



## BUSINESS RESULTS 1/1/2023 - 31/12/2023



**VALAMAR**  
All you can holiday

## ABOUT VALAMAR

Valamar is Croatia's leading tourism company operating 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. Valamar creates authentic guest experiences in partnership with its destinations, and with investments around EUR 915 million in the last 20 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.

Valamar Group consists of following companies: Valamar Riviera d.d. (Parent company), Imperial Riviera d.d. (a subsidiary in 46.27% ownership) and Bugenvilia d.o.o. (100% owned subsidiary). Valamar holds minority ownership positions in following companies: Helios Faros d.d. (20% owned) and Valamar A GmbH (24.54% owned).

Tourism portfolio of Valamar Group



## KEY MESSAGES

In 2023, Valamar Group once again delivered strong business results. This enabled the Group to additionally invest in guest satisfaction and service quality increase as the fundamental drivers of business growth in the years to come. Operating revenues increased 14.4% mainly due to increased average prices of 13.5% following previous significant investments in portfolio development. Adjusted EBITDA was 6.2% higher despite continued strong inflationary pressures in the segment of main inputs. Premium products and services and the camping segment recorded excellent results, especially in the northern destinations. The Group's customer structure, with guests from Germany and Austria accounting for almost half of total overnights, remains stable.

Sustainable tourism is one of Valamar's strategic priorities and the area in which we invest exceptional efforts for many years now. We are happy that our efforts have been recognised once more and we have recently received two prominent recognitions in this area. The first recognition, a silver medal, has been awarded by EcoVadis, a global sustainability ratings agency, making Valamar the first and only Croatian tourism company whose sustainability practices have been recognised globally. The second one has been given by Bloomberg. According to Bloomberg's analysis, Valamar has achieved the best ESG rating of all observed companies in Croatia.

Valamar has invested in the 2022/23 season the total amount of EUR 58 million. The largest investment of EUR 32 million has been done in Dubrovnik. Intense investment preparations for the construction of hotel Pical in Poreč (over 500 accommodation units at the level of 5\*), the largest single investment project in Croatian tourism, are underway.

These have been achieved despite some adverse macroeconomic developments in our main source markets, continued inflationary pressures and decreased arrivals and flights in Dubrovnik destination compared to pre-crisis period. Investments in Dubrovnik in three hotels and the children's animation complex Maro World were very well accepted, creating significant

OVERNIGHTS,  
OPERATING  
INCOME AND  
OPERATING  
PROFIT HIGHER  
COMPARED TO  
2022

REGULATIONS  
DEFINING THE  
COST OF LEASING  
TOURIST LAND  
ADOPTED

growth in family guests and positioning Dubrovnik well for future growth. We are also pleased to see an exceptional increase in the number of overnights of guests from the United States and the Far East compared to last year. Also, Dubrovnik saw an increase in hotel guests overnights of 13.5% and average prices of 12.5% signifying an ongoing recovery.

Successful employment and training for almost 8,100 employees across all Valamar managed properties is another large achievement in 2023, especially given significant challenges in the labour market.

We welcome the adoption of regulations for leasing tourist land enabling us in the tourism sector to plan investments accurately. We believe the benefits of having certainty will significantly outweigh the additional cost.

## BUSINESS RESULTS

In 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 6.5 million overnights (+2.0% compared to the last year) and operating income of EUR 372.2 million (+14,4% compared to the last year).

The average price (ARR) for the period observed is 13.5% higher and amounts to EUR 119. The best results were again achieved by hotels and campsites within the invested premium properties segment. These properties have also been continuously achieving excellent results in guest satisfaction overall. Northern destinations continue to enjoy higher demand than southern Croatia. Direct sales have continuously had excellent performance increasing to the level of EUR 188.6 million, achieving a total of 63% of board revenues compared to 62% for 2022. Growth in the direct sales channel has a positive contribution to Valamar's operating profit.

Operating expenses have increased by 11.4% to EUR 250.5 million, following continued significant investments in employees (labour costs have increased by EUR 17.8 million or 16.3% compared to 2022.), significantly increased food costs and other purchasing costs due to continued intense inflationary pressures (maintenance costs, consumables, small inventory, textile accessories, etc.). Postings related to the lease of tourist land also had an additional negative impact (explained below). Operating profit (adjusted EBITDA) reached EUR 109.4 million, 6.2% higher than in 2022. Adjusted EBITDA margin amounts to 29.4% and is by 2.3 percentage points lower.

As at 31 December 2023, the Group's net debt amounts to EUR 217.8 million, a decrease of 10.2% in the period observed, reflecting a strong deleveraging trend. Loans mostly have a fixed interest rate or are protected by interest rate swaps, thus largely eliminating the interest rate risk. For 2023, all financial and other covenants from loan agreements have been satisfied.

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. In addition, the Management Board and the Supervisory Board adopted a proposal for the next General Assembly of the Company on the payment of dividend in the amount of 0.22 euro per share. According to the proposal, the dividend should be paid to all shareholders in May 2024.

For the purposes of the LTIP (long-term incentive plan for key executives in the Company's shares in the period from 2023 to 2026), the Company acquired 415,980 own shares in 2023, i.e. 0.33% of the capital. On 31.12.2023, the Company has a total of 3,417,022 own shares or 2.71% of the Company's capital.

ADJUSTED EBITDA  
AMOUNTS TO EUR  
109 MILLION WITH  
THE MARGIN OF  
29.4%

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

## INVESTMENTS

In 2022/23 season we invested EUR 58 million. The investments represent an important step in further improvement of service quality.

The investments in Istra Premium Camping Resort further improved 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.

With respect to Valamar Lacroma Hotel, investments were aimed at improving quality and interior redesign of the hotel. Investments encompassed 48 hotel's accommodation units, public spaces with an emphasis on the F&B segment, 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 investments in our portfolio in Obertauern (Austria) mostly related to the repositioning of the Hotel Marrieta in the Places brand. Obertauern [PLACESHOTEL] 4\* Superior was opened at the beginning of December 2023, and attracts guests interested in lifestyle products. An additional investment was the construction of the underground garage of the Kesselspitze Valamar Collection Hotel.

Helios Faros investments were focused on 11 new Eco Villas and project technical documentation related to Valamar Amicor Green Resort. It is the first eco resort in Croatia, opened in 2022. It was built in accordance with principles of sustainable development and designed according to the nZEB standard, which implies almost zero energy consumption. Amicor Green Resort was a finalist in the European Hotel Innovation Awards for sustainability achievements in 2023.

The investment in the construction of the Pical hotel started in 2019 and suspended due to the pandemic in 2020, is under preparation to be relaunched, carrying investment value of approximately EUR 140 million. We envisage the construction of Pical Valamar Collection Resort, a five-star luxury all-year resort in the Pical zone in Poreč, with a capacity of over 500 accommodation units and a range of amenities for high-quality year-round tourism. This Valamar investment represents the largest and most significant single investment in Croatian tourism, making Pical 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 25 million in workers' wages. 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 were between EUR 1,000 and 1,200 net. Valamar continues with its award programs to motivate loyalty, focus and achieving business goals.

VALAMAR IS  
AMONG THE  
TOP 10 MOST  
DESIRABLE  
CROATIAN  
EMPLOYERS

ESG RATING:  
VALAMAR HAS  
BEEN AWARDED  
THE SILVER MEDAL  
BY ECOVADIS

## SUSTAINABILITY

Valamar has been awarded the silver medal by EcoVadis, a global agency for rating a wide range of business sustainability practices. By obtaining an ESG rating, Valamar became the first Croatian tourism company whose sustainable practices have been recognised worldwide. EcoVadis evaluates environmental impacts, labour and human rights, ethics and sustainable procurement and their assessment is globally recognised by international institutions, investors and banks. Only the top 15% of companies rated by EcoVadis achieve the silver level.

In January, Valamar Riviera also got the best ESG rating in Croatia according to Bloomberg Adria, which analysed the largest Croatian companies on the Zagreb Stock Exchange. Valamar stands out with the highest total ESG score of 4.41, as the only tourist company on the list and as the only company that achieved a total score above 4. Valamar achieved excellent results in all categories: Environment, Social and Governance.

In 2024, Valamar continues to invest heavily in strategic projects and initiatives within its ESG strategy. Investments in reducing the carbon footprint relate to further decarbonisation, investing in renewable energy sources with a focus on solar energy, electric vehicles, bio-composting and others. We encourage biodiversity through our afforestation projects and taking care of 80,000 trees, so an additional 883 trees will be planted at Valamar, and we plan to plant a total of 10,000 trees in Croatia together with our guests. We continue our partnerships with local food producers and our focus is also on improving further cooperation with our suppliers in sustainable business practices. This is why this year we are introducing corporate social responsibility practices to increase the number of sustainable suppliers. Our total investments in employee development and rewards programmes in 2024 will amount to approximately EUR 20 million. This

includes numerous trainings, development and rewards programmes as well as incentives for living in our destinations. In all destinations, we have continued our investments in tourist infrastructure such as promenades, cycling paths, playgrounds and beaches. We have also continued our investments in destination events and support to the community and local socially responsible organisations, and we have continued with the projects of Valfresco School in Labin and Kindergarten for Valamar Employees in Poreč. Valamar has also joined key global initiatives for sustainable development, the Science Based Targets initiative and has become a member of the UN Global Compact.

CONTINUATION  
OF FURTHER  
INVESTMENTS  
IN STRATEGIC  
PROJECTS AND  
INITIATIVES WITHIN  
ESG STRATEGY



Obertauern [PLACESHOTEL] by Valamar 4\*, Obertauern

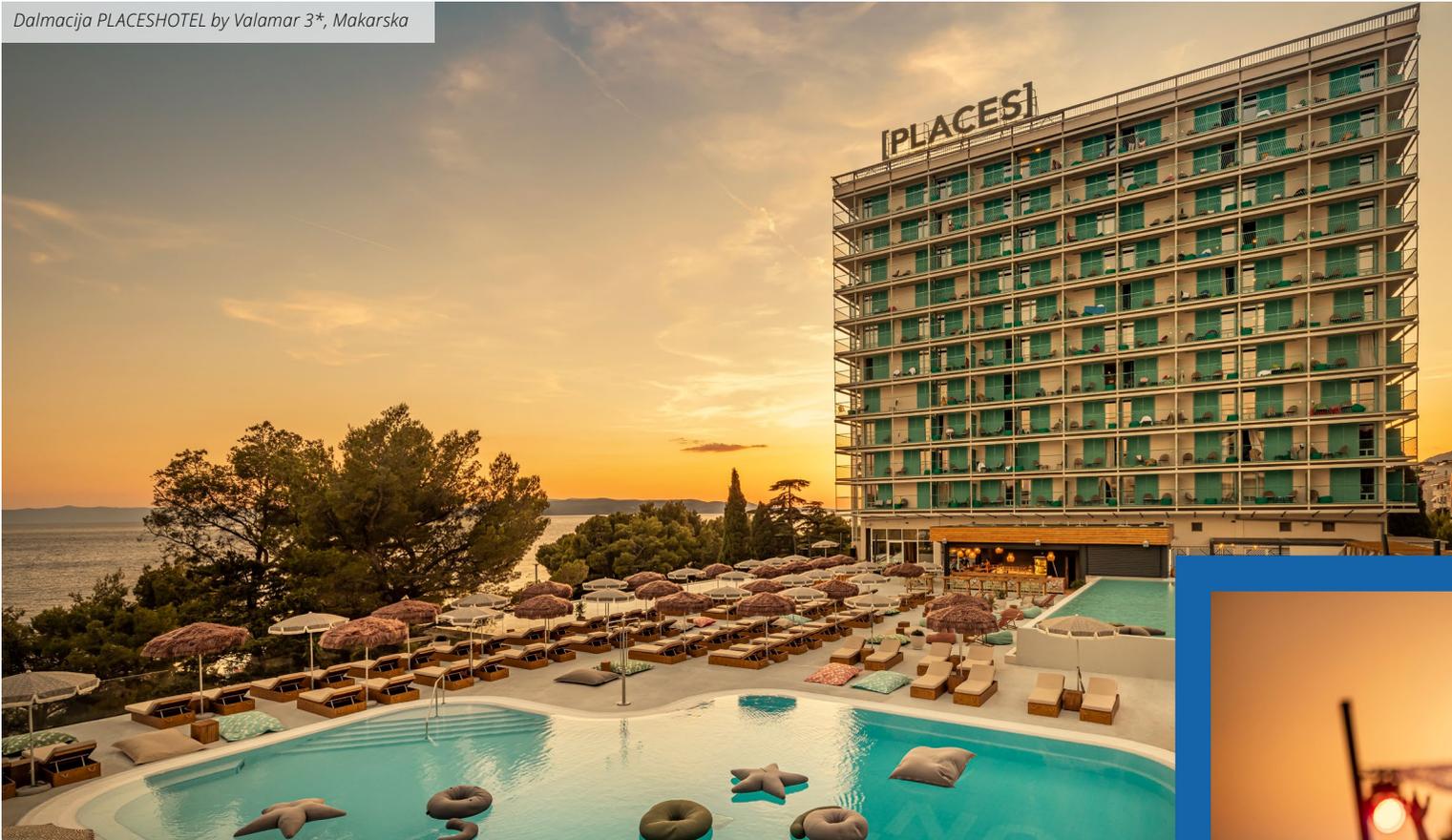
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Ježevac Premium Camping Resort 4\*, Krk Island



Dalmacija PLACESHOTEL by Valamar 3\*, Makarska



# Significant Business Events

## TOURIST LAND

After the transition from social to private ownership, i.e. transformation and privatisation, certain ambiguities and disputes arose regarding the ownership of a part of the land of which the majority of the tourism sector companies in the Republic of Croatia are comprised. To regulate these property rights relations more precisely, the Act on Unappraised Building Land was adopted and it entered into force on 2 May 2020 (hereinafter: the 'AUBL'). The Act on Tourist Land and Other Building Land Unappraised in the Procedure of Transformation and Privatisation (hereinafter: the 'AOTL'), which had been in force from 1 August 2010, thus ceased to be valid.

On 8 February 2024, the Government of the Republic of Croatia passed two regulations laying down the rules on tourist land: (1) the Regulation on the Method of Determining the Unit Amount of the Lease for Tourist Land on which a Hotel and Tourist Resort Are Built, the Method of Calculating the Lease and Other Fees and the Mandatory Content of the Lease Agreement and (2) the Regulation Determining the Initial Unit Price Amount for the Lease of the Tourist Land in a Campsite, the Method of Calculating the Lease and Other Fees and the Mandatory Content of the Lease Agreement (hereinafter: the 'Regulations').

These Regulations set the prices of leasing tourist land for 50 years after the entry into force of the AUBL and define the legal framework that enables companies in the tourism sector to make concrete strategic planning and prepare investments and long-term development. The positive effects of this particularly relate to the camping segment where most of the tourist land is situated. Also, this will significantly reduce the challenges of the legal uncertainty concerning tourist land and disposing of tourist land and catering facilities (e.g. purchasing and mortgaging). All of this contributes to the overall improvement in quality level and services enhancement, and thus to the development of sustainable tourism products with high added value. In addition, we believe that this is the beginning of a better regulation of the relations among tourism companies, the Republic of Croatia and the local communities.

Since the above Regulations (which, among others, regulate the unit cost of the lease per square meter) were adopted only in 2024, the Group, as a precaution, had already made provisions for the corresponding lease

POSITIVE EFFECTS OF THE DEFINED BUSINESS CONDITIONS AND USE OF TOURIST LAND ARE EXPECTED IN THE LONG TERM DESPITE THE INCREASED RENT

IN ITS FINANCIAL STATEMENTS FOR 2023, VALAMAR CANCELLED ALL PROVISIONS FROM PREVIOUS YEARS (2020-2022) AND BOOKED THE AMOUNT OF THE RENT EXPENSES AT NEW PRICES

expenses for the period from the entry into force of the AUBL, i.e. May 2020, until the end of 2022. After the passing of these Regulations, in its financial statements for 2023, Valamar cancelled all provisions from previous years (2020-2022). Valamar stated the amount of the lease expenses at new prices following the Regulations, including the expenses for 2023. The net effect of these transactions in 2023 amounts to EUR -4.7 million. This did not significantly impact the previously published outlook on Group's operating income and adjusted EBITDA for 2023. Namely, the assumptions for this outlook had already taken into account the passing of the above Regulations. We expect that the rent under the new law (AUBL) will be at least twice as high as until now under the old law (AOTL).

Given the current accounting policies and standards, the Group is allowed to capitalise the majority (about 80%) of the lease in the future, starting from the beginning of 2024. From the date of the entry into force of the AUBL until the date of the conclusion of the agreement, the lease is to be charged for a maximum of 50% of the surface. After the conclusion of the agreement, the payment of all unpaid (but booked) liabilities from previous periods will be regulated.

The rent is paid monthly, calculated as one-twelfth of the annual rent. The unit rent amount is revised every three years based on annual inflation rates published by the Croatian Bureau of Statistics.

Each municipality or city is responsible for determining the appropriate amount of rent for hotels and tourist resorts in their respective areas. In coastal regions, annual rent must fall between EUR 1.50 and EUR 3.00 per square meter of land annually. When renting land for camping, the fixed price is EUR 2.00 per square meter per year. The final price is determined by adjusting the initial unit price with a coefficient of economic profitability based on the county. The coefficients are as follows: 1 for Istra and Primorsko-goranska counties, 0.9 for Zadar and Šibenik-Knin counties, 0.8 for Split-Dalmatia and Dubrovnik-Neretva counties, and 0.7 for Lika-Senj County, continental counties, and islands. For camping that is categorized with 4\*, the unit rental price is reduced by an additional 5%, and for camping that is categorized with 5\*, it is reduced by an additional 10%.

When leasing tourism land, the highest yearly rent payment cannot exceed 4% of the previous year's hotel, camping, or tourist resort revenue. If the rent calculated by the cost per square meter of land surpasses this limit, the rent will be set at 4% of the previous year's revenue. The tourism companies are responsible for proving that the rent surpasses 4% of the turnover the hotel, camping, or tourist resort earned in the previous year. This can be established through tax returns, business books, and financial expertise, which the lessee will be responsible for covering.

Income from hotel and tourist resort rent is divided among the municipality/city (40%), County (20%), and fund for tourism (40%). Income from camping rent is divided among the municipality/city (20%), County (10%), state budget (30%) and fund for tourism (40%).

According to the AOTL, the Valamar Group reported the use of 3.4 million m2 of tourist land, based on which the so-called prepayment of the concession fee had been calculated until the entry into force of the AUBL. After having made alignments based on geodetic surveys and other business documents, the Group currently estimates that it will use approximately 2.8 million m2 of tourist land in the future.

### **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. This campsite is open for the most of year round and around half of its employees are locals.

TOTAL  
INVESTMENT  
IN CAMP ISTRA  
WORTH 81  
MILLION EUROS

PROJECT CAMP  
ISTRA IS ALSO  
OF GREAT  
IMPORTANCE  
FOR THE LOCAL  
COMMUNITY

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 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
- 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 being prepared 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 is 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 also offers a variety of indoor entertainment facilities for all age groups and for our guests' complete relaxation, we have an indoor swimming pool and a wellness & spa oasis filled with the scents of Alpine plants.

## VALAMAR RIVIERA'S GENERAL ASSEMBLY

The General Assembly of the Company was held on 24 April 2023. It passed the decision on the distribution of profit realised in 2022, the decision on giving the approval of actions to members of the Management Board and Supervisory Board, and approved the remuneration report for members of the Management Board and Supervisory Board for 2022. Also, auditors Ernst & Young d.o.o. za reviziju and UHY RUDAN d.o.o. were appointed to do the audit of the company Valamar Riviera d.d. in 2023.

Besides the stated decisions, the General Assembly adopted the decision on the alignment of the share capital which now amounts to 221,915,350.00 euro and the decision on amendments to the Articles of Association of

OBERTAUERN  
[PLACESHOTEL] 4\*  
SUPERIOR OPENED  
IN DECEMBER 2023

VALAMAR WAS  
AWARDED  
NUMEROUS  
RECOGNITIONS IN  
2023

the Company. These two decisions relate to the introduction of the euro as the official currency of the Republic of Croatia. The General Assembly also passed the decision on the pay-out of the dividend in the amount of EUR 0.20 per share (dividend yield of 4.5%), or a total of EUR 24,377,581.40. The dividend was paid out on 10 May 2023 from retained earnings in 2019. Ex-date, i.e. the date from which the Company's shares are traded without the right to dividend pay-out, was 27 April 2023.

## AWARDS AND RECOGNITIONS

In 2023, the Valamar Group continued to achieve top results and recognitions, receiving over 100 awards. Our commitment to sustainable tourism and outstanding services has been recognised on the market by both our guests and the industry experts.

