 the Group operate internationally and are exposed to currency risks. Until 1.1.2023, the currency risk was mainly due to the changes in the nominal exchange rate of euro/kuna. Namely, a large part of liabilities was expressed in euros, while most sales revenues were historically realised in euros as well. At the level of the Company and the Group, the business with other currencies accounts for less than 1% of the total turnover. After the introduction of the euro as the national currency, a significant currency risk exposure is no longer expected.

### 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 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 entire Group's loan portfolio (100%) is made up of long-term fixed-rate loans or 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.

#### 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, with a noticeable influence to this day.

In June 2023, compared to June 2022 (at the annual level), the prices of goods and services for personal consumption, measured by the consumer price index, increased by 7.6% on average, as it was announced by the Croatian Bureau of Statistics (CBS) in July 2023. This means that year-on-year inflation has been declining for a seventh consecutive month after reaching a record high of 13% in November 2022. According to the CNB, inflation will remain elevated this and next year, but lower than it has been. However, there are also significant risks with respect to making such forecasts, primarily related to strong pressures coming from the growth of wages and prices for food and services.

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.

## 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.

Around 90% 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 in one of our properties.

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 economic and financial crisis which reduce the purchasing power of the travelling-prone population;
- Security and political issues related to global terrorism threats;
- Security and political instability in the immediate environment of the neighbouring countries.
- geopolitical risks connected with the Russian invasion of Ukraine in February 2022.

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.

The risks related to Russia's invasion of Ukraine in February 2022 are still present. The source Russian and Ukrainian markets historically made up a maximum of 2% of Valamar's turnover so their disappearance has been compensated by other source markets.

## 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.

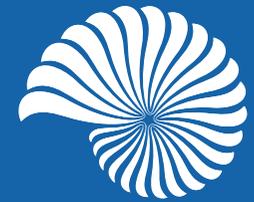
Frequent changes in laws regulating taxes and parafiscal charges often take place only after the business policy and budget for the next financial year have been approved and commercial terms and conditions with partners agreed. All this jeopardizes the Company and Group financial position and future investment plans as well as credibility towards shareholders. One of the recent examples is the introduction of the Law on Additional Profit Tax from December 2022.

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.

The new Maritime Domain and Sea Ports Act was adopted on 14 July 2023. Two additional regulations have been sent to the public consultation procedure which may impact the business of the Company and the Group. These are the following regulations (abbreviated): Regulation on the Method of Determining the Unit Lease Amount for the Tourism Land on which a Hotel and a Tourist Resort are built, and the Regulation on Determining the Initial Amount of the Unit Lease Price for the Tourism Land in a Campsite. The potential effects of these two regulations and the Maritime Domain and Sea Ports Act on the business results of the Company and the Group are currently being assessed.

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 Corporate Governance Code.

The Company complies with and implements the prescribed corporate governance measures, as reported in more detail in the annual questionnaire published on the Zagreb Stock Exchange and Valamar Riviera websites as prescribed (2022 questionnaire available at <https://valamar-riviera.com/en/investors/corporate-governance/>). The Company adopted its Code of Business Conduct and policies that make an integral part of this Code, whereby it aligned its internal corporate governance rules with the Zagreb Stock Exchange Corporate Governance Code. The Code of Business Conduct is available at the Company's corporate website (<https://valamar-riviera.com/media/467902/code-of-business-conduct-valamar-riviera-dd.pdf>).

To ensure a safe consumer environment and enable a reliable and transparent introduction of the euro in the Republic of Croatia, on 19 October 2022, the Company joined the Code of Ethics – Euro – an initiative of the Ministry of Economy and Sustainable Development.

The major direct Company's shareholders according to the Central Depository and Clearing Company data and the shareholders whom are Company'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 shares; the Deputy Chairman of the Supervisory Board, Mr. Franz Lanschuetzer, holds 4,443,000 shares; the Deputy Chairman of the Supervisory Board, Mr. Mladen Markoč, holds 30,618 shares; the Member of the Supervisory Board Mr. Georg Eltz holds a total of 6,630,511 shares, of which directly 20,463 shares, and indirectly through a stake in company Satis d.o.o. 6,610,048 shares; the Member of the Supervisory Board Mr. Boris Galić holds a total of 10,000 shares, the President of the Management Board, Mr. Željko Kukurin, holds 139,360 A shares; the Member of the Management Board Mr. Marko Čižmek holds 68,251

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

shares and the Member of the Management Board Ms. Ivana Budin Arhanić holds 35,529 shares .

The Company defined the process of preparing and publishing its financial statements in a detailed internal document. Within this document, the financial reporting procedure is set within a system of internal review and risk management. Additionally, in order to monitor and mitigate the financial reporting risk, the Company uses the measures described in the chapter 'The Risks of the Company and the Group'.

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 2023 Company wasn't involved in treasury shares acquisition neither disposal of its own shares.

In accordance with the decision of the Supervisory Board, at the beginning of July 2023, management and key employees were rewarded with company shares for exceptional business results achieved in the three-year crisis period 2020-2022. (COVID-19 pandemic and geopolitical tensions) with a total cost of 6.4 million euros (including taxes and contributions). Namely, in order to additionally motivate key employees, the Supervisory Board adopted the RDP Programme (the Recovery & Development Programme), which encompasses more than 230 employees. These employees were especially committed to managing and developing business operations during the crisis to enable as fast a recovery of the business operations as possible. In view of the fact a full business recovery was achieved in 2022, the Supervisory Board passed the decision to distribute company shares in 2023, and the provisions for this were fully made within the 2022 financial results. The total number of disposed own shares of the Company at the beginning of July 2023 is 1,137,312.

#### 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 26 Sector Directors and Heads: Tomislav Dumančić, Mauro Teković, Bruno Radoš, Sandi Sinožić, Andrea Štifanić, Željko Jurcan, Ivan Karlić, Mario Skopljaković, Dario Kinkela, Mile Pavlica, Tomislav Poljuha, Dragan Vlahović, Flavio Gregorović, Martina Šolić, Vedrana Ambrosi Barbalić, Mirella Premeru, Ivica Vrkić, Giorgio Cadum, Vlastimir Ivančić, Lea Sošić, Roberto Gobo, Ivan Polak, Karmela Višković, Denis Prevolšek, Marko Vusić and Vlatka Kocijan.

Supervisory Board: Mr. Gustav Wurmböck, until 27 June 2023 Chairman, and since 28 June 2023 member; Mr. Franz Lanschützer, until 27 June 2023 Deputy Chairman, and since 28 June 2023 Chairman; Mr. Mladen Markoč, Deputy Chairman; Mr. Daniel Goldscheider, until 27 June 2023 member, and since 28 June 2023 Deputy Chairman; Ms. Gudrun Kuffner, member; Ms. Petra Stolba,

member; Mr. George Eltz, member; Mr. Boris Galić, member, and Mr. Ivan Ergović, Member (workers' representative).

In order to perform its functions more efficiently, as well as to do the tasks prescribed by the provisions of the Audit Act and the Corporate Governance Code, the Supervisory Board appointed the following bodies:

Presidium, until 27 June 2023 comprised of: Mr. Gustav Wurmböck, Chairman, and Mr. Franz Lanschützer, Mr. Markoč and Mr. Daniel Goldscheider, members. Presidium, since 28 June 2023 comprised of: Mr. Franz Lanschützer, Chairman, and Mr. Mladen Markoč and Mr. Daniel Goldscheider, Deputy Chairmen.

Audit Committee, until 27 June 2023 comprised of: Mr. Georg Eltz, Committee Chairman, and Mr. Mladen Markoč, Mr. Boris Galić, Ms. Gudrun Kuffner, members. Audit Committee, since 28 June 2023 comprised of: Mr. Georg Eltz, Committee Chairman and Mr. Gustav Wurmböck, Mr. Mladen Markoč, Mr. Boris Galić and Ms. Gudrun Kuffner, members.

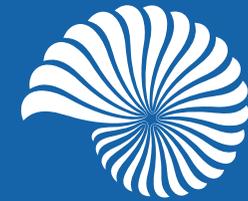
Investment Committee, until 27 June 2023 comprised of: Mr. Franz Lanschützer, Chairman, and Mr. George Eltz, Mr. Gustav Wurmböck and Ms. Gudrun Kuffner, members. Investment Committee, since 28 June 2023 comprised of: Mr. Daniel Goldscheider, Chairman, and Mr. Franz Lanschützer and Ms. Gudrun Kuffner, members.

Digitalization and Sustainability Committee, until 27 June 2023 comprised of: Mr. Daniel Goldscheider, Chairman, and Mr. Franz Lanschützer, Mr. Gustav Wurmböck and Ms. Petra Stolba, members.

Digitalization and Sustainability Committee, since 28 June 2023 comprised of: Ms. Petra Stolba, Chairwomen, and Mr. Franz Lanschützer and Mr. Daniel Goldscheider, members.

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 (from 1 January 2022 to 31 December 2026), and only one member of the Supervisory Board, employee representative, has an employment contract for an indefinite period.

Maro World, Dubrovnik



# Related-party Transactions & Branch Offices

## RELATED-PARTY TRANSACTIONS

Related party transactions among the Group companies are carried out according to usual commercial terms and conditions and deadlines and under market prices.

In the first half of 2023, EUR 6.4 million of revenue from transactions with related parties was generated (EUR 67.9 million in first half 2022, which mostly consisted of net income from the sale of real estates) for the Company and EUR 989 thousand (EUR 514 thousand in first half 2022) for the Group. Expenses amounted to EUR 704 thousand (first half 2022: EUR 474 thousand) for the Company and EUR 61 thousand for the Group (first half 2022: EUR 47 thousand). On May 10, 2023, the Company received a dividend from Imperial Riviera d.d. in the amount of EUR 2.2 million.

