



BUSINESS RESULTS 1/1/2023 - 30/9/2023



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 nine months of 2023 Valamar achieved double-digit growth in operating income and operating profit, driven by robust demand from key markets and previous investments in developing the portfolio, sales, marketing and operational excellence. Both operating income and operating profit grew by +13% in comparison to the same period in 2022. In particular, premium products and services and camping segment recorded excellent performance, especially in northern destinations. In addition, pre-season business continued to strengthen compared to 2022 recording operating income growth of 17% in the first 6 months of 2023. The Group's guest structure, with guests from Germany and Austria accounting for half the total overnights remains stable.

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 has been realised in the destination of Dubrovnik. 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, have been restarted.

These results have been achieved despite some adverse macroeconomic developments in our main source markets, continued inflationary pressures and a lower arrivals in Dubrovnik destination compared to pre-crisis period due to a decreased number of flights. However, investments in Dubrovnik in three hotels and the children's animation complex Maro World were very well accepted on the market, creating 63% growth in destination's family guest in the reporting period and positioning Dubrovnik for future growth.

BUSINESS RESULTS

In the first three quarters of 2023 Valamar has capitalized on the ongoing global trend of high travel demand, excellent positioning of invested properties in Valamar's portfolio as well as strong direct sales. The Group realised 6.2 million overnights (+1.3% compared to the same period last year) and operating income of EUR 347.8 million (+12.9% compared to the same

OVERNIGHTS,
OPERATING
INCOME AND
OPERATING
PROFIT HIGHER
COMPARED TO
THE FIRST NINE
MONTHS OF 2022

ADJUSTED EBITDA
AMOUNTS TO EUR
141 MILLION WITH
THE MARGIN OF
40.6%

period last year). The average price (ARR) for the period observed is 14.2% higher and amounts to EUR 121. The best results were again achieved by hotels and campsites within invested premium properties segment. These properties have also been continuously achieving excellent results in guest satisfaction overall and, among others, in the 'value for money' category. Northern destinations continue to enjoy higher demand than southern Croatia. For the period observed, northern destinations have recorded a higher total number of overnights than in the year 2019 (+1%). Direct sales have continuously had excellent performance increasing to the level of EUR 184.4 million, achieving a total of 65% of board revenues compared to 63% for the same period of 2022. Growth in the direct sales channel has a positive contribution to Valamar's operating profit.

Operating expenses have increased by 13.6% to EUR 205.6 million, following continued significant investments in employees (labour costs have increased by EUR 17.9 million or 21.9% compared to the same period in 2022.), significantly increased food costs and other purchasing costs due to continued intense inflationary pressures (maintenance costs, consumables, small inventory, textile accessories, etc.). Operating profit (adjusted EBITDA) reached EUR 141.2 million, 12.7% higher than in the first nine months of 2022. EBITDA margin amounts to 40.6% and is by 0.1 percentage points lower.

As at 30 September 2023, the Group's net debt amounts to EUR 159,8 million, a decrease of 34,1% in the period observed. Loans have a fixed interest rate in their entirety or are protected by interest rate swaps, thus largely eliminating the interest rate risk. In May 2023, a dividend of EUR 0.20 per share (dividend yield of 4.5%) or a total of EUR 24.4 million was paid.

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 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 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

SUCCESSFULLY
COMPLETED
INVESTMENTS
IN THE 2022/23
SEASON IN THE
AMOUNT OF EUR
58 MILLION

VALAMAR IS
AMONG THE
TOP 10 MOST
DESIRABLE
CROATIAN
EMPLOYERS

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 domestic 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, invested an additional more than EUR 20 million in workers' wages in 2023. Furthermore, in agreement with social partners, primarily salaries in hotel operations have been increased. 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 were 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 2023, Valamar continued to invest in strategic projects and initiatives within the ESG strategy. Investments in reducing Valamar's carbon footprint are related to renewable energy sources, electric cars, bio-composting, electric charging stations and other initiatives. The company also focuses on fostering biodiversity through afforestation projects and caring for 80,000 trees as well as partnerships with local food producers. Total investments in employee development and reward programs in 2023 amounted to around EUR 20 million, including numerous education, development, reward programs and housing incentives in the destination. Valamar continued to invest in all its destinations, including tourism infrastructure such as promenades, bicycle paths, playgrounds and beaches, followed by investments in destination events, community support and local CSR organizations. Valamar also launched two major new projects - "Valamar brine za marende fine" in Labin and a kindergarten for Valamar employees

in Poreč. Valamar also joined key global initiatives for sustainable development, and has calculated its scope 3 emissions for the first time in 2023, which is the basis for achieving sustainability in the supply chain.

INVESTMENT IN SUSTAINABLE PROJECT ISTRA PREMIUM CAMPING RESORT 5* IN FUNTANA FINALIZED

After seven years of continuous investments in the total amount of EUR 81 million, we have now finalised this profitable and sustainable high-quality product. Istra Premium Camping Resort 5* adds a lot of value to both Valamar and the local community. Out of the total invested amount, more than EUR 7 million have been invested in the improvement of public tourism infrastructure such as the arrangement of beaches, promenades, roads, playgrounds and other facilities open for use by the entire local community. Driven by our guests' demand for local products, souvenirs and gastronomic services, this campsite enhances the business of local crafts, shops and restaurants. It thus directly bolsters the local economy. This campsite is open all year round and around half of its employees are locals.

Istra Premium Camping Resort 5* regularly wins numerous domestic and foreign awards due to its continuous excellence and the first-class reputation of its services and amenities. It is one of the best campsites in the Mediterranean. It is the first large 5* campsite in Istria. It currently has 962 accommodation units (pitches with sea view, modern camping homes, glamping tents and properties with swimming pools). This superb camping resort is distinguished by its high accommodation quality and the premium family water park Aquamar, which covers 1,000 m2. Aquamar boasts several water slides and water attractions as well as children's playrooms, restaurants, bars, shops and numerous sports facilities.

Istra Premium Camping Resort has become synonymous with responsible and sustainable tourism. Among its many achievements and good practices, we highlight the following:

- The European Commission's Ecolabel confirming that Valamar's products and services carrying this label meet the environmental

TOTAL
INVESTMENT
IN CAMP ISTRA
WORTH 81
MILLION EUROS

THE PROJECT IS
ALSO OF GREAT
IMPORTANCE
FOR THE LOCAL
COMMUNITY

protection standards

- The campsite gets 100 per cent of its electricity from renewable sources, thereby reducing its greenhouse gas emissions
- We have 60 electric vehicles for the transport of our guests within the campsite
- Charging stations for electric vehicles have been installed
- Thermal solar collectors are used to generate hot water in the campsite's sanitary blocks
- The campsite has its own recycling yard
- A system for digital monitoring and comparison of water consumption has been installed
- Installation of energy-saving aerators on all taps and showers, tap sensors, start/stop flushing on flushing tanks and urinals, rainwater use for toilet flushing
- An advanced water consumption system for irrigation has been installed. The system is based on the meteorological data collected from the campsite's meteorological station and evapotranspiration of the soil
- Currently, the construction of a desalination system for brackish groundwater is planned so that it can generate process water for the irrigation of the campsite's green spaces.

LIFESTYLE [PLACES] BY VALAMAR BRAND INTRODUCED TO OBERTAUERN

After being rented by a third party last season, the former Marietta Hotel 4* (120 keys, acquired at the end of 2021) has been renovated and rebranded for the winter season 2023/2024 according to the guidelines of the lifestyle [PLACES] brand. It will be called Obertauern [PLACESHOTEL] 4* Superior. In addition to this hotel, Valamar's portfolio in Obertauern (Austria) includes Kesselspitze Valamar Collection Hotel (Valamar Collection brand) and Valamar Obertauern Hotel (Valamar Hotels & Resorts brand).

The [PLACES] brand has been designed with the emphasis on an individualistic and unconventional concept, intended for the urban generation growing up in a global, digital age. Millennials and all those

who feel that way are its main target group. The entire hotel branding and verbal expression have been fully adapted to the Alpine environment and the German-speaking area. Interiors reflect the Alpine-chic style with elements of modern style. Natural and eco materials have been used and the focus is on digital technology and contactless payment, as well as on flexibility and the freedom of choice when it comes to F&B services. This hotel will also offer a variety of indoor entertainment facilities for all age groups such as the Multimedia Game Lounge & Theatre, classic games, the Game Lounge with a large screen, the Softplay playroom for children, Smart Play and more. For our guests' complete relaxation, we have an indoor swimming pool and a wellness & spa oasis filled with the scents of Alpine plants.

OUTLOOK

For the business year 2023, Valamar Group expects to generate consolidated operating revenues ranging between EUR 374 million to EUR 378 million (EUR 326 million in 2022), with expected growth ranging between 14.9% and 16.1%.

For the business year 2023, expected adjusted EBITDA of Valamar Group will range from EUR 107 million to EUR 109 million (EUR 103 million in 2022), representing an increase ranging between 3.9% and 5.8%.

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. Full Disclaimer text can be found on the page 47.



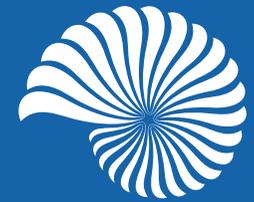
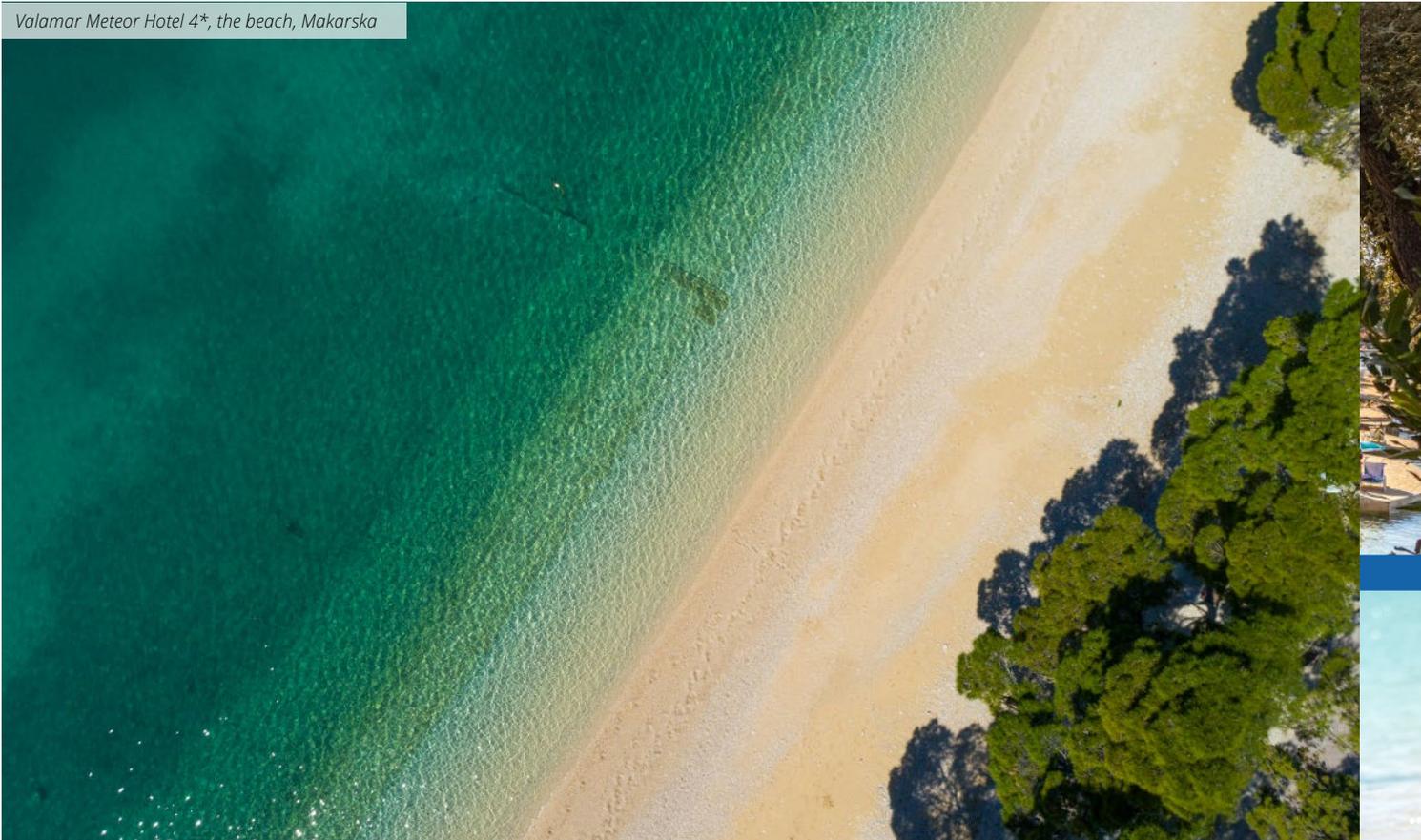
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Ježevac Premium Camping Resort 4*, Krk Island



Valamar Meteor Hotel 4*, the beach, Makarska



Results of the Group

QUARTERLY FINANCIAL STATEMENTS

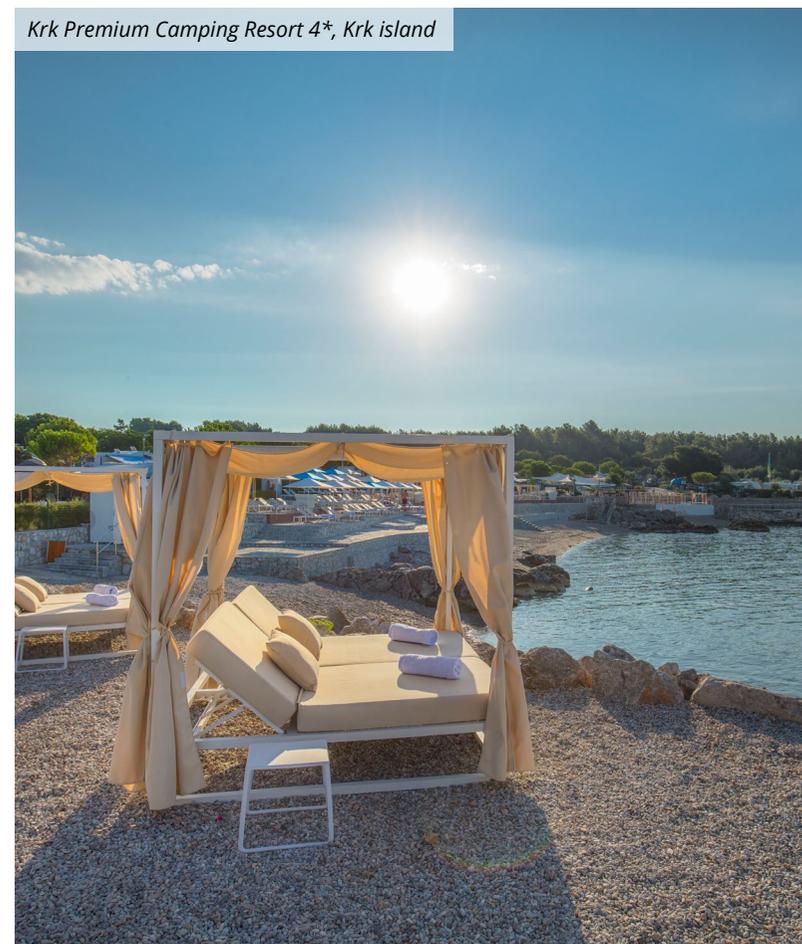
The Management Board hereby presents the unaudited quarterly financial statements for the third quarter and the first nine months of the year 2023.