A total of 11 of Valamar's campsites have been evaluated as Croatia's Best Campsites for 2024. Both Istra Premium Camping Resort and Lanterna Premium Camping Resort received the prestigious INOV CAMP 2023 award presented by the Croatian Camping Association for innovative camping solutions, namely Histri Island Edutainment Park. Additionally, four of our campsites have been awarded with the ADAC - Superplatz 2024 award, while another four have earned the esteemed ANWB - Top 2024 award. At Croatian Tourism Days, Istra Premium Camping Resort was proclaimed as the Campsite of the Year, while our properties in Poreč, Rabac, Hvar, Makarska, and Dubrovnik won an impressive 17 TripAdvisor Travelers' Choice Awards for 2023.

International recognitions from the World Travel Awards are equally noteworthy. Our hotels have been declared as best hotels in different categories, including Dubrovnik President Valamar Collection Hotel 5\* as the best luxury beach resort in Croatia, Isabella Valamar Collection Island Resort 4\*/5\* as the best luxury island resort and Marea Valamar Collection Suites 5\* as the best luxury family hotel in Southeast Europe. Kesselspitze Valamar Collection Hotel has been recognised as the best luxury ski hotel in Austria. On HolidayCheck, the largest independent German-language accommodation booking platform, seven of our hotels have been named among the best in Croatia, affirming our commitment to exceptional service and accommodation quality.

We would also like to highlight the awards received by our employees for their exceptional dedication and contribution to our properties' operations and guest satisfaction. At Croatian Tourism Days, two of our employees won the Employee of the Year award from the Croatian National Tourist Board while Ms. Belinda Lorraine Božanja received the prestigious Best Hotel Director in 2023 award from UPUHH with a special recognition for commitment to service excellence.

In our ongoing commitment to sustainability, 15 of our beaches have been awarded the prestigious Blue Flag certification by FEE (Foundation for Environmental Education) while 28 of our properties have received the Travelife sustainability certification. Additionally, in collaboration with UPUHH, seven of our properties have been recognized for sustainability excellence. We're particularly proud to have received the National Environmental Award 2023 - Green Prix from the Ministry of Economy and Sustainable Development, in the Community Impact category. Furthermore, our Valamar Amicor Green Resort on Hvar Island has been acknowledged as a sustainability leader in Europe, winning 3rd place at the Hotel Innovation Award.

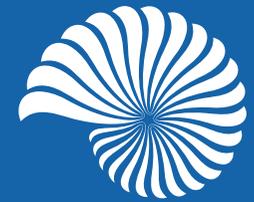
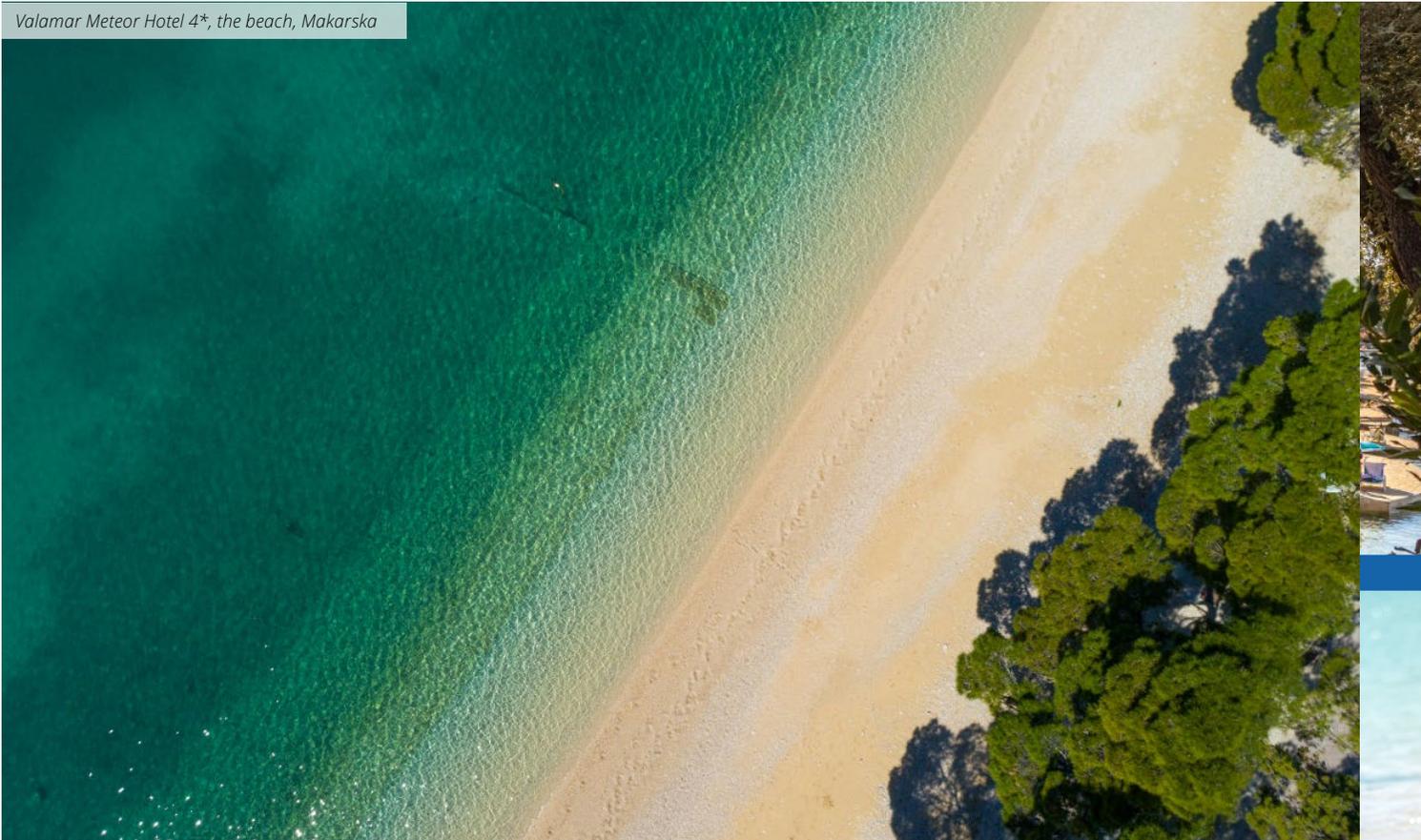
Sustainable tourism remains one of Valamar's strategic priorities. Our efforts have been recognized by EcoVadis and Bloomberg, winning the silver medal from EcoVadis and being named Croatia's best company in ESG rating by Bloomberg. Our commitment to transparency and open communication has also been acknowledged with the prestigious Building Public Trust Award from PwC Croatia and the Zagreb Stock Exchange. Once again, our success in Investor Relations has been recognized, earning us yet another award (third prize) from Poslovni dnevnik and the Zagreb Stock Exchange.

All these prestigious awards and recognitions are a testament to our strong commitment to excellence in all aspects of our business, confirming our market position and reputation. They serve as a powerful motivation for us to continue delivering unforgettable experiences for our employees, community, guests, and investors.

VALAMAR RECEIVED  
'BUILDING PUBLIC  
TRUST AWARD'  
FROM PWC  
CROATIA AND THE  
ZAGREB STOCK  
EXCHANGE



Valamar Meteor Hotel 4\*, the beach, Makarska



# Results of the Group

## QUARTERLY FINANCIAL STATEMENTS

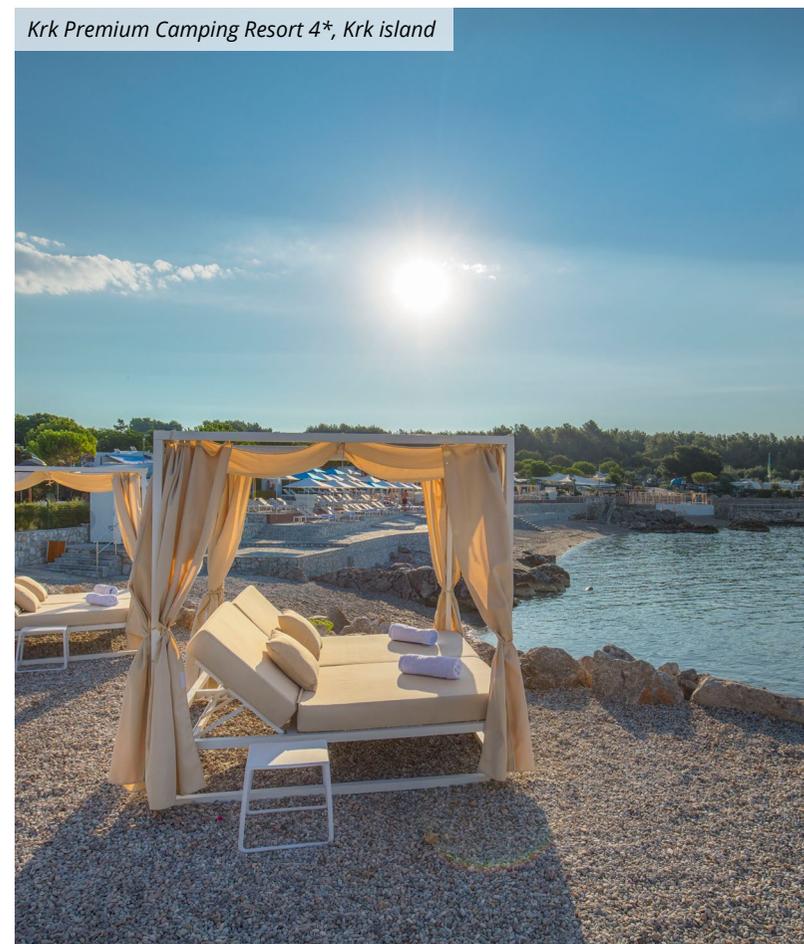
The Management Board of the Company presents the quarterly unaudited financial statements for the fourth quarter of 2023 (the period 1 January 2023 – 31 December 2023 is also included).

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 unaudited financial statements for the period from 1 January 2023 to 31 December 2023*



KEY FINANCIAL INDICATORS<sup>1</sup>

	2022	2023	22/23
Total revenues	331,962,715	375,406,296	13.1%
Operating income	325,334,919	372,208,414	14.4%
Sales revenues	319,483,709	365,719,180	14.5%
Board revenues (accommodation and board revenues) <sup>2</sup>	264,457,810	304,258,117	15.0%
Operating costs <sup>3</sup>	224,773,497	250,480,269	11.4%
EBITDA <sup>4</sup>	96,613,143	108,216,451	12.0%
Extraordinary operations result and one-off items <sup>5</sup>	-6,390,518	-1,171,512	-81.7%
Adjusted EBITDA <sup>6</sup>	103,003,661	109,387,963	6.2%
EBIT	30,522,029	42,401,589	38.9%
Adjusted EBIT <sup>6</sup>	36,912,547	43,573,101	18.0%
EBT	26,792,943	33,440,643	24.8%
Net profit	21,287,568	33,667,325	58.2%
EBT margin	8.2%	9.0%	0.7pp
EBITDA margin	29.7%	29.1%	-0.6pp
Adjusted EBITDA margin <sup>6</sup>	31.7%	29.4%	-2.3pp
	<b>31/12/2022</b>	<b>31/12/2023</b>	<b>22/23</b>
Net debt <sup>7</sup>	242,529,080	217,762,850	-10.2%
Net debt / Adjusted EBITDA	2.4	2.0	-15.5%
Cash and cash equivalents	89,299,582	55,185,359	-38.2%
Capital investments (details in chapter "2020 Investments")	42,111,057	58,603,851	39.2%
ROE <sup>8</sup>	4.4%	6.0%	1.6pp
Adjusted ROCE <sup>9</sup>	5.3%	6.3%	1.1pp
Market capitalization <sup>10</sup>	510,165,244	594,849,998	16.6%
EV <sup>11</sup>	887,143,152	951,166,260	7.2%
Share price	4.05	4.72	16.6%
EPS <sup>12</sup>	0.16	0.22	37.5%
DPS <sup>13</sup>	0.16	0.20	25.0%

KEY BUSINESS INDICATORS<sup>14</sup>

	2022	2023	22/23
Number of accommodation units (capacity)	20,093	20,087	0.0%
Number of beds	56,142	56,354	0.4%
Full occupancy days	126	127	1.0%
Annual occupancy (%)	35	35	0.0%
Accommodation units sold	2,531,572	2,557,292	1.0%
Overnights	6,358,158	6,482,614	2.0%
ARR <sup>15</sup> (in HRK)	104	119	13.5%
RevPAR <sup>16</sup> (in HRK)	13,165	15,101	14.7%
EBITDA PAR	4,908	5,536	12.8%

1 Classified according to the Annual Financial Statement (GFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income.

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

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

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

5 Adjustments were made for (i) extraordinary income (in the amount of HRK 28.5 million in 2022, and HRK 30.2 million in 2021), (ii) extraordinary expenses (in the amount of HRK 74.2 million in 2022 (of which HRK 49 million refers to RDP), and HRK 55.8 million in 2021), and (iii) termination benefit costs (in the amount of HRK 2.2 million in 2022, and HRK 1.8 million in 2021).

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 ROE refers to return on equity; calculated as: profit for the period / (capital and reserves).

9 Adjusted ROCE refers to return on capital employed; calculated as: adjusted EBIT / (capital and reserves at the end of the period + noncurrent and current liabilities to banks and other financial institutions + other liabilities according to IFRS 16 (leases) - cash and cash equivalents - long-term and short-term investments in securities - loans given, deposits, etc.).

10 Market capitalization is calculated as the total number of shares multiplied by the last share price at the end of period.

11 EV refers to enterprise value; calculated as market capitalization + net debt + minority interest.

12 EPS refers to earnings per share calculated on the basis of net profit attributable to the owners of the parent company. Weighted average number of shares in 2022: 121,887,907. Weighted average number of shares in 2021: 121,887,907.

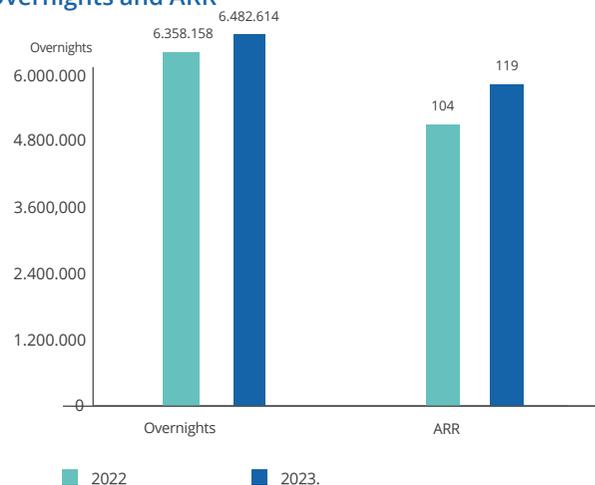
13 DPS refers to dividends per share.

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

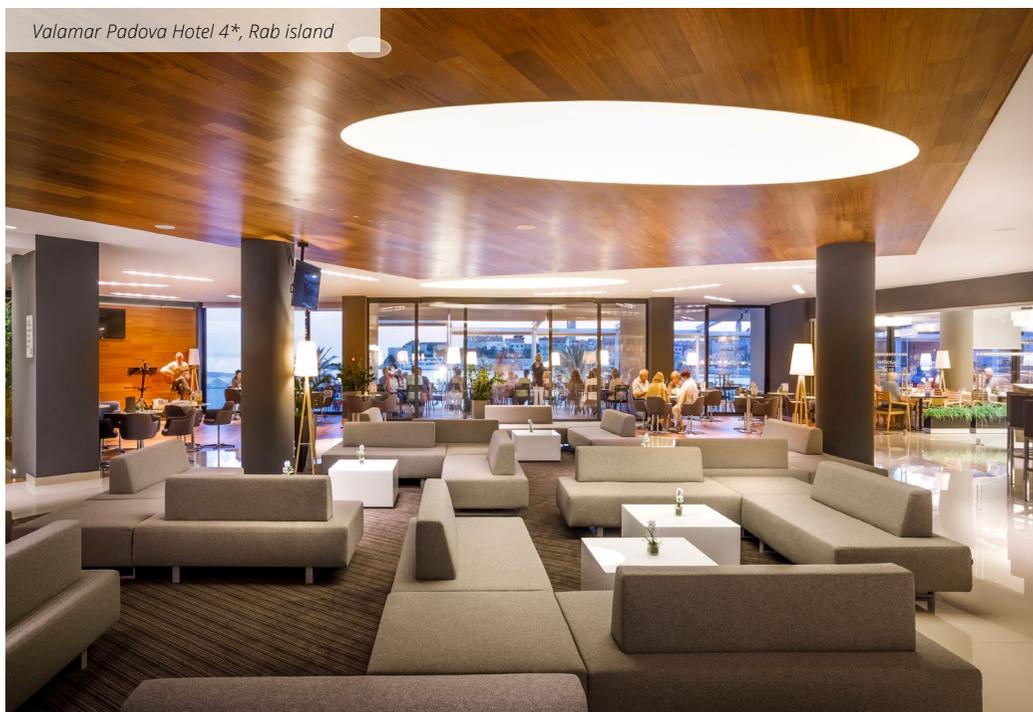
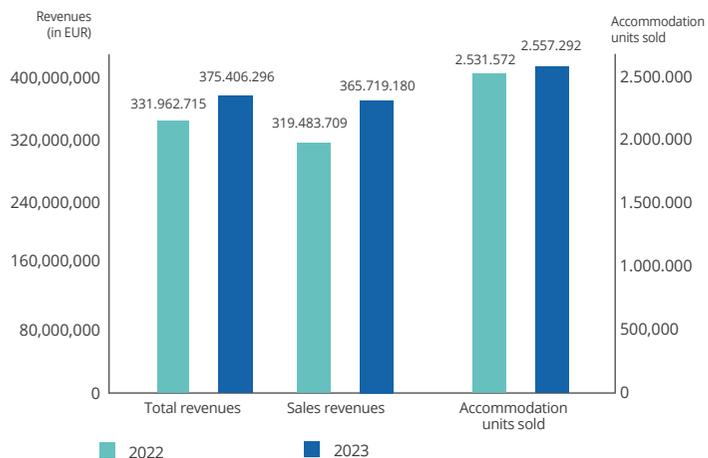
15 Average rate is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

16 Revenue per accommodation unit 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 (2023: 186 and 2022: 188), 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 (+2%), operating revenues (+14%) and operating profit (+6%) of the Group exceed the year 2022.

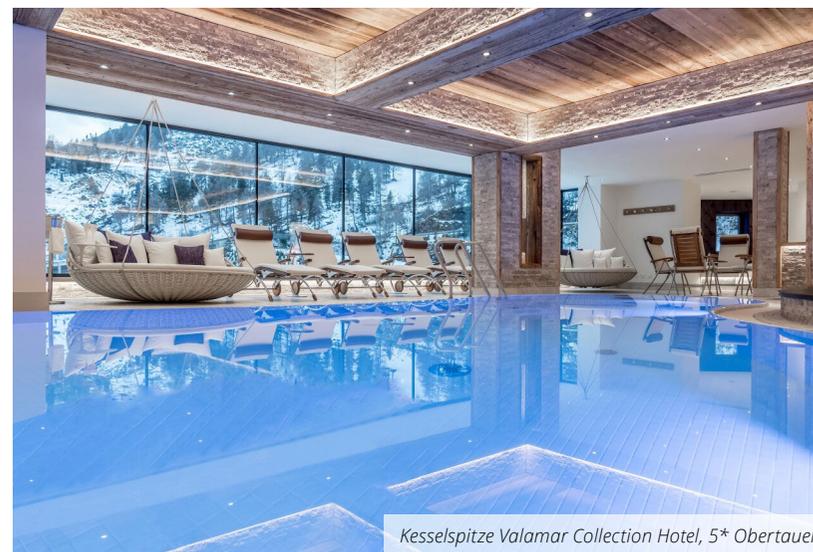
## REVENUES

The total revenues in 2023 amount to EUR 375.4 million, which is an increase of 13.1% (EUR 43.4 million). The total generated revenues have been influenced by:

a) the growth in sales revenues by 14.5% (EUR 46.2 million) to EUR 365.7 million, primarily from board revenues (EUR 304.3 million). There has been a slight change in the revenue structure: the sales revenues from the domestic market amount to EUR 41.3 million and they account for 11.3% of sales revenues (vs. 10.4% in 2022). Compared to 2022, they are EUR 8.1 million higher. With an 88.7% share in sales revenues (vs. 89.6% for 2022), the sales revenues from foreign markets amount to EUR 324.4 million and are EUR 38.1 million higher.

b) the increase in other operating revenues of 10.5% compared to 2022, i.e., to EUR 6.4 million, mainly due to mainly due to the cancellation of litigation obligations.

c) financial revenues, which amount to EUR 3.2 million are 51.8% lower than in 2022. This is mainly due to the absence of unrealised gains on financial assets (based on the fair value of interest rate swaps).