As at 30 June 2023, receivables and liabilities toward related parties are as follows: Company's receivables amount to EUR 3.4 million (vs. EUR 3.2 million EO 2022), and Group's receivables amount to EUR 1.3 million (vs. EUR 1.1 million EO 2022). Company's liabilities amount to EUR 281 thousand (vs. EUR 41 thousand EO 2022), and Group's liabilities amount to EUR 11 thousand (vs. EUR 12 thousand EO 2022).

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 EUR 95.3 million.

### TRANSACTIONS WITH RELATED PARTIES UNDER USUAL COMMERCIAL TERMS AND CONDITIONS

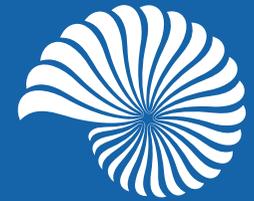
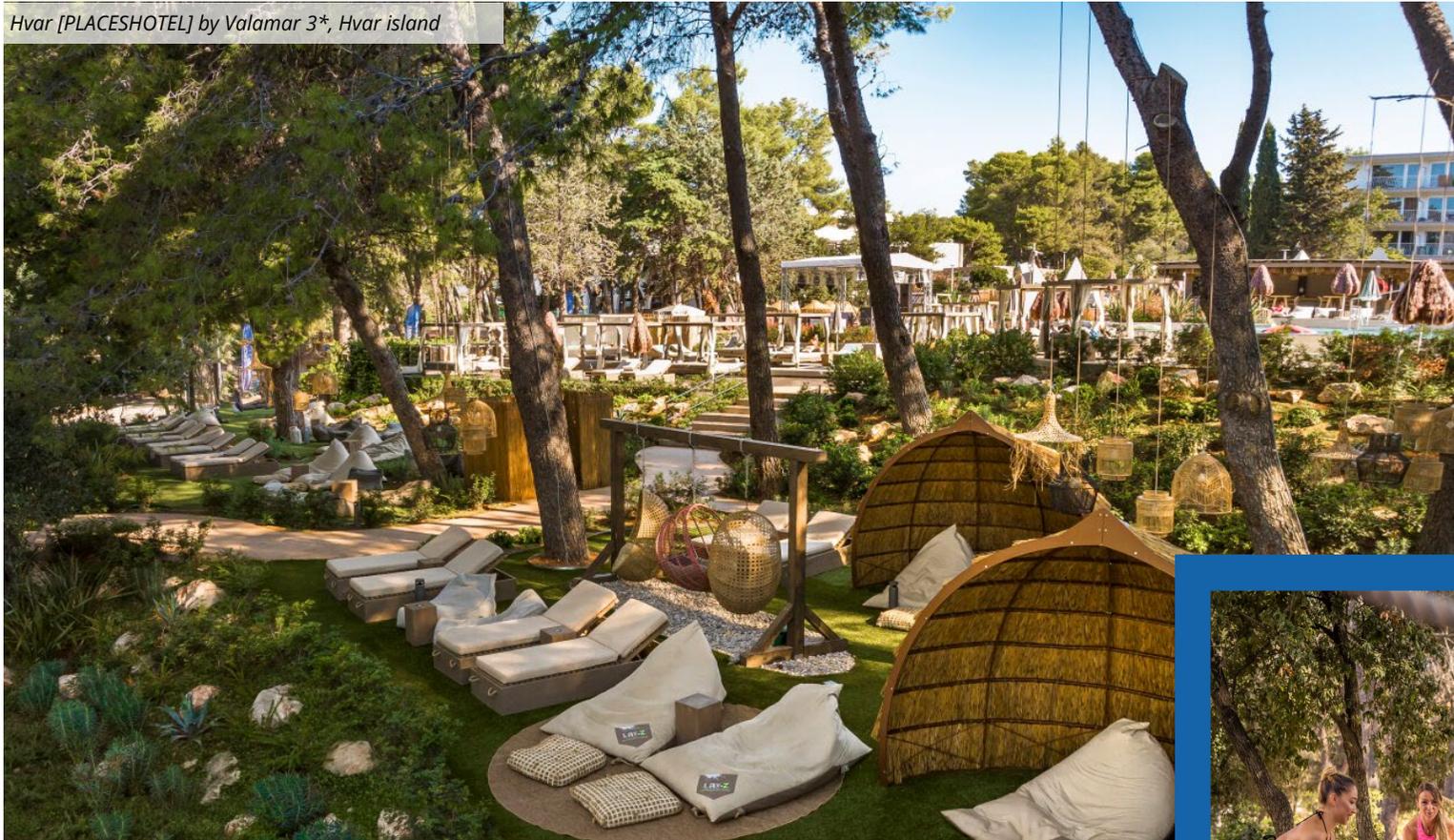
## BRANCH OFFICES OF THE COMPANY

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 the Austria Branch Office, with headquarters in Austria, Obertauern, Gamsleitenstrasse 6.

The branch offices of Rabac, Zlatni otok, Dubrovnik-Babin Kuk and Brioni are the drivers of economic growth in their local communities. They operate in their destinations and support their development by promoting further investments and the development of tourism while participating in social and business activities. The branch offices in Zagreb and Austria ensure that the business operations of the Company in these destinations are carried out in accordance with respective regulations.

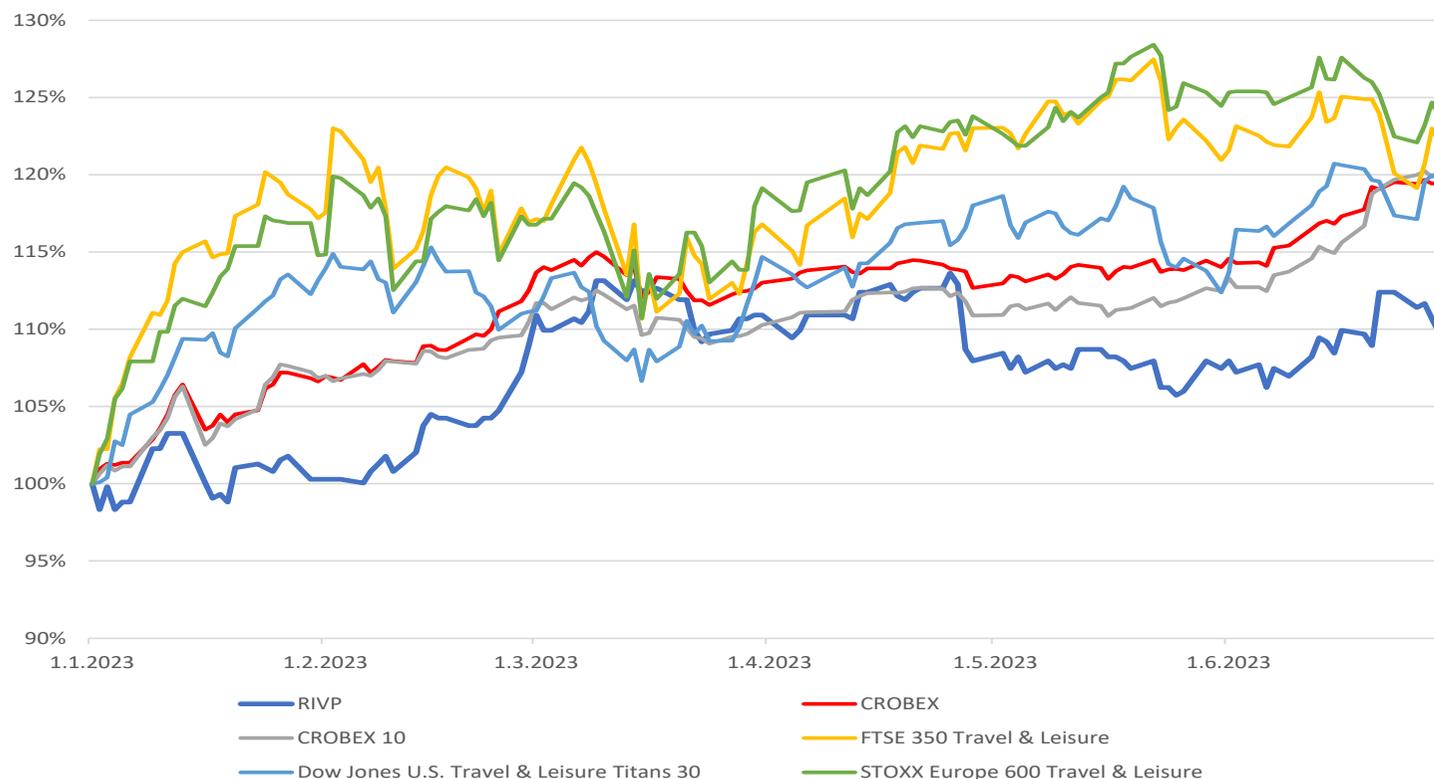
Except for the branch offices with the registered seat in Croatia and Austria, the Company also established offices on the island of Rab, in Makarska, in Stari Grad on the island of Hvar and in Obertauern in Austria to increase the efficiency and streamline the management of operations of the companies Imperial Riviera d.d., Helios Faros d.d., Valamar Obertauern GmbH, and of the company Kesselspitze GmbH & Co KG, and from March 1, 2023 of the Company Valamar Marietta GmbH, all in line with the provisions of the concluded hotel management contracts.

Hvar [PLACESHOTEL] by Valamar 3\*, Hvar island



# Valamar Share

Performance of Valamar Riviera's share and Zagreb Stock Exchange and travel and leisure indices in the first half of 2023



During the first half of 2023, the highest achieved share price in regular trading on the regulated market was EUR 4.60, and the lowest EUR 3.97. On 30 June 2023 the price was EUR 4.48 which represents an increase of 10.67% compared to the last price in 2022. With a total turnover of EUR 10.7 million<sup>16</sup> Valamar Riviera share was the second share on the Zagreb Stock Exchange in terms of turnover during the first half of 2023.

