



*Maro World (visualization), Dubrovnik*

## BUSINESS RESULTS 1/1/2023 - 31/3/2023

## ABOUT VALAMAR

Valamar is Croatia's leading tourism company operating hotels, resorts and camping resorts in prime destinations – Istria, the islands of Krk, Rab and Hvar, Makarska, Dubrovnik, and Obertauern in Austria. With over 21,000 commercial keys, Valamar's 37 hotels and resorts and 15 camping resorts can welcome around 58,000 guests daily and provide perfect holidays for each guest. Valamar creates authentic guest experiences in partnership with its destinations, and with investments over HRK 6.4 billion in the last 19 years, Valamar is one of the top Croatian and regional investors in tourism.

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

*Tourism portfolio of Valamar Group*



## KEY MESSAGES

### BUSINESS RESULTS

Due to the seasonal nature of Croatian tourism, the share of the first quarter in the total annual revenues is commonly very small. After multifold increases in electricity costs and other inflationary pressures, in the autumn of 2022, Valamar decided to shorten the number of operating days at most hotels and campsites for the last quarter of 2022 and the first quarter of 2023. This has impacted revenue generation and the number of realised overnights. On the other hand, very good trends in bookings are encouraging and they indicate a possibly very good tourist season. We are pleased that, compared to last year, this improvement is particularly pronounced in the current status of bookings for our southern destinations, Makarska and Dubrovnik.

In the first quarter of 2023 operating revenue amounted to EUR 7.2 million, which is 8.8% less than for the same period in 2022. Almost 100 thousand overnights were realised, which represents a decrease of 25.9%, with an increase in the average price of 21.1%. Following a significant increase in electricity costs and increased investments in employees, an operating profit (adjusted EBITDA) of EUR -18.9 million was realised (Q1 2022: EUR -12.0 million).

### INVESTMENTS

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

The investments in Istra Premium Camping Resort are aimed at further quality increase and improvement of the premium segment through an expansion of various types of accommodation units in the camping zone Orlandin (10 new mobile homes). They also cover an expansion of Zone C

REALIZED  
REVENUES  
SOMEWHAT  
LOWER COMPARED  
TO THE FIRST  
QUARTER OF 2022

NEW GROUP'S  
INVESTMENTS OF  
58 MILLION EUROS

with 18 new villas with a swimming pool, a new restaurant called Tuna Bay Grill, the finalisation of Fonte restaurant, an upgrade of the supermarket and outdoor wellness and an expansion of the parking and charging stations for electric vehicles.

The project of reconstructing and repositioning Valamar Tirena Hotel foresees the renovation of this hotel to raise its quality and upgrade its premises. Worn-out equipment elements will be refurbished and working processes will be modernised. After these investments, the hotel's category will be raised to four stars, i.e. the hotel will be repositioned to Valamar Hotels & Resorts 4\*. This will include a complete renovation of all 208 accommodation units and public spaces.

With respect to Valamar Lacroma Hotel, ongoing investments are aimed at improving its quality and doing an interior redesign of the hotel. The investments will cover 48 hotel's accommodation units, its public spaces with an emphasis on the F&B segment, an indoor pool and wellness zone, the new outdoor Mezzino bar, and a swimming pool complex with slides and a sunbathing area.

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

## HUMAN RESOURCES

In 2023, Valamar, as the most desirable employer in the Croatian tourism industry, plans to invest an additional EUR 20 million in the remuneration of its workers. In agreement with its social partners, Valamar is increasing the salaries in its hotel operations. The salaries in Valamar to be paid for the high season are thus being adjusted to European salaries. The salaries for professional jobs - cooks, waiters and receptionists at Valamar's hotels, campsites and resorts, which will be paid in the high season, i.e. in June, July and August, will thus range from EUR 1,200 to 1,800 net. The salaries in the high season for housekeepers, assistant chefs, assistant waiters, kitchen workers, waiters and many others will range from EUR 1,000 to 1,200 net. Valamar continues with a number of its reward programmes that are particularly designed for rewarding excellence, commitment and outstanding results.

VALAMAR IS  
AMONG THE  
TOP 10 MOST  
DESIRABLE  
CROATIAN  
EMPLOYERS

DIVIDEND OF EUR  
0.20 PER SHARE:  
YIELD OF 4.5%

## GENERAL ASSEMBLY

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

Besides the stated decisions, the General Assembly adopted the decision on the alignment of the share capital which now amounts to 221,915,350.00 euro and the decision on amendments to the Articles of Association of the Company. These two decisions are connected with the introduction of the euro as the official currency of the Republic of Croatia. The General Assembly also passed the decision on the pay-out of the dividend in the amount of EUR 0.20 per share (dividend yield of 4.5%), or a total of EUR 24,377,581.40. The dividend will be paid out on 10 May 2023 from retained earnings in 2019. Ex-date, i.e. the date from which the Company's shares are traded without the right to dividend pay-out, was 27 April 2023.



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Ježevac Premium Camping Resort 4\*, Krk Island





Istra Premium Camping Resort 5\*, Poreč



# Results of the Group

## QUARTERLY FINANCIAL STATEMENTS

The Management Board hereby presents the unaudited quarterly financial statements for the period from 1 January 2022 to 31 March 2023.

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

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



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

Krk Premium Camping Resort 4\*, Krk island





KEY FINANCIAL INDICATORS<sup>1</sup>

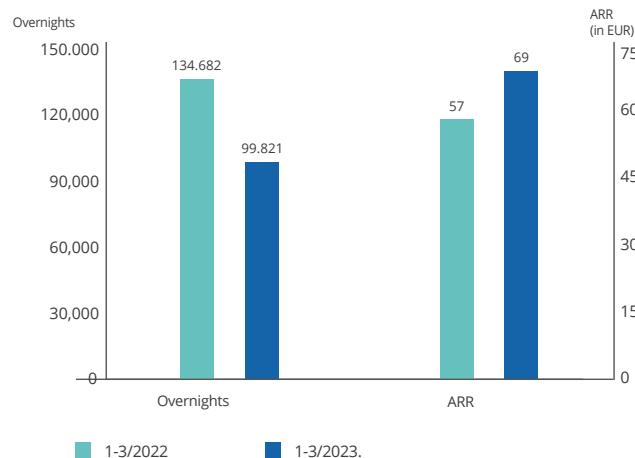
(IN EUR)	1 - 3/2022	1 - 3/2023	2023/2022
Total revenues	9.921.428	7.642.084	-23,0%
Operating income	7.887.140	7.200.537	-8,7%
Sales revenues	6.408.469	6.768.460	5,6%
Board revenues (accommodation and board revenues) <sup>2</sup>	3.733.745	3.564.951	-4,5%
Operating costs <sup>3</sup>	19.375.821	25.904.952	33,7%
EBITDA <sup>4</sup>	-12.040.532	-18.993.903	57,7%
Extraordinary operations result and one-off items <sup>5</sup>	950.900	60.038	-93,7%
Adjusted EBITDA <sup>6</sup>	-12.991.432	-19.053.941	46,7%
EBIT	-28.320.176	-34.906.834	23,3%
Adjusted EBIT <sup>6</sup>	-29.271.076	-34.966.872	19,5%
EBT	-31.730.739	-37.028.710	16,7%
	<b>31/12/2022</b>	<b>31/3/2023</b>	<b>2023/2022</b>
Net debt <sup>7</sup>	242.529.080	260.894.268	7,6%
Cash and cash equivalents	89.299.582	51.985.169	-41,8%
Market capitalization <sup>8</sup>	510.165.244	565.863.664	10,9%
EV <sup>9</sup>	887.143.152	958.014.322	8,0%
Share price	4,05	4,49	10,9%
EPS <sup>9</sup> (for the first quarter)	-0,19	-0,21	10,5%

- 1 Classified according to the Annual Financial Statement (GFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income.
- 2 In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry). Non-commercial properties/data excluded.
- 3 Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.
- 4 EBITDA (eng. earnings before interest, taxes, depreciation and amortization) is calculated as: operating income - total operating costs + depreciation and amortisation + value adjustments.
- 5 Adjustments were made for (i) extraordinary income (in the amount of EUR 342 thous. Q1 2023, and EUR 1.5 million in Q1 2022), (ii) extraordinary expenses (in the amount of EUR 237 thous. in 2023, and EUR 503 thous. in 2022), and (iii) termination benefit costs (in the amount of EUR 44 thous. in 2023, and EUR 36 thous. in 2022).
- 6 Adjusted by the result of extraordinary operations and one-off items.
- 7 Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other + other liabilities according to IFRS 16 (leases) - cash and cash equivalents - long-term and short-term investments in securities - current loans given, deposits, etc.
- 8 Market capitalization is calculated as the total number of shares multiplied by the last share price on 31/12 of a particular year.
- 9 EV refers to enterprise value; calculated as market capitalization + net debt + minority interest. EPS - earnings per share.
- 10 Data for Helios Faros and Valamar Obertauern (after 29 November 2021) are not included. Non-commercial properties/data excluded.
- 11 Average rate is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

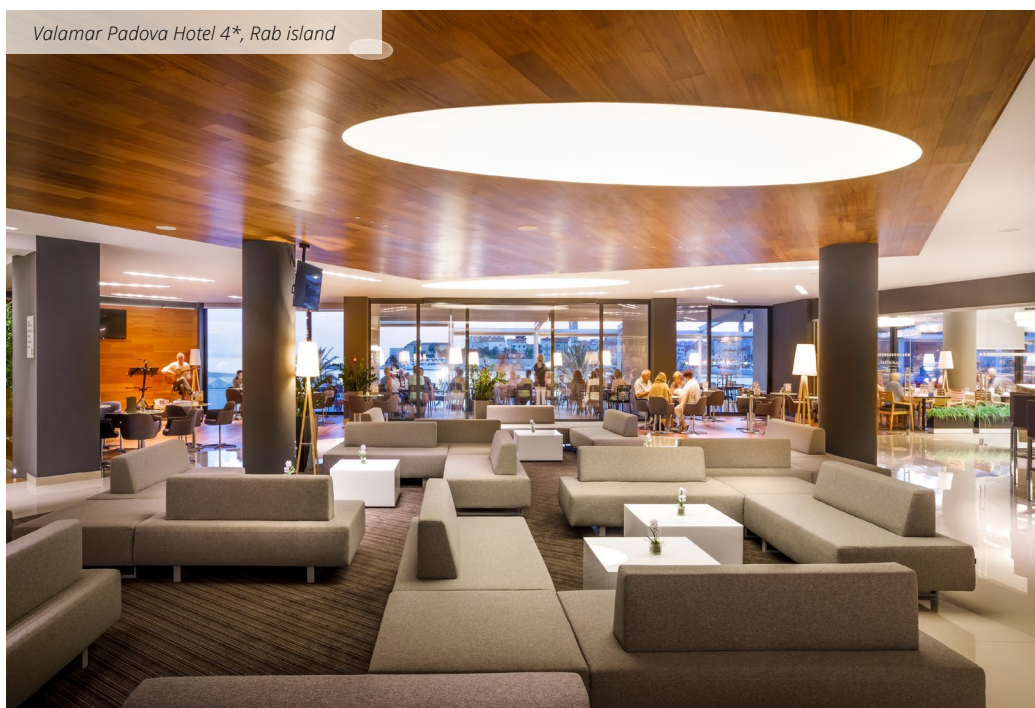
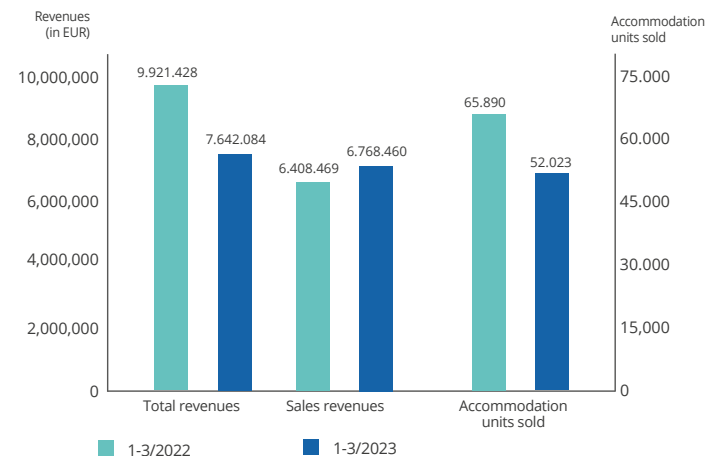
KEY BUSINESS INDICATORS<sup>10</sup>

	1 - 3/2022	1 - 3/2023	2023/2022
Number of accommodation units (capacity)	20.093	20.016	-0,4%
Number of beds	56.142	56.141	0,0%
Accommodation units sold	65.890	52.023	-21,0%
Overnights	134.682	99.821	-25,9%
ARR <sup>11</sup> (in EUR)	57	69	21,1%

## Overnights and ARR



## Revenues and accommodation units sold



In the fall of 2022, Valamar made the decision to reduce the number of working days in most hotels and campsites for the last quarter of 2022 and the first quarter of 2023 due to increase in electricity costs and other inflationary pressures. Average operating days were thus reduced from 11 in the first quarter of 2022 to 7 in the first quarter of 2023. This, of course, affected revenue and the number of achieved overnights. However, current booking trends encourage and point to a possibly very good tourist season.



## REVENUES

In the first quarter of 2023, total revenues amounted to EUR 7.6 million, a decrease of 23.0% (EUR 2.3 million). The total realized revenues were affected by:

a) sales revenue growth of 5.6% (EUR 0,4 million) to the amount of EUR 6.8 million, of which EUR 3.6 million are board revenues. There has been a slight change in the structure of revenues; domestic sales revenues amount to EUR 3.3 million with a share of 49.1% in sales revenues (53.8% in the same period in 2022) and are down by EUR 119 thousand as regards to the comparable period in 2022. With a share of 50.9% in sales revenues (46.2% in the same period 2022), sales revenues on foreign markets amount to EUR 3.4 million, an increase of EUR 479 thousand.

b) decrease of other operating revenues of 71.9% compared to the same period in 2021 to EUR 413 thousand mainly due to lower revenues from the sale of assets.

c) financial revenues amount to EUR 324 thousand and are 83.7% lower than those realized in the same period in 2022, mostly due to the absence of unrealised gains from financial assets (based on the fair value of interest swaps).



Kesselspitze Valamar Collection Hotel, 5\* Obertauern

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

(in EUR)	1-3/2022	1-3/2023	2023/2022
Operating costs <sup>13</sup>	19.375.821	25.904.952	33,7%
Total operating expenses	36.207.316	42.107.371	16,3%
Material costs	6.555.757	9.165.920	39,8%
Staff cost	10.562.845	13.237.198	25,3%
Depreciation and amortisation	16.279.645	15.912.931	-2,3%
Other costs	2.437.540	3.536.860	45,1%
Provisions and value adjustments	0	0	-
Other operating expenses	371.530	254.462	-31,5%

**TOTAL OPERATING EXPENSES**

Total operating expenses amount to EUR 42.1 million and are up by 16.3% from last year's. Breakdown of operating expenses:

a) material costs amount to EUR 9.2 million and are higher by 39.8% mainly as a result of increased costs of raw material, electricity and promotional activities

b) staff costs increased by 25.3% and amount to EUR 13.2 million, after additional investments in salary increases and employee rewards

c) depreciation amounts to EUR 15.9 million, which represents a decrease of 2.3%

d) other costs increased by 45.1% to the amount of EUR 3.5 million. The increase is mainly due to increased costs for food and employee accommodation, costs of work through the agency, utility charges and travel expenses

e) other operating expenses amount to EUR 254 thousand, which represents a decrease of 31.5%.

