



INTEGRATED ANNUAL REPORT AND SUSTAINABILITY 2023

VALAMAR RIVIERA d.d.

MESSAGE FROM THE CHAIRMAN



**FRANZ
LANSCHÜTZER,**
Ph.D., Supervisory Board
Chairman

I am pleased to present Valamar Riviera's ninth Annual Integrated Report and address the stakeholders as the new Supervisory Board Chairman. Our annual report presents an integrated and unified view of our business and sustainability achievements, including corporate governance and social impact as interrelated activities.

Once again, we have applied an extended reporting method in accordance with the current GRI reporting standards and included indicators prescribed by the current EU Taxonomy Regulation.

For Valamar Riviera, 2023 was a successful and significant year, marking the 70th anniversary of Riviera's founding in Poreč in 1953 with only two hundred beds and twenty employees. Over the past seven decades, the company has continuously demonstrated leadership, innovation, and social responsibility while encouraging the development of sustainable tourism. Today, Valamar manages 36 hotels and resorts in Croatia and Austria and 15 campsites along the Adriatic.

In 2023, business results reached record levels. We achieved a full revenue recovery from the crisis years and a solid growth of operating profit despite exceptional inflationary pressure and uncertainty in the macro environment. We achieved good results in many strategic areas such as investments and property repositioning, revenue growth, including outside the main season, direct sales, guest loyalty and satisfaction, employee satisfaction and development, renewable energy and waste management, supply chain localization and protection of natural resources in our destinations.

Valamar employed more than 8,000 employees in 2023 who expressed high satisfaction with their working environment, confirmed by yet another year in which Valamar won the title of the most desirable employer in tourism and hospitality. Employer quality is becoming all the more vital as seasonality and an increasingly pronounced labour shortage continue to present significant challenges for the tourism sector. To improve working conditions and retain domestic employees, Valamar has spent an additional EUR 25 million in employee salaries and benefits in 2023 and launched a new "Krov nad glavom" ("Roof over your head") program for employees and their families who live or want to live in our destinations throughout the year and who, until now, could not afford adequate housing due to high rental prices.

In 2023, we received many important awards in the ESG area. For the first time, the global business sustainability assessment agency EcoVadis awarded Valamar a silver rating for sustainability and ESG practices, while the business media platform Bloomberg Adria rated Valamar as the best in ESG in our region among large listed companies. Last year,

Valamar joined the global "Science Based Targets" initiative, which brings together more than five thousand companies globally that have committed to reducing greenhouse gas emissions in line with climate protection goals. We were also awarded the prestigious "Building Public Trust Award" by PwC Croatia and the Zagreb Stock Exchange.

Valamar remains the largest investor in Croatian tourism, having invested more than EUR 1 billion in the last twenty years, which strongly repositioned the portfolio towards high-quality and added-value tourism. In 2023, we realized investments amounting to EUR 58 million in Croatia, focused on repositioning our portfolio in Dubrovnik.

Furthermore, international investments in the Obertauern portfolio have reached EUR 66 million. 34 million euros were invested in the new hotel [PLACESHOTEL] in Obertauern, Austria, the first from the [PLACES] brand outside Croatia. The hotel was designed and built in accordance with the principles of sustainable development, respecting nature and tradition, using renewable materials, 100 percent green energy, and focusing on reducing the carbon footprint.

In the past year, 100 percent of electricity came from renewable sources, of which photovoltaic power plants in Valamar hotels and resorts cover 6 percent of total electricity needs. We continued to decarbonize and have reduced carbon emissions per overnight by an exceptional 72 percent compared to the 2015 baseline. In 2023, Valamar became the first hospitality company in Croatia to participate in KOER, the first Croatian virtual power plant. Valamar supports KOER with 4MW of its backup capacities, to increase the sustainability and balance of the Croatian power grid, which is crucial for its safe and optimal functioning. Also, last year we planted more than 9,000 trees and currently care for more than 80,000 trees growing on and around our properties.

As a strategic management principle, sustainability encompasses Valamar's entire value chain, from suppliers, employees and operations to guests and destinations. As much as 78 percent of our food comes from local producers. We are focused on increasing supply chain sustainability to achieve 80 percent of the procurement value from responsible suppliers by 2026.

Finally, I would like to thank Valamar's shareholders, the Management Board, the Supervisory Board, the management and the employees for their hard work and commitment, which were the key drivers of our achievements. Valamar's greatest strengths are outstanding employees, a million satisfied guests every year, and exciting projects for the future. I am convinced that Valamar will continue to grow as a European and regional leader in sustainable leisure tourism.

MESSAGE FROM THE CEO



ŽELJKO KUKURIN,
Ph.D., CEO of the
Management Board
of Valamar Riviera d.d.

The year 2023 was the year of stabilization, new growth, and, most importantly, the best financial year so far. It was also the year of Valamar's 70th anniversary, which reminded us of how strongly our company has influenced positive changes and tourism development, leading economic and social progress in Croatia's most thriving tourist destinations.

According to the published audited consolidated annual financial report, in 2023, Valamar realized business revenues amounting to EUR 372 million, a 14 percent growth due to significant investments in quality improvement in the previous period. Premium hotels and the camping segment achieved excellent results, especially in northern destinations, while Dubrovnik destination is steadily moving towards full recovery, with a new focus on family tourism.

In 2023, Valamar's operating profit amounted to EUR 109 million, or 6% more than the previous year, whereby lease costs and adjustments for past periods for tourism land reduced the operating profit by EUR 4.7 million.

Last year, we realized investments amounting to EUR 58 million, with the largest of EUR 32 million in the Dubrovnik destination – upgrading the three hotels and opening Maro World, the largest family entertainment center on the Adriatic. In December 2023, we opened the third hotel in Austria, Obertauern [PLACES] by Valamar, the first in the [PLACES] brand outside Croatia.

In addition to infrastructure and projects, we continually invest in our employees. In 2023, we invested an additional EUR 25 million in increasing employee salaries and reward programs, thereby confirming the title of the best employer in tourism and hospitality in Croatia. We are proud to have provided our employees with a minimum net income of 1,000 to 1,800 euros during the peak season for those who worked in hotels, camps, and summer resorts. In December, we also paid out the 13th salary and a 1,000-euro Christmas bonus to thank the employees for the successful business year.

I am immensely proud of the employees who are the key to our success. Valamar was once again titled the most desirable employer in tourism and hospitality and is, for the seventh year, the only tourism company on the list of the 20 best Croatian employers. We have an extremely high proportion of domestic employees and seasonal workers who return to Valamar every tourist season. Employees are Valamar's greatest value, and we will continue to actively work on creating the best working conditions in tourism, year-round income, helping organize life in our destinations, career development, and ensuring above-average salaries.

Valamar continued investing in strategic projects and initiatives within the ESG framework, such as carbon

footprint reduction and renewable energies, focusing on solar energy, electric vehicles, bio composting, forestation projects, and managing 80.000 trees.

Likewise, we take special care of our local community. In this context, I single out the socially responsible project "Valamar brine za marende fine" (Valamar provides tasty lunches) and the construction of a kindergarten in Poreč, increasing its childcare capacities for an additional 100 spots.

Our commitment to excellence was also recognized at last year's Days of Croatian Tourism. Istra Premium Camping Resort 5* in Funtana was named Camp of the Year, and our employees were also awarded.

All our jubilarians and past, present, and future employees are the key factors in our company's success. Thanks to them, in these seven decades, we have grown from a small company with only twenty employees to a company of more than 8,000 employees, and we expect that number to continue to grow. The excellent results at the end of our great jubilee year also prove that this is only the beginning of our journey.

In the 2024 business year, we plan to remain a leader in the innovative management of leisure tourism and a partner to destinations that continuously creates new value for all its stakeholders through responsible and sustainable tourism operations. We adopted Valamar's business strategy until 2026, based on an investment plan worth EUR 450 million. The investments are aimed at building premium summer resorts Pical and Rab, continuing to raise the quality of hotels and campsites, internationalization and investing in socially responsible and sustainable tourism projects.

Valamar's strategic goals include double-digit business and company value growth. The company plans to increase revenue to EUR 500 million, with 50% generated in shoulder seasons and as much as two-thirds of revenue coming from direct sales. The plan is to improve working conditions further, raise wages, aim for as many jobs as possible with year-round income, and retain local employees and seasonal returnees. Valamar will continue focusing on exceptionally high guest satisfaction and increasing the active marketing database to 1.6 million guests, of which every third guest is a returnee.

In 2024, Valamar plans to continue investing in the portfolio, service quality improvement, digitalization, green construction, sustainable energy, and tourist infrastructure in all destinations. As the most desirable employer in tourism and hospitality, we continue investing significantly in our employees. We will focus on further developing tourist infrastructure that is available to the public and improving the quality of life of people in local communities where Valamar operates.

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1 ABOUT THIS INTEGRATED ANNUAL REPORT AND SUSTAINABILITY 2023

This integrated annual report and sustainable business for Valamar Riviera 2023 refers to the reporting period from January 1st until December 31st, 2023, and is based on the Annual Report published on February 28th, 2024 for the Valamar Riviera Group.*

For the ninth consecutive year, Valamar Riviera has integrated business reporting with sustainability reporting, i.e., non-financial information on the Company's environmental and social impact. The non-financial report for 2023 was prepared using the current GRI standards.

The European Union has drawn up a Green Plan that defines the goal of reducing CO₂ emissions by 55% by 2030 and achieving a climate-neutral Union by 2050. To achieve climate objectives, the European Union has established a legislative framework for sustainable finance, in which the EU Taxonomy Regulation, i.e., the Regulation establishing a framework to facilitate sustainable investment, also plays a key role. This Valamar Riviera integrated report and sustainable business for 2023 is the second which includes indicators following the Delegated Regulation of the

EU Commission 2021/2139 of the European Parliament (Taxonomy). To align the report with the current EU regulations and recommendations by HANFA, Valamar Riviera cooperated with an external consultant, PwC Croatia in part related to EU taxonomy. Valamar Riviera has consulted the Croatian Business Council for Sustainable Development (HRPSOR) regarding adjustments under the new GRI standards.

The report presents the company's economic, social, and environmental impact, as well as its long-term management. A comprehensive approach to corporate social responsibility in relation to key stakeholders is part of Valamar's strategy where sustainable destination development and support to the local community, as well as environmental care are an integrated part of business. As the largest employer in

Croatian tourism, Valamar Riviera focuses on investing in the development of human resources to maintain its leadership and status as a company providing the best conditions and overall care for its employees.

The report is available on the Valamar Riviera website www.valamar-riviera.com. We invite all stakeholders to send us their comments to the email address: integratedreport@valamar.com.

In order to make the presented data more relevant, the end of the report contains the opinion and recommendations for future reporting given by the Croatian Business Council for Sustainable Development (HR PSOR).

* The Group's balance sheet as at 31.12.2022 and 31.12.2023 consolidated data for the following companies: Valamar Riviera d.d. (Parent Company), Imperial Riviera d.d., Magičke stijene d.o.o. and Bugenvilia d.o.o.



OBERTAUERN
[PLACESHOTEL] 4*,
Austria

2 ABOUT VALAMAR RIVIERA

Valamar Riviera, a privately owned joint-stock company based in Poreč, Stancija Kaligari 1, and the leading Croatian tourism company that manages hotels, resorts and camping resorts in famous tourist destinations – in Istria, on the islands of Krk, Rab and Hvar in Makarska and Dubrovnik, and in Obertauern in Austria.

Valamar's 36 hotels and resorts and 15 camping resorts with a capacity of about 21 thousand accommodation units, can accommodate around 58,000 guests daily and provide perfect holidays and authentic experiences for each guest. The company believes in a growth-driving strategy focused on investments in high added-value products, talents, innovative services and destination development.

Steered by sustainability and social responsibility, Valamar is a leader in the innovative management of leisure tourism and creates new value for guests, employees, shareholders and local communities in partnership with its destinations. One of the cornerstones of Valamar's success is its long-standing open communication with key stakeholders. Hence, Valamar has adopted policies that ensure the company's leadership position in the Croatian hospitality industry in terms of service quality, guest satisfaction, the needs and interests of employees, the company and local community, as well as environmental protection and resource management.





*Istra Premium Camping
Resort 5*, Poreč*

VALAMAR RIVIERA D.D.

Registered office address:
Stancija Kaligari 1, Croatia

Business activity: Hospitality and tourism (core activities) and other associated activities related to the performance of core activities.

Ownership: Private.

Primary brands:
Valamar All you can holiday
Valamar Collection
Valamar Hotels & Resorts
[PLACES] by Valamar
Sunny by Valamar
Camping Adriatic by Valamar

Portfolio of tourist properties:
36 hotels and resorts
and 15 camping resorts.

Land area: 607 hectares, of which
294 ha or 48% owned and
313 ha or 52% under concession.

Maritime domain: 38 km.

SHARE OF GUESTS PER SOURCE MARKET (overnights)



* Includes only commercial overnights.

KEY INDICATORS

	2022	2023	2022/2023
Total revenues (EUR)	331,962,715	375,406,296	13.1%
EBITDA (EUR)	96,613,143	108,216,451	12.0%
Net debt / Adjusted EBITDA	2.4	2.0	-15.5%
Employees (peak season)	7,447	7,799	5%
Capital investments (EUR)	42,111,057	58,603,851	39.2%
Guests*	1,103,977	1,191,851	8%
Beds*	58,696	58,950	0%
Overnights*	6,779,897	6,937,539	2%
Keys*	21,305	21,295	0%
Book value of long-term assets as at 31/12 (EUR mn)	732	728	-0.6%
Market capitalization as at 31/12 (EUR mn)	510	595	16.6%
Shareholders as at 31/12	20,697	20,709	0.1%

* Includes data for Kuća Valamar (accommodation for seasonal employees).

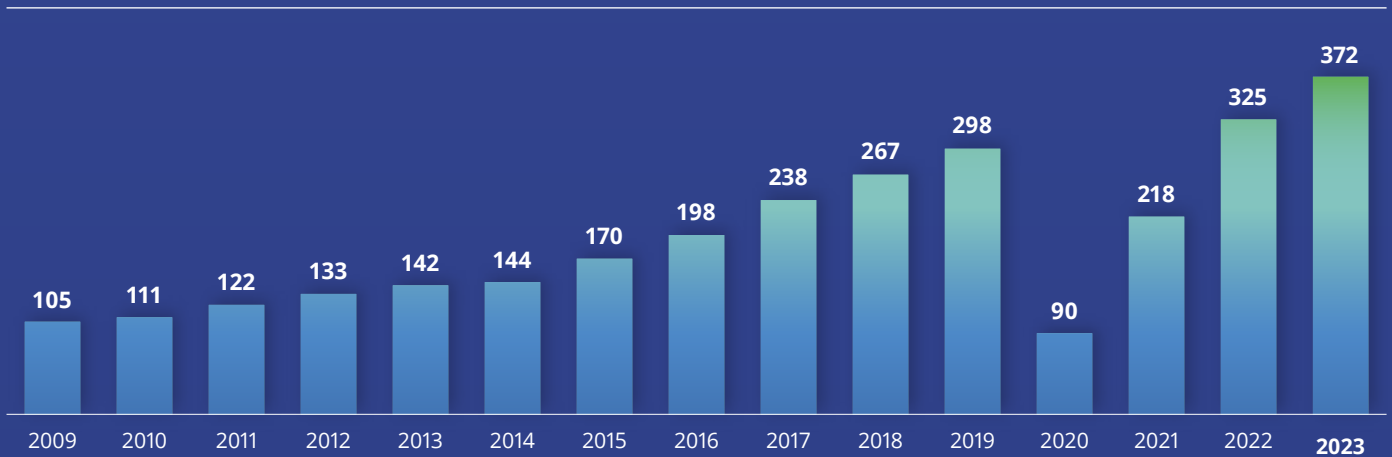
NET OPERATING REVENUES (EUR)

	2019**	2020**	2021**	2022***	2023***	2023/ 2019	2023/ 2020	2023/ 2021	2023/ 2022
Hotels and resorts	207,686,439	45,268,212	132,713,261	212,293,115	239,744,703	1.15	5.30	1.81	1.13
Camping resorts	71,485,143	40,592,646	75,336,977	99,644,672	114,722,039	1.60	2.83	1.52	1.15
Other*	6,305,298	1,779,420	7,127,253	9,381,829	13,301,637	2.11	7.48	1.87	1.42
Total	285,476,879	87,640,279	215,177,491	321,319,616	367,768,380	1.29	4.20	1.71	1.14

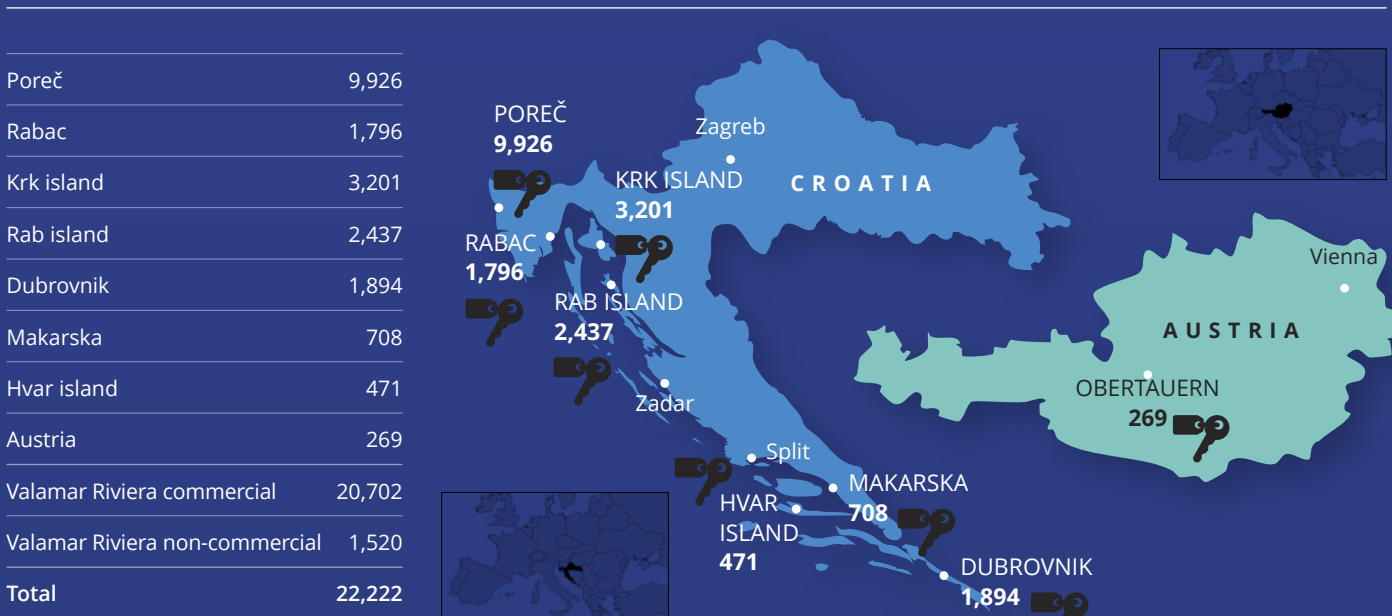
* Includes leasing, laundry, trailer and other operating revenues.

** Includes Valamar Riviera, Imperial Riviera, Obertauern.

*** Includes Valamar Riviera, Imperial Riviera.

OPERATING REVENUES (EUR mn)

* Imperial d.d. and Hoteli Makarska d.d. included as of 2017, i.e. as of August 2018.