**TOTAL OPERATING EXPENSES OF VALAMAR GROUP<sup>17</sup>**

(in EUR)	2022	2023	23/22
Operating costs <sup>18</sup>	224,773,497	250,480,269	11.4%
Total operating expenses	294,812,890	329,806,825	11.9%
Material costs	103,272,959	118,247,660	14.5%
Staff cost	91,642,157	104,577,058	14.1%
Depreciation and amortisation	66,055,469	65,778,289	-0.4%
Other costs	29,812,219	36,168,890	21.3%
Provisions and value adjustments	2,683,266	1,593,802	-40.6%
Other operating expenses	1,346,820	3,441,126	155.5%

**TOTAL OPERATING EXPENSES**

The total operating expenses amount to EUR 329.8 million and are 11.9% higher than last year. The development of operating expenses is as follows:

a) material costs amount to EUR 118.2 million and are 14.5% higher mainly as a result of increased raw materials and material costs, maintenance, consumables and promotional activity costs as well as booked net effects related to the cancellation of provisions from previous years and posting of the cost of tourist land rent at new prices (explained earlier).

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 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 14.1% and amount to EUR 104.6 million after having made additional investments in salary increases and rewards to employees

c) depreciation amounts to EUR 65.8 million, which represents a 0.4% decrease

d) other costs have increased by 21.3% to EUR 36.2 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 3.4 million, which represents a EUR 2.1 million increase.

<sup>17</sup> Classified according to Annual Financial Statements standard (GFI POD-RDG).

<sup>18</sup> Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

## EBITDA AND PROFIT FOR THE PERIOD

The operating revenues in 2023 amount to EUR 372.2 million and are 14.4% higher compared to 2022. On the other hand, operating expenses increased by 11.4% to EUR 250.5 million following continued significant investments in employees (total labour costs increased by EUR 17.8 million or 16.3%). 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 previously mentioned bookings related to the lease of tourist land had an additional negative impact. 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 109.4 million has been generated, which is 6.2% higher than in 2022. Due to the already mentioned significant increase in operating expenses caused by inflationary pressures, the EBITDA margin dropped from 31.7% to 29.4%.

Considering approximately the equal depreciation costs and a somewhat weaker net financial result (a detailed explanation follows in the upcoming section), earnings before tax (EBT) amount to EUR 33.4 million. This is an improvement of 24.8% compared to the last year.

The Group reported income tax in the amount of EUR -227 thousand as a result of the recognition of deferred tax in the amount of EUR -3,105 thousand and current tax of EUR 2,878 thousand. The Group's net profit for 2023 amounts EUR 33.7 million.

Valamar Carolina Hotel & Villas 4\*, Krk Island



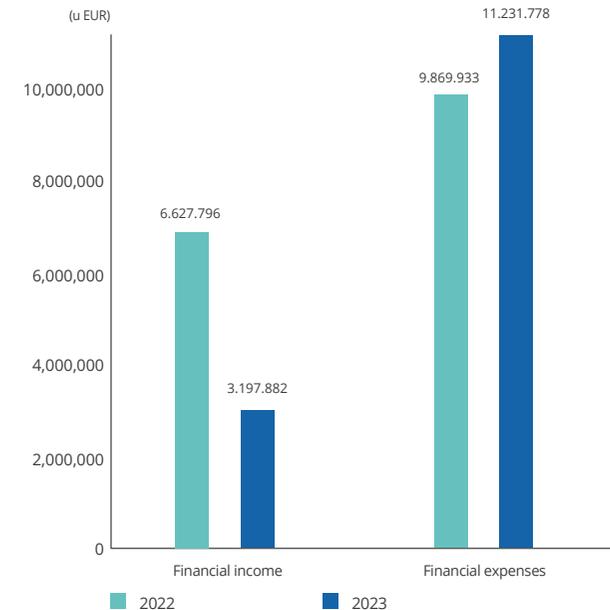
## RESULT FROM FINANCIAL ACTIVITIES

The result of financial activities for 2023 is EUR -8.0 million, which is EUR 4.8 million lower compared to the 2022, when it amounted to EUR -3.2 million.

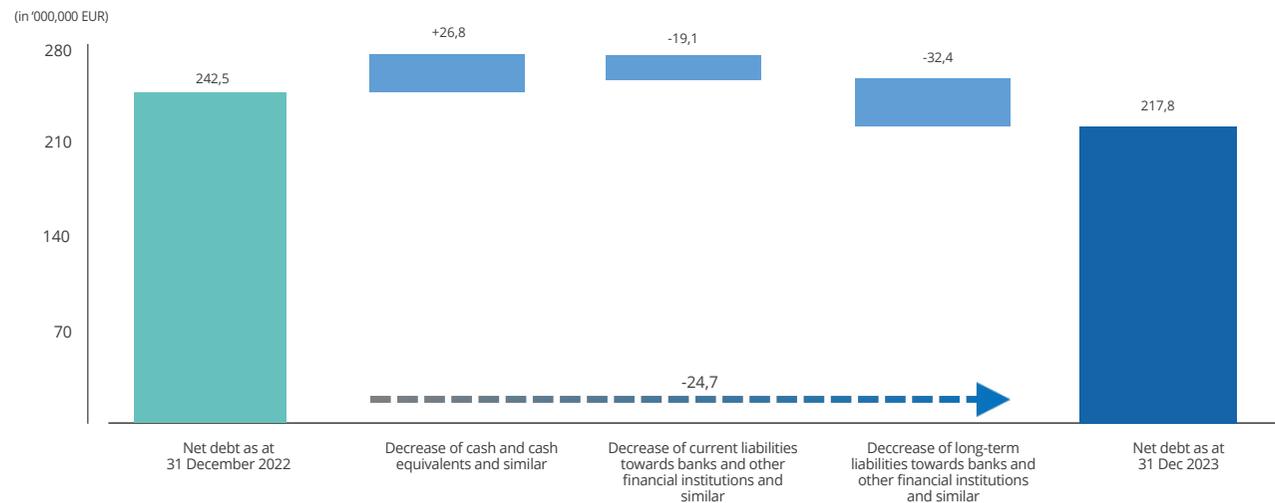
The weaker net financial result was mainly influenced by the decrease in unrealized income from financial assets (based on the fair value of interest rate swaps) by EUR 5.2 million compared to the last year and the increased interest expenses by EUR 0.7 million due to the increase in interest rates. The impact of the increase in interest costs was largely cancelled out by interest income from interest rate swaps, which in the twelve months of 2023 amounted to EUR 1.0 million.

On the other hand, due to the introduction of the euro, there were no exchange rate differences, which in last year amounted to a net of EUR -231 thousand and related mainly to long-term loans denominated in euros, while this year they amount to only EUR 3 thousand 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 2.3 million.

## Financial income and expenses



## Net debt <sup>19</sup>



<sup>19</sup> Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other + other liabilities according to IFRS 16 (leases) – cash and cash equivalents – long-term and short-term investments in securities – current loans given, deposits, etc.

## ASSETS AND LIABILITIES

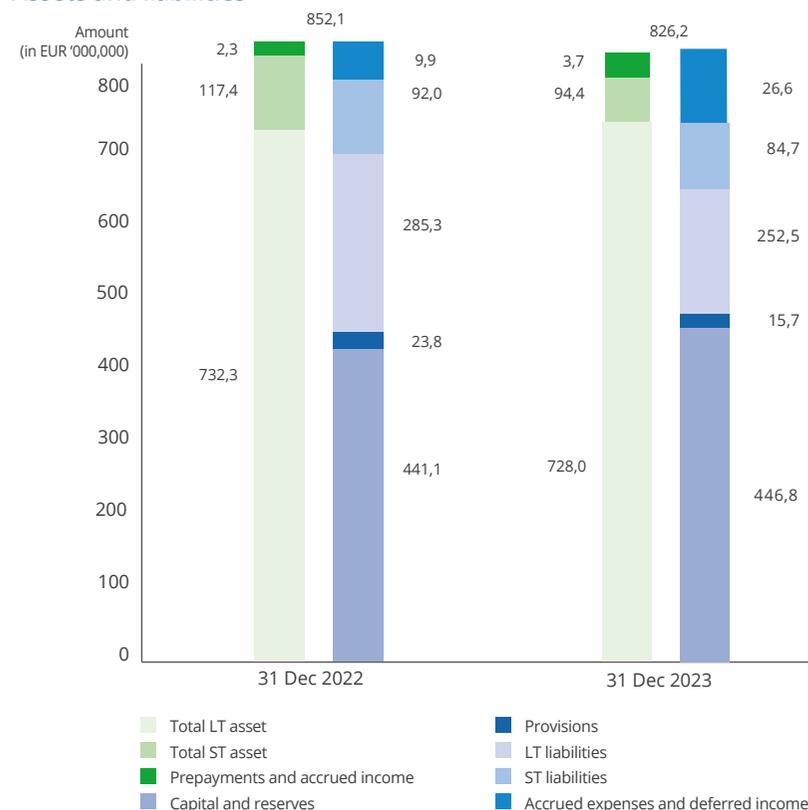
On 31 December 2023, the total value of the Group's assets is EUR 826.2 million, which is 3.0% lower than on 31 December 2022, years. Total share capital and reserves amount to EUR 446.8 million and are higher by 1.3% as a result of the achieved net profit for the period despite the dividend payment of EUR 24.4 million in May 2023.

Total long-term and short-term liabilities to banks and other financial institutions as of 31 December 2023 amount to EUR 294.0 million and are 15.0% lower than on 31 December 2022 as a result of loan repayment.

Most of the loan portfolio 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 31 December 2023, the Group's cash balance is EUR 55.2 million, which represents a decline of 38.2% compared to 31 December 2022. 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.

### Assets and liabilities



## HOTEL AND CAMPING RESORTS OVERVIEW

HOTELS AND RESORTS OVERVIEW		LOCATION	KEYS
<b>Hotels and Resorts</b>			<b>9.214</b>
<b>VALAMAR COLLECTION</b>			<b>1.328</b>
Marea Valamar Collection Suites	5*	Poreč	108
Imperial Valamar Collection Hotel	4*	Island Rab	136
Dubrovnik President Valamar Collection Hotel	5*	Dubrovnik	292
Isabella Valamar Collection Island Resort	4* / 5*	Poreč	334
Girandella Valamar Collection Resort	4* / 5*	Rabac	391
Kesselspitze Valamar Collection Hotel	4* Superior	Austrija	67
<b>VALAMAR HOTELS &amp; RESORTS</b>			<b>3.759</b>
Valamar Riviera Hotel & Residence	4*	Poreč	130
Valamar Tamaris Resort	4*	Poreč	507
Valamar Parentino Hotel	4*	Poreč	329
Valamar Bellevue Resort	4*	Rabac	372
Valamar Diamant Hotel & Residence	3*/4*	Poreč	372
Valamar Sanfior Hotel & Casa	4*	Rabac	242
Valamar Atrium Baška Residence & Villa Adria	4* / 5*	Island Krk	92
Valamar Carolina Hotel & Villas	4*	Island Rab	176
Valamar Padova Hotel	4*	Island Rab	175
Valamar Meteor Hotel	4*	Makarska	268
Valamar Argosy Hotel	4*	Dubrovnik	308
Valamar Lacroma Dubrovnik Hotel	4*	Dubrovnik	401
Valamar Tirena Hotel	4*	Dubrovnik	208
Valamar Obertauern Hotel	4*	Austria	82
Valamar Amicor Green Resort	4*	Island Hvar	97
<b>[PLACES] by Valamar</b>			<b>489</b>
Hvar [PLACESHOTEL] by Valamar	3*	Island Hvar	179
Dalmacija [PLACESHOTEL] by Valamar	3*	Makarska	190
Obertauern [PLACESHOTEL] by Valamar	4*	Austria	120
<b>SUNNY BY VALAMAR</b>			<b>3.638</b>
Lanterna Sunny Resort by Valamar	2*	Poreč	606
San Marino Sunny Resort by Valamar	3*	Island Rab	457
Rivijera Sunny Resort by Valamar	2*	Makarska	258
Arkada Sunny Hotel by Valamar	2*	Island Hvar	266
Club Dubrovnik Sunny Hotel	3*	Dubrovnik	338
Eva Sunny Hotel & Residence	2* / 3*	Island Rab	284
Crystal Sunny Hotel by Valamar	4*	Poreč	223
Rubin Sunny Hotel by Valamar	3*	Poreč	253
Allegro Sunny Hotel & Residence by Valamar	3*	Rabac	168
Miramar Sunny Hotel & Residence by Valamar	3*	Rabac	165
Corinthia Baška Sunny Hotel by Valamar	3*	Island Krk	341
Zvonimir Sunny Hotel by Valamar	4*	Island Krk	85
Koralj Sunny Hotel by Valamar	3*	Island Krk	194

CAMPING RESORTS OVERVIEW		LOCATION	KEYS
<b>Camping Resorts</b>			<b>11.684</b>
<b>CAMPING ADRIATIC BY VALAMAR - PREMIUM RESORTS</b>			<b>5.469</b>
Istra Premium Camping Resort	5*	Poreč	962
Lanterna Premium Camping Resort	4*	Poreč	2.959
Krk Premium Camping Resort	5*	Island Krk	500
Ježevac Premium Camping Resort	4*	Island Krk	632
Padova Premium Camping Resort	4*	Island Rab	416
<b>CAMPING ADRIATIC BY VALAMAR - RESORTS</b>			<b>4.574</b>
Orsera Camping Resort	3*	Poreč	595
Solaris Camping Resort	3*	Poreč	1.825
Marina Camping Resort	4*	Rabac	329
Baška Beach Camping Resort	4*	Island Krk	601
Bunculuka Camping Resort	4*	Island Krk	414
San Marino Camping Resort	4*	Island Rab	810
<b>CAMPING ADRIATIC BY VALAMAR - SUNNY</b>			<b>1.641</b>
Brioni Sunny Camping	2*	Pula	725
Tunarica Sunny Camping	2*	Rabac	162
Škrila Sunny Camping	3*	Island Krk	349
Solitude Sunny Camping	3*	Dubrovnik	405

Dubrovnik President Valamar Collection Hotel 5\*, Dubrovnik



# Results of the Company

In 2023, total revenues amounted to EUR 299.6 million, which is a decrease of 9.6% or EUR 31.6 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 290.1 million and are 14.0% higher than the same period last year. Sales revenues in the country amount to EUR 44.4 million with a share of 15.3% in total sales revenues (14.0% in 2022). Revenues from sales on foreign markets amount to EUR 245.7 million with a share of 84.7% in total revenues (86.0% in 2022).

Material costs amount to EUR 97.2 million with a growth of 16.7% as a result of increased costs of raw materials and materials, maintenance, consumables, costs of promotional activities and booked net effects related to the cancellation of provisions from previous years and the posting of the rental cost of tourist land at new prices (explained earlier). Staff costs amount to EUR 83.4 million and are 12.6% higher compared to last year, after additional investments in salary increases and employee rewards. Depreciation amounts to EUR 47.2 million, which is 3.7% less than last year.

In 2023, the net financial result is EUR -1.3 million (EUR 1.8 million in 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 3.0 million (based on the fair value of interest rate swaps), while in 2023 it was reported at the level of EUR -0.3 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

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

STRONG CASH POSITION OF THE COMPANY AS AT 31 DECEMBER 2023 OF EUR 46 MILLION

hand, the improvement of the net financial result of EUR 1.6 million was mostly influenced by other income based on interest after the increase in market interest rates on money placements.

In 2023, an EBITDA of EUR 81.4 million has been generated, which represents a 40.3% decrease compared to the EBITDA generated in 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, promotional activity costs and the previously mentioned postings related to the lease of tourist land. After 3.7% lower depreciation costs and the lower net financial result described above, the profit before tax (EBT) amounts to EUR 32.9 million.

The Company has reported income tax in the amount of EUR 8.0 million. With respect to previously recognized deferred tax assets based on tax losses and tax incentives, the Company will have an obligation to pay income tax (cash outflow) for about one third of the stated amount. The Company's net profit for the year 2023 amounts to EUR 24.9 million.

On 31 December 2023 the total value of the Company's assets is EUR 660.3 million, which is 4.7% lower than on 31 December 2022. Total share capital and reserves amount to EUR 407.6 million and are on the same level as in last year. On 31 December 2023 the balance of the Company's cash amounts to EUR 46.3 million, which represents a decrease of 21.9% compared to 31 December 2022.

Tirena Sunny Hotel by Valamar 4\*, Dubrovnik



# Investment cycle 2022/23

Total investments made by Valamar Group in the 2022/23 investment cycle amount to EUR 58 million.

## VALAMAR RIVIERA

During the investment cycle of 2022/23, Valamar Riviera realized investments totalling EUR 26.0 million.

The investments primarily focused on energy efficiency and digitalization projects, with larger allocations towards enhancing the quality and improvement of the Istra Premium Camping Resort 5\* in Poreč, further modernization and enhancement of the Corinthia Sunny Plus Hotel by Valamar 3\* on the island of Krk, as well as investments in maintaining facilities and amenities for guests and accommodating seasonal employees across all destinations.

The biggest single capital investment in 2022/2023, amounting to EUR 7.6 million, was made in Istra Premium Camping Resort, the best Family Camping Resort in Croatia and one of the best campsites in the Mediterranean. Investments were realized, further enhancing quality and upgrading the premium segment through the expansion of various types of accommodation units in the Orlandin zone (10 new mobile houses), while the expansion of C zone included new villas with a swimming pools, and a new restaurant called Tuna Bay Grill. Additionally, the Fonte restaurant was finalized, the Oliva restaurant was further renovated, the supermarket and outdoor wellness area were upgraded, and the parking lot was expanded with the installation of electric vehicle charging stations. . The expansion of C zone was carried out over an area of 9,200 m2, accommodating 18 brand new villas with their own private pools (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 further ensured the enhancement of the overall service quality and facilities within the camp. Another significant investment was directed to further modernisation and upgrade of Corinthia Sunny Plus Hotel by Valamar 3\* on the island of

Istra Premium Camping Resort 5\*, Poreč



Krk, where investments in room finalization, as well as the reconstruction of the buffet and pool terrace, were completed.

Valamar Riviera's constant focus on green projects, sustainability, and energy efficiency has been reaffirmed by investing nearly 10% of the total investment plan into sustainability projects. The units for organic waste and recycling have been upgraded, solar panels have been reconstructed, and electric vehicle chargers, as well as heat pumps, have been implemented, which are considered significant steps towards energy efficiency. Furthermore, new trees and greenery have been planted across all destinations.



IN 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

Among the significant investments related to 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 5\* in Poreč. These initiatives have ensured financial savings, reduced dependency on tap water and preserved it for the consumption of residents and guests of the area. An additional EUR 4 million have been invested in digitalisation and innovation projects aimed at continuously improving our service quality. The majority of the investment has been allocated to the redesign of the website, the MyValamar application, and projects to improve business security.

In addition to the environmental protection and energy efficiency, significant attention has been devoted to investment maintenance across all our destinations by investing in regular maintenance of facilities and amenities for guests, as well as investing in security measures. In the investment maintenance cycle of 2022/23 alone, Valamar Riviera has invested over EUR 9.5 million, with an additional half a million euros allocated to beach improvements and EUR 400 thousand towards enhancing guest security.

## IMPERIAL RIVIERA

The company Imperial Riviera d.d. has successfully 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 3\*, Valamar Lacroma Hotel 4\*, Valamar Club Dubrovnik 3\*, and to the ancillary properties of Exodus and Popiva, now operating under the new name Maro World.

The largest investment, totalling EUR 15.8 million, was allocated to the reconstruction and repositioning project of the Valamar Tirena Hotel 3\* in Dubrovnik. This project aimed to refurbish the hotel to enhance quality, modernize spaces, renovate worn-out equipment elements, and streamline operational processes, thereby elevating its category to four stars and repositioning it to Valamar Hotels & Resorts 4\*. All accommodation units (208), public areas, and external hardware were completely refurbished,

and new glass fences meeting safety standards were installed on balconies. The kitchen in the basement was reorganized in accordance with HACCP standards.

At the Valamar Lacroma Hotel 4\* in Dubrovnik, an investment totalling EUR 3.4 million has been completed, focusing on enhancing quality and redesigning the interior spaces of the hotel. This includes refurbishing a portion of the accommodation units, public areas with a focus on the F&B segment, the indoor pool and wellness area, as well as the new outdoor Mezzino bar. The investment in the accommodation units involved interior redesigning with entirely new furnishings, built-in and movable furniture, and hotel equipment. Additionally, the Momenti restaurant, reception area, and lobby space have been renovated.

The investment in the Club Dubrovnik Sunny Hotel by Valamar 3\* in Dubrovnik has been completed, totalling EUR 2.9 million. This investment encompassed the complete refurbishment of 102 accommodation units and partial refurbishment of 199 accommodation units. The entrance and access to the hotel have been renovated, and the reception area, lobby, entire restaurant, and pool area have been redesigned. With this investment, the hotel has been repositioned as the Club Dubrovnik Sunny Hotel by Valamar.

Furthermore, an investment of EUR 3.9 million has been completed, which involved two existing facilities, Popiva and Exodus, transforming them into a large

children's entertainment complex with various amenities suitable for all ages, under the name Maro World. Complete reorganization of the facilities was carried out, and new facilities both inside and outside the buildings were constructed and equipped. Maro World has become a large thematic play area available to all our guests in the Dubrovnik destination.