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

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

## EBITDA AND PROFIT FOR THE PERIOD

The first quarter is generally marked by a characteristic negative EBITDA due to the decreased business volume. Thus, in the first quarter of 2023, a negative adjusted EBITDA amounted to EUR -19.1 million, which represents a decline of 46.7% (i.e. by EUR 6.1 million) compared to the negative adjusted EBITDA realized in the first quarter of 2022 in the amount of EUR -13.0 million.

The main reasons for this are the multiple increases in the price of electricity and increased investments in total employee income. Depreciation and net financial result (explained in more detail in the next paragraph) were at very similar levels over the two observed periods. Therefore, EBT generally followed the development of EBITDA and fell by EUR 5.3 million to the level of EUR -37.0 million.

The Group estimated the increase in deferred tax assets on the realized loss and new investment incentives (the latter refers in its entirety to Imperial Riviera d.d.) and recognised tax revenue of EUR 8.8 million accordingly. The net loss for the period is EUR 28.2 million.

Valamar Carolina Hotel & Villas 4\*, Krk Island



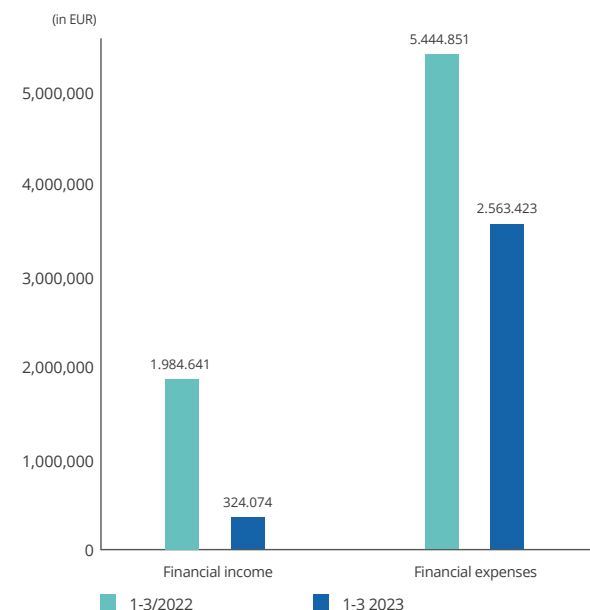
## RESULT FROM FINANCIAL ACTIVITIES

The result of financial activities for the first quarter of 2023 amounts to EUR -2.2 million and has improved by EUR 1.2 million compared to the same period in 2022, when it amounted to EUR -3.4 million.

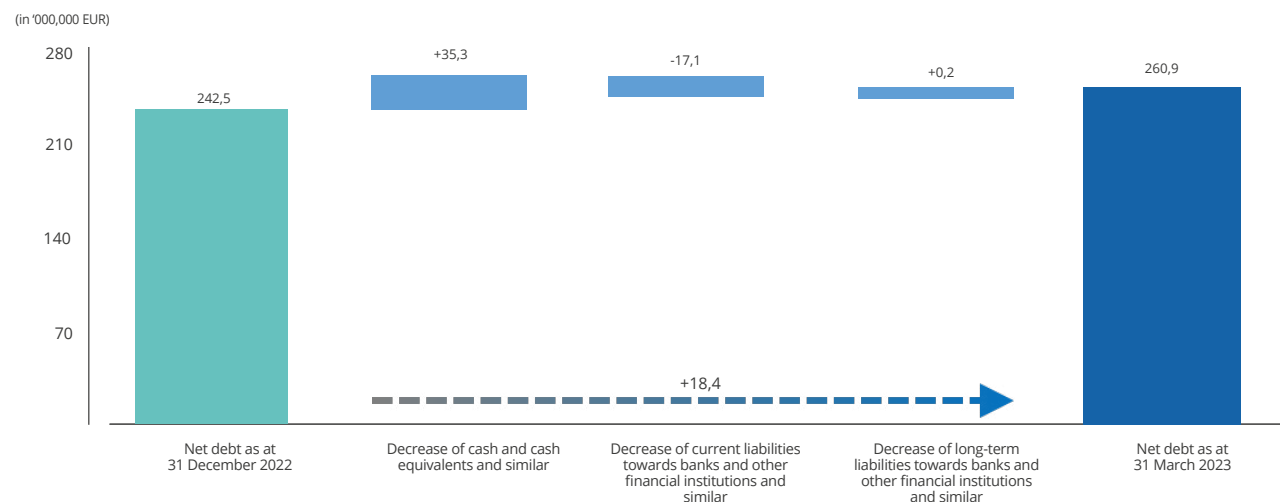
The higher net financial result was mostly the result of the absence of negative exchange rate differences due to the introduction of the euro. Net exchange differences in the first quarter of 2022 amounted to EUR -2.6 million and mainly related to long-term loans denominated in euro. In the first quarter of 2023, exchange differences amount to only EUR -4 thousand and relate to operations with other foreign currencies.

However, unrealised income from financial assets was absent, which was reported in 2022 in the amount of EUR 1.2 million (based on the fair value of interest swaps), while in 2023 unrealised expenses from financial assets in the amount of EUR 256 thousand were reported. Interest expense in the first quarter of 2023 increased by EUR 269 thousand compared to 2022 due to an increase in interest rates.

## Financial income and expenses



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



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

## ASSETS AND LIABILITIES

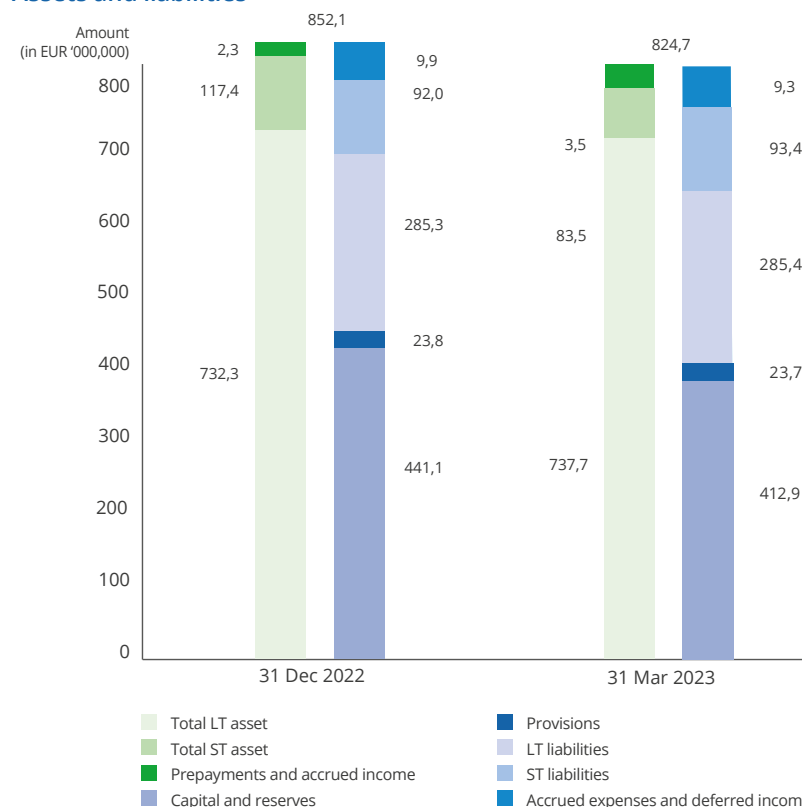
As at 31 March 2023, the total value of the Group's assets amounted to EUR 824.7 million and decreased by 3.2% compared to 31 December 2022. Total share capital and reserves amount to EUR 412.9 million and are lower by 6.4% as a result of the realized loss in the first quarter of 2023.

Total long-term and short-term liabilities to banks and other financial institutions as at 31 March, 2023 amount to EUR 328.4 million and are down by 5.0% compared to 31 December, 2022 as a result of repayment of short-term loans.

A large part of the loan portfolio (90.5%) consists of long-term loans with an agreed fixed interest rate, i.e. loans protected by derivative instruments (IRS) for the purpose of hedging interest rate risk.

As at 31.3.2023, the Group's cash balance amounts to EUR 52.0 million, which represents a decrease of 41.8% vs. 31.12.2022. The main reasons for the decrease in cash in the first quarter of 2023, in which high seasonal inflows are usually absent, are loan repayments, investments in long-term assets and expenses needed to prepare for the high season.

### Assets and liabilities



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

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





## HOTEL AND CAMPING RESORTS OVERVIEW<sup>15</sup>

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

CAMPING RESORTS OVERVIEW	LOCATION		KEYS
<b>Camping Resorts</b>			<b>11.613</b>
<b>CAMPING ADRIATIC BY VALAMAR - PREMIUM RESORTS</b>			<b>5.469</b>
Istra Premium Camping Resort	5*	Poreč	962
Lanterna Premium Camping Resort	4*	Poreč	2.959
Krk Premium Camping Resort	5*	Island Krk	500
Ježevac Premium Camping Resort	4*	Island Krk	632
Padova Premium Camping Resort	4*	Island Rab	416
<b>CAMPING ADRIATIC BY VALAMAR - RESORTS</b>			<b>4.503</b>
Orsera Camping Resort	3*	Poreč	595
Solaris Camping Resort	3*	Poreč	1.825
Marina Camping Resort	4*	Rabac	329
Baška Beach Camping Resort	4*	Island Krk	601
Bunculuka Camping Resort	4*	Island Krk	414
San Marino Camping Resort	4*	Island Rab	739
<b>CAMPING ADRIATIC BY VALAMAR - SUNNY</b>			<b>1.641</b>
Brioni Sunny Camping	2*	Pula	725
Tunarica Sunny Camping	2*	Rabac	162
Škrila Sunny Camping	3*	Island Krk	349
Solitude Sunny Camping	3*	Dubrovnik	405

<sup>15</sup> Hotel Marietta in Obertauern (Obertauern [PLACESHOTEL] by Valamar), Austria, acquired by Valamar A GmbH in December 2021 and leased to a third party until mid-2023.

Dubrovnik President Valamar Collection Hotel 5\*, Dubrovnik



# Results of the Company

In the first quarter of 2023, total revenues amounted to EUR 8.1 million, which is a decrease of 88.8% or EUR 64.3 million compared to the same period in 2022, when they amounted to EUR 72.4 million. The greatest contribution to the decrease in total revenues is the absence of income from the sale of assets. Namely, in the first quarter of 2022, the three hotels in Dubrovnik (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) were transferred from company Valamar Riviera to company Imperial Riviera. Consequently, Valamar Riviera d.d. generated net revenues, i.e. profit from the assets' sale in the amount of EUR 62.6 million shown in the item Other operating revenues with entrepreneurs within the group. This transaction had a significant impact on the Company's separate financial reports, while it had no impact on the Group's financial reports as it was an intragroup transaction.

Sales revenues amounted to EUR 7.3 million, increasing by 12.8 % compared to the same period last year. Domestic sales revenues were EUR 4.6 million and represented 62.7% of total sales revenues (66.7% in 2022). Foreign sales revenues amount to EUR 2.7 million with a share of 37.3% in total revenues (33.3% in 2022).

Material costs amount to EUR 7.8 million with a growth of 31.7% as a result of increased costs of raw and other materials, electricity and promotional activities. Staff costs amount to EUR 11.4 million and are 24.8% higher than last year, following additional investments in salary increases and rewards for employees. Depreciation is EUR 11.6 million and is 4.8% lower compared to last year.

In the first quarter of 2023, the net financial result was EUR -1.2 million (EUR -2.7 million in the same period in 2022). The improved net financial result was mostly the result of the absence of negative exchange rate differences due to the introduction of the euro. Net exchange differences in the first quarter of 2022 amounted to EUR -1.9 million and mainly related to long-term loans denominated in euros. In the first quarter of 2023, exchange differences amount to only EUR -3 thousand and relate to operations. Additionally, lower interest payable in the amount of EUR 191 thousand (lower loan liabilities) had an impact on the improvement

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

STRONG CASH  
POSITION OF THE  
COMPANY AS AT  
31 MARCH 2023 OF  
EUR 36.5 MILLION

of net financial results. However, unrealized income from financial assets was absent, which was reported in 2022 in the amount of EUR 989 thousand (based on the fair value of interest swaps), while in 2023 unrealized expenses from financial assets in the amount of EUR 42 thousand were reported.

The first quarter is generally marked by a characteristic negative EBITDA due to the decreased business volume. Thus, in the first quarter of 2023, a negative adjusted EBITDA amounted to EUR -14.5 million, which represents a decline of EUR 67.9 million compared to a positive EBITDA realized in the first quarter of 2022 in the amount of EUR 53.4 million. This is primarily the result of the absence of the aforementioned profit from the sale of assets realized in 2022 in the amount of EUR 62.6 million. Additional impact comes from multiple increases in the price of electricity and increased investments in total employee income.

After 4.8% lower depreciation costs and the improved net financial result described above, EBT amounts to -27.3 million.

The Company estimated the increase in deferred tax assets on the realized loss and recognized tax revenue of EUR 5.0 million, accordingly. The net loss for the period is EUR 22.3 million.

As at 31 March 2023, the total value of the Group's assets amounted to EUR 671.2 million and decreased by 3.2% compared to 31 December 2022. Total share capital and reserves amount to EUR 385.8 million and are down by 5.5% as a result of the realized loss in the observed period. As at 31 March 2023, the Company's cash balance amounted to EUR 36.5 million, which represents a decrease of 38.5% compared to 31 December 2022.



Tirena Sunny Hotel by Valamar 3\*, Dubrovnik



# Investment cycle 2022/23



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

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

## VALAMAR RIVIERA

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

Istra Premium Camping Resort 5\*, Poreč





the Corinthia Sunny Plus Hotel by Valamar 3\*, projects of investing in the maintenance of properties and guest facilities and in accommodation of seasonal employees in all destinations.

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

Valamar Riviera is continually focused on green projects, sustainability and energy efficiency. In this investment cycle, Valamar Riviera has invested in sustainability projects almost 10% of its total current investment plan. We have upgraded our bio-waste and recycling units, reconstructed our solar panels, installed electric vehicle chargers, and planted new trees and greenery in all of our destinations. We have made an additional investment of EUR 4 million in digitalisation and innovation projects that serve to continually improve our service quality. When it comes to significant investments in sustainability and energy efficiency, we can mention the refurbishment of the recycling yard and desalinisation – the process of removing minerals from seawater. Besides environmental protection and energy efficiency, we pay particular attention to investing in the maintenance of all of our destinations. We do so by investing in the regular maintenance of properties and guest facilities and by investing in safety. Taking into account the 2022/2023 investment cycle only,

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

EMPHASIS  
ON GROUP'S  
INVESTMENTS  
IN THE  
DESTINATION  
OF DUBROVNIK

Valamar Riviera has invested in maintenance more than EUR 9 million. We have made additional investments amounting to EUR half a million in the upgrade of beaches and EUR 400 thousand in the improvement of guests' safety.



Istra Premium Camping Resort 5\*, Poreč

## IMPERIAL RIVIERA

The company Imperial Riviera d.d. continues with its 2022/2023 investment cycle in the amount of EUR 31.6 million. The most important investments relate to the Dubrovnik destination, i.e. to Valamar Tirena Hotel, Valamar Lacroma Hotel, Valamar Club Dubrovnik, and to the ancillary properties of Exodus and Popiva, i.e. the future Maro World.

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

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

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

EUR 2.9 million.

Also, the investment relating to two existing properties, Popiva and Exodus, is also underway. After it is finalised, this area will become a large children's animation complex with various facilities for all ages under the name of Maro World. The investment will include a complete reconstruction of the property and the construction and refurbishing of new facilities within and outside the properties on the total area of 1,800 m<sup>2</sup>. Maro World is designed to be a large theme playground at the disposal of all our guests in the destination of Dubrovnik. The planned investment amounts to EUR 3.9 million.