PORTFOLIO OVERVIEW (by key/pitches)

VALAMAR BRANDS

			ACCOMMODATION UNITS	NO. OF PROPERTIES	CAPACITY SHARE
VALAMAR RIVIERA – COMMERCIAL			20,702	51	93.2%
VALAMAR RIVIERA – NON-COMMERCIAL			1,520		6.8%
VALAMAR RIVIERA – TOTAL			22,222	51	100%
HOTELS AND RESORTS			9,053	36	40.7%
VALAMAR COLLECTION			1,308	6	5.9%
Marea Valamar Collection Suites	★★★★★	Poreč	108	1	0.5%
Dubrovnik President Valamar Collection Hotel	★★★★★	Dubrovnik	292	1	1.3%
Isabella Valamar Collection Island Resort	★★★★★ (4/5)	Poreč	334	1	1.5%
Girandella Valamar Collection Resort	★★★★★ (4/5)	Rabac	391	1	1.8%
Imperial Valamar Collection Hotel	★★★★	Rab island	116	1	0.5%
Kesselspitze Valamar Collection Hotel	★★★★ SUPERIOR	Austria	67	1	0.3%
VALAMAR HOTELS & RESORTS			3,792	15	17.1%
Valamar Amicor Green Resort	★★★★	Hvar island	131	1	0.6%
Valamar Parentino Hotel	★★★★	Poreč	329	1	1.5%
Valamar Diamant Hotel & Residence	★★★★ (3/4)	Poreč	372	1	1.7%
Valamar Riviera Hotel & Residence	★★★★	Poreč	130	1	0.6%
Valamar Tamaris Resort	★★★★	Poreč	506	1	2.3%
Valamar Bellevue Resort	★★★★	Rabac	372	1	1.7%
Valamar Sanfior Hotel & Casa	★★★★	Rabac	242	1	1.1%
Valamar Atrium Baška Residence & Villa Adria	★★★★★ (4/5)	Krk island	92	1	0.4%
Valamar Padova Hotel	★★★★	Rab island	175	1	0.8%
Valamar Carolina Hotel & Villas	★★★★	Rab island	176	1	0.8%
Valamar Meteor Hotel	★★★★	Makarska	268	1	1.2%
Valamar Argosy Hotel	★★★★	Dubrovnik	308	1	1.4%
Valamar Lacroma Dubrovnik Hotel	★★★★	Dubrovnik	401	1	1.8%
Valamar Tirena Hotel	★★★★	Dubrovnik	208	1	0.9%
Valamar Obertauern Hotel	★★★★	Austria	82	1	0.4%
[PLACES] BY VALAMAR			504	3	2.3%
HVAR [PLACESHOTEL]	★★★	Hvar island	194	1	0.9%
DALMACIJA [PLACESHOTEL]	★★★	Makarska	190	1	0.9%
OBERTAUERN [PLACESHOTEL]	★★★★	Austria	120	1	0.5%

			ACCOMMODATION UNITS	NO. OF PROPERTIES	CAPACITY SHARE
SUNNY BY VALAMAR			3,449	12	15.5%
Crystal Sunny Hotel	★★★★	Poreč	223	1	1.0%
Zvonimir Sunny Hotel	★★★★	Krk island	85	1	0.4%
Corinthia Baška Sunny Hotel	★★★	Krk island	341	1	1.5%
Rabac Sunny Hotel & Residence	★★★	Rabac	300	1	1.4%
Rubin Sunny Hotel	★★★	Poreč	253	1	1.1%
Krk Sunny Hotel	★★★	Krk island	194	1	0.9%
Club Dubrovnik Sunny Hotel	★★★	Dubrovnik	338	1	1.5%
Makarska Sunny Resort	★★★	Makarska	250	1	1.1%
Lanterna Resort	★★	Poreč	578	1	2.6%
San Marino Resort	★★★	Rab island	457	1	2.1%
Arkada Hotel	★★	Hvar island	146	1	0.7%
Eva Sunny Hotel & Residence	★★★ (2/3)	Rab island	284	1	1.3%
CAMPING RESORTS			11,649	15	52.4%
CAMPING ADRIATIC BY VALAMAR – PREMIUM RESORTS			5,473	5	24.6%
Istra Premium Camping Resort	★★★★★	Poreč	963	1	4.3%
Krk Premium Camping Resort	★★★★★	Krk island	500	1	2.3%
Lanterna Premium Camping Resort	★★★★	Poreč	2,959	1	13.3%
Ježevac Premium Camping Resort	★★★★	Krk island	632	1	2.8%
Padova Premium Camping Resort	★★★★	Rab island	419	1	1.9%
CAMPING ADRIATIC BY VALAMAR – RESORTS			4,600	6	20.7%
Baška Beach Camping Resort	★★★★	Krk island	601	1	2.7%
Marina Camping Resort	★★★★	Rabac	329	1	1.5%
Bunculuka Camping Resort	★★★★	Krk island	414	1	1.9%
San Marino Camping Resort	★★★★	Rab island	810	1	3.6%
Orsera Camping Resort	★★★	Poreč	595	1	2.7%
Solaris Camping Resort	★★★	Poreč	1,851	1	8.3%
CAMPING ADRIATIC BY VALAMAR – SUNNY			1,576	4	7.1%
Solitude Sunny Camping	★★★	Dubrovnik	347	1	1.6%
Škrila Sunny Camping	★★★	Krk island	342	1	1.5%
Brioni Sunny Camping	★★	Pula	725	1	3.3%
Tunarica Sunny Camping	★★	Rabac	162	1	0.7%

70 YEARS OF VALAMAR – FROM A SMALL BUSINESS IN POREČ TO A LEADER IN ECONOMIC AND SOCIAL DEVELOPMENT

By decision of the Municipality of Poreč in 1953, a hospitality company Riviera was established in charge of managing hotels, bungalows and restaurants in Poreč and on the island of Sveti Nikola, which at that time had only two hundred beds and about twenty employees.

Presently, Valamar Riviera boasts a workforce of over 8,000 employees across 36 hotels and resorts, and 15 campsites situated along the Adriatic coast. Moreover, in the past five years, business has been expanded to winter tourism in Austria. Over the span of seven decades, Valamar has emerged as a cornerstone of economic prosperity and social advancement, in the most successful tourist destinations in Croatia.

The history of the company begins in Poreč in the mid-twentieth century. Before its establishment, Poreč, like many coastal towns, relied predominantly on agricultural activities for sustenance - local residents spent their days fishing or in the fields and in olive groves and vineyards. However, the latent potential of tourism remained largely untapped, despite the beautiful Adriatic coastline close at hand.

Subtle indicators of transformation began to surface, evidenced by the development of amenities such as the first seaside beach, Bagno Parentino, in 1895, followed by the iconic Riviera Hotel. Nevertheless, the onset of the two world wars inflicted significant setbacks upon the tourist industry, both symbolically and materially. The Riviera Hotel, serving as a beacon of hospitality, endured the ravages of war, enduring three bombings during the Second World War.

In the aftermath of conflict, Poreč and its tourism sector sought visionary leadership to navigate the path to recovery. This leadership materialized in 1953, as the renovated Riviera Hotel reopened its doors, heralding the inception of the eponymous hospitality company. Poreč's ascent onto the European tourist stage was now assured, positioning it as the sole city in the former Yugoslavia boasting two tourism companies. Presently, one of these entities manages a significant portion of Croatian tourism, serving as the foremost tourism company in the region.

As the adage goes, "the rest is history." Seventy years on, Valamar is the leading Croatian hospitality company and the largest investor in Croatian tourism with investments exceeding a billion euros in the past two decades alone.





● RIVIERA
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HOTEL
 ● POREČ JUGOSLAVIJA
RIVIERA



POREČ

45

RIVIERA
 HOTELS, APARTMENTS & CAMPS

VALAMAR'S CORPORATE STRATEGY

Vision

The Company's vision is
a perfect vacation,
every day for every guest.

Mission

LEADERS IN HOLIDAY TOURISM

To be the leader in leisure tourism and create authentic guest experiences in partnership with our destinations.

EMPLOYEES AND GUESTS ALWAYS COME FIRST

To develop a stimulating corporate culture where guests and employees come first.

AN ADDED VALUE FOR ALL STAKEHOLDERS

To deliver added value for shareholders through corporate responsibility by promoting sustainable development and supporting local communities.

Values



WELCOMING

We make our guests feel welcome and highly appreciated.



AMBITIOUS

We set ourselves challenging goals and strive for excellence in everything we do.



RESPONSIBLE

We are a trustworthy business partner and a caring employer dedicated to the local community and the environment.



INNOVATIVE

We engage in collaborative innovation to improve our performance, stay alert and open to change.



PROUD

We take pride of our destinations and being part of the successful Valamar family.



VALAMAR

VALAMAR TIMELINE

1895 – 1920

THE BEGINNINGS OF TOURISM IN CROATIA

- ▶ 1895 - Bagno Parentino – beginnings of tourism in Poreč
- ▶ 1910 - Hotel Riviera was opened – after which the company was named

The development of tourism along the Croatian Adriatic coast in all Valamar's destinations - Rabac, Krk, Rab, Makarska, Hvar, Dubrovnik.



1921 – 1965

RIVIERA IS FOUNDED (1953)

- ▶ In 1953, by the Municipality of Poreč's decision, the hospitality company Riviera is founded
- ▶ It manages hotels, bungalows, and restaurants in Poreč and on the island of Sveti Nikola, with 198 beds and around 20 employees

The development of tourism on the Adriatic coast begins. The two largest hospitality companies are founded in Poreč.



1966 – 1990

CONSTRUCTION OF ALL THE HOTELS AND TOURIST FACILITIES

Intensive construction 1967-1979 – the most dynamic period in the development of tourism activities and intensive construction of hotels, apartments, and campsites:

- ▶ 1967 Hotel and Apartments Luna
- ▶ 1968 Hotel Neptun
- ▶ 1968 Tourist Resort Lanterna
- ▶ 1969 Hotel Pinus Tamaris
- ▶ 1971 Hotel Rubin
- ▶ 1971 Hotel Kristal
- ▶ 1972 Camping Turist (Orsera)
- ▶ 1974 Camping Lanterna – the largest campsite in Croatia
- ▶ 1974 Camping Solaris
- ▶ 1976 Hotel Zagreb (Parentino)
- ▶ 1976 Hotel Diamant
- ▶ 1977 Camping Istra
- ▶ 1979 Hotel Pical – the first hotel of the highest category in Poreč
- ▶ 1986 hHotel Fortuna on the Island of Sveti Nikolau

Riviera becomes one of the most significant tourist companies in Croatia



1991 – 1999

PERIOD OF CRISIS FOR TOURISM

- ▶ The times of privatization and ownership transformation of the tourism companies
- ▶ Dom fond takes over Riviera and other tourism companies



2000 – 2009

— VALAMAR AND THE BEGINNING OF HOTEL MANAGEMENT

Introduction of the first brands of hotels and campsites:
Valamar Hotels&Resorts and Camping on the Adriatic

- ▶ Valamar hoteli i ljetovališta management company is founded and begins operating the tourism portfolio in Poreč, Rabac, on the island of Krk and in Dubrovnik
- ▶ Raising the quality of facilities and the level of services
- ▶ 2006 the Maro mascot is born
- ▶ 2009 Valamar Lacroma Resort in Dubrovnik is built



2010 – 2014

— MERGERS AND ACQUISITIONS

Completed mergers and acquisitions for portfolio consolidation

- ▶ 2011 Zlatni otok d.d. and Rabac d.d.
- ▶ 2013 Dubrovnik-Babin kuk d.d.
- ▶ Valamar Adria holding d.d. and Valamar grupa d.d.

In December 2014, the company named Valamar Riviera d.d. is officially listed on the Zagreb Stock Exchange market



2015 – 2019

— STRONG GROWTH AND DEVELOPMENT

In five years, Valamar doubled its financial results and the company value through portfolio investments, acquisitions, and operational efficiency

The company becomes a leader in Croatian tourism and begins internationalization

Acquisitions:

- ▶ 2015 Hoteli Baška d.d.
- ▶ 2016 Imperial d.d. in partnership with AZ fund
- ▶ 2018 Hoteli Makarska d.d. in partnership with AZ funds
- ▶ 2018 Valamar's first breakthrough outside Croatia - acquisition and start of operations in Obertauern, Austria
- ▶ 2019 merger of Hoteli Makarska and Rab's Imperial - Imperial Riviera d.d. is founded
- ▶ 2019 acquisition of Helios Faros on the island of Hvar in partnership with PBZ CO pension funds

2015 the opening of Valamar Isabella Island Resort 4/5*

2016 - 2018 Investments in Camping Lanterna 4*

2017 repositioning of Rabac destination to 4* - construction of the largest tourist complex on the Adriatic, Valamar Girandella Resort and Family Life Bellevue Resort

2018 Valamar Meteor Hotel 4* in Makarska

2018 Baška Beach Camping Resort

2018 Valamar Argosy Hotel

2019 Valamar Parentino Hotel (ex-Zagreb) repositioning and upgrading

2019 the opening of Istra Premium Camping Resort 5* - one of the top campsites in Europe

2019 Ježevac Premium Camping Resort

2019 Valamar Carolina Resort

2019 Valamar Padova Hotel

2019 Valamar Collection Marea Suites 5* - the most successful Valamar hotel

Development of service concepts - Grano Duro, La Pentola, Mezzino, Balance, V Sport, Val Beach, The Beat and other

2020 – PRESENT

— RECOVERY FROM COVID AND THE GEOPOLITICAL CRISIS

All jobs are saved during the crisis, a complete business recovery is achieved

Continued investment and development of new products and service concepts: Places, Sunny

Acquisition and finalization of investments in Obertauern:

- ▶ Kesselspitze Collection Hotel, Valamar Obertauern Hotel and Obertauern Places Hotel

2021 the first Hvar Places Hotel opens

2022 the second Dalmacija Places Hotel opens

2022 Valamar adopts a complete sustainability strategy (ESG)

2022 construction of Amicor Green Resort in Stari Grad on the island of Hvar

2023 reconstruction of Valamar Tirena Hotel and construction of Maro World

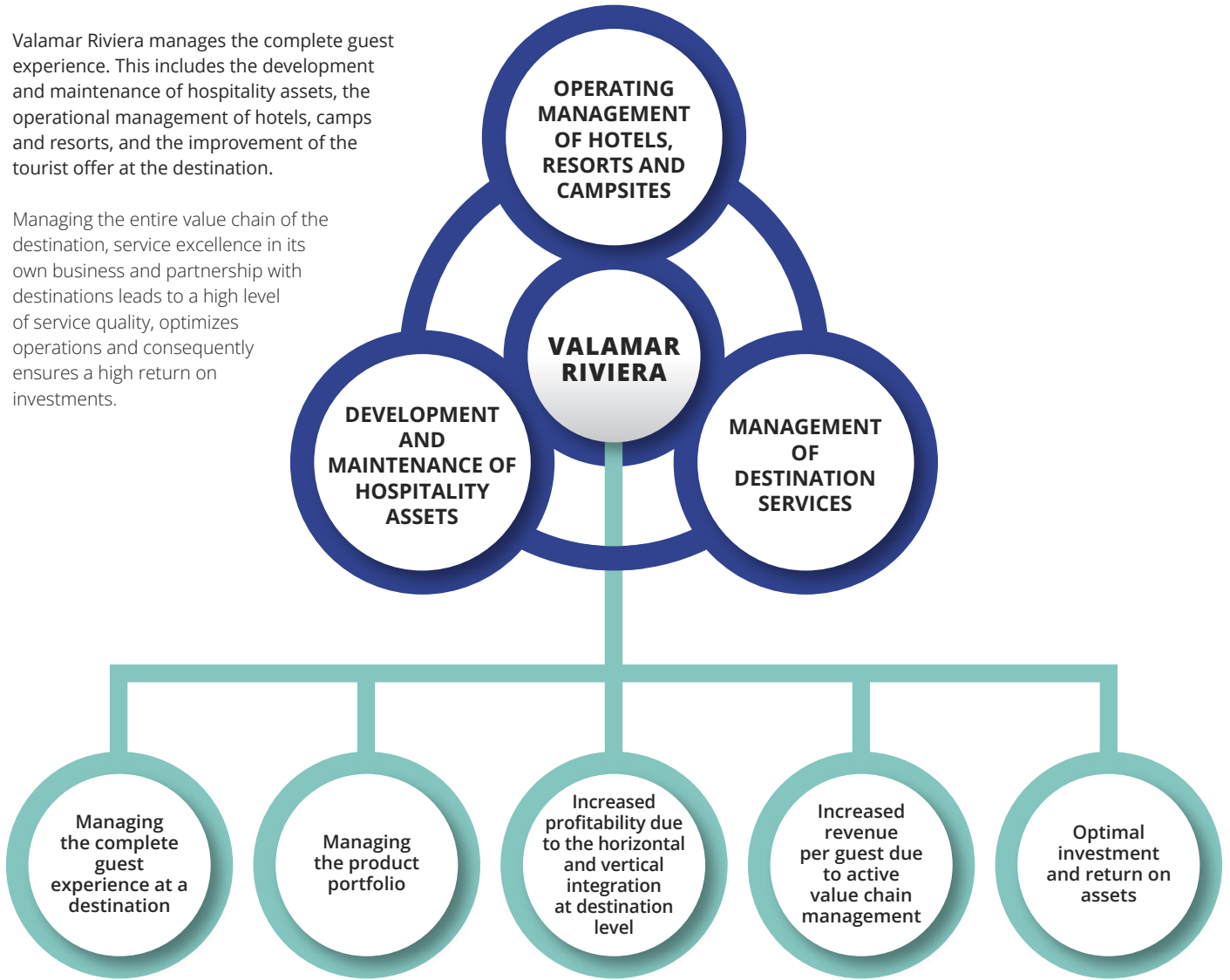
2023 more than 8,000 employees in 36 hotels and resorts, and in 15 campsites



VALAMAR RIVIERA BUSINESS MODEL

Valamar Riviera manages the complete guest experience. This includes the development and maintenance of hospitality assets, the operational management of hotels, camps and resorts, and the improvement of the tourist offer at the destination.

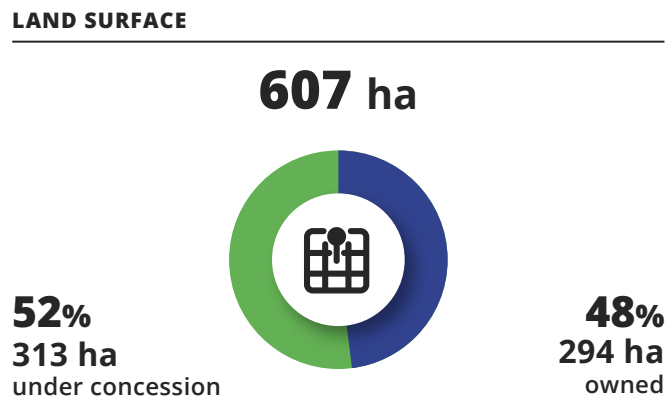
Managing the entire value chain of the destination, service excellence in its own business and partnership with destinations leads to a high level of service quality, optimizes operations and consequently ensures a high return on investments.

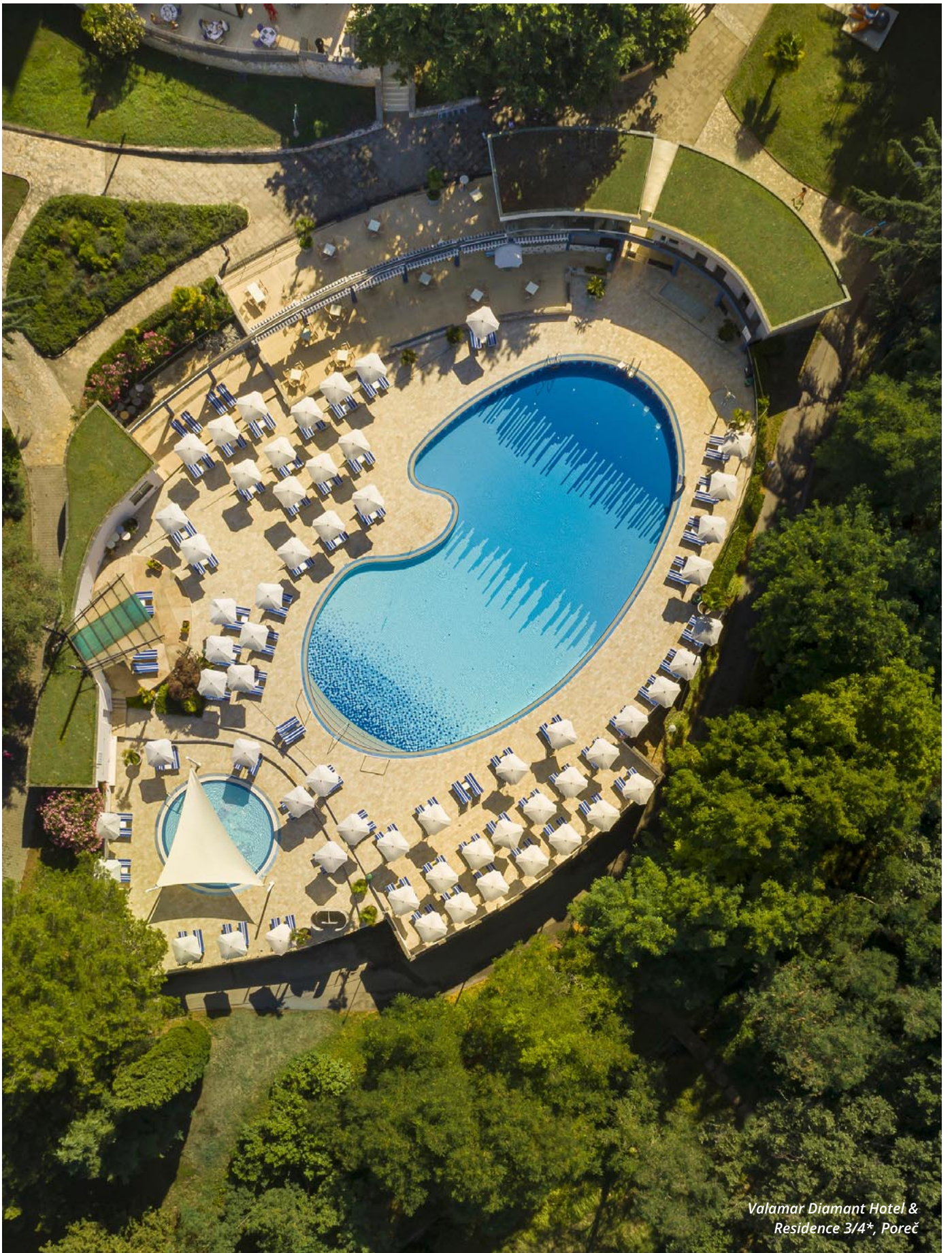


ASSET MANAGEMENT AND LONG-TERM ASSETS OWNED

Valamar Riviera manages 607 hectares of property, which includes 38 kilometers of coastal area.