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 (CROX<sup>17</sup> and SETX<sup>18</sup>) and the Warsaw Stock Exchange (CEEplus<sup>19</sup>),

the SEE Link regional platform index (SEELinX and SEELinX EWI)<sup>20</sup> 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 2023 to 30 June 2023. As of 30 June 2023 the Company holds 4,139,635 treasury shares, which is 3.28% of the share capital. At the beginning of July 2023, the Company disposed 1,137,312 of its own shares as part of the RDP program (described earlier).

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

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.

additional liquidity, increasing share value and involving potential investors. By continuing to actively represent Valamar Riviera, we will 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 d.d., Zagreb; 2) Interkapital vrijednosni papiri d.o.o., Zagreb; 3) Raiffeisenbank Austria d.d., Zagreb; 4) Zagrebačka banka d.d., Zagreb.

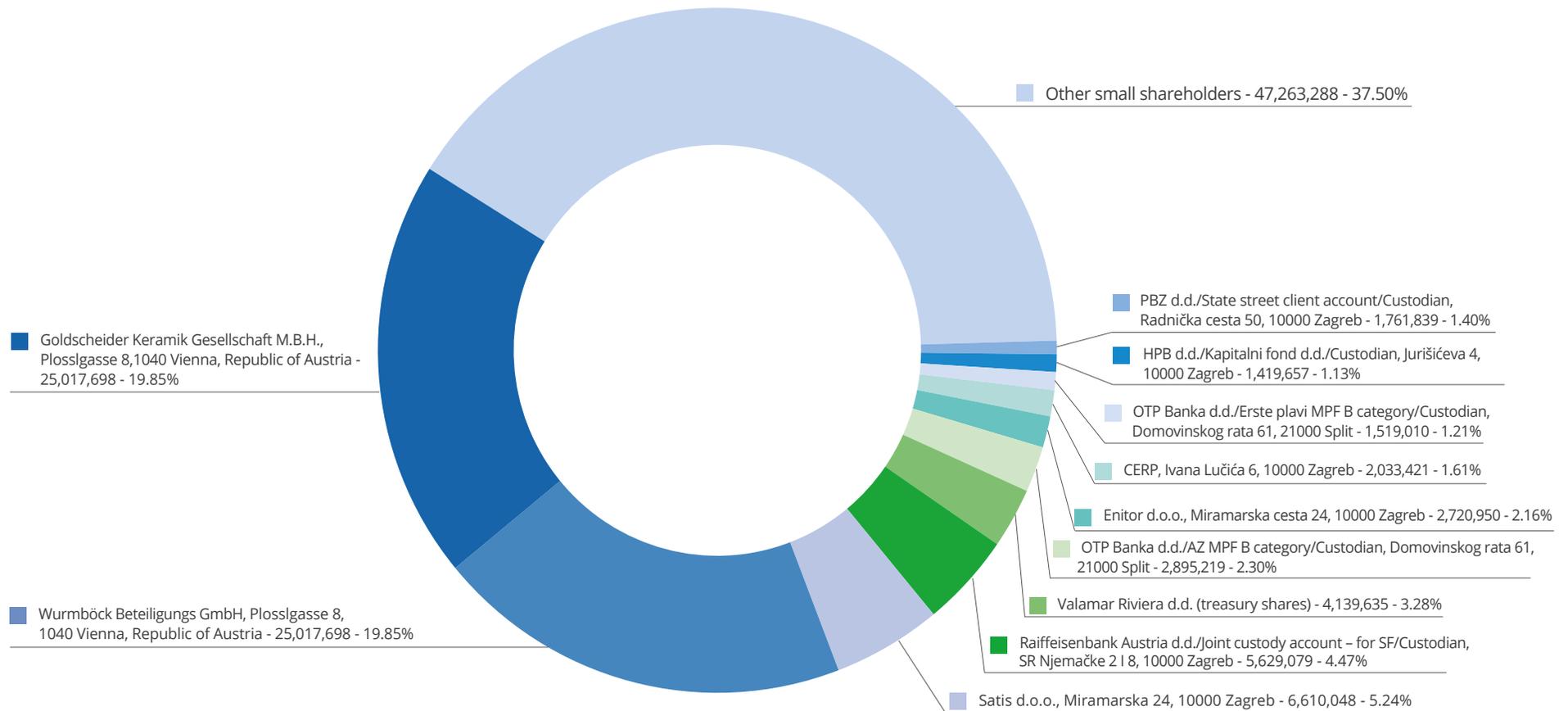
2<sup>nd</sup>

MOST ACTIVELY  
TRADED SHARE  
BY REGULAR  
TURNOVER ON THE  
ZAGREB STOCK  
EXCHANGE IN THE  
FIRST HALF OF 2023

Lanterna Premium Camping Resort 4\*, Poreč



## OVERVIEW OF MAJOR SHAREHOLDERS AS AT 30 JUNE 2023:



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

In the course of the first half of 2023 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 2023 were adopted by the by the Management Board on 31 July 2023.

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

A blue ink signature of Željko Kukurin, written in a cursive style.

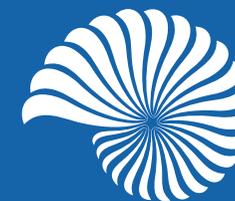
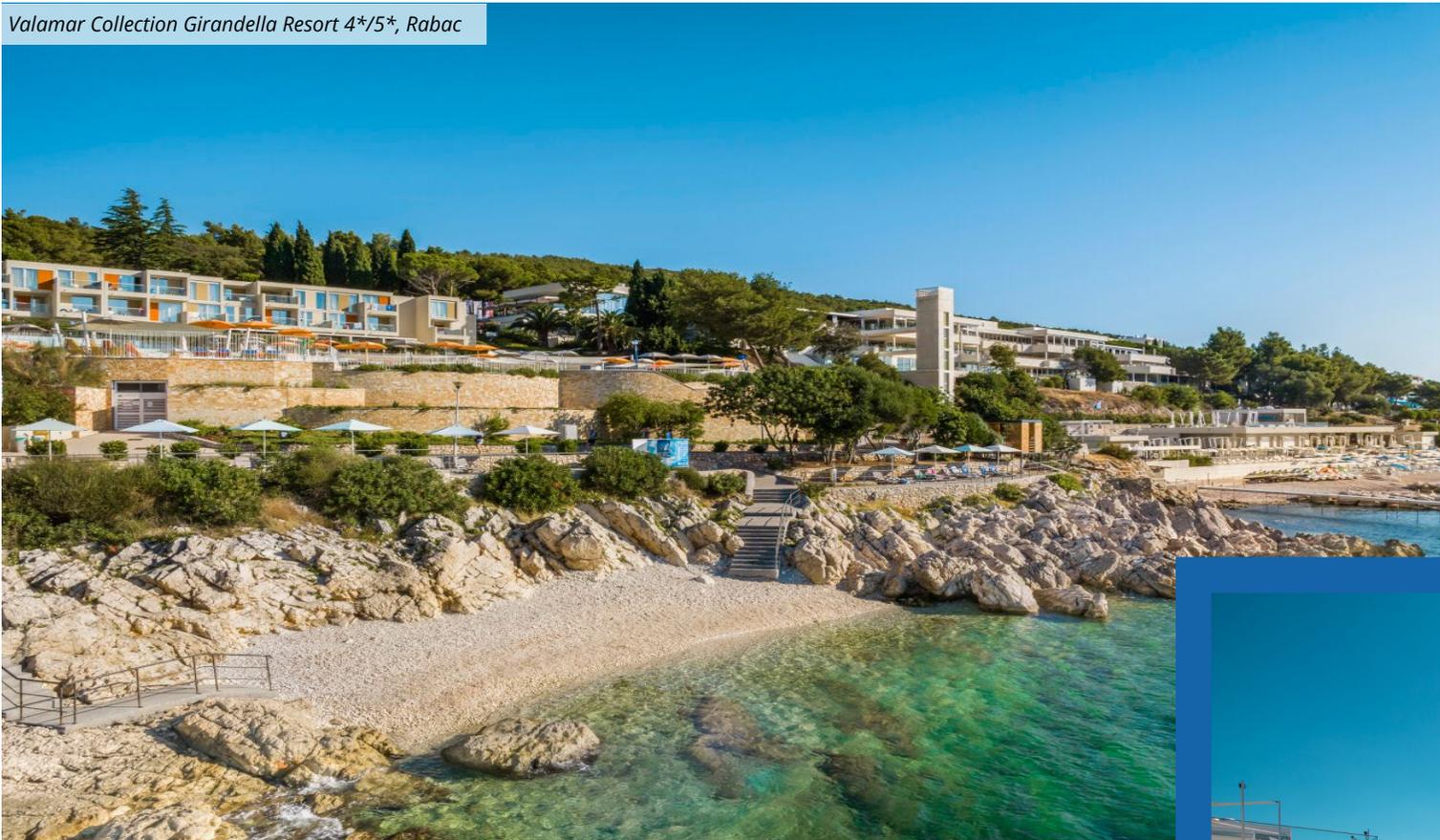
**Marko Čižmek**  
Management Board  
Member

A blue ink signature of Marko Čižmek, written in a cursive style.

**Ivana Budin Arhanić**  
Management Board  
Mem

A blue ink signature of Ivana Budin Arhanić, written in a cursive style.