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

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



Valamar Lacroma Dubrovnik Hotel 4\*, Dubrovnik



Valamar Amicor Green Resort 4\*, Hvar island



# ESG & Human resources

## ESG STRATEGY AND GOALS

At the end of June 2022, Valamar presented a new sustainability strategy and ESG targets by 2025 in an integrated report (available at the link: <https://valamar-riviera.com/pdfjs/viewer.html?file=/media/451419/integrated-annual-report-and-sustainability-2021.pdf>). It is a strategic plan that combines 12 key environmental (E), social (S) and governance (G) goals that Valamar plans to achieve through 6 strategic initiatives by 2025. The 2021 Integrated Report, which also includes a non-financial report is in accordance with the Standards of the Global Reporting Initiative (GRI) as well as the applicable regulations related to the EU taxonomy. Valamar is the first tourism company in Croatia to integrate sustainable development into business and development management and to announce sustainability goals according to the ESG framework.

The comprehensive sustainability strategy focuses on six strategic initiatives to achieve the ESG targets by 2025 and position Valamar as a sustainability leader among European hotel and tourism companies. The ESG strategy includes Valamar's entire value chain from suppliers, employees and operations, to guests and destinations. Valamar is committed to sustainable use of natural resources and a positive impact on the destinations and society in which it operates.

As the leading tourism company in Croatia, Valamar has invested almost 65 million euros in various sustainability and social responsibility programs since 2015. These programs include investments in renewable energy and energy efficiency, tourism infrastructure, as well as numerous programs for employees, social and philanthropic programs. Valamar presented a new sustainability strategy and ESG goals by 2025. Valamar Riviera plans to become a carbon neutral company in the first and second scope in the next three years and will invest EUR 50 million in destination development and sustainability projects.

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

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

## 2025 ESG GOALS

### 1. CARBON NEUTRALITY BY 2025 (first and second scope)

Valamar will continue to reduce its greenhouse gas emissions and achieve carbon neutrality at company and portfolio level owned and operated by 2025.

### 2. 15% OF SOLAR ELECTRICITY

Valamar will significantly increase the share of electricity from renewable sources, i.e. solar energy produced at Valamar properties, and will continue to invest in renewable energy sources through long-term partnerships.

### 3. HIGHEST SEA WATER QUALITY IN ALL VALAMAR DESTINATIONS

Valamar will continue to protect and manage the quality of the sea in all its destinations measured by the Blue Flag, the world-famous label that ensures the ecological management of beaches and marinas.

### 4. REFORESTATION AND 80,000 TREES

Valamar is committed to reforestation and sustainable management of 80,000 trees and hundreds of hectares of greenery in and around Valamar's properties, especially on the Adriatic coast.

### 5. WASTE RECYCLING RATE BETTER THAN EU AVERAGE

Valamar will continue to achieve higher recycling rates than the EU average.

### 6. LOW WATER WITHDRAWAL

Valamar will keep the water withdrawal intensity below 0.55 m3 per occupied room and focus on the use of treated wastewater and optimization of water consumption.

### 7. ZERO SINGLE-USE PLASTIC

Valamar strives to replace or dispose of single-use plastic packaging in its properties.

### 8. 70% OF DOMESTIC EMPLOYEES

Valamar employs and retains local employees. The company provides

numerous opportunities for personal and professional development of employees through education and training programs.

#### 9. LOCAL FOOD SHARE 80%

Valamar has a high share of domestic production and local products in the food and beverage segment. By promoting indigenous products, Valamar provides authentic experiences and develops long-term partnerships with local producers.

#### 10. EUR 50 MILLION INVESTED IN ESG

Valamar will continue to invest in carbon neutrality, biodiversity, employees, destination development, tourism infrastructure and local communities for the benefit of all stakeholders.

#### 11. RESPONSIBLE SUPPLIERS' VALUE SHARE 80%

In order to have a greater positive impact on the environment and the destinations in which it operates, Valamar engages and motivates its strategic suppliers to transition towards sustainable business practices.

#### 12. 100% OF PROPERTIES WITH SUSTAINABILITY CERTIFICATES

Valamar's commitment to sustainability is recognized by professional organizations and a large number of Valamar properties hold these certificates.

During 2022, Valamar has taken certain steps towards achieving the set goals. Fifteen blue flags are found in Valamar destinations, and 78% of food and beverages are locally produced. Valamar will plant almost three thousand new trees in Split-Dalmatia and Karlovac County by mid-December. In 2022, 100% of Valamar's properties earned ISO 14001 and 50001 certificate, and 34 properties have sustainability certificates.

VALAMAR'S  
FACILITIES ARE  
HOLDERS OF  
NUMEROUS  
SUSTAINABILITY  
CERTIFICATES AND  
LABELS

IN VALAMAR'S  
PROPERTIES  
GREENHOUSE  
GAS EMISSIONS  
ARE AMONG THE  
LOWEST IN THE  
MEDITERRANEAN

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

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

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

Below are presented the certificates and labels of sustainability pillars that are awarded to Valamar.

### ESG IN 2023

#### Environment

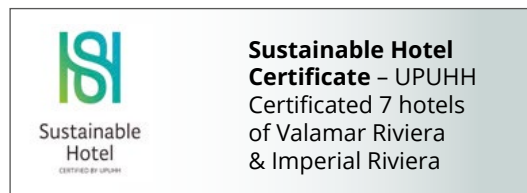
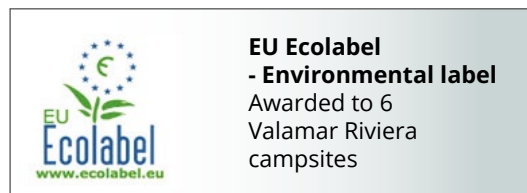
Reducing greenhouse gas emissions is one of the 12 ESG objectives defined by the ESG strategy. Reducing greenhouse gas emissions is becoming increasingly important to our guests as well. Namely, many guests want to reduce and compensate for their carbon footprint during their stay at hotels or campsites. Emissions at Valamar's properties are among the lowest in the Mediterranean. We have been continuously reducing our carbon footprint by replacing fossil fuels with electricity from renewable sources, installing heat pumps, and building photovoltaic power plants on our properties in cooperation with E.ON and through other measures.

In 2023, we have continued investing in LED lighting and in the infrastructure for charging stations for electric cars and 100% of electricity at Valamar in the first quarter is coming from renewable sources.



We sustainably manage more than 80,000 trees in our tourist zones where we have planted 738 trees so far this year. We plan to continue the One, Two, Tree drive as well. Within this drive, together with our guests, we will plant over 8,000 trees in Croatia, which is almost 5,000 trees more than last year.

Proper waste management and active communication about the importance of environmental



protection to our guests, employees and suppliers are part of the investments in waste selection and waste disposal. We participate in the pilot project Reduce Food Waste, Cook for Your Guests organised by the Environmental Protection and Energy Efficiency Fund, the Ministry of Economy and Sustainable Development, and the Ministry of Tourism and Sports.

We continue to remove single-use plastics from our hotels and campsites. Valamar properties do not use small packaging of cosmetics. Most of the other guest supplies are made of natural or biodegradable materials (wood, bamboo, cotton) and paper menus have been replaced with digital menus. Already as of 2018, all plastic straws have been replaced with environmentally friendly alternatives.

#### Society

We additionally invest in employee remuneration. You can read more about this in the pages under the chapter on Human Resources. This year, Valamar provided a playground for the kindergarten in Žbandaj, thus continuing Valamar's long-term cooperation with the City and kindergarten Radost.

As an employer that takes the needs of its workers in the local community into account, this summer Valamar will enable the enrollment of the children of its Poreč employees in one kindergarten group and in one children's nursery group of kindergarten Radost. This year, Valamar is once again launching the donation program 1,000 days on the Adriatic for socially, economically or health-impaired children

#### Governance

The prolongation of the ISO 9001 quality certificate for all Valamar properties is underway as well as the prolongation of the environmental protection certificate ISO 14001, energy management certificate ISO 50001, as well as sustainability Travelife certification for 28 hotels and EU Ecolabel for 6 campsites. This year, 17 of our beaches will be proud to display their Blue Flag certificate.

The integrated report for 2022 will be published on June 30, 2023

## HUMAN RESOURCES

Valamar is one of the largest employers in Croatia. Valamar is one of the largest employers in Croatia. On 31.3.2023. The Valamar Group employed a total of 3,686 employees, of which 2,357 were permanent, and the Company employed 2,870, of which 1,842 were permanent.

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

In 2023, Valamar Riviera will invest an additional EUR 20 million in the remuneration of its workers. In agreement with its social partners, Valamar Riviera will increase the salaries in its hotel operations, whereby the remunerations at Valamar for the high season are adjusted to European salaries.

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

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

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

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

NUMEROUS  
PROGRAMS  
FOR EMPLOYEE  
EDUCATION  
AND  
DEVELOPMENT  
HAVE BEEN  
DEVELOPED

In the last 5 years, EUR 18.5 million has been invested in the construction of quality accommodation for seasonal employees under the name of Valamar House. This investment enabled the opening of five such staff residences for seasonal employees, two of which in Poreč, one on the island of Krk, one in Rabac and one in Dubrovnik. Year after year, Valamar has been investing in that project. This concept of ensuring modern and quality accommodation and meals for seasonal employees during their stay in the destination where they work has been continuously improving. The goal of the Valamar House concept is to provide seasonal employees with excellent accommodation and meals in all of Valamar's destinations. The modern Valamar Houses offer single and double bedrooms, free internet, relaxation areas and quality meals.

In cooperation with the Croatian Employment Service, Valamar has been implementing the 'Permanent Seasonal Employee' active employment policy. It is aimed at ensuring financial support to its seasonal employees during the whole year. Valamar employees can also work during winter at Valamar's hotels in ski resorts in Austria, which enables them to have a year-round income.

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

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

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

Bunculuka Camping Resort 4\*, Krk island



# The Risks of the Company and the Group



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

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

## 5 KEY STEPS IN RISK MANAGEMENT PROCESS

There are five key steps in a risk management process:

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

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

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





## FINANCIAL RISKS

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

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

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

### 1) Foreign exchange risk

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

### 2) Interest rate risk

Variable rate loans expose the Company and Group to cash flow interest rate risk. Actively, the Company and Group resort to derivative instruments in order to hedge cash flow and interest rate by applying interest rate swaps. The economic effect of such swaps is the conversion of variable interest rate loans into fixed interest rate loans for a precommitted hedged part of the loan principal. Therefore, a major part of the loan portfolio is comprised of long-term fixed interest loans or, respectively, loans hedged by a derivative instruments (IRS). The Company and Group have interest-bearing assets (cash assets and

deposits) so their revenue and cash flow depend on changes in market interest rates. This becomes evident especially during the season when the Company and Group have significant cash surpluses at their disposal. The Company and the Group expect a limited impact from the increased interest rate volatility consequent to the recent coronavirus pandemic, since a large portion of the Group's loan portfolio (90.5%) is made up of long-term fixed-rate loans, i.e. loans protected by derivative instruments (IRS).

### 3) Credit risk

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

### 4) Price risk

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

### 5) Liquidity risk

The Company and Group have a sound liquidity risk management. Sufficient funds for meeting liabilities are available at any given moment through adequate amounts from contracted credit lines and by ensuring credit line availability in the future. Liquidity risk is managed by generating strong positive net operating cash flows, while capital investments are financed by credit lines. Credit lines for 2020 and 2021 have been contracted with reputable financial institutions, while credit repayments in general are in line with the period of significant cash inflows

from operating activities. The repayment of the major credit lines coincides with periods of strong cash inflows from operations. The Company and Group monitor the level of available funds through daily cash and debt reports. Long-term cash flow forecasts as well as annual (monthly) forecasts are based on the set budget. After meeting the needs of working capital management the surplus is deposited in the treasury. From there the funds are invested in current accounts, time deposits, money market deposit accounts and marketable securities. Only instruments with suitable maturities and sufficient liquidity are selected, according to the forecast needs for liquid funds.

#### 6) Share-related risks

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

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

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

The Croatian Bureau of Statistics (DZS) announced in January 2023 that, measured by the consumer price index, the prices of goods and services for personal consumption in December 2022 compared to December 2021, i.e. at the annual level, increased by 13.1% on average. In addition, in February 2023, consumer prices in Croatia were 12% higher compared to the same month of the previous year. This means that inflation was weakening for the third consecutive month.

According to CNB, it is expected that 2023 will see a slowdown of inflation in Croatia, which has already begun to decline. This is primarily due to the decrease in the base effect of energy and food prices rise driven by the aggression on Ukraine. However, core inflation and inflationary pressures (especially from growth in wages) are still present and they are quite strong.

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

## BUSINESS RISK

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

Around 90% of Valamar's guests come from other countries and they are very

careful when choosing their vacation destination in the competitive Mediterranean environment. Stable domicile countries macroeconomic indicators are important decision-making factors especially those relating to exchange rates and the price of goods and services because they directly affect the guests' purchasing power.

However small, the share of domestic guests is also important; it is a segment directly influenced by various other macroeconomic indicators: employment/unemployment rate, GNP rise/ fall, industrial production and others. They all have a direct impact not only on the purchasing power of Croatian residents but they also determine whether they will choose to spend their vacation in one of our properties.

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

## OPERATIONAL RISKS

Operational risks are risks connected with direct or indirect losses that arise from inadequate or wrong internal or external processes within the Company and the Group. They include the creation and analysis of financial reporting data (also known as "financial reporting risk") and also the potential insufficient

and inadequate internal and external information sharing. When implementing the system of operational risk management, the Company and Group focused on its continuity and complexity due to the size of the organization. The benefits of the system include i) defining and identifying the Company and Group risk profile in relation to the operating risk ii) identifying and managing the known risk occurrences in order to decrease the Company and Group costs and iii) data analysis which indicates the business trends for the Company and Group and trends in the domestic economy. The Company and Group are aware of the reliability of IT business solutions and safety in the cyber world. Hence, they continually upgrade, develop and implement new technologies in everyday business operations. A special focus is given to providing sufficient resources for the development and implementation of new technologies related to ICT, data protection, and upgrade of the current business systems and implementation of new ones.

## GLOBAL RISKS

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

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

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



and rainstorms), air pollution caused by toxic gas emissions from industrial plants and vehicles, as well excessive urbanization and the introduction of plant and animal invasive species should also be taken into consideration. Likewise, disease outbreaks and pandemics can adversely affect Valamar's business results. In order to minimize their impact, Valamar is actively tracking pandemic and health risk levels worldwide, especially on its source markets, and taking proactive steps in their management. The COVID-19 pandemic is a recent example of the operational and financial disruption to the global economy, especially tourism flows, since almost all global destinations were blocked by travel restrictions. The emergence of exceptional circumstances in the Republic of Croatia and the introduction of extraordinary measures to prohibit gatherings, movements and the operation of restaurants and shops, all with the primary objective of protecting the population from the risk of contagion, resulted in the expected consequential and immediate disruption of the Company's and the Group's operations, cancellation of accommodation and other contracted services by partner agencies and guests.