*Valamar Lacroma Dubrovnik Hotel 4\*, Dubrovnik*

Tirena Sunny Hotel by Valamar 3\*, Dubrovnik



# Investment cycle 2023/24

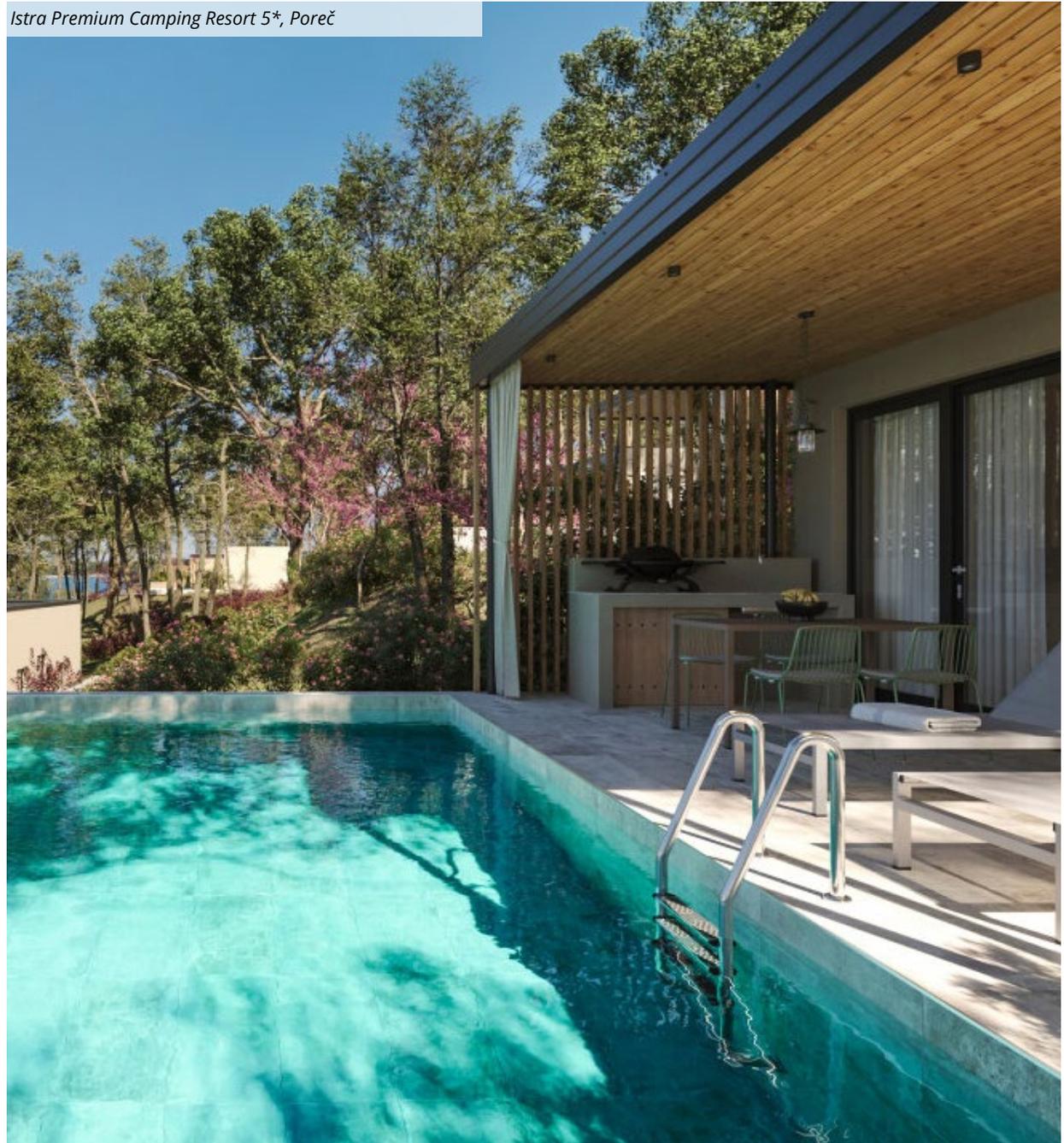
The continuous success and growth of Valamar Riviera is the result of investing in products, employees and tourist destinations, while always taking care of sustainable and socially responsible development through commitment to reducing the carbon footprint and constant investment in renewable energy sources. 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 2023/2024 cycle on realising new investments. These investments are aimed at enhancing quality and guest satisfaction.

Total approved investments at the Valamar Group level for the 2023/24 investment cycle amount to 82 million euros. The investments largely focus on renovating accommodation units at hotels and campsites. In addition, Valamar actively invests in environmental protection and energy efficiency, safety, as well as digitalization and innovations for the new growth period.

## VALAMAR RIVIERA

The planned investments of Valamar Riviera in the 2023/2024 cycle amount to EUR 43.1 million. Investments are aimed at improving business processes, enhancing business operations, raising the quality of facilities and services and increasing energy efficiency and digitalisation.

*Istra Premium Camping Resort 5\*, Poreč*



The largest single capital investment in 2023/2024 amounting to EUR 8.2 million is aimed at investing in the renovation of 180 accommodation units at Allegro Sunny Hotel 3\* in Rabac and 90 of the total 120 accommodation units at Miramar Sunny Hotel 3\* in Rabac, while the remaining 30 accommodation units were already renovated in 2021. The merger of these two hotels creates a new Sunny brand product called Allegro Sunny Hotel & Residence 3\*. In addition to the renovation of the rooms, this investment includes investing in children's facilities in both hotels, an outdoor trampoline park and the expansion and increase in the capacity of the restaurant for hotel guests by building an outdoor terrace with an additional 80 sitting places due to the increase in the hotel's total accommodation capacities. The F&B service concept will be a Sunny Breakfast & Brunch and Sunny Dinner. This unique Sunny brand product will provide accommodation in a fantastic location and will focus primarily on families.

The second significant investment, amounting to EUR 5.1 million, refers to the reconstruction of accommodation units at Koralj Sunny Hotel 3\* on the island of Krk and the implementation of children's facilities.. This investment includes a complete renovation and redesign of 194 accommodation units and an increase in its bed capacity by 120, which will increase its capacities from 429 to 549 beds. The construction of children's facilities on the ground floor relates to a new playroom for children, a Multimedia Game Lounge, a Family Lounge, Maro Smart Play Rooms and an upgrade of the Chill and Play Zone.

The plans for Isabella Valamar Collection Island Resort 4\*/5\* hotel in Poreč include the raising of the level of its Oliva grill restaurant with an expansion of its outdoor terrace and kitchen, while the plan for Valamar Argosy Hotel 4\* in Dubrovnik includes the covering of its Mezzino pool bar with a roof.

In addition to investing in hotels, Valamar has been actively investing in its campsites. Given the growing demand for camping tourism, in this investment cycle, we plan to invest more than EUR 2 million in expanding and improving the standards of our campsites and their facilities. At our Lanterna Premium Camping Resort 4\* in Poreč, two markets, Valeta market and Tarska Vala market, as well as two sanitary blocks will be

IN 2023/24  
CYCLE.  
VALAMAR  
RIVIERA'S  
INVESTMENTS  
ARE PLANNED  
IN THE AMOUNT  
OF 43 MILLION,  
AND IMPERIAL  
RIVIERA'S 38  
MILLION

reconstructed, and quality improvement of 24 existing pitches in Zones A and C from Standard to Comfort will be done as well as quality improvement of 2 pitches in Zone K from Comfort Mare to Premium Mare. 12 new Premium mobile homes with terraces are planned to be set up at Marina Camping Resort 4\* in Rabac, 7 new mobile homes will be set up in Zone B of Baška Beach Camping Resort 4\* on the island of Krk, while 20 pitches for mobile homes and 5 Mega Comfort pitches will be built at Solaris Camping Resort 3\* in Poreč. At Orsera Camping Resort 3\* in Poreč, quality improvement for the 15 existing pitches in Zone A to Mega Comfort is planned as well as 10 pitches in Zones A and B in Istra Premium Camping Resort 5\* in Poreč, and 7 Comfort pitches to Premium Mare pitches in Zone F of Škrila Sunny Camping 3\* on the island of Krk .

Valamar Riviera cares about the sustainability and corporate social responsibility of its business operations. Therefore, we have invested more than one million euros in various energy efficiency projects and EUR 3.7 million in sustainability projects by procuring electric vehicles, planting trees, recycling bio-waste and other projects.

In addition to environmental protection and energy efficiency, we pay special attention to the investment maintenance of all our destinations by investing in the regular maintenance of our properties and guest facilities and investing in security. In the 2023/2024 investment cycle, our maintenance investment amounts to EUR 12 million. Approximately EUR 600 thousand will be invested in the purchase of furniture and equipment, with an additional EUR 800 thousand in the improvement of beaches and over EUR 800 thousand in the improvement of safety.

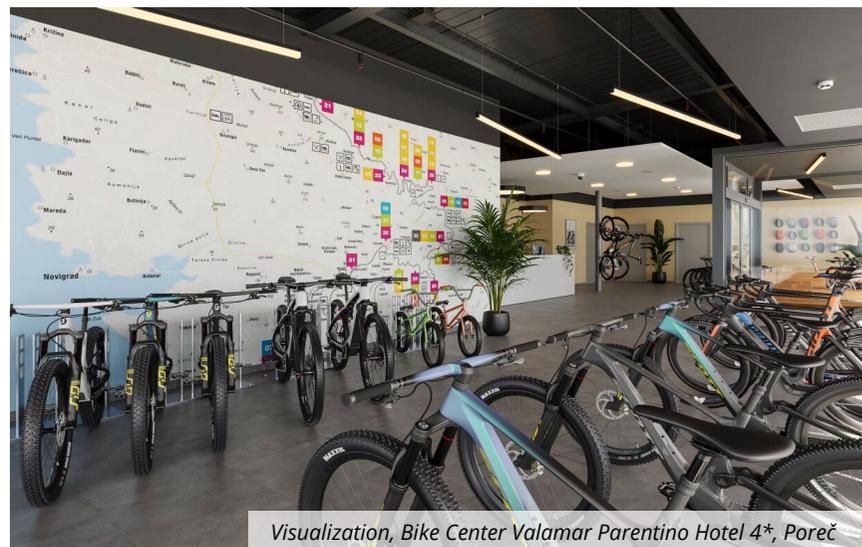
Through developing digitalisation, we aim to continuously improve the quality of our services. This is why, in this investment cycle, more than EUR 5.8 million are planned to be invested in digitalisation and innovation projects, with the plan to allocate the highest amount to the development of the Valamar.com website. Except for investing in digitalisation, an additional EUR 1.7 million has been invested in IT maintenance projects.

## IMPERIAL RIVIERA

Imperial Riviera d.d. has started its 2023/2024 investment cycle in which it plans to invest EUR 38.4 million with the key goal of further improvement of the company's offer in all destinations.

The most significant investments are focused on repositioning and improving the quality of services, digitalisation, green building, sustainable energy sources and tourist infrastructure in all destinations. They mostly relate to the first phase of reconstruction of the existing tourist resort Suha Punta (Valamar Collection Rab Resort 4\*/5\*) in the destination of Rab, a multi-phase project whose goal is to firmly position this destination among the best destinations for family holidays in the Adriatic. Investments also include the refurbishment of the existing complex of Rivijera Sunny Resort by Valamar 2\* (Makarska Sunny Resort 3\*) in the destination of Makarska, where this complex will also be repositioned to the Sunny brand, which has already been recognised on the market as a brand that offers an economical and simple vacation with excellent service quality and value for money. Also, the construction of new hotel Bike Centre Valamar Parentino 4\* in Poreč is planned, as well as further investments in improving the offer in the hotels Valamar Padova 4\* and Imperial Valamar Collection 4\*, in the campsite Padova Premium Camping Resort 4\* in the destination of Rab and in the Valamar Lacroma 4\* hotel in the destination of Dubrovnik, where the plan is to also build a new employee housing complex.

The company continues to work intensively on the preparation of project and spatial planning documentation for investments in the destination of Rab concerning the complex Suha Punta, San Marino Sunny Resort by Valamar 3\* and San Marino Premium Camping Resort by Valamar 4\*.



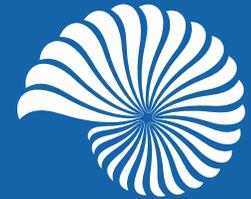
Visualization, Bike Center Valamar Parentino Hotel 4\*, Poreč



**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

Since 2022, Valamar has been committed to Valamar's sustainability strategy and the 2025 ESG goals defined within our integrated report (available at the following link: [Integrated Annual Reports | Valamar - All You Can Holiday](#). Leading Croatian tourist company ([valamar-riviera.com](#)). Valamar's sustainability strategy includes 12 key goals in the areas of Environment (E), Social (S) and Governance (G), which Valamar plans to achieve by 2025 through 6 strategic initiatives. Valamar is the first tourist company in Croatia that has integrated sustainable development into the management of its business operations and development and published its sustainability goals in line with 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.

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

VALAMAR JOINED THE UN GLOBAL COMPACT, THE WORLD'S LARGEST INITIATIVE FOR SUSTAINABLE DEVELOPMENT AND CORPORATE SUSTAINABILITY

The “Science Based Targets” initiative, of which the world's leading sustainability institutions are members including WWF and UN Global 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 November 2023, Valamar was awarded the silver medal by EcoVadis, a global business sustainability ratings agency. EcoVadis assesses environmental impacts, labour and human rights, ethics and sustainable procurement and their rating is recognised globally by international institutions, investors and banks. Only the TOP 15% of companies rated by EcoVadis reach the silver level. Valamar will continue to participate in the EcoVadis sustainability rating, and the goal is to get the gold medal by 2025.

### Environment

Reducing greenhouse gas emissions is one of the 12 ESG goals defined by Valamar's ESG strategy. We have been continuously reducing our carbon footprint by replacing fossil fuels with electricity from renewable sources, installing heat pumps and other energy efficiency measures. With the construction of photovoltaic power plants on tourist properties in cooperation with E.ON, we have covered 6% of Valamar's total electricity needs. In 2024, we continue to invest in LED lighting, electric cars and further decarbonisation and ensure that 100% of our electricity needs are covered by renewable sources. We have continued with the measuring of the third Scope emissions and have defined measures to achieve carbon neutrality in Scope 1 and 2 until 2025. In 2022, Valamar was the winner of the Green Prix national award for decarbonising the community and for environmental impact. Valamar continues to invest in its Valfresco Direct platform, our online one-stop shop offering produce from family farms, winemakers, olive growers and other local producers. By promoting local produce and food, Valamar preserves the biodiversity of the environment in which it operates and promotes socio-economic sustainability.

## Society

In 2023, Valamar Riviera celebrated the 70th anniversary of its business operations. Over the past 70 years, Valamar Riviera has strongly shaped the development of tourism and has become the leader in economic and social development in the most successful tourist destinations in Croatia. In its beginnings, in 1953, the then Riviera Poreč operated with only approximately two hundred beds and twenty employees. Today, Valamar employs more than 8,000 employees in 36 hotels and resorts and 15 campsites along the Adriatic coast, and, in the last five years, has expanded its business to include winter tourism in Austria.

Valamar is the largest investor in Croatian tourism with more than one billion euros invested in the last approximately twenty years, thus strongly repositioning its portfolio toward high-quality and added-value tourism. In the last seven years, Valamar has been recognised as the best employer in the tourism sector in Croatia. This year alone, an additional EUR 25 million has been invested in the salaries and rewards of its employees. Investments in corporate social responsibility make up 3-5% of Valamar's annual revenues with an emphasis on employee development, student scholarships, investments in tourist infrastructure such as promenades, cycling paths, playgrounds and beaches, support for cultural and sports events in its destinations and numerous initiatives aimed at raising the quality of life in the local communities. Valamar has received numerous environmental and energy transition awards and has been recognised at the European level as one of the climate leaders in the tourism industry.

One of the most important activities in 2023 was the 'Valamar Takes Care about Delicious Lunches' project. Within this project, the company donated healthy and local Valfresco lunches to Matija Vlačić Elementary School and Liče Faraguna Centre in Labin during the entire school year.

The important socially responsible project that marked 2023 was the long-term extension of the local kindergarten capacities in Poreč. This project has ensured additional kindergarten places for children of the families living in Poreč in the Radost Kindergarten, situated in the renovated premises of hotel Pinia. Valamar has also equipped a children's playground

VALAMAR IS  
THE HOLDER  
OF NUMEROUS  
AWARDS FROM ESG

SPECIAL ATTENTION  
IS GIVEN TO THE  
EMPLOYEES  
AND THE LOCAL  
COMMUNITY

in the kindergarten in Žbandaj. In cooperation with the 'Our Children' Association and the City of Poreč, for a third year in a row, Valamar has organised a camp at the City Bathing Area and the beach of hotel Pinia. Besides that, Valamar has given a donation to a new city kindergarten in Dubrovnik, and Imperial Riviera and Valamar in Makarska have enabled the refurbishment of a children's playground and handed it over for use to the City of Makarska.

In 2023, Valamar carried out the tenth season of its humanitarian programme 'One Thousand Days on the Adriatic Sea' aimed at children without parental care, children from low-income families and children with special needs and health problems. Over the past ten years, this project has hosted more than four thousand children and young people, making their stay at Valamar's properties the first time for many of them to visit the sea.

The company held its 39th Riviera painting colony, which hosted renowned artists from all over Europe for a seven-day stay at Isabella Valamar Collection Island Resort. The art colony was founded in 1983 and has traditionally been held at Valamar hotels in Poreč. In 2023, Valamar also sponsored the manifestation of Four Hundred Years of the Bell Tower of St. Justus in Labin.

Valamar has been continuously investing in public tourist infrastructure such as promenades, cycling paths, playgrounds and beaches and in local cultural and sports events in its destinations. Besides that, in 2023, Valamar donated to support the works on the reconstruction of the road Ponte Porton – Buzet.

Last year Valamar actively joined and strongly supported the Croatian Tourist Card initiative, a project of the Government of the Republic of Croatia and the Ministry of Tourism and Sport. Within its favourable prices programme Valamar Family & Friends, Valamar initiated cooperation with its business partners and suppliers, enabling the employees of these companies to have up to 50% discount when using the Croatian Tourist Card for their private stay at Valamar's hotels, campsites and resorts throughout Croatia.

## Governance

Valamar's commitment to sustainability has been confirmed by certification bodies and organisations that have awarded the Valamar Group companies and tourist properties with numerous certificates and sustainability labels. According to Bloomberg Adria, in January 2024, Valamar Riviera achieved the highest ESG score in Croatia of 4.9.

Sustainability certificates are an independent confirmation that Valamar operates by high environmental protection and corporate social responsibility standards, i.e., when making business decisions and in its everyday work, Valamar takes care of ecology, health and safety protection, labour and human rights and the local community.

Valamar has confirmed its ISO 9001 quality certification, its environmental protection certification ISO 14001 as well as its energy management certification ISO 50001 for all of its properties, the sustainability Travelife certification for 28 hotels and the EU Ecolabel for 6 campsites, as well as 16 Blue Flag certifications for its beaches.

In 2024, Valamar will continue the cooperation with its suppliers according to sustainability criteria, such as measuring and measures to reduce greenhouse gas emissions, use and reduced use of water, energy efficiency, waste management, impact on biodiversity, inclusion in improving the quality of life in local communities, employee relations, sustainability reporting, adoption of relevant policies and other. Based on the answers collected, Valamar develops criteria, policies and cooperations whereby it aims to achieve that, by 2025, 80% of the value of its procurement comes from socially responsible and sustainable suppliers. A Code of Conduct for Valamar's suppliers has been developed for this purpose, providing the basic guidelines for the ethical conduct of Valamar partners in terms of doing business responsibly and contributing to the realisation of sustainability goals.

ACCORDING TO  
BLOOMBERG  
ADRIA, VALAMAR  
RIVIERA ACHIEVED  
THE HIGHEST ESG  
RATING IN CROATIA

BY 2025, VALAMAR  
WANTS TO ACHIEVE  
THAT 80% OF THE  
PROCUREMENT  
VALUE COMES  
FROM RESPONSIBLE  
AND SUSTAINABLE  
SUPPLIERS

In December 2023, Valamar received the prestigious 'Building Public Trust Award', i.e. an award for building trust of the public given by PwC Croatia and the Zagreb Stock Exchange. This award recognises outstanding contributions to transparency and open communication with stakeholders, which further confirms that Valamar adheres to the highest corporate reporting standards. Valamar continues to build the trust of the public, employees, investors, institutions and partners through its open communication and corporate social responsibility. The support from Valamar's key stakeholders was particularly important during the crisis period when Valamar managed to preserve all jobs to ensure the long-term sustainability of its business operations.

Valamar will publish its integrated report for 2023 within the legal timeframe, in the first half of 2024, and the report will be available at the link: <https://valamar-riviera.com/en/media/integrated-annual-reports/>.