VALAMAR RIVIERA GROUOP LONG-TERM ASSETS		
	2022	2023
Hotels and resorts	62%	56%
Camps	25%	24%
Other	13%	20%
TOTAL	5.5 HRK bn	728 EUR mn





*Valamar Diamond Hotel &
Residence 3/4*, Poreč*

3 TOURISM IN CROATIA 2023

VALAMAR RIVIERA D.D. CONVEYS THE EXPERT REVIEW OF THE CROATIAN TOURISM ASSOCIATION



VELJKO OSTOJIĆ,
HUT Croatian Tourism
Association

In 2023, Croatian tourism not only exceeded the record revenues of 2019 but also matched the total turnover from before the pandemic. The eVisitor system documented over 20.6 million tourist arrivals and just under 108 million tourist overnights. This marks a 9 percent increase in arrivals and a 3 percent rise in overnight stays compared to the previous year.

In terms of commercial accommodation, including hotels, campings, and household facilities, there was a growth of 1.2 percent in physical indicators compared to 2019.

Despite facing significant cost pressures, the sector saw a growth in net profit in the past year. This growth is particularly encouraging as the sector navigates through the necessary investment cycle.

Counties with the most achieved overnights:

- ▶ Istria County 30.1 million
- ▶ Split-Dalmatia County 20.2 million
- ▶ Primorsko-goranska County 18.6 million
- ▶ Zadar County 15.2 million
- ▶ Dubrovnik-Neretva County 8.6 million
- ▶ Šibenik-Knin County 6.6 million



107.7 million
total overnights in 2023

94.6 million
foreign guests overnights

13.06 million
domestic guests overnights



*Valamar Lacroma Dubrovnik
Hotel 4*, Dubrovnik*

The majority of overnight stays were registered in commercial accommodation properties, comprising 87% of the total. Non-commercial accommodation properties accounted for 10% of the total overnights, while nautical charter represented 3%.

Within the commercial segment, hotel accommodation accounted for 26% of the turnover, while family accommodation and camping segments contributed 43% and 23% respectively. Consequently, organized types of accommodation collectively accounted for nearly half of the overnight stays, despite representing only around 23% of the total accommodation capacities.

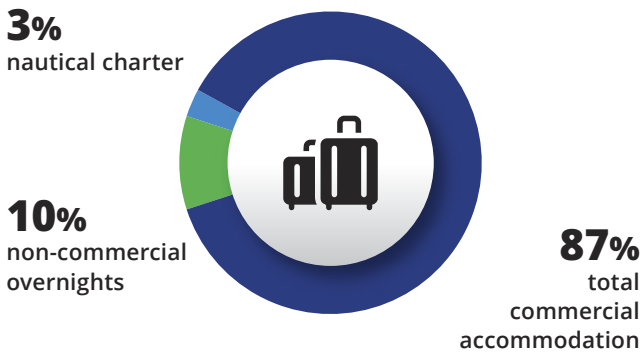
TOURISM REVENUES

According to the Croatian National Bank, revenues from foreign tourists surged to EUR 13.1 billion in 2023, marking a remarkable 44% increase compared to the previous year and a substantial 24% rise compared to 2019. Revenue growth was sustained throughout the year across all quarters. In the first nine months of 2023 alone, tourism revenues amounted to €12 billion and €972 million, reflecting an 11.4% increase compared to the same period in 2022.

The momentum continued in the last quarter, with foreign tourists recording a 44% increase in revenue compared to the previous year.

OVERNIGHT SEGMENT - SHARE OF OVERNIGHTS

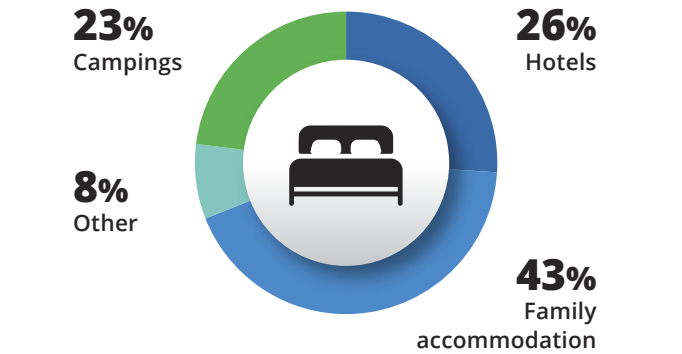
(January - December 2023)



Izvor: HTZ (podaci eVisitor+integrirano eCrew)

KEY GROUPS OF ACCOMMODATION TYPES - COMMERCIAL ACCOMMODATION - SHARE IN OVERNIGHTS

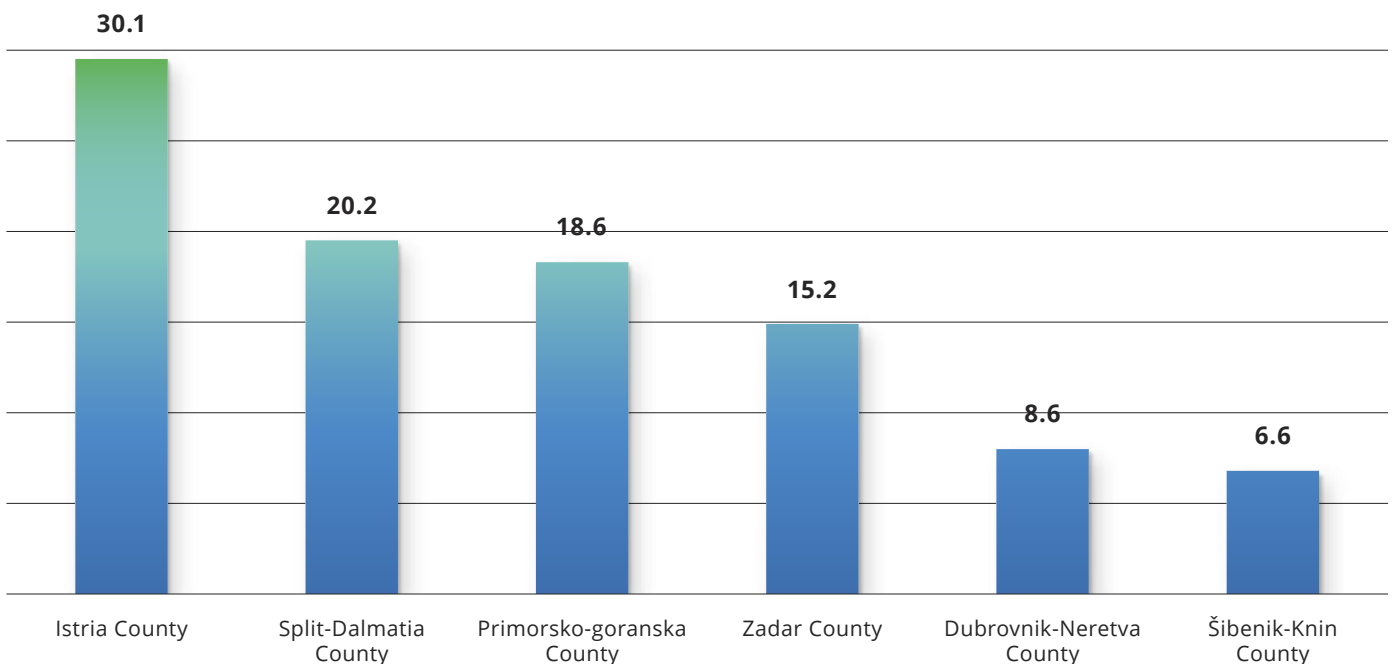
(January - December 2023)



Izvor: HTZ (podaci eVisitor+integrirano eCrew)

COUNTIES WITH THE MOST ACHIEVED OVERNIGHTS IN 2023

(million)



INVESTMENTS

For the tourism sector, 2023 posed significant challenges. Rising operating costs due to inflation, coupled with stringent financing conditions, exerted pressure on profitability. Additionally, the resurgence of Mediterranean competing markets and early signs of economic slowdown in Croatia's key emitting countries heightened uncertainty surrounding overall business outcomes.

Despite these challenges, domestic tourism companies exhibited resilience and capability in navigating such conditions. The year underscored the importance of continuous investments in high-end properties, which not only record stronger demand but also offer more flexibility in pricing. To maintain competitiveness, it's imperative to initiate a strong investment cycle post-pandemic. While the NPOO program offers initial tourism grants in Croatia, additional incentives are needed to spur significant new investments, whether through grants or other forms of stimuli.

SUSTAINABILITY

In addition to promoting new investments for service excellence and tourism products, it's crucial to implement concrete measures to enhance the sustainability of Croatian tourism in the years ahead. Two primary risks threaten medium-term sustainability: overtourism, evident in Croatian destinations, leading to detrimental effects on tourism and local communities, and a shortage of workforce hindering tourism development, especially in small and medium-sized enterprises.

The Croatian Tourism Association remains an important stakeholder in shaping public policies and discussions, ensuring that the newly adopted regulatory framework, from the Law on Tourism, through the Law on Maritime Property and Seaports, to the regulation of leases on tourist land is implemented in practice in a way that encourages the growth of organized tourism and sustainable destinations.

Tourism in Croatia remains one of the few domestic sectors poised for significant growth and development, driving job creation, increased investments, higher salaries, and improved standards of living for all Croatian citizens, both directly and indirectly involved in tourism.



Valamar Amicor
Green Resort 4*
Hvar island

4 ENGAGEMENT OF KEY STAKEHOLDERS AND MATERIAL ASPECTS



For many years, Valamar Riviera has been developing open communication with key stakeholders and has defined the priorities for the development of its ESG strategy with them. Through these relationships, we identify the best opportunities for the implementation of the strategic ESG initiatives in business. In drafting this report, we have included and specifically consulted the Croatian Business Council for Sustainable Development (HR PSOR).

The dialogue with the Company's stakeholders is considered to be an important part of corporate social responsibility integrated into the Company's business strategy. At company level, Valamar has adopted policies with a commitment to be at the very top of the hospitality industry in Croatia in terms of service quality, guest satisfaction, respect for the interests of employees, the company, the local community and environmental protection and resource management.

Valamar Riviera has also adopted the **Quality and Sustainable Business Policy**, which particularly emphasizes the following aspects:

- ▶ ensuring the satisfaction, health and safety of guests and employees,
- ▶ compliance with legal and other requirements,
- ▶ pollution prevention as a fundamental approach in environmental management,
- ▶ waste reduction and disposal,
- ▶ continuous improvement of quality, environmental and energy performance and management systems,
- ▶ conservation and rational use of natural resources
- ▶ preservation of biodiversity
- ▶ procurement of energy-efficient products and services and support of design activities that consider the improvement of energy efficiency,
- ▶ ensuring the availability of information and all necessary resources for the realization of our general and individual goals of quality, environment, energy and health and safety,
- ▶ application of labor rights and care for its employees and ensuring a healthy working environment,
- ▶ respecting the interests and providing support to the local community,
- ▶ protection of children.



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

COMMUNICATION WITH KEY STAKEHOLDERS

GUESTS

- ▶ guest opinion surveys
- ▶ educating guests about environmental protection
- ▶ Involvement of guests in humanitarian activities
- ▶ newsletters

THE MANAGEMENT BOARD

- ▶ a member of the Management Board of Valamar Riviera oversees sustainability and digitalization
- ▶ the Valamar Riviera Sustainability and Digital Committee monitors the status of the implementation of the sustainability strategy and the progress of strategic ESG initiatives on a monthly basis

EMPLOYEES

- ▶ surveying/researching corporate culture and climate
- ▶ communication through the monthly printed magazine VIV and the online blog VIV
- ▶ daily, weekly and monthly department meetings
- ▶ assembly of workers
- ▶ annual gathering
- ▶ continuous feedback on performance

Valamar employees participate in the implementation of the sustainability strategy and the achievement of ESG goals, from data collection using the EMIS system, Greenly and others (e.g. electricity, water consumption, etc.) to participation in socially responsible Valamar initiatives in the local community.

SHAREHOLDERS AND INVESTMENT COMMUNITY

- ▶ annual Shareholders general assembly
- ▶ financial reports
- ▶ corporate websites
- ▶ transparent communication with all investors in the capital market (non-deal road shows, meetings and participation in conferences, Investor's Day, corporate website)
- ▶ cooperation with development and commercial banks and creditors and proactive communication with analysts
- ▶ financial reports and timely publications on material facts for investors

LOCAL COMMUNITY AND DESTINATIONS

- ▶ involvement in the tourist board system
- ▶ cooperation at destination events and with investment projects
- ▶ active participation in charity activities

CONTRIBUTION TO THE DEVELOPMENT AND PROMOTION OF TOURISM THROUGH MEMBERSHIP IN ASSOCIATIONS AND INSTITUTIONS

Valamar is involved in the activities of organizations and institutions, which contribute to destination development and the increase of service standards in general.

Valamar has its representatives in all assemblies, tourist councils and/or supervisory boards in the following tourist boards:

- | | | |
|------------------------------------|------------------------------|----------------------------|
| ▶ Croatian Tourist Board | ▶ Vrsar Tourist Board | ▶ Baška Tourist Board |
| ▶ The Makarska Tourist Board | ▶ Funtana Tourist Board | ▶ Dubrovnik Tourist Board |
| ▶ The Istrian County Tourist Board | ▶ Tar-Vabriga Tourist Boards | ▶ Punat Tourist Board |
| ▶ Kvarner Tourist Board | ▶ Labin Tourist Board | ▶ Lopar Tourist Board |
| ▶ Poreč Tourist Board | ▶ Raša Tourist Board | ▶ Rab Tourist Boards |
| | ▶ Krk Tourist Board | ▶ Stari Grad Tourist Board |

COMMUNICATION WITH ASSOCIATED STAKEHOLDERS

TRADE UNIONS

- ▶ signed collective agreement
- ▶ cooperation with the Workers' Council on all key issues related to the rights and benefits of employees

PROFESSIONAL ASSOCIATIONS

- ▶ promoting the interests of the profession through membership in a number of professional organizations (Croatian Tourism Association, Croatian Employers' Association, Croatian Chamber of Economy, Croatian Business Council for Sustainable Development and others)

SUPPLIERS

- ▶ long-term collaboration and partnership
- ▶ quality assurance requirements for each product category
- ▶ annual ESG surveys for suppliers

PUBLIC ADMINISTRATION BODIES

- ▶ cooperation in the development and preparation of investment projects, student scholarships and dialogue related to legislative initiatives

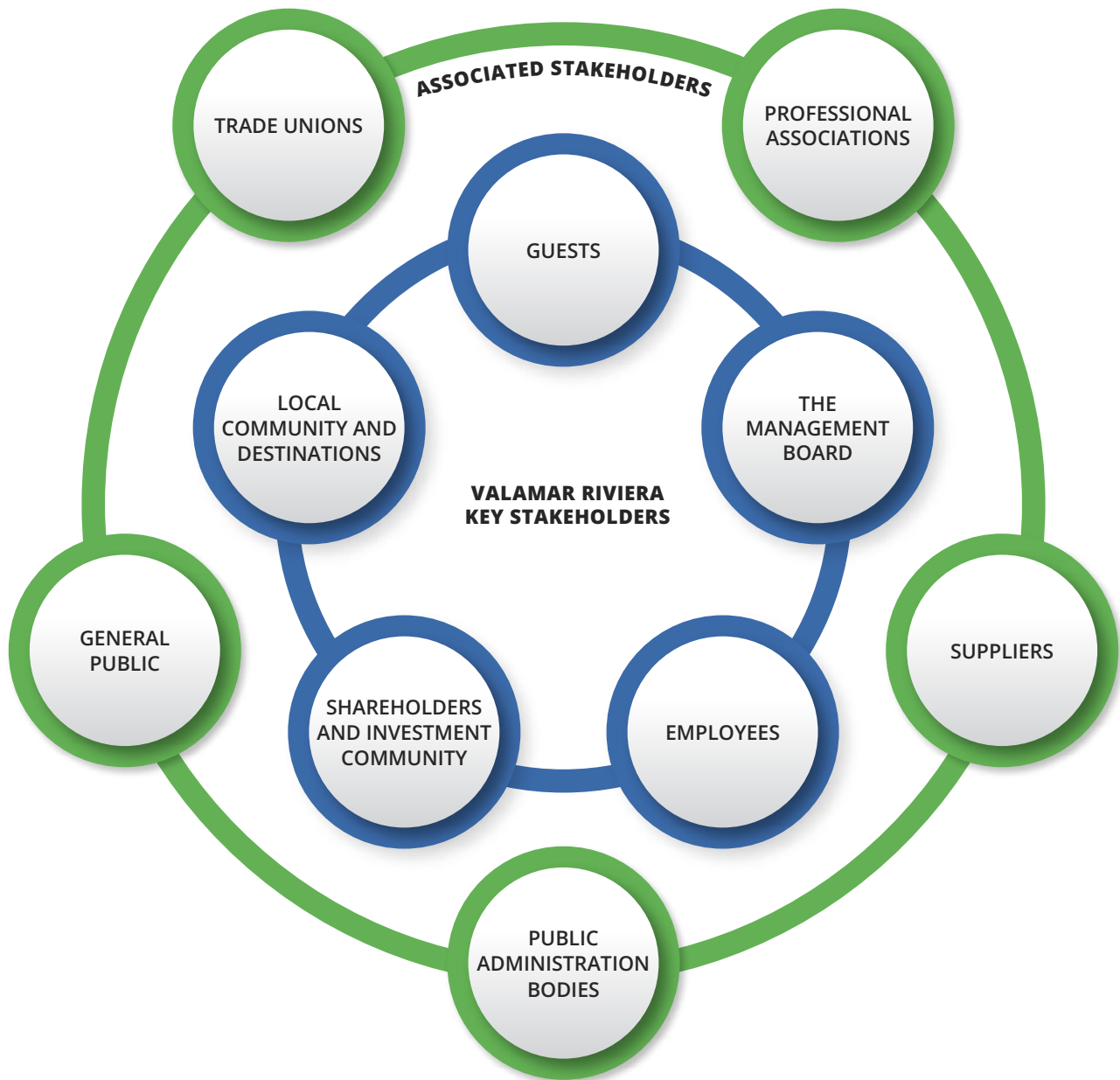
GENERAL PUBLIC

- ▶ press releases
- ▶ communication via the Internet
- ▶ VIV magazine

In addition to the tourist boards, Valamar Riviera is also active in the following associations :

- ▶ Croatian Tourism Association (HUT)
- ▶ Association Of Entrepreneurs In The Hotel Industry Of Croatia (UPUHH)
- ▶ Croatian Camping Association (KUH)
- ▶ Croatian Business Council For Sustainable Development (HRPSOR)
- ▶ Croatian Green Building Council

VALAMAR RIVIERA KEY STAKEHOLDERS AND ASSOCIATED STAKEHOLDERS



UN GLOBAL COMPACT

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



Members are obliged to align their business practices with the UN Global Compact's Ten Principles, which are based on internationally accepted UN declarations and conventions concerning human rights, labor, environment and the fight against corruption. These principles serve as the normative authority for responsible business operations and the companies that accept them assume the fundamental responsibilities of doing business in these areas. In addition to the above-mentioned Ten Principles, the initiative is also focused on integrating the Sustainable Development Goals (SDGs) into the business of companies.