Valamar Collection Girandella Resort 4\*/5\*, Rabac



**Disclaimer**

This report may contain certain outlook based on currently available facts, findings and circumstances and estimates in this regard. Our outlook is based including, but not limited on a) results achieved in the first half of 2023; b) operating results achieved by 27 Jul 2023; c) current booking status; d) 2023 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 not limited to:

- 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;
- 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.
- Regional and global geopolitical uncertainties and wars.

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 ANNUAL FINANCIAL STATEMENTS

In Poreč, 31 July 2023

In accordance with provisions of Law on Capital Market, Marko Čížmek, Management board member and CFO, and Vedrana Ambrosi Barbalić, director of Department of Finance and Accounting, procurator, 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 2023 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 2023 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 Čížmek**  
Management Board Member

**Vedrana Ambrosi Barbalić**  
Director of Department of  
Finance and Accounting /  
Procurator





**BALANCE SHEET** (balance as at 30.06.2023)

Submitter: Valamar Riviera d.d.

in EUR			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	<b>732.302.923</b>	<b>744.295.190</b>
<b>I. INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	<b>5.389.946</b>	<b>5.971.663</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	4.053.162	3.238.540
3 Goodwill	006	871.672	871.672
4 Advance payments for purchase of intangible assets	007	24.300	11.100
5 Intangible assets in preparation	008	440.812	1.850.351
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>670.163.427</b>	<b>670.948.702</b>
1 Land	011	130.045.135	129.875.368
2 Buildings	012	426.366.730	406.660.484
3 Plants and equipment	013	54.661.538	51.580.689
4 Tools, working inventory and transportation assets	014	13.024.865	12.865.399
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	343.333	589.648
7 Tangible assets in preparation	017	38.988.417	63.250.749
8 Other tangible assets	018	6.348.230	5.765.879
9 Investments property	019	385.179	360.486
<b>III. FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>19.155.575</b>	<b>20.596.455</b>
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 given to undertakings in a Group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	14.591.064	15.339.190
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	414.139	846.139
7 Investments in securities	027	25.746	30.501
8 Loans, deposits, etc. given	028	556.747	556.239
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	3.567.879	3.824.386
<b>IV. RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>		
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		
<b>V. DEFERRED TAX ASSETS</b>	<b>036</b>	<b>37.593.975</b>	<b>46.778.370</b>
<b>C) CURENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>117.447.470</b>	<b>83.777.557</b>
<b>I. INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>5.498.367</b>	<b>8.804.684</b>
1 Raw materials	039	5.289.483	8.294.024
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	204.127	504.020
5 Advance payments for inventories	043	4.757	6.640
6 Fixed assets held for sale	044		
7 Biological asset	045		
<b>II. RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>4.768.259</b>	<b>12.482.368</b>
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interest	048	1.064.950	1.343.614
3 Customer receivables	049	2.308.619	8.537.776
4 Receivables from employees and members of the undertaking	050	47.066	477.833
5 Receivables from government and other institutions	051	1.003.633	1.348.378
6 Other receivables	052	343.991	774.767
<b>III. SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>17.881.262</b>	<b>23.306.769</b>
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 interest	057		
5 Investment in other securities of companies linked by virtue of participating interest	058		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	16.833.993	22.633.728
9 Other financial assets	062	1.047.269	673.041
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>89.299.582</b>	<b>39.183.736</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>2.304.101</b>	<b>17.804.810</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>852.054.494</b>	<b>845.877.557</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>7.183.695</b>	<b>7.180.708</b>

**BALANCE SHEET** (balance as at 30.06.2023) (continued)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in EUR	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>441.126.555</b>	<b>389.762.609</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>221.915.351</b>	<b>221.915.350</b>
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>693.268</b>	<b>693.269</b>
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>17.855.423</b>	<b>17.855.423</b>
1 Legal reserves	071	11.095.768	11.095.768
2 Reserves for treasury share	072	18.158.509	18.158.509
3 Treasury shares and holdings (deductible item)	073	-16.513.142	-16.513.142
4 Statutory reserves	074		
5 Other reserves	075	5.114.288	5.114.288
<b>IV. REVALUATION RESERVES</b>	<b>076</b>		
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>7.845</b>	<b>11.745</b>
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	7.845	11.745
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		
<b>VI. RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 084-085)	<b>083</b>	<b>46.604.740</b>	<b>42.165.052</b>
1 Retained profit	084	46.604.740	42.165.052
2 Loss brought forward	085		
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>19.601.100</b>	<b>-23.091.339</b>
1 Profit for the business year	087	19.601.100	
2 Loss for the business year	088		23.091.339
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>	<b>134.448.828</b>	<b>130.213.109</b>
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>23.787.458</b>	<b>23.578.727</b>
1 Provisions for pensions, termination benefits and similar obligations	091	3.484.945	3.488.470
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	6.667.273	6.478.837
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	13.635.240	13.611.420
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>285.270.720</b>	<b>287.601.596</b>
1 Liabilities towards undertakings within the group	098		
2 Liabilities for loans, deposits, etc. to companies within the group	099		
3 Liabilities towards companies linked by virtue of participating interest	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities towards banks and other financial institutions	103	276.528.538	278.910.265
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	2.452.171	2.689.593
11 Deferred tax liability	108	6.290.011	6.001.738
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>91.965.495</b>	<b>127.611.062</b>
1 Liabilities towards undertakings within the group	110		
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112	2.423	9.010
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities towards banks and other financial institutions	115	69.136.281	33.042.688
7 Liabilities for advance payments	116	4.531.975	48.001.146
8 Liabilities towards suppliers	117	10.566.240	25.494.465
9 Liabilities for securities	118		
10 Liabilities towards employees	119	4.239.229	9.278.227
11 Taxes, contributions and similar liabilities	120	1.769.858	10.322.460
12 Liabilities arising from the share in the result	121	50.392	50.392
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	1.669.097	1.412.674
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>9.904.266</b>	<b>17.323.563</b>
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>852.054.494</b>	<b>845.877.557</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>7.183.695</b>	<b>7.180.708</b>

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 30.06.2023)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME</b> (ADP 002 to 006)	<b>001</b>	<b>89.918.027</b>	<b>82.030.888</b>	<b>105.293.981</b>	<b>98.092.928</b>
1 Income from sales with undertakings within the group	002				
2 Income from sales (outside group)	003	87.780.589	81.372.120	104.175.208	97.406.748
3 Income from the use of own products, goods and services	004	20.135	10.211	39.745	20.812
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	2.117.303	648.557	1.079.028	665.368
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>117.884.422</b>	<b>81.677.107</b>	<b>135.526.744</b>	<b>93.418.857</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	38.238.262	31.682.505	43.880.870	34.714.434
a) Costs of raw material	010	25.375.711	21.949.256	27.701.077	22.635.361
b) Costs of goods sold	011	724.226	503.500	950.002	645.811
c) Other external costs	012	12.138.325	9.229.749	15.229.791	11.433.262
3 Staff costs (ADP 014 to 016)	013	37.859.052	27.296.207	44.888.994	31.651.796
a) Net salaries and wages	014	23.722.725	16.975.617	28.251.398	19.844.973
b) Tax and contributions from salaries expenses	015	9.163.001	6.724.692	10.821.677	7.674.601
c) Contributions on salaries	016	4.973.326	3.595.898	5.815.919	4.132.222
4 Depreciation	017	32.587.288	16.307.643	32.150.373	16.237.441
5. Other expenses	018	8.622.098	6.184.560	13.953.859	10.417.000
6. Value adjustments (ADP 020+021)	019				
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021				
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	577.722	206.192	652.648	398.186
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>2.722.295</b>	<b>3.585.613</b>	<b>1.264.769</b>	<b>1.196.147</b>
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 interest	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	10.671	2.303	552.953	346.748
8 Exchange rate differences and other financial income	038	220.350	2.490.330		
9 Unrealised gains (income) from financial assets	039	2.101.736	884.546	352.090	607.540
10 Other financial income	040	389.538	208.434	359.726	241.859
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>5.132.916</b>	<b>2.536.024</b>	<b>5.063.987</b>	<b>2.756.015</b>
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	3.869.761	2.067.891	4.511.807	2.440.614
4 Exchange rate differences and other expenses	045	668.925	359.556	4.166	362
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	594.230	108.577	548.014	315.039
<b>V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>049</b>				
<b>VI. SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>				
<b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>	<b>194.634</b>	<b>244.281</b>	<b>233.475</b>	<b>350.948</b>
<b>VIII. SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>				
<b>IX. TOTAL INCOME</b> (ADP 001+030+049 +050)	<b>053</b>	<b>92.640.322</b>	<b>85.616.501</b>	<b>106.558.750</b>	<b>99.289.075</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>123.211.972</b>	<b>84.457.412</b>	<b>140.824.206</b>	<b>96.525.820</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>-30.571.650</b>	<b>1.159.089</b>	<b>-34.265.456</b>	<b>2.763.255</b>
1 Pre-tax profit (ADP 053-054)	056		1.159.089		2.763.255
2 Pre-tax loss (ADP 054-053)	057	-30.571.650		-34.265.456	
<b>XII. INCOME TAX</b>	<b>058</b>	<b>-4.950.876</b>	<b>269.071</b>	<b>-9.473.525</b>	<b>-674.395</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>-25.620.774</b>	<b>890.018</b>	<b>-24.791.931</b>	<b>3.437.650</b>
1 Profit for the period (ADP 055-059)	060		890.018		3.437.650
2 Loss for the period (ADP 059-055)	061	-25.620.774		-24.791.931	