## HUMAN RESOURCES

Valamar is one of the largest employers in Croatia. As at 31 December 2023, Valamar Group employs a total of 3,298 employees, of which 2,520 permanent employees and an additional number of 539 employees with year-round income within the permanent seasonal employee measure who have a with fixed-term contract. The Company employs 2,531 of which 1,977 permanent and an additional number of 374 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 25 million in the remuneration of its workers. In agreement with its social partners, Valamar Riviera increased the salaries in its hotel operations, whereby the remunerations at Valamar for the high season were 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.

CONTINUATION  
OF ADDITIONAL  
INVESTMENTS  
OF 25 MILLION  
EURO IN  
EMPLOYEE  
BENEFITS IN  
2023

VALAMAR GROUP  
ON 31 DECEMBER  
2023 EMPLOYED  
ALMOST 3,300  
EMPLOYEES

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. The programme is intended for employees and their families who live or want to live in the destination throughout the year, and who were so far unable to afford adequate housing due to high rental prices in tourist destinations. Securing the space for living is extremely important to retain and attract key employees in the tourism sector as well as retain the domestic workforce in Croatia.

Through Valamar's year-round income programmes, seasonal employees are employed at least 6 to 9 months a year and are eligible to participate

in the 'permanent seasonal employee' measure that is implemented by Valamar. In the months in which such 'permanent seasonal employees' do not work, they receive a pension insurance payment and financial support. This is how the terms and conditions of 'permanent seasonal employees' are aligned with the conditions of permanent employees as much as possible.

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 156 pupils and 37 students in the school year 2023/2024.

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.

Although the lack of workforce is growing at the national and global level and poses a significant challenge for the tourism sector, Valamar, being a socially responsible employer and the leading tourism company, uses a strategic approach to managing these risks. Valamar keeps systematically working to ensure the best working conditions for its employees as well as sustainable development of its destinations and takes care that the local communities in which it operates prosper. This is reflected in the high share of domestic workers in the high season, being as high as 83%.

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 almost entire Group's loan portfolio 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, inflationary development and the growth of interest rates on the customers of the Company and the Group, especially tour operators and travel agencies, the impact of the currently unfavourable 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.

Beginning of February 2024, the Croatian Bureau of Statistics (CBS) published that the inflation rate in January in Croatia, as measured by the Consumer Price Index, slowed down to 4.1 per cent year-on-year. This is the lowest inflation rate since October 2021, when it amounted to 3.8 per cent.

This year, the CNB expects inflation to continue to slow down so it could average 3.5%. It is also expected that the inflation of the prices of all the main components will decrease, mainly of food and core inflation, as a result of the continued spill-over of lower energy, food and other raw materials to prices of goods and services. At the same time, inflationary pressures due to the expected strong growth in wages and a solid demand could somewhat offset the intensity of the inflation decrease.

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 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 labour 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.

In February 2024, in a repeated proceeding, the Commercial Court in Dubrovnik passed the first-instance judgment in favour of the Company. 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 2013 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 misdemeanour order from the relevant administrative body. In the fourth quarter of 2023, the Company made provision amounting to EUR 130,000 and will actively participate in the future legal 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 and protective mechanisms in everyday business operations. A special focus is given to providing sufficient resources for the development and implementation of new technologies related to ICT, data protection, and upgrade of the current business systems and implementation of new ones.

## GLOBAL RISKS

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

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

Environmental risks can also have an adverse effect on the Company and Group's business results, primarily in terms of customer satisfaction with the whole experience while staying at one of Valamar's properties and this can affect the number of arrivals. The possible risks can include: sea pollution (caused by oil or chemical spillage), but also long-term water quality reduction and coast pollution due to inadequate waste disposal and waste water treatment as well as extensive use of agricultural fertilizers. Other environmental conditions typical for climate changes such as long drought periods or long rainy periods can directly influence the guests' length of stay in the hotels and campsites as well as increasing the operating costs. A number of other natural disasters and calamities (earthquakes, fires, floods and rainstorms), air pollution caused by toxic gas emissions from industrial plants and vehicles, as well excessive urbanization and the introduction of plant and animal invasive species should also be taken into consideration. Likewise, disease outbreaks and pandemics can adversely affect Valamar's business results. In order to minimize their impact, Valamar is actively tracking pandemic and health risk levels worldwide, especially on its source markets, and taking proactive steps in their management. The COVID-19 pandemic is a recent example of the operational and financial disruption to the global economy, especially tourism flows, since almost all global destinations were blocked by travel restrictions. The emergence of exceptional circumstances in the Republic of Croatia and the introduction of extraordinary measures to prohibit gatherings, movements and the operation of restaurants and shops, all with the primary objective of protecting the population from the risk of contagion, resulted in the expected consequential and immediate disruption of the Company's and the Group's operations, cancellation of accommodation and other contracted services by partner agencies and guests.

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

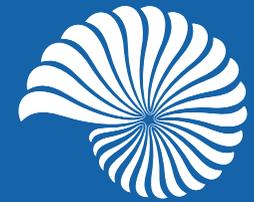
## REGULATORY RISKS

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

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

The Company and Group are also threatened by changes in regulations governing concession fees for maritime domain and tourism land use, the latter still presenting unresolved legal issues. Given the nature of the Company and Group's business, the right to use parts of the maritime domain as well as land for tourism purposes is of vital importance for future growth, especially for campsite-related operations.

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>).

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; Member of the Supervisory Board, Ms. Gudrun Kuffner, who is holder of 3,000 shares; President of the Management Board Mr. Željko Kukurin, who is the holder of 160,834 shares; Member

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

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 pay-out 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 2023 year. After the disposal and acquisition of treasury shares during the year, the Company holds 3,417,022 shares in total, which is 2.7113% 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.

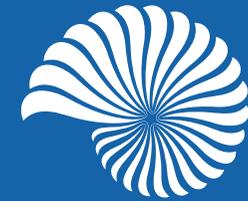
Audit Committee, until 27 June 2023 comprised of: Mr. Georg Eltz, Committee Chairman, and Mr. Mladen Markoč, Mr. Boris Galić, Ms. Gudrun Kuffner, members. Audit Committee, since 28 June 2023 comprised of: Mr. Georg Eltz, Committee Chairman and Mr. Gustav Wurmböck, Mr. Mladen Markoč, Mr. Boris Galić and Ms. Gudrun Kuffner, members. and from 24 October 2023: Mrs. Gudrun Kuffner, president and members Mr. Georg Eltz, Mr. Gustav Wurmböck, Mr. Mladen Markoč and Mr. Boris Galić.

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 year of 2023, EUR 17.1 million of revenue from transactions with related parties was generated (EO 2022: EUR 76 million, primarily driven by gains from real estate sales<sup>20</sup>) for the Company and EUR 2.8 million (EO 2022: 1.9 million) for the Group. Expenses amounted to EUR 2.2 million (EO 2022: EUR 1.6 million) for the Company and EUR 232 thousand for the Group (EO 2022: EUR 205 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 31 December 2023, receivables and liabilities toward related parties are as follows: Company's receivables amount to EUR 4.7 million (vs. EUR 3.2 million EO 2022), and Group's receivables amount to EUR 2.3 million (vs. EUR 1.1 million EO 2022). Company's liabilities amount to EUR 90 thousand (vs. EUR 42 thousand EO 2022), and Group's liabilities amount to EUR 48 thousand (vs. EUR 13 thousand EO 2022).

<sup>20</sup> The most significant transaction of the Company in 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

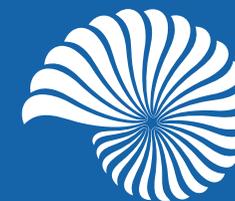
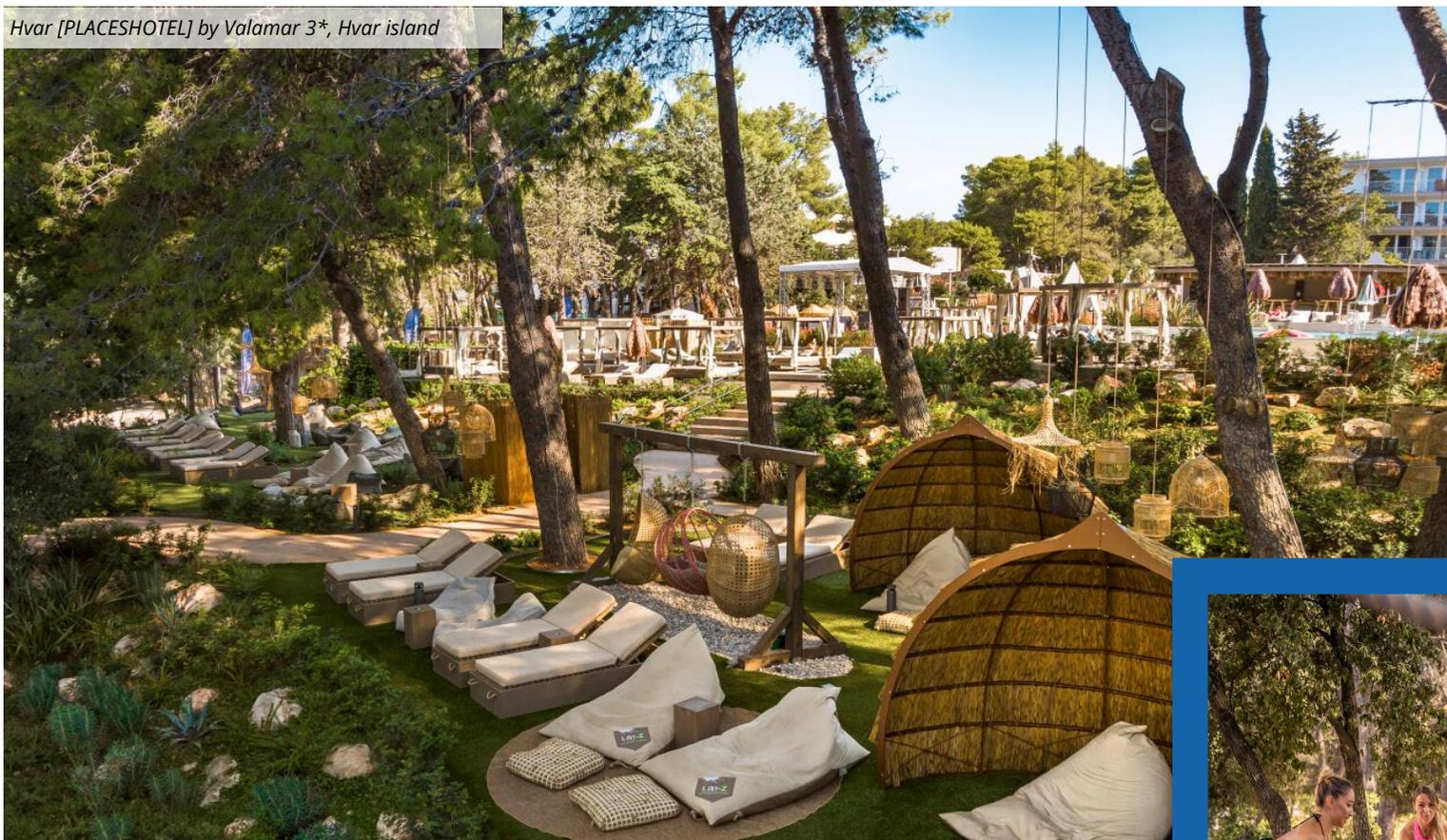
## BRANCH OFFICES OF THE COMPANY

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.

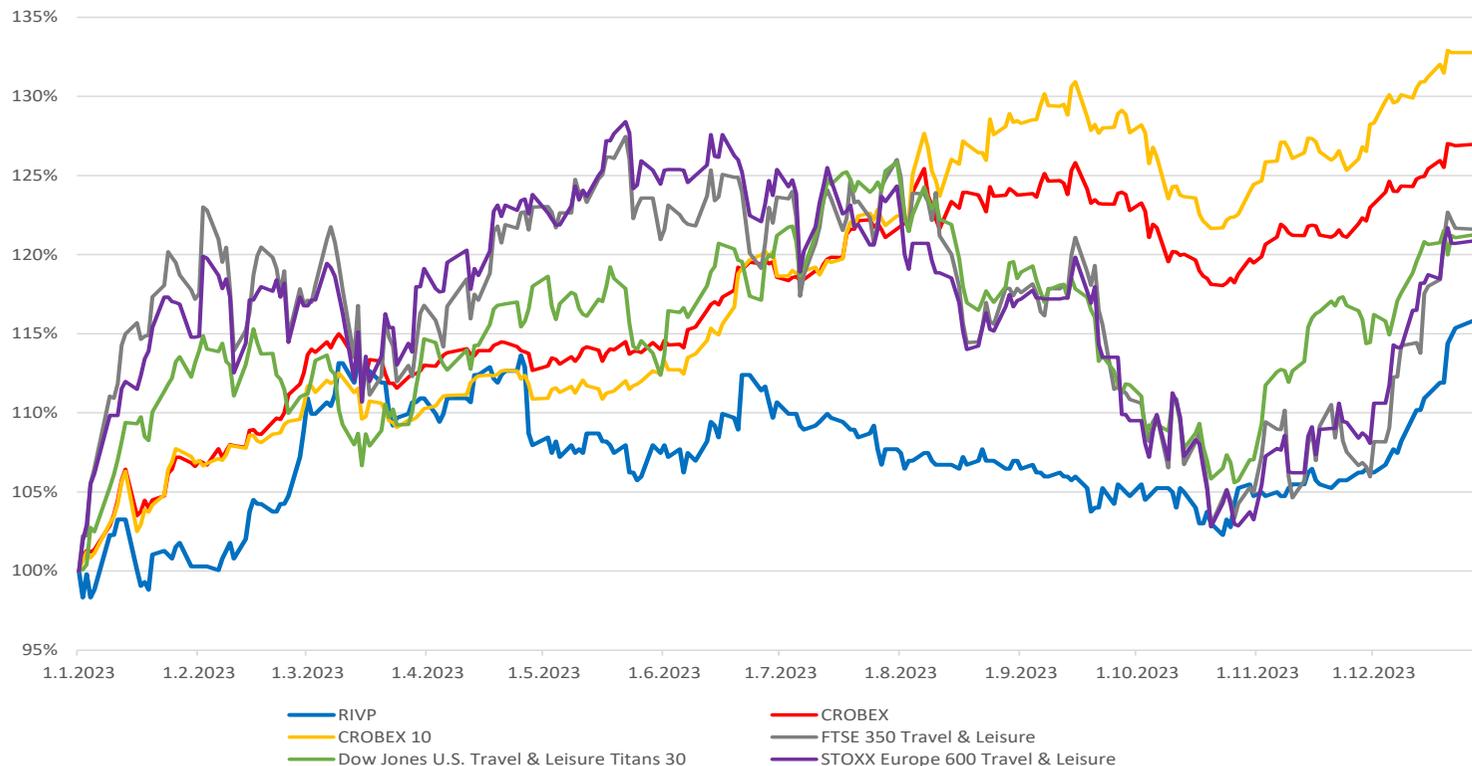
Except for the branch offices with the registered seat in Croatia and Austria, the Company also established offices on the island of Rab, in Makarska, in Stari Grad on the island of Hvar and in Obertauern in Austria to increase the efficiency and streamline the management of operations of the companies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



During 2023, the highest achieved share price in regular trading on the regulated market was EUR 4.72, and the lowest EUR 3.97. On 31 December 2023 the price was EUR 4.72 which represents an increase of 16.6% compared to the last price in 2022. With a total turnover of EUR 23.8 million<sup>21</sup> Valamar Riviera share was the third share on the Zagreb Stock Exchange in terms of turnover during the 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 (CROX<sup>22</sup> and SETX<sup>23</sup>) and the Warsaw Stock Exchange (CEEplus<sup>24</sup>),

the SEE Link regional platform index (SEELinX and SEELinX EWI)<sup>25</sup> and the MSCI Frontier Markets Index<sup>26</sup>.

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 part of the RDP program (Recovery&Development program, described earlier), the Company released 1,138,593 own shares, most of them at the beginning of July 2023. For the purposes of the LTIP (long-term incentive plan for key executives in the Company's shares in the period from 2023 to 2026), the Company acquired 415,980 own shares in the last four months of 2023 on the Zagreb Stock Exchange. On 31 December 2023 the Company has a total of 3,417,022 own shares or 2.71% of the Company's capital.

<sup>21</sup> Block transactions are excluded from the calculation.

<sup>22</sup> 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.

<sup>23</sup> 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).

<sup>24</sup> 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.

<sup>25</sup> 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.

<sup>26</sup> 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.

3<sup>rd</sup>  
MOST ACTIVELY  
TRADED SHARE  
BY REGULAR  
TURNOVER ON THE  
ZAGREB STOCK  
EXCHANGE IN 2023

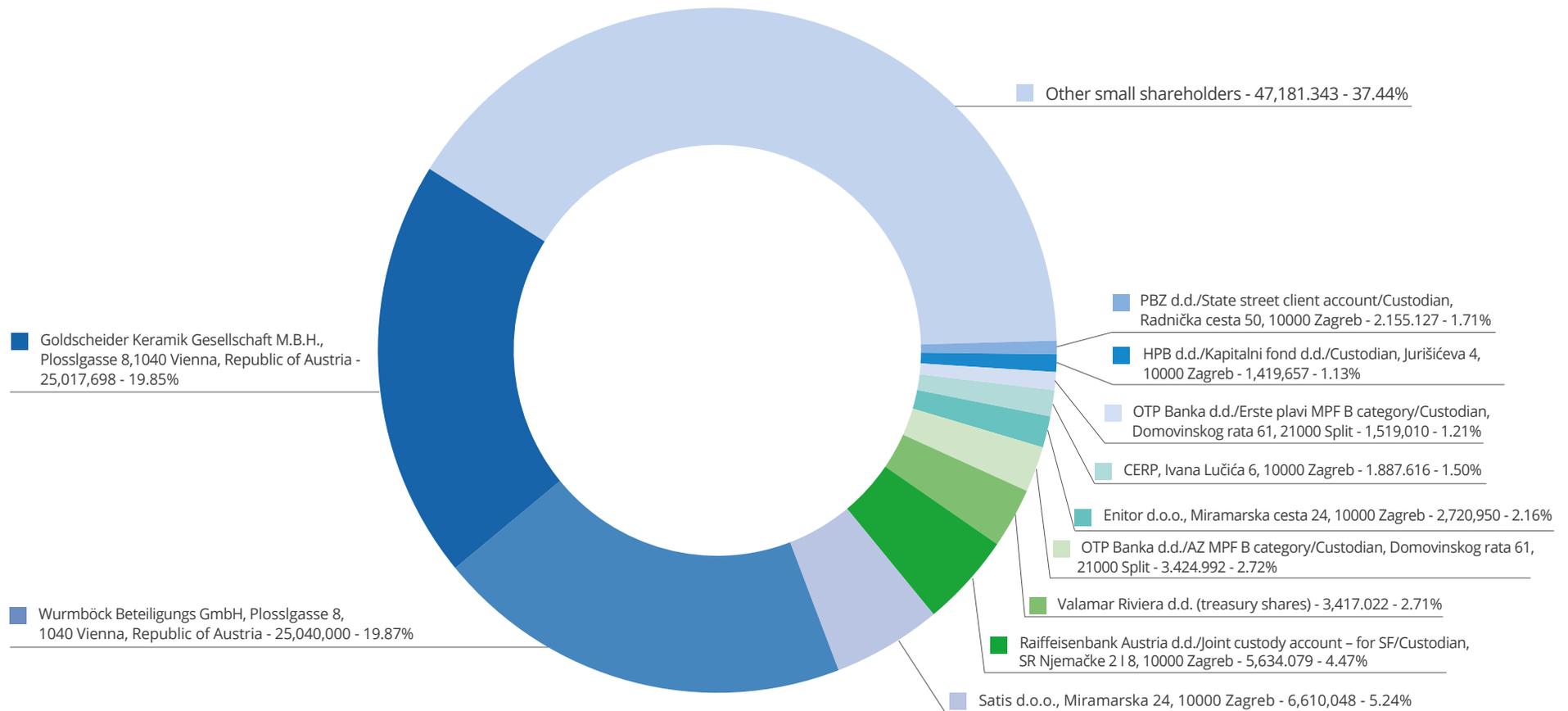
Analytical coverage of Valamar Riviera is provided by: 1) ERSTE bank d.d., Zagreb; 2) Interkapital vrijednosni papiri d.o.o., Zagreb; 3) Raiffeisenbank Austria d.d., Zagreb; 4) Zagrebačka banka d.d., Zagreb.

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

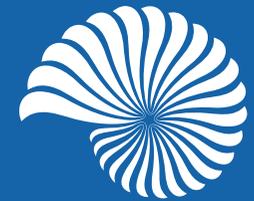
Lanterna Premium Camping Resort 4\*, Poreč



## OVERVIEW OF MAJOR SHAREHOLDERS AS AT 31 DECEMBER 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 fourth quarter of 2023 (including the period 1 January 2023 – 31 December 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 fourth quarter of 2023 (including the period 1 January 2023 to 31 December 2023) were adopted by the by the Management Board on 14 February 2024.

