

BUSINESS RESULTS

1/1/2018 -
31/12/2018



VALAMAR
All you can holiday



EXECUTIVE SUMMARY

KEY FINANCIAL INDICATORS

(in HRK '000,000)

| | 2017 | 2018 | 2018/2017 |
|----------------------------|---------|---------|-----------|
| Total revenues | 1,842.0 | 2,047.8 | 11.2% |
| Sales revenues | 1,755.3 | 1,961.4 | 11.7% |
| Board revenues | 1,447.9 | 1,629.0 | 11.5% |
| Operating expenses | 1,145.2 | 1,264.3 | 10.4% |
| EBITDA | 606.0 | 694.5 | 14.6% |
| Adjusted EBITDA | 622.6 | 702.9 | 12.9% |
| EBIT | 259.5 | 283.5 | 9.3% |
| Adjusted EBIT | 276.1 | 292.0 | 5.8% |
| EBT | 238.6 | 258.1 | 8.1% |
| Net profit | 245.1 | 239.2 | -2.4% |
| EBITDA margin | 34.1% | 34.9% | 80 bp |
| Adjusted EBITDA margin | 35.0% | 35.3% | 30 bp |
| Net debt | 1,772.4 | 2,169.1 | 22.4% |
| Cash and cash equivalents | 287.8 | 261.8 | -9.0% |
| Net debt / Adjusted EBITDA | 2.85 | 3.09 | 8.4% |
| Capital investments | 877.7 | 703.6 | -19.8% |
| Market capitalization | 5,420.3 | 4,468.8 | -17.6% |
| EV | 7,192.6 | 6,637.9 | -7.7% |
| DPS | 0.80 | 0.90 | 12.5% |

KEY OPERATING INDICATORS

| | 2017 | 2018 | 2018/2017 |
|---------------------------------|--------|--------|-----------|
| Accommodation units (capacity) | 20,852 | 21,371 | 2.5% |
| Number of beds | 56,662 | 58,023 | 2.4% |
| Full occupancy days | 127 | 132 | 4.5% |
| Annual occupancy (%) | 35% | 36% | 100 bp |
| Accommodation units sold ('000) | 2,640 | 2,827 | 7.1% |
| Overnights ('000) | 6,173 | 6,460 | 4.6% |
| ADR (in HRK) | 548 | 576 | 5.0% |
| RevPAR (in HRK) | 69,435 | 76,224 | 9.8% |

Note: Details and explanations can be found on page 16 in "Results of the Group".

13%
GROWTH OF
ADJUSTED
EBITDA TO
703
MILLION HRK

EBITDA AND EBITDA MARGIN

Valamar Riviera Group continues to assert its leadership position through exceptional results. In 2018 the Group achieved the set goals and double-digit growth in business results despite slower peak-season demand in tourism. The high adjusted EBITDA in the amount of HRK 703 million (+13%; HRK 623 million in 2017) is the result of a 12% increase in sales revenues, as well as in operating efficiency through the growth of adjusted EBITDA margin to 35.3% (35.0% in 2017); the strong increase in operating profit was also contributed by an intensive investment cycle worth more than HRK 700 million.

REVENUES

Total revenues were HRK 2,048 million, up 11% vs. last comparable period (HRK 1,842 million in 2017). In total revenues, HRK 1,961 million represented sales revenues (HRK 1,755 million in 2017), while the remaining part was mainly financial income, down HRK 7 million (from HRK 64 million to HRK 57 million). The growth of sales revenues growth was largely driven by 12% higher board revenues that amounted to HRK 1,629 million (HRK 1,448 million in 2017) and 10% higher F&B outlet revenues. Croatia had reported growing demand for several years before experiencing a recent slowdown in tourist turnover during the

EXECUTIVE SUMMARY

/ continued

summer season. Despite these unfavourable trends, Valamar Riviera recorded 6.5 million overnight stays (+5%) during 2018, while the average daily rate increased to HRK 576 (+5%). The HRK 181 million growth in board revenues was mainly driven by: (i) large investments to improve competitiveness and the quality of services and products, (ii) strong business development during 1H 2018, (iii) demand- driven optimization of distribution and prices, (iv) 5 days increase in full occupancy ratio, (v) the development of destination products with added value, and (vi) acquisition of Hoteli Makarska and Valamar Obertauern.

COSTS

Pressure on growth of operating costs was successfully reduced by a high level of operative efficiency. Their controlled increase by 10% to a level of HRK 1,264 million was mainly due to: (i) increase in material costs due to increased business volume, (ii) increase in other costs (increase in the costs of accommodation, food and transportation of employees and consolidation of Hotel Makarska and Valamar Obertauern); and (iii) increase in staff costs (payrolls). Payrolls growth was planned in line with the salary increase policy and the new staff hired to ensure service quality in the Premium and Upscale products. However, human resources still remain the greatest challenge for growth and development in the forthcoming period.

INCREASE IN
OPERATING
EFFICIENCY TO
35.3%
(ADJUSTED
EBITDA MARGIN)

PROFIT

Profit before tax grew by HRK 20 million to HRK 258 million. The strong 8% growth was achieved despite higher amortization cost (HRK +64 million coming from earlier large investment cycles), due to excellent operating results. The Group's net profit decreased by HRK 6 million to HRK 239 million, primarily as a result of lower tax revenues mainly due the lower one-off recognition of deferred tax assets related to the achieved tax incentives prescribed by the Act on Investment Promotion (HRK 26 million in 2018, compared to HRK 54 million in 2017).

EXECUTIVE SUMMARY

/ continued

2019
GROUP'S PLANNED
INVESTMENT CYCLE
AMOUNTS TO HRK

793
MILLION

MARKET CAPITALIZATION AND NET DEBT

The Company's market capitalization fell by 18% in 2018, coinciding with the decrease in international and national stock market indices. Despite the 22% increase in net debt due to the acquisition of 46.93% of Hoteli Makarska's share capital, purchase of Valamar Obertauern and the large investment cycle that was carried out (over HRK 700 million outflow), the net debt / adjusted EBITDA ratio recorded only a 8% growth to the anticipated level of 3.09, thus confirming the prudent and sustainable debt management and Group's growth.

INVESTMENTS

The Valamar Riviera Group completed its large investment cycle worth over HRK 700 million. The investments included several projects: the repositioning of Rabac as a leading high-end holiday destination was completed with the opening of the Valamar Collection Girandella Maro Suites 5*, and the Valamar Argosy Hotel 4* was repositioned as "designed for adults" accommodation. Moreover, we continued investing in raising camping quality to offer products and services with high added value. The investments also included Imperial's projects and a range of other smaller projects to improve quality operating efficiency, and ensure efficient energy use. Currently, the market demand for the recently

developed properties is strong. For details, see "Investments 2018" on page 38.

In line with the previously announced strategic goals, the Group is planning new large investments worth HRK 793 million in 2019. The planned investments represent the continuation of strategic investments to reposition the portfolio towards products and services with high added value while focusing on premium camping in Istria and on Krk and Rab islands. For details, see "2019 Investments" on page 41.

In accordance with our strategic goals for the period up to 2020, we are focusing on investments projects aimed at improving the portfolio properties and services. However, numerous factors reduce the competitiveness of Croatian tourism and hinder further investment potential: VAT and the rate of total contributions to salaries (both among the highest in the Mediterranean), the still unresolved issue of tourism land, skilled labor shortages, the likely introduction of property tax and tourist tax increase.

ACQUISITIONS

Croatia's Restructuring and Sales Centre (CERP) accepted Valamar Riviera's binding bid to buy a stake in Hoteli Makarska (726-key portfolio). On 4 April

EXECUTIVE SUMMARY

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2018 Valamar concluded an agreement on the purchase and transfer of 55.48% of Hoteli Makarska's share capital. Valamar Riviera also concluded a cooperation agreement with Allianz ZB d.o.o., a company for managing mandatory pension funds, to start their acting in concert regarding Hoteli Makarska. After the acquisition of shares, Valamar transferred 30.48% of Hoteli Makarska's share capital to Allianz ZB. After the completion of the takeover bid and transfer of 95,276 shares to its partner Allianz ZB, Valamar Riviera now owns 525,379 shares or 46.93% of the acquired company's share capital. The consolidation of operations started in August 2018. Hoteli Makarska's operations account for 2 percentage points of total revenues and 4 percentage points of adjusted EBITDA growth.

On 20 August 2018, Valamar Riviera disclosed to the investment community that, in their capacity as buyers, Valamar Riviera and Valamar A GmbH (a company in 100% ownership by Valamar Riviera), concluded an agreement on the purchase and transfer of a 100% stake in the company Matthias Aichmann GmbH, that owns the Petersbühel Hotel 4*. The hotel has a prime location in the centre of Obertauern, one of the most popular Austrian winter destinations. It has been operating for over 50 years and features 82 keys and facilities such as wellness, a restaurant and a garage, while the ski lift is in the hotel's immediate vicinity. At the end of November, Valamar opened the hotel, named Valamar Obertauern Hotel 4*, under the Valamar Hotels & Resorts brand. In the same period, the company name was changed to Valamar Obertauern GmbH. Business internationalization is one of the key strategic goals of the company's

development in the forthcoming period and this represents a major step forward in the Company's business expansion across Croatia's borders. Business consolidation was initiated from November 2018 and has had no significant impact on total revenues and EBITDA in the observed period due to its seasonal winter business.

Valamar Riviera d.d. and PBZ Croatia osiguranje d.d. (managing mandatory pension funds), submitted on 15 May 2017 a joint offer for the investment and recapitalisation of a bankrupt hospitality company on Hvar Island, Helios Faros d.d. u stečaju, with 591 keys in its portfolio. On 8 November 2018, Valamar Riviera informed the public that the Commercial Court in Split adopted a temporary decision on confirming the Bankruptcy Plan for the investment and recapitalisation of the company Helios Faros. Upon the finality of the Decision confirming the Bankruptcy Plan, under which a total investment of HRK 91.2 million is planned, it will be possible to initiate the planned procedures that should enable the company Helios Faros to exit bankruptcy and develop its operations under the restructuring plan, as well as investments into premium hospitality assets, thus turning Stari Grad into an attractive and well-known destination.

Following the successful acquisition of Hoteli Baška on Krk Island, Imperial on Rab Island, Hoteli Makarska in Makarska, and the first hotel in Austria (Valamar Obertauern), we are considering further expansion by pursuing new partnerships and acquisition opportunities in Croatia and abroad.

2
ACQUISITIONS
DURING 2018

AWARDS AND RECOGNITIONS

The Croatian Business Council for Sustainable Development and the Croatian Chamber of Economy have given the Valamar Riviera a prestigious award: the CSR Indices Award for the field of socially responsible diversity policies and human rights protection.

Valamar Riviera received two valuable recognitions given by the Zagreb Stock Exchange in 2018: Share of the Year by public vote for the 7th consecutive time and Top Turnover Share. Moreover, it won another award for Best Investor Relations, conferred by the business newspaper "Poslovni dnevnik" and the Zagreb Stock Exchange.

In 2018 Valamar Riviera has received numerous awards and certificates: ANWB Top 2018 (ANWB), ADAC Superplatz 2018 (ADAC), World Travel Awards (four awards), World Luxury Hotel Awards (three awards), Employer Partner, Golden Key (Croatia Exporters Association), Silver effective manager for the affirmation of social values and fruitful business cooperation, Family hotel of the year and Best beach on the Adriatic (Croatian Tourism Board and Croatian Chamber of Economy), Travellers Choice (TripAdvisor), Golden Goat - Terra Magica Adventure Mini Golf (Istria Tourist Board), Inovacamp 2018 (Croatian Camping association), Camping2be, Travelife, EU Ecolabel, ISO 50001, ISO 9001, ISO 14001, Codex Alimentarius - HACCP, Gault & Millau 2018, etc.

Valamar's press release is available on the Valamar Riviera corporate website (valamar-riviera.com/en/1Y2018).

MORE THAN
50
AWARDS FOR
PRODUCTS
AND SERVICES
EXCELLENCE
IN 2018

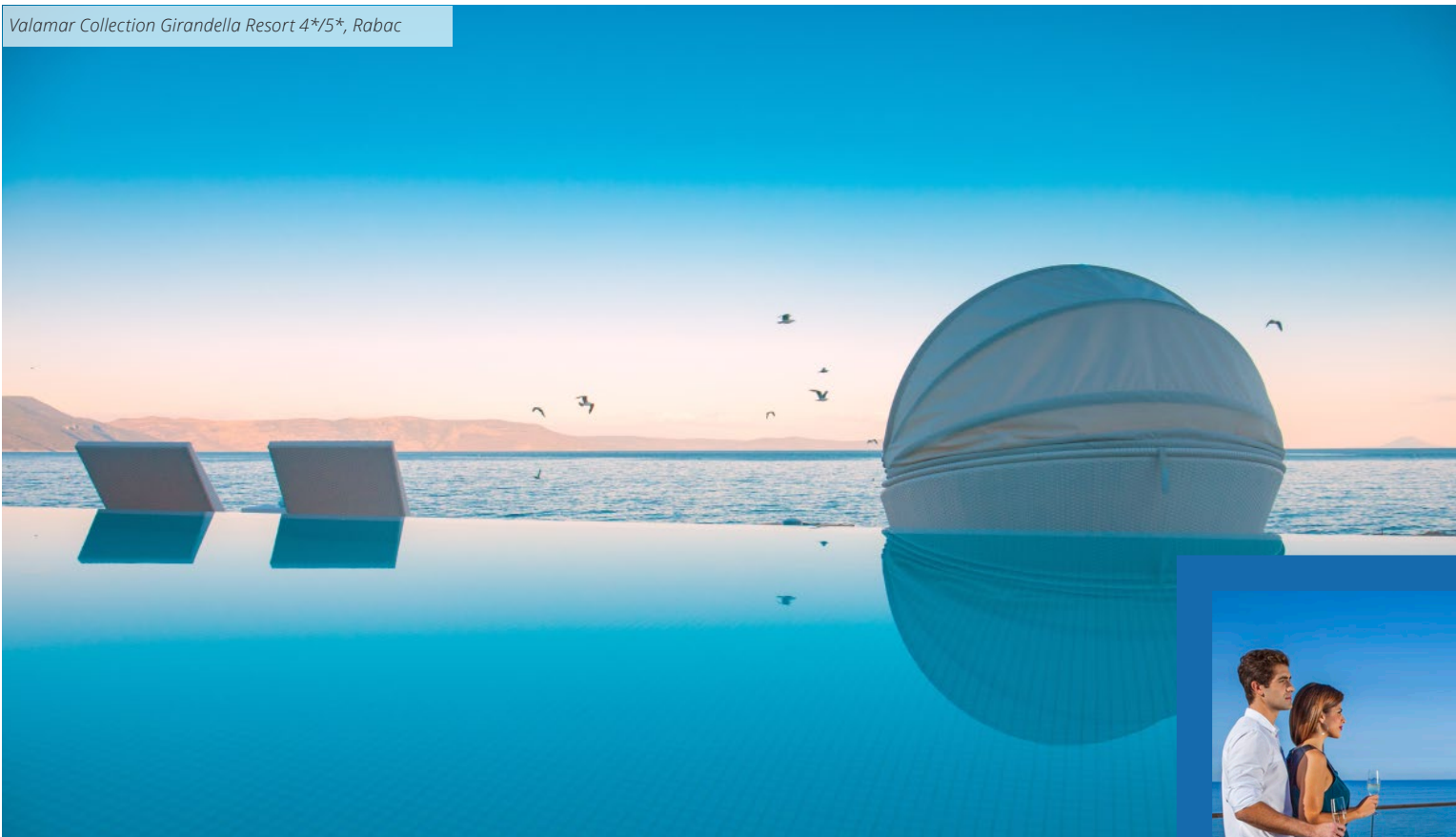
Valamar Collection Girandella Resort 4*/5*, Rabac



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Valamar Collection Girandella Resort 4*/5*, Rabac

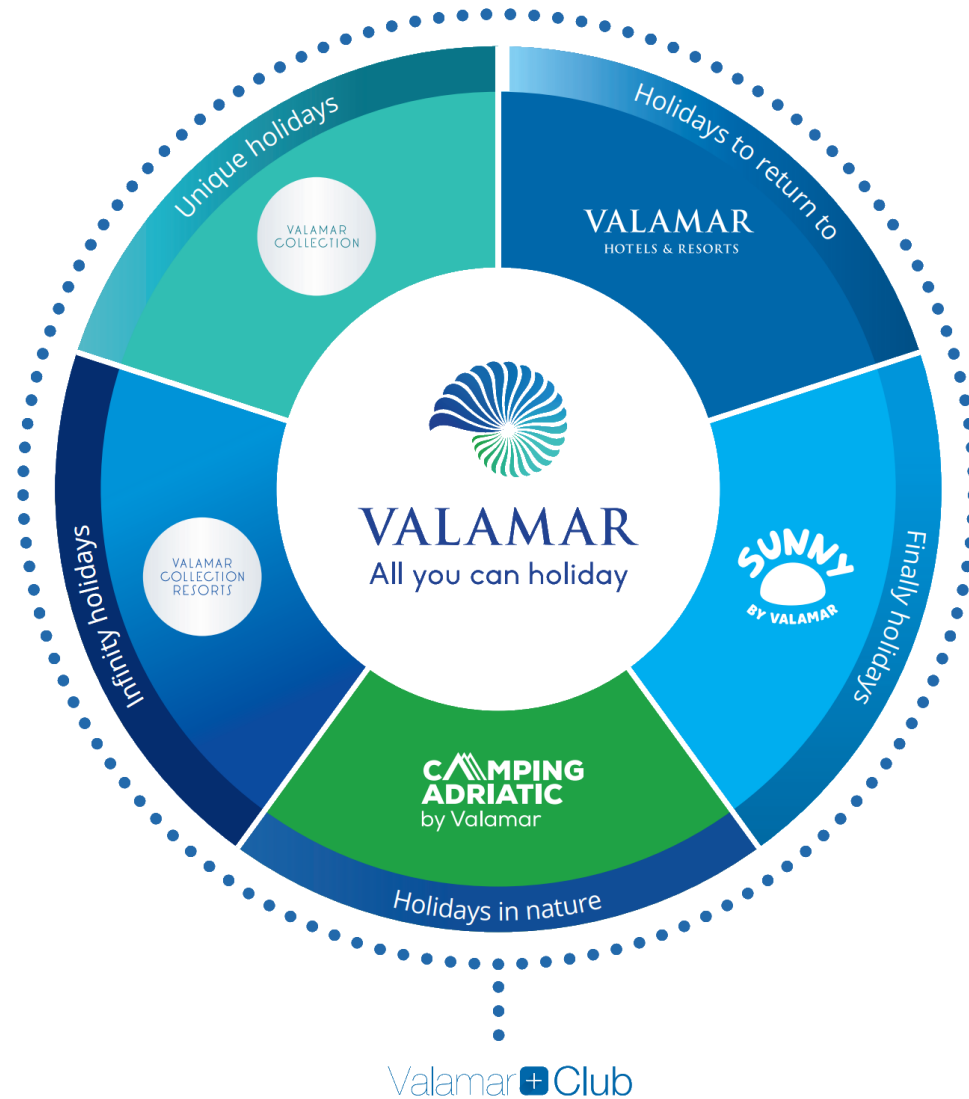


Significant Business Events

ABOUT VALAMAR RIVIERA

Valamar Riviera is the leading tourism group in Croatia. It is also one of the largest investors in Croatian tourism with more than HRK 4 billion invested over the last 14 years. It owns the Valamar All you can holiday umbrella brand and the sub-brands: Valamar Collection, Valamar Collection Resorts, Valamar Hotels & Resorts, Sunny by Valamar and Camping Adriatic by Valamar. With 2018 acquisitions of Hoteli Makarska d.d. in Makarska and the first Valamar hotel in Austria, Valamar Riviera Group is now present in seven attractive destinations, from Istria and Kvarner to Dubrovnik in Croatia and Obertauern in Austria. It operates about 12% of the total categorized tourist accommodation in Croatia. The tourist property portfolio includes 34 hotels and 15 camping resorts. More than 21,000 accommodation units can welcome almost 58,000 guests daily. Therefore, Valamar Riviera is the largest tourism group in Croatia, both in terms of portfolio size and revenues. Valamar Riviera cares for the interests of all its stakeholders: guests, suppliers and partners, local communities and destinations, around 22,000 shareholders and more than 6,000 people employed during peak season, and society at large. Stakeholders' interests are actively promoted through Valamar Riviera's principles of sustainable and socially responsible growth and development. The company aims at growing further through portfolio investments, new acquisitions and partnerships, by developing its destinations and human resources, and by increasing operating efficiency.

New Valamar Riviera's brand strategy



HOTELI MAKARSKA D.D. SHARE PURCHASE

On 27 December 2017, Valamar Riviera submitted a binding bid to buy a 55.48% stake (621,086 shares) in Hoteli Makarska d.d. (hereinafter: Hoteli Makarska), a company seated in Makarska with 726 keys in its portfolio. At the same time, Valamar Riviera concluded a cooperation agreement with AZ, a pension fund management company from Zagreb acting in its own name and on behalf of the mandatory pension funds it manages, to start their acting in concert regarding Hoteli Makarska. On 4 April 2018, Valamar Riviera concluded an agreement with the Republic of Croatia, represented by CERP (Restructuring and Sale Center), regarding the sale and transfer of Hoteli Makarska's shares. With this agreement, Valamar bought 621,086 ordinary shares for a total of HRK 172.7 million. Following this acquisition, on 12 April 2018 Valamar Riviera transferred 30.48% of Hoteli Makarska's share capital (341,218 shares) to its partner AZ and retained 25.00%. On 16 May 2018, HANFA (Croatian Financial Services Supervisory Agency) decided to approve Valamar Riviera's disclosure of the takeover bid for Hoteli Makarska. After the completion of the takeover bid and the transfer of 95,276 shares to AZ, Valamar Riviera owns 525,379 shares or 46.93% of the acquired company's share capital. On 1 August 2018 Valamar Riviera has concluded Hotel management contract with Hoteli Makarska. The consolidation start date is 1 August 2018.

INVESTMENT AND RECAPITALIZATION OFFER FOR HELIOS FAROS

Valamar Riviera and PBZ Croatia osiguranje, a pension fund management company acting in its own name and on behalf of PBZ Croatia osiguranje mandatory pension funds categories: A and B, submitted on 15 May 2017 a joint offer for the investment and recapitalization of Helios Faros, a hospitality company undergoing bankruptcy proceedings from Stari Grad on Hvar Island. The Assembly of bankruptcy creditors of Helios Faros decided on 20 July 2017 to prepare a Bankruptcy Plan, following the investment and recapitalization offer. In this offer, PBZ Croatia osiguranje and Valamar Riviera presented a restructuring plan as well as a six-year plan worth HRK 650 million for investments in hospitality assets. The total renovation and construction of two premium resorts containing around

IN
2019
WE CONTINUE
TO ACTIVELY
CONSIDER
OPTIONS FOR
EXPANSION,
PARTNERSHIP AND
ACQUISITIONS IN
CROATIA AND THE
REGION

600 keys would reposition the Helios Faros portfolio as premium accommodation, thus turning Stari Grad into an attractive and well-known destination. Helios Faros would employ around 500 people after the renovation of the Arkada and Lavanda hotels. The Bankruptcy plan would enable Helios Faros to emerge from bankruptcy and continue its business operations in close partnership with the destination, Stari Grad, to bring prosperity to the whole island. PBZ Croatia osiguranje and Valamar Riviera see this project as a confirmation of synergies from the joint activity of a large institutional investor and a strategic tourism investor contributing with its expertise and results. Consequently, Valamar Riviera would manage Helios Faros' development and operations through a model contract related to the management of facilities. On 8 November 2018, Valamar Riviera announced to the general public that the Commercial Court in Split had adopted a provisional Decision on Endorsing the Insolvency Plan for the Investment and Recapitalization of the company Helio Faros. Upon the finality of the Decision confirming the Bankruptcy Plan, under which a total investment of HRK 91.2 million is planned, it will be possible to initiate the planned procedures that should enable the company Helios Faros to exit bankruptcy and develop its operations under the restructuring plan, as well as investments into premium hospitality assets.

STATUTORY CHANGE

On 26 January 2018, Valamar Riviera received a notification by EPIC, Goldscheider und Wurmböck Unternehmensberatungsgesellschaft m.b.H. with registered office in Vienna, 8 Plösslgasse, Republic of Austria, regarding the changes in the percentage of voting rights (drop below the voting rights

threshold), caused by the transfer of 55,594,884 shares due to the agreed demerger with takeover: EPIC, Goldscheider und Wurmböck Unternehmensberatungsgesellschaft m.b.H. being the demerging company and EPIC Hospitality Holding GmbH with registered office in Vienna, 8 Plösslgasse, Republic of Austria, being the transferee company. As evidenced by the received notifications, the structure of members in the transferee company is indirectly identical to the structure of members in the demerging company. Consequently, no changes occurred in the controlling persons, since the members in EPIC Hospitality Holding are indirectly the same persons and hold the same stakes as the members in EPIC, Goldscheider und Wurmböck Unternehmensberatungsgesellschaft m.b.H. Consequently, on the same day, Valamar Riviera received a notification by EPIC Hospitality Holding regarding the acquisition of 55,594,884 RIVP shares representing 44.11% of the Company's share capital.

After carrying out the required procedure and pursuant to relevant regulations and the decision rendered by the General Assembly on 8 May 2018, the merger of EPIC Hospitality Holding (transferor) to Valamar Riviera (transferee) was entered in the court register of the Commercial court in Pazin on 15 June 2018. Therefore, Valamar Riviera became the universal legal successor of EPIC Hospitality Holding. The transferee's share package held by the transferor was entirely used as compensation, i.e. share exchange for the members in the transferor (Wurmböck Beteiligungs GmbH, Goldscheider Keramik Gesellschaft m.b.H. and Dr. Franz Lanschützer) proportionally to the size of the stake that each individual member held in the transferor. Thus, the merger and share transfer did not result in any change of controlling persons.

The merger does not significantly affect Valamar Riviera's balance sheet, income statement, employment, operating earnings and other financial and business indicators, and it is also tax neutral for both companies, so the transferee will not be burdened by any additional liabilities. This status change secures continuity in the shareholding structure, thus enabling the continuation of the Company's transparent management, care for employees, focus on destination development and business model sustainability. Therefore, Valamar Riviera retains its market-leading position and the long-term trust of the controlling shareholders.

98%

OF THE LOAN
PORTFOLIO IS
COMPRISED OF
LONG-TERM FIXED
INTEREST LOANS
OR, RESPECTIVELY,
LOANS HEDGED
BY A DERIVATIVE
INSTRUMENTS (IRS)
FOR PROTECTION
AGAINST INTEREST
RATE RISK

LOAN AGREEMENTS

On 12 February 2018 and 13 February 2018, Valamar Riviera concluded two club loan agreements with OTP banka Hrvatska and OTP Bank Nyrt from Hungary worth EUR 80 million in total. On 6 March 2018, Valamar Riviera concluded a loan agreement with the European Investment Bank from Luxembourg (EIB) worth EUR 16 million. This is the first EIB transaction in Croatia that involves direct financing of a private sector company with the support of the EU-budget guarantee through the European Fund for Strategic Investments as the financing component of the Investment Plan for Europe. On 11 September 2018, a loan agreement worth EUR 10 million was concluded with Istarska kreditna banka. On 18 December 2018, Valamar Riviera concluded a loan agreement worth EUR 10 million with Erste&Steiermärkische Bank d.d. All these legal transactions were concluded with the aim of financing long-term investments and working capital, and present an additional confirmation of the trust that the investors and the financing community place in the further development of Valamar Riviera.

VALAMAR RIVIERA'S GENERAL ASSEMBLY

The Management Board met on 20 February 2018, while the Supervisory Board met on 27 February 2018 to determine the 2017 4Q audited financial statements and the 2017 audited annual financial statements. The General Assembly of Valamar Riviera was held on 8 May 2018 and decided to:

- Distribute the Company's realized profit in 2017 totaling HRK 231,979,074 to retained profit
- Discharge the Management Board members from managing the Company's business in

- 2017 and the Supervisory Board members from performing the supervision of the management of the Company's business in 2017
- Pay a dividend of HRK 0.90 (ninety lipas) per each share. The dividend would be paid out of the retained profit achieved in the years 2015 and 2016. Valamar Riviera's shareholders who opted so, received one quarter of their dividend in rights- company shares.
 - Appoint Ernst & Young d.o.o. from Zagreb, as Valamar Riviera's auditor in 2018.
 - Approve the Joint plan of the merger of EPIC Hospitality Holding GmbH (transferor) into Valamar Riviera (transferee)
 - Determine the remuneration for Supervisory Board members.