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 30.06.2023) (continued)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b> <b>062</b>					
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
<b>XV. INCOME TAX OF DISCONTINUED OPERATIONS</b> <b>065</b>					
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)</b> <b>068</b>					
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
<b>XVII. INCOME TAX (ADP 058+065)</b> <b>071</b>					
<b>XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b> <b>072</b>					
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b> <b>075</b> <b>-25.620.775</b> <b>890.019</b> <b>-24.791.931</b> <b>3.437.649</b>					
1 Attributable to owners of the parent	076	-21.945.958	917.365	-23.091.339	1.945.803
2 Attributable to minority (non-controlling) interest	077	-3.674.817	-27.346	-1.700.592	1.491.846
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD</b> <b>078</b> <b>-25.620.775</b> <b>890.019</b> <b>-24.791.931</b> <b>3.437.649</b>					
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)</b> <b>079</b> <b>4.011</b> <b>-1.091</b> <b>4.755</b> <b>548</b>					
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b> <b>080</b> <b>4.011</b> <b>-1.091</b> <b>4.755</b> <b>548</b>					
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	4.011	-1.091	4.755	548
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	722	-196	855	98
<b>IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)</b> <b>087</b>					
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				
<b>V. NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)</b> <b>097</b> <b>3.289</b> <b>-895</b> <b>3.900</b> <b>450</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b> <b>098</b> <b>-25.617.486</b> <b>889.124</b> <b>-24.788.031</b> <b>3.438.099</b>					
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b> <b>099</b> <b>-25.617.486</b> <b>889.124</b> <b>-24.788.031</b> <b>3.438.099</b>					
1 Attributable to owners of the parent	100	-21.942.669	916.470	-23.087.439	1.946.253
2 Attributable to minority (non-controlling) interest	101	-3.674.817	-27.346	-1.700.592	1.491.846

## STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2023 to 30.06.2023)

### Submitter: Valamar Riviera d.d.

Item	in EUR		
	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1 Pre-tax profit	001	-30.571.650	-34.265.456
2 Adjustments (ADP 003 to 010)	002	34.341.367	36.059.076
a) Depreciation	003	32.587.288	32.150.373
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-1.063.825	-51.573
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-8.048	-552.035
e) Interest expenses	007	4.320.210	4.590.011
f) Provisions	008	-154.637	-208.731
g) Exchange rate differences (unrealised)	009	668.652	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-2.008.273	131.031
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>3.769.717</b>	<b>1.793.620</b>
3 Changes in the working capital (ADP 013 to 016)	012	40.891.712	53.391.590
a) Increase or decrease in short-term liabilities	013	61.811.998	80.012.256
b) Increase or decrease in short-term receivables	014	-17.552.455	-23.314.349
c) Increase or decrease in inventories	015	-3.367.831	-3.306.317
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>44.661.429</b>	<b>55.185.210</b>
4 Interest paid	018	-6.108.679	-4.230.994
5 Income tax paid	019	-372	-606
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>38.552.378</b>	<b>50.953.610</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	1.408.339	76.468
2 Cash receipts from sales of financial instruments	022		220.165
3 Interest received	023	11.627	341.556
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposit	025	1.530	996
6 Other cash receipts from investment activities	026		
<b>III. Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>1.421.496</b>	<b>639.185</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-22.905.562	-33.580.519
2 Cash payments for the acquisition of financial instruments	029	-143.782	
3 Cash payments for loans and deposits for the period	030	-7.547.850	-5.800.222
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-4.285.903	-1.413.600
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-34.883.097</b>	<b>-40.794.341</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>-33.461.601</b>	<b>-40.155.156</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1 Cash receipts from the increase of 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	7.986.429	2.545.338
4 Other cash receipts from financing activities	038	363.583	336.793
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>8.350.012</b>	<b>2.882.131</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-38.595.917	-36.578.271
2 Dividends paid	041		-26.912.708
3 Cash payments for finance lease	042	-2.917	-2.690
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-156.150	-302.762
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-38.754.984</b>	<b>-63.796.431</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-30.404.972</b>	<b>-60.914.300</b>
1 Unrealised exchange rate differences in cash and cash equivalents	047		
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-25.314.195</b>	<b>-50.115.846</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>148.020.151</b>	<b>89.299.582</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>122.705.956</b>	<b>39.183.736</b>

**STATEMENT OF CHANGES IN EQUITY** (for the period 01.01.2023 to 30.06.2023)  
**Submitter: Valamar Riviera d.d.**

in EUR

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 do 6 - 7 + 8 do 17)	19	20 (18+19)
<b>Previous period</b>																			
<b>1 Balance on the first day of the previous business year</b>	<b>01</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>298.556</b>		<b>10.765</b>					<b>51.502.476</b>	<b>13.852.891</b>	<b>301.014.442</b>	<b>138.438.449</b>	<b>439.452.891</b>
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
<b>4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)</b>	<b>04</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>298.556</b>		<b>10.765</b>					<b>51.502.476</b>	<b>13.852.891</b>	<b>301.014.442</b>	<b>138.438.449</b>	<b>439.452.891</b>
5 Profit/loss of the period	05															19.601.100	19.601.100	1.686.468	21.287.568
6 Exchange rate differences from translation of foreign operations	06																		
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									-3.561							-3.561		-3.561
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																641		641
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															-19.412.766	-19.412.766	-5.676.089	-25.088.855
21 Other distributions and payments to members/shareholders	21							5.114.288								363.583	5.477.871		5.477.871
22 Transfer to reserves according to the annual schedule	22							-298.556								14.151.447	-13.852.891		
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																		
<b>24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)</b>	<b>24</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>46.604.740</b>	<b>19.601.100</b>	<b>306.677.727</b>	<b>134.448.828</b>	<b>441.126.555</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)</b>	<b>25</b>									<b>-2.920</b>							<b>-2.920</b>		<b>-2.920</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)</b>	<b>26</b>									<b>-2.920</b>						<b>19.601.100</b>	<b>19.598.180</b>	<b>1.686.468</b>	<b>21.284.648</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)</b>	<b>27</b>							<b>4.815.732</b>							<b>-4.897.736</b>	<b>-13.852.891</b>	<b>-13.934.895</b>	<b>-5.676.089</b>	<b>-19.610.984</b>
<b>Current period</b>																			
<b>1 Balance on the first day of the previous business year</b>	<b>28</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>46.604.740</b>	<b>19.601.100</b>	<b>306.677.727</b>	<b>134.448.828</b>	<b>441.126.555</b>
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
<b>4 Balance on the first day of the current business year (restated) (ADP 28 to 30)</b>	<b>31</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>46.604.740</b>	<b>19.601.100</b>	<b>306.677.727</b>	<b>134.448.828</b>	<b>441.126.555</b>
5 Profit/loss of the period	32															-23.091.339	-23.091.339	-1.700.592	-24.791.931
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									4.755							4.755		4.755
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																	-855	-855
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42		-1	1															
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															-24.377.581	-24.377.581	-2.535.127	-26.912.708
21 Other distributions and payments to members/shareholders	48															336.793	336.793		336.793
22 Carryforward per annual plane	49															19.601.100	-19.601.100		
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																		
<b>24 Balance on the last day of the current business year reporting period (ADP 31 to 50)</b>	<b>51</b>	<b>221.915.350</b>	<b>693.269</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>11.745</b>					<b>42.165.052</b>	<b>-23.091.339</b>	<b>259.549.500</b>	<b>130.213.109</b>	<b>389.762.609</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)</b>	<b>52</b>									<b>3.900</b>							<b>3.900</b>		<b>3.900</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32+52)</b>	<b>53</b>									<b>3.900</b>						<b>-23.091.339</b>	<b>-23.087.439</b>	<b>-1.700.592</b>	<b>-24.788.031</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)</b>	<b>54</b>		<b>-1</b>	<b>1</b>											<b>-4.439.688</b>	<b>-19.601.100</b>	<b>-24.040.788</b>	<b>-2.535.127</b>	<b>-26.575.915</b>

## 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:

**01.01.2023 to 30.06.2023**

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

**NOTES TO FINANCIAL STATEMENTS - TFI (continued)**

(drawn up for quarterly reporting periods)

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 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 1/1/2023 – 30/06/2023“ 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 30.06.2023)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in EUR	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	<b>621.286.023</b>	<b>616.629.828</b>
<b>I. INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	<b>4.865.723</b>	<b>5.476.755</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	3.560.892	2.835.038
3 Goodwill	006	871.672	871.672
4 Advance payments for purchase of intangible assets	007	24.300	11.100
5 Intangible assets in preparation	008	408.859	1.758.945
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>467.916.828</b>	<b>459.170.870</b>
1 Land	011	70.829.316	70.623.669
2 Buildings	012	305.822.039	290.928.172
3 Plants and equipment	013	42.008.561	39.140.636
4 Tools, working inventory and transportation assets	014	8.783.891	8.283.732
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	343.333	117.231
7 Tangible assets in preparation	017	34.020.179	44.577.793
8 Other tangible assets	018	5.724.330	5.139.151
9 Investments property	019	385.179	360.486
<b>III. FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>141.766.544</b>	<b>143.391.418</b>
1 Investments in holdings (shares) of undertakings within the group	021	124.998.864	124.998.864
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits etc given to undertakings in a Group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	14.225.832	15.207.432
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	414.139	846.139
7 Investments in securities	027	25.522	30.277
8 Loans, deposits, etc. given	028	556.747	556.239
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	1.545.440	1.752.467
<b>IV. RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>		
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		
<b>V. DEFERRED TAX ASSETS</b>	<b>036</b>	<b>6.736.928</b>	<b>8.590.785</b>
<b>C) CURENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>69.783.079</b>	<b>50.918.285</b>
<b>I. INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>4.292.120</b>	<b>7.282.465</b>
1 Raw materials	039	4.126.734	6.857.681
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	165.386	424.784
5 Advance payments for inventories	043		
6 Fixed assets held for sale	044		
7 Biological asset	045		
<b>II. RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>5.248.727</b>	<b>10.131.207</b>
1 Receivables from undertakings within the group	047	2.089.815	2.092.112
2 Receivables from companies linked by virtue of participating interest	048	1.064.950	1.343.615
3 Customer receivables	049	1.633.854	5.561.435
4 Receivables from employees and members of the undertaking	050	39.032	219.093
5 Receivables from government and other institutions	051	270.201	203.200
6 Other receivables	052	150.875	711.752
<b>III. SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>973.760</b>	<b>503.685</b>
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 interest	057		
5 Investment in other securities of companies linked by virtue of participating interest	058		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	33.993	33.728
9 Other financial assets	062	939.767	469.957
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>59.268.472</b>	<b>33.000.928</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>2.169.900</b>	<b>15.003.088</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>693.239.002</b>	<b>682.551.201</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>7.183.695</b>	<b>7.180.708</b>