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 was deleted from the court register on August 3, 2023

 *The Management Board presents the quarterly financial statements for the third quarter and the first nine months of 2023*



KEY FINANCIAL INDICATORS¹

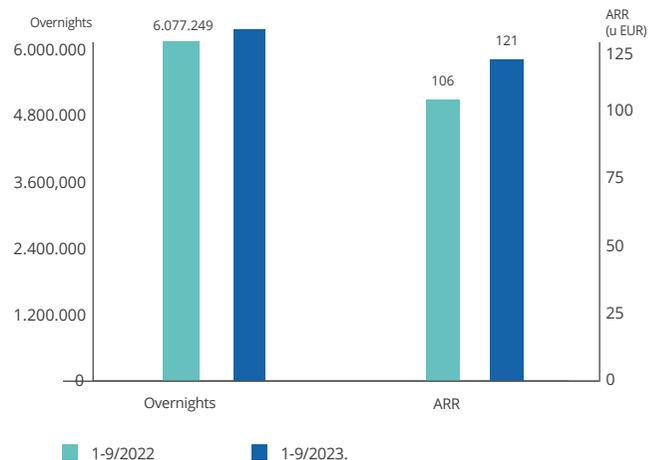
(IN EUR)	1 - 9/2022	1 - 9/2023	2023/2022
Total revenues	314.021.004	350.124.608	11,5%
Operating income	307.964.684	347.824.634	12,9%
Sales revenues	304.994.896	345.872.649	13,4%
Board revenues (accommodation and board revenues) ²	254.776.938	290.261.560	13,9%
Operating costs ³	180.896.169	205.564.601	13,6%
EBITDA ⁴	126.259.162	140.213.061	11,1%
Extraordinary operations result and one-off items ⁵	995.730	-963.833	-196,8%
Adjusted EBITDA ⁶	125.263.432	141.176.894	12,7%
EBIT	77.368.960	91.202.112	17,9%
Adjusted EBIT ⁶	76.373.230	92.165.945	20,7%
EBT	76.370.204	85.868.296	12,4%
EBITDA margin	41,0%	40,3%	-0,7%
Adjusted EBITDA margin	40,7%	40,6%	-0,1%
	31/12/2022	30/9/2023	2023/2022
Net debt ⁷	242.529.080	159.756.698	-34,1%
Cash and cash equivalents	89.299.582	101.283.407	13,4%
Market capitalization ⁸	510.165.244	534.356.778	4,7%
EV ⁹	887.143.152	836.837.443	-5,7%
Share price	4,05	4,24	4,7%
EPS ⁹ (for the first half)	0,45	0,53	17,8%

KEY BUSINESS INDICATORS¹⁰

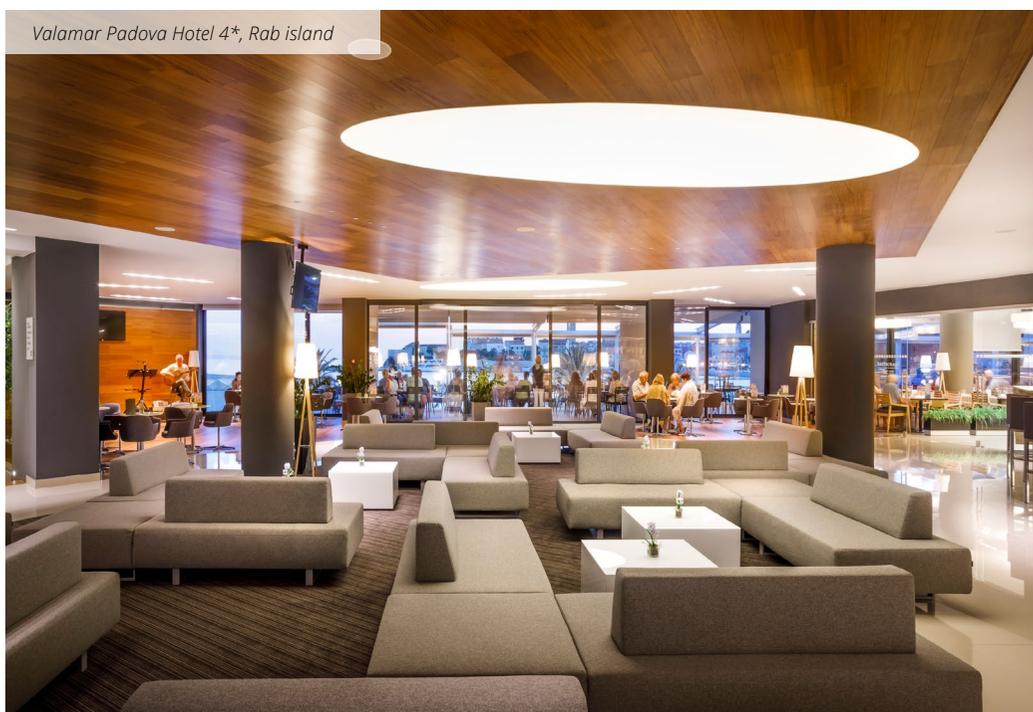
	1 - 9/2022	1 - 9/2023	2023/2022
Number of accommodation units (capacity)	20.093	20.087	0,0%
Number of beds	56.142	56.354	0,4%
Accommodation units sold	2.392.304	2.401.516	0,4%
Overnights	6.077.249	6.156.346	1,3%
ARR ¹¹ (in EUR)	106	121	14,2%
RevPAR (in EUR)	12.680	14.450	14,0%
EBITDA PAR (in EUR)	6.276	7.059	12,5%

- 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 986 thous. in Jan-Sep 2023, and EUR 1.7 million in Jan-Sep 2022), (ii) extraordinary expenses (in the amount of EUR 1.8 million in 2023, and EUR 647 thous. in 2022), and (iii) termination benefit costs (in the amount of EUR 124 thous. in 2023, and EUR 92 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



Despite a somewhat lower number of average operating days, unfavourable macroeconomic developments on our main source markets, continuing strong inflationary pressures and a somewhat weaker result of the Dubrovnik destination (due to a lower number of flights, this season Dubrovnik has not fully recovered compared to the pre-COVID period), overnights (+1%), operating revenues (+13%) and operating profit (+13%) of the Group exceed the comparable period in 2022.

REVENUES

The total revenues for the first nine months of 2023 amount to EUR 350.1 million, which is an increase of 11.5% (EUR 36.1 million). The total generated revenues have been influenced by:

a) the growth in sales revenues by 13.4% (EUR 40.9 million) to EUR 345.9 million, primarily from board revenues (EUR 291.2 million). There has been a slight change in the revenue structure: the sales revenues from the domestic market amount to EUR 35.1 million and they account for 10.1% of sales revenues (vs. 9.7% in the same period of 2022). Compared to the respective period of 2022, they are EUR 5.5 million higher. With an 89.9% share in sales revenues (vs. 90.3% for the same period of 2022), the sales revenues from foreign markets amount to EUR 310.8 million and are EUR 35.4 million higher.

b) the decrease in other operating revenues of 35.6% compared to the same period in 2022, i.e., to EUR 1.9 million, mainly due to lower revenues from the sale of assets.

c) financial revenues, which amount to EUR 2.3 million and are 62.0% lower than in the same period in 2022. This is mainly due to unrealised gains on financial assets (based on the fair value of interest rate swaps).



Kesselspitze Valamar Collection Hotel, 5* Obertauern

TOTAL OPERATING EXPENSES OF VALAMAR GROUP¹²

(in EUR)	1-9/2022	1-9/2023	2023/2022
Operating costs ¹³	180.896.169	205.564.601	13,6%
Total operating expenses	230.595.724	256.622.522	11,3%
Material costs	90.852.650	97.648.430	7,5%
Staff cost	69.961.908	82.323.326	17,7%
Depreciation and amortisation	48.890.202	49.010.949	0,2%
Other costs	20.103.994	25.631.875	27,5%
Provisions and value adjustments	9.679	4.485	-53,7%
Other operating expenses	777.291	2.003.457	157,7%

TOTAL OPERATING EXPENSES

The total operating expenses amount to EUR 256.6 million and are 11.3% higher than last year. The development of operating expenses is as follows:

a) material costs amount to EUR 97.6 million and are 7.5% higher mainly as a result of increased raw materials and material costs, maintenance, consumables and promotional activity costs

A new electricity supply contract for the period from 1 June 2023 to 31 May 2024 has been signed. Given the market developments, the contracted prices are lower than those from the contract signed last year for the period from 1 June 2022 to 31 May 2023. However, the prices are still higher compared to the period before the energy crisis, which culminated after the start of the war in Ukraine in February 2022. By concluding this contract, we have ensured our electricity supply and the stability of our electricity prices for one year. We would like to particularly highlight

that the contracted prices include 100% of energy from renewable sources.

b) staff costs have increased 17.7% and amount to EUR 82.3 million after having made additional investments in salary increases and rewards to employees

c) depreciation amounts to EUR 49.0 million, which represents a 0.2% increase

d) other costs have increased by 27.6% to EUR 25.6 million. This increase is mainly driven by increased employee transportation and accommodation reimbursements, expenditures for agency work, utilities charges and travel expenses reimbursements

e) other operating expenses amount to EUR 2.0 million, which represents a EUR 1.2 million increase.

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

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

EBITDA AND PROFIT FOR THE PERIOD

The operating revenues for the first nine months of 2023 amount to EUR 347.8 million and are 12.9% higher compared to the same period in 2022. On the other hand, operating expenses increased by 13.6% to EUR 205.6 million following continued significant investments in employees (total labour costs increased by EUR 17.9 million or 21.9%). The increase in numerous other costs due to inflationary pressures (maintenance costs, consumables, small inventory, textile accessories, etc.) is also the driver for the increase in operating expenses. The decrease in electricity prices on the market has had a positive impact on the Group's financial result and the related costs are lower than comparable costs in 2022. An operating profit (adjusted EBITDA) of EUR 141.2 million has been generated, which is 12.7% higher than for the same period in 2022. However, due to the already mentioned significant increase in operating expenses caused by inflationary pressures, the EBITDA margin dropped from 40.7% to 40.6%.

Considering approximately the same depreciation costs and a somewhat weaker net financial result (a detailed explanation follows in the upcoming section), earnings before tax (EBT) amount to EUR 85.9 million. This is an improvement of 12.4% compared to the same period last year.

The Group estimated its tax expenditure to be EUR 10.1 million as a result of the difference between current tax of EUR 11.1 million (tax expenditure based on income tax payment) and the deferred tax of EUR 1.0 million. The deferred tax is mainly due to the use of deferred tax assets based on tax losses and tax incentives amounting to EUR 7.5 million and tax revenue based on new tax incentives amounting to EUR 8.1 million. Given the seasonality of the business and the fact that it can be expected that the fourth quarter usually brings a net loss, the Company/Group estimates that the whole of 2023 will see the realisation of a lower net profit before tax and, consequently, a lower income tax. The net profit for the period amounts to EUR 75.8 million.

Valamar Carolina Hotel & Villas 4*, Krk Island



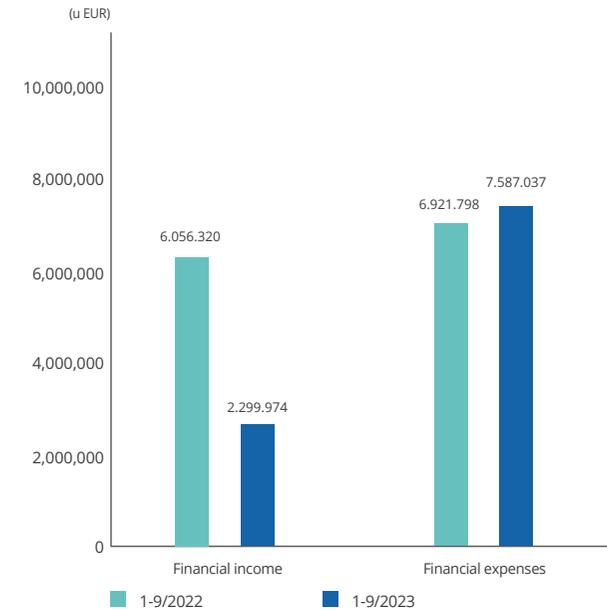
RESULT FROM FINANCIAL ACTIVITIES

The result of financial activities for the first nine months of 2023 is -5.3 million euros, which is 4.4 million euros lower compared to the same period in 2022, when it amounted to -0.9 million euros.

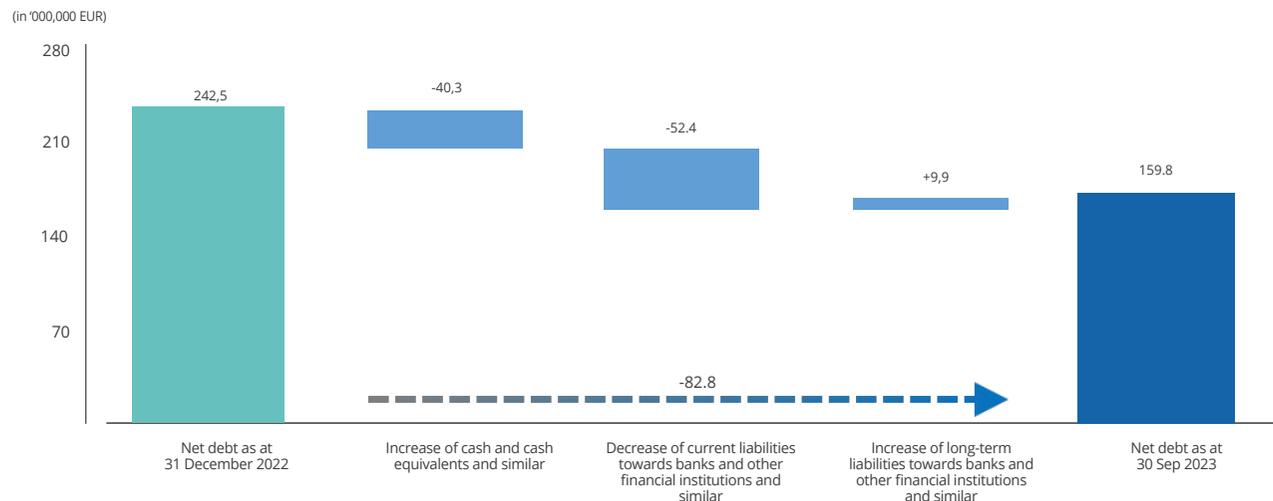
The weaker net financial result was mainly influenced by the decrease in unrealized income from financial assets (based on the fair value of interest rate swaps) by EUR 4.3 million compared to the same period last year and the increased interest expenses by EUR 1.0 million due to the increase in interest rates. The impact of the increase in interest costs was largely canceled out by interest income from interest rate swaps, which in the first nine months amounted to EUR 668 thousand.