RE-APPOINTMENT OF THE MANAGEMENT BOARD MEMBERS AND LONG-TERM REWARDING PLAN

On 9 May 2018, the Supervisory Board of Valamar Riviera reappointed Mr. Željko Kukurin as Management Board President and Mr. Marko Čížmek as Management Board Member for a new term of office starting from 1 January 2019 to 31 December 2022. In order to further develop Valamar's business, the Supervisory Board adopted a long-term plan of rewarding the management board and key management with Valamar's shares, amounting to 2% of the annual increase in the market capitalization of the shares on the Official market of the Zagreb Stock Exchange.

2019 INVESTMENTS

The Supervisory Boards of Valamar Riviera, Imperial and Hoteli Makarska granted their approval of the 2019 investment cycle in the amount of HRK 636 million, HRK 140 million and HRK 18 million, respectively. The investments are focused on the premium camping segment in Istria and the islands of Krk and Rab, as well as on the opening of Valamar Collection Marea Suites 5*, by which will further develop the offer of premium family vacation in Poreč as well as upgrade the quality of accommodation and services at Valamar Carolina Resort 4*. Numerous other investment projects aimed at upgrading guest amenities in all destinations as well as additional large investments in accommodation for seasonal employees

will be continued in line with Valamar's strategic goals until 2020. For details, see "2019 Investments" on page 41.

AGREEMENT WITH TUI UK

On 13 December 2018, Valamar Riviera announced that it concluded legal transactions with the company TUI UK on providing hospitality services in its facilities in 2019, with an estimated total annual value of HRK 125.5 million. Through its collaboration with the company TUI UK, one of the leading tour operators in the European outbound market, Valamar Riviera has secured partial occupancy of its hotels, both during high season as well as pre- and post-season in 2019.



Our vision is to be the leader in leisure tourism and create authentic guest experiences in partnership with our destinations.

ACQUISITION OF MATTHIAS AICHMANN GMBH (VALAMAR OBERTAUERN GMBH) IN OBERTAUERN, AUSTRIA

Valamar Riviera has been pursuing expansion opportunities abroad for some time now, with special focus on opportunities in Austria, seeing that it is a large tourism market with over 120 million overnights per year. Austria has a highly developed leisure tourism segment, and it is recognized for its exemplary sustainability and quality in the development of its destinations and tourism infrastructure. Hence, on 26 July 2018, Valamar Riviera disclosed to the investment community that it had made

FIRST VALAMAR HOTEL IN AUSTRIA

a binding offer, and on 20 August 2018 that, in their capacity as buyers, Valamar Riviera and Valamar A GmbH (a company owned by Valamar Riviera d.d.), concluded an agreement on the purchase and transfer of a 100% stake in the company Matthias Aichmann GmbH seated in Obertauern, that owns the Petersbühel Hotel 4*. The hotel has a prime location in the center of Obertauern, one of the most popular Austrian winter destinations. It has been operating for over 50 years and features 82 keys and facilities such as wellness, restaurant and garage. The ski lift is in the hotel's immediate vicinity. At the end of November, Valamar opened a hotel as part of the Valamar Hotels & Resorts brand, under the name Valamar Obertauern Hotel 4*. In the same period Matthias Aichmann changed the company's name to Valamar Obertauern GmbH. Business internationalization is one of the key strategic goals of the company's development in the forthcoming period and this represents a major step forward in the Company's business expansion across Croatia's borders. Consolidation start date is 1 November 2018.

Obertauern, Austria



 *The Management Board
presents the quarterly audited
financial statements.*

Valamar Collection Dubrovnik President Hotel 5*, Dubrovnik



QUARTERLY AUDITED FINANCIAL STATEMENTS

The Company's Management Board presents the quarterly financial statements for the fourth quarter of 2018 (the period 1 January 2018 – 31 December 2018 is also included). These statements must be viewed in the context of the said mergers and acquisitions, and they provide information on the state of the Company and Group, as well as significant events.

The Company income statement for the reviewed period includes the data of the merged companies Puntičela d.o.o. for the period following the merger, i.e. as of 1 April 2017, and Elafiti Babin Kuk d.o.o. as of 29 December 2017.

The Group income statement for the reviewed period includes the data of companies Hoteli Makarska d.d. and Valamar A GmbH as from 1 August 2018 and Valamar Obertauern GmbH as from 1 November 2018. The Group balance sheet for the reviewed period, as at 31 December 2018, includes data of Hoteli Makarska d.d., Valamar A GmbH and Valamar Obertauern GmbH. Please note that 2018 data cannot be entirely compared to data from the previous period, as the latter do not include data for the company Hoteli Makarska d.d., Valamar A GmbH and Valamar Obertauern GmbH.

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



Results of the Group

KEY FINANCIAL INDICATORS¹

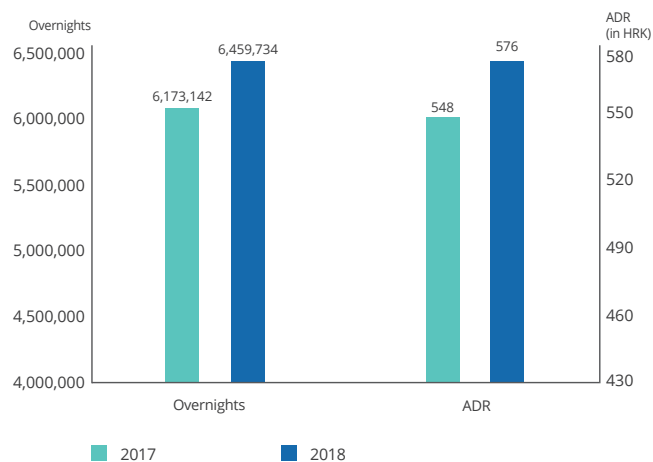
| | 2017 | 2018 | 2017/2018 |
|--|-------------------|-------------------|------------------|
| Total revenues | 1,842,036,109 | 2,047,774,770 | 11.2% |
| Operating income | 1,778,395,862 | 1,990,984,717 | 12.0% |
| Sales revenues | 1,755,286,721 | 1,961,413,631 | 11.7% |
| Board revenues (accommodation and board revenues) ² | 1,447,866,807 | 1,628,991,417 | 11.5% |
| Operating costs ³ | 1,145,185,720 | 1,264,286,140 | 10.4% |
| EBITDA ⁴ | 606,042,467 | 694,453,630 | 14.6% |
| Extraordinary operations result and one-off items ⁵ | -16,566,528 | -8,441,326 | -49.0% |
| Adjusted EBITDA ⁶ | 622,608,995 | 702,894,956 | 12.9% |
| EBIT | 259,502,687 | 283,546,818 | 9.3% |
| Adjusted EBIT ⁶ | 276,069,214 | 291,988,144 | 5.8% |
| EBT | 238,643,759 | 258,081,503 | 8.1% |
| Net profit | 245,087,385 | 239,187,507 | -2.4% |
| EBT margin | 13.4% | 13.0% | -40 bp |
| EBITDA margin | 34.1% | 34.9% | 80 bp |
| Adjusted EBITDA margin ⁶ | 35.0% | 35.3% | 30 bp |
| | 31/12/2017 | 31/12/2018 | 2017/2018 |
| Net debt ⁷ | 1,772,353,634 | 2,169,067,569 | 22.4% |
| Net debt / Adjusted EBITDA | 2.85 | 3.09 | 8.4% |
| Cash and cash equivalents | 287,836,954 | 261,842,353 | -9.0% |
| Capital investments (details in chapter "2018 Investments") | 877,743,649 | 703,559,000 | -19.8% |
| ROE ⁸ | 9.7% | 8.5% | -120 bp |
| Adjusted ROCE ⁹ | 6.4% | 5.9% | -50 bp |
| Market capitalization ¹⁰ | 5,420,289,760 | 4,468,823,546 | -17.6% |
| EV ¹¹ | 7,192,643,394 | 6,637,891,115 | -7.7% |
| EPS ¹² | 1.96 | 1.90 | -3.1% |
| DPS ¹³ | 0.80 | 0.90 | 12.5% |

KEY BUSINESS INDICATORS¹⁴

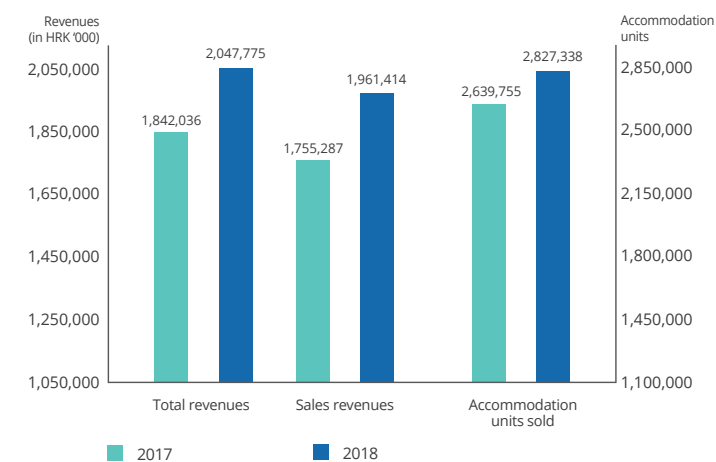
| | 2017 | 2018 | 2017/2018 |
|--|-----------|-----------|--------------------|
| Number of accommodation units (capacity) | 20,852 | 21,371 | 2.5% ¹⁵ |
| Number of beds | 56,662 | 58,023 | 2.4% ¹⁵ |
| Full occupancy days | 127 | 132 | 4.5% |
| Annual occupancy (%) | 35% | 36% | 100 bp |
| Accommodation units sold | 2,639,755 | 2,827,338 | 7.1% |
| Overnights | 6,173,142 | 6,459,734 | 4.6% |
| ADR ¹⁶ (in HRK) | 548 | 576 | 5.0% |
| RevPAR ¹⁷ (in HRK) | 69,435 | 76,224 | 9.8% |

- Classified according to Quarterly Financial Statement standard (TFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income.
- In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).
- Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and oneoff items.
- EBITDA (eng. earnings before interest, taxes, depreciation and amortization) is calculated as: operating income - total operating costs + depreciation and amortisation + value adjustments
- Adjustments were made for (i) extraordinary income (in the amount of HRK 23.8 million in 2018, and HRK 11.0 million in 2017), (ii) extraordinary expenses (in the amount of HRK 28.7 million in 2018, and HRK 26.5 million in 2017), and (iii) termination benefit costs (in the amount of HRK 3.5 million in 2018, and HRK 1.0 million in 2017).
- Adjusted by the result of extraordinary operations and one-off items.
- Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other- cash and cash equivalents - long-term and short-term investments in securities - current loans given, deposits, etc.
- ROE refers to return on equity; calculated as: profit for the period / (capital and reserves).
- 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 - cash and cash equivalents - long-term and short-term investments in securities - loans given, deposits, etc.).
- The number of shares as at 31 December 2017 net of treasury shares amounts to 124,233,091, while per 31 December 2018 amounts to 122,904,938.
- EV refers to enterprise value; calculated as market capitalization + net debt.
- EPS refers to earnings per share calculated on the basis of net profit. Weighted average number of shares as at 31 December 2018: 123,968,146. Weighted average number of shares as at 31 December 2017: 124,207,204.
- DPS refers to dividends per share.
- 2017 key business indicators of Valamar Riviera Group do not include data of Hoteli Makarska and Valamar Obertauern.
- The change in the number of accommodation units and beds is mostly due to the acquisition of Hoteli Makarska (726 additional accommodation units, or 1,416 beds) and Valamar Obertauern (82 accommodation units, or 161 bed) and decrease in capacity resulting from investment in the San Marino Camping Resort by Valamar 4* (the conversion of 3 camping plot zones into a parking lot and the installation of premium mobile homes), as well as the conversion of camping plots into premium mobile homes in the other campsites undergoing investment.
- Average daily rate is recorded on the basis of board revenues (accommodation and board's food and beverage revenues)
- Revenue per accommodation unit is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

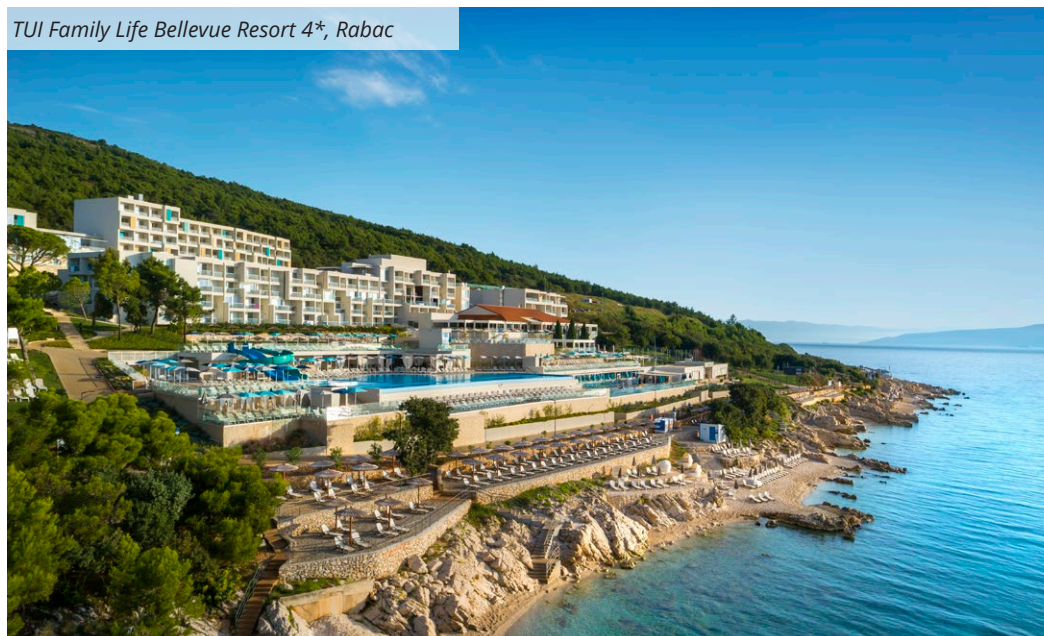
Overnights and ADR



Revenues and accommodation units sold



TUI Family Life Bellevue Resort 4*, Rabac



Valamar Riviera Group continues to assert its leadership position through record results and investments into Croatian and Austrian tourism. 2018 was a year of double-digit growth in operating revenue and operating earnings (EBITDA). Valamar Riviera owes its continued success to the concept of sustainable growth and development led by the principles of corporate social responsibility. It is reflected in: (i) continuous portfolio investments (over HRK 700 million were invested in the preparation for 2018 tourist season, while planned investments for the 2019 amount to HRK 793 million), (ii) acquisitions and partnerships (46.93% of Hoteli Makarska's share capital and the first Valamar hotel in Austria were both successfully acquired in 2018) and (iii) the development of our employees and destinations.

REVENUES

In 2018, total revenues were HRK 2,047.8 million, up by 11.2% (HRK +205.7 million). The total realised revenues were affected by:

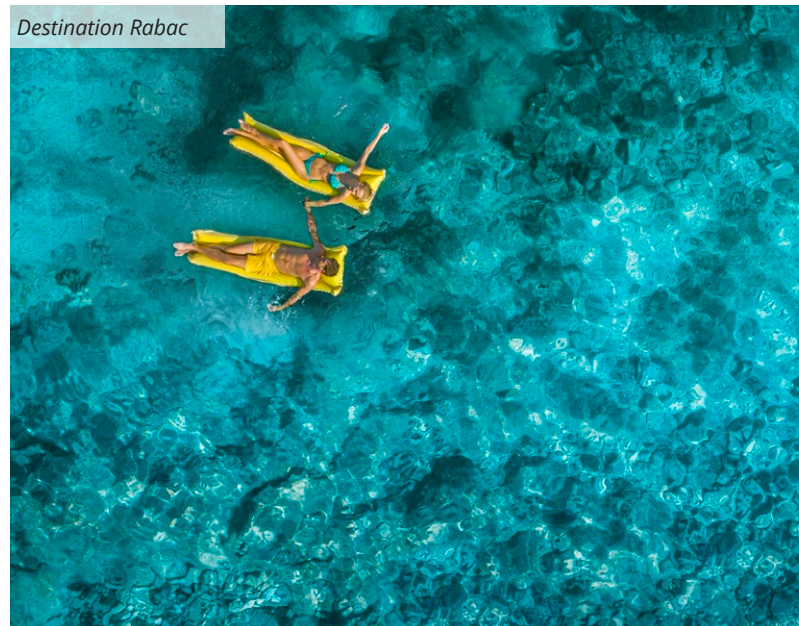
(i) strong growth in sales revenues, up by 11.7% (HRK +206.1 million), amounting to HRK 1,961.4 million. The increase of sales revenues was largely driven by 11.5% higher board revenues (HRK 181.1 million) and 10% higher F&B outlet revenues. All marketing segments grew in the January-March period, individuals and allotments in particular. Although Easter holidays occurred in March, strong growth was reported in April as well, especially in the individual and M.I.C.E.¹⁸ segment. Due to the earlier occurrence of holidays in the DACH¹⁹ market, an expected growth was reported in all the segments in May. The active management of channels and prices drove the strong market feedback reported by all channels in June, except for O.T.A.²⁰, which maintained a controlled growth. During peak season (July-September), growth in board revenues was mainly due to high increase in the direct sales channel, along with controlled decrease of the O.T.A. sales channel's share. Shoulder season (October-December) saw higher group and allotment numbers, as well as an increase in the M.I.C.E. segment in Dubrovnik. Market feedback during the Christmas / New Year period was equally strong, with an increase in the number of American guests in Dubrovnik. 2018 saw 6.5 million overnights (+4.6% as compared to 2017), while the average daily rate grew by 5.0% to HRK 576.

Domestic sales revenues were HRK 180.5 million and represented 8.8% of total revenues (8.1% in 2017). They grew by 20.3% compared to the previous comparable period. International sales revenues were HRK 1,780.9 million, up by HRK 175.7 million and represented by 87.0% of total revenues (87.1% in 2017).

(ii) other operating revenues²¹ grew by 28.0% (HRK +6.5 million) to HRK 29.6 million, mainly due to the cancelling of long-term provisions for Imperial's litigations.

(iii) financial income fell by -10.8% (HRK -6.9 million) to HRK 56.8 million, mainly due to a lower appreciation of HRK vs. EUR in Q4 2018 compared to last year's comparable period.

Destination Rabac



206

MILLION HRK
HIGHER SALES
REVENUES
COMPARED TO
2017

(iv) consolidation of Hoteli Makarska and Valamar Obertauern with 2 and 0.1 percentage point contribution to the Group's total revenues, respectively.

Other operating and financial income represented 4.2% of total revenues (4.7% in 2017).

¹⁸ M.I.C.E. = Meetings, incentives, conferencing, exhibitions.

¹⁹ DACH market represent Germany (D), Austria (A) and Switzerland (CH).

²⁰ O.T.A. = Online travel agencies.

²¹ Other operating revenues include revenues from the usage of own products, goods and services in the amount of HRK 0.4 million and other operating revenues of HRK 29.2 million.

TOTAL OPERATING EXPENSES OF VALAMAR RIVIERA GROUP²²

| (in HRK) | 2017 | 2018 | 2018/2017 |
|----------------------------------|---------------|---------------|-----------|
| Operating costs ²³ | 1,145,185,720 | 1,264,286,140 | 10.4% |
| Total operating expenses | 1,518,893,175 | 1,707,437,899 | 12.4% |
| Material costs | 519,753,525 | 552,089,395 | 6.2% |
| Staff cost | 480,161,466 | 541,715,389 | 12.8% |
| Depreciation and amortisation | 346,413,599 | 410,521,539 | 18.5% |
| Other costs | 143,755,460 | 174,686,587 | 21.5% |
| Provisions and value adjustments | 9,612,565 | 7,511,545 | -21.9% |
| Other operating expenses | 19,196,560 | 20,913,444 | 8.9% |

TOTAL OPERATING EXPENSES

Total operating expenses were HRK 1,707.4 million and grew by 12.4% (HRK +188.5 million). Excluding the operations of Hoteli Makarska and Valamar Obertauern for reasons of comparability, total operating expenses grew by 9%. Breakdown of total operating expenses:

(i) material costs represented 32.3% (34.2% in 2017). Up by 6.2% (HRK +32.3 million) to HRK 552.1 million due to an increase in (a) direct costs of raw materials and consumables (especially food and beverage costs and energy consumption costs) driven by a larger business volume and (b) consolidation of Hoteli Makarska and Valamar Obertauern.

(ii) staff costs represented by an almost equal share in the total operating expenses (31.6% in 2017, 31.7% in 2018). They grew by 12.8% (HRK +61,5 million) to HRK 541.7 million due to the consolidation of Hoteli Makarska and Valamar Obertauern, which accounts for 3% of growth, and due to the efforts invested in securing competitive salaries and other material and

non-material work conditions, as well as new staff hired to ensure service quality for the new Premium and Upscale products. Valamar Riviera is thus the first company in Croatia guaranteeing a minimum net income between HRK 5,000 and 7,500 for all its employees.

(iii) amortization costs represented 24.0% (22,5% in 2017). Its 18.5% growth (HRK +64.1 million) to HRK 410.5 million is mainly due to the earlier large investment cycle and consolidation of Hoteli Makarska and Valamar Obertauern.

(iv) other costs represented 10.2% (9.5% in 2017). 21.5% growth (HRK +30.9 million) amounting to HRK 174.7 million is, among others, due to (a) an increase in the costs of lodging, meals and transportation for employees, (b) an increase in insurance and design, technical and other documentation (for investment purposes) costs, and (c) the consolidation of Hoteli Makarska and Valamar Obertauern operations.

²² Classified according to Quarterly Financial Statements standard (TFI POD-RDG).

²³ Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

(v) provisions and value adjustments with a share of 0.4% (0.6% in 2017). A decrease of HRK 2.1 million to the amount of HRK 7.5 is due to lower-scale provisions for Imperial's litigations.

(vi) other operating expenses represented 1.2% (1.3% in 2017). An increase of HRK 1.7 million to HRK 20.9 million was mainly due to the finalisation of Imperial's litigations.

OPERATING COSTS²³

Operating costs amounted to HRK 1,264.3 million. Pressure on growth of operating costs was successfully reduced by a high level of operative efficiency. Their controlled increase of 10.4% was due to (i) the increase in material costs driven by larger business volume, (ii) the increase in other costs (previously explained), (iii) the increase in staff costs (previously explained), and (iv) the consolidation of Hoteli Makarska and Valamar Obertauern. Excepting the operations of the aforementioned companies for reasons of comparability, operating costs grew by 9%.

EBITDA AND EBITDA MARGIN

Adjusted EBITDA²⁴, marked by strong double-digit growth, reached HRK 702.9 million (HRK 622.6 million in 2017). The increase of HRK 80.3 million (+12.9%) is the result of a further increase in operating efficiency through the growth of the adjusted EBITDA margin from 35.0% to 35.3%, as well as the continuation of the large investment cycle focused on improving competitiveness and the quality of properties and services, the acquisition of Hoteli Makarska and optimization of the distribution and price management in line with increased demand, particularly for properties in which new investments were made. The consolidation of Hoteli Makarska and Valamar Obertauern was initiated in August 2018 and November 2018, respectively, resulting in a 4 percentage point growth in adjusted EBITDA. Stronger operating results were also reflected in the unadjusted EBITDA that soared by 14.6% to HRK 694.5 million. Please note that the strong growth of adjusted and unadjusted EBITDA is influenced by the 2018 negative impact of the lower seasonal EUR/HRK exchange rate.

PROFIT

Profit before tax grew by HRK 19.6 million to HRK 258.1 million. The 8.1% growth was achieved despite higher amortization costs, due to excellent operating results. The Group's net profit amounted to HRK 239.2 million in 2018. The decrease of HRK 5.9 million was primarily a result of lower tax revenues (HRK -24.7 million), reflecting a lower one-time recognition of deferred tax assets²⁵. The EBT margin fell by 40 basis points to 13.0% (13.4% in 2017).

703

MILLION HRK
ADJUSTED EBITDA
(+13% COMPARED
TO 2017)

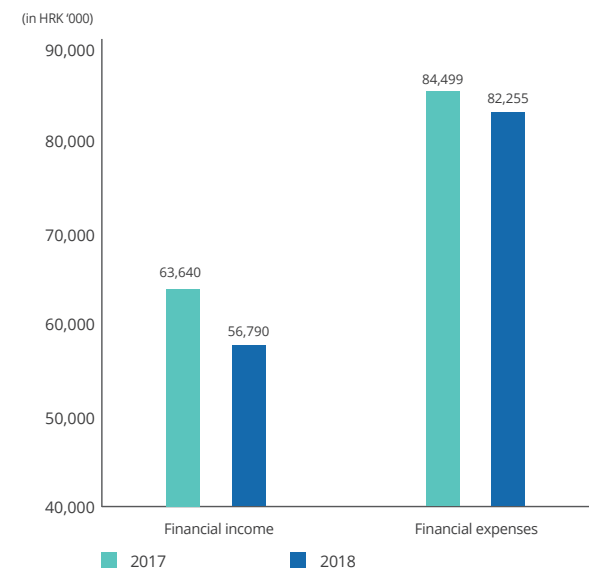
²⁴ Adjustments were made for (i) extraordinary income (in the amount of HRK 23.8 million in 2018, and HRK 11.0 million in 2017), (ii) extraordinary expenses (in the amount of HRK 28.7 million in 2018, and HRK 26.5 million in 2017), and (iii) termination benefit costs (in the amount of HRK 3.5 million in 2018, and HRK 1.0 million in 2017).

²⁵ In 2018 deferred tax assets was recognized mainly due to tax incentives prescribed by the Act on Investment Promotion and Investment Improvement which amounted to HRK 25.8 million, in respective to HRK 54.1 million in 2017.

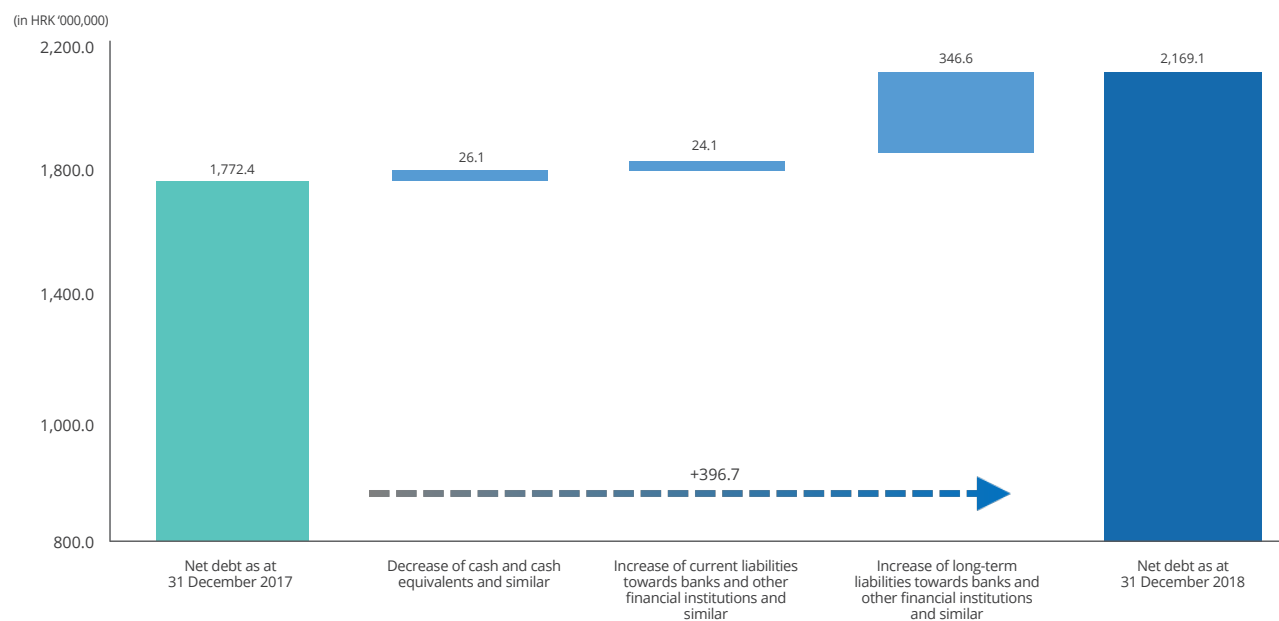
FINANCIAL RESULT

In 2018, the Group reported a financial result of HRK -25.5 million (HRK -20.9 million in 2017). The financial result, down by HRK 4.6 million compared to the previous year, is mainly due to: (i) higher net (positive) foreign exchange differences amounting to HRK 10.2 million, (ii) the net effect of the HRK 7.7 million increase in financial expenses related to interest on long-term loans for financing large investments, (iii) lower unrealised gains from financial assets amounting to HRK 2.8 million due to a lower positive fair value of FX forwards, and (iv) increase in unrealised expenses from financial assets amounting to HRK 4.0 million, driven by spreading the scope of protection and increased liabilities related to the fair value of interest rate swaps.