**BALANCE SHEET** (balance as at 30.06.2023) (continued)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in EUR	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>408.116.037</b>	<b>364.944.490</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>221.915.351</b>	<b>221.915.350</b>
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>757.922</b>	<b>757.923</b>
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>17.855.423</b>	<b>17.855.423</b>
1 Legal reserves	071	11.095.768	11.095.768
2 Reserves for treasury share	072	18.158.509	18.158.509
3 Treasury shares and holdings (deductible item)	073	-16.513.142	-16.513.142
4 Statutory reserves	074		
5 Other reserves	075	5.114.288	5.114.288
<b>IV. REVALUATION RESERVES</b>	<b>076</b>		
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>7.845</b>	<b>11.745</b>
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	7.845	11.745
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		
<b>VI. RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 084-085)	<b>083</b>	<b>93.163.896</b>	<b>143.538.707</b>
1 Retained profit	084	93.163.896	143.538.707
2 Loss brought forward	085		
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>74.415.600</b>	<b>-19.134.658</b>
1 Profit for the business year	087	74.415.600	
2 Loss for the business year	088		19.134.658
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>		
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>19.626.864</b>	<b>19.451.002</b>
1 Provisions for pensions, termination benefits and similar obligations	091	2.866.868	2.870.393
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	3.811.142	3.631.755
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	12.948.854	12.948.854
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>188.304.205</b>	<b>188.311.005</b>
1 Liabilities towards undertakings within the group	098		
2 Liabilities for loans, deposits, etc. to companies within the group	099		
3 Liabilities towards companies linked by virtue of participating interest	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities towards banks and other financial institutions	103	184.411.990	184.248.378
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	2.355.185	2.582.449
11 Deferred tax liability	108	1.537.030	1.480.178
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>69.307.740</b>	<b>95.952.816</b>
1 Liabilities towards undertakings within the group	110	29.361	270.269
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112	2.423	9.010
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities towards banks and other financial institutions	115	51.123.196	22.776.756
7 Liabilities for advance payments	116	3.847.550	37.786.542
8 Liabilities towards suppliers	117	7.770.250	19.732.940
9 Liabilities for securities	118		
10 Liabilities towards employees	119	3.443.950	7.102.208
11 Taxes, contributions and similar liabilities	120	1.395.590	7.006.060
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	1.695.420	1.269.031
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>7.884.156</b>	<b>13.891.888</b>
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>693.239.002</b>	<b>682.551.201</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>7.183.695</b>	<b>7.180.708</b>

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 30.06.2023)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME</b> (ADP 002 to 006)	<b>001</b>	<b>137.091.600</b>	<b>66.383.484</b>	<b>86.622.923</b>	<b>78.902.729</b>
1 Income from sales with undertakings within the group	002	4.604.870	2.985.811	4.876.994	3.089.626
2 Income from sales (outside group)	003	67.811.419	62.926.552	80.735.434	75.184.904
3 Income from the use of own products, goods and services	004	19.109	9.563	38.806	20.086
4 Other operating income with undertakings within the group	005	62.830.802	67.148	104.877	57.632
5 Other operating income (outside the group)	006	1.825.400	394.410	866.812	550.481
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>95.038.822</b>	<b>65.512.427</b>	<b>107.777.878</b>	<b>73.888.159</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	32.026.372	26.099.167	35.585.195	27.779.736
a) Costs of raw materials and consumables	010	19.868.038	17.084.439	21.825.139	17.635.560
b) Costs of goods sold	011	919.791	486.236	927.828	623.791
c) Other external costs	012	11.238.543	8.528.492	12.832.228	9.520.385
3 Staff costs (ADP 014 to 016)	013	31.205.321	22.090.430	36.488.393	25.115.982
a) Net salaries and wages	014	19.507.940	13.709.052	22.886.187	15.710.151
b) Tax and contributions from salary costs	015	7.620.823	5.483.763	8.908.462	6.146.703
c) Contributions on salaries	016	4.076.558	2.897.615	4.693.744	3.259.128
4 Depreciation	017	24.230.748	12.020.051	23.397.305	11.777.969
5. Other costs	018	7.078.787	5.131.029	11.740.691	8.839.725
6. Value adjustments (ADP 020+021)	019				
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021				
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	497.594	171.750	566.294	374.747
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>2.068.766</b>	<b>2.451.535</b>	<b>3.366.735</b>	<b>3.043.667</b>
1 Income from investments in holdings (shares) of undertakings within the group	031			2.183.287	2.183.287
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	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	88.837	52.818	92.934	45.556
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	10.368	2.295	538.082	336.477
8 Exchange rate differences and other financial income	038	174.766	1.770.993		
9 Unrealised gains (income) from financial assets	039	1.419.887	430.412	207.027	249.342
10 Other financial income	040	374.908	195.017	345.405	229.005
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>4.202.930</b>	<b>1.931.223</b>	<b>3.258.004</b>	<b>1.766.524</b>
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	3.012.593	1.555.484	2.738.573	1.472.856
4 Exchange rate differences and other expenses	045	613.638	274.887	4.734	1.408
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	576.699	100.852	514.697	292.260
<b>V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>049</b>				
<b>VI. SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>				
<b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>				
<b>VIII. SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>				
<b>IX. TOTAL INCOME</b> (ADP 001+030+049 +050)	<b>053</b>	<b>139.160.366</b>	<b>68.835.019</b>	<b>89.989.658</b>	<b>81.946.396</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>99.241.752</b>	<b>67.443.650</b>	<b>111.035.882</b>	<b>75.654.683</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>39.918.614</b>	<b>1.391.369</b>	<b>-21.046.224</b>	<b>6.291.713</b>
1 Pre-tax profit (ADP 053-054)	056	39.918.614	1.391.369		6.291.713
2 Pre-tax loss (ADP 054-053)	057			-21.046.224	
<b>XII. INCOME TAX</b>	<b>058</b>	<b>7.235.148</b>	<b>275.358</b>	<b>-1.911.566</b>	<b>3.091.870</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>32.683.466</b>	<b>1.116.011</b>	<b>-19.134.658</b>	<b>3.199.843</b>
1 Profit for the period (ADP 055-059)	060	32.683.466	1.116.011		3.199.843
2 Loss for the period (ADP 059-055)	061			-19.134.658	

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 30.06.2023) (continued)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b>	<b>062</b>				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
<b>XV. INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>065</b>				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)</b>	<b>068</b>				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
<b>XVII. INCOME TAX (ADP 058+065)</b>	<b>071</b>				
<b>XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b>	<b>072</b>				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b>	<b>075</b>				
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD</b>	<b>078</b>	<b>32.683.469</b>	<b>1.116.011</b>	<b>-19.134.658</b>	<b>3.196.863</b>
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)</b>	<b>079</b>	<b>4.011</b>	<b>-1.091</b>	<b>4.755</b>	<b>548</b>
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b>	<b>080</b>	<b>4.011</b>	<b>-1.091</b>	<b>4.755</b>	<b>548</b>
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	4.011	-1.091	4.755	548
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	722	-196	855	98
<b>IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)</b>	<b>087</b>				
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				
<b>V. NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)</b>	<b>097</b>	<b>3.289</b>	<b>-895</b>	<b>3.900</b>	<b>450</b>
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	<b>098</b>	<b>32.686.758</b>	<b>1.115.116</b>	<b>-19.130.758</b>	<b>3.197.313</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b>	<b>099</b>				
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 01.01.2023 to 30.06.2023)

### Submitter: Valamar Riviera d.d.

Item	in EUR		
	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1 Pre-tax profit	001	39.918.614	-21.046.224
2 Adjustments (ADP 003 to 010)	002	-36.976.608	23.283.193
a) Depreciation	003	24.230.748	23.397.305
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-63.737.650	-43.876
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-7.797	-2.720.451
e) Interest expenses	007	3.445.511	2.783.460
f) Provisions	008		-175.862
g) Exchange rate differences (unrealised)	009	613.638	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-1.521.058	42.617
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>2.942.006</b>	<b>2.236.969</b>
3 Changes in the working capital (ADP 013 to 016)	012	35.706.866	41.165.536
a) Increase or decrease in short-term liabilities	013	49.671.187	61.938.367
b) Increase or decrease in short-term receivables	014	-11.500.479	-17.782.485
c) Increase or decrease in inventories	015	-2.463.842	-2.990.346
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>38.648.872</b>	<b>43.402.505</b>
4 Interest paid	018	-5.237.545	-2.477.706
5 Income tax paid	019		
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>33.411.327</b>	<b>40.924.799</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	6.770.417	63.352
2 Cash receipts from sales of financial instruments	022		220.165
3 Interest received	023	11.375	326.685
4 Dividends received	024		2.183.287
5 Cash receipts from repayment of loans and deposit	025	1.530	996
6 Other cash receipts from investment activities	026		
<b>III. Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>6.783.322</b>	<b>2.794.485</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-14.534.529	-15.315.593
2 Cash payments for the acquisition of financial instruments	029	-143.782	
3 Cash payments for loans and deposits for the period	030	-46.987	-222
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-4.285.903	-1.413.600
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-19.011.201</b>	<b>-16.729.415</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>-12.227.879</b>	<b>-13.934.930</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1 Cash receipts from the increase of 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	7.986.429	
4 Other cash receipts from financing activities	038	363.583	336.793
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>8.350.012</b>	<b>336.793</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-31.856.378	-28.831.117
2 Dividends paid	041		-24.377.581
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-190.122	-385.508
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-32.046.500</b>	<b>-53.594.206</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-23.696.488</b>	<b>-53.257.413</b>
1 Unrealised exchange rate differences in cash and cash equivalents	047		
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-2.513.040</b>	<b>-26.267.544</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>77.263.227</b>	<b>59.268.472</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>74.750.187</b>	<b>33.000.928</b>