GSTC

In 2024, Valamar Riviera joined the GSTC (Global Sustainable Tourist Council), which establishes and manages global standards for sustainable travel and tourism. The GSTC operates on the basis of four principles: sustainable management, socio-economic impacts, cultural impacts and environmental impacts.



Since each tourist destination has its own culture, environment, customs and laws, the criteria are designed to be adapted to local conditions and supplemented by additional criteria for a specific location and activity.

VALAMAR JOINS SCIENCE BASED TARGETS INITIATIVE

Global Initiative "Science Based Targets" includes more than five thousand companies that have committed to reducing greenhouse gas emissions in accordance with the objectives of the Paris Agreement and the latest scientific knowledge about the climate.

The initiative aims to support the global economy in achieving two goals – cutting greenhouse gas emissions by half by 2030 and attaining a net-zero emission status by 2050. Valamar joined this initiative in 2023.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



VALAMAR RIVIERA AND WWF ADRIA UNITE TO PROTECT THE SEAS AND OCEANS

In May 2023, Valamar Riviera partnered with WWF Adria (World Wide Fund for Nature) in a collaborative effort to enhance sustainability in the procurement of seafood products and to safeguard the Adriatic Sea while preserving biodiversity. This groundbreaking partnership marks the first of its kind in the Croatian tourism sector.

Integrated within Valamar's sustainability strategy, this collaboration comprises two phases to be completed by March 2024. The initial phase involves product analysis, while the subsequent phase will generate recommendations based on assessments from the International Union for Conservation of Nature (IUCN Red List), which identifies threats to species and habitats.

The analysis of seafood products aims to establish criteria for sustainable procurement and is a pivotal initiative within Valamar's ESG strategy leading up to 2026.

EEA

In late 2023, Valamar Riviera joined the Energy & Environment Alliance (EEA).

EEA collaborates extensively with industries and international bodies to enhance understanding of regulations, global standards, ESG (Environmental, Social, and Governance) reporting, and benchmarking.



Brioni Sunny
Camping 2*, Pula

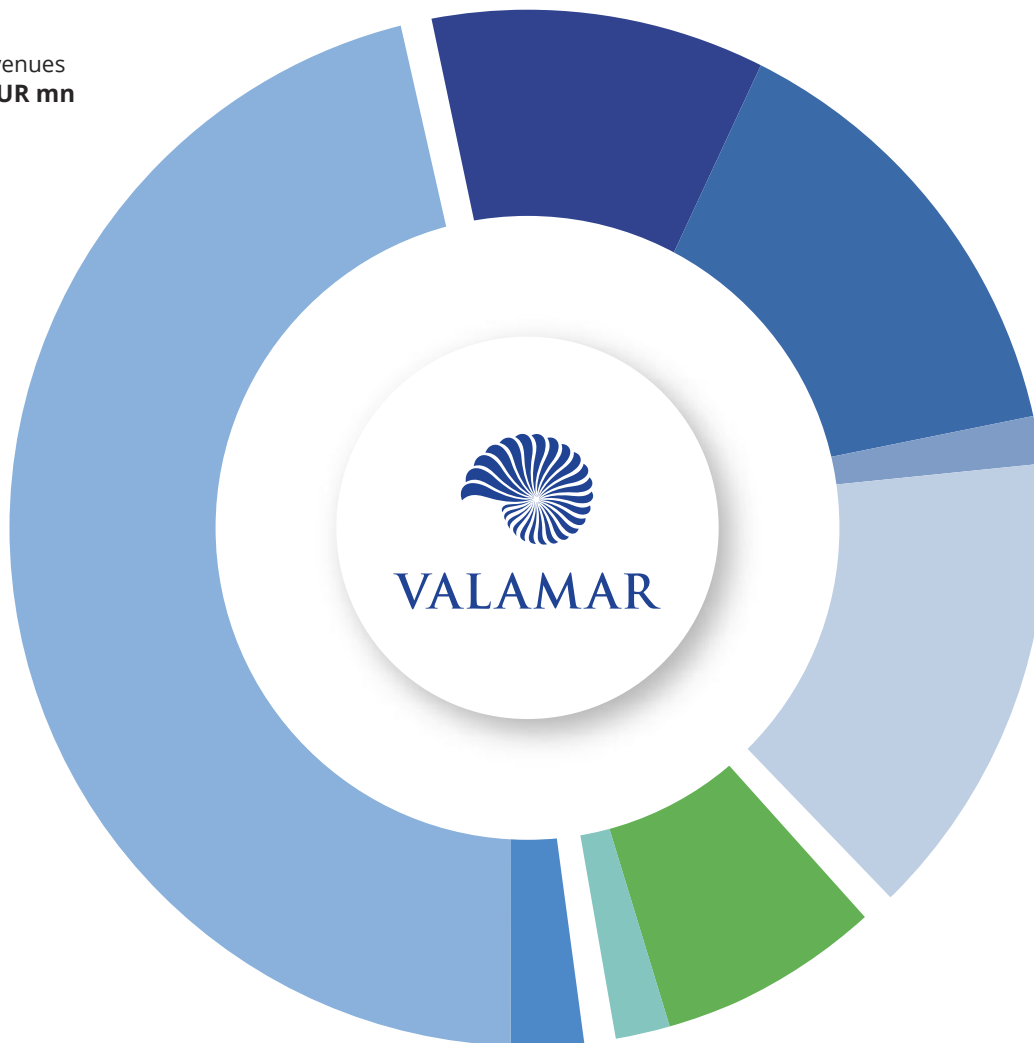
VALAMAR RIVIERA'S CONTRIBUTION TO ECONOMIC DEVELOPMENT IN 2023

DIRECT ECONOMIC VALUE
383.646 EUR mn

- Guests
365.719 EUR mn
- Other revenues
17.926 EUR mn

DISTRIBUTED ECONOMIC VALUE
332.139 EUR mn

- Employees
84.315 EUR mn
- Suppliers
116.857 EUR mn
- Banks and creditors
12.316 EUR mn
- Public administration
118.649 EUR mn



Direct economic value generated	383.646 EUR mn
Economic value distributed	332.139 EUR mn
Economic value retained	51.506 EUR mn
Total investments	65.378 EUR mn

IDENTIFICATION OF MATERIAL ASPECTS AND BOUNDARIES

Identifying and quantifying the impact of business on the environment, local community, employees and society is an important framework for socially responsible and sustainable business.

As part of the stakeholder involvement process in 2023, Valamar conducted extensive surveys of guests, suppliers, employees and senior management, as well as selective in-depth interviews with key internal stakeholders of the company and top management.

In the process of improving sustainability practices, Valamar employees were actively surveyed about means and frequency of commuting. We continued engaging our guests in surveys. In addition, an extensive survey of Valamar's suppliers was conducted through ESG surveys.

After analyzing the collected results and the ESG workshops, Valamar adopted the materiality matrix, which remained valid in

2023. The ESG workshops held at the company's senior management level also analyzed the strategic sustainability goals until 2026 and defined an ESG strategy with concrete key performance indicators (KPIs) which Valamar reports on annually.

In 2023, the company conducted regular annual consultations with all sectors, by conducting the annual corporate culture and climate survey that encompasses all employees, as well as the discussions held at workers gatherings and meetings with the Labour Council. Areas where further improvements will be introduced and results will be monitored have been identified. Valamar continues to develop two-way communication with key stakeholders to further improve the quality of integrated reporting.

In 2023, Valamar conducted a comprehensive analysis of the compliance of the previous integrated reports with the new European standards that will be applied in the future to be able to prepare for reporting following the current regulations next year.



*Dubrovnik President
Valamar Collection Hotel 5*,
Dubrovnik*

MATERIALITY MATRIX

The Valamar Riviera materiality matrix is developed in accordance with GRI requirements and is the result of stakeholder involvement and has helped to identify material reporting topics and to define the boundaries of the sustainability report. Material topics are closely related to the goals of sustainable development and business goals of Valamar Riviera.



ENVIRONMENTAL

- 1 Biodiversity in destinations
- 2 Climate protection
- 3 Energy reduction and renewables
- 4 Waste reduction and circular economy
- 5 Water management
- 6 Responsible procurement



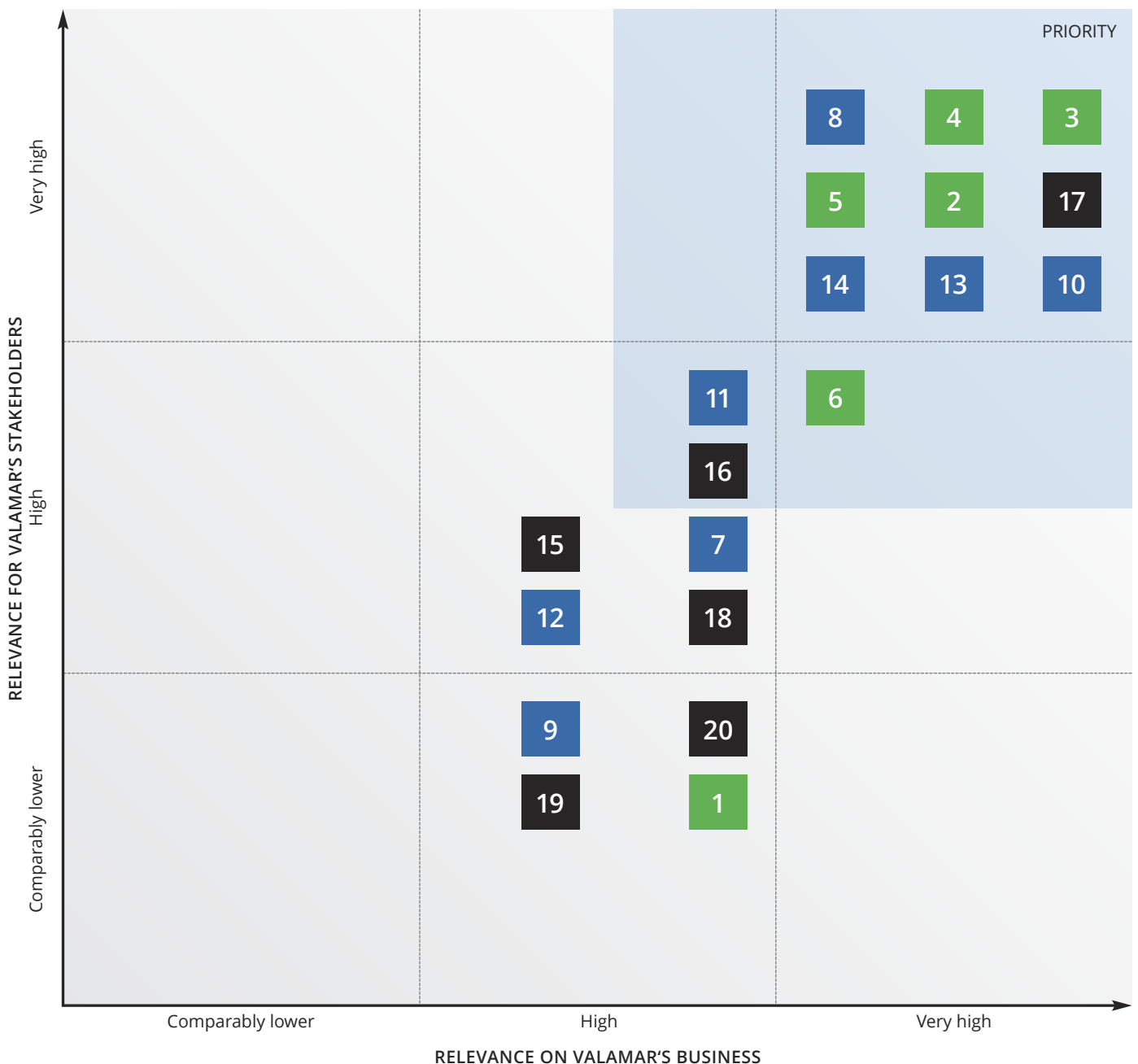
SOCIAL

- 7 Community welfare (economic, social, employment)
- 8 Employee development and wellbeing
- 9 Inclusion and diversity
- 10 Workplace health and safety
- 11 Human rights protection
- 12 Suppliers' innovation and transparency
- 13 Competitive working conditions
- 14 Local employment and ensuring year-round income



GOVERNANCE

- 15 Stakeholder dialogue
- 16 Business ethics and compliance
- 17 Corporate governance and risk management
- 18 Sustainable suppliers
- 19 External validation
- 20 Economic impact on communities



5 VALAMAR ESG REPORT



ESG STRATEGY, INITIATIVES AND GOALS BY 2026

Valamar has adopted a new strategy for sustainable business development by 2026. The new strategy focuses on leisure tourism that benefits destinations, employees, guests, and local communities while generating added value for investors. The company remains dedicated to investing in sustainable tourism and corporate social responsibility, notably in renewable green energy sources, waste management, local food sourcing, and sustainability within its supply chain. Notably, special emphasis will be placed on enhancing public tourism infrastructure for universal accessibility and enhancing the quality of life for residents in communities where Valamar operates. By 2026, Valamar aims to attain the gold level of the ESG rating, solidifying its status as a frontrunner in sustainable tourism development in Croatia. Central to this endeavor is the sustainability strategy, comprising six strategic initiatives geared towards meeting ESG targets within the stipulated timeframe. Valamar is committed to the sustainable utilization of natural resources and fostering a positive impact on the destinations and society in which it operates.

VALAMAR CONTINUES ITS WAY TO DECARBONIZATION IN SCOPE 1 AND 2, RENEWABLE ENERGY, CIRCULAR ECONOMY AND PROTECTING BIODIVERSITY

Valamar is especially focused on the protection of the Adriatic Sea and on the procurement of local food.

VALAMAR STANDS FOR ETHICAL, TRANSPARENT AND PROFESSIONAL LEADERSHIP AND OPERATIONS AT ALL LEVELS

The company values and adheres to international and national ESG standards.

VALAMAR CREATES GOOD PLACES TO WORK AND LIVE FOR ITS EMPLOYEES

and emphasizes positive social development in its destinations.

GUESTS ARE THE CORE OF OUR SERVICES

Valamar encourages guests to engage in positive changes for sustainable development.

VALAMAR GIVES INVESTORS PEACE OF MIND

with a transparent overview of business operations.



*Valamar Amicor Green
Resort 4*, Hvar island*

ESG STRATEGY



Valamar is recognized as a leader in environmental protection and sustainable development in tourism in its destinations.

As the leading hospitality company in Croatia, Valamar has invested in various sustainability and social development programs since 2015. These programs include investments in renewable energy

and energy efficiency, continued decarbonization, and tourism infrastructure, as well as numerous programs for employees, social and philanthropic programs.

Valamar's sustainability strategy is part of a new business strategy by 2026. Valamar has structured its active sustainability initiatives into a defined ESG structure.

The overall objective was to align ongoing activities and new activities with ambitious targets, which will have a major impact on the Environment and Society, based on sound Governance. Valamar has also aligned these activities with the investors' markets and rating agencies. The company defined six strategic ESG initiatives, three for (E) environment, two for (S) society, and one for (G) governance.

Over the past years, Valamar has kept an active dialogue with key stakeholders to understand the impact and importance of different materiality factors influencing the company's business. This dialogue enabled the company to prioritize its ESG activities and was an important factor in shaping the strategic initiatives within the ESG strategy.

The following stakeholders are involved through discussions, online surveys and focus groups:

- ▶ Guests
- ▶ Employees
- ▶ Partners in our destinations
- ▶ Suppliers
- ▶ Leadership team
- ▶ Supervisory Board

Materiality factors are structured according to their importance for stakeholders and business. Ten main materiality factors were selected - five for the environment, four for social responsibility and one for governance: climate protection, reduction of energy consumption and renewable energy sources, waste reduction and circular economy, water management, development and well-being of employees, corporate governance and risk management, responsible procurement, local employment and secured year-round income, competitive working conditions and occupational health and safety.

THESE SIX STRATEGIC INITIATIVES INCLUDE 12 OF THE 17 UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Valamar monitors the ESG key performance indicators according to a well-defined structure, and twelve key performance indicators have been assigned to the 2026 targets. By 2026, Valamar aims to achieve twelve key sustainability goals.



ESG GOALS BY 2026



Valamar ESG goals follow Valamar's business strategy and are set for the period up to 2026 to ensure that long-term to medium-term results are met and that the impact of business activities and initiatives is measurable, transparent and accountable. Furthermore, Valamar identified a balanced combination of measurable goals representing each ESG segment effectively through 6 strategic initiatives. Valamar measures over 80 ESG KPIs, of which 12 ESG KPIs have been singled out as major targets by 2026. Among the 12 defined goals, we have identified two key goals: decarbonization in the first and second scope and investing in the community. Valamar has therefore defined twelve key ESG goals: seven for the environment, three for society and two for governance. Valamar's ESG goals reflect the company's business and are integrated in all aspects of business, from preserving the environment to caring for the community and employees.

ENVIRONMENT



CLIMATE PROTECTION

Through the first strategic initiative (climate protection), we have set two ESG goals for reducing greenhouse gas emissions and investing in renewable energy sources.

1. FURTHER DECARBONIZATION IN SCOPE 1 AND 2

Valamar will continue with decarbonization in scope 1 and 2 in order to reduce greenhouse gas emissions by 75% by 2026 compared to 2015, that is to 2.1 kg per occupied accommodation unit.

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.

CARE FOR THE ADRIATIC, BIODIVERSITY AND FOOD

Through another strategic initiative (care for the Adriatic, biodiversity and food), Valamar has set two ESG goals for achieving high sea quality, and for caring for 80,000 trees and further afforestation.

3. HIGHEST SEA QUALITY IN ALL DESTINATIONS

Valamar will continue to protect and manage the quality of the sea in all its destinations measured by the Blue Flag, the world-renowned 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.

ENSURE RESPONSIBLE WATER AND WASTE MANAGEMENT

Through the third strategic initiative (ensuring responsible water and waste management), Valamar has set three ESG goals for increasing the rate of waste recycling, for optimizing water use, and for eliminating disposable plastics.

5. WASTE RECYCLING RATE HIGHER 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 optimizing water consumption.

7. ZERO SINGLE-USE PLASTIC

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

SOCIAL



Through the fourth and fifth initiative (empower employees and develop destinations), Valamar has set goals for hiring domestic employees, for procuring local food and investing in destinations and employees.

8. 70% OF DOMESTIC EMPLOYEES

Valamar employs and retains domestic employees. The company provides numerous opportunities for the personal and professional development of employees through education and training programs.

9. 80% OF LOCAL FOOD

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 decarbonization, biodiversity, employees, destination development, tourism infrastructure and local communities for the benefit of all stakeholders. In 2023, a total of EUR 13,5 million was invested in destinations and social impact, which included investing in employees, tourism infrastructure, destination and cultural events, planting trees and the environment, as well as various donations.

GOVERNANCE



Through the sixth strategic initiative (sound management), Valamar has set two ESG goals for increasing the number of responsible suppliers and ensuring sustainability certificates for all our properties.

11. 80% OF RESPONSIBLE SUPPLIERS

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. The full list can be found in the Awards and Recognitions section.