Financial income and expenses



Net debt ²⁶



²⁶ Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other-cash and cash equivalents – long-term and short-term investments in securities – current loans given, deposits, etc.

 *22% increase in net debt is the result of the acquisition of Hoteli Makarska and Valamar Obertauern and performed large investment cycle.*

Valamar Collection Imperial Hotel 4*, Rab Island



Financial income

In 2018, financial income amounted to HRK 56.8 which is HRK 6.9 million lower than in 2017. Foreign exchange differences and other financial income amounted to HRK 47.7 million, down by HRK 4.7 million primarily due to the absence of positive exchange rate differences on deposits in the last quarter of 2018, as a consequence of the appreciation of the Croatian Kuna. Unrealised gains (income) from financial assets amounted to HRK 4.7 million and fell by HRK 2.8 million due to a lower positive fair value of FX forwards compared to the last year due to the lower appreciation of HRK vs. EUR in 1H 2018. Other financial income amounted to HRK 4 million and increased by HRK 0.9 million.

Financial expenses

The Group's financial expenses amounted to HRK 82.3 million and, compared to the previous period, they fell by HRK 2.2 million. The negative foreign currency differences are down by HRK 15.0 million due to the lower HRK vs. EUR depreciation in 2H of 2018 compared to the same period in 2017. Due to an increase in credit liabilities for the financing of large investment cycles in 2017 and 2018, financial expenses related to interest grew by HRK 7.7 million, amounting to HRK 49.9 million. Unrealised expenses from financial assets increased by HRK 4.0 million, driven by spreading the scope of protection and increased liabilities related to the fair value of interest rate swaps. Other financial expenses amounted to HRK 2.7 million, an increase of HRK 1.1 million.

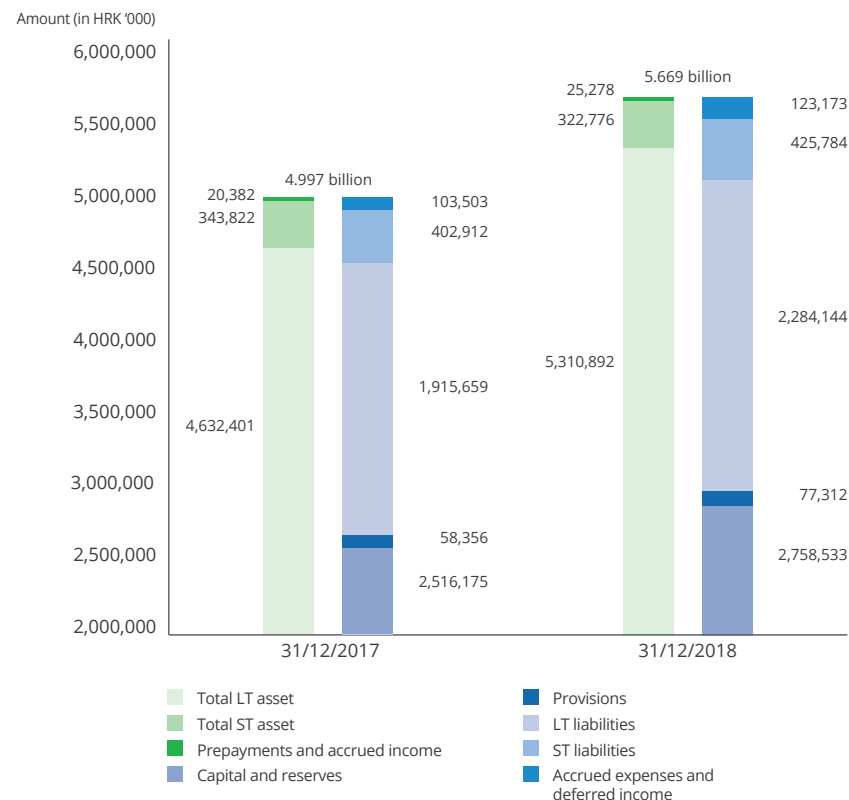
ASSETS AND LIABILITIES

As at 31 December 2018, the total value of the Group's assets was HRK 5,669.0 million, up by 13.5% compared to 31 December 2017.

Total share capital and reserves grew by 9.6% and totalled HRK 2,758.5 million. Total long-term liabilities grew from HRK 1,915.7 million to HRK 2,284.1 million due to loans contracted to finance this year's investment cycle and, to a smaller part, as a result of the consolidation of Hoteli Makarska and Valamar Obertauern. Almost the entire loan portfolio is comprised of long-term fixed interest loans or, respectively, loans hedged by a derivative instruments (IRS) for protection against interest rate risk.

Total short-term liabilities were HRK 425.8 million, up by 5.7% compared to 31 December 2017. The aforementioned is mainly a result of (i) lower trade payables (down by HRK 19.7 million) given the smaller size of 2017/18 investments (for details, see page 38), (ii) the current repayment of the 2018 long-term debt (up by HRK 24.1 million), (iii) higher liabilities related to advance payments from customers (up by HRK 7.6 million),

Assets and liabilities



and (iv) liabilities related to employees (up by HRK 5.9 million due to a larger consolidation scope and the increased number of employees vs 31/12/2017).

Cash and cash equivalents as at 31 December 2018 amount to HRK 261.8 million. The contracted credit lines for investments and the strong cash potential from business activities ensure a smooth continuation of future investments and potential acquisitions.

Valamar Padova Hotel 4*, Rab Island



PROFITABILITY INDICATORS OF VALAMAR RIVIERA GROUP

| | 2017 | 2018 | 2018/2017 |
|------------------------|-------|-------|-----------|
| EBITDA margin | 34.1% | 34.9% | 80 bp |
| Adjusted EBITDA margin | 35.0% | 35.3% | 30 bp |
| EBIT margin | 14.6% | 14.2% | -40 bp |
| Adjusted EBIT margin | 15.5% | 14.7% | -80 bp |
| EBT margin | 13.4% | 13.0% | -40 bp |
| Net profit margin | 13.8% | 12.0% | -180 bp |
| ROA | 4.9% | 4.2% | -70 bp |
| ROE | 9.7% | 8.5% | -120 bp |
| Adjusted ROCE | 6.4% | 5.9% | -50 bp |

VALUATION OF VALAMAR RIVIERA GROUP

| | 31/12/2017 | 31/12/2018 | 2018/2017 |
|----------------------------------|---------------|---------------|-----------|
| Average share price per (in HRK) | 43.63 | 36.36 | -16.7% |
| Market capitalization (in HRK) | 5,420,289,760 | 4,468,823,546 | -17.6% |
| EV (in HRK) | 7,192,643,394 | 6,637,891,115 | -7.7% |
| EPS (in HRK) | 1.96 | 1.90 | -3.1% |
| DPS (in HRK) | 0.80 | 0.90 | 12.5% |
| EV / Sales revenues | 4.1x | 3.4x | -17.4% |
| EV / EBITDA | 11.9x | 9.6x | -19.5% |
| EV / Adjusted EBITDA | 11.6x | 9.4x | -18.3% |
| EV / EBIT | 27.7x | 23.4x | -15.5% |
| EV / Adjusted EBIT | 26.1x | 22.7x | -12.7% |

KEY OPERATING INDICATORS OF VALAMAR RIVIERA GROUP PER SEGMENTS²⁷

| | HOTELS AND RESORTS | | | Premium | | |
|--|--------------------|---------------|---------------|-------------|-------------|---------------|
| | Total | | 2018/ 2017 | Premium | | 2018/ 2017 |
| | 2017 | 2018 | | 2017 | 2018 | |
| Number of accommodation units | 8,982 | 9,973 | 11.0% | 1,269 | 1,554 | 22.5% |
| Full occupancy days | 162 | 163 | 0.8% | 174 | 177 | 2.0% |
| Annual occupancy rate (%) | 44% | 45% | 0.8% | 48% | 48% | 2.0% |
| Accommodation units sold | 1,452,014 | 1,625,278 | 11.9% | 220,226 | 275,063 | 24.9% |
| Overnights | 3,115,692 | 3,386,892 | 8.7% | 463,667 | 607,008 | 30.9% |
| ADR ¹⁶ | 764 | 769 | 0.6% | 1,257 | 1,314 | 4.5% |
| Board revenues (in HRK) | 1,109,581,848 | 1,249,936,599 | 12.6% | 276,758,965 | 361,346,559 | 30.6% |
| RevPAR ¹⁷ (in HRK) | 123,534 | 125,332 | 1.5% | 218,092 | 232,527 | 6.6% |
| Adjusted EBITDA ²⁸ (in HRK) | 642,958,760 | 723,000,739 | 12.4% | 162,000,898 | 220,585,212 | 36.2% |

Total hotels and resorts

Hotels and resorts reported a strong +12.6% growth (HRK +140.4 million) and achieved HRK 1,249.9 million in board revenues. The high increase resulted from the earlier large investment cycle, the optimization of the marketing mix and prices, as well as the demand-driven larger number of operating days, especially in the Premium and Upscale segment, and acquisition of Hoteli Makarska and Valamar Obertauern.

Premium hotels and resorts

Premium hotels and resorts reported a 30.6% increase in board revenues that totalled HRK 361.3 million. The HRK 84.6 million growth was mostly driven by the following: (i) larger number of operating days of the Valamar Collection Girandella Family Hotel 4*, taking into account 2017 investment, (ii) the newly opened Valamar Collection Girandella Maro Suites 5*, (iii) excellent placement of preseason events and post season M.I.C.E. channel, and growth in all segments in peak season, especially in the individual channel at the Valamar Collection Isabella Island Resort 4*/5*, (iv) earlier opening and increase in the direct and group channels at the Valamar Collection Dubrovnik President Hotel 5*, especially M.I.C.E. and groups in preseason accompanied by a great feedback of the allotments in the post season, (v) stable growth in M.I.C.E. during the preseason and post season period, as well as increase in the direct and allotment channels in the Valamar Lacroma Dubrovnik Hotel 4* in the fourth quarter, and (vi) repositioning of the Valamar Collection Imperial Hotel 4* in the Premium segment.

²⁷ According to the classification under the USALI international standard for reporting According to the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry). Economy segment includes non-commercial segment (accommodation for employees). Business operations of Hoteli Makarska and Valamar Obertauern are not included in 2017. Puntizela - Pula business is included in destination Poreč. A detailed comparison of the new portfolio segmentation can be found on page 32.

²⁸ When calculating adjusted EBITDA, internal allocation of revenues and expenses as well as inter-segment revenues and expenses are excluded from the calculation. Adjusted EBITDA of other segments amounts to HRK -304.1 million in 2018, i.e. HRK -270.0 million in 2017. Other segments include business of central operations, laundry, sport, central kitchen, strategic rentals, etc. The data for 2017 are not comparable to those published in the 2017 Annual Report due to a internally different segmental overview.

**HOTELS AND RESORTS /
CONTINUED**

Upscale

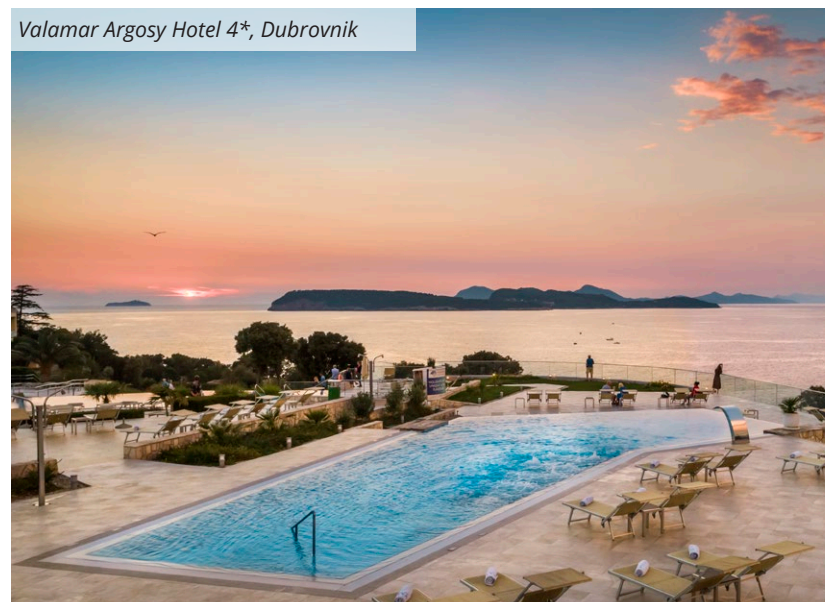
| | 2017 | 2018 | 2018/ 2017 |
|--|-------------|-------------|-----------------------|
| Number of accommodation units | 1,980 | 1,964 | -0.8% |
| Full occupancy days | 158 | 171 | 8.5% |
| Annual occupancy rate (%) | 43% | 47% | 8.5% |
| Accommodation units sold | 312,618 | 336,327 | 7.6% |
| Overnights | 729,117 | 781,326 | 7.2% |
| ADR ¹⁶ | 1,009 | 1,026 | 1.7% |
| Board revenues (in HRK) | 315,357,057 | 345,096,367 | 9.4% |
| RevPAR ¹⁷ (in HRK) | 159,271 | 175,711 | 10.3% |
| Adjusted EBITDA ²⁸ (in HRK) | 182,909,049 | 199,921,567 | 9.3% |

Upscale hotels and resorts

Upscale hotels and resorts reported HRK 345.1 million in board revenues. The strong growth (HRK 29.7 million) was primarily driven by larger volumes, i.e. 781,326 overnights achieved (+7.2%). The drivers of 9.4% growth in board revenues were: (i) larger number of operating days of the TUI Family Life Bellevue Resort 4* as a result of last year's investment, (ii) the Valamar Argosy Hotel 4* due to very strong feedback by the individual channel and very successful placement of groups and M.I.C.E., (iii) good feedback by the direct sales channel as well as good placement of groups during the pre-season and in the post season period at the Valamar Hotel & Casa Sanfior 4*, (iv) increase in all segments with notable increase in groups during the pre-season at the Valamar Zagreb Hotel 4*, and (v) the Valamar Padova Hotel 4*, due to excellent feedback by the direct channel resulting from the synergy of Valamar Riviera's management of operations as determined by the provisions of the concluded Hotel management contract.

 *Premium and upscale hotel resorts segments are board revenues growth drivers.*

Valamar Argosy Hotel 4*, Dubrovnik



**HOTELS AND RESORTS /
CONTINUED**

| | Midscale | | | Economy | | |
|--|-------------|-------------|---------------|-------------|-------------|---------------|
| | 2017 | 2018 | 2018/ 2017 | 2017 | 2018 | 2018/ 2017 |
| Number of accommodation units | 3,493 | 3,771 | 8.0% | 2,240 | 2,684 | 19.8% |
| Full occupancy days | 163 | 149 | -8.5% | 156 | 168 | 7.7% |
| Annual occupancy rate (%) | 45% | 41% | -8.5% | 43% | 46% | 7.7% |
| Accommodation units sold | 569,159 | 562,286 | -1.2% | 350,011 | 451,602 | 29.0% |
| Overnights | 1,193,419 | 1,215,124 | 1.8% | 729,489 | 783,434 | 7.4% |
| ADR ¹⁶ | 672 | 733 | 9.1% | 385 | 290 | -24.6% |
| Board revenues (in HRK) | 382,724,084 | 412,415,854 | 7.8% | 134,741,742 | 131,077,819 | -2.7% |
| RevPAR ¹⁷ (in HRK) | 109,569 | 109,365 | -0.2% | 60,153 | 48,837 | -18.8% |
| Adjusted EBITDA ²⁸ (in HRK) | 224,461,891 | 236,609,302 | 5.4% | 73,586,921 | 65,884,658 | -10.5% |

Midscale hotels and resorts

The midscale segment reported HRK 412.4 million in board revenues and is mostly influenced by the repositioning of the Valamar Collection Imperial Hotel 4* as Premium accommodation, and consolidation of the Valamar Meteor Hotel 4* and the Dalmacija Sunny Hotel by Valamar 3* in Makarska as from August 2018, as well as Valamar Obertauern Hotel 4* from November 2018. If we exclude the results achieved by these facilities, board revenues went up by 3.9%. The drivers of growth were: (i) better operating results of the Valamar Club Dubrovnik Hotel 3*, especially in the individual segment, (ii) increase of the average price and accommodation units sold at the Corinthia Baška Sunny Hotel by Valamar 3*, (iii) the Valamar Crystal Hotel 4*, primarily due to increased physical volumes especially by the placement of group and

M.I.C.E. Events in the post season period, (iv) stronger market feedback received by the allotment and M.I.C.E. channels at the Valamar Diamant Hotel 4*, (v) growth in the allotment channel at the Valamar Rubin Hotel 3*, (vi) the repositioning of the Valamar Pinia Hotel 3* into an all-inclusive facility, and (vii) increase in all channels, except for the group channel, at the Valamar Zvonimir Hotel 4*, the Valamar Atrium Baška Residence 4*/5* and the Valamar Villa Adria 4*.

Economy hotels and resorts

Economy hotels and resorts achieved HRK 131.1 million in board revenues. The economy segment shows a decrease by 2.7%, primarily due to the conversion of Pical apartments and Marina hotel in Rabac into accommodation for employees.

 *Board
revenues growth
in midscale hotel
resorts segment is
driven by the 9%
increase in ADR.*

CAMPING RESORTS

| | Total | | | Premium | | |
|--|-------------|-------------|---------------------|-------------|-------------|---------------|
| | 2017 | 2018 | 2018/ 2017 | 2017 | 2018 | 2018/ 2017 |
| Number of accommodation units | 11,870 | 11,398 | -4.0% ²⁹ | 3,466 | 4,053 | 16.9% |
| Full occupancy days | 100 | 105 | 5.4% | 112 | 119 | 5.7% |
| Annual occupancy rate (%) | 27% | 29% | 5.4% | 31% | 32% | 5.7% |
| Accommodation units sold | 1,187,741 | 1,202,060 | 1.2% | 388,757 | 480,597 | 23.6% |
| Overnights | 3,057,450 | 3,072,842 | 0.5% | 1,135,715 | 1,380,392 | 21.5% |
| ADR ¹⁶ | 285 | 315 | 10.7% | 343 | 393 | 14.5% |
| Board revenues (in HRK) | 338,284,959 | 379,054,818 | 12.1% | 133,352,887 | 188,714,620 | 41.5% |
| RevPAR ¹⁷ (in HRK) | 28,499 | 33,256 | 16.7% | 38,475 | 46,562 | 21.0% |
| Adjusted EBITDA ²⁸ (in HRK) | 249,621,643 | 283,951,633 | 13.8% | 101,669,058 | 147,343,042 | 44.9% |

Total camping resorts

Camping resorts achieved a total of HRK 379.1 million in board revenues. Successful optimization of the average rate for mobile homes and camping pitches (+10.6%) resulted in a strong growth in total board revenues by 12.1% (HRK +40.8 million).

Premium camping resorts

Premium camping resorts reported HRK 188.7 million in board revenues. A 41.5% increase (HRK +55.4 million) is driven by ADR of HRK 393 (+14.5%) and 480,597 accommodation units sold (+23.6%). The high growth rates in physical indicators and ADR are mainly due to: i) excellent business results reported by the Lanterna Premium Camping Resort by Valamar 4* (17% higher board revenues, also due to strong market feedback received by this year's investments in new products and guest amenities, especially mobile homes), and ii) the Ježevac Premium Camping Resort by Valamar 4* going from Upscale to Premium. The rest of the growth is attributed to the strong performance of the Krk Premium Camping Resort by Valamar 5*.

²⁹ Decrease in capacity is mainly due to investment in the San Marino Camping Resort by Valamar 4* (the conversion of 3 camping plot zones into a parking lot and the installation of premium mobile homes), as well as the conversion of camping plots into premium mobile homes in the other campsites undergoing investment.

CAMPING RESORTS
/ CONTINUED

| | Upscale | | | Midscale | | | Economy | | |
|--|------------|------------|---------------|-------------|------------|---------------|------------|------------|---------------|
| | 2017 | 2018 | 2018/ 2017 | 2017 | 2018 | 2018/ 2017 | 2017 | 2018 | 2018/ 2017 |
| Number of accommodation units | 1,434 | 2,157 | 50.4% | 5,150 | 3,293 | -36.1% | 1,820 | 1,895 | 4.1% |
| Full occupancy days | 117 | 112 | -4.7% | 93 | 95 | 2.0% | 83 | 89 | 6.3% |
| Annual occupancy rate (%) | 32% | 31% | -4.7% | 25% | 26% | 2.0% | 23% | 24% | 6.3% |
| Accommodation units sold | 168,264 | 241,267 | 43.4% | 479,060 | 312,336 | -34.8% | 151,660 | 167,860 | 10.7% |
| Overnights | 398,631 | 653,798 | 64.0% | 1,153,982 | 675,563 | -41.5% | 369,122 | 363,089 | -1.6% |
| ADR ¹⁶ | 316 | 349 | 10.3% | 252 | 238 | -5.4% | 206 | 190 | -7.8% |
| Board revenues (in HRK) | 53,156,811 | 84,084,654 | 58.2% | 120,533,212 | 74,356,730 | -38.3% | 31,242,049 | 31,898,815 | 2.1% |
| RevPAR ¹⁷ (in HRK) | 37,069 | 38,982 | 5.2% | 23,405 | 22,580 | -3.5% | 17,166 | 16,833 | -1.9% |
| Adjusted EBITDA ²⁸ (in HRK) | 41,528,065 | 65,094,264 | 56.7% | 86,505,421 | 51,179,211 | -40.8% | 19,919,099 | 20,335,116 | 2.1% |

Upscale camping resorts

Upscale camping resorts reported a 58.2% increase in board revenues. The HRK 84.1 million in board revenues were because: (i) the Ježevac Premium Camping Resort by Valamar 4* went from Upscale to Premium, (ii) the San Marino Camping Resort by Valamar 4* went from Midscale to Upscale, and (iii) the Zablacé Camping Resort by Valamar 4* went from Midscale to Upscale. Excluding the influence of the segmentation shift for the said campsites, the comparable growth was 6% because two campsites reported better operating results: the Marina Camping Resort by Valamar 4* and the Bunculuka Camping Resort by Valamar 4*.

Midscale camping resorts

Midscale campsites reported a 38.3% decrease to HRK 74.4 million because the San Marino Camping Resort by Valamar 4* and the Zablacé Camping Resort by Valamar 4* went from Midscale to Upscale. The comparable growth in board revenues was 5% thanks to the stronger results achieved by the other Midscale camping resorts.

Economy camping resorts

Economy campsites reported HRK 31.9 million in board revenues. Despite the earlier closure of Istra Sunny Camping by Valamar 2* due to the investment, the Economy segment recorded HRK 0.7 million higher board revenue as a result of better business operations of Brioni Sunny Camping by Valamar 2*.

KEY OPERATING INDICATORS OF VALAMAR RIVIERA GROUP PER DESTINATIONS²⁷

| DESTINATIONS | Poreč | | | Rabac | | | Krk Island | | |
|--|-------------|-------------|---------------|-------------|-------------|---------------|-------------|-------------|---------------|
| | 2017 | 2018 | 2018/ 2017 | 2017 | 2018 | 2018/ 2017 | 2017 | 2018 | 2018/ 2017 |
| Number of accommodation units | 10,584 | 10,511 | -0.7% | 1,971 | 2,124 | 7.8% | 3,577 | 3,496 | -2.3% |
| Full occupancy days | 121 | 127 | 4.8% | 156 | 162 | 3.8% | 126 | 132 | 4.6% |
| Annual occupancy rate (%) | 33% | 35% | 4.8% | 43% | 44% | 3.8% | 35% | 36% | 4.6% |
| Accommodation units sold | 1,282,228 | 1,335,131 | 4.1% | 308,369 | 344,957 | 11.9% | 451,987 | 462,244 | 2.3% |
| Overnights | 3,075,877 | 3,084,331 | 0.3% | 673,169 | 777,279 | 15.5% | 1,063,850 | 1,106,948 | 4.1% |
| ADR ¹⁶ | 487 | 494 | 1.4% | 635 | 741 | 16.6% | 432 | 460 | 6.5% |
| Board revenues (in HRK) | 624,793,941 | 659,806,559 | 5.6% | 195,916,080 | 255,585,586 | 30.5% | 195,074,956 | 212,477,386 | 8.9% |
| RevPAR ¹⁷ (in HRK) | 59,032 | 62,773 | 6.3% | 99,399 | 120,332 | 21.1% | 54,536 | 60,777 | 11.4% |
| Adjusted EBITDA ²⁸ (in HRK) | 393,293,569 | 416,934,989 | 6.0% | 95,161,189 | 132,217,344 | 38.9% | 129,928,462 | 143,515,370 | 10.5% |

Destination Poreč

Destination Poreč reported HRK 659.8 million in board revenues. The HRK 35.0 million increase in board revenues was mostly due to the strong performance of Valamar Collection Isabella Island Resort 4*/5*, Valamar Tamaris Resort 4*, Valamar Zagreb Hotel 4*, Valamar Pinia Hotel 3*, Valamar Crystal Hotel 4* and Lanterna Premium Camping Resort by Valamar 4*.

Destination Rabac

Destination Rabac reported HRK 255.6 million in board revenues. The 30.5% growth was mostly driven by: (i) earlier opening of the Valamar Collection Girandella Family Hotel 4* and the TUI Family Life Bellevue Resort 4* as regards 2017 investment, (ii) the newly opened Valamar Collection Girandella Maro Suites 5* and (iii) the increased physical volumes at the Valamar Hotel & Casa Sanfior 4*.

Destination Krk Island

This destination reported HRK 212.5 million in board revenues that were driven by 1,106,948 overnights achieved, and the average daily rate going up by 6.5% to HRK 460. The main contributors to the total growth are the destination's campsites, especially Krk Premium Camping Resort by Valamar 5*, Ježevac Premium Camping Resort by Valamar 4* and Zablacé Camping Resort by Valamar 4*, along with Corinthia Baška Sunny Hotel by Valamar 3*.

DESTINATIONS
/ CONTINUED

| | Rab Island | | | Dubrovnik | | | Makarska | Obertauern |
|--|-------------|-------------|---------------|-------------|-------------|---------------|------------|------------|
| | 2017 | 2018 | 2018/ 2017 | 2017 | 2018 | 2018/ 2017 | 2018 | 2018 |
| Number of accommodation units | 2,759 | 2,466 | -10.6% | 1,961 | 1,966 | 0.3% | 726 | 82 |
| Full occupancy days | 96 | 116 | 21.3% | 170 | 175 | 2.9% | / | / |
| Annual occupancy rate (%) | 26% | 32% | 21.3% | 47% | 48% | 2.9% | / | / |
| Accommodation units sold | 264,114 | 286,252 | 8.4% | 333,057 | 343,719 | 3.2% | 53,720 | 1,313 |
| Overnights | 716,510 | 726,183 | 1.4% | 643,736 | 653,266 | 1.5% | 108,710 | 3,017 |
| ADR ¹⁶ | 499 | 513 | 2.8% | 901 | 928 | 3.0% | 612 | 1,827 |
| Board revenues (in HRK) | 131,842,656 | 146,864,366 | 11.4% | 300,239,175 | 319,007,455 | 6.3% | 32,851,352 | 2,398,715 |
| RevPAR ¹⁷ (in HRK) | 47,786 | 59,556 | 24.6% | 153,105 | 162,262 | 6.0% | 45,250 | 29,253 |
| Adjusted EBITDA ²⁸ (in HRK) | 80,715,170 | 88,956,420 | 10.2% | 193,482,014 | 211,142,776 | 9.1% | 16,456,329 | -2,270,855 |

Destination Rab Island

Although the Valamar Collection Imperial Hotel 4* had fewer operating days because of the investments, board revenues in 2018 grew by HRK 15.0 million to HRK 146.9 million. Most of the growth was driven by Valamar Padova Hotel 4* due to successful feedback of the direct channel and Valamar Carolina Hotel & Villas 4*, as well as San Marino Camping Resort by Valamar 3* and Padova Camping Resort by Valamar 3*.