## 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:

**01.01.2023 to 30.06.2023**

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

**NOTES TO FINANCIAL STATEMENTS - TFI (continued)**

(drawn up for quarterly reporting periods)

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 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 1/1/2023 – 30/6/2023“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR PERIOD ENDED 30 JUNE 2023

### 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 EUR 221,915,350 and comprises 126,027,542 ordinary shares with no prescribed nominal value. In accordance with the provisions of the Act on the euro introduction as the official currency in the Republic of Croatia and the Act on Amendments to the Companies Act, the Company's share capital is in June 2023, based on the decision of the General Assembly of April 24, 2023, adjusted by EUR 0.72 in favor of capital reserves. On June 28, 2022, a branch of the Company was established in Austria under the name Valamar Riviera d.d., Zweigniederlassung Austria.

The Company's shares were listed on the Prime market of the Zagreb Stock Exchange d.d., and were traded in 2023 in accordance with the relevant regulations on the organized market.

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

- Magične stijene d.o.o., Dubrovnik, 100% ownership, abbreviated proceedings without liquidation;
- Bugenvilia d.o.o., Dubrovnik, 100% ownership;
- Imperial Riviera d.d., Rab, 46.27% ownership with the subsidiary Praona d.o.o., Makarska;

The company initiated abbreviated proceedings without liquidation against the company Magične stijene d.o.o. On May 10, 2023 the Commercial Court in Dubrovnik made, and on July 26, 2023, published the decision on deleting the termination of the company Magične stijene d.o.o. in court register. If no appeal is filed within 15 days from the date of publication of the aforementioned decision, the company Magične stijene d.o.o. will be deleted from the court register.

Associates companies are:

- Helios Faros d.d., Stari Grad, 20% ownership;

- Valamar A GmbH, Vienna, Austria, 24.54% ownership with subsidiaries WBVR Beteiligungs GmbH, Vienna, Austria, Valamar Marietta GmbH, Obertauern, Austria, ContiEstates AG, Zug, Switzerland until 28 September 2022 when it was merged with Valamar Marietta GmbH, Obertauern, Austria, Kesselspitze GmbH, Obertauern, Austria and Kesselspitze GmbH & Co KG, Obertauern, Austria;
- Valamar Obertauern GmbH, Obertauern, 10% direct ownership and 22.08% indirect ownership.

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 EUR 13,803,172.08 and Valamar Riviera d.d. for EUR 3,450,793.02.

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.

According to the decision adopted by the General Assembly held on 24 April 2023, the Company paid out a dividend of EUR 0,20 per share, which amounted in total to EUR 24,377.58 thousand.

The consolidated and unconsolidated financial statements for the half-year period ended 30 June 2023 were approved by the Management Board on 31 July 2023. The consolidated and unconsolidated financial statements for the half-year period ended 30 June 2023, have not been audited.

## NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The Company's and Group's financial statements for the half-year period ended 30 June 2023 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 2022 which are available on HANFA (Croatian 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 that the geopolitical situation will not 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.

### 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 2023 comparing to those used for the preparation of the annual financial statements for the year ended 31 December 2022.

### 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 m<sup>2</sup> and cca 3.54 million m<sup>2</sup> 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.

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 2021, 2022 and the half-year of 2023 the Company and the Group were not able to determine the object of the lease and the value of the lease.

Considering that no regulation on prices has been passed by the end of 2022, 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 Act, i.e. from 1 May, 2020 to the end of 2022 on the basis of the calculation of compensation under the old regulations in the amount of EUR 5,272 thousand for the Company and EUR 5,581 thousand for the Group.

## NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

Under the assumption of the lowest/highest price spread reaching 0,8/1,59 EUR/m<sup>2</sup>, 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 EUR 28,207 thousand to cca EUR 122,356 thousand for the Company, while the assessment for the Group would range from cca EUR 29,801 thousand to cca EUR 129,273 thousand.

## 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.

### 2.4 Significant accounting policies

The accounting policies adopted in the preparation of the financial statements for the half-year period ended 30 June 2023 are consistent with those followed in the preparation of the Company's and Group's annual financial statements for the year ended 31 December 2022.

#### *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**

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

**GROUP**

(in thousands of EUR)	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2022</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	48	-	-	48
Derivative financial instruments	-	4,597	-	4,597
<b>Total assets measured at fair value</b>	<b>48</b>	<b>4,597</b>	<b>-</b>	<b>4,645</b>
<b>As at 30 June 2023</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	53	-	-	53
Derivative financial instruments	-	4,479	-	4,479
<b>Total assets measured at fair value</b>	<b>53</b>	<b>4,479</b>	<b>-</b>	<b>4,532</b>

**COMPANY**

(in thousands of EUR)	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2022</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	44	-	-	44
Derivative financial instruments	-	2,467	-	2,467
<b>Total assets measured at fair value</b>	<b>44</b>	<b>2,467</b>	<b>-</b>	<b>2,511</b>
<b>As at 30 June 2023</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	49	-	-	49
Derivative financial instruments	-	2,204	-	2,204
<b>Total assets measured at fair value</b>	<b>49</b>	<b>2,204</b>	<b>-</b>	<b>2,253</b>

## 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 2022 is as follows:

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
Revenue from segments	58,894	25,151	13,127	97,172
Inter-segment revenue	(401)	(2)	(8,989)	(9,392)
Sales revenue	<b>58,493</b>	<b>25,149</b>	<b>4,138</b>	<b>87,780</b>
Depreciation and amortisation	20,302	8,601	3,685	32,588
Net finance income/(expense)	(3,057)	(1,117)	1,764	(2,410)
Write-off of fixed assets	12	21	7	40
Profit/(loss) of segment	15,120	12,704	(20,472)	7,352

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

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

The segment information related to reportable segments for the half-year period ended 30 June 2023 is as follows:

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
Revenue from segments	68,251	30,137	17,232	115,620
Inter-segment revenue	(372)	(41)	(11,032)	(11,445)
Sales revenue	<b>67,879</b>	<b>30,096</b>	<b>6,200</b>	<b>104,175</b>
Depreciation and amortisation	19,593	8,747	3,810	32,150
Net finance income/(expense)	(3,197)	(655)	62	(3,800)
Profit/(loss) of segment	18,162	15,071	(26,673)	6,560

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

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

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
<b>As at 31 December 2022</b>				
Total assets	459,311	178,562	46,725	<b>684,598</b>
Total liabilities	249,598	94,909	34,551	<b>379,058</b>
<b>As at 30 June 2023</b>				
Total assets	418,248	184,057	93,913	<b>696,218</b>
Total liabilities	270,556	103,734	30,285	<b>404,575</b>

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

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

<b>GROUP</b>	<b>January - June 2022</b>	<b>January - June 2023</b>
(in thousands of EUR)		
<b>Revenue</b>		
Revenue from segments	97,172	115,621
Inter-segment revenue	(9,392)	(11,446)
<b>Sales revenue</b>	<b>87,780</b>	<b>104,175</b>
<b>Profit</b>		
Profit/(loss) from segments	7,352	6,560
Other unallocated expenses	(36,372)	(36,659)
Profit/(loss) from financial and extraordinary activities	(1,552)	(4,166)
<b>Total profit/(loss) before tax</b>	<b>(30,572)</b>	<b>(34,265)</b>

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

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

<b>GROUP</b> (in thousands of EUR)	<b>As at 31 December 2022</b>		<b>As at 30 June 2023</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>Segment assets/liabilities</b>	<b>684,598</b>	<b>379,059</b>	<b>696.218</b>
Hotels and apartments segment	459,311	249,599	418.248	270.556
Camps segment	178,562	94,909	184.057	103.734
Other business segment	46,725	34,551	93.913	30.285
<b>Unallocated</b>	<b>167,456</b>	<b>31,870</b>	<b>149.660</b>	<b>51.539</b>
Investments in associate	14,587	-	15.335	-
Other financial assets	48	-	53	-
Loans and deposits	17,805	-	24.036	-
Cash and cash equivalents	89,300	-	39.184	-
Other receivables	3,526	-	19.795	-
Deferred tax assets/liabilities	37,594	6,290	46.778	6.002
Other liabilities	-	13,237	-	33.406
Derivative financial assets/liabilities	4,597	-	4.479	-
Provisions	-	12,343	-	12.131
<b>Total</b>	<b>852,054</b>	<b>410,930</b>	<b>845.878</b>	<b>456.115</b>

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

The Group's hospitality services are provided in Croatia to domestic and foreign customers. The Group's sales revenues are classified according to the customers' origin.