On the other hand, due to the introduction of the euro, there were no exchange rate differences, which in the first nine months of last year amounted to a net -515 thousand euros and related mainly to long-term loans denominated in euros, while this year they amount to only -3 thousand euros and refer to operational business with other foreign currencies. At the same time, due to the increase in interest rates on placements, other income from interest was higher by EUR 1.2 million.

Financial income and expenses



Net debt ¹⁴



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

ASSETS AND LIABILITIES

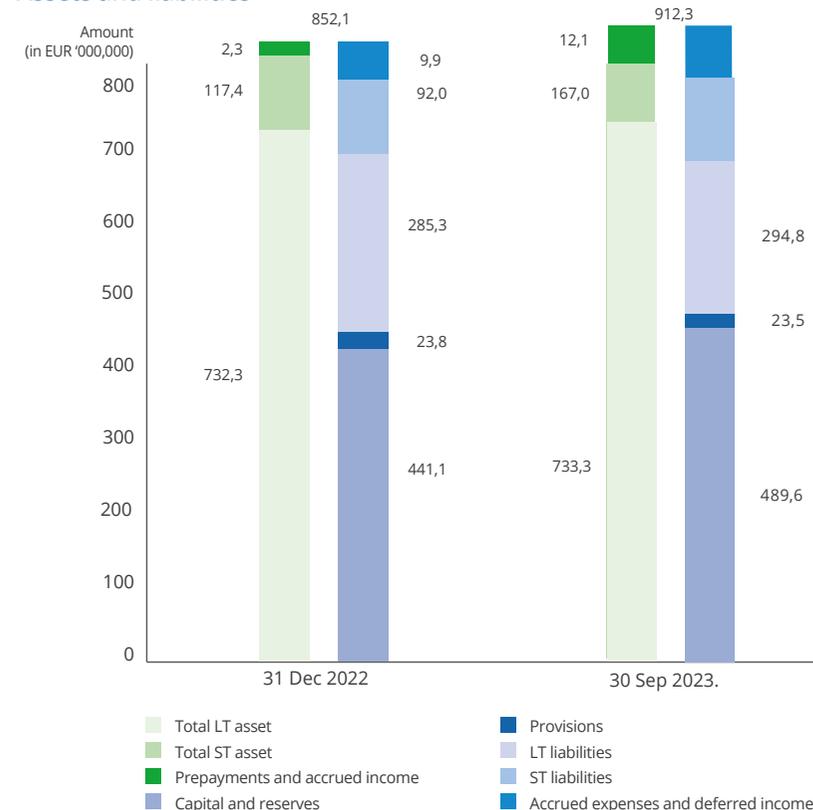
On 30.9.2023. the total value of the Group's assets is EUR 912.3 million, which is 7.1% higher than on 31 December 2022. years. Total share capital and reserves amount to EUR 489.6 million and are higher by 11.0% as a result of the achieved net profit for the period despite the dividend payment of EUR 24.4 million in May 2023.

Total long-term and short-term liabilities to banks and other financial institutions as of 30 September 2023 amount to EUR 303.5 million and are 12.2% lower than on 31 December 2022 as a result of loan repayment.

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

On 30.9.2023. in 2020, the Group's cash balance is EUR 101.3 million, which represents a growth of 13.4% compared to 31 December 2022. year after the high inflows of the main season.

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
Hotels and Resorts			9.214	Camping Resorts			11.684
VALAMAR COLLECTION			1.328	CAMPING ADRIATIC BY VALAMAR - PREMIUM RESORTS			5.469
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				
VALAMAR HOTELS & RESORTS			3.759	CAMPING ADRIATIC BY VALAMAR - RESORTS			4.574
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	CAMPING ADRIATIC BY VALAMAR - SUNNY			1.641
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				
[PLACES] by Valamar			489				
Hvar [PLACESHOTEL] by Valamar	3*	Island Hvar	179				
Dalmacija [PLACESHOTEL] by Valamar	3*	Makarska	190				
Obertauern [PLACESHOTEL] by Valamar	4*	Austria	120				
SUNNY BY VALAMAR			3.638				
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 nine months of 2023, total revenues amounted to EUR 279.7 million, which is a decrease of 11.6% or EUR 36.6 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 amount to EUR 273.5 million and are 13.1% higher than the same period last year. Sales revenues in the country amount to EUR 36.2 million with a share of 13.2% in total sales revenues (12.4% in 2022). Revenues from sales on foreign markets amount to EUR 237.4 million with a share of 86.8% in total revenues (87.6% in 2022).

Material costs amount to EUR 78.0 million with a growth of 5.8% as a result of increased costs of raw materials and materials, maintenance, consumables and costs of promotional activities. Staff costs amount to EUR 65.1 million and are 16.4% higher compared to last year, after additional investments in salary increases and employee rewards. Depreciation amounts to EUR 35.4 million, which is 2.5% less than last year.

In the first nine months of 2023, the net financial result is -0.3 million euros (3.5 million euros in the same period of 2022). 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 2.9 million (based on the fair value of interest rate swaps), while in 2023 it was reported at the level of 0, 2 million euros, as well as a lower dividend received from Imperial Riviera d.d. (4.9 million euros in 2022 and 2.2 million euros in 2023). On the other hand, the improvement of the net financial result of EUR 1.1 million was mostly influenced by other

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

STRONG CASH POSITION OF THE COMPANY AS AT 30 SEPTEMBER 2023 OF EUR 99 MILLION

income based on interest after the increase in market interest rates on money placements.

In the first nine months of 2023, an EBITDA of EUR 109.2 million has been generated, which represents a 31.9% decrease compared to the EBITDA generated in the first nine months of 2022. This is primarily due to the absence of the aforementioned profit from the sale of assets realised in 2022 in the amount of EUR 62.6 million. An additional impact comes from the increased investments in the total employee income and increased costs of raw materials and materials, maintenance, consumables, and promotional activity costs. After 2.5% lower depreciation costs and the lower net financial result described above, the profit before tax (EBT) amounts to EUR 73.5 million.

The company estimated tax expense in the amount of EUR 15.3 million as a result of the sum of current tax of EUR 11.1 million (tax expense based on the payment of profit tax) and the use of deferred tax assets based on tax incentives in the amount of EUR 4.2 million. Net profit for the period amounts to EUR 58.3 million.

On 30.9.2023. the total value of the Company's assets is EUR 732.0 million, which is 5.6% higher than on 31 December 2022. years. Total share capital and reserves amount to EUR 441.7 million and are higher by 8.2% as a result of the realized profit despite the dividend paid in the observed period. On 30.9.2023. the balance of the Company's money amounts to EUR 99.2 million, which represents an increase of 67.5% compared to 31 December 2022. years.

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 executed 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 the installation of charging stations for electric vehicles. The C zone was expanded to an area of 9,200 m² that will accommodate 18 brand new villas with a private swimming pool (the area of the villa with terrace is 54m² and the pool is 28m²). 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. 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. We have made an additional investment of EUR 4 million in digitalisation and innovation projects that serve to continually improve our service quality. The largest part is invested in the new design of the website, the myvalamar application, and projects to improve business security.

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

Besides environmental protection and energy efficiency, we pay particular attention to investing in the maintenance of all of our destinations. We do so 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 m². 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.

Furthermore, the preparation of the project documentation for the following investments is in final phase: Valamar Collection Rab Resort, Valamar Rab Green Resort, beaches and concession Suha Punta, Riviera Sunny Resort by Valamar, improvement of the operations of Valamar Parentino Hotel through the National Recovery Plan for the Bike Center Parenzana project, Valamar Lacroma Hotel, refurbishment of Padova Premium Camping Resort by Valamar (Brdo Zone), repositioning of Valamar Padova Hotel into a family hotel, San Marino Sunny Resort by Valamar, and San Marino Premium Camping 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.



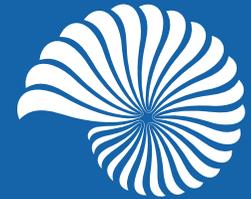
Valamar Lacroma Dubrovnik Hotel 4*, Dubrovnik



POV: radiš u najboljim hotelima, a primaš od 1200 € do 1800 € neto

VALAMAR
All you can holiday

PRVI s RAZLOGOM



ESG & Human resources

ESG STRATEGY AND GOALS

At the end of June 2022, Valamar presented a sustainability strategy and ESG targets by 2025 as part of its integrated report (available at: Integrated Annual Reports | Valamar - All You Can Holiday. Leader in leisure tourism (valamar-riviera.com) The sustainability strategy 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.

VALAMAR JOINS MAJOR INTERNATIONAL SUSTAINABILITY INITIATIVES

In 2022, Valamar Riviera decided to join the 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. With this partnership, Valamar is committed to doing business in compliance with the Ten Principles of the UN Global Compact, which take into account the fundamental responsibilities of business in the field of human rights, labor, the environment and the fight against corruption.

In 2023, Valamar joined the global „Science Based Targets“ initiative, which brings together more than four thousand companies that have committed to reduce greenhouse gas emissions in line with the goals of the Paris Agreement and the latest scientific knowledge on climate. The initiative supports the global economy in achieving two goals – halving greenhouse gas emissions by 2030 and achieving a net-zero emission rate by 2050. By joining the SBT initiative, Valamar confirmed that, like other climate leaders in the world, it is taking concrete steps and achieving the necessary emission reductions on the path to carbon neutrality. In the past period (2015-2022), Valamar has reduced greenhouse gas emissions by 67 percent, reduced the amount of waste per night and installed photovoltaic power plants in hotels and resorts that produce 6% of its own electricity needs.

The “Science Based Targets“ initiative, of which the world's leading sustainability institutions are members including WWF and UN Global

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)

Compact, will provide support to Valamar, which is committed to significantly reducing greenhouse gas emissions and continuously investing in renewable energy, decarbonization, waste management and other sustainable practices in the supply chain.

ESG PROJECTS AND ACHIEVEMENTS IN 2023

Environment

Reducing greenhouse gas emissions is one of 12 ESG targets defined by the ESG strategy. Valamar is continuously reducing its carbon footprint by replacing fossil fuels with electricity from renewable sources, installing heat pumps, building photovoltaic power plants on its properties and incorporating other energy efficiency measures. With the construction of photovoltaic power plants on tourist facilities in cooperation with E.ON, we covered 6% of Valamar's total electricity needs. In 2023, we continued to invest in LED lighting, electric cars as well as in electric car charging infrastructure and provided 100% of electricity from renewable sources. We measured Scope 3 emissions and defined measures to achieve Scope 1 and Scope 2 carbon neutrality by 2025. Since 2025, we have reduced greenhouse gas emissions by more than 67 percent. Valamar has won the Green Prix national award for decarbonizing the society, and for its impact on the environment in 2022. Valamar continues to invest in the Valfresco Direkt platform, Valamar's online store that offers products from family farms, winemakers, olive growers and other domestic producers, preserving the biodiversity of the environment in which it operates and encourages socio-economic sustainability through the promotion of local production and food.

In May 2023, Valamar was awarded the National Environmental Award 2023 – GREEN PRIX for Valamar's ESG strategy, in the category “Community Impact”. This recognition rewards projects and initiatives that have contributed to the achievement of ESG goals in the wider community.

In August 2023, Valamar has become the first company in the Croatian tourism sector to sign a contract to participate in the operation of the KOER virtual power plant, thus contributing to the sustainability of the Croatian electricity system by making available a total of 4MW of its capacity, at 12 of its locations, which will be activated as needed to balance the system.

Reducing waste generation and its proper disposal continues to be an important priority. With additional investment in our own bio composting plants, we increased the tonnage of bio compost to more than 350 tons of bio composts in 2023. We've almost eliminated single-use plastics in hotels and campsites. Valamar properties do not use small packages of cosmetics, and cosmetic accessories are manufactured from natural and/or biodegradable materials (wood, bamboo, cotton), paper menus have been replaced with digital menus, while all plastic straws have been replaced with environmentally friendly alternatives since 2018. Active communication with guests, employees and suppliers is an important part of 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. For the second year in a row, Valamar carried out the donation campaign "Easy as one, two, tree", whereby, Valamar and its guests will plant over 8,000 trees in Croatia in 2023, almost 5,000 more than last year. Also, numerous Valamar properties have set up bird nesting houses in cooperation with BioM, as well as insect hotels. Cooperation has been established with WWF, a global nature protection organization, which conducts a company-wide due diligence on fishery products during 2023 with the aim of using these fishery products in the supply chain that have the least impact on biodiversity and marine ecosystems.

Society

Valamar, which celebrates its 70th anniversary this year, supports local communities in which it operates with numerous humanitarian actions and donations, and invests in employees, products, destinations, and the local community in a socially responsible and sustainable way.

Total investments in employee development and reward programs in 2023 amounted to around EUR 20 million, including numerous education, development, reward programs and housing incentives in the destination. Valamar Riviera secures the stability and continuity of year-long income through the Permanent Seasonal Worker measure and Valamar + 3 program, as part of an active employment policy implemented since 2016. In 2023, we launched the "Krov nad glavom" project to provide employees with

VALAMAR IS
THE HOLDER
OF NUMEROUS
AWARDS FROM ESG

SPECIAL ATTENTION
IS GIVEN TO THE
EMPLOYEES
AND THE LOCAL
COMMUNITY

the necessary living space in the place where they work. The project consists of several programs, the first being the program for granting subsidies to employees for renting an apartment.