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

## REGULATORY RISKS

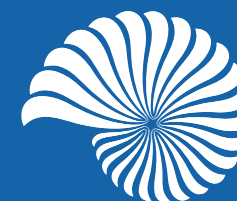
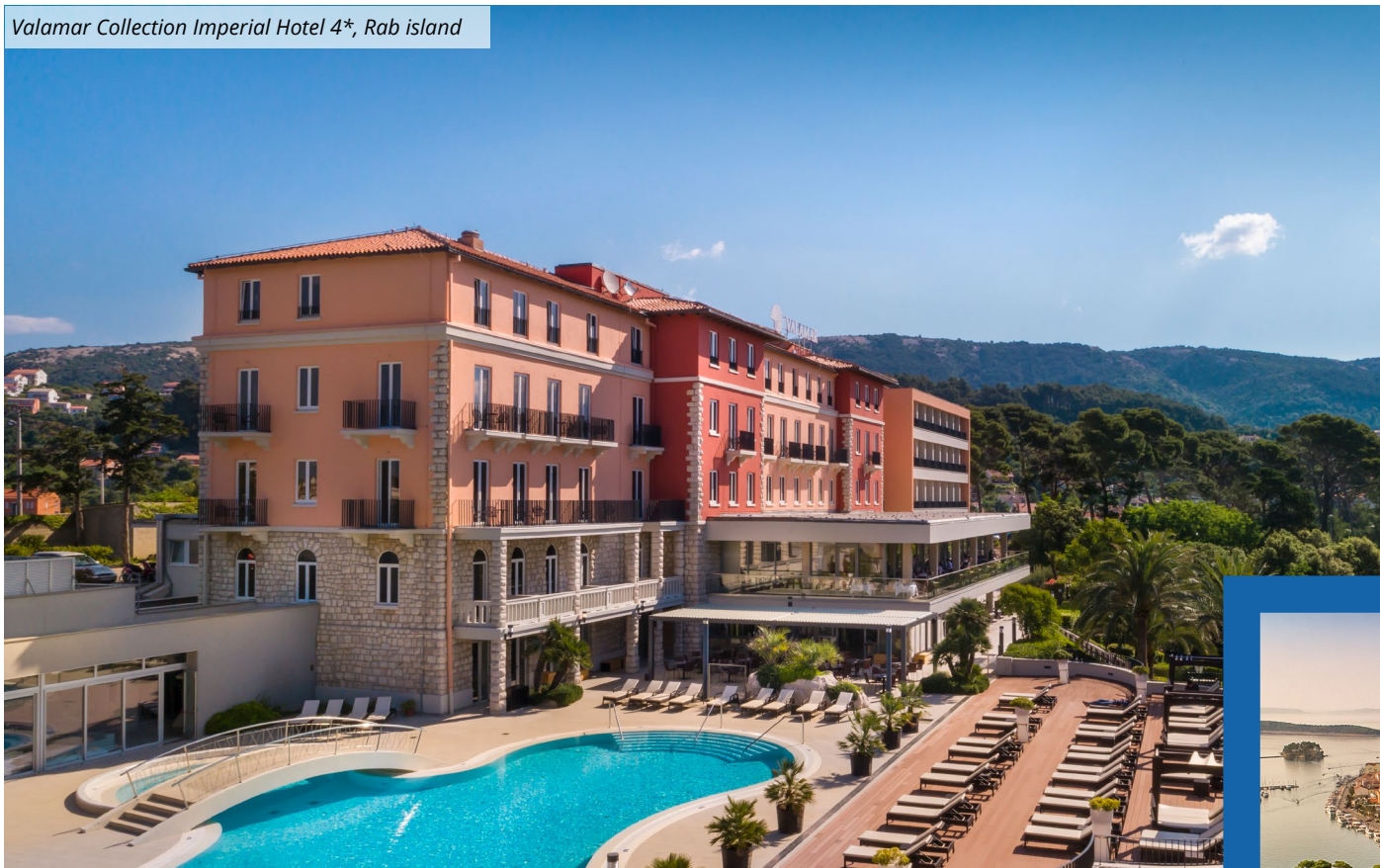
Changes in tax laws and other regulations pose a very serious threat and represent a demanding segment in risk management because in this particular situation the possibilities for the Company and Group are limited.

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

plans as well as credibility towards shareholders. One of the recent examples is the introduction of the Law on Additional Profit Tax from December 2022.

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

Valamar Collection Imperial Hotel 4\*, Rab island



# Corporate Governance

The Company and the Group continuously strive to develop and operate according to good practices of corporate governance. The business strategy, corporate policy, key corporate regulations and business practice have set a high standard of corporate governance and are all geared towards creating a transparent and efficient business operation while forging solid bonds with the local community. The Management Board fully complies with the provisions of the adopted Corporate Governance Act. After the company was listed on the regulated market of the Zagreb Stock Exchange, the Company has also complied with the Zagreb Stock Exchange Corporate Governance Code.

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

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

The major direct Company's shareholders according to the Central Depository and Clearing Company data and the shareholders whom are Company's Management Board and Supervisory Board members are as follows: the Chairman of the Supervisory Board, Mr. Gustav Wurmboeck, holds a 100% stake in Wurmböck Beteiligungs GmbH, which holds 25,017,698 shares; the Deputy Chairman of the Supervisory Board, Mr. Franz Lanschuetzer, holds 4,443,000 shares; the Deputy Chairman of the Supervisory Board, Mr. Mladen Markoč, holds 30,618 shares; the Member of the Supervisory Board Mr. Georg Eltz holds a total of 6,630,511 shares, of which directly 20,463 shares, and indirectly through a stake in company Satis d.o.o. 6,610,048 shares; the Member of the Supervisory Board Mr. Boris Galić holds a total of 10,000 shares, the President of the Management Board, Mr. Željko Kukurin, holds 139,360 A

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

shares; the Member of the Management Board Mr. Marko Čížmek holds 68,251 shares and the Member of the Management Board Ms. Ivana Budin Arhanić holds 35,529 shares .

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

The Companies Act and the Company Statute define the General Assembly's authority and prescribe how it meets and works. The meeting invitation, proposals and the adopted resolutions are made public according to the provisions of the Companies Act, Capital Market Act and the Zagreb Stock Exchange Rules. There is a time limit related to the voting right at the General Assembly: according to the provisions of the Croatian Companies Act, shareholders are required to register their participation within the prescribed time limit in order to attend the General Assembly. Under no circumstances can the financial right arising from securities be separated from holding the securities. There are no securities with special control rights nor are there any limitations to voting rights at the Company (one share, one vote).

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

The Company acquires treasury shares based on and in accordance with the conditions determined by the General Assembly's decision on acquisition of treasury shares dated on 9 May 2019 which is in force as of 17 November 2019. The Company does not have a share-buyback program or an employee share ownership plan. The Company holds and acquires treasury shares as a form of rewarding the Management and key managers pursuant to the Company



acts on the long-term reward plan and for the purpose of dividend payout in rights - Company share to the equity holders. During first quarter of 2023 Company wasn't involved in treasury shares acquisition neither disposal of its own shares.

In accordance with the decision of the Supervisory Board, the Company's shares amounting to EUR 6.5 million will be awarded to the management and key employees for exceptional business results achieved in the three-year crisis period 2020-2022. (i.e. during the COVID-19 pandemic and geopolitical tensions). Namely, in order to additionally motivate key employees, the Supervisory Board adopted the RDP Programme (the Recovery & Development Programme), which encompasses more than 230 employees. These employees were especially committed to managing and developing business operations during the crisis to enable as fast a recovery of the business operations as possible. In view of the fact a full business recovery was achieved in 2022, the Supervisory Board passed the decision to distribute company shares in 2023, and the provisions for this were made within the 2022 financial results.

#### THE COMPANY'S CORPORATE BODIES ARE:

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

The Company appointed senior executives, who are the Company's key management, in accordance with the provisions of the Capital Markets Acts and the EU Regulation No. 596/2014. The Company's senior executives are the following – 3 Senior Vice Presidents: Alen Benković, Davor Brenko and David Poropat; 2 Vice Presidents: Ines Damjanić and Sebastian Palma; and 26 Sector Directors and Heads: Tomislav Dumančić, Mauro Teković, Bruno Radoš, Sandi Sinožić, Andrea Štifanić, Željko Jurcan, Ivan Karlić, Mario Skopljaković, Dario Kinkela, Mile Pavlica, Tomislav Poljuha, Dragan Vlahović, Flavio Gregorović, Martina Šolić, Vedrana Ambrosi Barbalić, Mirella Premeru, Ivica Vrkić, Giorgio Cadum, Vlastimir Ivančić, Lea Sošić, Roberto Gobo, Ivan Polak, Karmela Višković,

Denis Prevolšek, Marko Vusić and Vlatka Kocijan.

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

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

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

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

Investment Committee: Mr. Franz Lanschützer - Chairman and members: Mr. Georg Eltz, Mr. Gustav Wurmböck and Mrs. Gudrun Kuffner,

Committee on Digitization and Sustainability: Mr. Daniel Goldscheider, Chairman and members: Mr. Franz Lanschützer, Mr. Gustav Wurmböck and Mrs. Peter Stolba.

Compliant to effective regulations and Company by laws, the Management and Supervisory Board primarily act through meetings and by correspondence in their decision-making. The Company has concluded Employment contracts with the President and a member of the Management Board for the duration of the term (from 1 January 2022 to 31 December 2026), and only one member of the Supervisory Board, employee representative, has an employment contract for an indefinite period.

Valamar Amicor Green Resort, Hvar island



# Related-party Transactions & Branch Offices

## RELATED-PARTY TRANSACTIONS

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

In the first quarter of 2023, EUR 2.8 million of revenue from transactions with related parties was generated (EUR 64.5 million in first quarter 2022, which mostly consisted of net income from the sale of real estates) for the Company and EUR 736 thousand (EUR 250 thousand in first quarter 2022) for the Group. Expenses amounted to EUR 122 thousand (first quarter 2022: EUR 77 thousand) for the Company and EUR 22 thousand for the Group (first quarter 2022: EUR 33 thousand).

As at 31 March 2023, receivables and liabilities toward related parties are as follows: company's receivables amount to EUR 2.6 million (vs. EUR 3.2 million EO 2022), and Group's receivables amount to EUR 1.5 million (vs. EUR 1.1 million EO 2022). Company's liabilities amount to EUR 69 thousand (vs. EUR 41 thousand EO 2022), and Group's liabilities amount to EUR 12 thousand (vs. EUR 12 thousand EO 2022).

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

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

## BRANCH OFFICES OF THE COMPANY

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

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

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

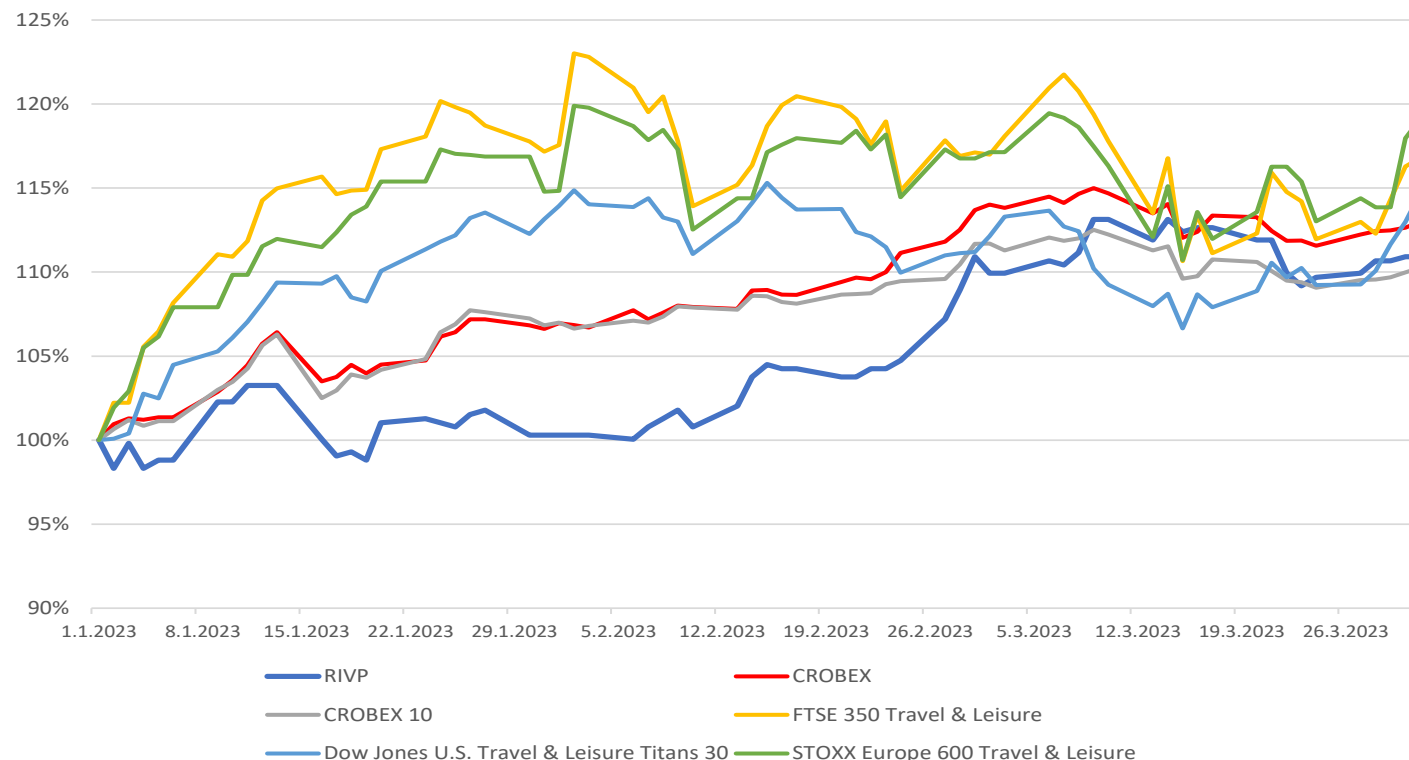


Hvar [PLACESHOTEL] by Valamar 3\*, Hvar island



# Valamar Share

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



During the first quarter of 2023, the highest achieved share price in regular trading on the regulated market was EUR 4.60, and the lowest EUR 3.97. On 31 March 2023 the price was EUR 4.49 which represents an increase of 10.92% compared to the last price in 2022. With a total turnover of EUR 6.0 million<sup>16</sup> Valamar Riviera share was the second share on the Zagreb Stock Exchange in terms of turnover during the first quarter of 2023.

In addition to the Zagreb Stock Exchange index, the joint stock index of the Zagreb and Ljubljana stock exchanges ADRIAprime, the stock is also a component of the Vienna Stock Exchange index (CROX<sup>17</sup> and SETX<sup>18</sup>) and the Warsaw Stock Exchange (CEEplus<sup>19</sup>),

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

The Company did not acquire or dispose of its own shares in the period from 1 January 2023 to 31 March 2023. As of 31 March 2023 the Company holds 4,139,635 treasury shares, which is 3.28% of the share capital.

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

<sup>16</sup> Block transactions are excluded from the calculation.

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

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

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

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



strive to contribute to further growth in value for all stakeholders with the intention of recognizing the Company's share as one of the leaders on the Croatian capital market and one of the leaders in the CEE region. Analytical coverage of Valamar Riviera is provided by: 1) ERSTE bank d.d., Zagreb; 2) Interkapital vrijednosni papiri d.o.o., Zagreb; 3) Raiffeisenbank Austria d.d., Zagreb; 4) Zagrebačka banka d.d., Zagreb.