TRACKING 12 ESG GOALS




GOAL	KPI	STRATEGIC INITIATIVE	UNIT	2021	2022	2023	GOAL 2026	2026 TRACK	PROGRESS	
ENVIRONMENT										
1	DECARBONISATION IN SCOPE 1 AND 2	SCOPE 1 AND 2 EMISSION INTENSITY	PROTECT THE CLIMATE	kg CO ₂ E/occ. room	2.1	3.1	2.8	2.1	■	Renewable electricity 100% contracted in 2023, further decarbonisation CAPEX 2024 planned in line with SBTi
2	15% OF SOLAR ELECTRIC ENERGY	OWN ELECTRIC ENERGY PRODUCED FROM RENEWABLE SOURCES	PROTECT THE CLIMATE	% of total	8,3%	6%	6%	15%	■	New installations planned in 2026
3	HIGHEST SEA QUALITY	ADRIATIC SEA QUALITY IN ALL OUR DESTINATIONS (EEA)	TAKE CARE OF THE ADRIATIC, BIODIVERSITY AND FOOD	%	95%	100%	95%	> 95%	■	Measures to protect the Adriatic and its biodiversity, continuation of cleaning measures
4	REFORESTATION AND 80,000 TREES PROGRAM	MANAGED TREES	PROTECT THE CLIMATE	#	78.955	79.229	80.261	> 80.000	■	1032 trees planted in Valamar properties
5	RECYCLE RATE HIGHER THAN EU AVERAGE	REDIRECTED WASTE RATE	ENSURE RESPONSIBLE WATER AND WASTE MANAGEMENT	%	46,3%	46,3%	53,1%	> EU AVG	■	Biocompost installed in additional properties, total of 347t of biowaste produced, various activities to increase waste separation
6	LOW WATER WITHDRAWAL INTENSITY (0.55 m ³ /OCC. ROOM)	WATER WITHDRAWAL INTENSITY	ENSURE RESPONSIBLE WATER AND WASTE MANAGEMENT	m ³ /occ. room	0,57	0,55	0,55	0,55	■	Continuation of water consumption optimisation – add. training for employees & more control over losses in the system
7	REMOVING SINGLE-USE PLASTIC	SINGLE-USE PLASTIC USAGE	ENSURE RESPONSIBLE WATER AND WASTE MANAGEMENT	kg/occ. room	0,07	0,07	0,06	0	■	Continuation of single use plastic items replacement in operations
SOCIAL										
8	SHARE OF DOMESTIC EMPLOYEES 70%	DOMESTIC EMPLOYEES	EMPOWER EMPLOYEES	%	92%	87%	83%	70%	■	Ongoing program to attract and retain domestic employees
9	SHARE OF LOCAL FOOD 80%	SHARE OF LOCAL FOOD & BEVERAGES	DEVELOP DESTINATIONS	%	78%	78%	78%	80%	■	Enforced local F&B sourcing and active supplier development
10	ESG INVESTMENTS WORTH EUR 50 MILLION	TOTAL ESG INVESTMENTS	DEVELOP DESTINATIONS	EUR mn	8,2	13,1	13,5	15	■	Continued investment in tourist infrastructure, employees education, local communities
GOVERNANCE										
11	SHARE OF RESPONSIBLE SUPPLIERS 80%	VALUE SHARE OF RESPONSIBLE SUPPLIERS	IMPLEMENT RESPONSIBLE GOVERNANCE	% of supply value	-	-	20%	80%	■	Supplier engagement process initiated, sustainability clause added in contracts, Supplier code of conduct in 2024
12	100% PROPERTIES WITH SUSTAINABILITY CERTIFICATES	SUSTAINABILITY CERTIFICATES	IMPLEMENT RESPONSIBLE GOVERNANCE	% of assets	98%	100%	100%	100%	■	Continue sustainability certification

ESG INITIATIVES BY 2026





E Valamar is committed to protecting the natural and cultural heritage in its destinations. It advocates the decarbonisation in scope 1 and 2, renewable energy sources, circular economy and biodiversity with a special emphasis on the protection of the Adriatic Sea and local food supply. ESG KPIs have been defined through strategic initiatives.

1 

PROTECT THE CLIMATE

ENERGY

- 1.1 Reduce energy use
- 1.2 Reduce greenhouse gas emissions
- 1.3 CO₂ absorption by trees/forests
- 1.4 Produce own renewable energy

2 


TAKE CARE OF THE ADRIATIC, BIODIVERSITY AND LOCAL FOOD


ADRIATIC AND BIODIVERSITY

- 2.1 Measures for the protection of the Adriatic and its biodiversity
- 2.2 Reforestation program and 80,000 trees

LOCAL AND SUSTAINABLE FOOD

- 2.3 Source from local suppliers
- 2.4 Source sustainable seafood

3 


ENSURE RESPONSIBLE WATER AND WASTE MANAGEMENT

WATER

- 3.1 Reduce water consumption
- 3.2 Reuse water


WASTE

- 3.3 Waste reduction
- 3.4 Reduce plastic use
- 3.5 Seperate and recycle waste







S Valamar is a responsible leader in Croatian tourism and creates added value for all its stakeholders. Valamar is committed to empowering its employees and creating an incentive place to work where guests and employees come first. Valamar aims to provide authentic experiences in partnership with destinations, which means that it takes an active role in destination development and provides support to the local community.

G Management forms the framework for Valamar's organizational and decision-making processes, as well as professional and ethical boundaries, both in stable and uncertain times. Valamar adheres to current international and national standards within the governance framework in the field of sustainability.

4 

EMPOWER EMPLOYEES

- 4.1 Returning seasonal workers
- 4.2 Better pay than national industry average
- 4.3 Educations and trainings
- 4.4 Domestic employees and diversity
- 4.5 Health and safety

5 

DEVELOP DESTINATIONS

- 5.1 Investing in tourism infrastructure accessible to all
- 5.2 Promoting local culture and sport
- 5.3 Involvement in local communities
- 5.4 Supporting educational Institutions

6 

IMPLEMENT RESPONSIBLE GOVERNANCE


- 6.1 Implementation of relevant certificates
- 6.2 Responsible suppliers
- 6.3 Corporate governance




ESG HIGHLIGHTS 2023



100% ELECTRICITY FROM RENEWABLE SOURCES



MORE THAN 70 % DECREASE IN THE INTENSITY OF GREENHOUSE GAS EMISSIONS PER OVERNIGHT COMPARED TO 2015



MEASURING SCOPE 3 EMISSIONS



FIRST IN CROATIA TO PARTICIPATE IN KOER VIRTUAL POWER PLANT WITH 4 MW



WE PLANTED OVER 9,000 TREES IN 2023




WE HAVE COMPOSTED 347 t OF BIO-WASTE



78% SHARE OF LOCAL FOOD



JOINED THE CROATIAN TOURIST CARD (5% DISCOUNT FOR PRIVATE STAY)



83% DOMESTIC EMPLOYEES (EUR 1.2 mn INVESTED IN EDUCATION)



SOCIALLY RESPONSIBLE PROJECTS

EQUIPPING THE ŽBANDAJ KINDERGARTEN PROJECT "KROV NAD GLAVOM" "VALAMAR BRINE ZA MARENDE FINE" ART COLONY RIVIERA

KINDERGARTEN RADOST POREČ 1000 DAYS ON THE ADRIATIC SEA SUMMER CAMP DND POREČ DONATION CAMPAIGN FOR TREE PLANTING



SILVER ESG RATING – ECOVADIS



VALAMAR AMICOR GREEN RESORT IS THE FIRST ECO RESORT IN CROATIA DGNB IN PROGRESS



28 HOTELS TRAVELIFE CERTIFIED

6 CAMPINGS HAVE EU ECOLABEL



16 BEACHES IN OUR DESTINATIONS ARE BLUE FLAG CERTIFIED



SUPPLY CHAIN ANALYSIS TO ACHIEVE UP TO 80% OF THE VALUE OF PROCUREMENT COMING FROM RESPONSIBLE SUPPLIERS BY 2025



100% OF PROPERTIES WITH ISO 14001 AND ISO 50001 CERTIFICATE



ESG INDICATORS FOR THE VALAMAR GROUP 2023*

ENERGY	Unit		2018	2019	2020	2021	2022	2023
Total energy consumption	MWh		114,437	118,320	51,911	81,745	106,663	107,728
Total intensity of energy consumption	kWh/occ. room		41.28	40.18	48.45	38.91	36.08	35.72
ENERGY FROM OIE	Unit	Base year 2015	2018	2019	2020	2021	2022	2023
Total energy consumption from renewable sources	MWh		76,219	82,941	38,311	63,019	64,042	79,215
Total energy consumption from renewable sources	%		66.60%	70.10%	73.80%	77.09%	60.04%	73.53%
Electrical energy from renewable sources	%	86.20%	100%	100%	100%	100%	80%	100%
GREENHOUSE GAS EMISSIONS	Unit	Base year 2015	2018	2019	2020	2021	2022	2023
Scope 1 direct emissions								
Emissions	tCO ₂ e	7,643	9,319	7,782	3,094	4,505	7,167	8,373
Emissions intensity	kgCO ₂ e/occ. room	3	3.2	2.6	2.9	2.1	2.4	2.8
Scope 2 indirect emissions								
Emissions	tCO ₂ e	17,848	2,705	0	0	0	2,759	27
Emissions intensity	kgCO ₂ e/occ. room	7.1	0.9	0	0	0	0.9	0.0
Scope 1 and 2								
Emissions	tCO ₂ e	25,491	12,024	7,782	3,092	4,505	9,926	8,383
Emissions intensity	kgCO ₂ e/occ. room	10.1	4.2	2.6	2.9	2.1	3.1	2.8
ADRIATIC SEA / BIODIVERSITY	Unit	Base year 2015	2018	2019	2020	2021	2022	2023
Beaches with Blue Flag certificate	total	14	14	14	-	-	15	16
Beaches with Blue Flag certificate	% beaches	28%	28%	28%	-	-	29%	31%
Excellent quality of the Adriatic sea in our destinations (EEA)		95.60%	95.60%	95.60%	95.60%	95.60%	100%	100%
LOCAL FOOD	Unit	Base year 2015	2018	2019	2020	2021	2022	2023
Food and beverages from local and domestic producers	%	-	73%	75%	77%	78%	78%	78%

* Due to the application of the new methodology and newly updated analyses, we have made an adjustment to the 2022 data.

** All data for energy, water and waste refer to Valamar Riviera, Imperial Riviera and PRAONA d.o.o.

WATER AND WASTE**	Unit	2018	2019	2020	2021	2022	2023
Water withdrawal	m ³	1,751,966	1,826,616	792,079	1,192,140	1,624,537	1,669,916
Water withdrawal intensity	m ³ /occ. room	0.63	0.62	0.74	0.57	0.55	0.55
Total waste generated	t	8,987	9,725	3,931	8,577	9,618	11,108
Total intensity of waste generated	kg/occ. room	3.24	3.30	3.67	4.08	3.25	3.68
Total generated landfill waste	t	5,029	5,102	2,016	4,598	5,161	5,210
Single-use plastic usage	t	286	285	110	156	220	196
Single-use plastic usage	kg/occ. room	0.10	0.10	0.10	0.07	0.07	0.06
Intensity of generated landfill waste	kg/occ. room	1.81	1.73	1.88	2.19	1.75	1.73
Waste redirected to landfills	t	3,958	4,623	1,915	3,979	4,456	5,898
Bio-waste composted at place of origin***	t	-	-	-	-	80	347
Share of redirected waste	%	44.04%	47.54%	48.72%	46.39%	46.34%	53.10%

ETHICS	Unit	2018	2019	2020	2021	2022	2023
Number of whistleblower reports	total	-	-	-	0	0	0
Number of corruption reports	total	-	-	-	0	0	0

EMPLOYEES	Unit	Base year 2015	2018	2019	2020	2021	2022	2023
Year-round income index	%	79	44	46	74	53	48	49
Returning seasonal workers	%	65	57	52	78	57	60	53
Domestic employees	%	95	98	97	99	92	88	83
Higher pay than national industry average	%	13	32	25	23	27	22	17
Hours of education	h	45,410	102,142	160,751	37,771	41,162	139,652	163,660
Average hours of education per employee	h		24	35	12	11	32	36
Total number of female employees	%	57	55	54	53	53	54	53
Women in management	%	-	42	42	42	41	41	41
Share of women in Management Board	%	-	0	0	0	0	33	33
Share of women in management (exc. Management Board)	%	-	16	17	23	24	22	26
Number of scholarship holders	total	-	330	288	243	116	163	118

INVESTMENTS IN COMMUNITIES AND DESTINATIONS

	Unit	Base year 2015	2018	2019	2020	2021	2022	2023
Total investments in communities and destinations	EUR mn	4.90	13.38	17.1	3.04	8.22	13.1	13.5
Total investments in social impact	% of revenues	-	2.8%	4.9%	5.8%	3.3%	3.9%	3.56%

CERTIFICATES

	Unit	Base year 2015	2018	2019	2020	2021	2022	2023
ISO 50001	% properties	-	100%	100%	100%	100%	100%	100%
ISO 14001	% properties	86%	100%	100%	100%	100%	100%	100%
ISO 14065	% properties							100%
ISO 45001	no. of properties	-	-	-	1	1	1	1
EU Ecolabel	% properties	-	12%	12%	12%	12%	12%	12%
"Sustainable hotel" UPUHH	% hotels	11%	14%	14%	14%	14%	14%	14%
HACCP	% properties	83%	83%	82%	85%	88%	88%	88%
Travelife certificate	no. of properties	16	20	23	22	17	28	28
Travelife certificate	% properties	58%	41%	45%	45%	35%	58%	58%

CORPORATE GOVERNANCE

	Base year 2015	2018	2019	2020	2021	2022	2023
Health & safety policy	NO	NO	NO	YES	YES	YES	YES
Conflict of interest management policy	YES	YES	YES	YES	YES	YES	YES
Policies and procedures for approving and disclosing related party transactions	YES	YES	YES	YES	YES	YES	YES
Risk management policy	NO	NO	NO	NO	YES	YES	YES
Service quality and sustainable business policy	YES	YES	YES	YES	YES	YES	YES
Protocol on ensuring food safety	YES	YES	YES	YES	YES	YES	YES
Diversity and non-discrimination policy	NO	NO	NO	NO	YES	YES	YES
Procurement policy	YES	YES	YES	YES	YES	YES	YES
Child safety and protection policy	NO	NO	NO	NO	NO	YES	YES
Regulation on procedure for internal violations reporting (whistleblowing)	NO	NO	YES	YES	YES	YES	YES
Career management policy							YES
Working conditions policy							YES

* Due to the application of the new methodology and newly updated analyses, we have made an adjustment to the 2022 data.

** All data for energy, water and waste refer to Valamar Riviera, Imperial Riviera and PRAONA d.o.o.

*** Bio-waste composted on location (347 tons) refers to bio-waste from preparation and food leftovers processed in electrical composters, i.e. devices that process organic material by anaerobic or aerobic processes, with the aim of preventing the generation of food waste. In 2023 these devices referred to those in the central food preparation plant in Vinež (62 tons composted), in Valamar hotels in Rabac (155 tons composted), in Valamar Isabella Island Resort (45 tons composted), at Valamar headquarters in Poreč (25 tons composted), and Camping Orsera (25 tons composted). At Camping Lanterna, Camping Solaris and Lanterna apartments, the collection of bio-waste by guests was organized, and part of the collected bio-waste was also composted (35 tons). The resulting compost is used for the needs of horticulture during the property preparations.

SELECTED ESG AWARDS AND CERTIFICATES IN 2023

BLOOMBERG ADRIA AWARDS VALAMAR WITH TOP ESG RATING IN CROATIA

In 2023, Valamar Riviera achieved the highest ESG rating in Croatia, as recognized by Bloomberg Adria, a leading media platform. Bloomberg Adria's ESG ratings are derived from publicly available data, focusing on the most successful companies listed on the Zagreb Stock Exchange.

Valamar distinguished itself with an exceptional overall ESG score of 4.41, standing out as the sole tourism company on the list and the only company to surpass the 4 mark. Across all categories—environment, society, and governance—Valamar demonstrated remarkable performance.

VALAMAR RECEIVES ECOVADIS SILVER MEDAL



Valamar Riviera was awarded the prestigious EcoVadis silver medal, a distinction conferred by a global agency renowned for evaluating various aspects of business sustainability. This accolade underscores Valamar's position as the first and only Croatian tourism company recognized for its sustainable practices on a global scale.

EcoVadis evaluates environmental impact, labor and human rights practices, ethical standards, and sustainable procurement efforts, with its assessments globally respected by international institutions, investors, and financial entities. Achieving the silver level places Valamar among the top 15% of companies assessed by EcoVadis, underscoring its unwavering commitment to sustainable business practices.

ISO CERTIFICATES





CERTIFICATES AND LABELS

ISO 14001
Systematic management of environmental aspects



ISO 14064
Verification of greenhouse gas emissions



ISO 14065
Textile biopollution control system



ISO 50001
Systematic energy management that contributes to sustainability



ISO 45001
Systematic management of health and safety, including the promotion/protection of physical and mental health



Sustainable hotel
Certificate from the Association of entrepreneurs in hospitality of Croatia (UPUHH)



Travelife
Sustainable Business Certificate for Hotels, which is endorsed by the Global Sustainable Tourism Council (GSTC)



Blue Flag
International label for the sustainable management of sea and coastal zones



Ecolabel
label of the European Communities for ecological excellence



HACCP
Systematic preventive approach to food safety during production



Q label
Valamar Lacroma Dubrovnik Hotel,
Valamar Riviera Hotel



Safe Stay in Croatia/Safe Travels
All Valamar properties



Safety Protocol "In Partnership with SGS"
All Valamar properties

AWARDS I RECOGNITIONS

Moj posao
Best employer in tourism



World Travel Award
Valamar Riviera Hotel & Residence
Dubrovnik President Valamar Collection Hotel



World Luxury Hotel Award
Dubrovnik President Valamar Collection Hotel – Luxury Beach Hotel
Isabella Valamar Collection Island Resort – Luxury Island Resort
Valamar Collection Marea Suitea – Luxury Family
Hotel Kesselspitze Valamar Collection Hotel – Luxury Ski Hotel

GREEN PRIZ
National Award for Environmental Protection, category "Decarbonize the Community"



EcoVadis
Sustainable business - silver medal



Bloomberg Adria
The best ESG rating in Croatia



Poslovni dnevnik and Zagreb Stock Exchange
Investor relations

PwC and Zagreb Stock Exchange
Building Public Trust Award



ConsumeLess Plus
9 properties awarded with ConsumeLess Med label



6 REPORTS



BUSINESS RESULTS

In 2023, the Valamar Group achieved strong business results, which enabled additional investments in guest satisfaction and enhancing service excellence as the fundamental driver of quality growth in the years to come.

Operating revenues increased by 14,4% due to a 13,5% increase in average prices after the previous significant investments in portfolio development. Adjusted EBITDA increased by 6.23% despite still strong inflationary pressures in the main inputs segment.

Premium products and services and the camping segment recorded excellent results, especially in northern destinations. The guest structure of the Group, where almost half of the total overnights comprise of guests from Germany and Austria, has remained stable.



KEY FINANCIAL INDICATORS¹ (EUR)

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

¹ According to the classification of TFI POD-RDG forms. EBIT and EBITDA and their margins and EBT margin are stated on the basis of operating income.

² According to the classification according to the international standard of reporting in the hotel industry USALI (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 expenses less extraordinary expenses and one-off items.

⁴ EBITDA (earnings before interest, taxes, depreciation and amortization) is calculated according to the formula: operating income - operating expenses + depreciation + value adjustments.

⁵ The adjustment includes i) extraordinary income (in the amount of EUR 11.6 million in 2023, or EUR 3.8 million in the previous year), ii) extraordinary expenses (in the amount of EUR 12.5 million in 2023, or EUR 9.9 million in the previous year (of which EUR 6.5 million refers to RDP),) and iii) for severance payments (in the amount of EUR 0.3 million in 2023, or EUR 0.3 million in the previous year).

⁶ Adjustment made for the result of extraordinary business and one-off items.

⁷ Net debt: long-term and short-term liabilities to banks and other financial institutions + liabilities for loans, deposits, etc. + other liabilities in accordance with IFRS 16 (leases) - cash in bank and treasury - long-term and short-term investments in securities - short-term loans granted, deposits, etc.

⁸ ROE (return on equity) represents a return on total capital and is counted as: Profit for the period / (Capital and reserves).

⁹ Adjusted ROCE (return on capital employed) represents a return on the total capital employed and is counted as: Adjusted EBIT / (Balance of capital and reserves at the end of the period + long-term and short-term liabilities to banks and other financial institutions + liabilities for loans, deposits and the like + other liabilities in accordance with IFRS 16 (leases) - money in the bank and treasury - long-term and short-term investments in securities - given short-term loans, deposits, etc.)

¹⁰ Market capitalization is calculated as the total number of shares multiplied by the last share price as at December 31 of each year.

¹¹ EV (enterprise value) represents the value of the enterprise; calculated as market capitalization + net debt + minority interest.