In the spring of 2023, Valamar supported numerous community-oriented projects and initiatives in its destinations. In 2023, Valamar equipped a children's playground in the kindergarten in Žbandaj, while the Valamar Pinia Hotel accommodates six kindergarten groups long-term, two of which are for employees' children, which continued Valamar's long-standing cooperation with the City of Poreč-Parenzo and the Radost kindergarten. In 2023 In 2023 for the third year in a row, Valamar, in cooperation with the "Društvo Naša djeca" Society and the City of Poreč, organized a camp at the city beach. Valamar prepared lunch for children and enabled the use of a children's playroom and a children's playground.

A new socially responsible project "Valamar brine za marende fine" was launched, within which Valamar organized a prize competition and rewarded 2 winning schools by taking care of the entire procurement, preparation, and delivery of healthy cooked meals from quality local ingredients for the entire school year. The project was created in response to the challenges that primary schools and parents of schoolchildren face in organizing healthy meals for pupils and was supported by the Teaching Institute of Public Health of the Istrian County.

In 2023, Valamar held its humanitarian program "A Thousand Days on the Adriatic Sea" for the tenth consecutive year. The program is aimed at children without parental care, children from families of lower financial status and children with special needs and health problems. In the last ten years, the project has hosted more than four thousand children and young people, making staying at Valamar's accommodation the first trip to the sea of a lifetime for many.

Valamar held the 39th Riviera Painting Colony, welcoming renowned artists from all over Europe for a week-long stay at the Isabella Valamar Collection Island Resort.

In 2023, Valamar became actively involved and supported the Croatian Tourist Card initiative, a project of the Government of the Republic of Croatia and the Ministry of Tourism and Sports, which, as part of its better prices program, Valamar Family&Friends, entered into cooperation with business partners and suppliers and provided employees of these companies with the right to a discount of up to 50% for private stays in hotels, campings and resorts throughout Croatia using the Croatian Tourist Card.

Governance

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

Sustainability certificates are an independent confirmation that Valamar operates in accordance with high standards of environmental protection and social responsibility, i.e. that we take into account ecology, health and safety protection, labor and human rights and the local community when making business decisions.

Valamar has validated ISO 9001 quality certificates, ISO 14001 environmental certificates, ISO 50001 energy management for all facilities, Travelife sustainability for 28 hotels and EU Ecolabel for 6 campsites, as well as 16 Blue Flag certificates on beaches. The following page shows the sustainability pillar certificates and markings that Valamar holds.

In 2022, Valamar started analyzing the supply chain or suppliers according to sustainability criteria, such as measurement and measures to reduce greenhouse gas emissions, use and reduction of water consumption, energy efficiency, waste management, impact on biodiversity, involvement in improving the quality of life in local communities, attitude towards employees, sustainability reporting, adopted relevant policies and more. Based on the responses collected, Valamar is developing criteria, policies and collaborations to ensure that 80% of procurement value comes from responsible and sustainable suppliers by 2025.

VALAMAR
PROPERTIES
ARE HOLDERS
OF NUMEROUS
SUSTAINABILITY
CERTIFICATES AND
LABELS

VALAMAR GROUP
ON 30 SEPTEMBER
2023 EMPLOYED
ALMOST 6,500
EMPLOYEES

HUMAN RESOURCES

Valamar is one of the largest employers in Croatia. As at 30 September 2023, Valamar Group employs a total of 6,491 employees, of which 2,477 permanent employees and an additional number of 1,222 employees with year-round income within the permanent seasonal employee measure who have a with fixed-term contract. The Company employs 4,870 of which 1,945 permanent and an additional number of 862 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 invested an additional more than 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 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, ranged 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 ranged from EUR 1,000 to 1,200 net. Additionally, from 1 May, coefficients increased for as many as 129 jobs, whereby the basic salary of 2,800 employees increased.

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 Valmar 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.

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

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

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.

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.

The State Bureau of Statistics (DZS) announced in October 2023 that the prices of goods and services for personal consumption, measured by the consumer price index, in September 2023 compared to last September were on average 6.7% higher (on an annual basis). This is the reduction of the inflation rate for the eighth month in a row, after it reached a record of 13% in November 2022. According to the CNB, average annual inflation is expected to slow down in 2023 and 2024. However, there are also significant risks for such forecasts, primarily related to geopolitical tensions, unfavorable weather conditions and pressures for wage growth.

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.

The Company is the respondent in two court proceedings from which potentially significant financial obligations for the Company may arise. So far, the Company has not made provisions but will continue closely monitoring and reviewing the respective cases.

The first lawsuit from 2010 is related to the payment for the works on the Company's hotel during its reconstruction and extension. In 2013, the Commercial Court issued a verdict rejecting the plaintiffs' claims in their entirety. In 2020, the High Commercial Court of the Republic of Croatia overturned the first-instance verdict, and the case was returned for retrial. In the repeated proceedings, the Commercial Court, by the verdict from May 2023, largely accepted the claim and the Company is charged with the payment of principal in the amount of EUR 2,264,861.17 and litigation costs in the amount of EUR 702,752.22 as well as the corresponding statutory default interest. An appeal procedure before the High Commercial Court is in progress.

The second lawsuit from 2012 also refers to the payment for the works on the Company's hotel. The first-instance verdict of the Commercial Court of 2015, later confirmed by the second instance High Commercial Court in 2019, rejected the plaintiff's claim. However, in July 2023, the Supreme Court of the Republic of Croatia overturned the verdict of the Commercial Court and the High Commercial Court and returned the case for retrial. Based on the claims, the principal in this case amounts to EUR 1,498,608.42. Until now, the Company has not made a provision in its business books for the two disputes mentioned above.

The Ministry of the Sea, Transport and Infrastructure is in the process of inspection due to the suspicion that in the period from 2011 to 31 August 2023, Valamar has economically used the maritime domain in Ježevac Caping without a legal basis.

Following that procedure, the Company expects further initiation of administrative proceedings by the Ministry of Finance against the Company in order to collect the concession fee and return the economic benefits gained.

By the date of this report, the Company has not received neither a decision nor a misdemeanor order from the relevant administrative body.

So far the Company has not made a provision for this case and will continue to actively participate in the process.

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 as 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.

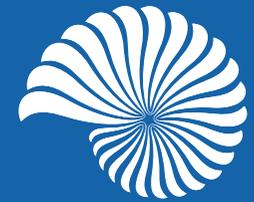
Frequent changes in laws regulating taxes and parafiscal charges often take place only after the business policy and budget for the next financial year have been approved and commercial terms and conditions with partners agreed. All this jeopardizes the Company and Group financial position and future 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.

The proposal for a new law on tourism was submitted to the parliamentary procedure with the goal of adoption and application as of January 1, 2024. The proposal passed a public consultation in August, and, among other things, it emphasizes the importance of applying sustainable principles in the future management of tourism, the balanced development of the tourist offer throughout the country, especially in continental Croatia, as well as year-round tourism.

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.

According to the data from the Central Depository and Clearing Company, significant direct holders of the Company's shares and the holders of shares who are also members of the Management Board and members of the Supervisory Board of the Company are the following persons: Supervisory Board Chairman Mr. Franz Lanschützer, who is the holder of 4,448,000 shares; Deputy Chairman of the Supervisory Board Mr. Mladen Markoč, who is the holder of 46,267 shares; Member of the Supervisory Board Mr. Gustav Wurmböck, who is the holder of a 100% stake in the company Wurmböck Beteiligungs GmbH, which is the holder of 25,040,000 shares; Member of the Supervisory Board Mr. Georg Eltz, who is the holder of a total of 6,630,511 shares, of which he directly holds 20,463 shares, and indirectly, through a stake in the company Satis d.o.o., 6,610,048 shares; Member of the Supervisory Board Mr. Boris Galić, who is the holder of 10,000 shares; Member of the Supervisory Board Mr. Ivan Ergović, who is the holder of 3,579 shares; President of the Management Board Mr.

THE GROUP HAS
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GOVERNANCE
IN ORDER
TO OPERATE
TRANSPARENTLY
AND EFFICIENTLY

Željko Kukurin, who is the holder of 160,834 shares; Member of the Management Board Mr. Marko Čižmek, who is the holder of 89,725 shares; and Member of the Management Board Ms. Ivana Budin Arhanić, who is the holder of 56,681 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.

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. On 4 July 2023, a total of 1,137,312 shares were disposed of for the payment of rewards to the management and key personnel. The Company has publicly announced all individual acquisitions and disposals of the treasury shares during the third quarter. After the disposal and acquisition of treasury shares during the third quarter, the Company holds 3,154,066 shares in total, which is 2.5027% of its share capital.

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. Franz Lanschützer, Deputy Chairman until 27 June 2023, and as of 28 June 2023 Chairman, Mr. Mladen Markoč, Deputy Chairman, Mr. Daniel Goldscheider, until 27 June 2023 Member, and as of 28 June 2023 Deputy Chairman, Mr. Gustav Wurmböck, until 27 June 2023 Chairman, and as of 28

June 2023 Member, 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.

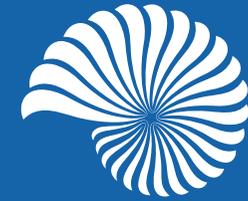
Investment Committee, until 27 June 2023 comprised of: Mr. Franz Lanschützer, Chairman, and Mr. George Eltz, Mr. Gustav Wurmböck and Ms. Gudrun Kuffner, members. Investment Committee, since 28 June 2023 comprised of: Mr. Daniel Goldscheider, Chairman, and Mr. Franz Lanschützer and Ms. Gudrun Kuffner, 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 nine months of 2023, EUR 12.3 million of revenue from transactions with related parties was generated (EUR 72.3 million in first nine months of 2022, which mostly consisted of net income from the sale of real estates¹⁵) for the Company and EUR 1,5 million (EUR 880 thousand in first nine months of 2022) for the Group. Expenses amounted to EUR 1,8 million (first nine months of 2022: EUR 1,4 million) for the Company and EUR 149 thousand for the Group (first nine months of 2022: EUR 122 thousand). On May 10, 2023, the Company received a dividend from Imperial Riviera d.d. in the amount of EUR 2.2 million.

As of 30 September 2023, receivables and liabilities toward related parties are as follows: Company's receivables amount to EUR 4.3 million (vs. EUR 3.2 million EO 2022), and Group's receivables amount to EUR 1.7 million (vs. EUR 1.1 million EO 2022). Company's liabilities amount to EUR 351 thousand (vs. EUR 41 thousand EO 2022), and Group's liabilities amount to EUR 19 thousand (vs. EUR 12 thousand EO 2022).

¹⁵ The most significant transaction of the Company in the first nine months 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

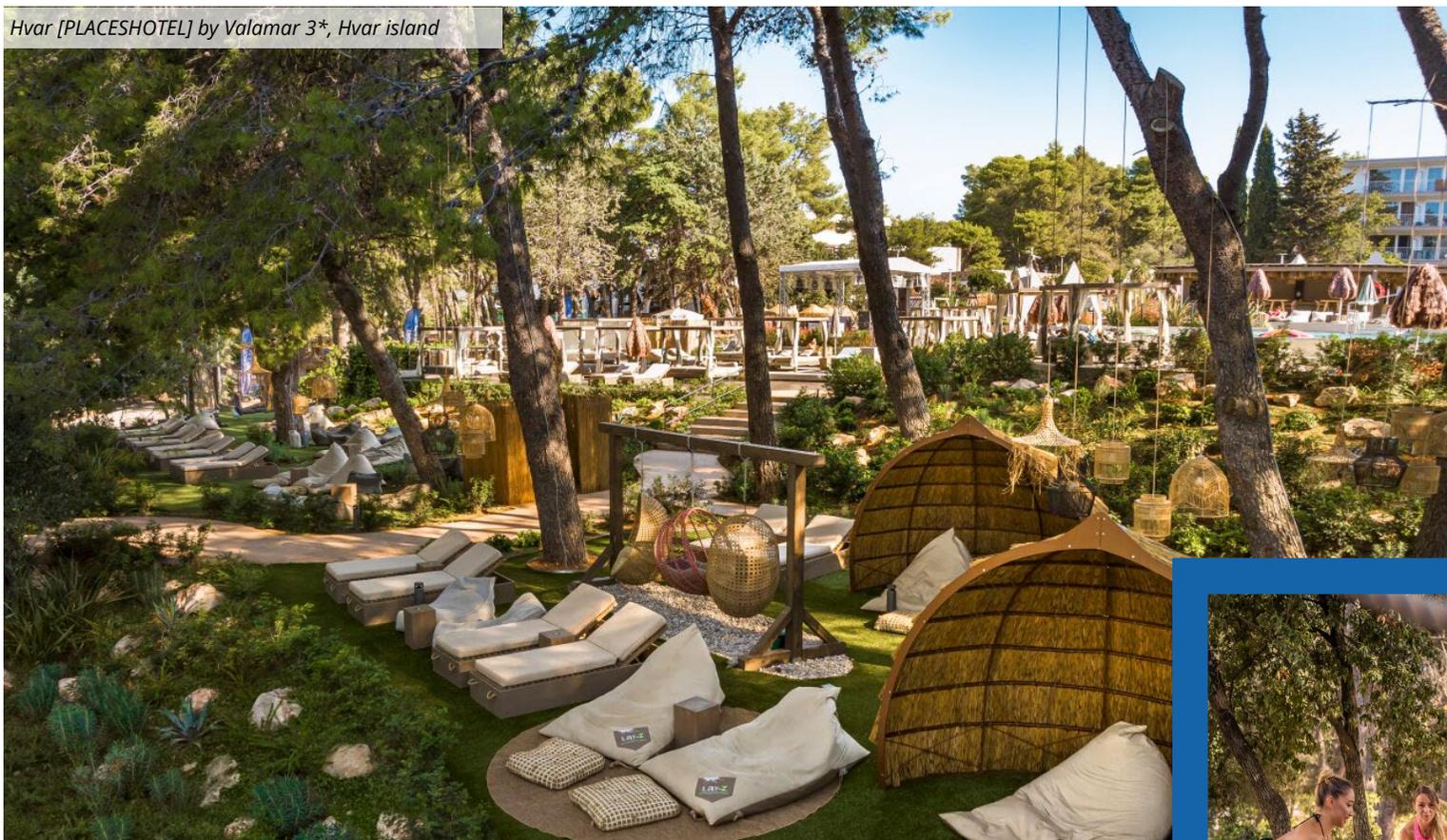
BRANCH OFFICES OF THE COMPANY

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.