2<sup>nd</sup>

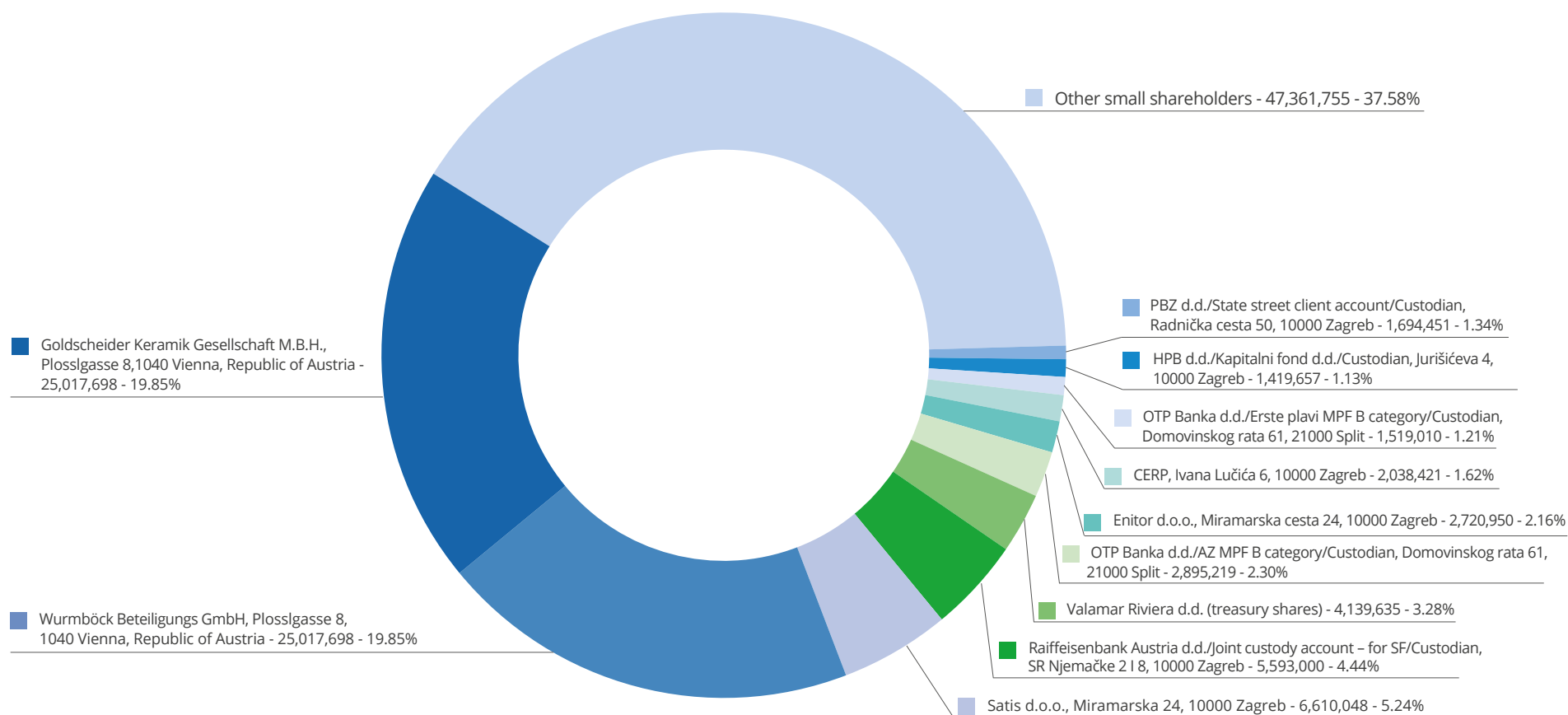
MOST ACTIVELY  
TRADED SHARE  
BY REGULAR  
TURNOVER ON THE  
ZAGREB STOCK  
EXCHANGE IN THE  
FIRST QUARTER OF  
2023

Lanterna Premium Camping Resort 4\*, Poreč





## OVERVIEW OF MAJOR SHAREHOLDERS AS AT 31 MARCH 2023:

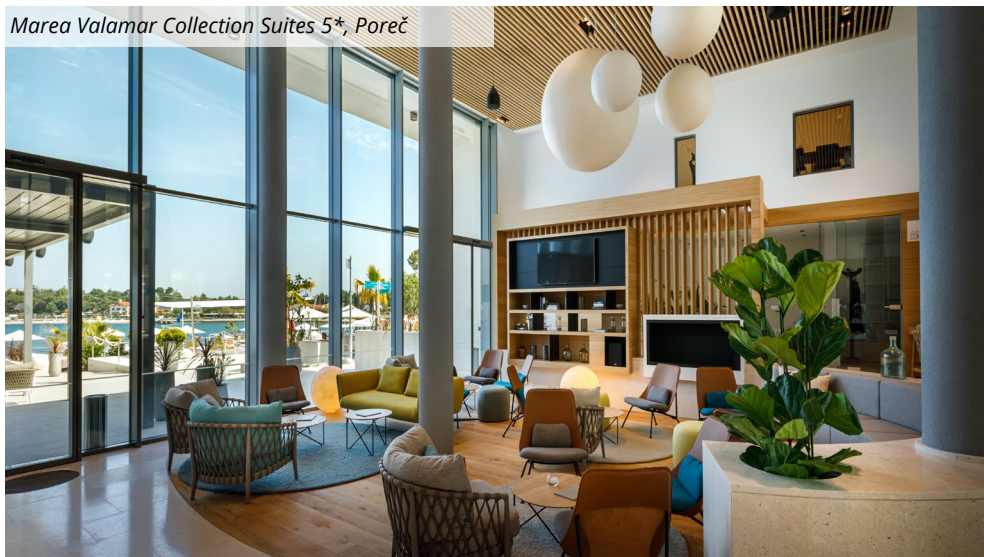



Hotel Kesselspitze 5\*, Obertauern



# Additional Information

Marea Valamar Collection Suites 5\*, Poreč



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

## ADDITIONAL INFORMATION

In the course of the first quarter of 2023 the Company's Management Board performed the actions provided by law and the Articles of Association and regarding the management and representation of the Company and planned a business policy that was implemented with prudent care. The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth.

The quarterly separate and consolidated financial statements for the first quarter of 2023 were adopted by the by the Management Board on 28 April 2023.

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

Management Board of the Company

**Željko Kukurin**  
Management Board  
President

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

**Marko Čižmek**  
Management Board  
Member

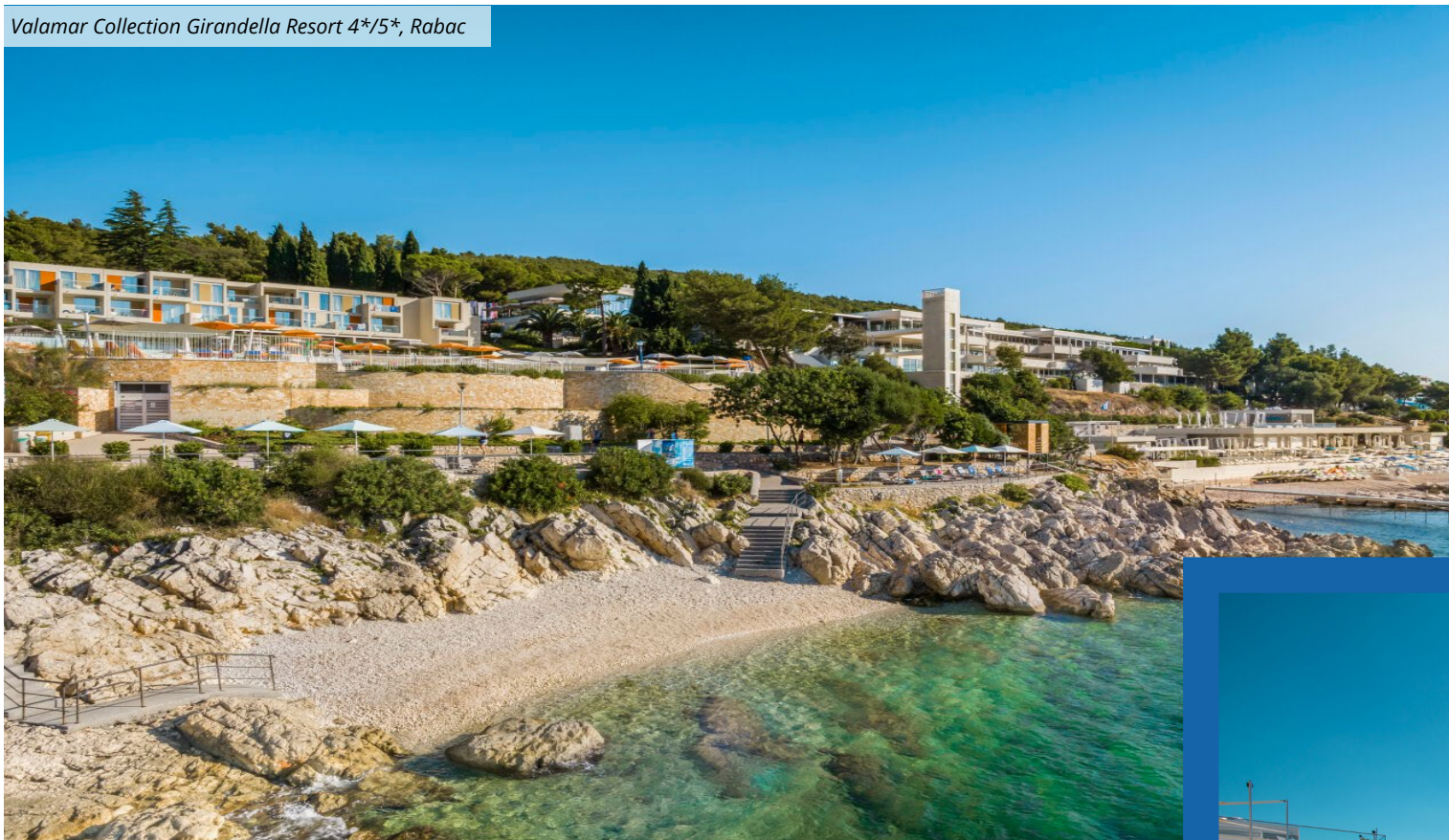
A blue ink signature of Marko Čižmek, written in a stylized, cursive script.

**Ivana Budin Arhanić**  
Management Board  
Mem

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



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



# Disclaimer

This report may contain certain outlook based on currently available facts, findings and circumstances and estimates in this regard. Our outlook is based including, but no limited on a) results achieved in the first quarter of 2023; b) operating results achieved by 25 Apr 2023; c) current booking status; d) 2023 year end business results forecast; e) the absence of further significant negative effects of the risks to which the Company and the Group are exposed.

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

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

party;

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

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

# RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

In Poreč, 28 April 2023

In accordance with provisions of Law on Capital Market, Marko Čižmek, Management board member and CFO, and Vedrana Ambrosi Barbalić, director of Department of Finance and Accounting, procurator, together as persons responsible for the preparation of quarterly financial reports of the company VALAMAR RIVIERA d.d. seated in Poreč, Stancija Kaligari 1, OIB 36201212847 (hereinafter: Company), hereby make the following

## STATEMENT

According to our best knowledge:

- Consolidated and unconsolidated financial statements for the first quarter of 2023 are prepared in accordance with applicable standards of financial reporting and give true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and the companies included in consolidation (Group);
- Report of the Company's Management board for the period from 1 January to 31 March 2023 contains the true presentation of development, results and position of the Company and companies included in the consolidation, with description of significant risks and uncertainties which the Company and companies included in consolidation are exposed.



**Marko Čižmek**  
Management Board Member



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





**Reporting period: from 01.01.2023 to 31.03.2023**

## Quarterly financial statements

[illegible]

*John* *—* *Indira*

(authorized representative's signature)



**VALAMAR**  
VALAMAR RIVIERA D.D.  
POREČ (4)

L.S.

**BALANCE SHEET** (balance as at 31.03.2023)**Submitter: Valamar Riviera d.d.**

in EUR

Item 1	ADP code 2	Last day of the preceding business year 3	At the reporting date of the current period 4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS</b> (ADP 003+010+020+031+036)	<b>002</b>	<b>732.302.923</b>	<b>737.717.774</b>
<b>I. INTANGIBLE ASSETS</b> (ADP 004 to 009)	<b>003</b>	<b>5.389.946</b>	<b>5.661.339</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	4.053.162	3.710.619
3 Goodwill	006	871.672	871.672
4 Advance payments for purchase of intangible assets	007	24.300	11.100
5 Intangible assets in preparation	008	440.812	1.067.948
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS</b> (ADP 011 to 019)	<b>010</b>	<b>670.163.427</b>	<b>666.292.554</b>
1 Land	011	130.045.135	129.972.800
2 Buildings	012	426.366.730	415.797.563
3 Plants and equipment	013	54.661.538	52.155.010
4 Tools, working inventory and transportation assets	014	13.024.865	12.190.016
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	343.333	2.663.603
7 Tangible assets in preparation	017	38.988.417	47.103.096
8 Other tangible assets	018	6.348.230	6.037.634
9 Investments property	019	385.179	372.832
<b>III. FIXED FINANCIAL ASSETS</b> (ADP 021 to 030)	<b>020</b>	<b>19.155.575</b>	<b>19.453.477</b>
1 Investments in holdings (shares) of undertakings within the group	021		
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits etc given to undertakings in a Group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	14.591.064	14.708.537
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	414.139	846.139
7 Investments in securities	027	25.746	29.953
8 Loans, deposits, etc. given	028	556.747	556.420
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	3.567.879	3.312.428
<b>IV. RECEIVABLES</b> (ADP 032 to 035)	<b>031</b>		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
<b>V. DEFERRED TAX ASSETS</b>	<b>036</b>	<b>37.593.975</b>	<b>46.310.404</b>
<b>C) CURENT ASSETS</b> (ADP 038+046+053+063)	<b>037</b>	<b>117.447.470</b>	<b>83.736.482</b>
<b>I. INVENTORIES</b> (ADP 039 to 045)	<b>038</b>	<b>5.498.367</b>	<b>7.054.788</b>
1 Raw materials	039	5.289.483	6.831.096
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	204.127	218.753
5 Advance payments for inventories	043	4.757	4.939
6 Fixed assets held for sale	044		
7 Biological asset	045		
<b>II. RECEIVABLES</b> (ADP 047 to 052)	<b>046</b>	<b>4.768.259</b>	<b>5.026.953</b>
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interest	048	1.064.950	1.472.593
3 Customer receivables	049	2.308.619	2.218.063
4 Receivables from employees and members of the undertaking	050	47.066	120.385
5 Receivables from government and other institutions	051	1.003.633	882.069
6 Other receivables	052	343.991	333.843
<b>III. SHORT-TERM FINANCIAL ASSETS</b> (ADP 054 to 062)	<b>053</b>	<b>17.881.262</b>	<b>19.669.572</b>
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057		
5 Investment in other securities of companies linked by virtue of participating interest	058		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	16.833.993	18.833.728
9 Other financial assets	062	1.047.269	835.844
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>89.299.582</b>	<b>51.985.169</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>2.304.101</b>	<b>3.506.741</b>
<b>E) TOTAL ASSETS</b> (ADP 001+002+037+064)	<b>065</b>	<b>852.054.494</b>	<b>824.960.997</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>7.183.695</b>	<b>7.182.328</b>

**BALANCE SHEET** (balance as at 31.03.2023) (continued)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in EUR	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>441.126.555</b>	<b>412.900.425</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>221.915.351</b>	<b>221.915.351</b>
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>693.268</b>	<b>693.268</b>
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>17.855.423</b>	<b>17.855.423</b>
1 Legal reserves	071	11.095.768	11.095.768
2 Reserves for treasury share	072	18.158.509	18.158.509
3 Treasury shares and holdings (deductible item)	073	-16.513.142	-16.513.142
4 Statutory reserves	074		
5 Other reserves	075	5.114.288	5.114.288
<b>IV. REVALUATION RESERVES</b>	<b>076</b>		
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>7.845</b>	<b>11.295</b>
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	7.845	11.295
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
<b>VI. RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 084-085)	<b>083</b>	<b>46.604.740</b>	<b>66.205.840</b>
1 Retained profit	084	46.604.740	66.205.840
2 Loss brought forward	085		
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>19.601.100</b>	<b>-25.037.142</b>
1 Profit for the business year	087	19.601.100	
2 Loss for the business year	088		25.037.142
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>	<b>134.448.828</b>	<b>131.256.390</b>
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>23.787.458</b>	<b>23.745.498</b>
1 Provisions for pensions, termination benefits and similar obligations	091	3.484.945	3.475.854
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	6.667.273	6.658.224
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	13.635.240	13.611.420
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>285.270.720</b>	<b>285.391.637</b>
1 Liabilities towards undertakings within the group	098		
2 Liabilities for loans, deposits, etc. to companies within the group	099		
3 Liabilities towards companies linked by virtue of participating interest	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities towards banks and other financial institutions	103	276.528.538	276.364.927
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	2.452.171	2.818.641
11 Deferred tax liability	108	6.290.011	6.208.069
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>91.965.495</b>	<b>93.670.627</b>
1 Liabilities towards undertakings within the group	110		
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112	2.423	8.023
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities towards banks and other financial institutions	115	69.136.281	52.078.354
7 Liabilities for advance payments	116	4.531.975	20.743.159
8 Liabilities towards suppliers	117	10.566.240	12.843.430
9 Liabilities for securities	118		
10 Liabilities towards employees	119	4.239.229	4.031.521
11 Taxes, contributions and similar liabilities	120	1.769.858	2.122.767
12 Liabilities arising from the share in the result	121	50.392	50.392
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	1.669.097	1.792.981
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>9.904.266</b>	<b>9.252.810</b>
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>852.054.494</b>	<b>824.960.997</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>7.183.695</b>	<b>7.182.328</b>