Destination Dubrovnik

Destination Dubrovnik reported HRK 319.0 million in board revenues. The HRK 18.8 million increase in board revenues was mostly due to stronger operating results reported by Valamar Collection Dubrovnik President Hotel 5*, Valamar Lacroma Dubrovnik Hotel 4*, and Valamar Argosy Hotel 4* and Valamar Club Dubrovnik Hotel 3*.

Destination Makarska

The hotel and resort consolidation in Makarska from August 2018 contributed HRK 32.9 million to board revenues. In comparison to the comparable previous year period, Makarska reported an increase by 4% in board revenues.

Destination Obertauern

The hotel and resort consolidation in Obertauern from November 2018 contributed HRK 2.4 million to board revenues. In comparison to the comparable previous year period, Obertauern reported an almost 10% increase in board revenues.

HOTELS AND RESORTS OVERVIEW

| | Categorization | | Segment | | Destination |
|--|----------------|--------------|----------|----------|---------------------|
| | 2017 | 2018 | 2017 | 2018 | |
| Valamar Collection Isabella Island Resort | **** / ***** | **** / ***** | Premium | Premium | Poreč |
| Valamar Collection Girandola Resort | ****/***** | ****/***** | Premium | Premium | Rabac |
| Valamar Collection Dubrovnik President Hotel | ***** | ***** | Premium | Premium | Dubrovnik |
| Valamar Lacroma Dubrovnik Hotel | **** + | **** + | Premium | Premium | Dubrovnik |
| Valamar Collection Imperial Hotel | **** | **** | Midscale | Premium | Rab Island |
| Valamar Tamaris Resort | **** | **** | Upscale | Upscale | Poreč |
| Valamar Riviera Hotel & Residence | **** | **** | Upscale | Upscale | Poreč |
| Valamar Zagreb Hotel | **** | **** | Upscale | Upscale | Poreč |
| TUI Family Life Bellevue Resort | **** | **** | Upscale | Upscale | Rabac |
| Valamar Sanfior Hotel & Casa | **** | **** | Upscale | Upscale | Rabac |
| Valamar Argosy Hotel | **** | **** | Upscale | Upscale | Dubrovnik |
| Valamar Padova Hotel | **** | **** | Upscale | Upscale | Rab Island |
| Valamar Diamant Hotel & Residence | **** | **** | Midscale | Midscale | Poreč |
| Valamar Crystal Hotel | **** | **** | Midscale | Midscale | Poreč |
| Valamar Pinia Hotel | *** | *** | Midscale | Midscale | Poreč |
| Rubin Sunny Hotel by Valamar | *** | *** | Midscale | Midscale | Poreč |
| Allegro Sunny Hotel by Valamar | *** | *** | Midscale | Midscale | Rabac |
| Miramar Sunny Hotel by Valamar | *** | *** | Midscale | Midscale | Rabac |
| Corinthia Baška Sunny Hotel by Valamar | *** | *** | Midscale | Midscale | Krk Island |
| Valamar Zvonimir Hotel | **** | **** | Midscale | Midscale | Krk Island |
| Valamar Atrium Baška Residence | **** / ***** | **** / ***** | Midscale | Midscale | Krk Island |
| Valamar Villa Adria | **** | **** | Midscale | Midscale | Krk Island |
| Valamar Koralj Hotel | *** | *** | Midscale | Midscale | Krk Island |
| Valamar Club Dubrovnik Hotel | *** | *** | Midscale | Midscale | Dubrovnik |
| Valamar Carolina Hotel & Villas | **** | **** | Midscale | Midscale | Rab Island |
| San Marino Sunny Resort by Valamar | *** | *** | Midscale | Midscale | Otok Rab |
| Valamar Meteor Hotel | / | **** | / | Midscale | Makarska |
| Dalmacija Sunny Hotel by Valamar | / | *** | / | Midscale | Makarska |
| Valamar Obertauern Hotel | / | **** | / | Midscale | Obertauern, Austria |
| Pical Sunny Hotel by Valamar | ** | ** | Economy | Economy | Poreč |
| Lanterna Sunny Resort by Valamar | ** | ** | Economy | Economy | Poreč |
| Tirena Sunny Hotel by Valamar | *** | *** | Economy | Economy | Dubrovnik |
| Eva Sunny Hotel & Residence by Valamar | ** | ** | Economy | Economy | Rab Island |
| Riviera Sunny Resort by Valamar | / | ** | / | Economy | Makarska |

CAMPING RESORTS OVERVIEW

| | Categorization | | Segment | | Destination |
|--|----------------|-------|----------|----------|------------------|
| | 2017 | 2018 | 2017 | 2018 | |
| Lanterna Premium Camping Resort by Valamar | **** | **** | Premium | Premium | Poreč |
| Krk Premium Camping Resort by Valamar | ***** | ***** | Premium | Premium | Krk Island |
| Ježevac Premium Camping Resort by Valamar | **** | **** | Upscale | Premium | Krk Island |
| Marina Camping Resort by Valamar | **** | **** | Upscale | Upscale | Rabac |
| Bunculuka Camping Resort by Valamar | **** | **** | Upscale | Upscale | Krk Island |
| Zablaće Camping Resort by Valamar | *** | **** | Midscale | Upscale | Krk Island |
| San Marino Camping Resort by Valamar | *** | **** | Midscale | Upscale | Rab Island |
| Orsera Camping Resort by Valamar | *** | *** | Midscale | Midscale | Poreč |
| Solaris Camping Resort by Valamar | *** | *** | Midscale | Midscale | Poreč |
| Škrila Sunny Camping by Valamar | *** | *** | Midscale | Midscale | Krk Island |
| Solitude Sunny Camping by Valamar | *** | *** | Midscale | Midscale | Dubrovnik |
| Padova Camping Resort by Valamar | *** | *** | Midscale | Midscale | Rab Island |
| Istra Sunny Camping by Valamar | ** | ** | Economy | Economy | Poreč |
| Brioni Sunny Camping by Valamar | ** | ** | Economy | Economy | Pula - Puntizela |
| Tunarića Sunny Camping by Valamar | ** | ** | Economy | Economy | Rabac |

46%
OF
ACCOMMODATION
UNITS IS IN THE
PREMIUM AND
UPSCALE SEGMENT

Over the years Valamar Riviera has consolidated its portfolio in order to clearly differentiate, develop and reposition its hospitality products. A precise definition of market segments, the innovative development of service concepts, active brand management, profitability increase and return-on-investment optimization demanded a revised segmentation of the portfolio of hospitality properties. Over time, the brand architecture was supplemented and modified, adapting to the changes within the Company, and in 2016, the process of redefining the existing brand strategy was launched; the process was completed and implemented in the second half of 2018. The new brand strategy enables us to increase market reach, improve product and service compatibility with specific market segments, increase guest loyalty and, ultimately, increase the key business indicators.

All you
can
holiday

UMBRELLA BRAND
OF VALAMAR
RIVIERA

Key brand changes:

- i) The key core values of the Valamar All you can holiday umbrella brand, which are linked to all the brands in the system, have been defined.
- ii) The existing Valamar brand architecture undergoes reshaping from a system with two main product brands to a system with five main product brands closely linked to Valamar's core culture and values.
- ii) The system of communication for the standardized Valamar signature programs has been defined, alongside their application to the compatible Valamar product brands.
- iv) Each property in the portfolio is linked to one of the product brands and has had specific positioning, USPs, target markets and sales channels defined specifically for it.
- v) Valamar Collection and Valamar Collection Resorts are brands of strategic importance and are the closest to Valamar's core values; they include the best products in the portfolio.
- vi) Valamar Hotels & Resorts is a brand covering the largest portion of the Company's capacities and includes both upscale and midscale properties; specific labels will be introduced through this brand, depending on the special characteristics of each individual product.
- vii) Sunny by Valamar is the economy brand that includes both midscale and economy portions of the portfolios.
- viii) Camping Adriatic by Valamar will be lifted to a higher level and be more strongly linked to the Valamar brand; additionally, it has been divided into three categories, using the same principle as for hotels and resorts – Premium Resorts, Resorts and Sunny.

Cava beach, Dubrovnik



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



Results of the Company

Please note that the data provided in the 2018 financial statements cannot be fully compared with the data from the previous year because of the said mergers. Current and prior period items up to the time of the merger, i.e. until 31 March 2017, do not include data for Puntizela d.o.o., and data on Elafiti Babin Kuk d.o.o. up to 29 December 2017 has been excluded as well.

Total revenues in 2018 rose by HRK 152.2 million (+9.0%), amounting to HRK 1,848.2 million. Total sales revenues amounted to HRK 1,768.6 million and represented 96% of total revenues (95% in 2017). Compared to the same period last year, they grew by 9.4%, i.e. HRK 151.9 million. Sales revenues between undertakings in the Group were HRK 18.6 million (HRK 13.9 million in 2017), and mainly represented the management fee for Imperial's properties and Hotel Makarska. Sales revenues outside the Group amounted to HRK 1,750.0 million (HRK 1,602.8 million in 2017). Domestic sales revenues amounted to HRK 162.3 million, i.e. 8.8% of total revenues (8.1% in 2017), up 17.7% in relation to the previous comparable period. International sales revenues amounted to HRK 1.606,3 million and represented 86.9% of total revenues (87.2% in 2017). They grew 8.6% compared to the previous comparable period. Other operating revenues increased by 2% and totalled HRK 20.1 million, representing 1% of total revenues (1% in 2017). Other operating and financial income represented 5% of total revenues (4% in 2017).

Material costs totalled HRK 501.4 million and represented 33% of operating expenses (36% in 2017), signifying a decline in that share. Although direct raw material and material costs (especially food and beverage costs, as well as costs of energy and water consumption) driven by larger business volumes increased by HRK 19.8 million, the total material costs item decreased by HRK 10.4 million primarily due to the absence of lease cost of the Valamar Lacroma Dubrovnik Hotel 4* because of the merger of its owner-company, Elafiti Babin-kuk d.o.o., to Valamar Riveira. Staff costs amount to HRK 487.8 million, representing 32% of operating expenses (32% in 2017). Compared to the same period last year, they grew by HRK 44.0 million. This was mainly due to the efforts invested in securing competitive salaries and other material and non-material work conditions, as well as hiring new employees necessary to ensure service quality for the new Premium and Upscale products.

152
MILLION HRK
INCREASE IN SALES
REVENUES

Valamar Riviera is therefore the first company in Croatia guaranteeing a minimum net salary between HRK 5,000 and 7,500 for all of its employees. Amortization represented 23% of operating expenses (20% in 2017) and totalled HRK 344.7 million (HRK 283.5 million in 2017). The 22% growth is the result of the earlier large investment cycle that had been carried out. Other costs totalled HRK 159.2 million. The 19% growth is, among other, due to (i) an increase in the costs of lodging and meals for employees, (ii) an increase in insurance costs, and (iii) the design, technical and other documentation for investment purposes. Value adjustments and provisions amounted to HRK 6.3 million and increased by HRK 1.1 million. Other operating expenses amounted to HRK 12.7 million, a decrease of HRK 5.6 million due to the lower value of depreciated assets not written off (demolition due to investment) and lower expenses from previous years.

Valamar Collection Dubrovnik President Hotel 5*, Dubrovnik



Financial income in 2018 was HRK 59.6 million and remained at the same level compared to 2017. The biggest individual item of the decrease are foreign exchange differences and other financial income, down by HRK 3.6 million primarily due to the absence of positive exchange rate differences on deposits in the last quarter of 2018 as a consequence of the appreciation of the Croatian Kuna compared to the Euro. The highest individual growth in 2018 has been reported in income from investment in stakes (shares) of undertakings in the Group amounting to HRK 6.1 million, related to payout of Imperial shares. Unrealised gains from financial assets fell by HRK 2.8 million, mainly due to a lower positive fair value of FX forwards compared to last year.

Financial expenses amounted to HRK 76.0 million. Compared to the same period last year, they fell by HRK 6.1 million. The biggest individual item of the decrease are foreign currency differences and other expenses, down by HRK 14.1 million primarily due to the lower HRK vs. EUR depreciation

in 2H of 2018 in relation to last year's comparable period. Interest expenses and similar expenses amounted to HRK 45.3 million, up by HRK 8.1 million due to financial leverage used for intensive investment cycles in 2017 and 2018.

Operating profit rose by HRK 36.5 million, amounting to HRK 276.7 million, driven by the large investment cycle focused on improving competitiveness and the quality of properties and services, as well as active operating efficiency management and demand-driven optimization of prices, marketing mix and sales channels, particularly for properties for which new investments were made. Profit before tax was HRK 260.2 million (HRK 217.7 million in 2017). The Company's gross margin was 15% (13% in 2017). Net profit increased by HRK 7.3 million, amounting to HRK 239.3 million in 2018 (HRK 232.0 million in 2017), resulting from better operating results.

As at 31 December 2018, the total company assets amounted to HRK 4,997.6 million, an increase of 8% compared to 31 December 2017.



 *Operating profit rose by HRK
37 million to HRK 277 million.*

Lantern Premium Camping Resort 4*, Poreč



2018 Investments

Investments worth HRK 703.6 million were capitalized in the existing portfolio of non-current tangible assets in 2018. 2018 investment cycle was part of our strategy focused on further double-digit business growth and encompasses all of our five destinations, while Valamar's success and growth is based on sustainable and socially responsible investments in products, employees and destinations.

In 2018 we continued with the reposition of our portfolio towards top quality products and services. Opening of the two new resorts in Rabac in 2017 represented the largest investment in Croatia's tourism. In 2018 we completed Valamar Collection Girandella Resort 4*/5* (392 rooms) investment in Rabac by opening the first Kinderhotel in our portfolio - Valamar Collection Girandella Maro Suites 5* (149 rooms). Besides this key project in Rabac, other large investments were carried out at other destinations as well as investments in premium camping.

The investment cycle carried out by Imperial was one of the largest in the history of the company (HRK 72 million). The investments were aimed at improving the quality of properties and services and the competitiveness of the whole destination. The reconstruction and repositioning of Valamar Collection Imperial Hotel 4* as "designed for adults" accommodation was the largest investment on Rab Island.

Destination Poreč

Investments at Lanterna Premium Camping Resort by Valamar 4* were focused on improving accommodation and overall quality, including the reconstruction of the main road with footpaths and cycling paths. In 2018 the resort included a large number of new features: the brand new family-friendly Maro Premium Village with 86 mobile homes, 9 glamping tents and other amenities (two swimming pools and children's playgrounds); 18 new mobile homes at Marbello Premium Village; 14 new glamping tents and improved beach at Glamping Village; a new zone for sports, recreation and entertainment - V Sport Park with Terra Magica adventure mini golf and numerous other amenities.

The repositioning of Istra Sunny Camping by Valamar 2* as premium accommodation is divided in three phases, and the first phase was

704
MILLION HRK
INVESTMENTS
CAPITALIZED IN
2018

performed in 2018. It included the reconstruction of the municipal infrastructure (electrical and water supply, drainage, optical network, wireless network and the construction of a new main road). It also covered the improvement of several beaches and the reconstruction of the present 117 pitches in the southern part of the camping pitch zone and a new sanitary block.

Destination Rabac

We opened our first Kinderhotel, Valamar Collection Girandella Maro Suites 5*. The accommodation, services and amenities at Valamar Collection Girandella Maro Suites 5* are tailored according to the needs of families with children of different ages: from spacious family rooms with children's accessories, indoor and outdoor swimming pools with water attractions and slides, to entertainment activities at the Maro clubs and the Teen Hangout zone. The restaurant includes a children's buffet serving soft drinks and afternoon snacks such as salads, soups and cakes and there is also a play lounge with an indoor playground. There are 50 Kinderhotels in Europe, and this is the third Kinderhotel in Croatia. By its opening, 150 new jobs were opened and over HRK 600 million was invested in Rabac destination which repositioned it as leading high-end holiday destination.



Valamar Girandella Maro Suites 5*, Rabac

Destination Krk Island

The repositioning of Zblaće Camping Resort by Valamar from 3* to 4* was performed. The investment included 35 new mobile homes, the construction of a new sanitary block and other amenities, landscaping work, infrastructural improvements of camping pitches and the introduction of energy-saving LED lighting.

Investments in Ježevac Premium Camping Resort by Valamar 4* represented a new pool zone featuring a sundeck and slides, a new children's playground, 31 new mobile homes and the replacement of 18 existing mobile homes with new ones. In the 2018 season, the campsite featured an EV charging station and upgraded services in line with premium campsite standards. Škrila Sunny Camping by Valamar 3* featured a new shopping area, redesigned landscape, new mobile homes and energy-saving LED lighting.

Investments at Bunculuka Camping Resort by Valamar 4* were focused on the installation of solar panels and the redesign of the campsite entrance area. After a four-year investment cycle, in 2016 Krk Premium Camping Resort by Valamar became the first 5-star campsite in Croatia. The investments were focused on improving a number of features: overall quality, beach services, landscape, sanitary block and now it also includes an EV charging station.

Destination Rab Island

In May 2018 was the opening of the repositioned Valamar Collection Imperial Hotel 4* on Rab Island: the new "designed for adults" luxury hotel included 136 keys, modern double rooms, a premium restaurant and other improved amenities. Investments in campsites on Rab Island were focused on Lopar Garden Village at San Marino Camping Resort by Valamar 4* that offers new mobile homes.

Moreover, numerous new features were introduced at Padova Camping Resort by Valamar 3*: from the new Marine Premium Village to the introduction of innovative camping concepts such as the spacious "camping suites" and "romantic camping chalets" for couples.

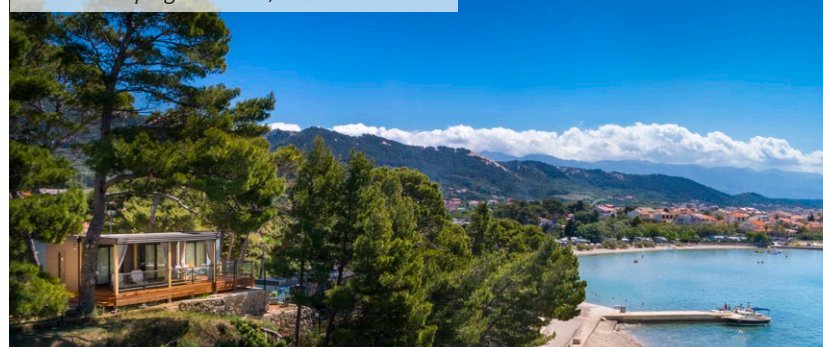
OVER
600

MILLION HRK
INVESTED IN THE
REPOSITIONING
OF RABAC
DESTINATION AS
LEADING HIGH-
END HOLIDAY
DESTINATION

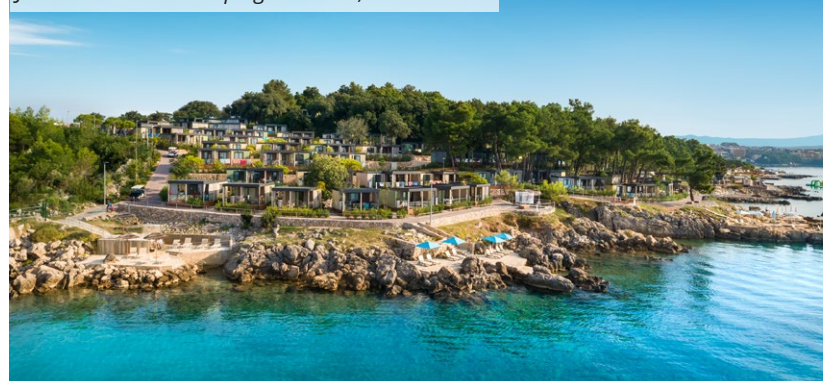
Destination Dubrovnik

Investments in Dubrovnik were focused on repositioning hotel accommodation and developing high-quality products and services. The Valamar Argosy Hotel 4* opened the 2018 season offering upgraded service quality and new improved amenities such as the new outdoor pool featuring a new snack bar and terraces, landscape improvements, the total refurbishment of the 308 rooms, reception, lobby and restaurant and the redesign of the common areas.

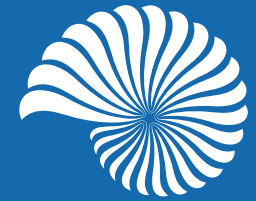
Padova Camping Resort 3*, Rab Island



Ježevac Premium Camping Resort 4*, Krk Island



Istra Premium Camping Resort, Poreč (vizualization)



2019 Investments

The focus of investment projects of the Valamar Group in 2019 will be on repositioning the portfolio towards products and services with high added value. Total investments in all Valamar's destinations will reach HRK 793 million. The development strategy for products and amenities contains ambitious plans for an innovative enhancement of Valamar's offer, with a focus on the upscale and premium sections of the portfolio, both in the hotel and resort segment as well as in the camping resort segment. The development of Valamar's service concepts is a continuous process, which will keep being focused, year after year, on aligning the supply with the most recent market demands, primarily the guests' demands and expectations. We will keep investing in our signature programmes, such as V Level, Maro Holiday, Designed for Adults, V Sport, Stay Fit, Music and Fun, Camping Piazza and others.

Out of the HRK 636 million within the Valamar Riviera's investment cycle, we would like to highlight the investments in camping Istra, which will become the largest 5* camping in Croatia next season. Furthermore, the opening of the luxury family hotel Valamar Collection Marea Suites 5* in Poreč as well as investing in the further improvement of accommodation, products and services in the Lanterna Premium Camping Resort 4* and Ježevac Premium Camping Resort 5* are also planned. Large investments in accommodation for seasonal employees will be continued in line with Valamar's strategic goals.

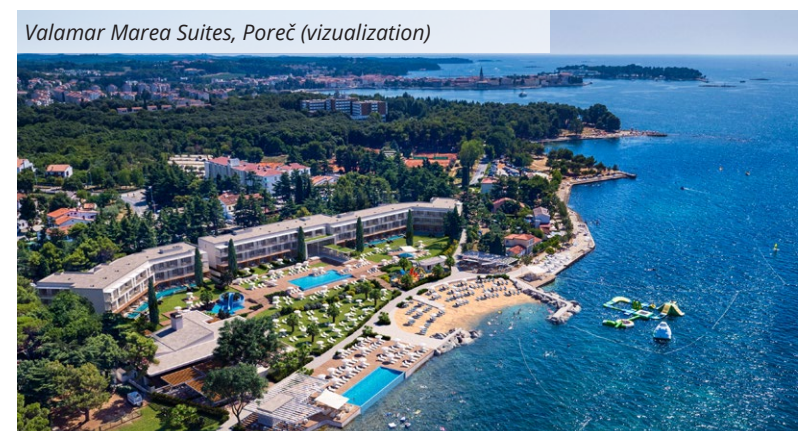
Istra Sunny Camping 2* in Funtana started its second phase of investments in autumn 2018. This summer Valamar's guests will be able to enjoy a highly decorated camping resort - Istra Premium Camping Resort 5*. Besides becoming a fully textile camping resort, the guests will be more than delighted when they discover a large family water park Aquamar, spreading over 1,000m² of water areas with a wide range of slides and water attractions, a large entertainment arena with a cinema, stage, children's clubs and playrooms as well as Super Maro children's programmes. The offer will also include one of the best decorated Valamar beaches, Piazza market, restaurants, bars, sport and recreation zone V Sport Park, Terra Magica adventure miniature golf, numerous children's playgrounds, as well as new camping parcels (83), new glamping tents (9), a variety of new mobile homes (135), as well as new luxury mobile homes (4) with private pools. Istra Premium Camping Resort will be a top-class resort with a wide range of amenities and excellent service.

793
MILLION HRK
2019 GROUP'S
INVESTMENT CYCLE

Work is also in progress at the new Valamar Collection Marea Suites 5* hotel in the Borik area of Poreč, at the location of the current Pinia Sunny Residence by Valamar. Valamar is thereby continuing its development of the Borik zone, through accommodation and amenities with added value; 100 new vacancies are set to become available due to the subject investment. The future Valamar Collection Marea Suites 5* has been designed for families with children, where the guests will have an opportunity to enjoy V level service, luxury suites ranging from 32 to 56 square metres in size and a sea view (108 rooms), more than 200 square metres of appealing pools, Val Marea Sandy Family sandy beach, restaurants, sport facilities and Maro amenities for children of all ages. Special attention will be paid to horticultural decoration and planting new trees, vegetation and decorative plants native to the Istrian climate.

At the Lanterna Premium Camping Resort, as Valamar Riviera's largest camping, we will keep developing the premium segment by installing new mobile homes with a sea view (12) at the Marbello zone, by arranging three camping zones where the guests will be able to enjoy in new mobile homes (136), and by repositioning a part of the existing parcels. We will also continue arranging the beaches at Tarska vala, by reconstructing the sanitation facilities and adding more water areas to the family aquapark, as well as other works aimed at upgrading the service and quality of the amenities.

30 A portion already recorded in 2018.



The investments on the island of Krk are focused on raising the quality and range of accommodation at the Ježevac Premium Camping Resort by Valamar 4*. The high added value of the camping amenities will be further enhanced by new mobile homes (23) in the Lungomare zone, as well as by replacing the existing homes with new ones (20) and expanding the capacity of the camping resort to a total of 661 units. Next year's guests will also be able to enjoy a new central market, while the upgraded amenities for families with children will include Maro club and new children's playgrounds.

HRK 140 million of planned investments on the island of Rab in 2019 represent Imperial's largest investment cycle in the last ten years. Along with numerous projects aimed at improving the quality of services for the guests, the major focus of the new investments will be the reconstruction and repositioning of Valamar Carolina Hotel & Villas 4* and the further upgrade of Padova Camping Resort by Valamar 3* toward the upscale and premium segments by continuing the improvement of accommodation facilities and investing in additional amenities. The investment into Valamar Carolina

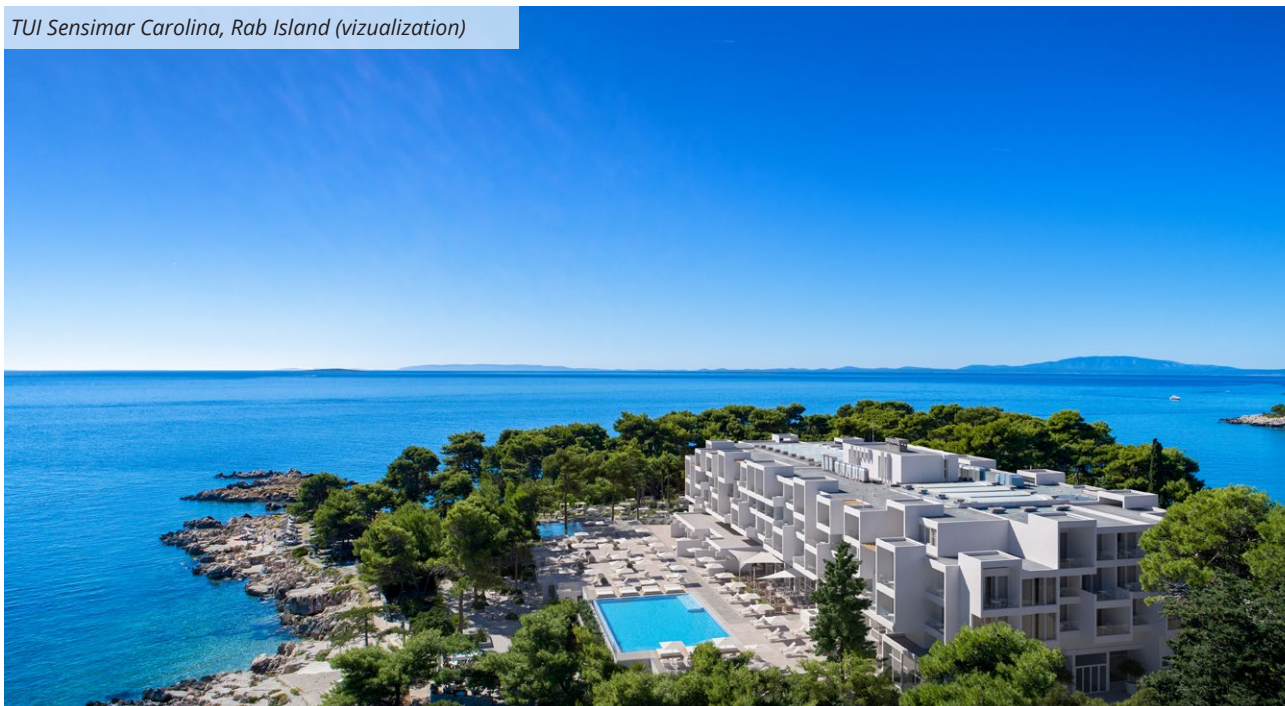
140
MILLION HRK
PLANNED
IMPERIAL'S
INVESTMENTS
REPRESENT
ITS LARGEST
INVESTMENT CYCLE
IN THE LAST TEN
YEARS

Hotel & Villas 4* will increase the capacity (from 152 to 174 rooms), improve the quality of accommodation and other features and services (existing restaurant, lobby bar, public spaces, new adult swimming pool, and wellness and fitness zones) which will make possible the partnership with the TUI Sensimar brand. Valamar Padova Hotel 4* will welcome the new tourist season as a family offer hotel. Projects are planned with the aim of improving energy efficiency by implementing solar heating systems, efficient heat pumps and other.