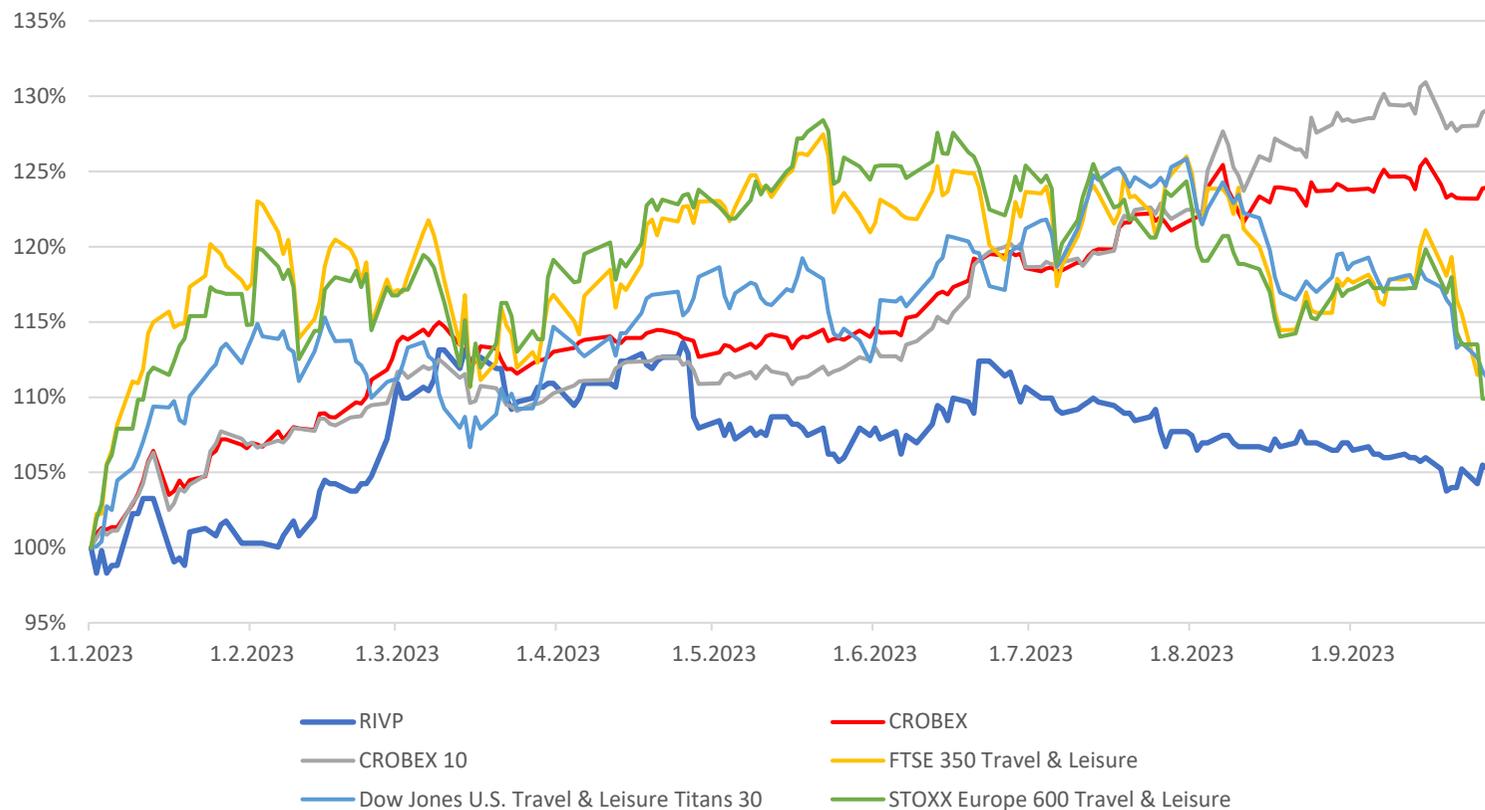
Except for the branch offices with the registered seat in Croatia and Austria, the Company also established offices on the island of Rab, in Makarska, in Stari Grad on the island of Hvar and in Obertauern in Austria to increase the efficiency and streamline the management of operations of the companies 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 nine months of 2023



During the first nine months of 2023, the highest achieved share price in regular trading on the regulated market was EUR 4.47, and the lowest EUR 4.15. On 30 September 2023 the price was EUR 4.24 which represents an increase of 4.7% compared to the last price in 2022. With a total turnover of EUR 17.8 million¹⁶ Valamar Riviera share was the third share on the Zagreb Stock Exchange in terms of turnover during the first nine months of 2023.

In addition to the Zagreb Stock Exchange index, the joint stock index of the Zagreb and Ljubljana stock exchanges ADRIAprime, the stock is also a component

of the Vienna Stock Exchange index (CROX¹⁷ and SETX¹⁸) and the Warsaw Stock Exchange (CEEplus¹⁹), the SEE Link regional platform index (SEELinX and SEELinX EWI)²⁰ and the MSCI Frontier Markets Index²¹.

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.

As of 30 September 2023 the Company holds 3,154,066 treasury shares, which is 2.50% of the share capital.

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.

21 The MSCI Frontier Markets Index captures large and mid-cap representation across 29 Frontier Markets countries

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

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

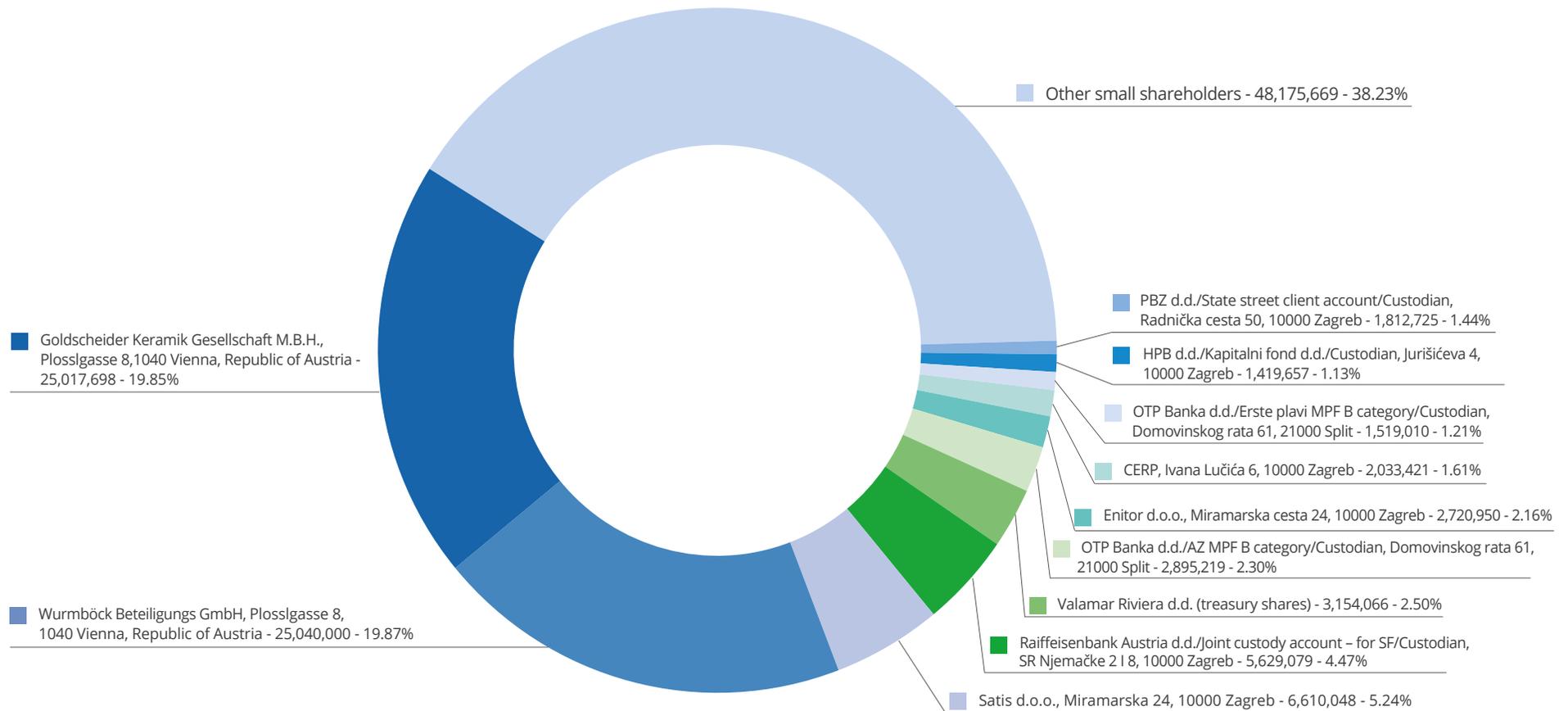
Austria d.d., Zagreb; 4) Zagrebačka banka d.d., Zagreb.

At the "Challenge of Change" conference of the Zagreb Stock Exchange and the fund industry held in Rovinj in October, Valamar won the third prize for Investor Relations in 2023.

Lanterna Premium Camping Resort 4*, Poreč



OVERVIEW OF MAJOR SHAREHOLDERS AS AT 30 SEPTEMBER 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 nine months 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 nine months of 2023 were adopted by the by the Management Board on 31 October 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.

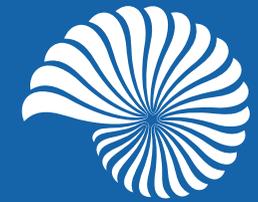
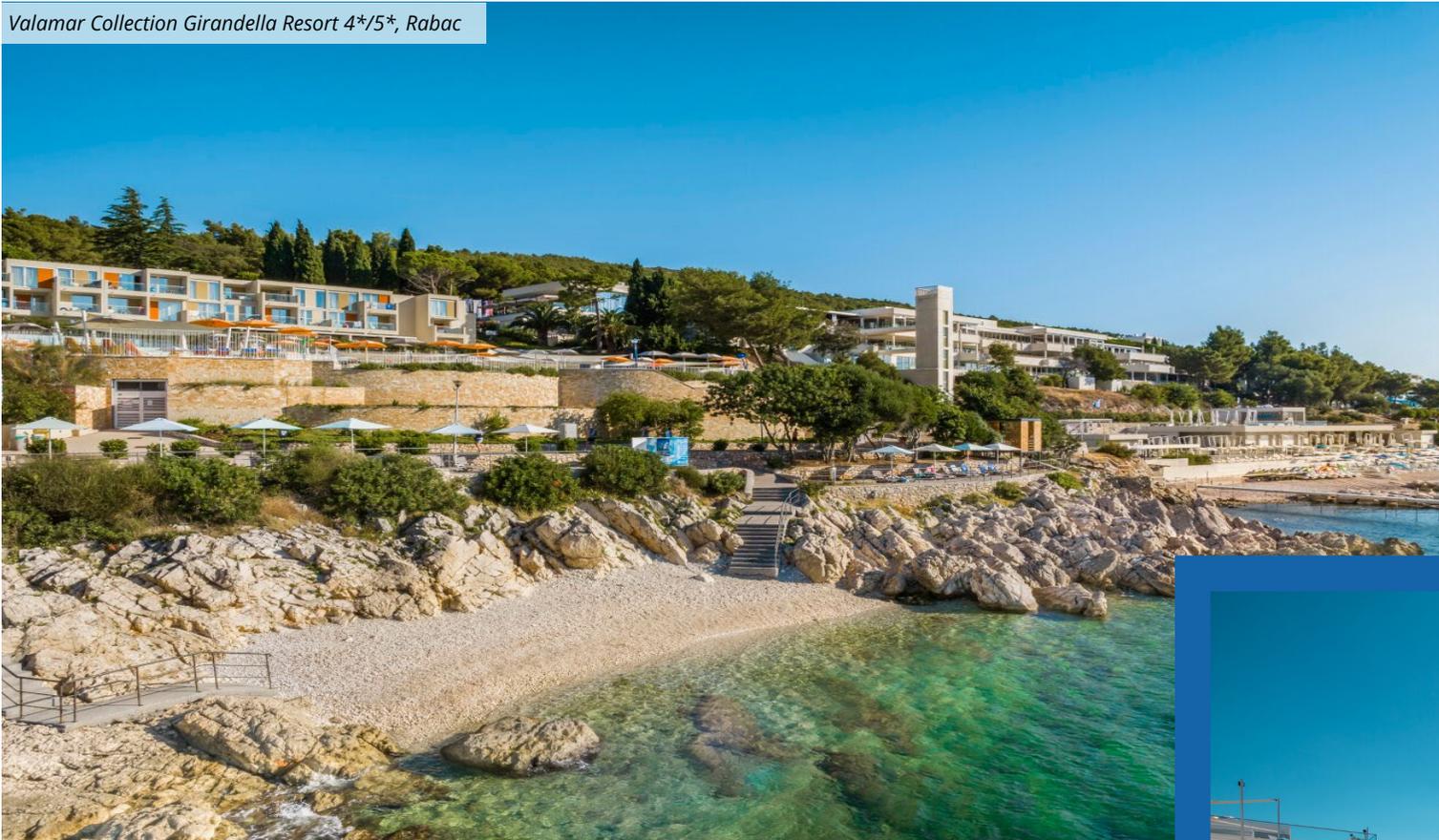
Marko Čížmek
Management Board
Member

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

Ivana Budin Arhanić
Manag
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 no limited on a) results achieved in the first nine months of 2023; b) operating results achieved by 27 Oct 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 no 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 October 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 nine months 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 September 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 30.09.2023)

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
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	732.302.923	733.258.160
I INTANGIBLE ASSETS (ADP 004 to 009)	003	5.389.946	6.648.537
1 Research and development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	4.053.162	2.805.013
3 Goodwill	006	871.672	871.672
4 Advances for the purchase of intangible assets	007	24.300	11.100
5 Intangible assets in preparation	008	440.812	2.960.752
6 Other intangible assets	009		
II TANGIBLE ASSETS (ADP 011 to 019)	010	670.163.427	667.448.917
1 Land	011	130.045.135	129.772.216
2 Buildings	012	426.366.730	404.330.506
3 Plant and equipment	013	54.661.538	52.501.174
4 Tools, working inventory and transportation assets	014	13.024.865	14.070.482
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	343.333	102.854
7 Tangible assets in preparation	017	38.988.417	60.311.375
8 Other tangible assets	018	6.348.230	6.012.424
9 Investment property	019	385.179	347.886
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	19.155.575	20.953.704
1 Investments in holdings (shares) of undertakings within the group	021		
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits, etc. to undertakings within the group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	14.591.064	15.525.911
5 Investment in other securities of companies linked by virtue of participating interests	025		
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	414.139	846.139
7 Investments in securities	027	25.746	25.322
8 Loans, deposits, etc. given	028	556.747	555.462
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	3.567.879	4.000.870
IV RECEIVABLES (ADP 032 to 035)	031		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
V DEFERRED TAX ASSETS	036	37.593.975	38.207.002
C) CURRENT ASSETS (ADP 038+046+053+063)	037	117.447.470	167.014.089
I INVENTORIES (ADP 039 to 045)	038	5.498.367	7.492.537
1 Raw materials and consumables	039	5.289.483	7.184.870
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	204.127	301.002
5 Advances for inventories	043	4.757	6.665
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	4.768.259	12.751.904
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interests	048	1.064.950	1.675.273
3 Customer receivables	049	2.308.619	9.170.524
4 Receivables from employees and members of the undertaking	050	47.066	416.295
5 Receivables from government and other institutions	051	1.003.633	1.238.040
6 Other receivables	052	343.991	251.772
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	17.881.262	45.486.241
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057		
5 Investment in other securities of companies linked by virtue of participating interests	058		
6 Loans, deposits etc. to companies linked by virtue of participating interests	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	16.833.993	45.133.728
9 Other financial assets	062	1.047.269	352.513
IV CASH AT BANK AND IN HAND	063	89.299.582	101.283.407
D) PREPAID EXPENSES AND ACCRUED INCOME	064	2.304.101	12.057.637
E) TOTAL ASSETS (ADP 001+002+037+064)	065	852.054.494	912.329.886
F) OFF-BALANCE SHEET ITEMS	066	7.183.695	7.180.697