**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 31.03.2023)**Submitter: Valamar Riviera d.d.**

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME</b> (ADP 002 to 006)	<b>001</b>	<b>7.887.139</b>	<b>7.887.139</b>	<b>7.201.053</b>	<b>7.201.053</b>
1 Income from sales with undertakings within the group	002				
2 Income from sales (outside group)	003	6.408.469	6.408.469	6.768.460	6.768.460
3 Income from the use of own products, goods and services	004	9.924	9.924	18.933	18.933
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	1.468.746	1.468.746	413.660	413.660
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>36.207.317</b>	<b>36.207.317</b>	<b>42.107.887</b>	<b>42.107.887</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	6.555.757	6.555.757	9.166.436	9.166.436
a) Costs of raw material	010	3.426.455	3.426.455	5.065.716	5.065.716
b) Costs of goods sold	011	220.726	220.726	304.191	304.191
c) Other external costs	012	2.908.576	2.908.576	3.796.529	3.796.529
3 Staff costs (ADP 014 to 016)	013	10.562.845	10.562.845	13.237.198	13.237.198
a) Net salaries and wages	014	6.747.108	6.747.108	8.406.425	8.406.425
b) Tax and contributions from salaries expenses	015	2.438.309	2.438.309	3.147.076	3.147.076
c) Contributions on salaries	016	1.377.428	1.377.428	1.683.697	1.683.697
4 Depreciation	017	16.279.645	16.279.645	15.912.931	15.912.931
5. Other expenses	018	2.437.540	2.437.540	3.536.860	3.536.860
6. Value adjustments (ADP 020+021)	019				
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021				
7 Provisions (ADP 023 to 028)	022				
a) Provisions for pensions, termination benefits and similar obligations	023				
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	371.530	371.530	254.462	254.462
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>1.984.641</b>	<b>1.984.641</b>	<b>324.074</b>	<b>324.074</b>
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	8.368	8.368	206.205	206.205
8 Exchange rate differences and other financial income	038	577.979	577.979		
9 Unrealised gains (income) from financial assets	039	1.217.190	1.217.190		
10 Other financial income	040	181.104	181.104	117.869	117.869
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>5.444.851</b>	<b>5.444.851</b>	<b>2.563.423</b>	<b>2.563.423</b>
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	1.801.870	1.801.870	2.071.193	2.071.193
4 Exchange rate differences and other expenses	045	3.157.328	3.157.328	3.805	3.805
5 Unrealised losses (expenses) from financial assets	046			255.450	255.450
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	485.653	485.653	232.975	232.975
<b>V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>049</b>	<b>49.647</b>	<b>49.647</b>	<b>117.473</b>	<b>117.473</b>
<b>VI. SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>				
<b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>				
<b>VIII. SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>				
<b>IX. TOTAL INCOME</b> (ADP 001+030+049 +050)	<b>053</b>	<b>9.921.427</b>	<b>9.921.427</b>	<b>7.642.600</b>	<b>7.642.600</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>41.652.168</b>	<b>41.652.168</b>	<b>44.671.310</b>	<b>44.671.310</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>-31.730.741</b>	<b>-31.730.741</b>	<b>-37.028.710</b>	<b>-37.028.710</b>
1 Pre-tax profit (ADP 053-054)	056				
2 Pre-tax loss (ADP 054-053)	057	-31.730.741	-31.730.741	-37.028.710	-37.028.710
<b>XII. INCOME TAX</b>	<b>058</b>	<b>-5.219.947</b>	<b>-5.219.947</b>	<b>-8.799.130</b>	<b>-8.799.130</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>-26.510.794</b>	<b>-26.510.794</b>	<b>-28.229.580</b>	<b>-28.229.580</b>
1 Profit for the period (ADP 055-059)	060				
2 Loss for the period (ADP 059-055)	061	-26.510.794	-26.510.794	-28.229.580	-28.229.580

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 31.03.2023) (continued)  
**Submitter: Valamar Riviera d.d.**

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b>	<b>062</b>				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
<b>XV. INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>065</b>				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)</b>	<b>068</b>				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
<b>XVII. INCOME TAX (ADP 058+065)</b>	<b>071</b>				
<b>XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b>	<b>072</b>				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b>	<b>075</b>	<b>-26.510.794</b>	<b>-26.510.794</b>	<b>-28.229.580</b>	<b>-28.229.580</b>
1 Attributable to owners of the parent	076	-22.863.323	-22.863.323	-25.037.142	-25.037.142
2 Attributable to minority (non-controlling) interest	077	-3.647.471	-3.647.471	-3.192.438	-3.192.438
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD</b>	<b>078</b>	<b>-26.510.794</b>	<b>-26.510.794</b>	<b>-28.229.580</b>	<b>-28.229.580</b>
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080 to 087)</b>	<b>079</b>	<b>5.102</b>	<b>5.102</b>	<b>4.207</b>	<b>4.207</b>
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b>	<b>080</b>	<b>5.102</b>	<b>5.102</b>	<b>4.207</b>	<b>4.207</b>
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	5.102	5.102	4.207	4.207
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083				
4 Actuarial gains/losses on the defined benefit obligation	084				
5 Other items that will not be reclassified	085				
6 Income tax relating to items that will not be reclassified	086	918	918	757	757
<b>IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)</b>	<b>087</b>				
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				
<b>V. NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)</b>	<b>097</b>	<b>4.184</b>	<b>4.184</b>	<b>3.450</b>	<b>3.450</b>
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	<b>098</b>	<b>-26.520.500</b>	<b>-26.520.500</b>	<b>-28.226.130</b>	<b>-28.226.130</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b>	<b>099</b>	<b>-26.520.500</b>	<b>-26.520.500</b>	<b>-28.226.130</b>	<b>-28.226.130</b>
1 Attributable to owners of the parent	100	-22.873.029	-22.873.029	-25.033.692	-25.033.692
2 Attributable to minority (non-controlling) interest	101	-3.647.471	-3.647.471	-3.192.438	-3.192.438

**STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2023 to 31.03.2023)**  
**Submitter: Valamar Riviera d.d.**

in EUR			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1 Pre-tax profit	001	-31.730.741	-37.028.710
2 Adjustments (ADP 003 to 010)	002	19.158.903	17.960.798
a) Depreciation	003	16.279.645	15.912.931
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-1.153.963	-59.073
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-7.979	-205.745
e) Interest expenses	007	2.210.973	2.092.743
f) Provisions	008		-41.960
g) Exchange rate differences (unrealised)	009	3.157.328	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-1.327.101	261.902
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>-12.571.838</b>	<b>-19.067.912</b>
3 Changes in the working capital (ADP 013 to 016)	012	5.739.337	15.175.656
a) Increase or decrease in short-term liabilities	013	7.612.343	17.993.185
b) Increase or decrease in short-term receivables	014	-706.086	-1.261.108
c) Increase or decrease in inventories	015	-1.166.920	-1.556.421
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>-6.832.501</b>	<b>-3.892.256</b>
4 Interest paid	018	-2.968.511	-1.991.540
5 Income tax paid	019	-221	-296
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>-9.801.233</b>	<b>-5.884.092</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	1.353.859	69.226
2 Cash receipts from sales of financial instruments	022		87.500
3 Interest received	023	11.562	154.093
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposit	025	956	839
6 Other cash receipts from investment activities	026		
<b>III. Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>1.366.377</b>	<b>311.658</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-7.964.159	-11.670.491
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030	-4.061.886	-2.000.246
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-76.590	-432.000
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-12.102.635</b>	<b>-14.102.737</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>-10.736.258</b>	<b>-13.791.079</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1 Cash receipts from the increase of initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	7.986.429	
4 Other cash receipts from financing activities	038		
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>7.986.429</b>	
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-20.547.162	-17.509.562
2 Dividends paid	041		
3 Cash payments for finance lease	042	-1.129	-1.329
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-64.080	-128.351
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-20.612.371</b>	<b>-17.639.242</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-12.625.942</b>	<b>-17.639.242</b>
1 Unrealised exchange rate differences in cash and cash equivalents	047		
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-33.163.433</b>	<b>-37.314.413</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>148.020.151</b>	<b>89.299.582</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>114.856.718</b>	<b>51.985.169</b>



STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2023 to 31.03.2023)  
Submitter: Valamar Riviera d.d.

in EUR																			
Item	ADP code	Attributable to owners of the parent																	
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	221.915.351	693.268	11.095.768	18.158.509	16.513.142		298.556		10.765					51.502.476	13.852.891	301.014.442	138.438.449	439.452.891
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	221.915.351	693.268	11.095.768	18.158.509	16.513.142		298.556		10.765					51.502.476	13.852.891	301.014.442	138.438.449	439.452.891
5 Profit/loss of the period	05														19.601.100		19.601.100	1.686.468	21.287.568
6 Exchange rate differences from translation of foreign operations	06																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									-3.561							-3.561		-3.561
9 Profit or loss arising from effective cash flow hedge	09																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																		
12 Actuarial gains/losses on the defined benefit obligation	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14									641							641		641
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18																		
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20														-19.412.766		-19.412.766	-5.676.089	-25.088.855
21 Other distributions and payments to members/shareholders	21							5.114.288							363.583		5.477.871		5.477.871
22 Transfer to reserves according to the annual schedule	22							-298.556							14.151.447	-13.852.891			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																		
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	221.915.351	693.268	11.095.768	18.158.509	16.513.142		5.114.288		7.845					46.604.740	19.601.100	306.677.727	134.448.828	441.126.555
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I. OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25									-2.920							-2.920		-2.920
II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26									-2.920						19.601.100	19.598.180	1.686.468	21.284.648
III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27							4.815.732							-4.897.736	-13.852.891	-13.934.895	-5.676.089	-19.610.984
Current period																			
1 Balance on the first day of the previous business year	28	221.915.351	693.268	11.095.768	18.158.509	16.513.142		5.114.288		7.845					46.604.740	19.601.100	306.677.727	134.448.828	441.126.555
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	221.915.351	693.268	11.095.768	18.158.509	16.513.142		5.114.288		7.845					46.604.740	19.601.100	306.677.727	134.448.828	441.126.555
5 Profit/loss of the period	32														-25.037.142		-25.037.142	-3.192.438	-28.229.580
6 Exchange rate differences from translation of foreign operations	33																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									4.207							4.207		4.207
9 Profit or loss arising from effective cash flow hedge	36																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38																		
12 Actuarial gains/losses on the defined benefit obligation	39																		
13 Other changes in equity unrelated to owners	40																		
14 Tax on transactions recognised directly in equity	41									-757							-757		-757
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																		
18 Redemption of treasury shares/holdings	45																		
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47																		
21 Other distributions and payments to members/shareholders	48																		
22 Carryforward per annual plane	49														19.601.100	-19.601.100			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																		
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	221.915.351	693.268	11.095.768	18.158.509	16.513.142		5.114.288		11.295					66.205.840	-25.037.142	281.644.035	131.256.390	412.900.425
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I. OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52									3.450							3.450		3.450
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53									3.450						-25.037.142	-25.033.692	-3.192.438	-28.226.130
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54														19.601.100	-19.601.100			

## NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

**Valamar Riviera d.d.**

Personal identification

number OIB: **36201212847**

Reporting period:

**01.01.2023 to 31.03.2023**

Notes to financial statements for quarterly periods include:

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

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

(drawn up for quarterly reporting periods)

the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

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

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2023 – 31/3/2023“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.



**Reporting period: from 01.01.2023 to 31.03.2023**

## Quarterly financial statements

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Indira

(authorized representative's signature)



L.S.

**BALANCE SHEET** (balance as at 31.03.2023)**Submitter: Valamar Riviera d.d.**

in EUR

Item 1	ADP code 2	Last day of the preceding business year 3	At the reporting date of the current period 4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	<b>621.286.023</b>	<b>620.883.237</b>
<b>I. INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	<b>4.865.723</b>	<b>5.146.449</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	3.560.892	3.271.504
3 Goodwill	006	871.672	871.672
4 Advance payments for purchase of intangible assets	007	24.300	11.100
5 Intangible assets in preparation	008	408.859	992.173
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>467.916.828</b>	<b>461.865.169</b>
1 Land	011	70.829.316	70.729.596
2 Buildings	012	305.822.039	298.608.627
3 Plants and equipment	013	42.008.561	40.088.016
4 Tools, working inventory and transportation assets	014	8.783.891	8.178.438
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	343.333	259.325
7 Tangible assets in preparation	017	34.020.179	38.196.595
8 Other tangible assets	018	5.724.330	5.431.740
9 Investments property	019	385.179	372.832
<b>III. FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>141.766.544</b>	<b>142.160.109</b>
1 Investments in holdings (shares) of undertakings within the group	021	124.998.864	124.998.864
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits etc given to undertakings in a Group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	14.225.832	14.225.832
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	414.139	846.139
7 Investments in securities	027	25.522	29.729
8 Loans, deposits, etc. given	028	556.747	556.420
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	1.545.440	1.503.125
<b>IV. RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
<b>V. DEFERRED TAX ASSETS</b>	<b>036</b>	<b>6.736.928</b>	<b>11.711.510</b>
<b>C) CURENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>69.783.079</b>	<b>47.730.974</b>
<b>I. INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>4.292.120</b>	<b>5.763.850</b>
1 Raw materials	039	4.126.734	5.602.242
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	165.386	161.608
5 Advance payments for inventories	043		
6 Fixed assets held for sale	044		
7 Biological asset	045		
<b>II. RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>5.248.727</b>	<b>4.732.164</b>
1 Receivables from undertakings within the group	047	2.089.815	1.153.259
2 Receivables from companies linked by virtue of participating interest	048	1.064.950	1.472.593
3 Customer receivables	049	1.633.854	1.592.426
4 Receivables from employees and members of the undertaking	050	39.032	85.436
5 Receivables from government and other institutions	051	270.201	173.761
6 Other receivables	052	150.875	254.689
<b>III. SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>973.760</b>	<b>762.070</b>
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057		
5 Investment in other securities of companies linked by virtue of participating interest	058		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	33.993	33.728
9 Other financial assets	062	939.767	728.342
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>59.268.472</b>	<b>36.472.890</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>2.169.900</b>	<b>2.817.653</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>693.239.002</b>	<b>671.431.864</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>7.183.695</b>	<b>7.182.328</b>