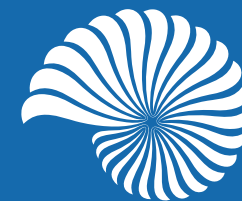
HRK 17 million worth of investments in Makarska will primarily be aimed at improving the quality and amenities of Meteor Hotel, which will continue its business next season under the Valamar Hotels & Resorts brand.

As stated in our strategic goals, by continuously raising the quality of the portfolio properties and services, we create added value both for our guests and all company stakeholders. However, numerous factors reduce the competitiveness of Croatian tourism and hinder further investment potential: VAT (one of the highest rates in the Mediterranean), the rate of total contributions to salaries, the still unresolved issue of tourism land, skilled labor shortages, the likely introduction of property tax and tourist tax increase. While global trends report low interest rates and market demand focuses on safe tourist destinations, Croatia has the opportunity to reposition its tourism by incentivizing investments in products and services with high added value that stimulate employment and economic growth. Unfortunately, tourism is still not sufficiently recognized as an opportunity for the Croatian economy. Current financing programs supporting tourism growth are insufficient, therefore other measures need to be systematically implemented to significantly increase the growth pace and level Croatia's position with other destinations in the Mediterranean.

TUI Sensimar Carolina, Rab Island (vizationalization)



Valamar Collection Dubrovnik President Hotel 5*, Dubrovnik



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 Riviera can be classified into the following groups:

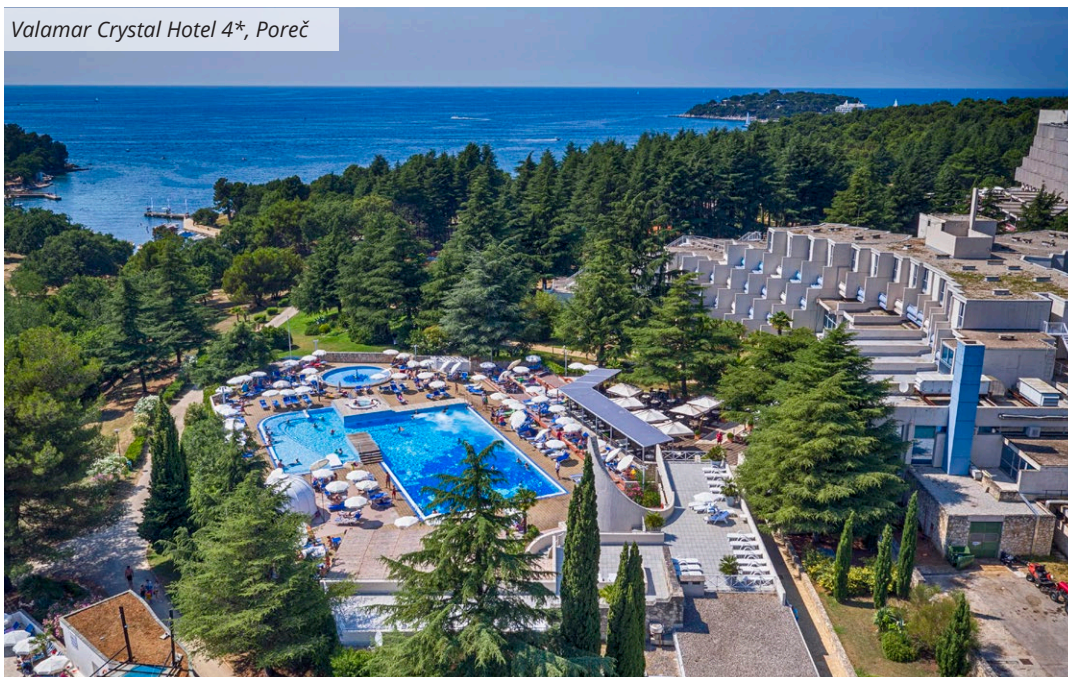
- Financial risks
 - related to financial variables, can have a negative impact on meeting liabilities for the company and the Group, liquidity, debt management etc.;
- Business risks
 - related to the way company business is conducted in terms of supply and demand, competition, adapting to market trends, 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 Riviera'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;

Valamar Crystal Hotel 4*, Poreč



- 3) Credit risk;
- 4) Price risk;
- 5) Liquidity risk;
- 6) Share-related risks.

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

1) Foreign exchange risk

The Company and Group conduct their business operations across national borders and are exposed to foreign exchange risks. They mainly result from changes in the euro/ kuna exchange rate. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. Most of the sales revenue generated abroad is denominated in euros, and so is the major part of long-term debt. Hence, for the most part the Company and Group are naturally hedged from exchange rate risks. Since some liabilities are denominated in kunas, the Company and Group actively manage risks by using derivative instruments available on the financial market. The instruments are used according to operating assessments and expected market trends. In this way the assets, liabilities and cash flow are protected from the risk impact.

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 pre-committed hedged part of the loan principal. Therefore, almost the entire loan portfolio is comprised of long-term fixed interest loans or, respectively, loans hedged by a derivative instrument (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.

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. The Company and Group continuously strive to monitor their exposure towards other parties and their credit rating as well as obtain security instruments (bills of exchange, promissory notes) in order to reduce bad debt risks related to services provided.

4) Price risk

The Company and Group hold equity securities and are exposed to equity price risk due to security price volatility. Valamar Riviera is not an active participant in the market trade in terms of trading in equity and debt securities. However, with investments in buying Imperial and Hoteli Makarska 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 in 2019 were arranged with reputable financial institutions. 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 interest-bearing 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.

BUSINESS RISK

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

Over 95% of Valamar Riviera's guests come from other countries and they are very careful when choosing their vacation destination in the competitive Mediterranean environment. Stable domicile countries macroeconomic indicators are important decision-making factors especially those relating to exchange rates and the price of goods and services because they directly affect the guests' purchasing power. However small, the share of domestic guests is also important; it is a

segment directly influenced by various other macroeconomic indicators: employment/ unemployment rate, GNP rise/fall, industrial production and others. They all have a direct impact not only on the purchasing power of Croatian residents but they also determine whether they will choose to spend their vacation on the Adriatic.

When considering risks related to the tourism and hospitality industry, in previous years, the Croatian economy has been afflicted by the consequences of a global financial crisis and economic standstill. In this period, the tourism and hospitality industry has been among the rare growing industries in Croatia. Moreover, the marked seasonality of this industry leads to insufficient use of the Company and Group's resources. After joining the European Union, the Croatian market became part of a large European market, while safety risks decreased after joining the NATO. The Croatian Tourism Development strategy until 2020 (a government document published in the Official Gazette no. 55/13) defines the kind of tourism Croatia wants and needs to develop using the country's comparative advantages and expertise in order to improve the competitiveness of Croatian tourism. Maintaining the current tourism growth rates in the following years is of vital importance. It can be achieved by strategically developing tourism products and investing in the creation of additional values, which will help distinguish Croatian tourism from its competitors by emphasizing its uniqueness, appeal and quality.

Good management of human resources is vital for the future growth of the Company and Group. Risks related to shortages of specific skills, expertise and jobs are connected with the opening and expansion of the labor market. Valamar Riviera is one of the largest and most desirable employers in tourism. The active approach towards HR management develops key talents and supports investments in training opportunities (HRK 2.5 million was invested in training and professional development during 2018). We determine the needs for new skills and expertise by following emerging global trends in tourism. In this way, we are able to respond to challenges effectively. Through a continual dialogue with our social partners, we have ensured a high level of workers' rights in terms of competitive salaries, reward systems, career development, employees' wellbeing and cooperation with training institutions from all parts of Croatia.

OPERATIONAL RISKS

Operational risks are risks connected with direct or indirect losses that arise from inadequate or wrong internal or external processes within the Company and the Group. They include the creation and analysis of financial reporting data (also known as “financial reporting risk”) and also the potential insufficient and inadequate internal and external information sharing. When implementing the system of operational risk management, the Company and Group focused on its continuity and complexity due to the size of the organization. The benefits of the system include i) defining and identifying the Company and Group risk profile in relation to the operating risk ii) identifying and managing the known risk occurrences in order to decrease the Company and Group costs and iii) data analysis which indicates the business trends for the Company and Group and trends in the domestic economy. The Company and Group are aware of the reliability of IT business solutions and safety in the cyber world. Hence, they continually upgrade, develop and implement new technologies in everyday business operations. A special focus is given to providing sufficient resources for the development and implementation of new technologies related to ICT, data protection, and upgrade of the current business systems and implementation of new ones.

GLOBAL RISKS

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

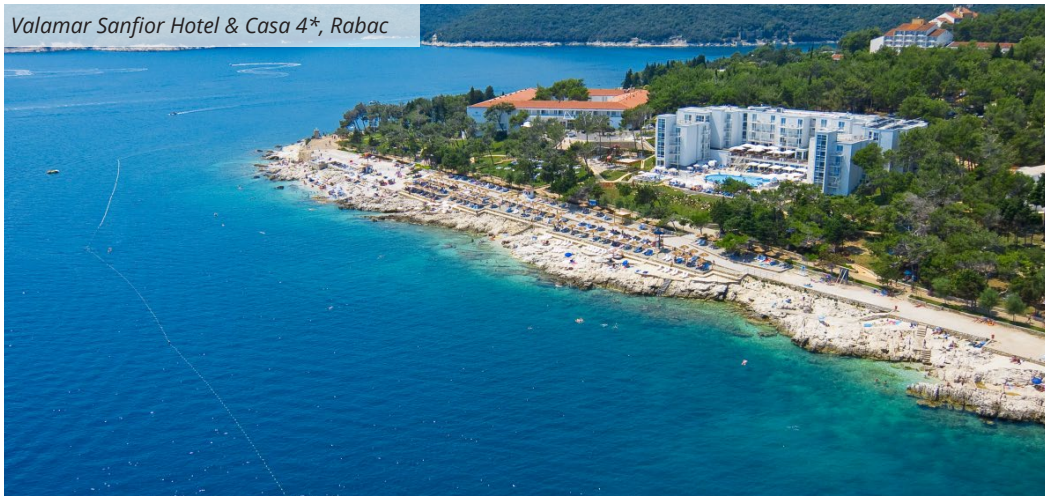
- Periods of global financial crisis which reduce the purchasing power of the travelling-prone population;
- Security and political issues related to globally escalating terrorism threats;
- Security and political instability in the immediate environment of the neighboring countries.

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

COMPLIANCE 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. In previous years, there has been a number of important changes in tax and non-tax charging regulations, which have adversely affected the Company and Group profitability:

- In March 2012 the standard VAT rate grew from 23% to 25%, in January 2013 a new 10% VAT rate was introduced only to be replaced within a year by a 13% VAT rate applicable to the tourism and hospitality



industry (January 2014), while in January 2017 a new 25% VAT rate was introduced for F&B (a la carte) services;

- In May 2012 the health insurance employer contribution rate fell from 15% to 13% and then in April 2014 it grew back to 15%;
- Frequent increases in various fees and charges regarding water distribution, waste disposal and the like;
- Tourist tax increase in 2018 ranging between HRK 2.5 and HRK 8.0 per person per overnight, depending on the class of the destination and utilization period (August 2017).

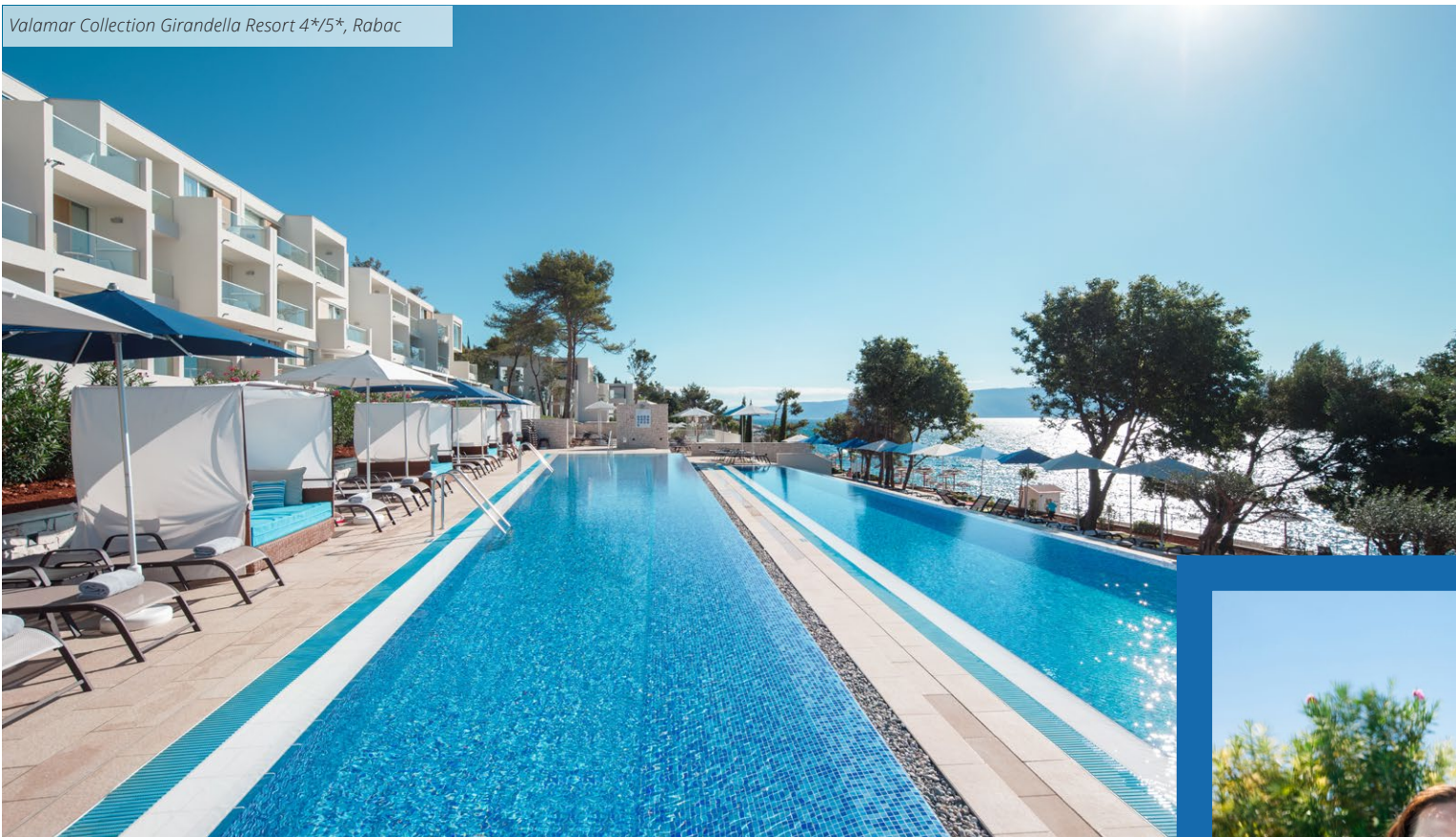
Such frequent changes in laws regulating taxes and parafiscal charges often take place only after the business policy and budget for the next financial year have been approved and commercial terms and conditions with partners agreed. All this jeopardizes the Company and Group financial position and future investment plans as well as credibility towards shareholders. The Company and Group are also threatened by

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

Valamar Lacroma Dubrovnik Hotel 4, Dubrovnik*



Valamar Collection Girandella Resort 4*/5*, Rabac



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 are all geared towards creating a transparent and efficient business operation while forging solid bonds with the local community. In order to foster further growth and set high corporate governance standards, the Company adopted its own Corporate Governance Code in 2008 and the Management Board fully complies with its provisions. After the company was listed on the Official market of the Zagreb Stock Exchange, the Company has also complied with the Zagreb Stock Exchange Governance Code. The Company respects and implements the prescribed corporate governance measures (as reported in detail in the prescribed annual questionnaire and published as prescribed on the Zagreb Stock Exchange and Valamar Riviera websites).

The major direct shareholders according to the Central Depository and Clearing Company data are presented in the overview in the "Valamar Share" section.

2.49%

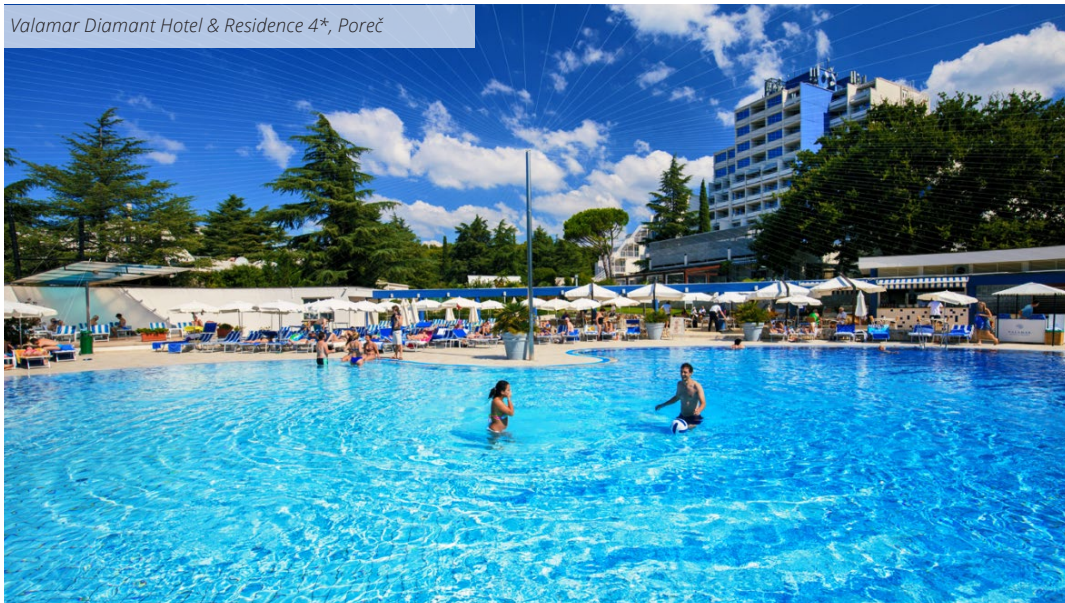
OF THE SHARE
CAPITAL RELATES TO
TREASURY SHARES
(AT THE TIME
OF QUARTERLY
FINANCIAL
STATEMENTS
PUBLISHING)

The Company defined the process of preparing and disclosing financial reports in a detailed internal document. With this, the financial reporting procedure is set within a system of internal review and risk management. Moreover, in order to monitor and mitigate the financial reporting risk, the Company uses the measures described in "The Risks of the Company and the Group".

The 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 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 may acquire treasury shares based on and under the conditions stipulated by the decision of the Main Assembly on Share Buyback of 17 November 2014. The Company does not have a share-buyback programme or an employee share ownership plan. The Company holds and acquires treasury shares as a form of rewarding the Management and key managers pursuant to the Company acts on the long-term reward plan and for the purpose of dividend payout in rights - Company share to the equity holders. The Company publicly disclosed each acquisition and disposal of treasury shares during 2018.

Valamar Diamant Hotel & Residence 4*, Poreč



THE COMPANY'S CORPORATE BODIES ARE:

Management Board: Mr. Željko Kukurin, President of the Management Board, and Mr. Marko Čižmek, Member of the Management Board.

Pursuant to the provisions of the Capital Market Act and Regulation (EU) no. 596/2014, the Company has determined its senior management, consisting of the key company management: four vice presidents: Alen Benković, Davor Brenko, Ivana Budin Arhanić and David Poropat; and 21 sector directors: Miroslav Dinčić (up to 31 December 2018, from 1 January 2019 Ines Damjanić Šturman), Tomislav Dumančić, Ljubica Grbac, Flavio Gregorović, Marin Gulan, Vlastimir Ivančić, Željko Jurcan, Ivan Karlić, Dario Kinkela, David Manojlović, Sebastian Palma, Mile Pavlica, Tomislav Poljuha, Mirella Premeru, Bruno Radoš, Sandi Sinožić, Martina Šolić, Andrea Štifanić, Mauro Teković, Dragan Vlahović and Ivica Vrkić.

Supervisory Board: Mr. Gustav Wurmböck - Chairman, Mr. Franz Lanschützer - Deputy Chairman, Mr. Mladen Markoč - Deputy Chairman, and members: Mr. Georg Eltz, Mr. Hans Dominik Turnovszky, Mr. Vicko Ferić, and Mr. Valter Knapić (employee representative).

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

Presidium of the Supervisory Board: Mr. Gustav Wurmböck, Chairman, Mr. Franz Lanschützer and Mr. Mladen Markoč, Presidium Members.

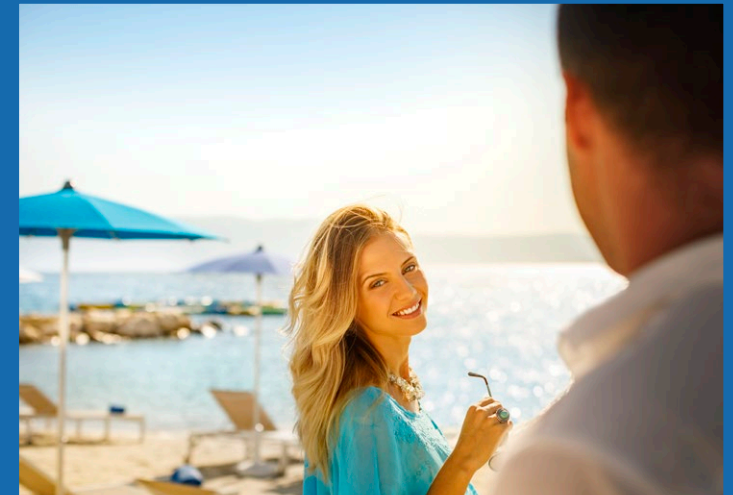
Audit Committee: Mr. Georg Eltz, Chairman and Members: Mr. Franz Lanschützer, Mr. Mladen Markoč, Mr. Vicko Ferić and Mr. Dubravko Kušeta. On 25 January 2018, Mr. Dubravko Kušeta resigned as Audit Committee member, and on 27 February 2018 the Supervisory Board appointed Mr. Gustav Wurmböck in his place. On 24 October 2018, the Supervisory Board increased the number of the Audit Committee members from 5 to 6 and appointed Mr. Hans Dominik Turnovszky as member. From that date the Audit Committee comprises: Mr. Georg Eltz, Chairman, and members: Mr. Franz Lanschützer, Mr. Mladen Markoč, Mr. Vicko Ferić, Mr. Gustav Wurmböck and Mr. Hans Dominik Turnovszky.

Investment Committee: Mr. Franz Lanschützer, Chairman and members: Mr. Georg Eltz, Mr. Vicko Ferić, Mr. Hans Dominik Turnovszky, and Mr. Gustav Wurmböck.

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



Cava beach, Dubrovnik



Related-party Transactions & Branch Offices

RELATED-PARTY TRANSACTIONS

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

In the reviewed period, revenues from related party transactions totaled HRK 17.1 million³¹ (2017: HRK 13.9 million) for the Company, and HRK 1.231 (2017: HRK 21 thousand) for the Group. Costs were HRK 1.8 million (2017: HRK 31.2 million³²) for the Company, and HRK 966 thousand for the Group (2017: HRK 1.5 million).

As at 31 December 2018, related-party receivables and payables were as follows: receivables totaled HRK 1.9 million for the Company (year-end 2017: HRK 3.4 million), and none for the Group (year-end 2017: none). Payables totaled HRK 304 thousand (year-end 2017: HRK 604 thousand) for the Company, and HRK 52 thousand for the Group (year-end 2017: HRK 425 thousand).

In accordance with the provision of Article 497 of the Companies Act, on 19 February 2019 the Management Board prepared a separate report on the Company's related party transactions and in accordance with Paragraph 3 of Article 497, the Management Board declares that in line with circumstances known at the time when certain legal transactions or actions were undertaken, the Company received suitable consideration and was not harmed.

³¹ The most part represents the fee regarding the management of Imperial's and Hoteli Makarska's properties and services. The implementation of the Management contract started on 4 January 2017 and 1 August 2018, respectively

³² For the most part refers to the re-invoiced amount arising from the investment made in the reconstruction and upgrading of the hotel Valamar Lacroma owned by subsidiary Elafiti Babin-kuk d.o.o. which was merged on 29 December 2017.

BRANCH OFFICES OF THE COMPANY

The following branch offices were registered on 2 September 2011: Podružnica za turizam RABAC, with registered office in Rabac, Slobode 80, Podružnica za turizam ZLATNI OTOK, with registered office in Krk, Vršanska 8. The following branch office was registered on 4 October 2013: Podružnica za turizam DUBROVNIK BABIN KUK, with registered office in Dubrovnik, Dr. Ante Starčevića 45. The following branch office was registered on 1 October 2014: Podružnica za savjetovanje u vezi s poslovanjem i upravljanjem ZAGREB, with registered office in Zagreb, Miramarska 24. The following branch office was registered on 1 April 2017: Podružnica za turizam BRIONI, with registered office in Pula, Puntičela 155.

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

The Company also established offices in the Town of Rab on Rab Island and in Makarska to increase the efficiency and streamline the management of operations as determined by the provisions of the concluded Hotel management contracts with Imperial d.d. and Hoteli Makarska d.d.

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



Valamar Share

Performance of Valamar Riviera's share and CROBEX and CROBEX 10 indices

Average RIVP share price

(in HRK)



In the period between 1 January 2018 and 31 December 2018, Valamar Riviera acquired 1.397.932 treasury shares at the total acquisition cost of HRK 51,705,655, representing 1.11% of the share capital and disposed of 69,779 treasury shares (0.06% of the share capital) of which 17,800 treasury shares were used for dividend payout, and the remaining part was used for key management remuneration. As at 31 December 2018, the Company held a total of 3,122,604 treasury shares or 2.48% of the share capital. Pursuant to the provisions of Article 474(3) of the Capital Market Act, the Company announces that, at the time of its 2018 financial statement submission, i.e. from the date of its public disclosure, it holds 3,144,105 treasury shares or 2.49% of the share capital.

During 2018, the highest achieved share price in regular trading on the regulated market was HRK 43.60, while the lowest was HRK 31.20. The share price of the Company decreased by 15% in the reviewed period, coinciding with the decrease in international and national stock market indices. In 2018 Valamar Riviera was the most traded share on the Zagreb Stock Exchange with the average regular turnover of HRK 1.1. million per day³³.

Apart from the Zagreb Stock Exchange indices, the share is also part of the Vienna Stock Exchange indices (CROX³⁴ and SETX³⁵), the regional SEE Link indices (SEELinX and SEELinX EWI)³⁶ and the world's MSCI Frontier Markets Indexes. Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. are responsible for the market making in ordinary Valamar Riviera shares listed on the Official Market of the Zagreb Stock Exchange. They provide support to Valamar Riviera's share turnover, which in the period under review averaged 25.4%³⁷.

³³ Block transactions are excluded from the calculation.

³⁴ 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.

³⁵ 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).

³⁶ 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.

³⁷ Block transactions are excluded from the calculation. Data refers to the period 1/1 - 31/12/2018.