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.

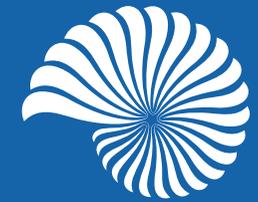
**Marko Čížmek**  
Management Board  
Member

A blue ink signature of Marko Čížmek.

**Ivana Budin Arhanić**  
Manag  
Mem

A blue ink signature of Ivana Budin Arhanić.

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



# Disclaimer

This report may contain certain outlook based on currently available facts, findings and circumstances and estimates in this regard. Our outlook is based including, but not limited on a) results achieved in 2023; b) operating results achieved by 25 February 2024; c) current booking status; d) 2024 business results forecast; e) the absence of further significant negative effects of the risks to which the Company and the Group are exposed.

Outlook statements are based on currently available information, current assumptions, forward-looking expectations and projections. This outlook is not a guarantee of future results and is subject to future events, risks, and uncertainties, many of which are beyond the control of, or currently unknown to Valamar Riviera, as well as potentially incorrect assumptions that could cause the actual results to materially differ from the said expectations and forecasts. Risks and uncertainties include, but are not limited to those described in the chapter "Risks of the Company and the Group". Materially significant deviations from the outlook may arise from changes in circumstances, assumptions not being realized, as well as other risks, uncertainties, and factors, including, but not limited to:

- Macro-economic trends in the Republic of Croatia and in the source markets, including currency exchange rates fluctuations and prices of goods and services, deflation and inflation, unemployment, trends in the gross domestic product and industrial production, as well as other trends having a direct or indirect impact on the purchasing power of Valamar Riviera's guests;
- Economic conditions, security and political conditions, trends and events in the capital markets of the Republic of Croatia and Valamar Riviera's source markets;
- Spending and disposable income of guests, as well as guests' preferences, trust in and satisfaction with Valamar Riviera's products and services;
- Trends in the number of overnights, bookings, and average daily rates of accommodation at Valamar Riviera's properties;
- Change in market interest rates and the price of equity securities, and other financial risks to which Valamar Riviera is exposed;
- Labor force availability and costs, transport, energy, and utilities costs, selling prices of fuel and other goods and services, as well as supply chain disruptions;
- Changes in accounting policies and findings of financial report audits, as well as findings of tax and other business audits;
- Outcomes and costs of judicial proceedings to which Valamar Riviera is a

party;

- Loss of competitive strength and reduced demand for products and services of Croatian tourism and Valamar Riviera under the impact of weather conditions and seasonal movements;
- Reliability of IT business solutions and cyber security of Valamar Riviera's business operations, as well as related costs;
- Changes of tax and other regulations and laws, trade restrictions, and rates of customs duty;
- Adverse climatic events, environmental risks, disease outbreaks and pandemics.
- Regional and global geopolitical uncertainties and wars.

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

# RESPONSIBILITY FOR THE QUARTERLY FINANCIAL STATEMENTS

In Poreč, 28 February 2024

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:

- the annual consolidated and unconsolidated financial statements for 2023, including the quarterly reports for the four quarter 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 31 December 2023, including the period from 1 October to 31 December 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 31.12.2023)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in EUR	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	<b>732.302.923</b>	<b>728.032.913</b>
<b>I. INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	<b>5.389.946</b>	<b>7.113.034</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	4.053.162	5.327.241
3 Goodwill	006	871.672	871.672
4 Advance payments for purchase of intangible assets	007	24.300	
5 Intangible assets in preparation	008	440.812	914.121
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>670.163.427</b>	<b>662.329.502</b>
1 Land	011	130.045.135	129.883.886
2 Buildings	012	426.366.730	412.109.694
3 Plants and equipment	013	54.661.538	57.687.356
4 Tools, working inventory and transportation assets	014	13.024.865	14.412.117
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	343.333	117.031
7 Tangible assets in preparation	017	38.988.417	41.738.408
8 Other tangible assets	018	6.348.230	6.032.708
9 Investments property	019	385.179	348.302
<b>III. FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>19.155.575</b>	<b>18.469.932</b>
1 Investments in holdings (shares) of undertakings within the group	021		
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits etc given to undertakings in a Group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	14.591.064	16.254.440
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	414.139	795.420
7 Investments in securities	027	25.746	135.827
8 Loans, deposits, etc. given	028	556.747	590.532
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	3.567.879	693.713
<b>IV. RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
<b>V. DEFERRED TAX ASSETS</b>	<b>036</b>	<b>37.593.975</b>	<b>40.120.445</b>
<b>C) CURENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>117.447.470</b>	<b>94.414.531</b>
<b>I. INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>5.498.367</b>	<b>7.386.812</b>
1 Raw materials	039	5.289.483	6.971.251
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	204.127	412.423
5 Advance payments for inventories	043	4.757	3.138
6 Fixed assets held for sale	044		
7 Biological asset	045		
<b>II. RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>4.768.259</b>	<b>6.200.436</b>
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interest	048	1.064.950	1.373.496
3 Customer receivables	049	2.308.619	2.436.265
4 Receivables from employees and members of the undertaking	050	47.066	109.278
5 Receivables from government and other institutions	051	1.003.633	1.942.981
6 Other receivables	052	343.991	338.416
<b>III. SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>17.881.262</b>	<b>25.641.924</b>
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057		
5 Investment in other securities of companies linked by virtue of participating interest	058		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	16.833.993	24.035.528
9 Other financial assets	062	1.047.269	1.606.396
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>89.299.582</b>	<b>55.185.359</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>2.304.101</b>	<b>3.763.787</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>852.054.494</b>	<b>826.211.231</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>7.183.695</b>	<b>7.179.343</b>

**BALANCE SHEET** (balance as at 31.12.2023) (continued)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in EUR	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>441.126.555</b>	<b>446.821.035</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>221.915.351</b>	<b>221.915.350</b>
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>693.268</b>	<b>1.218.381</b>
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>17.855.423</b>	<b>15.901.347</b>
1 Legal reserves	071	11.095.768	11.095.768
2 Reserves for treasury share	072	18.158.509	18.158.509
3 Treasury shares and holdings (deductible item)	073	-16.513.142	-13.743.570
4 Statutory reserves	074		
5 Other reserves	075	5.114.288	390.640
<b>IV. REVALUATION RESERVES</b>	<b>076</b>		
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>7.845</b>	<b>39.878</b>
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	7.845	39.878
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
<b>VI. RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 084-085)	<b>083</b>	<b>46.604.740</b>	<b>42.165.052</b>
1 Retained profit	084	46.604.740	42.165.052
2 Loss brought forward	085		
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>19.601.100</b>	<b>27.027.615</b>
1 Profit for the business year	087	19.601.100	27.027.615
2 Loss for the business year	088		
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>	<b>134.448.828</b>	<b>138.553.412</b>
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>23.787.458</b>	<b>8.330.408</b>
1 Provisions for pensions, termination benefits and similar obligations	091	3.484.945	4.156.621
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	6.667.273	4.102.327
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	13.635.240	71.460
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>285.270.720</b>	<b>264.707.353</b>
1 Liabilities towards undertakings within the group	098		
2 Liabilities for loans, deposits, etc. to companies within the group	099		
3 Liabilities towards companies linked by virtue of participating interest	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities towards banks and other financial institutions	103	276.528.538	244.200.777
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	2.452.171	14.787.692
11 Deferred tax liability	108	6.290.011	5.718.884
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>91.965.495</b>	<b>84.649.099</b>
1 Liabilities towards undertakings within the group	110		
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112	2.423	31.800
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities towards banks and other financial institutions	115	69.136.281	49.774.765
7 Liabilities for advance payments	116	4.531.975	6.573.592
8 Liabilities towards suppliers	117	10.566.240	16.924.444
9 Liabilities for securities	118		
10 Liabilities towards employees	119	4.239.229	4.789.942
11 Taxes, contributions and similar liabilities	120	1.769.858	4.624.581
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	1.880.587
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>9.904.266</b>	<b>21.703.336</b>
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>852.054.494</b>	<b>826.211.231</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>7.183.695</b>	<b>7.179.343</b>

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 31.12.2023)**Submitter: Valamar Riviera d.d.**

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME</b> (ADP 002 to 006)	<b>001</b>	<b>325.334.919</b>	<b>17.370.235</b>	<b>372.208.414</b>	<b>24.383.780</b>
1 Income from sales with undertakings within the group	002				
2 Income from sales (outside group)	003	319.483.709	14.488.813	365.719.180	19.846.531
3 Income from the use of own products, goods and services	004	55.665	19.201	83.740	21.992
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	5.795.545	2.862.221	6.405.494	4.515.257
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>294.812.890</b>	<b>64.217.166</b>	<b>329.806.825</b>	<b>73.184.303</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	103.272.959	12.420.309	118.247.660	20.599.230
a) Costs of raw material	010	65.490.646	5.314.845	69.301.049	7.825.326
b) Costs of goods sold	011	2.224.501	325.284	2.690.545	451.684
c) Other external costs	012	35.557.812	6.780.180	46.256.066	12.322.220
3 Staff costs (ADP 014 to 016)	013	91.642.157	21.680.249	104.577.058	22.253.732
a) Net salaries and wages	014	59.340.875	15.130.917	65.192.504	13.747.430
b) Tax and contributions from salaries expenses	015	21.287.275	4.594.087	25.746.359	5.638.460
c) Contributions on salaries	016	11.014.007	1.955.245	13.638.195	2.867.842
4 Depreciation	017	66.055.469	17.165.267	65.778.289	16.767.340
5. Other expenses	018	29.812.219	9.708.225	36.168.890	10.537.015
6. Value adjustments (ADP 020+021)	019	35.645	35.645	36.573	36.573
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	35.645	35.645	36.573	36.573
7 Provisions (ADP 023 to 028)	022	2.647.621	2.637.942	1.557.229	1.552.744
a) Provisions for pensions, termination benefits and similar obligations	023	390.819	381.140	1.294.383	1.289.898
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025	163.879	163.879	262.846	262.846
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028	2.092.923	2.092.923		
8 Other operating expenses	029	1.346.820	569.529	3.441.126	1.437.669
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>6.627.796</b>	<b>571.476</b>	<b>3.124.743</b>	<b>1.379.951</b>
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	32.948	22.677	2.381.463	1.196.960
8 Exchange rate differences and other financial income	038	728.936	213.708	2.873	
9 Unrealised gains (income) from financial assets	039	5.178.202	291.956		
10 Other financial income	040	687.710	43.135	740.407	182.991
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>9.869.933</b>	<b>2.948.136</b>	<b>11.158.639</b>	<b>4.126.784</b>
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	7.898.244	2.265.056	8.621.199	1.952.890
4 Exchange rate differences and other expenses	045	960.284	340.857		57
5 Unrealised losses (expenses) from financial assets	046			1.145.636	1.700.761
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	1.011.405	342.223	1.391.804	473.076
<b>V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>049</b>				
<b>VI. SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>				
<b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>	<b>486.949</b>	<b>353.671</b>	<b>927.050</b>	<b>880.297</b>
<b>VIII. SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>				
<b>IX. TOTAL INCOME</b> (ADP 001+030+049 +050)	<b>053</b>	<b>331.962.715</b>	<b>17.941.711</b>	<b>375.333.157</b>	<b>25.763.731</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>305.169.772</b>	<b>67.518.973</b>	<b>341.892.514</b>	<b>78.191.384</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>26.792.943</b>	<b>-49.577.262</b>	<b>33.440.643</b>	<b>-52.427.653</b>
1 Pre-tax profit (ADP 053-054)	056	26.792.943		33.440.643	
2 Pre-tax loss (ADP 054-053)	057		-49.577.262		-52.427.653
<b>XII. INCOME TAX</b>	<b>058</b>	<b>5.505.375</b>	<b>-8.837.713</b>	<b>-226.683</b>	<b>-10.316.169</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>21.287.568</b>	<b>-40.739.549</b>	<b>33.667.326</b>	<b>-42.111.484</b>
1 Profit for the period (ADP 055-059)	060	21.287.568		33.667.326	
2 Loss for the period (ADP 059-055)	061		-40.739.549		-42.111.484

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 31.12.2023) (continued)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b>	<b>062</b>				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
<b>XV. INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>065</b>				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)</b>	<b>068</b>				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
<b>XVII. INCOME TAX (ADP 058+065)</b>	<b>071</b>				
<b>XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b>	<b>072</b>				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b>	<b>075</b>	<b>21.287.568</b>	<b>-40.739.549</b>	<b>33.667.326</b>	<b>-42.111.484</b>
1 Attributable to owners of the parent	076	19.601.100	-35.352.212	27.027.615	-37.940.929
2 Attributable to minority (non-controlling) interest	077	1.686.468	-5.387.337	6.639.711	-4.170.555
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD</b>	<b>078</b>	<b>21.287.568</b>	<b>-40.739.549</b>	<b>33.667.326</b>	<b>-42.111.484</b>
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080 to 087)</b>	<b>079</b>	<b>-3.561</b>	<b>-3.062</b>	<b>39.065</b>	<b>39.489</b>
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b>	<b>080</b>	<b>-3.561</b>	<b>-3.062</b>	<b>39.065</b>	<b>39.489</b>
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	-3.561	-3.062	39.065	39.489
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	-641	-551	7.032	7.108
<b>IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)</b>	<b>087</b>				
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				
<b>V. NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)</b>	<b>097</b>	<b>-2.920</b>	<b>-2.511</b>	<b>32.033</b>	<b>32.381</b>
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	<b>098</b>	<b>21.284.648</b>	<b>-40.742.060</b>	<b>33.699.359</b>	<b>-42.079.103</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b>	<b>099</b>	<b>21.284.648</b>	<b>-40.742.060</b>	<b>33.699.359</b>	<b>-42.079.103</b>
1 Attributable to owners of the parent	100	19.598.180	-35.354.723	27.059.648	-37.908.548
2 Attributable to minority (non-controlling) interest	101	1.686.468	-5.387.337	6.639.711	-4.170.555

## STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2023 to 31.12.2023)

### Submitter: Valamar Riviera d.d.

Item	in EUR		
	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1 Pre-tax profit	001	26.792.943	33.440.643
2 Adjustments (ADP 003 to 010)	002	75.504.364	69.731.646
a) Depreciation	003	66.055.469	65.778.289
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-1.596.321	960.281
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-12.008	-2.379.352
e) Interest expenses	007	8.508.006	8.832.617
f) Provisions	008	1.480.094	-6.410.463
g) Exchange rate differences (unrealised)	009	960.284	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	108.840	2.950.274
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>102.297.307</b>	<b>103.172.289</b>
3 Changes in the working capital (ADP 013 to 016)	012	1.331.243	18.458.416
a) Increase or decrease in short-term liabilities	013	2.502.534	23.220.896
b) Increase or decrease in short-term receivables	014	835.130	-2.874.035
c) Increase or decrease in inventories	015	-2.006.421	-1.888.445
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>103.628.550</b>	<b>121.630.705</b>
4 Interest paid	018	-11.480.555	-8.342.406
5 Income tax paid	019	-815	-1.085
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>92.147.180</b>	<b>113.287.214</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	2.370.665	180.068
2 Cash receipts from sales of financial instruments	022	39.820	536.796
3 Interest received	023	10.857	1.858.239
4 Dividends received	024	1.147	2.160
5 Cash receipts from repayment of loans and deposit	025	23.610	
6 Other cash receipts from investment activities	026		
<b>III. Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>2.446.099</b>	<b>2.577.263</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-42.111.057	-58.603.851
2 Cash payments for the acquisition of financial instruments	029	-191.898	
3 Cash payments for loans and deposits for the period	030	-11.811.810	-7.200.000
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-5.455.406	-3.022.425
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-59.570.171</b>	<b>-68.826.276</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>-57.124.072</b>	<b>-66.249.013</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1 Cash receipts from the increase of initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	7.986.429	17.370.731
4 Other cash receipts from financing activities	038	363.583	336.793
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>8.350.012</b>	<b>17.707.524</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-76.386.728	-69.465.794
2 Dividends paid	041	-25.088.855	-26.912.708
3 Cash payments for finance lease	042	-5.050	-5.470
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		-1.772.315
5 Other cash payments from financing activities	044	-613.056	-703.661
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-102.093.689</b>	<b>-98.859.948</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-93.743.677</b>	<b>-81.152.424</b>
1 Unrealised exchange rate differences in cash and cash equivalents	047		
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-58.720.569</b>	<b>-34.114.223</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>148.020.151</b>	<b>89.299.582</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>89.299.582</b>	<b>55.185.359</b>

**STATEMENT OF CHANGES IN EQUITY** (for the period 01.01.2023 to 31.12.2023)  
**Submitter: Valamar Riviera d.d.**

in EUR

Item	ADP code	Attributable to owners of the parent														Total capital and reserves			
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward		Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
<b>Previous period</b>																			
<b>1. Balance on the first day of the previous business year</b>	<b>01</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>298.556</b>		<b>10.765</b>					<b>51.502.476</b>	<b>13.852.891</b>	<b>301.014.442</b>	<b>138.438.449</b>	<b>439.452.891</b>
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
<b>4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)</b>	<b>04</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>298.556</b>		<b>10.765</b>					<b>51.502.476</b>	<b>13.852.891</b>	<b>301.014.442</b>	<b>138.438.449</b>	<b>439.452.891</b>
5 Profit/loss of the period	05															19.601.100	19.601.100	1.686.468	21.287.568
6 Exchange rate differences from translation of foreign operations	06																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									-3.561							-3.561		-3.561
9 Profit or loss arising from effective cash flow hedge	09																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																		
12 Actuarial gains/losses on the defined benefit obligation	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14																641		641
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18																		
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20															-19.412.766	-19.412.766	-5.676.089	-25.088.855
21 Other distributions and payments to members/shareholders	21							5.114.288								363.583	5.477.871		5.477.871
22 Transfer to reserves according to the annual schedule	22							-298.556								14.151.447	-13.852.891		
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																		
<b>24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)</b>	<b>24</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>46.604.740</b>	<b>19.601.100</b>	<b>306.677.727</b>	<b>134.448.828</b>	<b>441.126.555</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)</b>	<b>25</b>									<b>-2.920</b>							<b>-2.920</b>		<b>-2.920</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05 to 25)</b>	<b>26</b>									<b>-2.920</b>						<b>19.601.100</b>	<b>19.598.180</b>	<b>1.686.468</b>	<b>21.284.648</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)</b>	<b>27</b>							<b>4.815.732</b>							<b>-4.897.736</b>	<b>-13.852.891</b>	<b>-13.934.895</b>	<b>-5.676.089</b>	<b>-19.610.984</b>
<b>Current period</b>																			
<b>1. Balance on the first day of the current business year</b>	<b>28</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>46.604.740</b>	<b>19.601.100</b>	<b>306.677.727</b>	<b>134.448.828</b>	<b>441.126.555</b>
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
<b>4 Balance on the first day of the current business year (restated) (ADP 28 to 30)</b>	<b>31</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>46.604.740</b>	<b>19.601.100</b>	<b>306.677.727</b>	<b>134.448.828</b>	<b>441.126.555</b>
5 Profit/loss of the period	32															27.027.615	27.027.615	6.639.711	33.667.326
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									39.065							39.065		39.065
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									1.772.315							-1.772.315		-1.772.315
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47															-24.377.581	-24.377.581	-2.535.127	-26.912.708
21 Other distributions and payments to members/shareholders	48									-4.541.887						336.793	680.144		680.144
22 Carryforward per annual plane	49															19.601.100	-19.601.100		
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																		
<b>24 Balance on the last day of the current business year reporting period (ADP 31 to 50)</b>	<b>51</b>	<b>221.915.350</b>	<b>1.218.381</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>13.743.570</b>		<b>390.640</b>		<b>39.878</b>					<b>42.165.052</b>	<b>27.027.615</b>	<b>308.267.623</b>	<b>138.553.412</b>	<b>446.821.035</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)</b>	<b>52</b>									<b>32.033</b>							<b>32.033</b>		<b>32.033</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)</b>	<b>53</b>									<b>32.033</b>						<b>27.027.615</b>	<b>27.059.648</b>	<b>6.639.711</b>	<b>33.699.359</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)</b>	<b>54</b>	<b>-1</b>	<b>525.113</b>			<b>-2.769.572</b>		<b>-4.723.648</b>							<b>-4.439.688</b>	<b>-19.601.100</b>	<b>-25.469.752</b>	<b>-2.535.127</b>	<b>-28.004.879</b>

## NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

**Valamar Riviera d.d.**

Personal identification

number OIB: **36201212847**

Reporting period:

**01.01.2023 to 31.12.2023**

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

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

(drawn up for quarterly reporting periods)

for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

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

For the year ending 31 December 2022 item of GFI-POD balance Other provisions (ADP 096) contained a liability for leases on tourist land according to the Act on Tourist and Other Construction Land not appraised in the transformation and privatisation process ("the ZOTZ") in the amount of EUR 7,958,831 and concession fee for the use of tourist land since the Act on unappraised land ("the ZNGZ") is in the force, in the amount of EUR 5,581,129 and other provisions in the amount EUR 95,280. The adoption of two Regulations in February 2024 with which was defined the uniform amount of rent of tourist land and thus the total cost of rent, led to the abolition of the above mentioned reservations. The concession liability has been reduced due to the reduction of the lease area of tourist land (explained in more detail in the Annual Report for 2023). The remaining amount of the liability for the concession in the amount of EUR 6,277,106 was reclassified from Other provisions (ADP 096) in items Other long-term liabilities (ADP 107).