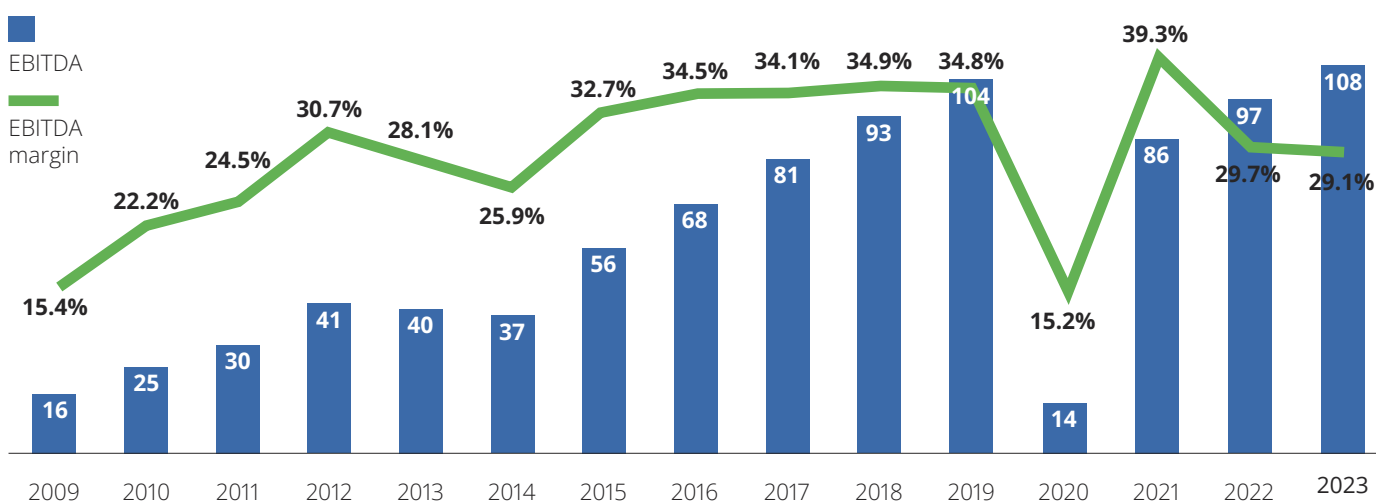
¹² EPS (earnings per share) represents earnings per share calculated on the basis of net profit attributable to holders of parent capital.

¹³ DPS (dividends per share) represent a dividend per share.

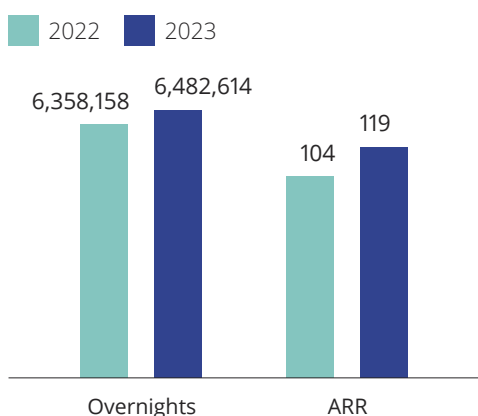
KEY BUSINESS INDICATORS¹⁴

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

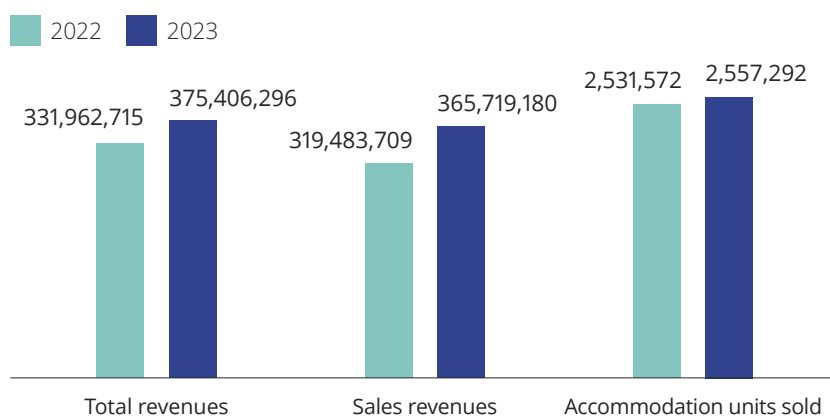
OPERATING EFFICIENCY¹⁶ (EUR mn)



OVERNIGHTS AND ARR (EUR)



REVENUES (EUR) AND ACCOMMODATION UNITS SOLD



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

¹⁵ The average selling price of an accommodation unit is stated based on the cumulative board income (accommodation and board income).

¹⁶ Income per accommodation unit is presented based on the cumulative board revenues (accommodation and board revenues).

REVENUES

In 2023, total revenues amounted to EUR 375.4 million, an increase of 13.1% (EUR 43.4 million). The total realized revenues were affected by:

a) sales revenue growth of 14.5% (EUR 46.2 million) to the amount of EUR 365.7 million consisting primarily of board revenues (EUR 304.3 million). There has been a slight change in the structure of revenues; domestic sales revenues amount to EUR 41.3 million with a share of 11.3% in sales revenues (10.4% in the same period in 2022) and are up by EUR 8.1 million as regards to the comparable period in 2022. With a share of 88.7% in sales revenues (89.6% in 2022), sales revenues on foreign markets amount to EUR 324.4 million and are higher by EUR 38.1 million.

b) Compared to 2022, an increase in other operating revenues of 10.5% to EUR 1.9 million is mainly due to the abolition of litigation liabilities.

c) financial revenues amount to EUR 3.2 million and are 51.8% lower than in 2022 mostly as a result of the absence of unrealized gains from financial assets (based on the fair value of interest rate swaps).

TOTAL OPERATING EXPENSES

Total operating expenses amount to EUR 329.8 million and are up by 11.9% from last year's. Breakdown of operating expenses:

a) material costs amount to EUR 118.2 million and are up by 14.5% mainly as a result of increased costs of raw materials and supplies, maintenance, consumables, promotional activity costs, as well as recorded net effects related to the cancellation of provisions from previous years and the presentation of the cost of tourism land lease at new prices (explained earlier).

A new electricity supply contract was concluded for the period from 1 June 2023 to 31 May 2024. Given the market trends, the agreed prices are lower than those from the contract signed for the period from 1 June 2022 to 31 May 2023. However, these prices are still higher compared to the period before the energy crisis that culminated after the start of the war in Ukraine in February 2022. The conclusion of this contract ensures the delivery and stability of the price of electricity for a period of one year, with particular emphasis on the fact that the agreed prices include the delivery of 100% of energy from renewable sources.

b) staff costs increased by 14.1% and amount to EUR 104.6 million, after additional investments in salary increases and employee rewards

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

d) other costs increased by 21.3% to the amount of EUR 36.2 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 3.4 million, which represents an increase of EUR 2.1 million.

TOTAL OPERATING EXPENSES OF THE VALAMAR RIVIERA GROUP (EUR)¹⁷

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

¹⁷ According to the of GFI PODRDG forms.

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

EBITDA AND EBT

Operating revenues in 2023 amount to EUR 372.2 million and are 14.4% higher than in 2022.

On the other hand, operating costs increased by 11.4% to EUR 250.5 million after continuous significant investments in employees (total labour costs increased by EUR 17.8 million or 16.3%) and increase in food costs and a large number of other costs due to the inflation (maintenance costs, consumables, small inventory, textile accessories, etc.). The

aforementioned bookings related to the lease of tourist land also had an additional negative impact. The decline in the market price of electricity has had a positive impact on the Group's financial results and the related costs are lower than comparable in 2022. Operating profit (adjusted EBITDA) of EUR 109.4 million was realized, which is 6.2% more than the profit in 2022. Due to the aforementioned significant increase in operating costs caused by the inflation, EBITDA margin was reduced from 31.7% to 29.4%.

After approximately equal depreciation costs and a slightly poorer net financial result (explained in more detail in the next paragraph), EBT amounts to EUR 33.4 million and is 24.8% higher than last year.

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

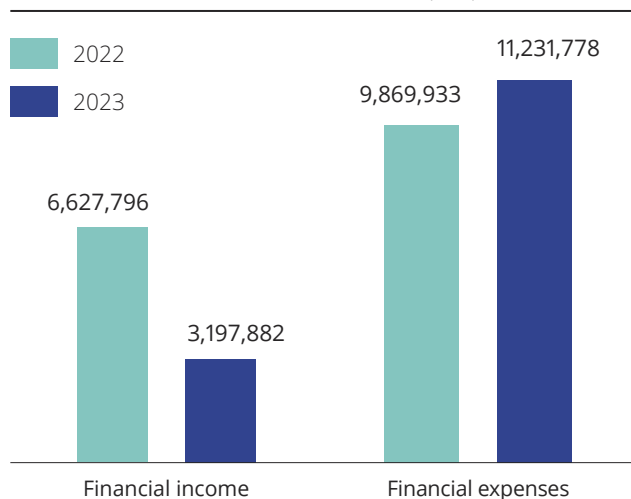
FINANCIAL RESULTS

The result of financial activities for 2023 amounts to EUR -8.0 million and is EUR 4.8 million lower than in 2022, when it amounted to EUR -3.2 million.

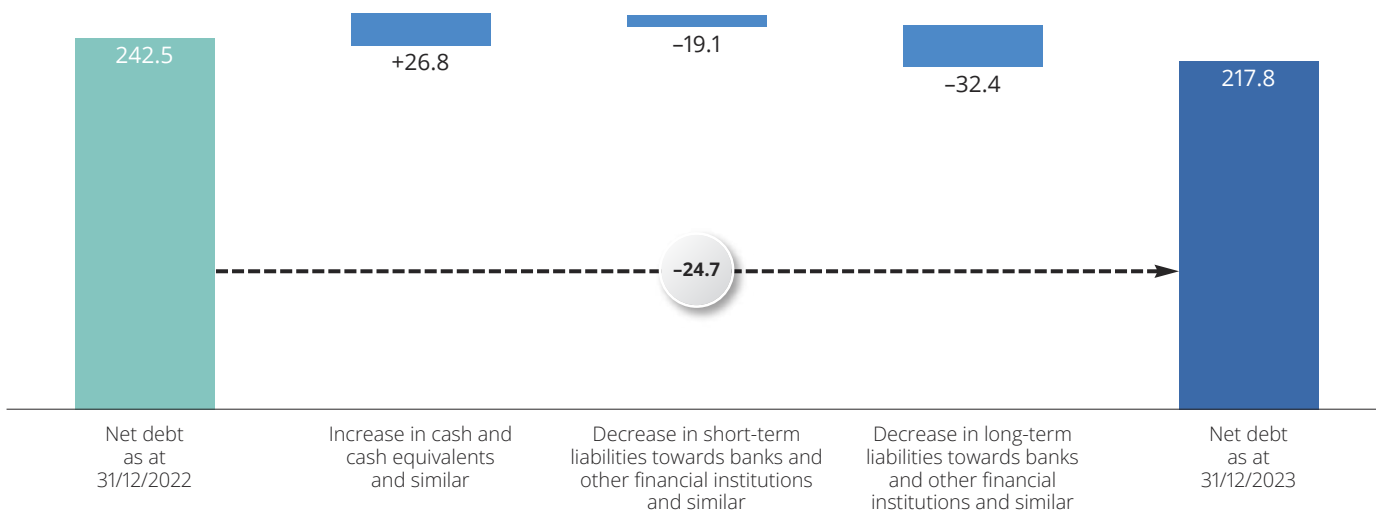
The weaker net financial result was mostly affected by the absence of unrealized income from financial assets (based on the growth of the fair value of interest rate swaps) of EUR 5.2 million compared to 2022. Due to the increase in interest rates, interest expenses increased by EUR 0.7 million. The impact of the increase in interest costs was annulled with interest income from interest rate swaps, which amounted to EUR 1.0 million in the twelve months of 2023.

On the other hand, due to the introduction of the euro, exchange differences were absent, which in 2022 amounted to net EUR -231 thousand and related mainly to long-term loans denominated in euro, while in 2023 they amounted to only EUR 3 thousand and relate to operating operations with other foreign currencies. At the same time, other interest income increased by EUR 2.3 million due to the increase in interest rates on placements.

FINANCIAL INCOME AND EXPENSES (EUR)



NET DEBT (EUR mn)¹⁹



¹⁹ Net debt: long-term and short-term liabilities to banks and other financial institutions + liabilities for loans, deposits, etc. + other liabilities in accordance with IFRS 16 (leases) - cash in bank and treasury - long-term and short-term investments in securities - short-term loans granted, deposits, etc. It includes the effects of unrealized exchange rate differences on long-term loans.

ASSETS AND LIABILITIES

As at 31st December 2023, the total value of the Group's assets amounts to EUR 826.2 million and is 3.0% lower compared to 31st December 2022. Total share capital and reserves amount to EUR 446.8 million and are higher by 1.3% as a result of the net profit realised for the period despite the dividend paid of EUR 24.4 million in May 2023.

Total long-term and short-term liabilities to banks and other financial institutions as at

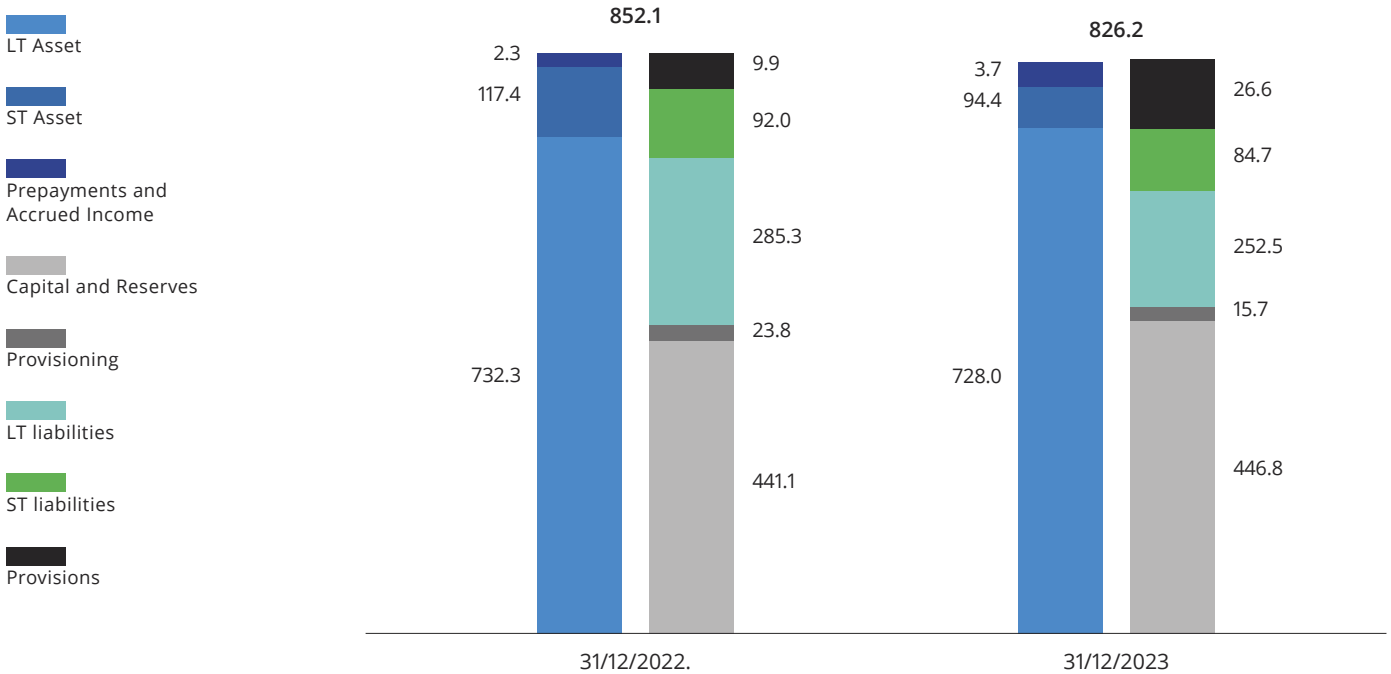
31 December 2023 amount to EUR 294.0 million and are lower by 15.0% compared to 31 December 2022 as a result of loan repayment.

A large part of the loan portfolio consists of long-term loans with an agreed fixed interest rate, i.e. loans protected by derivative instruments (IRS) for the purpose of hedging interest rate risk. This largely eliminated interest rate risk. In addition, most of the Group's cash receipts

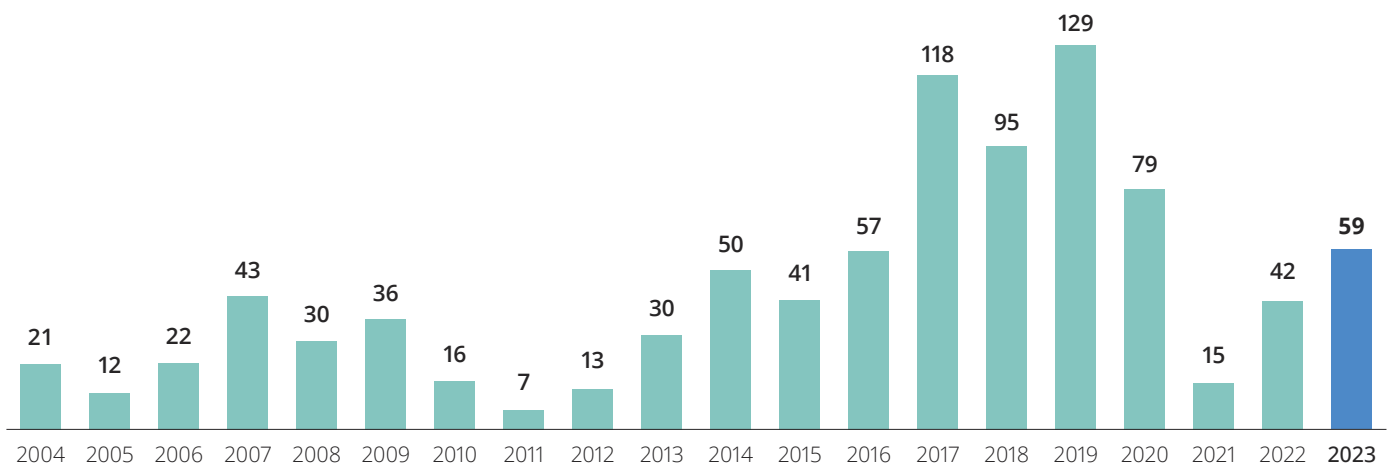
are in euros, as well as the entire loan portfolio, which largely eliminates foreign exchange risk.

As at 31 December 2023, the Group's cash balance amounted to EUR 55.2 million, representing a decrease of 38.2% compared to 31 December 2022. The high cash balance of the Group together with i) contracted credit lines, ii) valuable tourist assets and iii) a strong operating business model makes the Group's balance sheet position stable.

ASSETS AND LIABILITIES (EUR mn)



INVESTMENT CYCLE (EUR mn)*



* Refers only to Valamar Riviera and Imperial Riviera (Valamar group).

TOURISM LAND

Valamar welcomes the adoption of regulations on the tourism land lease that will enable the tourism sector to accurately plan investments. We believe that the benefits of business security will significantly outweigh the additional costs.

After the transition from social to private ownership, i.e. conversion and privatization, certain ambiguities and disputes arose regarding the ownership of a part of the land within the majority of companies from the tourism sector in the Republic of Croatia. In order to regulate these property relations more precisely, the Law on Unvalued Construction Land (hereinafter referred to as the ZNGZ) entered into force on 2 May 2020. Thus, the Law on Tourism and Other Construction Land Unvalued in the Process of Conversion and Privatization (hereinafter ZOTZ), which was in force from August 1, 2010, ceased to be valid.

On 8 February 2024, the Government of the Republic of Croatia adopted two decrees regulating tourist lands: (1) Regulation on the method of determining the unit amount of tourism land lease on which the hotel and

tourist resort are built, the method of calculating rent and other fees and the mandatory content of the lease agreement and (2) Regulation on determining the initial amount of the unit lease price for campsite tourism land, the method of calculating the lease and other fees and the mandatory content of the lease agreement (hereinafter: Regulation).