Valamar Riviera is active in holding meetings, presentations and conference calls with domestic and foreign investors. This approach supports high-level transparency, creates additional liquidity, increases share value and the involvement of potential investors. During 2018 meetings were held on the London Stock Exchange, the Zagreb and Ljubljana Stock Exchange Investor conference in Zagreb, Erste Consumer Conference 2018 in Warsaw, Wood&Co. conference in Bucharest, Erste Group conference in Stegersbach, Wood&Co. conference in Belgrade and Prague and Auerbach Grayson in New York, as well as non-deal roadshows in other European financial centers. Valamar Riviera will continue with this active approach to grow further value for all its stakeholders so the

OVER
80
MEETINGS WITH
INSTITUTIONAL
INVESTORS IN 2018

Company's share can be recognized as one of the market leaders on the Croatian capital market and in the CEE region.

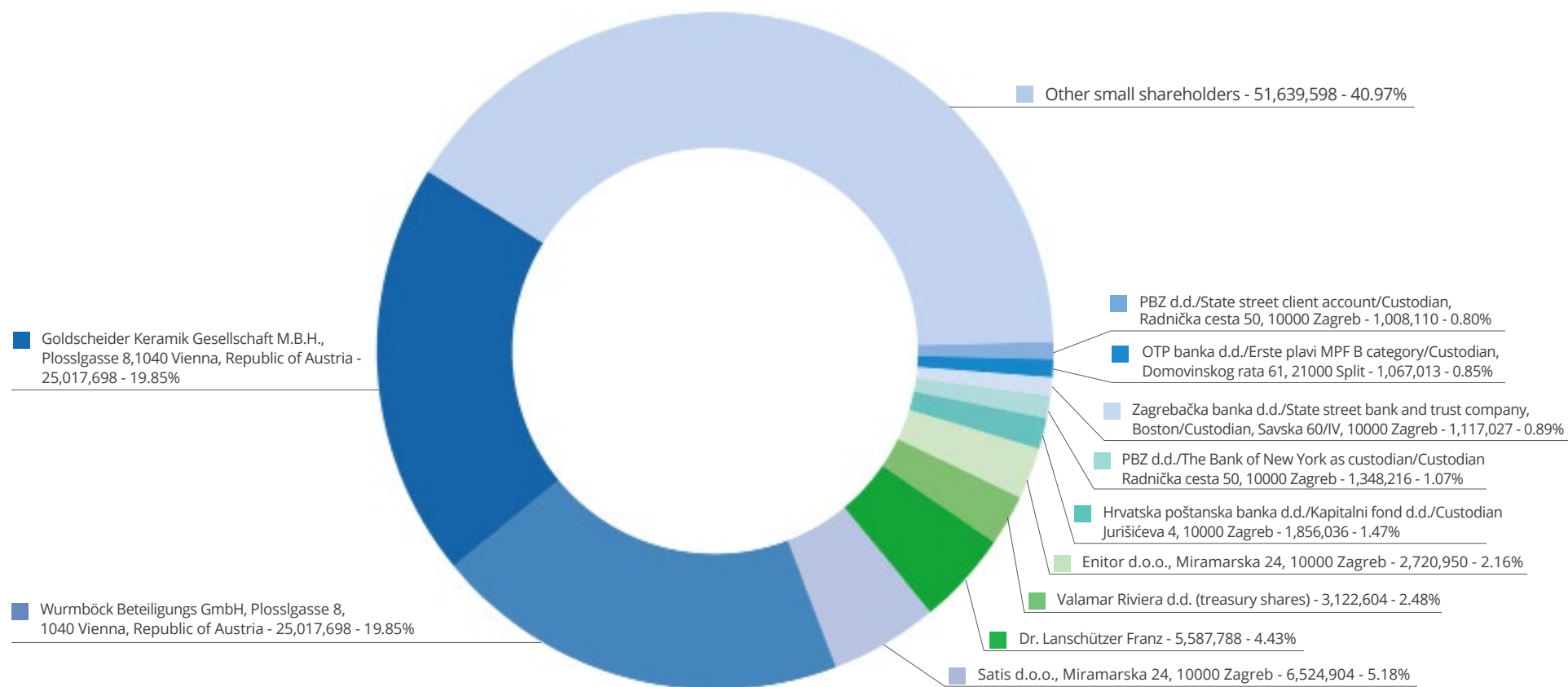
The analytical coverage of Valamar Riviera is provided by:

- 1) ERSTE bank d.d., Zagreb;
- 2) FIMA vrijednosnice d.o.o., Varaždin;
- 3) Interkapital vrijednosni papiri d.o.o., Zagreb;
- 4) Raiffeisenbank Austria d.d., Zagreb;
- 5) UniCredit Group - Zagrebačka banka d.d., Zagreb.

Istra Premium Camping Resort, Poreč (vizualization)



OVERVIEW OF MAJOR SHAREHOLDERS AS AT 31 DECEMBER 2018:





Investors Day & 2017 Integrated report

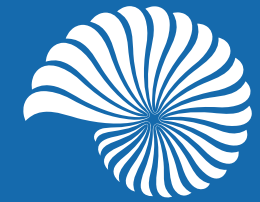


 *Valamar Riviera was awarded as the share of the year for the 7th consecutive time, share with the highest turnover and won another award for Best Investor Relations.*

INVESTORS DAY, NEW BRANDING AND THE 2017 INTEGRATED ANNUAL REPORT AND CORPORATE SOCIAL RESPONSIBILITY


Rab was the destination chosen to host the third Investors Day on 12 June 2018. As customary, Valamar's formula of sustainable and socially responsible investments in employees, products and destinations was presented to institutional investors by Management Board President Željko Kukurin and Management Board Member Marko Čizmek. This event was also an opportunity to present the new brand strategy that will serve as a framework for business development in the forthcoming period. Valamar's new brand identity features the "All you can holiday" business concept to create the perfect holiday for each individual guest as well as five new product brands that will be used to differentiate Valamar's portfolio of hotels, resorts and campsites. The new brand strategy sets a clear path and guidelines for the Valamar brand and sub-brands on which the company builds its future growth and development. It will increase market reach, improve the compatibility of products and services with specific market segments, increase guest loyalty and boost key business indicators.

On this occasion, the 2017 Integrated annual report and corporate social responsibility was presented to the investors. The report was prepared following G4 GRI guidelines and aims to present a strategic and long-term insight into Valamar's business to all key stakeholders, including shareholders, employees, partners, guests and the community, with special focus on corporate social responsibility that represents the foundation of the company's sustainable business and future development. The report can be found on the Zagreb Stock Exchange website and www.valamar-riviera.com.



Additional Information



 *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

As one of the largest employers in Croatia (as at 31 December 2018, the Group employed 3,242 people of which 1,680 were permanent employees; the Company employed 2,749 people of which 1,337 were permanent employees), the Company and the Group systematically and continuously invest in the development of human resources. An integral strategic approach to human resources management and top practices applied include transparent hiring processes, clear objectives and employees' performance measurement, rewarding systems, opportunities for career advancement, investment in employees' development and encouraging two-way communication.

In the course of the fourth quarter of 2018 (including the period 1 January 2018 – 31 December 2018), the Company's Management Board managed and represented the company pursuant to regulations and the provisions of the Company Statute, 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 2018 (including the period 1 January 2018 to 31 December 2018) were adopted by the by the Management Board on 19 February 2018.

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

RESPONSIBILITY FOR THE QUARTERLY FINANCIAL STATEMENTS

In Poreč, 19 February 2019

In accordance with provisions of Law on Capital Market, Marko Čížmek, Management board member responsible for finance, treasury and IT business as well as relations with institutional investors and Ljubica Grbac director of Department of Finance and Accounting, procurator and person responsible for finance and accounting, together as persons responsible for the preparation of quarterly and annual 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 audited, consolidated and unconsolidated financial statements for 2018 includes the quarterly reports for the fourth quarter of 2018, prepared in accordance with applicable standards of financial reporting gives a 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;
- Report of the Company's Management board for the period from 1 January to 31 December 2018 including the period from 1 October to 31 December 2018 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



Ljubica Grbac
Director of Department of
Finance and Accounting

Reporting period: from 01.01.2018 to 31.12.2018**Quarterly financial report TFI-POD**

| | | | | |
|---------------------------------------|--------------------------------|-----------------|--------------------------------------|--------------|
| Tax number (MB): | <u>3474771</u> | | | |
| Company registration number (MBS): | <u>040020883</u> | | | |
| Personal identification number (OIB): | <u>36201212847</u> | | | |
| Issuing company: | <u>Valamar Riviera d.d.</u> | | | |
| Postal code and place: | <u>52440</u> | <u>Poreč</u> | | |
| Street and house number: | <u>Stancija Kaligari 1</u> | | | |
| E-mail address: | <u>uprava@riviera.hr</u> | | | |
| Internet address: | <u>www.valamar-riviera.com</u> | | | |
| Municipality/city code and name: | <u>348</u> | <u>Poreč</u> | | |
| County code and name: | <u>18</u> | <u>Istarska</u> | Number of employees: (period end) | <u>3.242</u> |
| | | | NKD code: | <u>5510</u> |

Consolidated report: YES

Companies of the consolidation subject (according to IFRS):

| | | |
|--|-------------------|--------------------|
| <u>Valamar hotels & resorts GmbH</u> | Seat: | MB: |
| <u>Puntižela d.o.o.</u> | <u>Frankfurt</u> | <u>04724750667</u> |
| <u>Elafiti Babin kuk d.o.o.</u> | <u>Pula</u> | <u>03203379</u> |
| <u>Magične stijene d.o.o.</u> | <u>Dubrovnik</u> | <u>01273094</u> |
| <u>Palme turizam d.o.o.</u> | <u>Dubrovnik</u> | <u>02315211</u> |
| <u>Pogača Babin Kuk d.o.o.</u> | <u>Dubrovnik</u> | <u>02006103</u> |
| <u>Bugenvilia d.o.o.</u> | <u>Dubrovnik</u> | <u>02236346</u> |
| <u>Imperial d.d.</u> | <u>Dubrovnik</u> | <u>02006120</u> |
| <u>Hoteli Makarska d.d.</u> | <u>Rab</u> | <u>03044572</u> |
| <u>Valamar A GmbH</u> | <u>Makarska</u> | <u>03324877</u> |
| <u>Valamar Obertauern GmbH</u> | <u>Tamsweg</u> | <u>486431 S</u> |
| | <u>Obertauern</u> | <u>195893 D</u> |

Accounting firm:

Contact person:

Sopta Anka

(please insert only the contact's full name)

Telephone:

052/408 188

Fax:

052/408 110

E-mail address:

anka.sopta@riviera.hr

Family name and name:

Kukurin Željko, Čižmek Marko

(authorized representative)

Documents disclosed:

1. Financial statements (Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity and notes to financial statements);
2. Management Interim Report;
3. Declaration of the persons responsible for preparing the issuer's statements;



L.S.


 (authorized representative's signature)

Balance Sheet (as at 31.12.2018)**Taxpayer: 36201212847; Valamar Riviera d.d.**

| Item 1 | ADP code 2 | Preceding year 3 | Current year 4 |
|--|------------------|------------------------|----------------------|
| A) SUBSCRIBED CAPITAL UNPAID | 001 | | |
| B) NON CURRENT ASSETS (ADP 003+010+020+031+036) | 002 | 4.632.400.572 | 5.310.891.538 |
| I. INTANGIBLE ASSETS (ADP 004 to 009) | 003 | 45.224.706 | 53.726.810 |
| 1. Research and Development expenditure | 004 | | |
| 2. Patents, licences, royalties, trademarks and service marks, software and similar rights | 005 | 37.949.592 | 46.298.666 |
| 3. Goodwill | 006 | 6.567.609 | 6.567.609 |
| 4. Prepayments for intangible assets | 007 | | |
| 5. Intangible assets under construction | 008 | 707.505 | 860.535 |
| 6. Other intangible assets | 009 | | |
| II. TANGIBLE ASSETS (ADP 011 to 019) | 010 | 4.440.260.536 | 5.111.237.027 |
| 1. Land | 011 | 874.708.080 | 973.018.037 |
| 2. Property | 012 | 2.871.712.565 | 3.331.975.756 |
| 3. Plants and equipment | 013 | 367.257.268 | 443.971.567 |
| 4. Tools, plants and vehicles | 014 | 101.131.434 | 132.923.120 |
| 5. Biological asset | 015 | | |
| 6. Prepayments for tangible assets | 016 | 24.768.328 | 12.350.960 |
| 7. Assets under construction | 017 | 149.431.796 | 160.356.644 |
| 8. Other tangible assets | 018 | 40.996.707 | 47.000.469 |
| 9. Investments property | 019 | 10.254.358 | 9.640.474 |
| III. NON-CURRENT FINANCIAL ASSETS (ADP 021 to 030) | 020 | 5.417.132 | 20.074.375 |
| 1. Stakes (shares) in undertakings in a Group | 021 | 1.435.245 | |
| 2. Investments in other securities of undertakings in a Group | 022 | | |
| 3. Loans, deposits etc given to undertakings in a Group | 023 | | |
| 4. Stakes (shares) in undertakings with participating interest | 024 | | |
| 5. Investments in other securities of undertakings with participating interest | 025 | | |
| 6. Loans, deposits etc given to undertakings with participating interest | 026 | | |
| 7. Investments in securities | 027 | 3.620.830 | 4.289.892 |
| 8. Given loans, deposits and similar | 028 | 191.057 | 15.590.772 |
| 9. Other investments accounted for using the equity method | 029 | | |
| 10. Other non-current financial assets | 030 | 170.000 | 193.711 |
| IV. TRADE RECEIVABLES (ADP 032 to 035) | 031 | 834.499 | 147.290 |
| 1. Receivables from undertakings in a Group | 032 | | |
| 2. Receivables from undertakings with participating interests | 033 | | |
| 3. Trade receivables | 034 | 43.750 | |
| 4. Other receivables | 035 | 790.749 | 147.290 |
| V. DEFERRED TAX ASSETS | 036 | 140.663.699 | 125.706.036 |
| C) CURENT ASSETS (ADP 038+046+053+063) | 037 | 343.822.386 | 332.775.548 |
| I. INVENTORIES (ADP 039 to 045) | 038 | 24.496.814 | 25.447.350 |
| 1. Raw materials and consumables | 039 | 24.296.180 | 25.241.646 |
| 2. Work in progress | 040 | | |
| 3. Finished products | 041 | | |
| 4. Merchandise | 042 | 156.426 | 172.328 |
| 5. Prepayments for inventories | 043 | 44.208 | 33.376 |
| 6. Other available-for-sale assets | 044 | | |
| 7. Biological asset | 045 | | |
| II. RECEIVABLES (ADP 047 to 052) | 046 | 30.637.890 | 45.442.095 |
| 1. Receivables from undertakings in a Group | 047 | 231.675 | |
| 2. Receivables from undertakings with participating interest | 048 | | 1.380.025 |
| 3. Trade receivables | 049 | 13.742.895 | 33.928.832 |
| 4. Receivables from employees and members of the undertaking | 050 | 1.226.272 | 1.428.327 |
| 5. Receivables from Government and other institutions | 051 | 13.614.153 | 7.256.256 |
| 6. Other receivables | 052 | 1.822.895 | 1.448.655 |
| III. CURRENT FINANCIAL ASSETS (ADP 054 to 062) | 053 | 850.728 | 43.750 |
| 1. Stakes (shares) in undertakings in a Group | 054 | | |
| 2. Investments in other securities of undertakings in a Group | 055 | | |
| 3. Loans, deposits etc given to undertakings in a Group | 056 | | |
| 4. Stakes(shares) in undertakings with participating interest | 057 | | |
| 5. Investments in other securities of undertakings with participating interest | 058 | | |
| 6. Loans, deposits etc given to undertakings with participating interest | 059 | | 43.750 |
| 7. Investments in securities | 060 | | |
| 8. Given loans, deposits and similar | 061 | 746.646 | |
| 9. Other financial assets | 062 | 104.082 | |
| IV. CASH AND CASH EQUIVALENTS | 063 | 287.836.954 | 261.842.353 |
| D) PREPAYMENTS AND ACCRUED INCOME | 064 | 20.382.090 | 25.278.400 |
| E) TOTAL ASSETS (ADP 001+002+037+064) | 065 | 4.996.605.048 | 5.668.945.486 |
| F) OFF-BALANCE SHEET ITEMS | 066 | 54.545.066 | 58.014.172 |

Balance Sheet (as at 31.12.2018) (continued)

Taxpayer: 36201212847; Valamar Riviera d.d.

| Item 1 | ADP code 2 | Preceding year 3 | Current year 4 |
|--|------------------|------------------------|----------------------|
| LIABILITIES | | | |
| A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087) | 067 | 2.516.174.910 | 2.758.532.748 |
| I. SHARE CAPITAL | 068 | 1.672.021.210 | 1.672.021.210 |
| II. CAPITAL RESERVES | 069 | 3.602.906 | 5.304.283 |
| III. RESERVES FROM PROFIT (ADP 071+072-073+074+075) | 070 | 102.055.847 | 94.297.196 |
| 1. Legal reserves | 071 | 83.601.061 | 83.601.061 |
| 2. Reserves for own shares | 072 | 44.815.284 | 96.815.284 |
| 3. Own stocks and shares (deductible items) | 073 | 35.889.621 | 86.119.149 |
| 4. Statutory reserves | 074 | | |
| 5. Other reserves | 075 | 9.529.123 | |
| IV. REVALUATION RESERVES | 076 | | |
| V. FAIR VALUE RESERVES (ADP 078 to 080) | 077 | 634.097 | 905.282 |
| 1. Fair value of financial assets available for sale | 078 | 634.097 | 905.282 |
| 2. Efficient portion of cash flow hedge | 079 | | |
| 3. Efficient portion of foreign net investment hedge | 080 | | |
| VI. RETAINED EARNINGS OR LOSS CARRIED FORWARD (ADP 082-083) | 081 | 263.138.894 | 348.674.430 |
| 1. Retained earnings | 082 | 263.138.894 | 348.674.430 |
| 2. Loss carried forward | 083 | | |
| VII. PROFIT OR LOSS FOR THE FINANCIAL YEAR (ADP 085-086) | 084 | 243.596.016 | 235.337.282 |
| 1. Profit for the financial year | 085 | 243.596.016 | 235.337.282 |
| 2. Loss for the financial year | 086 | | |
| VIII. MINORITY INTEREST | 087 | 231.125.940 | 401.993.065 |
| B) PROVISIONS (ADP 089 to 094) | 088 | 58.356.183 | 77.311.655 |
| 1. Provisions for pensions, severance pay and similar liabilities | 089 | 5.446.558 | 10.114.484 |
| 2. Provisions for tax obligations | 090 | | |
| 3. Provisions for litigations in progress | 091 | 52.909.625 | 67.197.172 |
| 4. Provisions for renewal of natural resources | 092 | | |
| 5. Provision for costs within warranty period | 093 | | |
| 6. Other provisions | 094 | | |
| C) NON-CURRENT LIABILITIES (ADP 096 to 106) | 095 | 1.915.658.762 | 2.284.143.535 |
| 1. Liabilities to related parties | 096 | | |
| 2. Liabilities for loans, deposits etc of undertakings in a Group | 097 | | |
| 3. Liabilities to undertakings with participating interest | 098 | | |
| 4. Liabilities for loans, deposits etc of undertakings with participating interest | 099 | | |
| 5. Liabilities for loans, deposits and other | 100 | 9.046.000 | 8.943.000 |
| 6. Liabilities to banks and other financial institutions | 101 | 1.852.267.505 | 2.198.942.318 |
| 7. Liabilities for advance payments | 102 | | |
| 8. Trade payables | 103 | | 81.000 |
| 9. Amounts payable for securities | 104 | | |
| 10. Other non-current liabilities | 105 | 1.585.824 | 7.615.740 |
| 11. Deffered tax | 106 | 52.759.433 | 68.561.477 |
| D) CURRENT LIABILITIES (ADP 108 to 121) | 107 | 402.912.295 | 425.784.158 |
| 1. Liabilities to undertakings in a Group | 108 | 198.872 | 3.785.129 |
| 2. Liabilities for loans, deposits etc of undertakings in a Group | 109 | | |
| 3. Liabilities to undertakings with participating interest | 110 | | |
| 4. Liabilities for loans, deposits etc of undertakings with participating interest | 111 | | |
| 5. Liabilities for loans, deposits and other | 112 | 103.000 | 103.000 |
| 6. Liabilities to banks and other financial institutions | 113 | 203.141.559 | 227.211.496 |
| 7. Amounts payable for prepayment | 114 | 31.365.529 | 38.933.044 |
| 8. Trade payables | 115 | 132.651.065 | 112.908.087 |
| 9. Liabilities upon loan stocks | 116 | | |
| 10. Liabilities to employees | 117 | 22.455.819 | 28.396.296 |
| 11. Taxes, contributions and similar liabilities | 118 | 11.077.721 | 11.757.015 |
| 12. Liabilities arising from share in the result | 119 | 230.130 | 250.516 |
| 13. Liabilities arising from non-current assets held for sale | 120 | | |
| 14. Other current liabilities | 121 | 1.688.600 | 2.439.575 |
| E) ACCRUED EXPENSES AND DEFERRED INCOME | 122 | 103.502.898 | 123.173.389 |
| F) TOTAL LIABILITIES (ADP 067+088+095+107+122) | 123 | 4.996.605.048 | 5.668.945.486 |
| G) OFF-BALANCE SHEET ITEMS | 124 | 54.545.066 | 58.014.172 |

Income Statement (for 01.01.2018 to 31.12.2018)

Taxpayer: 36201212847; Valamar Riviera d.d.

| Item | ADP code | Preceding period | | Current period | |
|---|------------|----------------------|---------------------|----------------------|---------------------|
| | | Cummulative | Quarter | Cummulative | Quarter |
| 1 | 2 | 3 | 4 | 5 | 6 |
| I. OPERATING INCOME (ADP 126+127+128+129+130) | 125 | 1.778.395.862 | 97.520.679 | 1.990.984.717 | 122.240.616 |
| 1. Revenues from sales with undertakings in a Group | 126 | 189.245 | 189.245 | | |
| 2. Sales revenues (outside the Group) | 127 | 1.755.097.476 | 88.745.906 | 1.961.413.631 | 111.729.559 |
| 3. Revenues from use of own products, goods and services | 128 | 5.211.178 | 2.063.777 | 361.270 | 64.541 |
| 4. Other operating revenues with undertakings in a Group | 129 | | | | |
| 5. Other operating revenues (outside the Group) | 130 | 17.897.963 | 6.521.751 | 29.209.816 | 10.446.516 |
| II. OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153) | 131 | 1.518.893.175 | 347.127.089 | 1.707.437.900 | 399.319.546 |
| 1. Changes in inventories of finished products and work in progress | 132 | | | | |
| 2. Material costs (ADP 134 to 136) | 133 | 519.753.525 | 91.416.971 | 552.089.395 | 89.066.432 |
| a) Cost of raw materials & consumables | 134 | 299.650.484 | 36.174.344 | 328.413.023 | 37.716.680 |
| b) Cost of goods sold | 135 | 2.952.180 | 105.472 | 3.380.801 | 219.511 |
| c) Other costs | 136 | 217.150.861 | 55.137.155 | 220.295.571 | 51.130.241 |
| 3. Staff costs (ADP 138 to 140) | 137 | 480.161.466 | 108.584.858 | 541.715.389 | 128.606.786 |
| a) Net salaries | 138 | 292.865.456 | 68.380.156 | 331.617.032 | 81.170.402 |
| b) Employee income tax | 139 | 119.910.409 | 24.983.965 | 135.404.814 | 29.942.257 |
| c) Tax on payroll | 140 | 67.385.601 | 15.220.737 | 74.693.543 | 17.494.127 |
| 4. Depreciation and amortisation | 141 | 346.413.599 | 83.233.814 | 410.521.539 | 114.122.647 |
| 5. Other expenditures | 142 | 143.755.460 | 41.698.690 | 174.686.587 | 51.757.190 |
| 6. Value adjustment (ADP 144+145) | 143 | 126.181 | 56.544 | 385.273 | 301.695 |
| a) non-current assets (without financial assets) | 144 | | | | |
| b) current assets (without financial assets) | 145 | 126.181 | 56.544 | 385.273 | 301.695 |
| 7. Provisions (ADP 147 to 152) | 146 | 9.486.384 | 9.486.384 | 7.126.273 | 7.126.273 |
| a) Provision for pensions, severance payments and other employment benefits | 147 | 5.446.558 | 5.446.558 | 4.409.973 | 4.409.973 |
| b) Provisions for tax liabilities | 148 | | | | |
| c) Provisions for litigations in progress | 149 | 3.653.477 | 3.653.477 | 2.688.556 | 2.688.556 |
| d) Provisions for renewal of natural resources | 150 | | | | |
| e) Provision for costs within warranty period | 151 | | | | |
| f) Other provisions | 152 | 386.349 | 386.349 | 27.743 | 27.743 |
| 8. Other operating expenses | 153 | 19.196.560 | 12.649.828 | 20.913.444 | 8.338.523 |
| III. FINANCIAL INCOME (ADP 155 to 164) | 154 | 63.640.247 | 4.545.531 | 56.790.053 | 4.505.183 |
| 1. Income from stakes (shares) in undertakings in a Group | 155 | | | | |
| 2. Income from stakes (shares) in undertakings with participating interest | 156 | | | | |
| 3. Income from other non-current financial investments and loans to undertakings in a Group | 157 | | | | |
| 4. Other interest income from undertakings in a Group | 158 | | | | |
| 5. Foreign exchange differences and other financial income from undertakings in a Group | 159 | | | | |
| 6. Income from other non-current financial investments and loans | 160 | | | | |
| 7. Other interest income | 161 | 655.416 | 363.204 | 528.885 | -221.031 |
| 8. Foreign exchange differences and other financial income | 162 | 52.405.389 | 3.376.879 | 47.598.882 | 3.128.953 |
| 9. Unrealized gains (income) from the financial assets | 163 | 7.520.020 | 421.969 | 4.696.029 | 0 |
| 10. Other financial income | 164 | 3.059.422 | 383.479 | 3.966.257 | 1.597.261 |
| IV. FINANCIAL COSTS (ADP 166 to 172) | 165 | 84.499.175 | 16.222.070 | 82.255.368 | 22.121.841 |
| 1. Interest expenses and similar expenses with undertakings in a Group | 166 | | | | |
| 2. Foreign exchange differences and other expenses with undertakings in a Group | 167 | | | | |
| 3. Interest expenses and similar | 168 | 42.218.873 | 10.099.343 | 49.874.101 | 13.518.978 |
| 4. Foreign exchange differences and other expenses | 169 | 33.867.818 | 4.529.850 | 18.895.559 | 1.142.810 |
| 5. Unrealized loss (expenses) from the financial assets | 170 | 6.761.354 | 770.399 | 10.757.668 | 5.671.223 |
| 6. Value adjustment expense on financial assets (net) | 171 | | | | 0 |
| 7. Other financial expenses | 172 | 1.651.130 | 822.478 | 2.728.040 | 1.788.830 |
| V. SHARE OF PROFIT FROM UNDERTAKINGS WITH PARTICIPATING INTEREST | 173 | | | | |
| VI. SHARE OF PROFIT FROM JOINT VENTURES | 174 | | | | |
| VII. SHARE OF LOSS FROM UNDERTAKINGS WITH PARTICIPATING INTEREST | 175 | | | | |
| VIII. SHARE OF LOSS FROM JOINT VENTURES | 176 | | | | |
| IX. TOTAL INCOME (ADP 125+154+173+174) | 177 | 1.842.036.109 | 102.066.210 | 2.047.774.770 | 126.745.799 |
| X. TOTAL EXPENSES (ADP 131+165+175+176) | 178 | 1.603.392.350 | 363.349.159 | 1.789.693.269 | 421.441.388 |
| XI. PROFIT OR LOSS BEFORE TAX (ADP 177-178) | 179 | 238.643.759 | -261.282.949 | 258.081.502 | -294.695.588 |
| 1. Profit before tax (ADP 177-178) | 180 | 238.643.759 | -261.282.949 | 258.081.502 | -294.695.588 |
| 2. Loss before tax (ADP 178-177) | 181 | 0 | 0 | 0 | 0 |
| XII. INCOME TAX EXPENSE | 182 | -6.443.626 | -6.315.423 | 18.893.996 | 18.893.996 |
| XIII. PROFIT OR LOSS FOR THE PERIOD (ADP 179-182) | 183 | 245.087.385 | -254.967.526 | 239.187.506 | -313.589.584 |
| 1. Profit for the period (ADP 179-182) | 184 | 245.087.385 | -254.967.526 | 239.187.506 | -313.589.584 |
| 2. Loss for the period (ADP 182-179) | 185 | 0 | 0 | 0 | 0 |