BALANCE SHEET (balance as at 30.09.2023) (continued)

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
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	441.126.555	489.638.462
I INITIAL (SUBSCRIBED) CAPITAL	068	221.915.351	221.915.350
II CAPITAL RESERVES	069	693.268	1.217.535
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	17.855.423	16.640.517
1 Legal reserves	071	11.095.768	11.095.768
2 Reserves for treasury shares	072	18.158.509	18.158.509
3 Treasury shares and holdings (deductible item)	073	-16.513.142	-12.613.760
4 Statutory reserves	074		
5 Other reserves	075	5.114.288	
IV REVALUATION RESERVES	076		
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	7.845	7.497
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	7.845	7.497
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	46.604.740	42.165.052
1 Retained profit	084	46.604.740	42.165.052
2 Loss brought forward	085		
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	19.601.100	64.968.544
1 Profit for the business year	087	19.601.100	64.968.544
2 Loss for the business year	088		
VIII MINORITY (NON-CONTROLLING) INTEREST	089	134.448.828	142.723.967
B) PROVISIONS (ADP 091 to 096)	090	23.787.458	23.492.773
1 Provisions for pensions, termination benefits and similar obligations	091	3.484.945	3.489.431
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	6.667.273	6.391.922
4 Provisions for renewal of natural resources	094		
5 Provisions for warranty obligations	095		
6 Other provisions	096	13.635.240	13.611.420
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	285.270.720	294.770.431
1 Liabilities to undertakings within the group	098		
2 Liabilities for loans, deposits, etc. of undertakings within the group	099		
3 Liabilities to companies linked by virtue of participating interests	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities to banks and other financial institutions	103	276.528.538	286.323.471
7 Liabilities for advance payments	104		
8 Liabilities to suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	2.452.171	2.590.720
11 Deferred tax liability	108	6.290.011	5.856.240
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	91.965.495	85.704.115
1 Liabilities to undertakings within the group	110		
2 Liabilities for loans, deposits, etc. of undertakings within the group	111		
3 Liabilities to companies linked by virtue of participating interests	112	2.423	18.573
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities to banks and other financial institutions	115	69.136.281	17.196.478
7 Liabilities for advance payments	116	4.531.975	18.245.683
8 Liabilities to suppliers	117	10.566.240	21.286.872
9 Liabilities for securities	118		
10 Liabilities to employees	119	4.239.229	8.269.931
11 Taxes, contributions and similar liabilities	120	1.769.858	18.969.629
12 Liabilities arising from the share in the result	121	50.392	49.388
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	1.669.097	1.667.561
E) ACCRUALS AND DEFERRED INCOME	124	9.904.266	18.724.105
F) TOTAL - LIABILITIES (ADP 067+090+097+109+124)	125	852.054.494	912.329.886
G) OFF-BALANCE SHEET ITEMS	126	7.183.695	7.180.697

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2023 to 30.09.2023)

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
I OPERATING INCOME (ADP 002 to 006)	001	307.964.684	218.046.657	347.824.634	242.530.653
1 Income from sales with undertakings within the group	002				
2 Income from sales (outside group)	003	304.994.896	217.214.307	345.872.649	241.697.441
3 Income from the use of own products, goods and services	004	36.464	16.329	61.748	22.003
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	2.933.324	816.021	1.890.237	811.209
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	230.595.724	112.711.300	256.622.522	121.095.778
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	90.852.650	52.614.388	97.648.430	53.767.560
a) Costs of raw materials and consumables	010	60.175.801	34.800.090	61.475.723	33.774.646
b) Costs of goods sold	011	1.899.217	1.174.991	2.238.861	1.288.859
c) Other external costs	012	28.777.632	16.639.307	33.933.846	18.704.055
3 Staff costs (ADP 014 to 016)	013	69.961.908	32.102.856	82.323.326	37.434.332
a) Net salaries and wages	014	44.209.958	20.487.233	51.445.074	23.193.676
b) Tax and contributions from salary costs	015	16.693.188	7.530.187	20.107.899	9.286.222
c) Contributions on salaries	016	9.058.762	4.085.436	10.770.353	4.954.434
4 Depreciation	017	48.890.202	16.302.914	49.010.949	16.860.577
5 Other costs	018	20.103.994	11.481.894	25.631.875	11.678.015
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	9.679	9.679	4.485	4.485
a) Provisions for pensions, termination benefits and similar obligations	023	9.679	9.679	4.485	4.485
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	777.291	199.569	2.003.457	1.350.809
III. FINANCIAL INCOME (ADP 031 to 040)	030	6.056.320	3.384.445	2.299.974	1.039.370
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	10.271	522	1.184.503	631.550
8 Exchange rate differences and other financial income	038	515.228	344.376	2.930	7.096
9 Unrealised gains (income) from financial assets	039	4.886.246	2.784.510	555.125	203.035
10 Other financial income	040	644.575	255.037	557.416	197.689
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	6.921.798	1.839.302	7.587.037	2.527.216
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	5.633.188	1.764.350	6.668.309	2.156.502
4 Exchange rate differences and other expenses	045	619.427			
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	669.183	74.952	918.728	370.714
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049		61.356		186.722
VI SHARE IN PROFIT FROM JOINT VENTURES	050				
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	133.278		46.753	
VIII SHARE IN LOSS OF JOINT VENTURES	052				
IX TOTAL INCOME (ADP 001+030+049+050)	053	314.021.004	221.492.458	350.124.608	243.756.745
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	237.650.800	114.550.602	264.256.312	123.622.994
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	76.370.204	106.941.856	85.868.296	120.133.751
1 Pre-tax profit (ADP 053-054)	056	76.370.204	106.941.856	85.868.296	120.133.751
2 Pre-tax loss (ADP 054-053)	057				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2023 to 30.09.2023) (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
XII INCOME TAX	058	14.343.087	19.293.963	10.089.486	19.563.011
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	62.027.117	87.647.893	75.778.810	100.570.740
1. Profit for the period (ADP 055-059)	060	62.027.117	87.647.893	75.778.810	100.570.740
2. Loss for the period (ADP 059-055)	061				

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

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

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

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

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

XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	62.027.117	87.647.893	75.778.810	100.570.740
1 Attributable to owners of the parent	076	54.953.312	76.899.271	64.968.544	88.059.882
2 Attributable to minority (non-controlling) interest	077	7.073.805	10.748.622	10.810.266	12.510.858

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

I PROFIT OR LOSS FOR THE PERIOD	078	62.027.117	87.647.893	75.778.810	100.570.740
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)	079	-499	-4.511	-424	-5.179
III ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)	080	-499	-4.511	-424	-5.179
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	-499	-4.511	-424	-5.179
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	-90	-812	-76	-931
IV ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)	087				
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2023 to 30.09.2023) (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
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	-409	-3.699	-348	-4.248
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	62.026.708	87.644.194	75.778.462	100.566.492
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VII COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	62.026.708	87.644.194	75.778.462	100.566.492
1 Attributable to owners of the parent	100	54.952.903	76.895.572	64.968.196	88.055.634
2 Attributable to minority (non-controlling) interest	101	7.073.805	10.748.622	10.810.266	12.510.858

STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2023 to 30.09.2023)**Submitter: Valamar Riviera d.d.**

in EUR

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	001	76.370.204	85.868.296
2 Adjustments (ADP 003 to 010):	002	49.325.299	54.129.599
a) Depreciation	003	48.890.202	49.010.949
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-1.037.339	-53.511
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-2.670	-1.185.025
e) Interest expenses	007	6.110.473	6.770.148
f) Provisions	008	-246.890	-294.685
g) Exchange rate differences (unrealised)	009	619.427	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-5.007.904	-118.277
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	125.695.503	139.997.895
3 Changes in the working capital (ADP 013 to 016)	012	18.688.561	26.918.216
a) Increase or decrease in short-term liabilities	013	33.279.937	46.772.490
b) Increase or decrease in short-term receivables	014	-12.881.184	-17.860.104
c) Increase or decrease in inventories	015	-1.710.192	-1.994.170
d) Other increase or decrease in working capital	016		
II Cash from operations (ADP 011+012)	017	144.384.064	166.916.111
4 Interest paid	018	-8.958.226	-6.235.872
5 Income tax paid	019	-520	-846
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	135.425.318	160.679.393
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	1.410.997	83.184
2 Cash receipts from sales of financial instruments	022		373.549
3 Interest received	023	6.248	892.296
4 Dividends received	024		2.160
5 Cash receipts from repayment of loans and deposits	025	23.162	1.772
6 Other cash receipts from investment activities	026		
III Total cash receipts from investment activities (ADP 021 to 026)	027	1.440.407	1.352.961
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-32.749.493	-50.079.361
2 Cash payments for the acquisition of financial instruments	029	-191.898	
3 Cash payments for loans and deposits for the period	030	-11.795.626	-28.300.222
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-5.455.406	-1.413.600
IV Total cash payments from investment activities (ADP 028 to 032)	033	-50.192.423	-79.793.183
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-48.752.016	-78.440.222
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the increase in initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	7.986.429	9.958.544
4 Other cash receipts from financing activities	038	363.583	336.793
V Total cash receipts from financing activities (ADP 035 to 038)	039	8.350.012	10.295.337
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-58.586.179	-52.424.278
2 Cash payments for dividends	041	-25.088.855	-26.912.708
3 Cash payments for finance lease	042	-3.755	-4.073
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		-637.393
5 Other cash payments from financing activities	044	-381.758	-572.231
VI Total cash payments from financing activities (ADP 040 to 044)	045	-84.060.547	-80.550.683
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	-75.710.535	-70.255.346
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	10.962.767	11.983.825
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	148.020.151	89.299.582
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	158.982.918	101.283.407

STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2023 to 30.09.2023)
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 to 6 - 7 + 8 to 17)	19	20 (18+19)			
Previous period																						
1 Balance on the first day of the previous business year	01	221.915.351	693.268	11.095.768	18.158.509	16.513.142		298.556		10.765												
2 Changes in accounting policies	02																					
3 Correction of errors	03																					
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	221.915.351	693.268	11.095.768	18.158.509	16.513.142		298.556		10.765												
5 Profit/loss of the period	05																					
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																					
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15										641						641		641			
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																					
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																					
18 Redemption of treasury shares/holdings	18																					
19 Payments from members/shareholders	19																					
20 Payment of share in profit/dividend	20																					
21 Other distributions and payments to members/shareholders	21								5.114.288													
22 Transfer to reserves according to the annual schedule	22								-298.556													
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																					
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	221.915.351	693.268	11.095.768	18.158.509	16.513.142		5.114.288		7.845												
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																						
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25									-2.920							-2.920		-2.920			
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26									-2.920								19.601.100	19.598.180	1.686.468	21.284.648	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27								4.815.732									-4.897.736	-13.852.891	-13.934.895	-5.676.089	-19.610.984
Current period																						
1 Balance on the first day of the previous business year	28	221.915.351	693.268	11.095.768	18.158.509	16.513.142		5.114.288		7.845												
2 Changes in accounting policies	29																					
3 Correction of errors	30																					
4 Balance on the first day of the previous business year (restated) (ADP 28 to 30)	31	221.915.351	693.268	11.095.768	18.158.509	16.513.142		5.114.288		7.845												
5 Profit/loss of the period	32																					
6 Exchange rate differences from translation of foreign operations	33																					
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																					
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35																					
9 Profit or loss arising from effective cash flow hedge	36																					
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37																					
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38																					
12 Actuarial gains/losses on the defined benefit obligation	39																					
13 Other changes in equity unrelated to owners	40																					
14 Tax on transactions recognised directly in equity	41																					
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42		-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																					
21 Other distributions and payments to members/shareholders	48																					
22 Carryforward per annual plane	49																					
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																					
24 Balance on the last day of the previous business year reporting period (ADP 31 to 50)	51	221.915.350	1.217.535	11.095.768	18.158.509	12.613.760				7.497												
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																						
I OTHER COMPREHENSIVE INCOME OF THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52									-348								-348		-348		
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32+52)	53									-348									64.968.544	64.968.196	10.810.266	75.778.462
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54		-1	524.267						-3.899.382	-5.114.288							-4.439.688	-19.601.100	-24.731.428	-2.535.127	-27.266.555

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 30.09.2023

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 the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial

NOTES TO FINANCIAL STATEMENTS - TFI (continued)

(drawn up for quarterly reporting periods)