These Regulations set the tourism land leasing prices for 50 years from the entry into force of the ZNGZ and defined the legal framework that enables companies in the tourism sector to plan strategically, prepare investments and develop in the long term. The positive effects relate in particular to the camping segment in which most of the tourism land in question is located. Also, challenges related to legal uncertainty and the disposal of tourism land and hospitality facilities (e.g. buying and pledging) will be significantly reduced. All of the above contributes to the overall improvement of product and service excellence, and thus to the development of sustainable tourist products with high added value. In addition, we believe that this is also the beginning of better regulation of relations between

tourism companies, the Republic of Croatia and local communities.

Considering that the Regulations (which, among other things, regulate the unit cost of lease per square meter) were adopted only in 2024, from the precautionary principle, the Group has already previously reserved the corresponding lease cost for the period from the entry into force of the ZNGZ, i.e. from May 2020 to the end of 2022. After the adoption of the Regulation, Valamar abolished all provisions from previous years (2020-2022) in the financial statements for 2023 and stated the amount of the lease cost at the new prices in accordance with the provisions of the Regulation, including the cost related to 2023. The net effect of these transactions in 2023 is EUR -4.7 million. This did not have a significant impact on the previously published expectations of Operating Revenues and adjusted EBITDA of the Group for 2023, which were assumed by the adoption of these Regulations.

Under the new Law (ZNGZ), we expect the lease amount to at least double compared to the amount under the old Law (ZOTZ).



Valamar Carolina
Hotel & Villas 4*, Rab island

INVESTOR RELATIONS AND VALAMAR RIVIERA SHARES

High transparency and quality of business and financial communication with investors is the foundation of Valamar's investors' relations in promoting Valamar Riviera as the leading Croatian share. This is how we actively support liquidity, growth in share value and the involvement of investors who can contribute to Valamar Riviera's further value growth for all stakeholders.

After integrating Valamar Riviera's management, portfolio and shareholder structure in October 2014, Valamar created the leading share on the Croatian capital market, offering considerable exposure to the growing tourism sector. On 17 November 2014, the General Assembly of Valamar Riviera decided to list Valamar Riviera's shares on the Official Market of the Zagreb Stock Exchange. The first day of trading was 17 December 2014. On 26 April 2019 the Zagreb Stock Exchange approved Valamar Riviera's request of transitioning 126,027,542 of the Group's ordinary shares from the Official to the Prime Market of Zagreb Stock Exchange. Valamar Riviera values a high level of transparency and quality in its business and financial communication. Thus, by transitioning to the most demanding listing of the Zagreb Stock Exchange, Valamar Riviera will aim

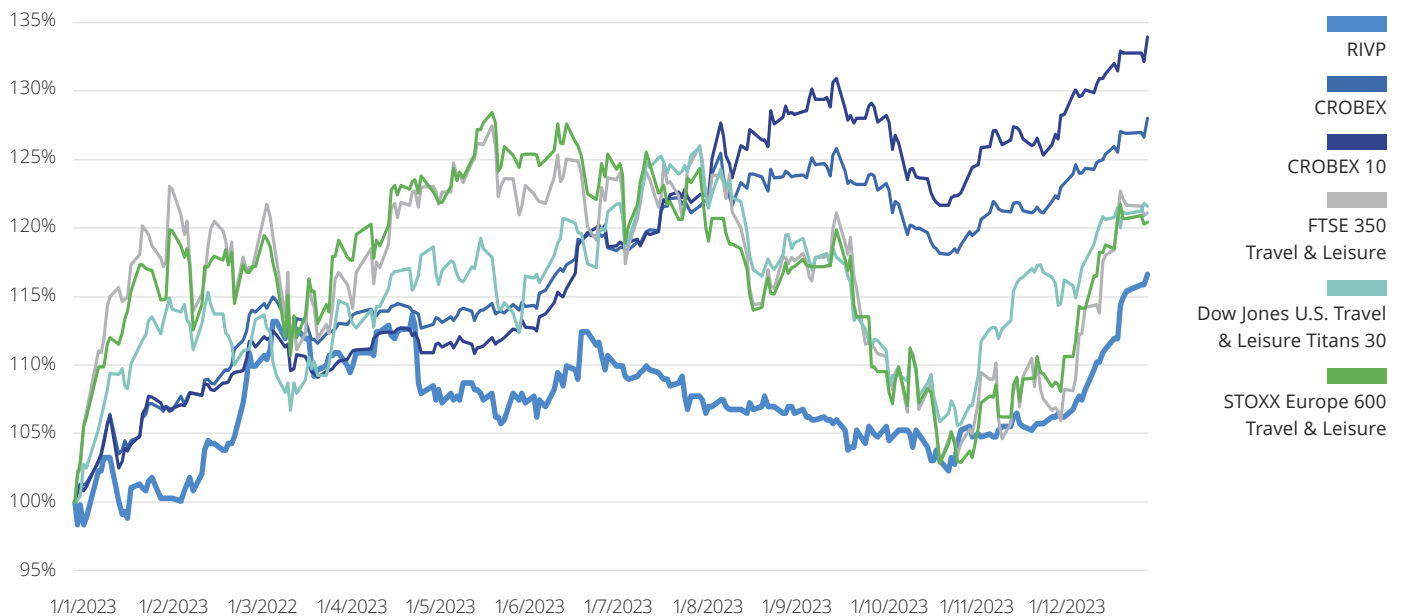
to increase the share's recognition and positively influence the price and liquidity as the best example of market practice. The first trading day of the Group's trading on the Prime Market was 29 April 2019.

During 2023, the highest achieved share price in regular trading on the regulated market was EUR 4.72 and the lowest EUR 3.97. On 31 December 2023, the price amounted to EUR 4.72, which represents an increase of 16.6% compared to the last price from 2022.

With a total turnover of EUR 23.8 million²⁰, the Valamar Riviera share was the third share on the Zagreb Stock Exchange in terms of regular turnover during 2023.

In addition to the Zagreb Stock Exchange index, the joint stock index of the Zagreb and Ljubljana stock exchanges ADRIprime, the share is also a component of the Vienna Stock Exchange index (CROX²¹ and SETX²²) and the Warsaw Stock Exchange (CEEplus²³), the SEE Link regional platform index (SEELinX and SEELinX EWI)²⁴ and the MSCI Frontier Market Index²⁵.

PERFORMANCE OF THE VALAMAR RIVIERA SHARE AND ZAGREB STOCK EXCHANGE AND TRAVEL AND LEISURE INDICES IN 2023



²⁰ Block transactions are excluded from the calculations

²¹ Croatian Traded Index (CROX) is a capitalization-weighted price index and is made up of the 12 most liquid and capitalized shares of the Zagreb Stock Exchange.

²² 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 East Europe (shares listed in Bucharest, Ljubljana, Sofia, Belgrade and Zagreb).

²³ CEEplus is a stock index that will be composed of the highest liquid shares listed on stock exchanges in countries of the Visegrad Group (Poland, Czech Republic, Slovakia, and Hungary) and Croatia, Romania and Slovenia.

²⁴ SEE Link is a regional securities trading platform founded by the Bulgarian, the Macedonian and Zagreb Stock Exchanges. See LinX and SEE LinX EWI represent two "blue chip" regional indices consisting of the ten most liquid regional companies listed on three stock exchanges: five from Croatia, three from Bulgaria and two from Macedonia.

²⁵ MSCI Frontier Markets Index includes large and medium capitalization companies in 29 countries of the so-called Frontier Markets

Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. perform the activities of specialists with ordinary shares of Valamar Riviera listed on the Leading Market of the Zagreb Stock Exchange d.d.

As part of the RDP program (Recovery & Development Program - Recovery and Development Program, described earlier), the Company disposed of 1,138,593 own shares, for the most part at the beginning of July 2023.

For the purposes of LTIP (long-term remuneration plan for key managers in the Company's shares in the period from 2023 to 2026), the Company acquired 415,980 own shares on the Zagreb Stock Exchange in the last four months of 2023. As at 31 December 2023, the Company has a total of 3,417,022 treasury shares or 2.71% of the Company's 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. Valamar Riviera will strive to contribute to further growth in value for all stakeholders with the intention of recognizing the Company's share as one of the leaders on the Croatian capital market and one of the leaders in the CEE region.

Analytical monitoring of Valamar Riviera is provided by:

- 1) Erste Bank d.d., Zagreb;
- 2) Interkapital vrijednosni papiri d.o.o., Zagreb;
- 3) Raiffeisenbank Austria d.d., Zagreb;
- 4) Zagrebačka banka d.d., Zagreb.

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

MEETINGS WITH INVESTORS IN 2023

Numerous conferences and meetings with investors are still held virtually. In 2023, Valamar participated in several conferences, organized by the Ljubljana and Zagreb Stock Exchanges, Erste Group, Raiffeisen Bank International and Wood & Company and the Bucharest Stock Exchange.

COMMUNICATION WITH SHAREHOLDERS AND THE INVESTMENT COMMUNITY IN 2023

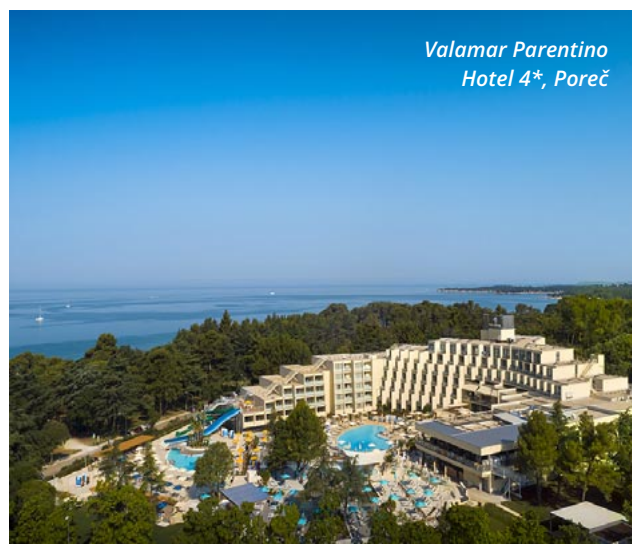
Shareholders' General Assembly

Participation in virtual and live investor conferences

Investor Relations

Timely disclosure of information and materially significant facts

Corporate website for shareholders and investors



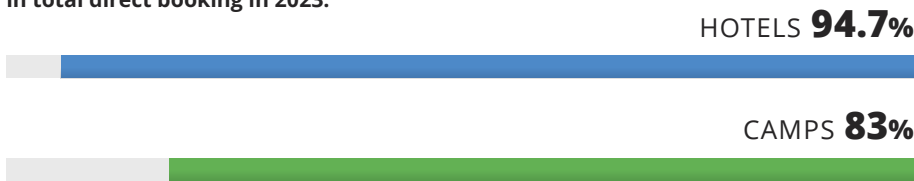
SALES PERFORMANCE

INCREASE OF DIRECT BOOKING AND GUEST LOYALTY

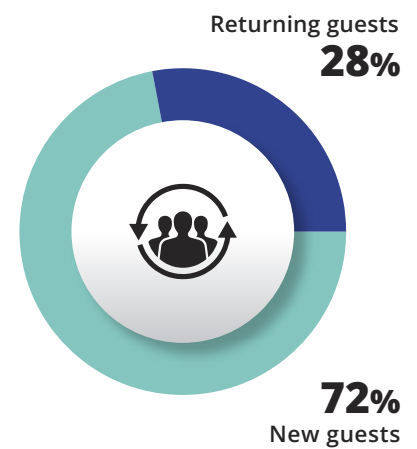
The Valamar Riviera loyalty program is a process of creating added value for returning guests to increase revenues and the share of direct booking. The share of returning guests in Valamar Riviera in 2023 was 28%.

During 2023, Valamar Riviera achieved 63.2 percent of revenues via direct distribution channels. These are reservations made through the direct distribution system: call center, direct reservation through the Internet or through a mobile platform, or loyalty program. The loyalty program will continue to develop to create added value for clients, along with the development of websites, e-marketing, and technology.

Share of loyalty members revenue in total direct booking in 2023:



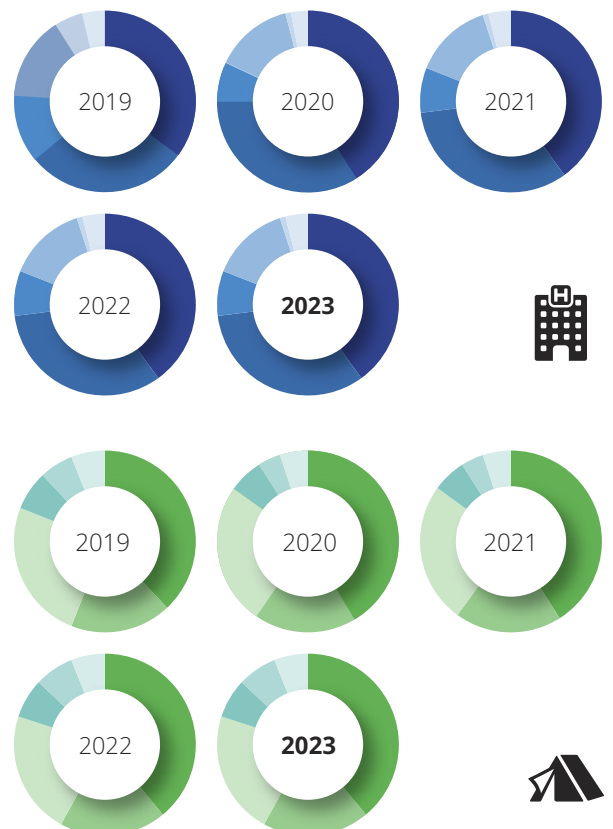
SHARE OF RETURNING GUESTS (compared to total number of guests)

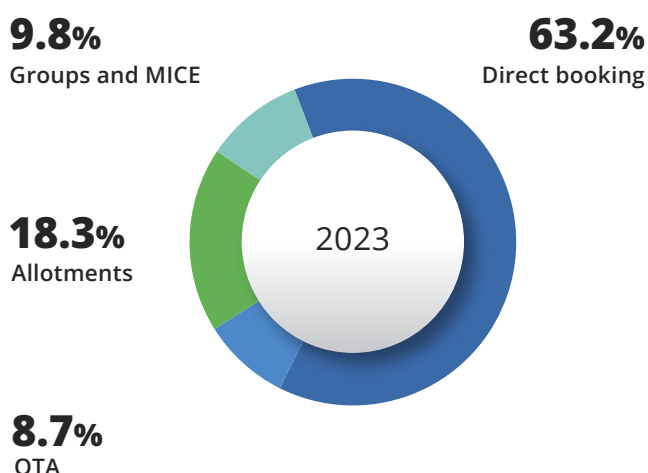


VALAMAR MARKET SEGMENTS

	2019	2020	2021	2022	2023
HOTELS AND RESORTS					
Family	35%	41%	40%	41%	40%
Adults and couples	30%	34%	33%	32%	31%
Seniors	11%	7%	8%	6%	6%
Active guests	15%	14%	14%	14%	15%
MICE	5%	1%	1%	4%	4%
Leisure groups and tours	4%	3%	4%	3%	4%

CAMPS					
Family	38%	41%	41%	42%	41%
Adults and couples	18%	18%	19%	18%	18%
Luxury camping	25%	25%	25%	25%	25%
Active guests	7%	6%	6%	6%	7%
Seniors	6%	4%	4%	4%	4%
Short stay	6%	5%	5%	5%	5%



DISTRIBUTION CHANNELS IN 2023 (by revenues*)

* Valamar Riviera, Imperial Riviera, Valamar Obertauern Hotel and Helios Faros.

ANNUAL OCCUPANCY (OPERATING DAYS) 2023*

Valamar Collection Hotels	75%	178
Valamar Hotels & Resorts	77%	228
Places	84%	139
Sunny by Valamar	72%	126
Sunny Plus by Valamar	82%	145
Hotels and apartments	78%	150
Camping Adriatic by Valamar - Premium Resorts	61%	218
Camping Adriatic by Valamar - Resorts	66%	160
Camping Adriatic by Valamar - Sunny	55%	168
Camping	62%	189
VALAMAR GROUP TOTAL	75%	188

* Based on open properties (1 camp and 1 hotel on basis of 365 days).

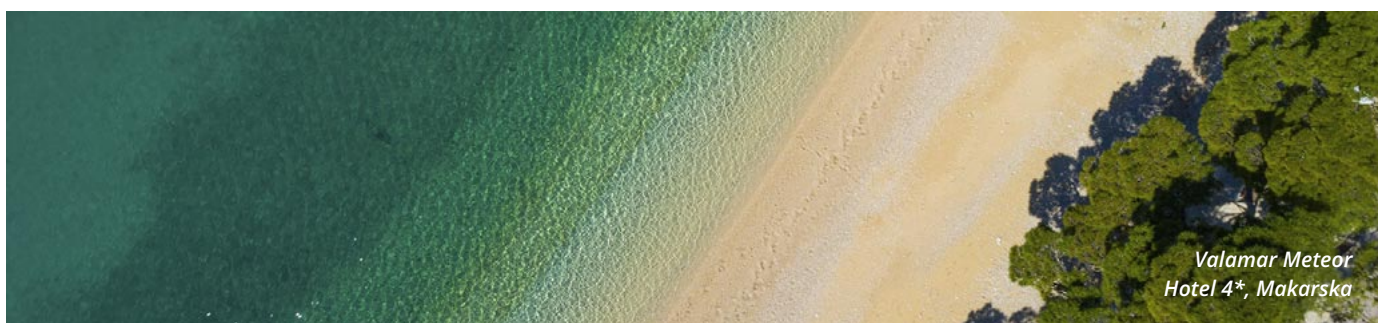
NET OPERATING REVENUES (EUR)

	2019**	2020**	2021**	2022***	2023***	2023/ 2019	2023/ 2020	2023/ 2021	2023/ 2022
Hotels & resorts	207,686,439	45,268,212	132,713,261	212,293,115	239,744,703	1.15	5.30	1.81	1.13
Camping resorts	71,485,143	40,592,646	75,336,977	99,644,672	114,722,039	1.60	2.83	1.52	1.15
Other *	6,305,298	1,779,420	7,127,253	9,381,829	13,301,637	2.11	7.48	1.87	1.42
Total	285,476,879	87,640,279	215,177,491	321,319,616	367,768,380	1.29	4.20	1.71	1.14

* Includes lease, laundry and other operating revenues.

** Includes Valamar Riviera, Imperial Riviera, Obertauern.

*** Includes Valamar Riviera, Imperial Riviera.



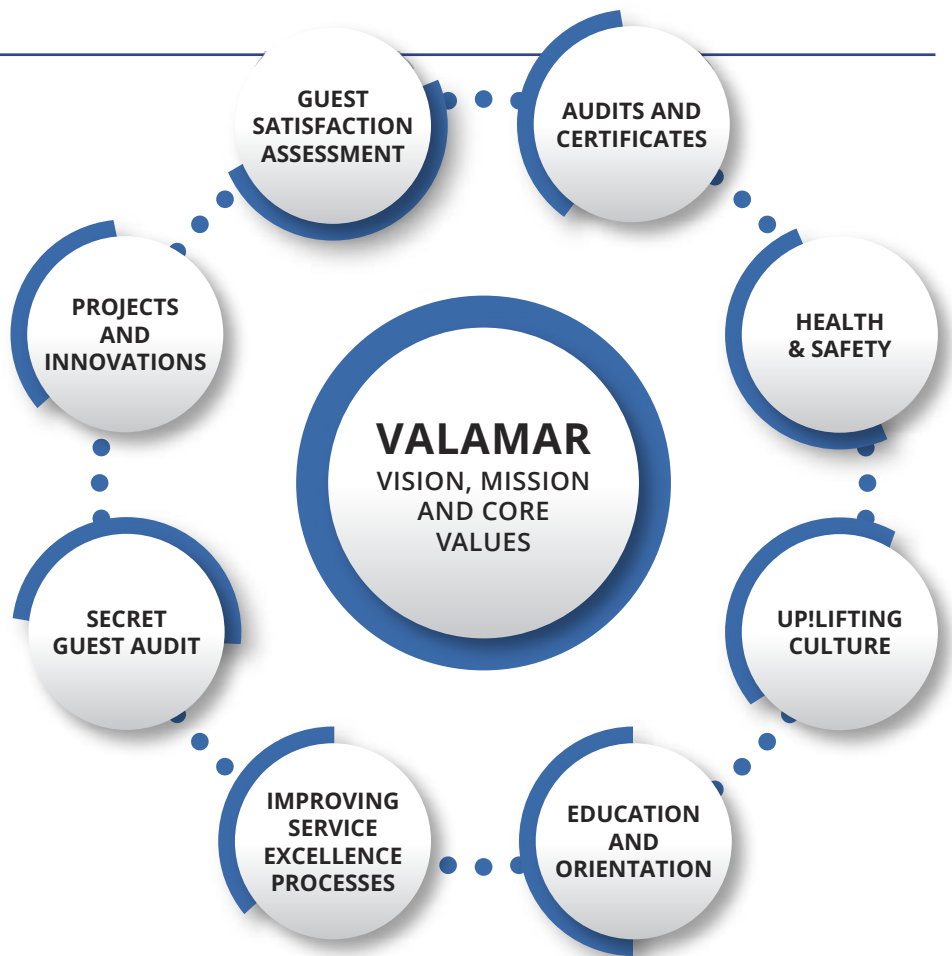
SERVICE EXCELLENCE

STRATEGIC QUALITY MODEL 2023

The strategic quality management model in Valamar is designed to enable the success of the entire organization by putting the guest first and consistently delivering amazing service.