Income Statement (for 01.01.2018 to 31.12.2018) (continued)**Taxpayer: 36201212847; Valamar Riviera d.d.**

| Item | ADP code | Preceding period | | Current period | |
|------|----------|------------------|---------|----------------|---------|
| | | Cummulative | Quarter | Cummulative | Quarter |
| 1 | 2 | 3 | 4 | 5 | 6 |

PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (applicable for entities which use IFRS and have discontinued operations)

| | |
|---|------------|
| XIV. PROFIT OR LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX (ADP 187-188) | 186 |
| 1. Profit before tax from discontinued operations | 187 |
| 2. Loss before tax from discontinued operations | 188 |
| XV. INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS | 189 |
| 1. Profit for the period from discontinued operations (ADP 186-189) | 190 |
| 2. Loss for the period from discontinued operations (ADP 189-186) | 191 |

TOTAL PROFIT OR LOSS FOR THE PERIOD (applicable for entities which use IFRS and have discontinued operations)

| | |
|---|------------|
| XVI. PROFIT OR LOSS BEFORE TAX (ADP 179+186) | 192 |
| 1. Profit before tax (ADP 192) | 193 |
| 2. Loss before tax (ADP 192) | 194 |
| XVII. INCOME TAX EXPENSE (ADP 182+189) | 195 |
| XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 192-195) | 196 |
| 1. Profit for the period (ADP 192-195) | 197 |
| 2. Loss for the period (ADP 195-192) | 198 |

APPENDIX TO THE INCOME STATEMENT (to be completed by entities submitting consolidated financial statements)

| | | | | | |
|---|------------|--------------------|---------------------|--------------------|---------------------|
| XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 200+201) | 199 | 245.087.385 | -254.967.526 | 239.187.506 | -313.589.584 |
| 1. Attributable to parent company's shareholders | 200 | 243.596.016 | -240.026.353 | 235.337.282 | -291.614.239 |
| 2. Attributable to non-controlling interests | 201 | 1.491.369 | -14.941.173 | 3.850.224 | -21.975.345 |

STATEMENT OF OTHER COMPREHENSIVE INCOME (to be completed by entities subject to IFRS)

| | | | | | |
|---|------------|--------------------|---------------------|--------------------|---------------------|
| I. PROFIT OR LOSS FOR THE PERIOD | 202 | 245.087.385 | -254.967.526 | 239.187.506 | -313.589.584 |
| II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (ADP 204 to 211) | 203 | 450.979 | 450.979 | 338.982 | 338.982 |
| 1. Exchange differences arising from foreign operations | 204 | | | | |
| 2. Revaluation of non-current assets and intangible assets | 205 | | | | |
| 3. Gains or loss available for sale investments | 206 | 450.979 | 450.979 | 338.982 | 338.982 |
| 4. Gains or loss on net movement on cash flow hedges | 207 | | | | |
| 5. Gains or loss on net investments hedge | 208 | | | | |
| 6. Share of the other comprehensive income/loss of associates | 209 | | | | |
| 7. Actuarial gain/loss on post employment benefit obligations | 210 | | | | |
| 8. Other changes in capital (minorities) | 211 | | | | |
| III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD | 212 | 90.195 | 90.195 | 67.796 | 67.796 |
| IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (ADP 203-212) | 213 | 360.784 | 360.784 | 271.186 | 271.186 |
| V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 202+213) | 214 | 245.448.169 | -254.606.742 | 239.458.692 | -313.318.398 |

APPENDIX to the Statement of Comprehensive Income (to be completed by entities submitting consolidated financial statements)

| | | | | | |
|--|------------|--------------------|---------------------|--------------------|---------------------|
| VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 216+217) | 215 | 245.448.169 | -254.606.742 | 239.458.692 | -313.318.398 |
| 1. Attributable to parent company's shareholders | 216 | 243.956.800 | -239.665.569 | 235.608.468 | -291.343.053 |
| 2. Attributable to non-controlling interests | 217 | 1.491.369 | -14.941.173 | 3.850.224 | -21.975.345 |

Cash Flow Statement - Indirect Method (for 01.01.2018 to 31.12.2018)**Taxpayer: 36201212847; Valamar Riviera d.d.**

| Item | ADP code | Preceding period | Current period |
|--|------------|---------------------|---------------------|
| 1 | 2 | 3 | 4 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| 1. Profit before taxes | 001 | 238.643.759 | 258.081.503 |
| 2. Adjustments (ADP 003 to 010) | 002 | 396.630.365 | 461.705.290 |
| a) Depreciation and amortisation | 003 | 346.413.599 | 410.521.539 |
| b) Profit and loss from sales and value adjustments of non-current tangible and intangible assets | 004 | 10.701.234 | 5.841.704 |
| c) Profit and loss from sales and unrealised profit and loss and value adjustments of financial assets | 005 | -211.830 | 1.118.573 |
| d) Income from interest and dividends | 006 | -625.283 | -273.758 |
| e) Interest expenses | 007 | 43.870.004 | 50.071.190 |
| f) Provisions | 008 | 10.681.641 | 23.210.743 |
| g) Foreign exchange differences (unrealized) | 009 | -14.199.000 | -28.784.701 |
| h) Other adjustments for non-cash transactions and unrealized profit and loss | 010 | | |
| I. Increase or decrease of cash flow before changes in working capital (ADP 001+002) | 011 | 635.274.124 | 719.786.793 |
| 3. Changes in working capital (ADP 013 to 016) | 012 | 3.955.741 | -24.860.677 |
| a) Increase or decrease of current liabilities | 013 | -2.906.436 | 6.473.299 |
| b) Increase or decrease of current receivables | 014 | 14.229.358 | -37.600.790 |
| c) Increase or decrease of inventories | 015 | -5.251.075 | -950.536 |
| d) Other increase or decrease of working capital | 016 | -2.116.106 | 7.217.350 |
| II. Cash from operating activities (ADP 011+012) | 017 | 639.229.865 | 694.926.116 |
| 4. Interest | 018 | -42.778.920 | -45.792.353 |
| 5. Income tax paid | 019 | 6.749.820 | -8.450.097 |
| A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019) | 020 | 603.200.765 | 640.683.666 |
| CASH FLOW FROM INVESTMENT ACTIVITIES | | | |
| 1. Proceeds from sale of non-current assets | 021 | 3.504.147 | 5.144.096 |
| 2. Proceeds from selling financial instruments | 022 | 1.808.303 | 50.000 |
| 3. Proceeds from interest rates | 023 | 829.138 | 776.958 |
| 4. Proceeds from dividends | 024 | 74.640 | 87.080 |
| 5. Proceeds from repayment of given loans and savings | 025 | 11.226.988 | 949.241 |
| 6. Other proceeds from investment activities | 026 | | |
| III. Total cash proceeds from investment activities (ADP 021 to 026) | 027 | 17.443.216 | 7.007.375 |
| 1. Purchase of non-current tangible and intangible assets | 028 | -894.589.185 | -730.451.033 |
| 2. Purchase of financial instruments | 029 | | |
| 3. Loans and deposits for the period | 030 | -10.637.180 | -175.646 |
| 4. Acquisition of subsidiary, net of acquired cash | 031 | -6.207.552 | -170.827.965 |
| 5. Other payments from investment activities | 032 | | |
| IV. Total cash payments from investment activities (ADP 028 to 032) | 033 | -911.433.917 | -901.454.644 |
| B) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033) | 034 | -893.990.701 | -894.447.269 |
| CASH FLOW FROM FINANCIAL ACTIVITIES | | | |
| 1. Proceeds from increase of subscribed capital | 035 | | |
| 2. Proceeds from issuing equity-based and debt-based financial instruments | 036 | | |
| 3. Proceeds from loan principal, loans and other borrowings | 037 | 582.241.320 | 605.645.120 |
| 4. Other proceeds from financial activities | 038 | | |
| V. Total proceeds from financial activities (ADP 035 to 038) | 039 | 582.241.320 | 605.645.120 |
| 1. Repayment of loan principals, loans and other borrowings and debt-based financial instruments | 040 | -179.917.851 | -209.765.109 |
| 2. Dividends paid | 041 | -98.347.226 | -116.405.354 |
| 3. Payment of finance lease liabilities | 042 | | |
| 4. Re-purchase of treasury shares and decrease in subscribed share capital | 043 | | -51.705.655 |
| 5. Other payments from financial activities | 044 | | |
| VI. Total cash payments from financing activities (ADP 040 to 044) | 045 | -278.265.077 | -377.876.118 |
| C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045) | 046 | 303.976.243 | 227.769.002 |
| 1. Cash and cash equivalents-unrealized foreign exchange differences | 047 | | |
| D) NET INCREASE OR DECREASE OF CASH FLOW (ADP 020+034+046+047) | 048 | 13.186.307 | -25.994.601 |
| E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD | 049 | 274.650.647 | 287.836.954 |
| F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049) | 050 | 287.836.954 | 261.842.353 |

Statement of Changes in Equity (for the period from 01.01.2018 to 31.12.2018)
Taxpayer: 36201212847; Valamar Riviera d.d.

| Description | ADP | Distributable to majority owners | | | | | | | | | | | Minority (non-controlling) interest | Total capital and reserves | | | |
|--|-----------|----------------------------------|-------------------|-------------------|-------------------------|--|--------------------|-------------------|----------------------|---|--------------------------------------|---|-------------------------------------|----------------------------|--|--------------------------------|--|
| | | Subscribed Share capital | Capital re-serves | Legal reserves | Reserves for own shares | Treasury shares and shares (deductible item) | Statutory reserves | Other re-serves | Revaluation reserves | Fair value of financial assets available for sale | Efficient portion of cash flow hedge | Efficient portion of foreign net investment hedge | | | Retained earnings/loss carried forward | Net profit/loss for the period | Total distributable to majority owners |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 (3 to 6 - 7 + 8 to 15) | 17 | 18 (16+17) |
| Previous period | | | | | | | | | | | | | | | | | |
| 1. Balance at 1 January of the previous period | 01 | 1.672.021.210 | 2.204.690 | 67.198.750 | 44.815.284 | 37.141.295 | 0 | 9.529.123 | 0 | 273.313 | 0 | 0 | 36.580.064 | 342.313.777 | 2.137.794.916 | 235.842.123 | 2.373.637.039 |
| 2. Changes in accounting policies | 02 | | | | | | | | | | | | | | 0 | | 0 |
| 3. Error correction | 03 | | | | | | | | | | | | | | 0 | | 0 |
| 4. Balance at 1 January of the previous period (ADP 01 to 03) | 04 | 1.672.021.210 | 2.204.690 | 67.198.750 | 44.815.284 | 37.141.295 | 0 | 9.529.123 | 0 | 273.313 | 0 | 0 | 36.580.064 | 342.313.777 | 2.137.794.916 | 235.842.123 | 2.373.637.039 |
| 5. Profit/loss for the period | 05 | | | | | | | | | | | | | 243.596.016 | 243.596.016 | 1.491.369 | 245.087.385 |
| 6. Foreign currency translation differences- foreign operations | 06 | | | | | | | | | | | | | | 0 | | 0 |
| 7. Changes in revaluation reserves of non-current tangible and intangible assets | 07 | | | | | | | | | | | | | | 0 | | 0 |
| 8. Profit or loss from re-evaluation of financial assets held for sale | 08 | | | | | | | | | 450.979 | | | | | 450.979 | | 450.979 |
| 9. Profit or loss from cash flow hedge | 09 | | | | | | | | | | | | | | 0 | | 0 |
| 10. Profit or loss from foreign net investment hedge | 10 | | | | | | | | | | | | | | 0 | | 0 |
| 11. Share in other comprehensive income/loss from undertakings with participating interest | 11 | | | | | | | | | | | | | | 0 | | 0 |
| 12. Actuarial gains/losses from defined benefit plans | 12 | | | | | | | | | | | | | | 0 | | 0 |
| 13. Other changes in capital (minorities) | 13 | | | | | | | | | | | | | | 0 | | 0 |
| 14. Taxation of transactions recognized directly in equity | 14 | | | | | | | | | -90.195 | | | | | -90.195 | | -90.195 |
| 15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement) | 15 | | | | | | | | | | | | | | 0 | | 0 |
| 16. Increase of subscribed share capital by profit reinvestment | 16 | | | | | | | | | | | | | | 0 | | 0 |
| 17. Increase of subscribed share capital in pre-bankruptcy settlement | 17 | | | | | | | | | | | | | | 0 | | 0 |
| 18. Repurchase of own shares/stakes | 18 | | | | | -1.251.675 | | | | | | | | | 1.251.675 | | 1.251.675 |
| 19. Share in profit/dividend payout | 19 | | | | | | | | | | | | | | 0 | | 0 |
| 20. Other distribution to majority owners | 20 | | 1.398.216 | | | | | | | | | | -99.352.192 | | -97.953.976 | | -97.953.976 |
| 21. Transfer to reserves according to annual plan | 21 | | | 16.402.311 | | | | | | | | | 325.911.021 | -342.313.777 | -445 | -6.207.552 | -6.207.997 |
| 22. Increase in reserves in pre-bankruptcy settlement | 22 | | | | | | | | | | | | | | 0 | | 0 |
| 23. Balance at 31 December of previous period (ADP 04 to 22) | 23 | 1.672.021.210 | 3.602.906 | 83.601.061 | 44.815.284 | 35.889.620 | 0 | 9.529.123 | 0 | 634.097 | 0 | 0 | 263.138.893 | 243.596.016 | 2.285.048.970 | 231.125.940 | 2.516.174.910 |
| ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters) | | | | | | | | | | | | | | | | | |
| I. OTHER COMPREHENSIVE INCOME OF PREVIOUS PERIOD NET OF TAX (ADP 06 to 14) | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 360.784 | 0 | 0 | 0 | 0 | 360.784 | 0 | 360.784 |
| II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24) | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 360.784 | 0 | 0 | 0 | 243.596.016 | 243.956.800 | 1.491.369 | 245.448.169 |
| III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 15 to 22) | 26 | 0 | 1.398.216 | 16.402.311 | 0 | -1.251.675 | 0 | 0 | 0 | 0 | 0 | 0 | 226.558.829 | -342.313.777 | -96.702.746 | -6.207.552 | -102.910.298 |
| Current period | | | | | | | | | | | | | | | | | |
| 1. Balance at 1 January of current period | 27 | 1.672.021.210 | 3.602.906 | 83.601.061 | 44.815.284 | 35.889.620 | 0 | 9.529.123 | 0 | 634.097 | 0 | 0 | 263.138.893 | 243.596.016 | 2.285.048.970 | 231.125.940 | 2.516.174.910 |
| 2. Changes in accounting policies | 28 | | | | | | | | | | | | | | 0 | | 0 |
| 3. Error correction | 29 | | | | | | | | | | | | | | 0 | | 0 |
| 4. Balance at 1 January of current period (ADP 27 to 29) | 30 | 1.672.021.210 | 3.602.906 | 83.601.061 | 44.815.284 | 35.889.620 | 0 | 9.529.123 | 0 | 634.097 | 0 | 0 | 263.138.893 | 243.596.016 | 2.285.048.970 | 231.125.940 | 2.516.174.910 |
| 5. Profit/loss for the period | 31 | | | | | | | | | | | | | 235.337.282 | 235.337.282 | 3.850.224 | 239.187.506 |
| 6. Foreign currency translation differences- foreign operations | 32 | | | | | | | | | | | | | | 0 | | 0 |
| 7. Changes in revaluation reserves of non-current tangible and intangible assets | 33 | | | | | | | | | | | | | | 0 | | 0 |
| 8. Profit or loss from re-evaluation of financial assets held for sale | 34 | | | | | | | | | 338.982 | | | | | 338.982 | | 338.982 |
| 9. Profit or loss from cash flow hedge | 35 | | | | | | | | | | | | | | 0 | | 0 |
| 10. Profit or loss from foreign net investment hedge | 36 | | | | | | | | | | | | | | 0 | | 0 |
| 11. Share in other comprehensive income/loss from undertakings with participating interest | 37 | | | | | | | | | | | | | | 0 | | 0 |
| 12. Actuarial gains/losses from defined benefit plans | 38 | | | | | | | | | | | | | | 0 | | 0 |
| 13. Other changes in capital (minorities) | 39 | | | | | | | | | | | | | | 0 | | 0 |
| 14. Taxation of transactions recognized directly in equity | 40 | | | | | | | | | -67.797 | | | | | -67.797 | | -67.797 |
| 15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement) | 41 | | | | | | | | | | | | | | 0 | | 0 |
| 16. Increase of subscribed share capital by profit reinvestment | 42 | | | | | | | | | | | | | | 0 | | 0 |
| 17. Increase of subscribed share capital in pre-bankruptcy settlement | 43 | | | | | | | | | | | | | | 0 | | 0 |
| 18. Repurchase of own shares/stakes | 44 | | | | | 51.705.655 | | | | | | | | | -51.705.655 | | -51.705.655 |
| 19. Share in profit/dividend payout | 45 | | 356.885 | | | -393.563 | | | | | | | -111.730.149 | | -110.979.701 | | -110.979.701 |
| 20. Other distribution to majority owners | 46 | | 1.344.492 | | | -1.082.563 | | | | | | | | | 2.427.055 | | 2.427.055 |
| 21. Transfer to reserves according to annual plan | 47 | | | | 52.000.000 | | | -9.529.123 | | | | | 197.265.686 | -243.596.016 | -3.859.453 | 167.016.901 | 163.157.448 |
| 22. Increase in reserves in pre-bankruptcy settlement | 48 | | | | | | | | | | | | | | 0 | | 0 |
| 23. Balance as at 31 December of the current period (ADP 30 to 48) | 49 | 1.672.021.210 | 5.304.283 | 83.601.061 | 96.815.284 | 86.119.149 | 0 | 0 | 0 | 905.282 | 0 | 0 | 348.674.430 | 235.337.282 | 2.356.539.683 | 401.993.065 | 2.758.532.748 |
| ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters) | | | | | | | | | | | | | | | | | |
| I. OTHER COMPREHENSIVE INCOME OF CURRENT PERIOD, NET OF TAX (ADP 32 to 40) | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 271.185 | 0 | 0 | 0 | 0 | 271.185 | 0 | 271.185 |
| II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31 + 50) | 51 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 271.185 | 0 | 0 | 0 | 235.337.282 | 235.608.467 | 3.850.224 | 239.458.691 |
| III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 41 to 48) | 52 | 0 | 1.701.377 | 0 | 52.000.000 | 50.229.529 | 0 | -9.529.123 | 0 | 0 | 0 | 0 | 85.535.537 | -243.596.016 | -164.117.754 | 167.016.901 | 2.899.147 |

Notes to Financial Statements

(1) The notes to financial statements include additional and supplemental information not presented in the Balance Sheet, Income Statement, Cash Flow Statement or the Statement of Changes in Equity in accordance with the provisions of the relevant financial reporting standards.

| Companies of the consolidation subject | Balance sheet-previous period | Balance sheet-current period |
|--|--|------------------------------|
| | 31.12.2017. | 31.12.2018. |
| Puntižela d.o.o. | Yes (merged to Valamar Riviera d.d. 31.03.2017.) | |
| Elafiti Babin kuk d.o.o. | Yes (merged to Valamar Riviera d.d. 29.12.2017.) | |
| Valamar hotels & resorts GmbH | Yes | No |
| Magične stijene d.o.o. | Yes | Yes |
| Palme turizam d.o.o. | Yes | Yes |
| Pogača Babin Kuk d.o.o. | Yes | Yes |
| Bugenvilia d.o.o. | Yes | Yes |
| Imperial d.d. | Yes | Yes |
| Hoteli Makarska d.d. | No | Yes |
| Valamar Obertauern GmbH | No | Yes |
| Valamar A GmbH | No | Yes |

| Companies of the consolidation subject | Income statement-previous period | Income statement-current period |
|--|---|---------------------------------|
| | 31.12.2017. | 31.12.2018. |
| Puntižela d.o.o. | 01.01.-30.09. (merged to Valamar Riviera d.d. 31.03.2017.) | - |
| Elafiti Babin kuk d.o.o. | 01.01.-30.09. (merged to Valamar Riviera d.d. 29.12.2017.) | - |
| Valamar hotels & resorts GmbH | - | - |
| Magične stijene d.o.o. | 01.01.-31.12. | 01.01.-31.12. |
| Palme turizam d.o.o. | 01.01.-31.12. | 01.01.-31.12. |
| Pogača Babin Kuk d.o.o. | 01.01.-31.12. | 01.01.-31.12. |
| Bugenvilia d.o.o. | 01.01.-31.12. | 01.01.-31.12. |
| Imperial d.d. | 01.01.-31.12. | 01.01.-31.12. |
| Hoteli Makarska d.d. | - | 01.08.-31.12. |
| Valamar Obertauern GmbH | - | 01.11.-31.12. |
| Valamar A GmbH | - | 01.08.-31.12. |

Balance Sheet (as at 31.12.2018)**Taxpayer: 36201212847; Valamar Riviera d.d.**

| Item 1 | ADP code 2 | Preceding year 3 | Current year 4 |
|--|------------------|------------------------|----------------------|
| A) SUBSCRIBED CAPITAL UNPAID | 001 | | |
| B) NON CURRENT ASSETS (ADP 003+010+020+031+036) | 002 | 4.321.068.373 | 4.745.258.461 |
| I. INTANGIBLE ASSETS (ADP 004 to 009) | 003 | 44.533.715 | 52.117.007 |
| 1. Research and Development expenditure | 004 | | |
| 2. Patents, licences, royalties, trademarks and service marks, software and similar rights | 005 | 37.646.206 | 44.689.688 |
| 3. Goodwill | 006 | 6.567.609 | 6.567.609 |
| 4. Prepayments for intangible assets | 007 | | |
| 5. Intangible assets under construction | 008 | 319.900 | 859.710 |
| 6. Other intangible assets | 009 | | |
| II. TANGIBLE ASSETS (ADP 011 to 019) | 010 | 3.697.439.264 | 3.956.425.253 |
| 1. Land | 011 | 633.926.337 | 644.865.439 |
| 2. Property | 012 | 2.416.617.894 | 2.589.871.537 |
| 3. Plants and equipment | 013 | 345.844.344 | 398.353.730 |
| 4. Tools, plants and vehicles | 014 | 89.672.494 | 113.623.233 |
| 5. Biological asset | 015 | | |
| 6. Prepayments for tangible assets | 016 | 23.166.558 | 3.269.078 |
| 7. Assets under construction | 017 | 137.209.673 | 150.627.634 |
| 8. Other tangible assets | 018 | 40.747.606 | 46.174.128 |
| 9. Investments property | 019 | 10.254.358 | 9.640.474 |
| III. NON-CURRENT FINANCIAL ASSETS (ADP 021 to 030) | 020 | 456.347.314 | 635.859.184 |
| 1. Stakes (shares) in undertakings in a Group | 021 | 452.395.427 | 616.200.941 |
| 2. Investments in other securities of undertakings in a Group | 022 | | |
| 3. Loans, deposits etc given to undertakings in a Group | 023 | | |
| 4. Stakes (shares) in undertakings with participating interest | 024 | | |
| 5. Investments in other securities of undertakings with participating interest | 025 | | |
| 6. Loans, deposits etc given to undertakings with participating interest | 026 | | |
| 7. Investments in securities | 027 | 3.620.830 | 3.959.812 |
| 8. Given loans, deposits and similar | 028 | 191.057 | 15.558.431 |
| 9. Other investments accounted for using the equity method | 029 | | |
| 10. Other non-current financial assets | 030 | 140.000 | 140.000 |
| IV. TRADE RECEIVABLES (ADP 032 to 035) | 031 | 188.176 | 147.290 |
| 1. Receivables from undertakings in a Group | 032 | | |
| 2. Receivables from undertakings with participating interests | 033 | | |
| 3. Trade receivables | 034 | | |
| 4. Other receivables | 035 | 188.176 | 147.290 |
| V. DEFERRED TAX ASSETS | 036 | 122.559.904 | 100.709.727 |
| C) CURENT ASSETS (ADP 038+046+053+063) | 037 | 291.552.583 | 228.130.083 |
| I. INVENTORIES (ADP 039 to 045) | 038 | 23.913.513 | 22.899.786 |
| 1. Raw materials and consumables | 039 | 23.767.779 | 22.761.740 |
| 2. Work in progress | 040 | | |
| 3. Finished products | 041 | | |
| 4. Merchandise | 042 | 145.734 | 138.046 |
| 5. Prepayments for inventories | 043 | | |
| 6. Other available-for-sale assets | 044 | | |
| 7. Biological asset | 045 | | |
| II. RECEIVABLES (ADP 047 to 052) | 046 | 29.405.487 | 36.668.851 |
| 1. Receivables from undertakings in a Group | 047 | 3.392.515 | 1.879.447 |
| 2. Receivables from undertakings with participating interest | 048 | | |
| 3. Trade receivables | 049 | 12.221.884 | 29.757.242 |
| 4. Receivables from employees and members of the undertaking | 050 | 1.171.905 | 1.366.667 |
| 5. Receivables from Government and other institutions | 051 | 10.812.531 | 2.275.769 |
| 6. Other receivables | 052 | 1.806.652 | 1.389.726 |
| III. CURRENT FINANCIAL ASSETS (ADP 054 to 062) | 053 | 832.773 | 28.300 |
| 1. Stakes (shares) in undertakings in a Group | 054 | | |
| 2. Investments in other securities of undertakings in a Group | 055 | | |
| 3. Loans, deposits etc given to undertakings in a Group | 056 | 25.800 | 28.300 |
| 4. Stakes(shares) in undertakings with participating interest | 057 | | |
| 5. Investments in other securities of undertakings with participating interest | 058 | | |
| 6. Loans, deposits etc given to undertakings with participating interest | 059 | | |
| 7. Investments in securities | 060 | | |
| 8. Given loans, deposits and similar | 061 | 702.891 | |
| 9. Other financial assets | 062 | 104.082 | |
| IV. CASH AND CASH EQUIVALENTS | 063 | 237.400.810 | 168.533.146 |
| D) PREPAYMENTS AND ACCRUED INCOME | 064 | 19.416.287 | 24.218.271 |
| E) TOTAL ASSETS (ADP 001+002+037+064) | 065 | 4.632.037.243 | 4.997.606.815 |
| F) OFF-BALANCE SHEET ITEMS | 066 | 54.545.066 | 54.446.042 |

Balance Sheet (as at 31.12.2018) (continued)
Taxpayer: 36201212847; Valamar Riviera d.d.