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

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2023 – 30/09/2023“ 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 30.09.2023)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
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	621.286.023	605.823.177
I INTANGIBLE ASSETS (ADP 004 to 009)	003	4.865.723	6.206.163
1 Research and development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	3.560.892	2.413.429
3 Goodwill	006	871.672	871.672
4 Advances for the purchase of intangible assets	007	24.300	11.100
5 Intangible assets in preparation	008	408.859	2.909.962
6 Other intangible assets	009		
II TANGIBLE ASSETS (ADP 011 to 019)	010	467.916.828	454.458.828
1 Land	011	70.829.316	70.526.401
2 Buildings	012	305.822.039	290.597.511
3 Plant and equipment	013	42.008.561	39.290.226
4 Tools, working inventory and transportation assets	014	8.783.891	8.122.301
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	343.333	76.652
7 Tangible assets in preparation	017	34.020.179	40.182.165
8 Other tangible assets	018	5.724.330	5.315.686
9 Investment property	019	385.179	347.886
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	141.766.544	142.645.921
1 Investments in holdings (shares) of undertakings within the group	021	124.998.864	124.258.659
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits, etc. to undertakings within the group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	14.225.832	15.207.432
5 Investment in other securities of companies linked by virtue of participating interests	025		
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	414.139	846.139
7 Investments in securities	027	25.522	25.098
8 Loans, deposits, etc. given	028	556.747	555.462
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	1.545.440	1.753.131
IV RECEIVABLES (ADP 032 to 035)	031		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
V DEFERRED TAX ASSETS	036	6.736.928	2.512.265
C) CURRENT ASSETS (ADP 038+046+053+063)	037	69.783.079	116.145.764
I INVENTORIES (ADP 039 to 045)	038	4.292.120	5.927.187
1 Raw materials and consumables	039	4.126.734	5.685.647
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	165.386	241.540
5 Advances for inventories	043		
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	5.248.727	10.710.502
1 Receivables from undertakings within the group	047	2.089.815	2.589.293
2 Receivables from companies linked by virtue of participating interests	048	1.064.950	1.675.273
3 Customer receivables	049	1.633.854	5.851.964
4 Receivables from employees and members of the undertaking	050	39.032	212.628
5 Receivables from government and other institutions	051	270.201	173.515
6 Other receivables	052	150.875	207.829
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	973.760	259.413
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057		
5 Investment in other securities of companies linked by virtue of participating interests	058		
6 Loans, deposits etc. to companies linked by virtue of participating interests	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	33.993	33.728
9 Other financial assets	062	939.767	225.685
IV CASH AT BANK AND IN HAND	063	59.268.472	99.248.662
D) PREPAID EXPENSES AND ACCRUED INCOME	064	2.169.900	9.990.791
E) TOTAL ASSETS (ADP 001+002+037+064)	065	693.239.002	731.959.732
F) OFF-BALANCE SHEET ITEMS	066	7.183.695	7.180.697

BALANCE SHEET (balance as at 30.09.2023) (continued)

Submitter: Valamar Riviera d.d.

in EUR

Item 1	ADP code 2	Last day of the preced- ing business year 3	At the reporting date of the current period 4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	408.116.037	441.655.260
I INITIAL (SUBSCRIBED) CAPITAL	068	221.915.351	221.915.350
II CAPITAL RESERVES	069	757.922	1.282.189
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	17.855.423	16.640.517
1 Legal reserves	071	11.095.768	11.095.768
2 Reserves for treasury shares	072	18.158.509	18.158.509
3 Treasury shares and holdings (deductible item)	073	-16.513.142	-12.613.760
4 Statutory reserves	074		
5 Other reserves	075	5.114.288	
IV REVALUATION RESERVES	076		
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	7.845	7.497
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	7.845	7.497
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	93.163.896	143.538.707
1 Retained profit	084	93.163.896	143.538.707
2 Loss brought forward	085		
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	74.415.600	58.271.000
1 Profit for the business year	087	74.415.600	58.271.000
2 Loss for the business year	088		
VIII MINORITY (NON-CONTROLLING) INTEREST	089		
B) PROVISIONS (ADP 091 to 096)	090	19.626.864	19.439.162
1 Provisions for pensions, termination benefits and similar obligations	091	2.866.868	2.871.354
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	3.811.142	3.618.954
4 Provisions for renewal of natural resources	094		
5 Provisions for warranty obligations	095		
6 Other provisions	096	12.948.854	12.948.854
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	188.304.205	188.181.796
1 Liabilities to undertakings within the group	098		
2 Liabilities for loans, deposits, etc. of undertakings within the group	099		
3 Liabilities to companies linked by virtue of participating interests	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities to banks and other financial institutions	103	184.411.990	184.248.378
7 Liabilities for advance payments	104		
8 Liabilities to suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	2.355.185	2.483.026
11 Deferred tax liability	108	1.537.030	1.450.392
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	69.307.740	67.170.885
1 Liabilities to undertakings within the group	110	29.361	331.762
2 Liabilities for loans, deposits, etc. of undertakings within the group	111		
3 Liabilities to companies linked by virtue of participating interests	112	2.423	18.573
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities to banks and other financial institutions	115	51.123.196	12.422.671
7 Liabilities for advance payments	116	3.847.550	13.536.668
8 Liabilities to suppliers	117	7.770.250	16.828.255
9 Liabilities for securities	118		
10 Liabilities to employees	119	3.443.950	6.339.885
11 Taxes, contributions and similar liabilities	120	1.395.590	16.145.662
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	1.547.409
E) ACCRUALS AND DEFERRED INCOME	124	7.884.156	15.512.629
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	693.239.002	731.959.732
G) OFF-BALANCE SHEET ITEMS	126	7.183.695	7.180.697

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2023 to 30.09.2023)

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
I OPERATING INCOME (ADP 002 to 006)	001	307.265.715	170.174.114	275.236.809	188.613.887
1 Income from sales with undertakings within the group	002	8.326.881	3.722.011	10.047.639	5.170.646
2 Income from sales (outside group)	003	233.491.060	165.679.641	263.489.970	182.754.536
3 Income from the use of own products, goods and services	004	34.928	15.819	60.275	21.469
4 Other operating income with undertakings within the group	005	62.887.919	57.116	130.721	25.844
5 Other operating income (outside the group)	006	2.524.927	699.527	1.508.204	641.392
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	183.283.417	88.244.598	201.435.842	93.657.965
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	73.677.153	41.650.781	77.960.154	42.374.959
a) Costs of raw materials and consumables	010	46.718.944	26.850.906	48.217.283	26.392.144
b) Costs of goods sold	011	2.050.340	1.130.549	2.145.105	1.217.277
c) Other external costs	012	24.907.869	13.669.326	27.597.766	14.765.538
3 Staff costs (ADP 014 to 016)	013	55.930.397	24.725.076	65.099.735	28.611.342
a) Net salaries and wages	014	35.227.366	15.719.426	40.601.097	17.714.910
b) Tax and contributions from salary costs	015	13.494.067	5.873.244	16.042.289	7.133.827
c) Contributions on salaries	016	7.208.964	3.132.406	8.456.349	3.762.605
4 Depreciation	017	36.325.661	12.094.913	35.427.243	12.029.938
5 Other costs	018	16.671.106	9.592.322	22.292.223	10.551.533
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	9.679	9.679	4.485	4.485
a) Provisions for pensions, termination benefits and similar obligations	023	9.679	9.679	4.485	4.485
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	669.421	171.827	652.002	85.708
III. FINANCIAL INCOME (ADP 031 to 040)	030	9.017.794	6.979.192	4.458.532	1.095.156
1 Income from investments in holdings (shares) of undertakings within the group	031	4.888.327	4.888.327	2.183.287	
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	139.810	50.973	136.667	43.733
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	9.444		1.116.758	578.677
8 Exchange rate differences and other financial income	038	421.052	275.524	2.160	5.519
9 Unrealised gains (income) from financial assets	039	2.930.676	1.510.790	207.692	664
10 Other financial income	040	628.485	253.578	811.968	466.563
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	5.497.697	1.324.930	4.714.190	1.459.545
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	4.271.534	1.259.865	3.944.572	1.205.999
4 Exchange rate differences and other expenses	045	584.399		1.375	
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	641.764	65.065	768.243	253.546
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049				
VI SHARE IN PROFIT FROM JOINT VENTURES	050				
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051				
VIII SHARE IN LOSS OF JOINT VENTURES	052				
IX TOTAL INCOME (ADP 001+030+049+050)	053	316.283.509	177.153.306	279.695.341	189.709.043
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	188.781.114	89.569.528	206.150.032	95.117.510
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	127.502.395	87.583.778	73.545.309	94.591.533
1 Pre-tax profit (ADP 053-054)	056	127.502.395	87.583.778	73.545.309	94.591.533
2 Pre-tax loss (ADP 054-053)	057				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2023 to 30.09.2023) (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
XII INCOME TAX	058	22.704.268	15.469.120	15.274.309	17.185.874
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	104.798.127	72.114.658	58.271.000	77.405.659
1. Profit for the period (ADP 055-059)	060	104.798.127	72.114.658	58.271.000	77.405.659
2. Loss for the period (ADP 059-055)	061				

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

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

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

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

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

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

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

I PROFIT OR LOSS FOR THE PERIOD	078	104.798.127	72.114.658	58.271.000	77.405.659
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080 to 087)	079	-499	-4.511	-424	-5.179
III ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)	080	-499	-4.511	-424	-5.179
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	-499	-4.511	-424	-5.179
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	-90	-812	-76	-931
IV ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)	087				
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2023 to 30.09.2023) (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
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	-409	-3.699	-348	-4.248
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	104.797.718	72.110.959	58.270.652	77.401.411

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

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

STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2023 to 30.09.2023)Submitter: **Valamar Riviera d.d.**

in EUR

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	001	127.502.395	73.545.309
2 Adjustments (ADP 003 to 010):	002	-30.274.049	35.704.579
a) Depreciation	003	36.325.661	35.427.243
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-63.737.432	-41.254
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-4.890.224	-3.300.568
e) Interest expenses	007	4.721.401	3.998.733
f) Provisions	008	-92.242	-187.703
g) Exchange rate differences (unrealised)	009	584.399	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-3.185.612	-191.872
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	97.228.346	109.249.888
3 Changes in the working capital (ADP 013 to 016)	012	17.088.086	19.714.046
a) Increase or decrease in short-term liabilities	013	24.246.170	35.172.050
b) Increase or decrease in short-term receivables	014	-6.296.030	-13.822.935
c) Increase or decrease in inventories	015	-862.054	-1.635.069
d) Other increase or decrease in working capital	016		
II Cash from operations (ADP 011+012)	017	114.316.432	128.963.934
4 Interest paid	018	-7.574.498	-3.603.817
5 Income tax paid	019		
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	106.741.934	125.360.117
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	6.772.266	63.400
2 Cash receipts from sales of financial instruments	022		373.549
3 Interest received	023	5.475	824.551
4 Dividends received	024	4.888.327	2.185.447
5 Cash receipts from repayment of loans and deposits	025	23.162	1.772
6 Other cash receipts from investment activities	026		1.011.673
III Total cash receipts from investment activities (ADP 021 to 026)	027	11.689.230	4.460.392
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-20.586.749	-24.420.292
2 Cash payments for the acquisition of financial instruments	029	-191.898	
3 Cash payments for loans and deposits for the period	030	-312	-222
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-5.455.406	-1.413.600
IV Total cash payments from investment activities (ADP 028 to 032)	033	-26.234.365	-25.834.114
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-14.545.135	-21.373.722
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the increase in initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	7.986.429	
4 Other cash receipts from financing activities	038	363.584	800.974
V Total cash receipts from financing activities (ADP 035 to 038)	039	8.350.013	800.974
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-45.995.360	-39.185.001
2 Cash payments for dividends	041	-19.412.766	-24.377.582
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		-637.393
5 Other cash payments from financing activities	044	-514.667	-607.203
VI Total cash payments from financing activities (ADP 040 to 044)	045	-65.922.793	-64.807.179
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	-57.572.780	-64.006.205
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	34.624.019	39.980.190
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	77.263.227	59.268.472
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	111.887.246	99.248.662

STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2023 to 30.09.2023)
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 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	221.915.351	757.922	11.095.768	18.158.509	16.513.142		298.556		10.765									
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	221.915.351	757.922	11.095.768	18.158.509	16.513.142		298.556		10.765									
5 Profit/loss of the period	05																		
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																		
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15										641						641		641
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18																		
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20																		
21 Other distributions and payments to members/shareholders	21								5.114.288						-19.412.766		-19.412.766		-19.412.766
22 Transfer to reserves according to the annual schedule	22								-298.556						363.583		5.477.871		5.477.871
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23														40.726.694	-40.428.138			
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	221.915.351	757.922	11.095.768	18.158.509	16.513.142		5.114.288		7.845					93.163.896	74.415.600	408.116.037		408.116.037
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25									-2.920							-2.920		-2.920
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26									-2.920						74.415.600	74.412.680		74.412.680
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27							4.815.732							21.677.511	-40.428.138	-13.934.895		-13.934.895
Current period																			
1 Balance on the first day of the previous business year	28	221.915.351	757.922	11.095.768	18.158.509	16.513.142		5.114.288		7.845					93.163.896	74.415.600	408.116.037		408.116.037
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
4 Balance on the first day of the previous business year (restated) (ADP 28 to 30)	31	221.915.351	757.922	11.095.768	18.158.509	16.513.142		5.114.288		7.845					93.163.896	74.415.600	408.116.037		408.116.037
5 Profit/loss of the period	32																		
6 Exchange rate differences from translation of foreign operations	33																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									-424							-424		-424
9 Profit or loss arising from effective cash flow hedge	36																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38																		
12 Actuarial gains/losses on the defined benefit obligation	39																		
13 Other changes in equity unrelated to owners	40																		
14 Tax on transactions recognised directly in equity	41																		
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42		-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										637.393						-637.393		-637.393
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47																		
21 Other distributions and payments to members/shareholders	48														-24.377.582		-24.377.582		-24.377.582
22 Carryforward per annual plane	49														336.793		283.546		283.546
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50														74.415.600	-74.415.600			
24 Balance on the last day of the previous business year reporting period (ADP 31 to 50)	51	221.915.350	1.282.189	11.095.768	18.158.509	12.613.760				7.497					143.538.707	58.271.000	441.655.260		441.655.260
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME OF THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52									-348							-348		-348
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32+52)	53									-348						58.271.000	58.270.652		58.270.652
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	-1	524.267			-3.899.382		-5.114.288							50.374.811	-74.415.600	-24.731.429		-24.731.429

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 30.09.2023

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 the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial

NOTES TO FINANCIAL STATEMENTS - TFI (continued)

(drawn up for quarterly reporting periods)

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

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2023 – 30/9/2023“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

NOTES TO FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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, and based on the decision of the General Assembly on the adjustment of the share capital from April 24, 2023, the share capital of the Company, applying the fixed conversion rate from kuna to euro was converted into euros and was by EUR 0.72 to the extent necessary for compliance with the relevant regulations in a simplified manner, 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, until August 3, 2023, when the company Magične stijene d.o.o. was deleted from the court register;
- Bugenvilia d.o.o., Dubrovnik, 100% ownership;
- Imperial Riviera d.d., Rab, 46.27% ownership with the subsidiary Praona d.o.o., Makarska;

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 thousand and Valamar Riviera d.d. for EUR 3,451 thousand.

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 thousand 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 thousand, which corresponds to 24.54% of the share capital of Valamar A GmbH, paid the amount of EUR 1,472 thousand, and Wurmböck Beteiligungs GmbH, as the owner of a business share of EUR 108 thousand, which corresponds to 75.46% of the share capital Valamar A GmbH paid the amount of EUR 4,528 thousand.