**BALANCE SHEET** (balance as at 31.03.2023) (continued)**Submitter: Valamar Riviera d.d.**

Item 1	ADP code 2	in EUR	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>408.116.037</b>	<b>385.784.986</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>221.915.351</b>	<b>221.915.351</b>
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>757.922</b>	<b>757.922</b>
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>17.855.423</b>	<b>17.855.423</b>
1 Legal reserves	071	11.095.768	11.095.768
2 Reserves for treasury share	072	18.158.509	18.158.509
3 Treasury shares and holdings (deductible item)	073	-16.513.142	-16.513.142
4 Statutory reserves	074		
5 Other reserves	075	5.114.288	5.114.288
<b>IV. REVALUATION RESERVES</b>	<b>076</b>		
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>7.845</b>	<b>11.295</b>
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	7.845	11.295
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
<b>VI. RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 084-085)	<b>083</b>	<b>93.163.896</b>	<b>167.579.496</b>
1 Retained profit	084	93.163.896	167.579.496
2 Loss brought forward	085		
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>74.415.600</b>	<b>-22.334.501</b>
1 Profit for the business year	087	74.415.600	
2 Loss for the business year	088		22.334.501
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>		
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>19.626.864</b>	<b>19.617.773</b>
1 Provisions for pensions, termination benefits and similar obligations	091	2.866.868	2.857.777
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	3.811.142	3.811.142
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	12.948.854	12.948.854
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>188.304.205</b>	<b>188.482.045</b>
1 Liabilities towards undertakings within the group	098		
2 Liabilities for loans, deposits, etc. to companies within the group	099		
3 Liabilities towards companies linked by virtue of participating interest	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities towards banks and other financial institutions	103	184.411.990	184.248.378
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	2.355.185	2.724.734
11 Deferred tax liability	108	1.537.030	1.508.933
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>69.307.740</b>	<b>69.926.130</b>
1 Liabilities towards undertakings within the group	110	29.361	57.374
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112	2.423	8.024
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities towards banks and other financial institutions	115	51.123.196	36.345.518
7 Liabilities for advance payments	116	3.847.550	16.715.244
8 Liabilities towards suppliers	117	7.770.250	10.423.482
9 Liabilities for securities	118		
10 Liabilities towards employees	119	3.443.950	3.279.054
11 Taxes, contributions and similar liabilities	120	1.395.590	1.321.681
12 Liabilities arising from the share in the result	121		
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	1.695.420	1.775.753
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>7.884.156</b>	<b>7.620.930</b>
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>693.239.002</b>	<b>671.431.864</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>7.183.695</b>	<b>7.182.328</b>



**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 31.03.2023)**Submitter: Valamar Riviera d.d.**

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME</b> (ADP 002 to 006)	<b>001</b>	<b>70.708.117</b>	<b>70.708.117</b>	<b>7.723.174</b>	<b>7.723.174</b>
1 Income from sales with undertakings within the group	002	1.619.059	1.619.059	1.787.367	1.787.367
2 Income from sales (outside group)	003	4.884.867	4.884.867	5.550.530	5.550.530
3 Income from the use of own products, goods and services	004	9.546	9.546	18.720	18.720
4 Other operating income with undertakings within the group	005	62.763.655	62.763.655	47.245	47.245
5 Other operating income (outside the group)	006	1.430.990	1.430.990	319.312	319.312
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>29.526.393</b>	<b>29.526.393</b>	<b>33.892.698</b>	<b>33.892.698</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	5.927.205	5.927.205	7.805.459	7.805.459
a) Costs of raw materials and consumables	010	2.783.599	2.783.599	4.189.579	4.189.579
b) Costs of goods sold	011	433.555	433.555	304.037	304.037
c) Other external costs	012	2.710.051	2.710.051	3.311.843	3.311.843
3 Staff costs (ADP 014 to 016)	013	9.114.891	9.114.891	11.372.410	11.372.410
a) Net salaries and wages	014	5.798.888	5.798.888	7.176.036	7.176.036
b) Tax and contributions from salary costs	015	2.137.060	2.137.060	2.761.758	2.761.758
c) Contributions on salaries	016	1.178.943	1.178.943	1.434.616	1.434.616
4 Depreciation	017	12.210.697	12.210.697	11.619.336	11.619.336
5. Other costs	018	1.947.756	1.947.756	2.900.965	2.900.965
6. Value adjustments (ADP 020+021)	019				
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021				
7 Provisions (ADP 023 to 028)	022				
a) Provisions for pensions, termination benefits and similar obligations	023				
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	325.844	325.844	194.528	194.528
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>1.661.861</b>	<b>1.661.861</b>	<b>365.384</b>	<b>365.384</b>
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	36.019	36.019	47.378	47.378
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	8.073	8.073	201.605	201.605
8 Exchange rate differences and other financial income	038	448.403	448.403		
9 Unrealised gains (income) from financial assets	039	989.475	989.475		
10 Other financial income	040	179.891	179.891	116.401	116.401
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>4.316.337</b>	<b>4.316.337</b>	<b>1.533.796</b>	<b>1.533.796</b>
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	1.457.109	1.457.109	1.265.717	1.265.717
4 Exchange rate differences and other expenses	045	2.383.381	2.383.381	3.327	3.327
5 Unrealised losses (expenses) from financial assets	046			42.315	42.315
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	475.847	475.847	222.437	222.437
<b>V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>049</b>				
<b>VI. SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>				
<b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>				
<b>VIII. SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>				
<b>IX. TOTAL INCOME</b> (ADP 001+030+049 +050)	<b>053</b>	<b>72.369.978</b>	<b>72.369.978</b>	<b>8.088.558</b>	<b>8.088.558</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>33.842.730</b>	<b>33.842.730</b>	<b>35.426.494</b>	<b>35.426.494</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>38.527.248</b>	<b>38.527.248</b>	<b>-27.337.936</b>	<b>-27.337.936</b>
1 Pre-tax profit (ADP 053-054)	056	38.527.248	38.527.248		
2 Pre-tax loss (ADP 054-053)	057			-27.337.936	-27.337.936
<b>XII. INCOME TAX</b>	<b>058</b>	<b>6.959.790</b>	<b>6.959.790</b>	<b>-5.003.435</b>	<b>-5.003.435</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>31.567.458</b>	<b>31.567.458</b>	<b>-22.334.501</b>	<b>-22.334.501</b>
1 Profit for the period (ADP 055-059)	060	31.567.458	31.567.458		
2 Loss for the period (ADP 059-055)	061			-22.334.501	-22.334.501

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2023 to 31.03.2023) (continued)  
**Submitter: Valamar Riviera d.d.**

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b>	<b>062</b>				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
<b>XV. INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>065</b>				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)</b>	<b>068</b>				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
<b>XVII. INCOME TAX (ADP 058+065)</b>	<b>071</b>				
<b>XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b>	<b>072</b>				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b>	<b>075</b>				
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD</b>	<b>078</b>	<b>31.567.458</b>	<b>31.567.458</b>	<b>-22.334.501</b>	<b>-22.334.501</b>
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)</b>	<b>079</b>	<b>5.102</b>	<b>5.102</b>	<b>4.207</b>	<b>4.207</b>
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b>	<b>080</b>	<b>5.102</b>	<b>5.102</b>	<b>4.207</b>	<b>4.207</b>
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	5.102	5.102	4.207	4.207
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083				
4 Actuarial gains/losses on the defined benefit obligation	084				
5 Other items that will not be reclassified	085				
6 Income tax relating to items that will not be reclassified	086	918	918	757	757
<b>IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)</b>	<b>087</b>				
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				
<b>V. NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)</b>	<b>097</b>	<b>4.184</b>	<b>4.184</b>	<b>3.450</b>	<b>3.450</b>
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	<b>098</b>	<b>31.588.181</b>	<b>31.588.181</b>	<b>-22.331.051</b>	<b>-22.331.051</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b>	<b>099</b>				
1 Attributable to owners of the parent	100				
2 Attributable to minority (non-controlling) interest	101				

**STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2023 to 31.03.2023)**  
**Submitter: Valamar Riviera d.d.**

in EUR			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1 Pre-tax profit	001	38.527.248	-27.337.936
2 Adjustments (ADP 003 to 010)	002	-48.364.741	12.801.614
a) Depreciation	003	12.210.697	11.619.336
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-63.759.179	-50.455
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-7.736	-201.145
e) Interest expenses	007	1.856.406	1.276.729
f) Provisions	008		-9.091
g) Exchange rate differences (unrealised)	009	2.383.381	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-1.048.310	166.240
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>-9.837.493</b>	<b>-14.536.322</b>
3 Changes in the working capital (ADP 013 to 016)	012	6.813.050	13.657.185
a) Increase or decrease in short-term liabilities	013	6.006.940	15.049.781
b) Increase or decrease in short-term receivables	014	1.698.616	79.135
c) Increase or decrease in inventories	015	-892.506	-1.471.731
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>-3.024.443</b>	<b>-879.137</b>
4 Interest paid	018	-2.601.495	-1.196.722
5 Income tax paid	019		
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>-5.625.938</b>	<b>-2.075.859</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	6.714.073	56.111
2 Cash receipts from sales of financial instruments	022		87.500
3 Interest received	023	11.319	149.493
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposit	025	956	839
6 Other cash receipts from investment activities	026		
<b>III. Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>6.726.348</b>	<b>293.943</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-5.106.719	-5.182.110
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030		-246
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-76.590	-432.000
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-5.183.309</b>	<b>-5.614.356</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>1.543.039</b>	<b>-5.320.413</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1 Cash receipts from the increase of initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	7.986.429	
4 Other cash receipts from financing activities	038		
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>7.986.429</b>	
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-18.039.647	-15.229.312
2 Dividends paid	041		
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-80.052	-169.998
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-18.119.699</b>	<b>-15.399.310</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-10.133.270</b>	<b>-15.399.310</b>
1 Unrealised exchange rate differences in cash and cash equivalents	047		
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-14.216.169</b>	<b>-22.795.582</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>77.263.227</b>	<b>59.268.472</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>63.047.058</b>	<b>36.472.890</b>



STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2023 to 31.03.2023)  
Submitter: Valamar Riviera d.d.

in EUR																			
Item	ADP code	Attributable to owners of the parent																	
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	221.915.351	757.922	11.095.768	18.158.509	16.513.142		298.556		10.765					71.486.385	40.428.138	347.638.252		347.638.252
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	221.915.351	757.922	11.095.768	18.158.509	16.513.142		298.556		10.765					71.486.385	40.428.138	347.638.252		347.638.252
5 Profit/loss of the period	05															74.415.600	74.415.600		74.415.600
6 Exchange rate differences from translation of foreign operations	06																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									-3.561							-3.561		-3.561
9 Profit or loss arising from effective cash flow hedge	09																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																		
12 Actuarial gains/losses on the defined benefit obligation	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14									641							641		641
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18																		
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20														-19.412.766		-19.412.766		-19.412.766
21 Other distributions and payments to members/shareholders	21							5.114.288							363.583		5.477.871		5.477.871
22 Transfer to reserves according to the annual schedule	22							-298.556							40.726.694	-40.428.138			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																		
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	221.915.351	757.922	11.095.768	18.158.509	16.513.142		5.114.288		7.845					93.163.896	74.415.600	408.116.037		408.116.037
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I. OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25									-2.920							-2.920		-2.920
II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26									-2.920						74.415.600	74.412.680		74.412.680
III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27							4.815.732							21.677.511	-40.428.138	-13.934.895		-13.934.895
Current period																			
1 Balance on the first day of the previous business year	28	221.915.351	757.922	11.095.768	18.158.509	16.513.142		5.114.288		7.845					93.163.896	74.415.600	408.116.037		408.116.037
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	221.915.351	757.922	11.095.768	18.158.509	16.513.142		5.114.288		7.845					93.163.896	74.415.600	408.116.037		408.116.037
5 Profit/loss of the period	32															-22.334.501	-22.334.501		-22.334.501
6 Exchange rate differences from translation of foreign operations	33																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									4.207							4.207		4.207
9 Profit or loss arising from effective cash flow hedge	36																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38																		
12 Actuarial gains/losses on the defined benefit obligation	39																		
13 Other changes in equity unrelated to owners	40																		
14 Tax on transactions recognised directly in equity	41									-757							-757		-757
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																		
18 Redemption of treasury shares/holdings	45																		
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47																		
21 Other distributions and payments to members/shareholders	48																		
22 Carryforward per annual plane	49														74.415.600	-74.415.600			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																		
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	221.915.351	757.922	11.095.768	18.158.509	16.513.142		5.114.288		11.295					167.579.496	-22.334.501	385.784.986		385.784.986
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I. OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52									3.450							3.450		3.450
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53									3.450						-22.334.501	-22.331.051		-22.331.051
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54														74.415.600	-74.415.600			

## NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

**Valamar Riviera d.d.**

Personal identification

number OIB: **36201212847**

Reporting period:

**01.01.2023 to 31.03.2023**

Notes to financial statements for quarterly periods include:

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

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

(drawn up for quarterly reporting periods)

the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

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

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2023 – 31/3/2023“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER PERIOD ENDED 31 MARCH 2023

### NOTE 1 – GENERAL INFORMATION

Valamar Riviera d.d., Poreč ("the Company") has been established and registered in accordance with Croatian laws and regulations. The Company is registered with the Commercial Court in Pazin. The principle activity of the Company is the provision of accommodation in hotels, resorts and campsites, food preparation and catering services as well as the preparation and serving of beverages. Company's business is of seasonal character. Company's registration number (MBS) is: 040020883, while the Company's personal identification number (OIB) is: 36201212847. The registered office of Valamar Riviera d.d. is in Poreč, Stancija Kaligari 1. Company's share capital amounts to EUR 221,815 thousand and comprises 126,027,542 ordinary shares with no prescribed nominal value. On June 28, 2022, a branch of the Company was established in Austria under the name Valamar Riviera d.d., Zweigniederlassung Austria.

The Company's shares were listed on the Prime market of the Zagreb Stock Exchange d.d., and were traded in 2022 in accordance with the relevant regulations on the organized market.

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

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

The company initiated abbreviated proceedings without liquidation against the company Magične stijene d.o.o. On March 28, 2023 the Commercial Court in Dubrovnik issued a decision on the termination of the company Magične stijene d.o.o. which decision is awaiting finality. If, within 30 days from the date of publication of the said decision, there are no well-founded objections, the court will delete Magične stijene d.o.o. from the register.

Associates companies are:

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

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

Pursuant to the Decision of Helios Faros's d.d. General Assembly from 14 April 2022, the share capital of Helios Faros d.d. was increased by issuing new shares with cash contributions by the two largest shareholders of Helios Faros d.d. namely PBZ Croatia osiguranje d.d. za upravljanje obveznim mirovinskim fondovima acting in its own name and on behalf of PBZ Croatia obvezni mirovinski fond kategorije A and PBZ Croatia obvezni mirovinski fond kategorije B for EUR 13,803,172.08 and Valamar Riviera d.d. for EUR 3,450,793.02.

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

The consolidated and unconsolidated financial statements for the first quarter period ended 31 March 2023 were approved by the Management Board on 28 April 2023. The consolidated and unconsolidated financial statements for the first quarter period ended 31 March 2023, have not been audited.

## NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The Company's and Group's financial statements for the first quarter period ended 31 March 2023 have been prepared in accordance with International Accounting Standard (IAS) 34 – *Interim Financial Reporting*. The financial statements have been prepared under the historical cost method, except for the financial assets at fair value through profit or loss and financial assets.

The consolidated and unconsolidated financial statements for the first quarter period do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's and Group's annual financial statements as at 31 December 2022 which are available on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Group's web pages.

### 2.2 Going concern

Company's and Group's first quarter financial statements have been prepared on a going concern basis. Based on current expectations Management believes that the geopolitical situation will not have significant negative impact on the Company's and Group's ability to fulfil its obligations nor prolonged impact on Company's and Group's revenues and overall business which can affect the Company's and Group's ability to continue as a going concern in the foreseeable future.

### 2.3 Critical accounting estimates

There were no changes in critical accounting estimates used for preparation of financial statements for the first quarter period ended 31 March 2023 comparing to those used for the preparation of the annual financial statements for the year ended 31 December 2022.