| Item 1 | ADP code 2 | Preceding year 3 | Current year 4 |
|--|------------------|------------------------|----------------------|
| LIABILITIES | | | |
| A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087) | 067 | 2.395.468.296 | 2.474.760.657 |
| I. SHARE CAPITAL | 068 | 1.672.021.210 | 1.672.021.210 |
| II. CAPITAL RESERVES | 069 | 3.602.906 | 5.304.283 |
| III. RESERVES FROM PROFIT (ADP 071+072-073+074+075) | 070 | 102.055.847 | 94.297.196 |
| 1. Legal reserves | 071 | 83.601.061 | 83.601.061 |
| 2. Reserves for own shares | 072 | 44.815.284 | 96.815.284 |
| 3. Own stocks and shares (deductible items) | 073 | 35.889.621 | 86.119.149 |
| 4. Statutory reserves | 074 | | |
| 5. Other reserves | 075 | 9.529.123 | 0 |
| IV. REVALUATION RESERVES | 076 | | |
| V. FAIR VALUE RESERVES (ADP 078 to 080) | 077 | 634.097 | 905.282 |
| 1. Fair value of financial assets available for sale | 078 | 634.097 | 905.282 |
| 2. Efficient portion of cash flow hedge | 079 | | |
| 3. Efficient portion of foreign net investment hedge | 080 | | |
| VI. RETAINED EARNINGS OR LOSS CARRIED FORWARD (ADP 082-083) | 081 | 385.175.162 | 462.953.210 |
| 1. Retained earnings | 082 | 385.175.162 | 462.953.210 |
| 2. Loss carried forward | 083 | | |
| VII. PROFIT OR LOSS FOR THE FINANCIAL YEAR (ADP 085-086) | 084 | 231.979.074 | 239.279.476 |
| 1. Profit for the financial year | 085 | 231.979.074 | 239.279.476 |
| 2. Loss for the financial year | 086 | | |
| VIII. MINORITY INTEREST | 087 | | |
| B) PROVISIONS (ADP 089 to 094) | 088 | 31.597.492 | 35.699.314 |
| 1. Provisions for pensions, severance pay and similar liabilities | 089 | 4.665.359 | 7.894.989 |
| 2. Provisions for tax obligations | 090 | | |
| 3. Provisions for litigations in progress | 091 | 26.932.133 | 27.804.325 |
| 4. Provisions for renewal of natural resources | 092 | | |
| 5. Provision for costs within warranty period | 093 | | |
| 6. Other provisions | 094 | | |
| C) NON-CURRENT LIABILITIES (ADP 096 to 106) | 095 | 1.739.431.226 | 2.001.600.459 |
| 1. Liabilities to related parties | 096 | | |
| 2. Liabilities for loans, deposits etc of undertakings in a Group | 097 | | |
| 3. Liabilities to undertakings with participating interest | 098 | | |
| 4. Liabilities for loans, deposits etc of undertakings with participating interest | 099 | | |
| 5. Liabilities for loans, deposits and other | 100 | | |
| 6. Liabilities to banks and other financial institutions | 101 | 1.721.763.614 | 1.978.757.713 |
| 7. Liabilities for advance payments | 102 | | |
| 8. Trade payables | 103 | | |
| 9. Amounts payable for securities | 104 | | |
| 10. Other non-current liabilities | 105 | 1.585.824 | 7.615.740 |
| 11. Deferred tax | 106 | 16.081.788 | 15.227.006 |
| D) CURRENT LIABILITIES (ADP 108 to 121) | 107 | 369.130.888 | 374.287.286 |
| 1. Liabilities to undertakings in a Group | 108 | 377.577 | 196.105 |
| 2. Liabilities for loans, deposits etc of undertakings in a Group | 109 | | |
| 3. Liabilities to undertakings with participating interest | 110 | | |
| 4. Liabilities for loans, deposits etc of undertakings with participating interest | 111 | | |
| 5. Liabilities for loans, deposits and other | 112 | | |
| 6. Liabilities to banks and other financial institutions | 113 | 184.701.848 | 203.359.113 |
| 7. Amounts payable for prepayment | 114 | 30.708.993 | 34.734.630 |
| 8. Trade payables | 115 | 121.224.757 | 102.714.900 |
| 9. Liabilities upon loan stocks | 116 | | |
| 10. Liabilities to employees | 117 | 20.606.875 | 22.822.891 |
| 11. Taxes, contributions and similar liabilities | 118 | 10.270.639 | 9.464.523 |
| 12. Liabilities arising from share in the result | 119 | 72.403 | 9.600 |
| 13. Liabilities arising from non-current assets held for sale | 120 | | |
| 14. Other current liabilities | 121 | 1.167.796 | 985.524 |
| E) ACCRUED EXPENSES AND DEFERRED INCOME | 122 | 96.409.341 | 111.259.099 |
| F) TOTAL LIABILITIES (ADP 067+088+095+107+122) | 123 | 4.632.037.243 | 4.997.606.815 |
| G) OFF-BALANCE SHEET ITEMS | 124 | 54.545.066 | 54.446.042 |

Income Statement (for 01.01.2018 to 31.12.2018)

Taxpayer: 36201212847; Valamar Riviera d.d.

| Item | ADP code | Preceding period | | Current period | |
|---|------------|----------------------|---------------------|----------------------|---------------------|
| | | Cummulative | Quarter | Cummulative | Quarter |
| 1 | 2 | 3 | 4 | 5 | 6 |
| I. OPERATING INCOME (ADP 126+127+128+129+130) | 125 | 1.636.413.207 | 94.113.701 | 1.788.691.935 | 112.856.178 |
| 1. Revenues from sales with undertakings in a Group | 126 | 13.865.641 | 4.434.601 | 18.501.792 | 4.451.218 |
| 2. Sales revenues (outside the Group) | 127 | 1.602.798.436 | 82.611.424 | 1.750.101.402 | 100.123.048 |
| 3. Revenues from use of own products, goods and services | 128 | 5.191.926 | 2.055.831 | 328.628 | 55.736 |
| 4. Other operating revenues with undertakings in a Group | 129 | 46.785 | 4.544 | 53.245 | 7.327 |
| 5. Other operating revenues (outside the Group) | 130 | 14.510.419 | 5.007.301 | 19.706.868 | 8.218.849 |
| II. OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153) | 131 | 1.396.220.124 | 315.847.272 | 1.512.025.945 | 339.762.934 |
| 1. Changes in inventories of finished products and work in progress | 132 | | | | |
| 2. Material costs (ADP 134 to 136) | 133 | 511.785.310 | 93.141.886 | 501.402.765 | 78.654.200 |
| a) Cost of raw materials & consumables | 134 | 274.645.200 | 33.043.011 | 294.408.484 | 31.496.097 |
| b) Cost of goods sold | 135 | 2.850.429 | 100.984 | 3.276.436 | 214.402 |
| c) Other costs | 136 | 234.289.681 | 59.997.891 | 203.717.845 | 46.943.701 |
| 3. Staff costs (ADP 138 to 140) | 137 | 443.751.031 | 99.266.955 | 487.757.455 | 109.870.343 |
| a) Net salaries | 138 | 269.924.542 | 62.910.131 | 297.438.400 | 69.067.393 |
| b) Employee income tax | 139 | 111.612.209 | 22.453.475 | 123.009.680 | 25.723.623 |
| c) Tax on payroll | 140 | 62.214.280 | 13.903.349 | 67.309.375 | 15.079.327 |
| 4. Depreciation and amortisation | 141 | 283.465.960 | 67.852.811 | 344.691.659 | 90.980.260 |
| 5. Other expenditures | 142 | 133.772.749 | 38.232.183 | 159.208.901 | 45.601.381 |
| 6. Value adjustment (ADP 144+145) | 143 | 112.132 | 42.495 | 296.981 | 213.403 |
| a) non-current assets (without financial assets) | 144 | | | | |
| b) current assets (without financial assets) | 145 | 112.132 | 42.495 | 296.981 | 213.403 |
| 7. Provisions (ADP 147 to 152) | 146 | 5.086.540 | 5.086.540 | 5.978.624 | 5.978.624 |
| a) Provision for pensions, severance payments and other employment benefits | 147 | 4.665.359 | 4.665.359 | 3.939.257 | 3.939.257 |
| b) Provisions for tax liabilities | 148 | | | | |
| c) Provisions for litigations in progress | 149 | 421.181 | 421.181 | 2.039.367 | 2.039.367 |
| d) Provisions for renewal of natural resources | 150 | | | | |
| e) Provision for costs within warranty period | 151 | | | | |
| f) Other provisions | 152 | | | | |
| 8. Other operating expenses | 153 | 18.246.402 | 12.224.402 | 12.689.560 | 8.464.723 |
| III. FINANCIAL INCOME (ADP 155 to 164) | 154 | 59.584.924 | 3.962.094 | 59.553.898 | 4.138.535 |
| 1. Income from stakes (shares) in undertakings in a Group | 155 | | | 6.050.776 | 0 |
| 2. Income from stakes (shares) in undertakings with participating interest | 156 | | | | |
| 3. Income from other non-current financial investments and loans to undertakings in a Group | 157 | | | | |
| 4. Other interest income from undertakings in a Group | 158 | | | | |
| 5. Foreign exchange differences and other financial income from undertakings in a Group | 159 | | | | |
| 6. Income from other non-current financial investments and loans | 160 | | | | |
| 7. Other interest income | 161 | 467.081 | 306.044 | 459.866 | 118.790 |
| 8. Foreign exchange differences and other financial income | 162 | 48.589.480 | 2.872.190 | 44.543.942 | 2.484.053 |
| 9. Unrealized gains (income) from the financial assets | 163 | 7.520.020 | 421.969 | 4.696.029 | 0 |
| 10. Other financial income | 164 | 3.008.343 | 361.891 | 3.803.285 | 1.535.692 |
| IV. FINANCIAL COSTS (ADP 166 to 172) | 165 | 82.068.385 | 14.668.555 | 76.012.814 | 20.547.263 |
| 1. Interest expenses and similar expenses with undertakings in a Group | 166 | | | | |
| 2. Foreign exchange differences and other expenses with undertakings in a Group | 167 | | | | |
| 3. Interest expenses and similar | 168 | 37.199.453 | 9.192.669 | 45.277.357 | 12.034.216 |
| 4. Foreign exchange differences and other expenses | 169 | 31.145.877 | 4.101.469 | 17.040.290 | 756.434 |
| 5. Unrealized loss (expenses) from the financial assets | 170 | 6.761.354 | 770.400 | 10.757.668 | 5.671.223 |
| 6. Value adjustment expense on financial assets (net) | 171 | 5.629.924 | 0 | | |
| 7. Other financial expenses | 172 | 1.331.777 | 604.017 | 2.937.499 | 2.085.390 |
| V. SHARE OF PROFIT FROM UNDERTAKINGS WITH PARTICIPATING INTEREST | 173 | | | | |
| VI. SHARE OF PROFIT FROM JOINT VENTURES | 174 | | | | |
| VII. SHARE OF LOSS FROM UNDERTAKINGS WITH PARTICIPATING INTEREST | 175 | | | | |
| VIII. SHARE OF LOSS FROM JOINT VENTURES | 176 | | | | |
| IX. TOTAL INCOME (ADP 125+154+173+174) | 177 | 1.695.998.131 | 98.075.795 | 1.848.245.833 | 116.994.713 |
| X. TOTAL EXPENSES (ADP 131+165+175+176) | 178 | 1.478.288.509 | 330.515.827 | 1.588.038.759 | 360.310.197 |
| XI. PROFIT OR LOSS BEFORE TAX (ADP 177-178) | 179 | 217.709.622 | -232.440.032 | 260.207.074 | -243.315.484 |
| 1. Profit before tax (ADP 177-178) | 180 | 217.709.622 | -232.440.032 | 260.207.074 | -243.315.484 |
| 2. Loss before tax (ADP 178-177) | 181 | 0 | 0 | 0 | 0 |
| XII. INCOME TAX EXPENSE | 182 | -14.269.452 | | 20.927.598 | |
| XIII. PROFIT OR LOSS FOR THE PERIOD (ADP 179-182) | 183 | 231.979.074 | -232.440.032 | 239.279.476 | -243.315.484 |
| 1. Profit for the period (ADP 179-182) | 184 | 231.979.074 | -232.440.032 | 239.279.476 | -243.315.484 |
| 2. Loss for the period (ADP 182-179) | 185 | 0 | 0 | 0 | 0 |

Income Statement (for 01.01.2018 to 31.12.2018) (continued)**Taxpayer: 36201212847; Valamar Riviera d.d.**

| Item | ADP code | Preceding period | | Current period | |
|------|----------|------------------|---------|----------------|---------|
| | | Cummulative | Quarter | Cummulative | Quarter |
| 1 | 2 | 3 | 4 | 5 | 6 |

PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (applicable for entities which use IFRS and have discontinued operations)

| | |
|---|------------|
| XIV. PROFIT OR LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX (ADP 187-188) | 186 |
| 1. Profit before tax from discontinued operations | 187 |
| 2. Loss before tax from discontinued operations | 188 |
| XV. INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS | 189 |
| 1. Profit for the period from discontinued operations (ADP 186-189) | 190 |
| 2. Loss for the period from discontinued operations (ADP 189-186) | 191 |

TOTAL PROFIT OR LOSS FOR THE PERIOD (applicable for entities which use IFRS and have discontinued operations)

| | |
|---|------------|
| XVI. PROFIT OR LOSS BEFORE TAX (ADP 179+186) | 192 |
| 1. Profit before tax (ADP 192) | 193 |
| 2. Loss before tax (ADP 192) | 194 |
| XVII. INCOME TAX EXPENSE (ADP 182+189) | 195 |
| XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 192-195) | 196 |
| 1. Profit for the period (ADP 192-195) | 197 |
| 2. Loss for the period (ADP 195-192) | 198 |

APPENDIX TO THE INCOME STATEMENT (to be completed by entities submitting consolidated financial statements)

| | | | | | |
|---|------------|--------------------|---------------------|--------------------|---------------------|
| XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 200+201) | 199 | 231.979.074 | -232.440.032 | 239.279.476 | -243.315.484 |
| 1. Attributable to parent company's shareholders | 200 | 231.979.074 | -232.440.032 | 239.279.476 | -243.315.484 |
| 2. Attributable to non-controlling interests | 201 | | | | |

STATEMENT OF OTHER COMPREHENSIVE INCOME (to be completed by entities subject to IFRS)

| | | | | | |
|---|------------|--------------------|---------------------|--------------------|---------------------|
| I. PROFIT OR LOSS FOR THE PERIOD | 202 | 231.979.074 | -232.440.032 | 239.279.476 | -243.315.484 |
| II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (ADP 204 to 211) | 203 | 450.979 | 450.979 | 338.982 | 338.982 |
| 1. Exchange differences arising from foreign operations | 204 | | | | |
| 2. Revaluation of non-current assets and intangible assets | 205 | | | | |
| 3. Gains or loss available for sale investments | 206 | 450.979 | 450.979 | 338.982 | 338.982 |
| 4. Gains or loss on net movement on cash flow hedges | 207 | | | | |
| 5. Gains or loss on net investments hedge | 208 | | | | |
| 6. Share of the other comprehensive income/loss of associates | 209 | | | | |
| 7. Actuarial gain/loss on post employment benefit obligations | 210 | | | | |
| 8. Other changes in capital (minorities) | 211 | | | | |
| III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD | 212 | 90.195 | 90.195 | 67.796 | 67.796 |
| IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (ADP 203-212) | 213 | 360.784 | 360.784 | 271.186 | 271.186 |
| V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 202+213) | 214 | 232.339.858 | -232.079.248 | 239.550.662 | -243.044.298 |

APPENDIX to the Statement of Comprehensive Income (to be completed by entities submitting consolidated financial statements)

| | |
|--|------------|
| VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 216+217) | 215 |
| 1. Attributable to parent company's shareholders | 216 |
| 2. Attributable to non-controlling interests | 217 |

Cash Flow Statement - Indirect Method (for 01.01.2018 to 31.12.2018)**Taxpayer: 36201212847; Valamar Riviera d.d.**

| Item | ADP code | Preceding period | Current period |
|--|------------|---------------------|---------------------|
| 1 | 2 | 3 | 4 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| 1. Profit before taxes | 001 | 217.709.622 | 260.207.073 |
| 2. Adjustments (ADP 003 to 010) | 002 | 323.378.635 | 382.377.351 |
| a) Depreciation and amortisation | 003 | 283.465.960 | 344.691.659 |
| b) Profit and loss from sales and value adjustments of non-current tangible and intangible assets | 004 | 10.492.924 | 4.448.024 |
| c) Profit and loss from sales and unrealised profit and loss and value adjustments of financial assets | 005 | -211.830 | 1.440.100 |
| d) Income from interest and dividends | 006 | -436.947 | -204.629 |
| e) Interest expenses | 007 | 38.531.230 | 46.213.364 |
| f) Provisions | 008 | 6.707.753 | 7.049.970 |
| g) Foreign exchange differences (unrealized) | 009 | -13.101.550 | -27.175.314 |
| h) Other adjustments for non-cash transactions and unrealized profit and loss | 010 | -2.068.905 | 5.914.177 |
| I. Increase or decrease of cash flow before changes in working capital (ADP 001+002) | 011 | 541.088.257 | 642.584.424 |
| 3. Changes in working capital (ADP 013 to 016) | 012 | 33.035.631 | -21.944.066 |
| a) Increase or decrease of current liabilities | 013 | 1.433.296 | 4.209.742 |
| b) Increase or decrease of current receivables | 014 | 37.262.296 | -27.169.779 |
| c) Increase or decrease of inventories | 015 | -5.659.961 | 1.015.971 |
| d) Other increase or decrease of working capital | 016 | | |
| II. Cash from operating activities (ADP 011+012) | 017 | 574.123.888 | 620.640.358 |
| 4. Interest | 018 | -38.109.984 | -42.657.019 |
| 5. Income tax paid | 019 | 102.419 | 53.533 |
| A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019) | 020 | 536.116.323 | 578.036.872 |
| CASH FLOW FROM INVESTMENT ACTIVITIES | | | |
| 1. Proceeds from sale of non-current assets | 021 | 3.469.847 | 5.144.096 |
| 2. Proceeds from selling financial instruments | 022 | 1.808.303 | 50.000 |
| 3. Proceeds from interest rates | 023 | 639.234 | 707.828 |
| 4. Proceeds from dividends | 024 | 579.153 | 6.152.793 |
| 5. Proceeds from repayment of given loans and savings | 025 | 11.143.895 | 905.491 |
| 6. Other proceeds from investment activities | 026 | 338.416 | 333.341 |
| III. Total cash proceeds from investment activities (ADP 021 to 026) | 027 | 17.978.848 | 13.293.549 |
| 1. Purchase of non-current tangible and intangible assets | 028 | -860.324.118 | -630.494.466 |
| 2. Purchase of financial instruments | 029 | | |
| 3. Loans and deposits for the period | 030 | -10.615.679 | -175.676 |
| 4. Acquisition of subsidiary, net of acquired cash | 031 | -6.207.552 | -165.484.114 |
| 5. Other payments from investment activities | 032 | | |
| IV. Total cash payments from investment activities (ADP 028 to 032) | 033 | -877.147.349 | -796.154.256 |
| B) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033) | 034 | -859.168.501 | -782.860.707 |
| CASH FLOW FROM FINANCIAL ACTIVITIES | | | |
| 1. Proceeds from increase of subscribed capital | 035 | | |
| 2. Proceeds from issuing equity-based and debt-based financial instruments | 036 | | |
| 3. Proceeds from loan principal, loans and other borrowings | 037 | 582.241.802 | 488.930.130 |
| 4. Other proceeds from financial activities | 038 | | |
| V. Total proceeds from financial activities (ADP 035 to 038) | 039 | 582.241.802 | 488.930.130 |
| 1. Repayment of loan principals, loans and other borrowings and debt-based financial instruments | 040 | -161.094.158 | -189.538.155 |
| 2. Dividends paid | 041 | -98.342.353 | -111.730.149 |
| 3. Payment of finance lease liabilities | 042 | | |
| 4. Re-purchase of treasury shares and decrease in subscribed share capital | 043 | | -51.705.655 |
| 5. Other payments from financial activities | 044 | | |
| VI. Total cash payments from financing activities (ADP 040 to 044) | 045 | -259.436.511 | -352.973.959 |
| C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045) | 046 | 322.805.291 | 135.956.171 |
| 1. Cash and cash equivalents-unrealized foreign exchange differences | 047 | | |
| D) NET INCREASE OR DECREASE OF CASH FLOW (ADP 020+034+046+047) | 048 | -246.887 | -68.867.664 |
| E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD | 049 | 237.647.697 | 237.400.810 |
| F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049) | 050 | 237.400.810 | 168.533.146 |

Statement of Changes in Equity (for the period from 01.01.2018 to 31.12.2018)
Taxpayer: 36201212847; Valamar Riviera d.d.

| Description | ADP | Distributable to majority owners | | | | | | | | | | | | | | Minority (non-controlling) interest | Total capital and reserves | |
|--|-----------|----------------------------------|------------------|-------------------|-------------------------|--|--------------------|-------------------|----------------------|---|--------------------------------------|---|--|--------------------------------|--|-------------------------------------|----------------------------|--|
| | | Subscribed Share capital | Capital reserves | Legal reserves | Reserves for own shares | Treasury shares and shares (deductible item) | Statutory reserves | Other reserves | Revaluation reserves | Fair value of financial assets available for sale | Efficient portion of cash flow hedge | Efficient portion of foreign net investment hedge | Retained earnings / loss carried forward | Net profit/loss for the period | Total distributable to majority owners | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 (3 to 6 - 7 + 8 to 15) | 17 | 18 (16+17) | |
| Previous period | | | | | | | | | | | | | | | | | | |
| 1. Balance at 1 January of the previous period | 01 | 1.672.021.210 | 2.204.690 | 67.198.750 | 44.815.284 | 37.141.295 | 0 | 9.529.123 | 0 | 273.313 | 0 | 0 | 228.523.684 | 336.657.721 | 2.324.082.480 | | 2.324.082.480 | |
| 2. Changes in accounting policies | 02 | | | | | | | | | | | | | | 0 | | 0 | |
| 3. Error correction | 03 | | | | | | | | | | | | | | 0 | | 0 | |
| 4. Balance at 1 January of the previous period (ADP 01 to 03) | 04 | 1.672.021.210 | 2.204.690 | 67.198.750 | 44.815.284 | 37.141.295 | 0 | 9.529.123 | 0 | 273.313 | 0 | 0 | 228.523.684 | 336.657.721 | 2.324.082.480 | 0 | 2.324.082.480 | |
| 5. Profit/loss for the period | 05 | | | | | | | | | | | | | | 231.979.074 | | 231.979.074 | |
| 6. Foreign currency translation differences- foreign operations | 06 | | | | | | | | | | | | | | 0 | | 0 | |
| 7. Changes in revaluation reserves of non-current tangible and intangible assets | 07 | | | | | | | | | | | | | | 0 | | 0 | |
| 8. Profit or loss from re-evaluation of financial assets held for sale | 08 | | | | | | | | | 450.979 | | | | | 450.979 | | 450.979 | |
| 9. Profit or loss from cash flow hedge | 09 | | | | | | | | | | | | | | 0 | | 0 | |
| 10. Profit or loss from foreign net investment hedge | 10 | | | | | | | | | | | | | | 0 | | 0 | |
| 11. Share in other comprehensive income/loss from undertakings with participating interest | 11 | | | | | | | | | | | | | | 0 | | 0 | |
| 12. Actuarial gains/losses from defined benefit plans | 12 | | | | | | | | | | | | | | 0 | | 0 | |
| 13. Other changes in capital (minorities) | 13 | | | | | | | | | | | | | | 0 | | 0 | |
| 14. Taxation of transactions recognized directly in equity | 14 | | | | | | | | | -90.195 | | | | | -90.195 | | -90.195 | |
| 15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement) | 15 | | | | | | | | | | | | | | 0 | | 0 | |
| 16. Increase of subscribed share capital by profit reinvestment | 16 | | | | | | | | | | | | | | 0 | | 0 | |
| 17. Increase of subscribed share capital in pre-bankruptcy settlement | 17 | | | | | | | | | | | | | | 0 | | 0 | |
| 18. Repurchase of own shares/stakes | 18 | | | | | -1.251.674 | | | | | | | | | 1.251.674 | | 1.251.674 | |
| 19. Share in profit/dividend payout | 19 | | | | | | | | | | | | | | 0 | | 0 | |
| 20. Other distribution to majority owners | 20 | | 1.398.216 | | | | | | | | | | | | -99.352.193 | | -97.953.977 | |
| 21. Transfer to reserves according to annual plan | 21 | | | 16.402.311 | | | | | | | | | | 256.003.671 | -336.657.721 | -64.251.739 | -64.251.739 | |
| 22. Increase in reserves in pre-bankruptcy settlement | 22 | | | | | | | | | | | | | | 0 | | 0 | |
| 23. Balance at 31 December of previous period (ADP 04 to 22) | 23 | 1.672.021.210 | 3.602.906 | 83.601.061 | 44.815.284 | 35.889.621 | 0 | 9.529.123 | 0 | 634.097 | 0 | 0 | 385.175.162 | 231.979.074 | 2.395.468.296 | 0 | 2.395.468.296 | |
| ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters) | | | | | | | | | | | | | | | | | | |
| I. OTHER COMPREHENSIVE INCOME OF PREVIOUS PERIOD NET OF TAX (ADP 06 to 14) | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 360.784 | 0 | 0 | 0 | 0 | 360.784 | 0 | 360.784 | |
| II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24) | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 360.784 | 0 | 0 | 0 | 231.979.074 | 232.339.858 | 0 | 232.339.858 | |
| III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 15 to 22) | 26 | 0 | 1.398.216 | 16.402.311 | 0 | -1.251.674 | 0 | 0 | 0 | 0 | 0 | 0 | 156.651.478 | -336.657.721 | -160.954.042 | 0 | -160.954.042 | |
| Current period | | | | | | | | | | | | | | | | | | |
| 1. Balance at 1 January of current period | 27 | 1.672.021.210 | 3.602.906 | 83.601.061 | 44.815.284 | 35.889.621 | 0 | 9.529.123 | 0 | 634.097 | 0 | 0 | 385.175.162 | 231.979.074 | 2.395.468.296 | 0 | 2.395.468.296 | |
| 2. Changes in accounting policies | 28 | | | | | | | | | | | | | | 0 | | 0 | |
| 3. Error correction | 29 | | | | | | | | | | | | | | 0 | | 0 | |
| 4. Balance at 1 January of current period (ADP 27 to 29) | 30 | 1.672.021.210 | 3.602.906 | 83.601.061 | 44.815.284 | 35.889.621 | 0 | 9.529.123 | 0 | 634.097 | 0 | 0 | 385.175.162 | 231.979.074 | 2.395.468.296 | 0 | 2.395.468.296 | |
| 5. Profit/loss for the period | 31 | | | | | | | | | | | | | | 239.279.476 | | 239.279.476 | |
| 6. Foreign currency translation differences- foreign operations | 32 | | | | | | | | | | | | | | 0 | | 0 | |
| 7. Changes in revaluation reserves of non-current tangible and intangible assets | 33 | | | | | | | | | | | | | | 0 | | 0 | |
| 8. Profit or loss from re-evaluation of financial assets held for sale | 34 | | | | | | | | | 338.982 | | | | | 338.982 | | 338.982 | |
| 9. Profit or loss from cash flow hedge | 35 | | | | | | | | | | | | | | 0 | | 0 | |
| 10. Profit or loss from foreign net investment hedge | 36 | | | | | | | | | | | | | | 0 | | 0 | |
| 11. Share in other comprehensive income/loss from undertakings with participating interest | 37 | | | | | | | | | | | | | | 0 | | 0 | |
| 12. Actuarial gains/losses from defined benefit plans | 38 | | | | | | | | | | | | | | 0 | | 0 | |
| 13. Other changes in capital (minorities) | 39 | | | | | | | | | | | | | | 0 | | 0 | |
| 14. Taxation of transactions recognized directly in equity | 40 | | | | | | | | | -67.797 | | | | | -67.797 | | -67.797 | |
| 15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement) | 41 | | | | | | | | | | | | | | 0 | | 0 | |
| 16. Increase of subscribed share capital by profit reinvestment | 42 | | | | | | | | | | | | | | 0 | | 0 | |
| 17. Increase of subscribed share capital in pre-bankruptcy settlement | 43 | | | | | | | | | | | | | | 0 | | 0 | |
| 18. Repurchase of own shares/stakes | 44 | | | | | 51.705.655 | | | | | | | | | -51.705.655 | | -51.705.655 | |
| 19. Share in profit/dividend payout | 45 | | 356.885 | | | -393.563 | | | | | | | | -111.730.149 | -110.979.701 | | -110.979.701 | |
| 20. Other distribution to majority owners | 46 | | 1.344.492 | | | -1.082.564 | | | | | | | | | 2.427.056 | | 2.427.056 | |
| 21. Transfer to reserves according to annual plan | 47 | | | | 52.000.000 | | | -9.529.123 | | | | | | 189.508.197 | -231.979.074 | 0 | 0 | |
| 22. Increase in reserves in pre-bankruptcy settlement | 48 | | | | | | | | | | | | | | 0 | | 0 | |
| 23. Balance as at 31 December of the current period (ADP 30 to 48) | 49 | 1.672.021.210 | 5.304.283 | 83.601.061 | 96.815.284 | 86.119.149 | 0 | 0 | 0 | 905.282 | 0 | 0 | 462.953.210 | 239.279.476 | 2.474.760.657 | 0 | 2.474.760.657 | |
| ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters) | | | | | | | | | | | | | | | | | | |
| I. OTHER COMPREHENSIVE INCOME OF CURRENT PERIOD, NET OF TAX (ADP 32 to 40) | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 271.185 | 0 | 0 | 0 | 0 | 271.185 | 0 | 271.185 | |
| II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31 + 50) | 51 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 271.185 | 0 | 0 | 0 | 239.279.476 | 239.550.661 | 0 | 239.550.661 | |
| III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 41 to 48) | 52 | 0 | 1.701.377 | 0 | 52.000.000 | 50.229.528 | 0 | -9.529.123 | 0 | 0 | 0 | 0 | 77.778.048 | -231.979.074 | -160.258.300 | 0 | -160.258.300 | |

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