**GROUP**

(in thousands of EUR)

	<b>January - June 2022</b>	<b>January - June 2023</b>
Revenue from sales to domestic customers	12,955	14,757
Revenue from sales to foreign customers	74,825	89,418
	<b>87,780</b>	<b>104,175</b>

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

**GROUP**

(in thousands of EUR)

	<b>January - June 2022</b>	<b>%</b>	<b>January - June 2023</b>	<b>%</b>
EU members	63,279	84.57	74,651	83.49
Other	11,546	15.43	14,767	16.51
	<b>74,825</b>	<b>100.00</b>	<b>89,418</b>	<b>100.00</b>

## NOTE 5 - STAFF COSTS

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

(in thousands of EUR)	GROUP		COMPANY	
	January - June 2022	January - June 2023	January - June 2022	January - June 2023
Net salaries	23,724	28,251	19,508	22,886
Tax and contributions from salary costs	9,163	10,822	7,621	8,908
Contributions on salaries	4,973	5,816	4,077	4,694
<b>Total</b>	<b>37,860</b>	<b>44,889</b>	<b>31,206</b>	<b>36,488</b>

For the half-year period ended 30 June 2023 Company's average number of employees is 4,658 (30 June 2022: 3,372), while the Group's average number of employees is 6,157 (30 June 2022: 4,313).

The Company capitalised net salaries cost in the amount of EUR 400 thousand (30 June 2022: EUR 381 thousand), cost of contributions and tax from salaries in the amount of EUR 162 thousand (30 June 2022: EUR 147 thousand) and cost of contributions on salaries in the amount of EUR 70 thousand (30 June 2022: EUR 60 thousand). The Group capitalised net salaries cost in the amount of EUR 628 thousand (30 June 2022: EUR 487 thousand), cost of contributions and tax from salaries in the amount of EUR 258 thousand (30 June 2022: EUR 191 thousand) and cost of contributions on salaries in the amount of EUR 122 thousand (30 June 2022: EUR 84 thousand).

## NOTE 6 - INCOME TAX

During the period in 2023 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. Due to highly seasonal character of business, the profit tax estimate for quarterly reports is not an indicator of the final profit tax on 31. December 2023. Income tax is calculated using the legal income tax rate of 18% in the Republic of Croatia.

Established branch Valamar Riviera d.d., Zweigniederlassung Austria is an Austrian taxpayer with income tax rate of 25%.

Income tax comprise:

(in thousands of EUR)	GROUP		COMPANY	
	January - June 2022	January - June 2023	January - June 2022	January - June 2023
Deferred tax	(4,951)	(9,474)	7,235	(1,912)
<b>Tax (income)/expense</b>	<b>(4,951)</b>	<b>(9,474)</b>	<b>7,235</b>	<b>(1,912)</b>

For the half-year period ended 30 June 2023, in accordance with the provisions of IAS 34, the Company estimated tax income in the amount of EUR 1.9 million, i.e. an increase in deferred tax assets, as a result of an increase based on realized loss and decrease based on investment incentives, while the Group estimated tax income in the amount of EUR 9.5 million, i.e. an increase in deferred tax assets, which is mostly related to realized losses and new incentives for investment.

Movement overview of deferred tax assets and liabilities in 2023:

### DEFERRED TAX ASSET

(in thousands of EUR)	GROUP	COMPANY
<b>As at 1 January 2023</b>	<b>37,594</b>	<b>6,737</b>
Credited/(debited) to the income	9,184	1,854
<b>As at 30 June 2023</b>	<b>46,778</b>	<b>8,591</b>

### DEFERRED TAX LIABILITIES

(in thousands of EUR)	GROUP	COMPANY
<b>As at 1 January 2023</b>	<b>6,290</b>	<b>1,537</b>
Credited/(debited) to the income	(289)	(58)
Credited/(debited) to the other comprehensive income	1	1
<b>As at 30 June 2023</b>	<b>6,002</b>	<b>1,480</b>

## 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 2022	January - June 2023
Profit/(loss) attributable to equity holders (in thousands of EUR)	(21,946)	(23,091)
Weighted average number of shares	121,887,907	121,887,907
<b>Basic/diluted earnings/(loss) per share (in EUR)</b>	<b>(0.18)</b>	<b>(0.19)</b>

## NOTE 8 – NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

During the half-year period ended 30 June 2023, the Group acquired assets in the amount of EUR 33,581 thousand (30 June 2022: EUR 22,906 thousand), while the Company acquired assets in the amount of EUR 15,316 thousand (30 June 2022: EUR 14,535 thousand).

During the half-year period ended 30 June 2023, the Group disposed the assets with a net book value of EUR 16 thousand (30 June 2022: EUR 276 thousand), resulting in a net gain on disposal of EUR 61 thousand (30 June 2022: EUR 1,132 thousand).

During the half-year period ended 30 June 2023, the Company disposed the assets with a net book value of EUR 15 thousand (30 June 2022: EUR 33,243 thousand), resulting in a net gain on disposal of EUR 48 thousand (30 June 2022: EUR 63,750 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 EUR 95,264 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 EUR)	GROUP		COMPANY	
	Total liabilities on 30 June 2023	Maturity over 5 years	Total liabilities on 30 June 2023	Maturity over 5 years
Bank borrowings	311,953	99,319	207,025	70,248
Lease liabilities under IFRS 16	2,979	944	2,931	754
<b>Total</b>	<b>314,932</b>	<b>100,263</b>	<b>209,956</b>	<b>71,002</b>

As at 30 June 2023 non-current and current bank borrowings of the Group amounted EUR 311,953 thousand, all secured with a pledge over Group's property facilities and movable property.

As at 30 June 2023 non-current and current bank borrowings of the Company amounted EUR 207,025 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 m<sup>2</sup> and cca 3.54 million m<sup>2</sup> 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 2023 amount to EUR 72,369 thousand (30 June 2022: EUR 70,711 thousand). The contracted capital commitments of the Group in respect to investments in tourism facilities at 30 June 2023 amount to EUR 82,453 thousand (30 June 2022: EUR 74,565 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 EUR 5,710

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 EUR 55,556 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 2022:

(in thousands of EUR)				
ASSOCIATES	Country	Ownership	Total capital and reserves	Profit/(loss) for the year /ii/
Helios Faros d.d., Stari Grad	Croatia	20.00%	45,853	(1,272)
Valamar A GmbH, Vienna /i/	Austria	24.54%	16,640	(376)
Valamar Obertauern GmbH, Obertauern /i/	Austria	10% directly/ 22.08% indirectly	3,907	(48)
WBVR Beteiligungs GmbH, Vienna /i/	Austria	24,54% indirectly	3,762	(1)
Valamar Marietta GmbH, Klagenfurt am Wörthersee /i/	Austria	24,54% indirectly	627	321
Kesselspitze GmbH, Obertauern /i/	Austria	24,54% indirectly	34	(1)
Kesselspitze GmbH & Co KG, Obertauern /i/	Austria	24,54% indirectly	9,229	(879)

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

/ii/ For the purposes of the Group's financial reporting, the profit/loss of the business year of Austrian companies includes the period from 1. January to 31. December, while the business year of the mentioned companies lasts from 1. November to 31. October.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

Related party transactions were as follows:

<b>GROUP</b>	<b>January - June 2022</b>	<b>January - June 2023</b>
(in thousands of EUR)		
<b>Sale of services</b>		
Associate with participating interest	514	989
	<b>514</b>	<b>989</b>
<b>Purchase of services</b>		
Associate with participating interest	31	46
Other parties related to the owners and corporate governance bodies	16	15
	<b>47</b>	<b>61</b>
	<b>As at 31 December 2022</b>	<b>As at 30 June 2023</b>
<b>Trade and other receivable</b>		
Associate with participating interest	1,065	1,344
	<b>1,065</b>	<b>1,344</b>
<b>Liabilities</b>		
Associate with participating interest	2	9
Other parties related to the owners and corporate governance bodies	10	2
	<b>12</b>	<b>11</b>

**NOTE 12 – RELATED PARTY TRANSACTIONS / CONTINUED**

Related party transactions were as follows:

<b>COMPANY</b>	<b>January - June 2022</b>	<b>January - June 2023</b>
(in thousands of EUR)		
<b>Sale of services</b>		
Subsidiaries /i/	67,413	5,380
Associate with participating interest	514	989
	<b>67,927</b>	<b>6,369</b>
<b>Purchase of services</b>		
Subsidiaries	442	648
Associate with participating interest	16	46
Other parties related to the owners and corporate governance bodies	16	10
	<b>474</b>	<b>704</b>
<b>Dividend income</b>		
Subsidiaries	-	2,183
	-	<b>2,183</b>
	<b>As at 31 December 2022</b>	<b>As at 30 June 2023</b>
<b>Trade and other receivable</b>		
Subsidiaries	2,090	2,092
Associate with participating interest	1,065	1,344
	<b>3,155</b>	<b>3,436</b>
<b>Trade and other payables</b>		
Subsidiaries	29	270
Associate with participating interest	2	9
Other parties related to the owners and corporate governance bodies	10	2
	<b>41</b>	<b>281</b>

/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 EUR 95,264 thousand.

### NOTE 13 – SUBSEQUENT EVENTS

On July 4, 2023, in accordance with the Regulation on remuneration in Company shares – “Recovery & development program” (hereinafter: RDP), the Company rewarded key employees who made up the team for the economic recovery of the Company and companies of the Valamar Group covered by the consolidated report in the three-year crisis period from 2020 and 2022. In order to pay the award in accordance with the Regulation, the Company sold 1,137,312 own shares on July 4, 2023, which represents 0.9024% of the Company’s share capital.

On July 19, 2023, the Company concluded an Addendum to the Agreement regarding the management of hotel and tourist facilities and facilities with the company Helios Faros d.d.

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