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

The Company and the Group need to determine the ownership status for cca 3.24 million m<sup>2</sup> and cca 3.54 million m<sup>2</sup> respectively, pursuant to the provisions of the Act on unappraised land (hereinafter: the Act), that entered into force on 2 May 2020. The Act lays down the obligation to determine and establish, within the prescribed deadlines, real estate on the assessed parts of the camp, hotel, tourist complexes and other building land as the subject matter of the right of ownership of the Company and the Group; and real estate on the parts of the camp, hotel, tourist complexes and other building land that have not been assessed as the subject matter of the right of ownership of the Republic of Croatia or local governments.

As regards the parts of land owned by the Republic of Croatia or local governments, the Company and the Group will conclude a lease agreement for a period of 50 years. The unit amount of the rent and the manner of and deadlines for the payment will be laid down by a regulation adopted by the Government. At the moment of creating this document, the regulation has not been adopted yet; therefore it has not been possible to determine right-of-use assets and liabilities.

After the adoption of the regulation on prices, the Company and the Group will revise total surface areas that will be the subject matter of the lease agreement and they will assess the value of the right-of-use assets and liabilities in accordance with the provisions of IFRS 16. In 2021, 2022 and the first quarter of 2023 the Company and the Group were not able to determine the object of the lease and the value of the lease.

Considering that no regulation on prices has been passed by the end of 2022, nor has a waiver of obligations been enacted by law, as a precautionary principle, the Company and the Group reserved the cost of lease for tourist land for the period from the entry into force of the Act, i.e. from 1 May, 2020 to the end of 2022 on the basis of the calculation of compensation under the old regulations in the amount of EUR 5,272 thousand for the Company and EUR 5,581 thousand for the Group.

## NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

Under the assumption of the lowest/highest price spread reaching 0,8/1,59 EUR/m<sup>2</sup>, lowest/highest discount rate reaching 4/8% and with the correction of surface areas that will be subject to the lease +/-10%, the Company and the Group assessed the value of the right-of-use assets and liabilities on the day of the entry into force of the Act, which would amount to a range from cca EUR 28,207 thousand to cca EUR 122,356 thousand for the Company, while the assessment for the Group would range from cca EUR 29,801 thousand to cca EUR 129,273 thousand.

## NOTE 3 – FAIR VALUE ESTIMATION

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

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

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

### 2.4 Significant accounting policies

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

#### *Fair value hierarchy*

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

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



**NOTE 3 – FAIR VALUE ESTIMATION / CONTINUED**

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

**GROUP**

(in thousands of EUR)

	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

**As at 31 December 2022****Assets measured at fair value**

Financial assets - equity securities	48	-	-	48
Derivative financial instruments	-	4,597	-	4,597
<b>Total assets measured at fair value</b>	<b>48</b>	<b>4,597</b>	<b>-</b>	<b>4,645</b>

**As at 31 March 2023****Assets measured at fair value**

Financial assets - equity securities	53	-	-	53
Derivative financial instruments	-	4,130	-	4,130
<b>Total assets measured at fair value</b>	<b>53</b>	<b>4,130</b>	<b>-</b>	<b>4,183</b>

**COMPANY**

(in thousands of EUR)

	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

**As at 31 December 2022****Assets measured at fair value**

Financial assets - equity securities	44	-	-	44
Derivative financial instruments	-	2,467	-	2,467
<b>Total assets measured at fair value</b>	<b>44</b>	<b>2,467</b>	<b>-</b>	<b>2,511</b>

**As at 31 March 2023****Assets measured at fair value**

Financial assets - equity securities	48	-	-	48
Derivative financial instruments	-	2,213	-	2,213
<b>Total assets measured at fair value</b>	<b>48</b>	<b>2,213</b>	<b>-</b>	<b>2,261</b>

## NOTE 4 – SEGMENT INFORMATION

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

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

The segment information related to reportable segments for the first quarter period ended 31 March 2022 is as follows:

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
Revenue from segments	4,502	1,012	3,551	9,065
Inter-segment revenue	(219)	(1)	(2,437)	(2,657)
Sales revenue	<b>4,283</b>	<b>1,011</b>	<b>1,114</b>	<b>6,408</b>
Depreciation and amortisation	10,142	4,297	1,841	16,280
Net finance income/(expense)	(2,601)	(1,054)	194	(3,461)
Write-off of fixed assets	8	7	2	17
Profit/(loss) of segment	(3,058)	(797)	(7,678)	(11,533)

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

**NOTE 4 – SEGMENT INFORMATION / CONTINUED**

The segment information related to reportable segments for the first quarter period ended 31 March 2023 is as follows:

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
Revenue from segments	4,452	575	4,950	9,977
Inter-segment revenue	(36)	(21)	(3,152)	(3,209)
Sales revenue	<b>4,416</b>	<b>554</b>	<b>1,798</b>	<b>6,768</b>
Depreciation and amortisation	9,726	4,361	1,826	15,913
Net finance income/(expense)	(1,431)	(368)	(440)	(2,239)
Profit/(loss) of segment	(4,983)	(1,853)	(10,116)	(16,952)

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

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

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
<b>As at 31 December 2022</b>				
Total assets	459,311	178,562	46,725	<b>684,598</b>
Total liabilities	249,598	94,909	34,551	<b>379,058</b>
<b>As at 31 March 2023</b>				
Total assets	447,807	182,303	52,755	<b>682,865</b>
Total liabilities	248,933	95,277	34,724	<b>378,936</b>



**NOTE 4 – SEGMENT INFORMATION / CONTINUED**

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

**GROUP**

(in thousands of EUR)

	January - March 2022	January - March 2023
<b>Revenue</b>		
Revenue from segments	9,065	9,977
Inter-segment revenue	(2,657)	(3,209)
<b>Total revenue</b>	<b>6,408</b>	<b>6,768</b>
<b>Profit</b>		
Profit/(loss) from segments	(11,533)	(16,952)
Other unallocated expenses	(17,721)	(17,811)
Profit/(loss) from financial and extraordinary activities	(2,477)	(2,266)
<b>Total profit/(loss) before tax</b>	<b>(31,731)</b>	<b>(37,029)</b>

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

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

**GROUP**

(in thousands of EUR)

	As at 31 December 2022		As at 31 March 2023	
	Assets	Liabilities	Assets	Liabilities
<b>Segment assets/liabilities</b>	<b>684,598</b>	<b>379,059</b>	<b>682,865</b>	<b>378,934</b>
Hotels and apartments segment	459,311	249,599	447,807	248,933
Camps segment	178,562	94,909	182,303	95,277
Other business segment	46,725	34,551	52,755	34,724
<b>Unallocated</b>	<b>167,456</b>	<b>31,870</b>	<b>142,094</b>	<b>33,127</b>
Investments in associate	14,587	-	14,705	-
Other financial assets	48	-	53	-
Loans and deposits	17,805	-	20,236	-
Cash and cash equivalents	89,300	-	51,985	-
Other receivables	3,526	-	4,676	-
Deferred tax assets/liabilities	37,594	6,290	46,310	6,208
Other liabilities	-	13,237	-	14,607
Derivative financial assets/liabilities	4,597	-	4,130	-
Provisions	-	12,343	-	12,311
<b>Total</b>	<b>852,054</b>	<b>410,930</b>	<b>824,959</b>	<b>412,061</b>

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

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

**GROUP**

(in thousands of EUR)

	January - March 2022	January - March 2023
Revenue from sales to domestic customers	3,442	3,325
Revenue from sales to foreign customers	2,966	3,443
	<b>6,408</b>	<b>6,768</b>

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

**GROUP**

(in thousands of EUR)

	January - March 2022	%	January - March 2023	%
EU members	2,193	73.94	2,581	74.99
Other	773	26.06	862	25.01
	<b>2,966</b>	<b>100.00</b>	<b>3,443</b>	<b>100.00</b>



## NOTE 5 – STAFF COSTS

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

(in thousands of EUR)	GROUP		COMPANY	
	January - March 2022	January - March 2023	January - March 2022	January - March 2023
Net salaries	6,748	8,406	5,799	7,176
Tax and contributions from salary costs	2,438	3,147	2,137	2,762
Contributions on salaries	1,377	1,684	1,179	1,435
<b>Total</b>	<b>10,563</b>	<b>13,237</b>	<b>9,115</b>	<b>11,373</b>

For the first quarter period ended 31 March 2023 Company's average number of employees is 2,429 (31 March 2022: 2,392), while the Group's average number of employees is 3,143 (31 March 2022: 2,959).

The Company capitalised net salaries cost in the amount of EUR 224 thousand (31 March 2022: EUR 212 thousand), cost of contributions and tax from salaries in the amount of EUR 86 thousand (31 March 2022: EUR 78 thousand) and cost of contributions on salaries in the amount of EUR 33 thousand (31 March 2022: EUR 29 thousand). The Group capitalised net salaries cost in the amount of EUR 225 thousand (31 March 2022: EUR 215 thousand), cost of contributions and tax from salaries in the amount of EUR 98 thousand (31 March 2022: EUR 79 thousand) and cost of contributions on salaries in the amount of EUR 40 thousand (31 March 2022: EUR 30 thousand).

## NOTE 6 – INCOME TAX

During the period in 2023 the Company and the Group estimate the period income tax expense/income according to the IAS 34 provisions, i.e. it is based on the best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for the expected changes during the period. Due to highly seasonal character of business, the profit tax estimate for quarterly reports is not an indicator of the final profit tax on 31. December 2023. Income tax is calculated using the legal income tax rate of 18% in the Republic of Croatia.

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

Income tax comprise:

(in thousands of EUR)	GROUP		COMPANY	
	January - March 2022	January - March 2023	January - March 2022	January - March 2023
Deferred tax	(5,220)	(8,799)	6,960	(5,004)
<b>Tax (income)/expense</b>	<b>(5,220)</b>	<b>(8,799)</b>	<b>6,960</b>	<b>(5,004)</b>

For the first quarter period ended 31 March 2023, in accordance with the provisions of IAS 34, the Company estimated tax income in the amount of EUR 5 million, i.e. an increase in deferred tax assets on the realized loss, while the Group estimated tax income in the amount of EUR 8.8 million, i.e. an increase in deferred tax assets on realized losses and new incentives for investment.

Movement overview of deferred tax assets and liabilities in 2023:

### DEFERRED TAX ASSET

(in thousands of EUR)	GROUP	COMPANY
<b>As at 1 January 2023</b>	<b>37,594</b>	<b>6,737</b>
Credited/(debited) to the income	8,716	4,975
<b>As at 31 March 2023</b>	<b>46,310</b>	<b>11,712</b>

### DEFERRED TAX LIABILITIES

(in thousands of EUR)	GROUP	COMPANY
<b>As at 1 January 2023</b>	<b>6,290</b>	<b>1,537</b>
Credited/(debited) to the income	(83)	(29)
Credited/(debited) to the other comprehensive income	1	1
<b>As at 31 March 2023</b>	<b>6,208</b>	<b>1,509</b>

## NOTE 7 – EARNINGS/(LOSS) PER SHARE

### Basic

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

### Diluted

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

### GROUP

	January - March 2022	January - March 2023
Profit/(loss) attributable to equity holders (in thousands of EUR)	(22,863)	(25,037)
Weighted average number of shares	121,887,907	121,887,907
<b>Basic/diluted earnings/(loss) per share (in EUR)</b>	<b>(0.19)</b>	<b>(0.21)</b>

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

During the first quarter period ended 31 March 2023, the Group acquired assets in the amount of EUR 11,670 thousand (31 March 2022: EUR 7,964 thousand), while the Company acquired assets in the amount of EUR 5,182 thousand (31 March 2022: EUR 5,107 thousand).

During the first quarter period ended 31 March 2023, the Group disposed the assets with a net book value of EUR 6 thousand (31 March 2022: EUR 184 thousand), resulting in a net gain on disposal of EUR 63 thousand (31 March 2022: EUR 1,169 thousand).

During the first quarter period ended 31 March 2023, the Company disposed the assets with a net book value of EUR 5 thousand (31 March 2022: EUR 33,136 thousand), resulting in a net gain on disposal of EUR 51 thousand (31 March 2022: EUR 63,800 thousand).

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

## NOTE 9 – LIABILITIES FOR BORROWINGS AND LEASES UNDER IFRS 16

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

(in thousands of EUR)	GROUP		COMPANY	
	Total liabilities on 31 March 2023	Maturity over 5 years	Total liabilities on 31 March 2023	Maturity over 5 years
Bank borrowings	328,443	106,958	220,594	76,780
Lease liabilities under IFRS 16	3,300	1,080	3,290	899
<b>Total</b>	<b>331,743</b>	<b>108,039</b>	<b>223,884</b>	<b>77,679</b>

As at 31 March 2023 non-current and current bank borrowings of the Group amounted EUR 328,443 thousand, all secured with a pledge over Group's property facilities and movable property.

As at 31 March 2023 non-current and current bank borrowings of the Company amounted EUR 220,594 thousand, all secured with a pledge over Company's property facilities and movable property.

The Company and the Group need to determine the ownership status for cca 3.24 million m<sup>2</sup> and cca 3.54 million m<sup>2</sup> respectively, pursuant to the provisions of the Act on

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

## NOTE 10 – CONTINGENCIES AND COMMITMENTS

The contracted capital commitments of the Company in respect to investments in tourism facilities at 31 March 2023 amount to EUR 73,617 thousand (31 December 2022: EUR 73,903 thousand). The contracted capital commitments of the Group in respect to investments in tourism facilities at 31 March 2023 amount to EUR 93,475 thousand (31 December 2022: EUR 88,870 thousand).

The Company is the guarantor of the loans of related-party Valamar Obertauern GmbH. The estimated maximum amount of the guarantee that can be realized is EUR 5,797

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

The Company is the guarantor of the loan of related-party Imperial Riviera d.d. in the amount EUR 57,778 thousand, and to secure the claim a pledge over Imperial Riviera's property facilities was established in the amount of the claim. The Company estimates the very low probability of incurring an actual obligation under the guarantee.



## NOTE 11 – ASSOCIATES

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

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

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

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

## NOTE 12 – RELATED PARTY TRANSACTIONS

Related party transactions were as follows:

### GROUP

(in thousands of EUR)

#### Sale of services

Associate with participating interest

January - March  
2022

250

250

January - March  
2023

736

736

#### Purchase of services

Other parties related to the owners and corporate governance bodies

24

6

Associate with participating interest

9

16

33

22

As at  
31 December 2022

As at  
31 March 2023

#### Trade and other receivable

Associate with participating interest

1,065

1,473

1,065

1,473

#### Liabilities

Other parties related to the owners and corporate governance bodies

10

4

Associate with participating interest

2

8

12

12

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

Related party transactions were as follows:

<b>COMPANY</b>		
(in thousands of EUR)	<b>January - March 2022</b>	<b>January - March 2023</b>
<b>Sale of services</b>		
Subsidiaries /i/	64,230	2,017
Associate with participating interest	250	736
	<b>64,480</b>	<b>2,753</b>
<b>Purchase of services</b>		
Subsidiaries	52	101
Associate with participating interest	9	16
Other parties related to the owners and corporate governance bodies	16	5
	<b>77</b>	<b>122</b>
	<b>As at 31 December 2022</b>	<b>As at 31 March 2023</b>
<b>Trade and other receivable</b>		
Subsidiaries	2,090	1,153
Associate with participating interest	1,065	1,473
	<b>3,155</b>	<b>2,626</b>
<b>Trade and other payables</b>		
Subsidiaries	29	57
Associate with participating interest	2	8
Other parties related to the owners and corporate governance bodies	10	4
	<b>41</b>	<b>69</b>

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

### NOTE 13 – SUBSEQUENT EVENTS

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

The company initiated abbreviated proceedings without liquidation against the company Magične stijene d.o.o. On March 28, 2023 the Commercial Court in Dubrovnik issued a decision on the termination of the company Magične stijene d.o.o. which decision is awaiting finality. If, within 30 days from the date of publication of the said decision, there are no well-founded objections, the court will delete Magične stijene d.o.o. from the register.



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