NOTE 1 – GENERAL INFORMATION / CONTINUED

The members of Valamar A GmbH paid the amount of EUR 4,000 thousand into the capital reserves of Valamar A GmbH, in proportion to their business shares as follows, Valamar Riviera d.d. paid the amount of EUR 982 thousand and Wurmböck Beteiligungs GmbH paid the amount of EUR 3,018 thousand.

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 24,378 thousand.

The consolidated and unconsolidated financial statements for the nine-month period ended 30 September 2023 were approved by the Management Board on 31 October 2023. The consolidated and unconsolidated financial statements for the nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month 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 nine-month 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 nine-month period ended 30 September 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 m² and cca 3.54 million m² respectively, pursuant to the provisions of the Act on unappraised land (hereinafter: the Act), that entered into force on 2 May 2020. The Act lays down the obligation to determine and establish, within the prescribed deadlines, real estate on the assessed parts of the camp, hotel, tourist complexes and other building land as the subject matter of the right of ownership of the Company and the Group; and real estate on the parts of the camp, hotel, tourist complexes and other building land that have not been assessed as the subject matter of the right of ownership of the Republic of Croatia or local governments.

As regards the parts of land owned by the Republic of Croatia or local governments, the Company and the Group will conclude a lease agreement for a period of 50 years. The

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

unit amount of the rent and the manner of and deadlines for the payment will be laid down by Regulations adopted by the Government.

Considering that no Regulations have 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 ZNGZ, 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.

In 2020 according to the best knowledge and under the assumption of the lowest/highest price spread reaching 0.8/1.59 EUR/m², lowest/highest discount rate reaching 4/8% and with the correction of surface areas that will be subject to the lease +/-10%, the Company and the Group calculated the value of the right-of-use assets and liabilities on the day of the entry into force of the Act. According to the calculation the impact on the financial statement would be in the range from cca EUR 28,207 thousand to cca EUR 122,356 thousand for the Company, while for the Group from cca EUR 29,801 thousand to cca EUR 129,273 thousand.

During 2023, a public consultation procedure related to the draft of two Regulations was conducted, which was concluded on August 26, 2023. The mentioned Regulations are:

- Regulation on the method of determining the unit rent amount for tourist land on which a hotel and tourist resort is built, the method of calculating rent and other fees, and the mandatory content of the lease agreement,
- Regulation on determining the initial amount of the unit rent price for tourist land in the campsite, the method of calculating the rent and other fees, and the mandatory content of the lease agreement.

At this moment, the Company and the Group cannot predict the date of adoption of the said Regulations or possible changes in the text of their proposals. As a result, the Company and the Group are still unable to estimate the final impact on the financial statements for the nine-month period of 2023.

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.

2.4 Significant accounting policies

The accounting policies adopted in the preparation of the financial statements for the nine-month period ended 30 September 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.

NOTE 3 – FAIR VALUE ESTIMATION

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

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

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

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

GROUP				
(in thousands of EUR)	Level 1	Level 2	Level 3	Total
As at 31 December 2022				
Assets measured at fair value				
Financial assets - equity securities	48	-	-	48
Derivative financial instruments	-	4,597	-	4,597
Total assets measured at fair value	48	4,597	-	4,645
As at 30 September 2023				
Assets measured at fair value				
Financial assets - equity securities	48	-	-	48
Derivative financial instruments	-	4,335	-	4,335
Total assets measured at fair value	48	4,335	-	4,383

Fair value hierarchy

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

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

NOTE 3 – FAIR VALUE ESTIMATION / CONTINUED

COMPANY

(in thousands of EUR)

	Level 1	Level 2	Level 3	Total
As at 31 December 2022				
Assets measured at fair value				
Financial assets - equity securities	44	-	-	44
Derivative financial instruments	-	2,467	-	2,467
Total assets measured at fair value	44	2,467	-	2,511
As at 30 September 2023				
Assets measured at fair value				
Financial assets - equity securities	44	-	-	44
Derivative financial instruments	-	1,960	-	1,960
Total assets measured at fair value	44	1,960	-	2,004

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 nine-month period ended 30 September 2022 is as follows:

GROUP				
(in thousands of EUR)	Hotels and apartments	Camps	Other business segments	Total
Revenue from segments	201,943	93,780	29,013	324,736
Inter-segment revenue	(656)	(128)	(18,957)	(19,741)
Sales revenue	201,287	93,652	10,056	304,995
Depreciation and amortisation	30,465	12,957	5,468	48,890
Net finance income/(expense)	(4,138)	(1,525)	4,797	(866)
Write-off of fixed assets	20	24	38	82
Profit/(loss) of segment	102,046	63,459	(34,567)	130,938

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 nine-month period ended 30 September 2023 is as follows:

GROUP				
(in thousands of EUR)	Hotels and apartments	Camps	Other business segments	Total
Revenue from segments	225,195	108,300	37,048	370,543
Inter-segment revenue	(965)	(66)	(23,639)	(24,670)
Sales revenue	224,230	108,234	13,409	345,873
Depreciation and amortisation	29,830	13,184	5,996	49,010
Net finance income/(expense)	(4,878)	(1,049)	640	(5,287)
Write-off of fixed assets	8	3	4	15
Profit/(loss) of segment	116,334	74,277	(42,197)	148,414

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:

GROUP				
(in thousands of EUR)	Hotels and apartments	Camps	Other business segments	Total
As at 31 December 2022				
Total assets	459,311	178,562	46,725	684,598
Total liabilities	249,598	94,909	34,551	379,058
As at 30 September 2023				
Total assets	413,878	182,300	96,390	692,568
Total liabilities	242,298	93,410	28,882	364,590

NOTE 4 - SEGMENT INFORMATION / CONTINUED

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

GROUP	January - September 2022	January - September 2023
(in thousands of EUR)		
Revenue		
Revenue from segments	324,736	370,543
Inter-segment revenue	(19,741)	(24,670)
Sales revenue	304,995	345,873
Profit		
Profit from segments	130,938	148,414
Other unallocated expenses	(54,739)	(56,331)
Profit/(loss) from financial and extraordinary activities	171	(6,215)
Total profit before tax	76,370	85,868

NOTE 4 - SEGMENT INFORMATION / CONTINUED

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

GROUP (in thousands of EUR)	As at 31 December 2022		As at 30 September 2023	
	Assets	Liabilities	Assets	Liabilities
Segment assets/liabilities	684,598	379,059	692,568	364,590
Hotels and apartments segment	459,311	249,599	413,878	242,298
Camps segment	178,562	94,909	182,300	93,410
Other business segment	46,725	34,551	96,390	28,882
Unallocated	167,456	31,870	219,761	58,102
Investments in associate	14,587	-	15,522	-
Other financial assets	48	-	48	-
Loans and deposits	17,805	-	46,535	-
Cash and cash equivalents	89,300	-	101,283	-
Other receivables	3,526	-	13,831	-
Deferred tax assets/liabilities	37,594	6,290	38,207	5,856
Other liabilities	-	13,237	-	40,201
Derivative financial assets/ liabilities	4,597	-	4,335	-
Provisions	-	12,343	-	12,045
Total	852,054	410,930	912,329	422,692

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)	January - September 2022	January - September 2023
Revenue from sales to domestic customers	29,598	35,104
Revenue from sales to foreign customers	275,397	310,769
	304,995	345,873

NOTE 4 - SEGMENT INFORMATION / CONTINUED

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

(in thousands of EUR)	GROUP			
	January - September 2022	%	January - September 2023	%
EU members	234,706	85.22	260,263	83.75
Other	40,691	14.78	50,506	16.25
	275,397	100.00	310,769	100.00

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 - September 2022	January - September 2023	January - September 2022	January - September 2023
Net salaries	44,210	51,445	35,227	40,601
Tax and contributions from salary costs	16,693	20,108	13,494	16,042
Contributions on salaries	9,059	10,770	7,209	8,456
Total	69,962	82,323	55,930	65,099

For the nine-month period ended 30 September 2023 Company's average number of employees is 5,410 (30 September 2022: 3,993), while the Group's average number of employees is 7,194 (30 September 2022: 5,181).

The Company capitalised net salaries cost in the amount of EUR 591 thousand (30 September 2022: EUR 487 thousand), cost of contributions and tax from salaries in the amount of EUR 246 thousand (30 September 2022: EUR 194 thousand) and cost of contributions on salaries in the amount of EUR 111 thousand (30 September 2022: EUR 83 thousand). The Group capitalised net salaries cost in the amount of EUR 875 thousand (30 September 2022: EUR 620 thousand), cost of contributions and tax from salaries in the amount of EUR 367 thousand (30 September 2022: EUR 251 thousand) and cost of contributions on salaries in the amount of EUR 176 thousand (30 September 2022: EUR 114 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 - September 2022	January - September 2023	January - September 2022	January - September 2023
Current tax	3,472	11,136	3,472	11,136
Deferred tax	10,871	(1,047)	19,233	4,138
Tax (income)/expense	14,343	10,089	22,705	15,274

The Company estimated tax expense in the amount of EUR 15.3 mn, as a result of liability for the payment of income tax in the amount of EUR 11.1 mn and utilisation of deferred tax assets based on tax incentives in the amount of EUR 4.2 mn. Net profit for the period amounts to EUR 58.3 mn.

The Group estimated tax expense in the amount of EUR 10.1 mn, which is the result of tax expense based of liability for the payment of income tax (current tax) in the amount of EUR 11.1 mn and tax income in the amount of EUR 1.0 mn. Tax income is mainly the result of new tax incentives in the amount of EUR 8.1 mn and utilisation of deferred tax assets based on tax losses and tax incentives in the amount of EUR 7.5 mn. Due to the highly seasonal character of the Company's and Group's business and expected net loss for the last quarter, the Company and the Group estimate for the whole of 2023, a lower net profit before taxation and, consequently, a lower profit tax. Net profit for the period amounts to EUR 75.8 mn.

Movement overview of deferred tax assets and liabilities in 2023:

DEFERRED TAX ASSET

(in thousands of EUR)	GROUP	COMPANY
As at 1 January 2023	37,594	6,737
Credited/(debited) to the income	613	(4,225)
As at 30 September 2023	38,207	2,512

DEFERRED TAX LIABILITIES

(in thousands of EUR)	GROUP	COMPANY
As at 1 January 2023	6,290	1,537
Credited/(debited) to the income	(434)	(87)
As at 30 September 2023	5,856	1,450

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 - September 2022	January - September 2023
Profit/(loss) attributable to equity holders (in thousands of EUR)	54,953	64,969
Weighted average number of shares	121,887,907	122,251,398
Basic/diluted earnings/(loss) per share (in EUR)	0.45	0.53

NOTE 8 – NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

During the nine-month period ended 30 September 2023, the Group acquired assets in the amount of EUR 47,750 thousand (30 September 2022: EUR 32,749 thousand), while the Company acquired assets in the amount of EUR 23,494 thousand (30 September 2022: EUR 20,587 thousand).

During the nine-month period ended 30 September 2023, the Group disposed the assets with a net book value of EUR 16 thousand (30 September 2022: EUR 276 thousand), resulting in a net gain on disposal of EUR 67 thousand (30 September 2022: EUR 1,133 thousand).

During the nine-month period ended 30 September 2023, the Company disposed the assets with a net book value of EUR 15 thousand (30 September 2022: EUR 33,243 thousand), resulting in a net gain on disposal of EUR 48 thousand (30 September 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 September 2023	Maturity over 5 years	Total liabilities on 30 September 2023	Maturity over 5 years
Bank borrowings	303,520	90,207	196,671	66,164
Lease liabilities under IFRS 16	2,679	880	2,593	690
Total	306,199	91,087	199,264	66,854

As at 30 September 2023 non-current and current bank borrowings of the Group amounted EUR 303,520 thousand, all secured with a pledge over Group's property facilities and movable property.

As at 30 September 2023 non-current and current bank borrowings of the Company amounted EUR 196,671 thousand, all secured with a pledge over Company's property facilities and movable property.

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

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

NOTE 10 – CONTINGENCIES AND COMMITMENTS

The contracted capital commitments of the Company in respect to investments in tourism facilities at 30 September 2023 amount to EUR 66,585 thousand (30 September 2022: EUR 67,883 thousand). The contracted capital commitments of the Group in respect to investments in tourism facilities at 30 September 2023 amount to EUR 73,378 thousand (30 September 2022: EUR 69,878 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 5,746

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 53,333 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)

ASSOCIATE	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, Wien /i/	Austria	24.54%	16,640	(376)
Valamar Obertauern GmbH, Obertauern /i/	Austria	10% directly/ 22.08% indirectly	3,907	(48)
WBVR Beteiligungs GmbH, Wien /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:

GROUP	January - September 2022	January - September 2023
(in thousands of EUR)		
Sale of services		
Associate with participating interest	880	1,478
	880	1,478
Purchase of services		
Other parties related to the owners and corporate governance bodies	48	129
Associate with participating interest	74	19
	122	148
	As at 31 December 2022	As at 30 September 2023
Trade and other receivable		
Associate with participating interest	1,065	1,675
	1,065	1,675
Liabilities		
Associate with participating interest	2	19
Other parties related to the owners and corporate governance bodies	10	-
	12	19

NOTE 12 – RELATED PARTY TRANSACTIONS / CONTINUED

Related party transactions were as follows:

COMPANY

(in thousands of EUR)	January – September 2022	January – September 2023
Sale of services		
Subsidiaries /i/	71,383	10,804
Associate with participating interest	880	1,478
	72,263	12,282
Purchase of services		
Subsidiaries	1,243	1,635
Associate with participating interest	48	129
Other parties related to the owners and corporate governance bodies	58	14
	1,349	1,778
Dividend income		
Subsidiaries	4,888	2,183
	4,888	2,183
	As at 31 December 2022	As at 30 September 2023
Trade and other receivable		
Subsidiaries	2,090	2,589
Associate with participating interest	1,065	1,675
	3,155	4,264
Trade and other payables		
Subsidiaries	29	332
Associate with participating interest	2	19
Other related parties to the owners and corporate governance bodies	10	-
	41	351

/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

At the General Assembly of Helios Faros d.d. held on October 12, 2023, was made a decision on the increase of the share capital by issuing new shares for cash contributions with the partial exclusion of the pre-emptive rights of the existing shareholders by the investor PBZ CROATIA OSIGURANJE d.d. in the total amount of EUR 6,435,303.42 for 4,838,574 shares and Valamar Riviere d.d. in the amount of EUR 1,608,825.19 for 1,209,643 shares.

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