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 – 31/12/2023" which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages. Detailed information on the preparation of financial statements and certain accounting policies are available also in PDF document "Annual report 2023" which has been published on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.



**BALANCE SHEET** (balance as at 31.12.2023)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in EUR	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS</b> (ADP 003+010+020+031+036)	<b>002</b>	<b>621.286.023</b>	<b>597.799.951</b>
<b>I. INTANGIBLE ASSETS</b> (ADP 004 to 009)	<b>003</b>	<b>4.865.723</b>	<b>6.565.018</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	3.560.892	4.779.225
3 Goodwill	006	871.672	871.672
4 Advance payments for purchase of intangible assets	007	24.300	
5 Intangible assets in preparation	008	408.859	914.121
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS</b> (ADP 011 to 019)	<b>010</b>	<b>467.916.828</b>	<b>446.642.084</b>
1 Land	011	70.829.316	70.644.262
2 Buildings	012	305.822.039	287.897.269
3 Plants and equipment	013	42.008.561	38.770.695
4 Tools, working inventory and transportation assets	014	8.783.891	7.487.134
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	343.333	69.958
7 Tangible assets in preparation	017	34.020.179	36.238.653
8 Other tangible assets	018	5.724.330	5.185.811
9 Investments property	019	385.179	348.302
<b>III. FIXED FINANCIAL ASSETS</b> (ADP 021 to 030)	<b>020</b>	<b>141.766.544</b>	<b>143.056.928</b>
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 given to undertakings in a Group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	14.225.832	16.816.257
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	414.139	795.420
7 Investments in securities	027	25.522	135.603
8 Loans, deposits, etc. given	028	556.747	590.532
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	1.545.440	460.457
<b>IV. RECEIVABLES</b> (ADP 032 to 035)	<b>031</b>		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
<b>V. DEFERRED TAX ASSETS</b>	<b>036</b>	<b>6.736.928</b>	<b>1.535.921</b>
<b>C) CURRENT ASSETS</b> (ADP 038+046+053+063)	<b>037</b>	<b>69.783.079</b>	<b>59.905.492</b>
<b>I. INVENTORIES</b> (ADP 039 to 045)	<b>038</b>	<b>4.292.120</b>	<b>5.945.539</b>
1 Raw materials	039	4.126.734	5.587.078
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	165.386	358.461
5 Advance payments for inventories	043		
6 Fixed assets held for sale	044		
7 Biological asset	045		
<b>II. RECEIVABLES</b> (ADP 047 to 052)	<b>046</b>	<b>5.248.727</b>	<b>6.851.328</b>
1 Receivables from undertakings within the group	047	2.089.815	2.340.631
2 Receivables from companies linked by virtue of participating interest	048	1.064.950	1.373.496
3 Customer receivables	049	1.633.854	1.909.335
4 Receivables from employees and members of the undertaking	050	39.032	88.956
5 Receivables from government and other institutions	051	270.201	893.990
6 Other receivables	052	150.875	244.920
<b>III. SHORT-TERM FINANCIAL ASSETS</b> (ADP 054 to 062)	<b>053</b>	<b>973.760</b>	<b>821.086</b>
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057		
5 Investment in other securities of companies linked by virtue of participating interest	058		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	33.993	35.528
9 Other financial assets	062	939.767	785.558
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>59.268.472</b>	<b>46.287.539</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>2.169.900</b>	<b>2.611.402</b>
<b>E) TOTAL ASSETS</b> (ADP 001+002+037+064)	<b>065</b>	<b>693.239.002</b>	<b>660.316.845</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>7.183.695</b>	<b>7.179.343</b>

**BALANCE SHEET** (balance as at 31.12.2023) (continued)

Submitter: Valamar Riviera d.d.

Item	in EUR		
	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>408.116.037</b>	<b>407.623.536</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>221.915.351</b>	<b>221.915.350</b>
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>757.922</b>	<b>1.283.035</b>
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>17.855.423</b>	<b>15.901.347</b>
1 Legal reserves	071	11.095.768	11.095.768
2 Reserves for treasury share	072	18.158.509	18.158.509
3 Treasury shares and holdings (deductible item)	073	-16.513.142	-13.743.570
4 Statutory reserves	074		
5 Other reserves	075	5.114.288	390.640
<b>IV. REVALUATION RESERVES</b>	<b>076</b>		
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>7.845</b>	<b>39.878</b>
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	7.845	39.878
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
<b>VI. RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 084-085)	<b>083</b>	<b>93.163.896</b>	<b>143.538.707</b>
1 Retained profit	084	93.163.896	143.538.707
2 Loss brought forward	085		
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>74.415.600</b>	<b>24.945.219</b>
1 Profit for the business year	087	74.415.600	24.945.219
2 Loss for the business year	088		
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>		
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>19.626.864</b>	<b>6.284.948</b>
1 Provisions for pensions, termination benefits and similar obligations	091	2.866.868	3.342.017
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	3.811.142	2.942.931
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	12.948.854	
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>188.304.205</b>	<b>166.870.642</b>
1 Liabilities towards undertakings within the group	098		
2 Liabilities for loans, deposits, etc. to companies within the group	099		
3 Liabilities towards companies linked by virtue of participating interest	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities towards banks and other financial institutions	103	184.411.990	151.652.565
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	2.355.185	13.789.397
11 Deferred tax liability	108	1.537.030	1.428.680
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>69.307.740</b>	<b>61.443.224</b>
1 Liabilities towards undertakings within the group	110	29.361	48.042
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112	2.423	31.800
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities towards banks and other financial institutions	115	51.123.196	33.001.611
7 Liabilities for advance payments	116	3.847.550	5.060.911
8 Liabilities towards suppliers	117	7.770.250	13.335.698
9 Liabilities for securities	118		
10 Liabilities towards employees	119	3.443.950	3.834.829
11 Taxes, contributions and similar liabilities	120	1.395.590	4.232.394
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	1.897.939
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>7.884.156</b>	<b>18.094.495</b>
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>693.239.002</b>	<b>660.316.845</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>7.183.695</b>	<b>7.179.343</b>

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 31.12.2023)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME</b> (ADP 002 to 006)	<b>001</b>	<b>321.774.264</b>	<b>14.508.549</b>	<b>294.475.295</b>	<b>19.238.485</b>
1 Income from sales with undertakings within the group	002	10.699.520	2.372.639	13.266.380	3.218.741
2 Income from sales (outside group)	003	243.768.084	10.277.024	276.816.723	13.326.753
3 Income from the use of own products, goods and services	004	53.775	18.847	81.930	21.655
4 Other operating income with undertakings within the group	005	62.971.006	83.087	219.627	88.905
5 Other operating income (outside the group)	006	4.281.879	1.756.952	4.090.635	2.582.431
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>234.388.575</b>	<b>51.105.157</b>	<b>260.298.742</b>	<b>58.862.899</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	83.255.558	9.578.405	97.191.203	19.231.049
a) Costs of raw materials and consumables	010	50.466.009	3.747.064	54.197.430	5.980.147
b) Costs of goods sold	011	2.374.184	323.844	2.592.001	446.896
c) Other external costs	012	30.415.365	5.507.497	40.401.772	12.804.006
3 Staff costs (ADP 014 to 016)	013	74.009.748	18.079.350	83.363.542	18.263.807
a) Net salaries and wages	014	48.003.291	12.775.925	51.949.966	11.348.869
b) Tax and contributions from salary costs	015	17.252.761	3.758.694	20.616.001	4.573.712
c) Contributions on salaries	016	8.753.696	1.544.731	10.797.575	2.341.226
4 Depreciation	017	49.029.578	12.703.916	47.224.180	11.796.937
5. Other costs	018	24.579.704	7.908.599	29.359.538	7.067.314
6. Value adjustments (ADP 020+021)	019	32.859	32.859	36.573	36.573
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	32.859	32.859	36.573	36.573
7 Provisions (ADP 023 to 028)	022	2.497.249	2.487.570	1.324.721	1.320.236
a) Provisions for pensions, termination benefits and similar obligations	023	388.798	379.119	1.097.855	1.093.370
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025	131.269	131.269	226.866	226.866
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028	1.977.182	1.977.182		
8 Other operating expenses	029	983.879	314.458	1.798.985	1.146.983
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>9.416.332</b>	<b>398.536</b>	<b>5.013.112</b>	<b>762.271</b>
1 Income from investments in holdings (shares) of undertakings within the group	031	<b>4.888.327</b>		2.183.287	
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	189.025	49.215	178.578	41.911
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	30.782	21.337	1.655.236	538.477
8 Exchange rate differences and other financial income	038	589.065	168.013	2.160	
9 Unrealised gains (income) from financial assets	039	3.048.261	117.585		
10 Other financial income	040	670.872	42.386	993.851	181.883
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>7.575.214</b>	<b>2.077.516</b>	<b>6.287.039</b>	<b>1.780.540</b>
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	5.775.482	1.503.948	4.882.765	938.193
4 Exchange rate differences and other expenses	045	825.812	241.413	2.609	1.234
5 Unrealised losses (expenses) from financial assets	046			299.425	507.116
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	973.920	332.155	1.102.240	333.997
<b>V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>049</b>				
<b>VI. SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>				
<b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>				
<b>VIII. SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>				
<b>IX. TOTAL INCOME</b> (ADP 001+030+049 +050)	<b>053</b>	<b>331.190.596</b>	<b>14.907.085</b>	<b>299.488.407</b>	<b>20.000.756</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>241.963.789</b>	<b>53.182.673</b>	<b>266.585.781</b>	<b>60.643.439</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>89.226.807</b>	<b>-38.275.588</b>	<b>32.902.626</b>	<b>-40.642.683</b>
1 Pre-tax profit (ADP 053-054)	056	89.226.807		32.902.626	
2 Pre-tax loss (ADP 054-053)	057		-38.275.588		-40.642.683
<b>XII. INCOME TAX</b>	<b>058</b>	<b>14.811.207</b>	<b>-7.893.061</b>	<b>7.957.407</b>	<b>-7.316.902</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>74.415.600</b>	<b>-30.382.527</b>	<b>24.945.219</b>	<b>-33.325.781</b>
1 Profit for the period (ADP 055-059)	060	74.415.600		24.945.219	
2 Loss for the period (ADP 059-055)	061		-30.382.527		-33.325.781

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 31.12.2023) (continued)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b>	<b>062</b>				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
<b>XV. INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>065</b>				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)</b>	<b>068</b>				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
<b>XVII. INCOME TAX (ADP 058+065)</b>	<b>071</b>				
<b>XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b>	<b>072</b>				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b>	<b>075</b>				
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD</b>	<b>078</b>	<b>74.415.600</b>	<b>-30.382.527</b>	<b>24.945.219</b>	<b>-33.325.781</b>
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)</b>	<b>079</b>	<b>-3.561</b>	<b>-3.061</b>	<b>39.065</b>	<b>39.489</b>
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b>	<b>080</b>	<b>-3.561</b>	<b>-3.061</b>	<b>39.065</b>	<b>39.489</b>
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	-3.561	-3.061	39.065	39.489
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	-641	-551	7.032	7.108
<b>IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)</b>	<b>087</b>				
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				
<b>V. NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)</b>	<b>097</b>	<b>-2.920</b>	<b>-2.510</b>	<b>32.033</b>	<b>32.381</b>
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	<b>098</b>	<b>74.412.680</b>	<b>-30.385.037</b>	<b>24.977.252</b>	<b>-33.293.400</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b>	<b>099</b>				
1 Attributable to owners of the parent	100				
2 Attributable to minority (non-controlling) interest	101				

## STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2023 to 31.12.2023)

### Submitter: Valamar Riviera d.d.

Item	in EUR		
	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1 Pre-tax profit	001	89.226.807	32.902.626
2 Adjustments (ADP 003 to 010)	002	-8.959.140	44.192.553
a) Depreciation	003	49.029.578	47.224.180
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-63.527.744	734.727
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-4.898.222	-3.836.412
e) Interest expenses	007	6.347.758	5.034.255
f) Provisions	008	1.513.859	-5.626.693
g) Exchange rate differences (unrealised)	009	825.812	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	1.749.819	662.496
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>80.267.667</b>	<b>77.095.179</b>
3 Changes in the working capital (ADP 013 to 016)	012	1.066.689	17.814.562
a) Increase or decrease in short-term liabilities	013	456.477	21.576.758
b) Increase or decrease in short-term receivables	014	1.767.517	-2.108.775
c) Increase or decrease in inventories	015	-1.157.305	-1.653.421
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>81.334.356</b>	<b>94.909.741</b>
4 Interest paid	018	-9.351.837	-4.790.078
5 Income tax paid	019		
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>71.982.519</b>	<b>90.119.663</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	6.780.640	123.976
2 Cash receipts from sales of financial instruments	022	39.820	536.796
3 Interest received	023	8.744	1.353.426
4 Dividends received	024	4.889.474	2.185.447
5 Cash receipts from repayment of loans and deposit	025	27.367	
6 Other cash receipts from investment activities	026		1.011.673
<b>III. Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>11.746.045</b>	<b>5.211.318</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-25.968.254	-27.368.385
2 Cash payments for the acquisition of financial instruments	029	-191.898	
3 Cash payments for loans and deposits for the period	030	-312	
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-5.455.406	-3.022.425
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-31.615.870</b>	<b>-30.390.810</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>-19.869.825</b>	<b>-25.179.492</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1 Cash receipts from the increase of initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	7.986.429	
4 Other cash receipts from financing activities	038	363.583	336.793
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>8.350.012</b>	<b>336.793</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-58.327.852	-51.286.806
2 Dividends paid	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 of initial (subscribed) capital	043		-1.772.315
5 Other cash payments from financing activities	044	-716.843	-821.194
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-78.457.461</b>	<b>-78.257.897</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-70.107.449</b>	<b>-77.921.104</b>
1 Unrealised exchange rate differences in cash and cash equivalents	047		
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-17.994.755</b>	<b>-12.980.933</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>77.263.227</b>	<b>59.268.472</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>59.268.472</b>	<b>46.287.539</b>

**STATEMENT OF CHANGES IN EQUITY** (for the period 01.01.2023 to 31.12.2023)  
**Submitter: Valamar Riviera d.d.**

in EUR

Item	ADP code	Attributable to owners of the parent																	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
<b>Previous period</b>																			
<b>1. Balance on the first day of the previous business year</b>	<b>01</b>	<b>221.915.351</b>	<b>757.922</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>298.556</b>		<b>10.765</b>					<b>71.486.385</b>	<b>40.428.138</b>	<b>347.638.252</b>		<b>347.638.252</b>
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
<b>4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)</b>	<b>04</b>	<b>221.915.351</b>	<b>757.922</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>298.556</b>		<b>10.765</b>					<b>71.486.385</b>	<b>40.428.138</b>	<b>347.638.252</b>		<b>347.638.252</b>
5 Profit/loss of the period	05															74.415.600	74.415.600		74.415.600
6 Exchange rate differences from translation of foreign operations	06																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									-3.561							-3.561		-3.561
9 Profit or loss arising from effective cash flow hedge	09																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																		
12 Actuarial gains/losses on the defined benefit obligation	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14																641		641
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18																		
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20															-19.412.766	-19.412.766		-19.412.766
21 Other distributions and payments to members/shareholders	21							5.114.288								363.583	5.477.871		5.477.871
22 Transfer to reserves according to the annual schedule	22							-298.556								40.726.694	-40.428.138		
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																		
<b>24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)</b>	<b>24</b>	<b>221.915.351</b>	<b>757.922</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>93.163.896</b>	<b>74.415.600</b>	<b>408.116.037</b>		<b>408.116.037</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)</b>	<b>25</b>									<b>-2.920</b>							<b>-2.920</b>		<b>-2.920</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05 to 25)</b>	<b>26</b>									<b>-2.920</b>						<b>74.415.600</b>	<b>74.412.680</b>		<b>74.412.680</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)</b>	<b>27</b>														<b>21.677.511</b>	<b>-40.428.138</b>	<b>-13.934.895</b>		<b>-13.934.895</b>
<b>Current period</b>																			
<b>1. Balance on the first day of the current business year</b>	<b>28</b>	<b>221.915.351</b>	<b>757.922</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>93.163.896</b>	<b>74.415.600</b>	<b>408.116.037</b>		<b>408.116.037</b>
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
<b>4 Balance on the first day of the current business year (restated) (ADP 28 to 30)</b>	<b>31</b>	<b>221.915.351</b>	<b>757.922</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>93.163.896</b>	<b>74.415.600</b>	<b>408.116.037</b>		<b>408.116.037</b>
5 Profit/loss of the period	32															24.945.219	24.945.219		24.945.219
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									39.065							39.065		39.065
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																-7.032		-7.032
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									1.772.315							-1.772.315		-1.772.315
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47															-24.377.582	-24.377.582		-24.377.582
21 Other distributions and payments to members/shareholders	48															336.793	680.144		680.144
22 Carryforward per annual plane	49															74.415.600	-74.415.600		
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																		
<b>24 Balance on the last day of the current business year reporting period (ADP 31 to 50)</b>	<b>51</b>	<b>221.915.350</b>	<b>1.283.035</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>13.743.570</b>		<b>390.640</b>		<b>39.878</b>					<b>143.538.707</b>	<b>24.945.219</b>	<b>407.623.536</b>		<b>407.623.536</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)</b>	<b>52</b>									<b>32.033</b>							<b>32.033</b>		<b>32.033</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)</b>	<b>53</b>									<b>32.033</b>						<b>24.945.219</b>	<b>24.977.252</b>		<b>24.977.252</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)</b>	<b>54</b>		<b>-1</b>	<b>525.113</b>		<b>-2.769.572</b>		<b>-4.723.648</b>							<b>50.374.811</b>	<b>-74.415.600</b>	<b>-25.469.753</b>		<b>-25.469.753</b>

## NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

**Valamar Riviera d.d.**

Personal identification

number OIB: **36201212847**

Reporting period:

**01.01.2023 to 31.12.2023**

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

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

(drawn up for quarterly reporting periods)

for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

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

For the year ending 31 December 2022 item of GFI-POD balance Other provisions (ADP 096) contained a liability for leases on tourist land according to the Act on Tourist and Other Construction Land not appraised in the transformation and privatisation process ("the ZOTZ") in the amount of EUR 7,676,370 and concession fee for the use of tourist land since the Act on unappraised land ("the ZNGZ") is in the force, in the amount of EUR 5,272,484. The adoption of two Regulations in February 2024 with which was defined the uniform amount of rent of tourist land and thus the total cost of rent, led to the abolition of the above mentioned reservations. The concession liability has been reduced due to the reduction of the lease area of tourist land (explained in more detail in the Annual Report for 2023). The remaining amount of the liability for the concession in the amount of EUR 5,994,645 was reclassified from Other provisions (ADP 096) in items Other long-term liabilities (ADP 107).

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 – 31/12/2023" which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages. Detailed information on the preparation of financial statements and certain accounting policies are available also in PDF document „Annual report 2023“ which has been published on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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. 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.

At the beginning of 2022, three hotels (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) in Dubrovnik were transferred from Valamar Riviera to Imperial Riviera. The acquisition value of cited hotels amounts to EUR 95.3 million and the financing for a major part of this transaction is ensured by taking over Valamar Riviera’s existing loan obligations by Imperial Riviera. These hotels in the area of Babin Kuk in Dubrovnik, together with the real estate being previously entered in Imperial in the process of its share capital increase will represent sustainable and strategically important technological unit. Imperial Riviera is thus becoming a multi-destination company present in Istria, Kvarner, Dalmatia and the city of Dubrovnik.

Pursuant to the Decision of Helios Faros’s d.d. General Assembly from 14 April 2022, the share capital of Helios Faros d.d. was increased by issuing new shares with cash contributions by the two largest shareholders of Helios Faros d.d. namely PBZ Croatia osiguranje d.d. za upravljanje obveznim mirovinskim fondovima acting in its own name and on behalf of PBZ Croatia obvezni mirovinski fond kategorije A and PBZ Croatia obvezni mirovinski fond kategorije B for EUR 13,803,172 and Valamar Riviera d.d. for EUR 3,450,793.

At the General Assembly of the Company Helios Faros d.d. held on 12 October 2023 the Decision on increasing the share capital by issuing new shares with stakes in cash with partial exclusion of priority rights for existing shareholders was made by investor PBZ

## NOTE 1 – GENERAL INFORMATION / CONTINUED

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 in the total amount of EUR 6,435,303 for 4,838,574 shares and Valamar Riviera d.d. in the amount of EUR 1,608,825 for 1,209,643 shares.

In order to acquire the Kesselspitze Hotel in Obertauern, on 3 June 2022, the Agreement on the purchase and transfer of all business shares of the company Kesselspitze GmbH, Obertauern, Austria and the company Kesselspitze GmbH & Co KG, Obertauern, Austria, was concluded between the buyer Valamar A GmbH and the seller: Lürzer Obertauern GmbH & Co KG, Mr. Heribert Lürzer, Mr. Gerhard Lürzer and Mr. Harald Lürzer. The members of Valamar A GmbH paid the amount of EUR 6,000,000 into the capital reserves of Valamar A GmbH, in proportion to their business shares as follows, Valamar Riviera d.d. as the owner of a business share of EUR 35,000, which corresponds to 24.54% of the share capital of Valamar A GmbH, paid the amount of EUR 1,472,400, and Wurmböck Beteiligungs GmbH, as the owner of a business share of EUR 107,624, which corresponds to 75.46% of the share capital Valamar A GmbH paid the amount of EUR 4,527,600 thousand.

On 1 February 2022, the companies Valamar A GmbH and WBVR Beteiligungs GmbH founded the company Valamar Marietta GmbH with headquarters in Klagenfurt am Wörthersee, Austria, to which company ContiEstates AG, Zug, Switzerland, was merged on 28 September 2022.

Member of the Company Valamar A GmbH made in 2023 a payment in the amount of EUR 4,000,000 in capital reserves of the Company Valamar A GmbH and proportionate to its business shares as follows, Valamar Riviera d.d. paid the amount of EUR 981,600 and Wurmböck Beteiligungs GmbH paid the amount of EUR 3,018,400.

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 fourth quarter period ended 31 December 2023 were approved by the Management Board on 14 February 2024. The consolidated and unconsolidated financial statements for the fourth quarter period ended 31 December 2023, have not been audited.

## NOTE 2 – SUMMARY OF MATERIAL INFORMATION ON THE ACCOUNTING POLICIES AND ESTIMATES

### 2.1 Basis of preparation

The Company's and Group's financial statements for the fourth quarter period ended 31 December 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 fourth quarter 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 2023 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 fourth quarter 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

**NOTE 2 – SUMMARY OF MATERIAL INFORMATION ON THE ACCOUNTING POLICIES AND ESTIMATES / CONTINUED**

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 Significant accounting policies**

The accounting policies adopted in the preparation of the financial statements for the fourth-quarter period ended 31 December 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.

**2.4 Critical accounting estimates**

There were no changes in critical accounting estimates used for preparation of financial statements for the fourth quarter period ended 31 December 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**

Due to the transition from public to private ownership, e.g. in the transformation and privatisation process and the fact that the properties of the Company and the Group that were used in the transformation process were appraised in the share capital of the Company, and a part was not appraised, there are certain ambiguities and proceedings regarding the ownership of a part of the land within the majority of tourist companies, as well as Company and the Group. According to the Act on Tourist and Other Construction Land not appraised in the transformation and privatisation process ("the ZOTZ"), which entered into force on August 1, 2010, a concession fee for the use of tourist land with an area of 3.29 mn m<sup>2</sup> was calculated for the Company and 3.47 mn m<sup>2</sup> for the Group. With the entry into force of the Act on unappraised land ("the ZNGZ") on May 2, 2020, the ZOTZ ceased to be valid.

The ZNGZ prescribes the obligation to determine and form buildings on appraised parts of campsites, hotels, tourist resorts and other construction land as ownership of the Company and the Group and buildings on unappraised parts of campsites, hotels, tourist resorts and other construction land as ownership of Republic of Croatia or local governments. For parts of a land owned by the Republic of Croatia or local governments, the Company and the Group will enter into lease agreements for a period of 50 years.

From the entry into force of the ZNGZ until the day of signing the lease agreement, the rent will be paid according to the area of the tourist land for which the concession fee has been calculated based on the ZOTZ, in the amount of 50% of the fee until the final resolution of property legal relations. The unit amount of rent and the method and terms of payment will be determined by Regulations from Government.

As by the end of 2022, the Regulations have not been adopted, the Company and the Group have estimated the cost of leasing the land and posted provision. On February 8, 2024, the Government of the Republic of Croatia adopted two Regulations on tourist lands: (1) the Regulation on the method of determining the unit of lease for tourist land on which the hotel has been built and the tourist estate, the method of calculation for lease and other fees and mandatory content of the lease agreement and (2) the Regulation on determining the initial amount of the unit price of the lease for the tourist land in camp, the method of calculation of lease and other fees and mandatory content of the lease agreement (hereinafter: the Regulations).

After the adopted Regulations, the Company and the Group revised the areas of tourist land and estimated that in the future the Company will use 2.6 mn m<sup>2</sup> and the Group 2.8 mn m<sup>2</sup>. After the adoption of the Regulations, the Company and the Group in 2023 cancelled all provisions from the previous years (2020-2022), posted the amount of the rental cost for new areas and prices in accordance with the provisions of the Regulations, including the cost related to the year 2023, and corrected obligation for concessions for new areas for the period 2010-2020.

The estimated annual amount of rent for tourist land according to the new law (ZNGZ) is EUR 4.2 million for the Company and EUR 4.6 million for the Group. Given that the Regulations entered into force in February 2024, the Company and the Group estimate that the largest part of the rent calculated at a fixed price will from January 1, 2024 be calculated in accordance with the provisions of IFRS 16.

Assuming an initial unit price of EUR 2/m<sup>2</sup>, a discount rate of 5.76%, along with revised areas that will be leased, the Company and the Group performed an assessment of the value of assets and liabilities with the right of use in accordance with IFRS 16 on January 1 2024 in the amount of EUR 51,716 thousand for the Company and in the amount of EUR 57,615 thousand for the Group.

## NOTE 3 – FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

In their day-to-day business activities, the Company and the Group face a number of financial risks, especially market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company and the Group have a proactive approach in mitigating the interest rate risks by using available market instruments.

Internal risk management goals and policies aim at protecting partial interest hedging of the principal loan amount.

### 3.2 Capital management

The Company's and Group's objectives when managing capital are to safeguard the Company's and Group's ability to continue as a going concern in order to provide returns for the owner and to maintain an optimum capital structure to reduce the cost of capital.

### 3.3 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.

#### *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 - FINANCIAL RISK MANAGEMENT / CONTINUED**

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

<b>GROUP</b>				
(in thousands of EUR)	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2022</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	48	-	-	48
Derivative financial instruments	-	4,597	-	4,597
<b>Total assets measured at fair value</b>	<b>48</b>	<b>4,597</b>	-	<b>4,645</b>
<b>As at 31 December 2023</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	158	-	-	158
Derivative financial instruments	-	2,282	-	2,282
<b>Total assets measured at fair value</b>	<b>158</b>	<b>2,282</b>	-	<b>2,440</b>
<b>COMPANY</b>				
(in thousands of EUR)	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2022</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	44	-	-	44
Derivative financial instruments	-	2,467	-	2,467
<b>Total assets measured at fair value</b>	<b>44</b>	<b>2,467</b>	-	<b>2,511</b>
<b>As at 31 December 2023</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	154	-	-	154
Derivative financial instruments	-	1,227	-	1,227
<b>Total assets measured at fair value</b>	<b>154</b>	<b>1,227</b>	-	<b>1,381</b>

## NOTE 4 - SEGMENT INFORMATION

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

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

The segment information related to reportable segments for the nine-month period ended 31 December 2022 is as follows:

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Campsites</b>	<b>Other business segments</b>	<b>Total</b>
Revenue from segments	212,924	96,028	34,687	343,639
Inter-segment revenue	(721)	(82)	(23,352)	(24,155)
Sales revenue	<b>212,203</b>	<b>95,946</b>	<b>11,335</b>	<b>319,484</b>
Depreciation and amortisation	41,206	17,511	7,338	66,055
Net finance income/(expense)	(5,986)	(1,842)	4,586	(3,242)
Write-off of fixed assets	324	73	103	500
Profit/(loss) of segment	96,032	61,428	(52,703)	104,757

All hotels, apartments and campsites (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 31 December 2023 is as follows:

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Campsites</b>	<b>Other business segments</b>	<b>Total</b>
Revenue from segments	239,363	111,105	46,677	397,145
Inter-segment revenue	(1,284)	(86)	(30,056)	(31,426)
Sales revenue	<b>238,079</b>	<b>111,019</b>	<b>16,621</b>	<b>365,719</b>
Depreciation and amortisation	40,138	17,619	8,021	65,778
Net finance income/(expense)	(6,780)	(1,392)	138	(8,034)
Write-off of fixed assets	514	167	39	1,078
Profit/(loss) of segment	110,614	71,213	(59,524)	122,303

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

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

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Campsites</b>	<b>Other business segments</b>	<b>Total</b>
<b>As at 31 December 2022</b>				
Total assets	459,312	178,562	46,725	<b>684,599</b>
Total liabilities	249,598	94,909	34,551	<b>379,058</b>
<b>As at 31 December 2023</b>				
Total assets	409,330	178,780	92,620	<b>680,730</b>
Total liabilities	227,543	92,153	32,425	<b>352,121</b>

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

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

<b>GROUP</b>	<b>January - December 2022</b>	<b>January - December 2023</b>
(in thousands of EUR)		
<b>Revenue</b>		
Revenue from segments	343,639	397,145
Inter-segment revenue	(24,155)	(31,426)
<b>Sales revenue</b>	<b>319,484</b>	<b>365,719</b>
<b>Profit</b>		
Profit from segments	104,757	122,303
Other unallocated expenses	(74,787)	(79,239)
Profit/(loss) from financial and extraordinary ac-tivities	(3,177)	(9,623)
<b>Total profit before tax</b>	<b>26,793</b>	<b>33,441</b>

**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 31 December 2023	
	Assets	Liabilities	Assets	Liabilities
<b>Segment as-sets/liabilities</b>	<b>684,599</b>	<b>379,058</b>	<b>680,730</b>	<b>352,121</b>
Hotels and apartments segment	459,312	249,598	409,330	227,543
Campsites segment	178,562	94,909	178,780	92,153
Other business segment	46,725	34,551	92,620	32,425
<b>Unallocated</b>	<b>167,455</b>	<b>31,869</b>	<b>145,481</b>	<b>27,269</b>
Investments in associate	14,587	-	16,250	-
Other financial assets	48	-	158	-
Loans and deposits	17,805	-	25,422	-
Cash and cash equivalents	89,300	-	55,185	-
Other receivables	3,525	-	6,065	-
Deferred tax assets/liabilities	37,594	6,290	40,120	5,719
Other liabilities	-	13,235	-	17,376
Derivative financial assets/ liabilities	4,596	-	2,281	-
Provisions	-	12,344	-	4,174
<b>Total</b>	<b>852,054</b>	<b>410,927</b>	<b>826,211</b>	<b>379,390</b>

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

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

(in thousands of EUR)	GROUP			
	January - December 2022	%	January - December 2023	%
Revenue from sales to domestic customers	33.193	10.39	41.276	11.29
Revenue from sales to foreign customers	286.291	89.61	324.443	88.71
	<b>319.484</b>	<b>100.00</b>	<b>365.719</b>	<b>100.00</b>

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 - December 2022	%	January - December 2023	%
EU members	242,653	84.76	270,012	83.22
Other	43,638	15.24	54,431	16.78
	<b>286,291</b>	<b>100.00</b>	<b>324,443</b>	<b>100.00</b>

**NOTE 5 - STAFF COSTS**

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

(in thousands of EUR)	GROUP		COMPANY	
	January - December 2022	January - December 2023	January - December 2022	January - December 2023
Net salaries	58,983	65,193	48,002	51,950
Tax and contributions from salary costs	21,465	25,746	17,253	20,616
Contributions on salaries	11,193	13,638	8,754	10,798
<b>Total</b>	<b>91,641</b>	<b>104,577</b>	<b>74,009</b>	<b>83,364</b>

For the fourth quarter period ended 31 December 2023 Company's average number of employees is 3,628 (2022: 3,517), while the Group's average number of employees is 4,776 (2022: 4,536).

The Company capitalised net salaries cost in the amount of EUR 813 thousand (2022: EUR 712 thousand), cost of contributions and tax from salaries in the amount of EUR 338 thousand (2022: EUR 287 thousand) and cost of contributions on salaries in the amount of EUR 154 thousand (2022: EUR 128 thousand). The Group capitalised net salaries cost in the amount of EUR 1,150 thousand (2022: EUR 886 thousand), cost of contributions and tax from salaries in the amount of EUR 482 thousand (2022: EUR 365 thousand) and cost of contributions on salaries in the amount of EUR 232 thousand (2022: EUR 170 thousand).

**NOTE 6 - INCOME TAX**

The Company and the Group calculated income tax 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 - December 2022	January - December 2023	January - December 2022	January - December 2023
Current tax	1	2,878	-	2,872
Deferred tax	5,504	(3,105)	14,811	5,086
<b>Tax (income)/expense</b>	<b>5,505</b>	<b>(227)</b>	<b>14,811</b>	<b>7,958</b>

The Company calculated tax expense in the amount of EUR 8 mn, as a result of liability for the payment of income tax in the amount of EUR 2.9 mn and utilisation of deferred tax assets based on tax incentives in the amount of EUR 5.1 mn.

The Group calculated tax expense in the amount of EUR 0.2 mn, which is the result of tax expense based of liability for the payment of income tax (current tax) in the amount of EUR 2.9 mn and tax income in the amount of EUR 3,1 mn Tax income is mainly the result of new tax incentives in the amount of EUR 8.8 mn and utilisation of deferred tax assets based on tax losses and tax incentives in the amount of EUR 5 mn.

Movement overview of deferred tax assets and liabilities in 2023:

**DEFERRED TAX ASSET**

(in thousands of EUR)	GROUP	COMPANY
<b>As at 1 January 2023</b>	<b>37,594</b>	<b>6,737</b>
Credited/(debited) to the income	2,526	(5,201)
<b>As at 31 December 2023</b>	<b>40,120</b>	<b>1,536</b>

**DEFERRED TAX LIABILITIES**

(in thousands of EUR)	GROUP	COMPANY
<b>As at 1 January 2023</b>	<b>6,290</b>	<b>1,537</b>
Credited/(debited) to the income	(571)	(108)
<b>As at 31 December 2023</b>	<b>5,719</b>	<b>1,429</b>

## NOTE 7 – EARNINGS/(LOSS) PER SHARE

### Basic

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

### Diluted

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

### GROUP

	<u>January - December 2022</u>	<u>January - December 2023</u>
Profit/(loss) attributable to equity holders (in thousands of EUR)	19,601	27,028
Weighted average number of shares	121,887,907	122,714,818
<b>Basic/diluted earnings/(loss) per share (in EUR)</b>	<b>0.16</b>	<b>0.22</b>

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

During the year ending on 31 December 2023, the Group acquired assets in the amount of EUR 59,680 thousand (2022: EUR 42,111 thousand), while the Company acquired assets in the amount of EUR 27,447 thousand (2022: EUR 25,968 thousand).

During the year ending on 31 December 2023, the Group disposed the assets with a net book value of EUR 56 thousand (2022: EUR 353 thousand), resulting in a net gain on disposal of EUR 118 thousand (2022: EUR 2,096 thousand).

During the year ending on 31 December 2023, the Company disposed the assets with a net book value of EUR 34 thousand (2022: EUR 33,244 thousand), resulting in a net gain on disposal of EUR 90 thousand (2022: EUR 63,760 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 31 December 2023	Maturity over 5 years	Total liabilities on 31 December 2023	Maturity over 5 years
Bank borrowings	293,976	99,805	184,654	77,122
Lease liabilities under IFRS 16	3,144	995	3,036	820
<b>Total</b>	<b>297,120</b>	<b>100,800</b>	<b>187,690</b>	<b>77,942</b>

As at 31 December 2023 non-current and current bank borrowings of the Group amounted EUR 293,976 thousand, all secured with a pledge over Group's property facilities and movable property.

As at 31 December 2023 non-current and current bank borrowings of the Company amounted EUR 184,654 thousand, all secured with a pledge over Company's property facilities and movable property.

According to the Act on Tourist and Other Construction Land not appraised in the transformation and privatisation process ("the ZOTZ"), which entered into force on August 1, 2010, a concession fee for the use of tourist land with an area of 3.29 mn m<sup>2</sup> was calculated for the Company and 3.47 mn m<sup>2</sup> for the Group. On February 8, 2024, the Government of the Republic of Croatia adopted two Regulations on tourist lands: (1) the Regulation on the method of determining the unit of lease for tourist land on which the hotel has been built and the tourist estate, the method of calculation for lease and other

fees and mandatory content of the lease agreement and (2) the Regulation on determining the initial amount of the unit price of the lease for the tourist land in camp, the method of calculation of lease and other fees and mandatory content of the lease agreement (hereinafter: the Regulations). After the adopted Regulations, the Company and the Group revised the areas of tourist land and estimated that in the future the Company will use 2.6 mn m<sup>2</sup> and the Group 2.8 mn m<sup>2</sup>. Given that the Regulations entered into force in February 2024, the Company and the Group estimate that the largest part of the rent calculated at a fixed price will from January 1, 2024 be calculated in accordance with the provisions of IFRS 16. Assuming an initial unit price of EUR 2/m<sup>2</sup>, a discount rate of 5.76%, along with revised areas that will be leased, the Company and the Group performed an assessment of the value of assets and liabilities with the right of use in accordance with IFRS 16 on January 1 2024 in the amount of EUR 51,716 thousand for the Company and in the amount of EUR 57,615 thousand for the Group.

## NOTE 10 – CONTINGENCIES AND COMMITMENTS

The contracted capital commitments of the Company in respect to investments in tourism facilities at 31 December 2023 amount to EUR 73,743 thousand (2022: EUR 73,903 thousand). The contracted capital commitments of the Group in respect to investments in tourism facilities at 31 December 2023 amount to EUR 84,299 thousand (2022: EUR 88,870 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 5,783

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 51,111 thousand, and to secure the claim a pledge over Imperial Riviera's property facilities was established in the amount of the claim. The Company estimates the very low probability of incurring an actual obligation under the guarantee.

## NOTE 11 – ASSOCIATES

The following table shows total capital and reserves and profit or loss for the last business year of associates as at 31 December 2022:

(in thousands of EUR)				
ASSOCIATES	OWNERSHIP	Ownership	Total capital and reserves	Profit/loss for the year /ii/
Helios Faros d.d., Stari Grad	Croatia	20%	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, Obertauern /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**

(in thousands of EUR)

	<b>2022</b>	<b>2023</b>
<b>Sale of services</b>		
Associate with participating interest	1.884	2.835
	<b>1.884</b>	<b>2.835</b>
<b>Purchase of services</b>		
Associate with participating interest	93	194
Other parties related to the owners and corporate governance bodies	112	38
	<b>205</b>	<b>232</b>
<b>Trade and other receivable</b>		
Associate with participating interest	1.065	1.374
	<b>1.065</b>	<b>1.374</b>
<b>Liabilities</b>		
Associate with participating interest	2	32
Other parties related to the owners and corporate governance bodies	11	16
	<b>13</b>	<b>48</b>
<b>Deposits given</b>		
Associate with participating interest	-	968
	<b>-</b>	<b>968</b>

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

(in thousands of EUR)	2022	2023
<b>Sale of services</b>		
Subsidiaries /i/	74.137	14.215
Associate with participating interest	1.884	2.835
	<b>76.021</b>	<b>17.050</b>
<b>Purchase of services</b>		
Subsidiaries	1.384	1.941
Associate with participating interest	93	194
Other parties related to the owners and corporate governance bodies	94	32
	<b>1.571</b>	<b>2.167</b>
<b>Dividend income</b>		
Subsidiaries	4.888	2.183
	<b>4.888</b>	<b>2.183</b>
<b>Trade and other receivable</b>		
Subsidiaries	2.090	2.341
Associate with participating interest	1.065	1.373
	<b>3.155</b>	<b>3.714</b>
<b>Trade and other payables</b>		
Subsidiaries	30	48
Associate with participating interest	2	32
Other parties related to the owners and corporate governance bodies	10	10
	<b>42</b>	<b>90</b>
<b>Deposits given</b>		
Associate with participating interest	-	968
	<b>-</b>	<b>968</b>

/i/ The most significant Company's transaction in 2022 relates to the sales of three hotels to the related-party Imperial Riviera d.d. More precisely, it is the sales of hotels Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar with sales value of EUR 95,264 thousand.

## NOTE 13 – SUBSEQUENT EVENTS

On February 8, 2024 the Government of the Republic of Croatia adopted Regulations related to the Act on unappraised land: the Regulation on the method of determining the unit of lease for tourist land on which the hotel has been built and the tourist estate, the method of calculation for lease and other fees and mandatory content of the lease agreement and the Regulation on determining the initial amount of the unit price of the lease for the tourist land in camp, the method of calculation of lease and other fees and mandatory content of the lease agreement (explained in Note 2 - *Summary of material information on the accounting policies and estimates*).

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