The quality management model provides a 360-degree approach, which primarily includes measuring guest satisfaction, successfully implementing the highest internal and external industry standards, implementing a culture of service excellence within the entire organization, both towards guests and employees, and continuously improving the quality of service.

Valamar's approach strives to achieve high guest satisfaction ratings across all Valamar brands, compared to global competition.



UP!LIFTING CULTURE

Service excellence is the foundation of Valamar Riviera's long-term and sustainable business success.

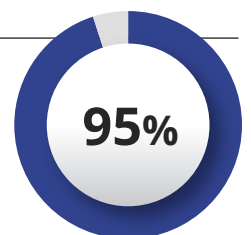
Given that providing services is Valamar's key product, continuous quality development is an imperative. All ValamArtists are committed to achieving service quality excellence. Valamar employees receive regular trainings with a special focus on uplifting topics that raise awareness of Valamar's service culture.

The goal is to surprise guests with unexpected service by knowing and anticipating their wishes and needs. This is achieved by creating a service- focused

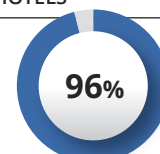
culture within the organization. As every year, results were measured through guest satisfaction surveys. The Uplifting index was a high 95% at the level of the Valamar Group. Valamar's goal is to always exceed guests' expectations, and the results indicate the company has succeed.

A high 76% of guests rated our employees as Unbelievable, i.e. the highest possible rating. This is an indicator based on ratings of more than 187,000 guests who completed the satisfaction survey in 2023 during their stay and through questionnaires sent after their stay.

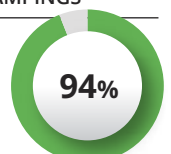
TOTAL UP!LIFTING INDEX (VALAMAR GROUP)



UP!LIFTING INDEX IN HOTELS



UP!LIFTING INDEX IN CAMPINGS



STANDARDS AND CERTIFICATES

Valamar Riviera services meet the highest standards of quality, safety and health as attested by the following standards and certificates:

- ▶ HACCP (Food Safety Management System)
- ▶ ISO 9001 (Quality Management System)
- ▶ ISO 14001 (Environmental Management System)
- ▶ ISO 50001 (Energy Management System)
- ▶ 45001 (Occupational Health and Safety Management System)
- ▶ ISO 14064 (Verification of greenhouse gas emissions)
- ▶ EN 1176 (Security requirements for children playgrounds)
- ▶ EN 1069 (Security requirements for water slides)
- ▶ 14065 (System of control of bio pollution of textiles in the washing process)
- ▶ Quality label "Q" of the Ministry of Tourism of the Republic of Croatia
- ▶ Blue Flag (Foundation for Environmental Education)
- ▶ Sustainable Hotels
- ▶ Travelife Gold Award
- ▶ EU Ecolabel.

Adherence to regulations and codes in communicating with guests, including marketing communications such as advertising, publicity, and patronage, is a priority for the Company.

Valamar has not found any cases of violation of voluntary codes.

VALAMAR GUEST SATISFACTION SURVEY

NUMBER OF COMPLETED SURVEYS

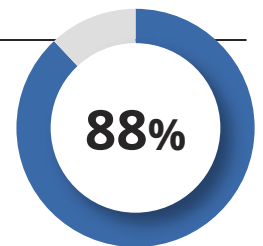


24%
Of guests who completed the survey or left an online review



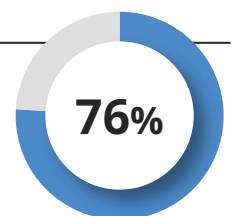
OVERALL GUEST SATISFACTION SCORE 2023

Overall guest satisfaction rating based on 187.647 feedback surveys and online posts from our guests. The overall rating for hotels was 90% and for campings 85%. Valamar Collection properties have the highest guest satisfaction rating with 93%.



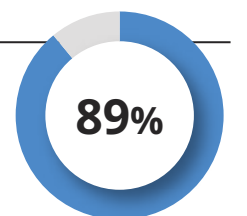
UNBELIEVABLE INDEX

Unbelievable index, the percentage of guests who rated our employees as "amazing" or "unbelievable" in 2023 is 76%.



GUEST SATISFACTION SCORE ONLINE AVERAGE

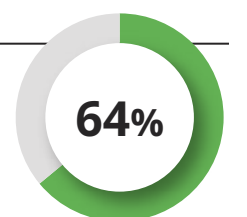
The average online guest satisfaction rating refers to the overall online rating of the last 24 months across all online in 2023 amount to 89%.



NPS - NET PROMOTER SCORE

To get the Net Promoter Score, Valamar asked its guests a question: "Would you recommend us to friends or colleagues?"

The result in 2023 was 64% of positive responses.



How is NPS calculated?



INNOVATIONS IN 2023

THIRD [PLACES] HOTEL AND THIRD VALAMAR HOTEL OPENS IN OBERTAUERN

Obertauern has gained its third Valamar hotel, the first under the [PLACES] brand in Austria. Valamar's innovative concept of lifestyle hotels, inspired by the Mediterranean ethos, is a novelty in Obertauern and the hotel has now joined the ranks of its counterparts in Makarska and Stari Grad on Hvar, encapsulating the essence of a vibrant summer getaway.

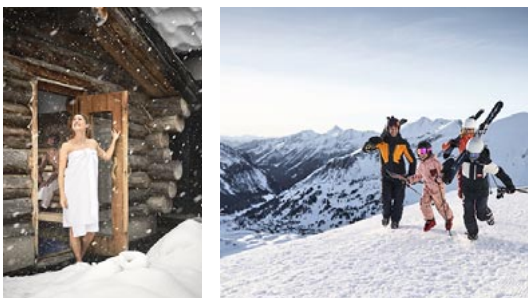
Featuring 120 rooms and suites for two or up to six persons, the hotel seamlessly blends modern amenities with alpine charm. The hallmark of every [PLACES] room, including those in Obertauern, is the luxurious bed promising a restful sleep. The [PLACESFLEXI] service offers includes buffet-style breakfasts and dinners, and the unused daily credits can be spent on food or drinks at the hotel bar.

Perched atop the eighth floor, the [PLACESROOFTOP] bar and lounge area, with its terrace, pays homage to the legendary Beatles, who once graced the locale with their presence. Echoing the brand's commitment to unique hospitality experiences, Obertauern's [PLACES] hotel celebrates the Beatles' legacy with original memorabilia and themed décor, honoring their historic visit during the filming of "Help!" in 1965.

Obertauern's allure as a winter destination lies in its exceptional snow conditions, boasting a snow cover from November through May. The hotel offers convenient access to numerous ski slopes, coupled with specialized services like Destination Insider and Snow Mastermind, ensuring guests make the most of their winter holidays.

After an exhilarating day on the slopes, guests can unwind at the Obertauern [PLACES] hotel's expansive indoor pool, featuring a whirlpool, saunas, and massage rooms, as well as outdoor Finnish sauna. The hotel also caters to indoor entertainment with a sprawling 400 m2 playground equipped with state-of-the-art and classic amenities, including the Multimedia Game Lounge & Theatre. Adding to the ambiance is the Sounds of [PLACES] music program, featuring live performances and DJ sets spanning from Beatles classics to contemporary hits.

In addition to the new OBERTAUERN [PLACESHOTEL], guests seeking winter retreats can also opt for accommodations at the Valamar Obertauern 4* and Kesselspitze Valamar Collection Hotel 4*^{SUPERIOR}.



OBERTAUERN
[PLACESHOTEL] 4*,
Austria

MARO WORLD IN DUBROVNIK IS THE LARGEST FAMILY ENTERTAINMENT CENTER ON THE ADRIATIC

Maro World, nestled in Dubrovnik on Babin kuk, stands as the largest entertainment center on the Adriatic, offering an expansive 1,800 square meters of fun-filled activities. Launched in 2023 by Valamar, Maro World is meticulously designed to foster children's creativity and playfulness, housing various zones tailored to different age groups and interests.

Children of all ages can immerse themselves in a world of entertainment, featuring Maro children's playrooms, a Softplay Zone, Family and Game Lounge, Maro Theatre, and the cutting-edge Maro Smart Play space. The latter offers an innovative approach to play, encouraging unstructured exploration and development through six attractions, including LiteZilla, Vertigo Paint2Life, Rigamajig, Imagination Playground, Busy Bord, and Lego.

For those inclined towards traditional pastimes, the Old Skool Game Lounge provides classic options such as table tennis, foosball, billiards, and board games, while a dedicated Game Lounge caters to video game enthusiasts of all ages. The Maro Softplay zone, featuring soft sponge elements, offers a safe haven for the youngest visitors, while the Maro Theatre sets the stage for evening entertainment.

Outdoor enthusiasts can revel in Maro World's outdoor amenities, including a 270 square meter amusement park featuring trampolines and adrenaline-pumping attractions suitable for children of all ages. Access to Maro World is complimentary for guests staying at Valamar Hotel on the Babin Kuk peninsula, ensuring a seamless and inclusive family holiday experience.



VALAMAR RESPONDS TO KINDERGARTEN NEEDS IN POREČ

In 2023, Valamar Riviera and the City of Poreč worked together to increase daycare capacities of Radost Kindergarten in Poreč within the premises of Valamar Pinia Hotel.

The renovated Radost kindergarten, situated at Hotel Pinia, provides an ideal environment for safe and quality educational activities, complemented by locally sourced nutritious meals. This collaborative effort between the city and Valamar reflects a shared commitment to enhancing the quality of life for families in Poreč, while also underscoring Valamar's dedication to its employees by facilitating kindergarten enrolment for their children.

By addressing the broader needs of its employees and the local community, Valamar reaffirms its position as a leading employer in the tourism sector, embodying a holistic approach to employee welfare and community engagement.

IMPACT ON SOCIETY

EMPLOYEES AND ORGANIZATION

In 2023, Valamar was ranked among Croatia's top 20 employers and has consistently held the position of top employer in the tourism sector for six consecutive years, as per an independent survey conducted by Moj posao. As the largest employer in Croatian tourism, Valamar boasts a workforce of nearly 7,800 employees during peak season, with 83 percent being domestic hires. Throughout 2023, the company remained dedicated to fostering a dynamic corporate culture where the needs of both employees and guests come first, marking a strategic priority evident in all its activities and initiatives.

Seasonality as a characteristic of leisure tourism and an increasing labor shortage, both at the national and global level, represent significant challenges for the tourism industry but also a possible negative impact on society. As a responsible employer and leading company in tourism, Valamar takes a strategic approach to managing these risks and works systematically to ensure the best working conditions and sustainable development of destinations as well as the well-being of the local communities. The seasonality of business in tourism means more intense work during the summer months, which is legally regulated by the possibility of working in the redistribution of working hours. However, the younger generation, and especially employees that belong to Generation Z (which in the summer makes up a significant share of the total workforce in tourism) show an increasing need for a balance of life and work.

The lack of quality and affordable accommodation in destinations represents

an additional challenge and limitation for the future growth of business in tourism and negatively affects the preservation of an authentic local way of life in tourist destinations. Valamar approaches this issue strategically and continuously invests in employees and destinations, in order to minimize the negative impacts that represent challenges for the tourism sector, but also for the entire economy in which tourism represents a significant segment. Within the sustainability strategy adopted in 2022, Valamar focuses on the entire value chain in order to have a positive impact on society and its destinations. One of Valamar's key priorities is to create jobs with a good work-life balance, in line with its commitment to the social development in its destinations and has defined strategic initiatives by 2026.

Recruiting and retaining local and domestic employees and providing opportunities for their personal and professional growth and development are especially important for

the empowerment of employees, whose satisfaction is a prerequisite for successful business in tourism. Valamar has therefore emphasized higher salaries than the national industry average, care for returning seasonal employees, investments in education and training, improvement of working conditions and retention of domestic employees, promotion of diversity, and systematic care of employees' health and safety among key strategic initiatives by 2025.

In order to improve working conditions and retain domestic employees, Valamar invested an additional EUR 25 million in workers' salaries in 2023 and launched a new "Krov nad glavom" program, intended for employees and their families who live or want to live in the destination throughout the year, and who have so far been unable to afford adequate housing due to high rental prices in tourist destinations. Also, in the last five years, EUR 19 million have been invested in the construction of Kuće Valamar, which provide quality accommodation and food for seasonal workers. Also, Valamar continued to work on the development of a number of benefits for employees and invest in their education and training.

Among other corporate social responsibility initiatives in 2023. In cooperation with the City of Poreč, Valamar has launched a special kindergarten group for children of employees living and working in Poreč.

In 2023, Valamar also increased the number and share of employees with year-round income through permanent employment, the inclusion of employees in the permanent seasonal worker measure and the engagement of those employees in Valamar hotels in Austria during the winter season.



DIVERSITY, GENDER EQUALITY AND INCLUSIVENESS

DIVERSITY

Valamar is a signatory of the "Diversity Charter" since 4 October 2017 and has adopted a Diversity and Non-Discrimination Policy, which is an integral part of the Code of Business Conduct. To develop an efficient working environment, Valamar has created an organizational culture based on mutual respect and regard for individual differences. This is achieved in such a way that in everyday work, in addition to acting following the regulations of the Republic of Croatia, in-house acts are adopted and implemented, which regulate areas and institutes in more detail.

In Valamar, this area is regulated by the Collective Agreement, the Code of Business Conduct, the Privacy Policy, the Regulation on breaches of work obligations and the procedure for determining liability, the Regulation on whistleblowing, the Regulation on internal organization and job classification, the decision of the Management Board on employee reward programs, the decision of the Management Board on the appointment of persons to receive and resolve complaints of workers related to the protection of employees' dignity.

At the same time, Valamar negotiates with trade union partners on individual employee issues every year and concludes additions to the Collective Agreement accordingly, as well as agreements on workers' rights. During the performance of activities, special attention is given to the protection of privacy, the prohibition of discrimination and the protection of workers' dignity. When selecting a candidate, the selection is based solely on the qualifications, expertise, performance, knowledge and skills of the candidate, avoiding conflicts of interest or the impact of personal differences on the decision-making process.

In order to raise awareness of the importance of this topic among employees, Valamar has made an online education named "Code of Business Conduct" in which all components of the code are clarified, such as general principles, protection of personal data and handling of confidential information, preservation of human rights and workers' rights, protection of property and the environment, business with key stakeholders and other.

Valamar has provided its employees with education on diversity, gender equality and inclusion and will continue in this direction in 2024 with the aim of further raising awareness of its employees. Some of the offered topics available on our PERO platform are "Inclusive communication", "Understanding the benefits of diversity" and "How generational stereotypes prevent us in the business environment". Additionally, education on the topic of access to people with disabilities was organized, which continues in 2024, and a large part of our team leaders will go through trainings on raising awareness of diversity in generations, because Valamar today works together four generations.

By adopting the Charter on Diversity, Valamar has publicly accepted the responsibility for supporting, developing and applying diversity and equal opportunities in the workplace and, in addition to creating an organizational culture that supports this, Valamar will work on educating and informing workers on this important topic.

In the chapter "Employees in numbers" there are more detailed analyses of the structure of employees by gender and age, the share of women in executive positions and in the board of directors, and other data related to this domain.

GENDER EQUALITY

Valamar shall ensure conditions in order to provide equal opportunities, respect for diversity and inclusiveness and to create a safe environment with zero tolerance for discrimination, harassment and all forms of inequality.

Analytical data show that the number of women in management in 2023 at the level of the Valamar Group increased by one percentage point compared to 2022, both in operations and in corporate functions.

Also, the share of employed women in relation to all employees is 53 percent in 2023 (data as at 31 July 2023).

INCLUSIVENESS

Measures of diversity, equality and inclusiveness imply ensuring equality for all generations of employees. In line with diversity and inclusiveness policies and practices, Valamar strives to attract all categories of employees, without discrimination against gender and age.

Valamar employs employees with disabilities and continuously works to improve working conditions and adapt jobs, taking into account the individual needs and capabilities of each employee. Due to the very nature of work in tourist properties, there are certain challenges in adapting jobs so that people with disabilities can be hired. Therefore, in addition to direct employment, Valamar has been successfully cooperating with integration workshops that employ individuals with disabilities, but also use services and buy products from them, thus encouraging the inclusion of individuals with disabilities in the labor market following its capabilities and abilities. In the coming years, Valamar will continue to look at additional opportunities to increase the inclusion of people with disabilities and provide the best working and career development conditions for all employees.

KEY INDICATORS RELATED TO EMPLOYEES

Compared to 2019, there is a significant increase in the number of permanent employees (almost 600 employees), temporary employees (up 145), seasonal workers, and students. The only category of employees that is declining are permanent seasonal workers (a decline of 247 employees). The reason for this is the employment of permanent seasonal workers for an indefinite period of time and the decreasing attractiveness of the measure of permanent seasonal workers with regard to the amount of compensation that permanent seasonal workers receive from the Employment Service during the winter when they are not working.

According to the workforce structure, the most significant share of work is performed by employees of companies. In high season, when booking reaches the highest numbers and additional assistance is needed, the company hires students through student centers (11% of the total number of employees on 31 July).

Valamar Riviera secures the stability and continuity of year-long income through the Permanent Seasonal Worker measure and Valamar + 3 program, as part of an active employment policy implemented since 2016.

Employees can use the Valamar+3 program, within which the conditions of permanent seasonal workers are equalized to permanent employees. The number three in the name indicates the security of employment during the three seasons, and workers are provided nine months of work per year and a number of other benefits. Throughout the three-year contract period, permanent seasonal workers enjoy employment status and priority for employment at Valamar.

Of the 197 permanent employees who left during 2023, 45% were men and 55% were women.

Due to the size of the destination Poreč, it has the largest number of departures, while the largest number of departures by percentage is in Dubrovnik.

Compared to 2022, the number of departures increased by 2%, the reason behind it being a larger number of employees retiring.

The number of employees based on hours worked in 2023 has increases by more than 200 employees compared to 2022.

NUMBER OF EMPLOYEES AND STUDENTS ON JULY 31, 2023, COMPARED TO JULY 31, 2019 (VALAMAR GROUP)

	31/7/2023	31/7/2019	Difference	
Permanent employment	2,489	1,892	597	128%
Contracts for permanent seasonal jobs	895	1,142	-247	78%
Seasonal	3,207	3,056	151	105%
Fixed term work/other	345	200	145	173%
Students	863	778	85	111%
TOTAL	7,799	7,068	731	110%

PERMANENT EMPLOYEE TURNOVER RATE (VALAMAR GROUP)

	M	F	Total	Permanent employees	Turnover rate
Baška	4	3	7	85	8%
Dubrovnik	19	18	37	368	10%
Krk	2	7	9	107	8%
Poreč	43	57	100	1,145	9%
Rabac	8	8	16	390	4%
Rab	11	10	21	237	9%
Makarska	2	5	7	131	5%
TOTAL	89	108	197	2,463	8%

AVERAGE EMPLOYMENT BASED ON HOURS WORKED IN 2023 (VALAMAR GROUP)



3,483

AVERAGE EMPLOYMENT BASED ON HOURS
worked in Valamar Riviera in 2023

3,352 in 2022



4,531

AVERAGE EMPLOYMENT BASED ON HOURS
worked in Valamar group in 2023

4,337 in 2022

YEAR-LONG EMPLOYMENT INDEX 2023 (VALAMAR GROUP)

The year-long employment index in 2023 increased compared to 2022 by almost one percentage point and is 48.56%, primarily due to an increase in the number of permanent and fixed-term employees.

48.56%

THE YEAR-LONG EMPLOYMENT INDEX

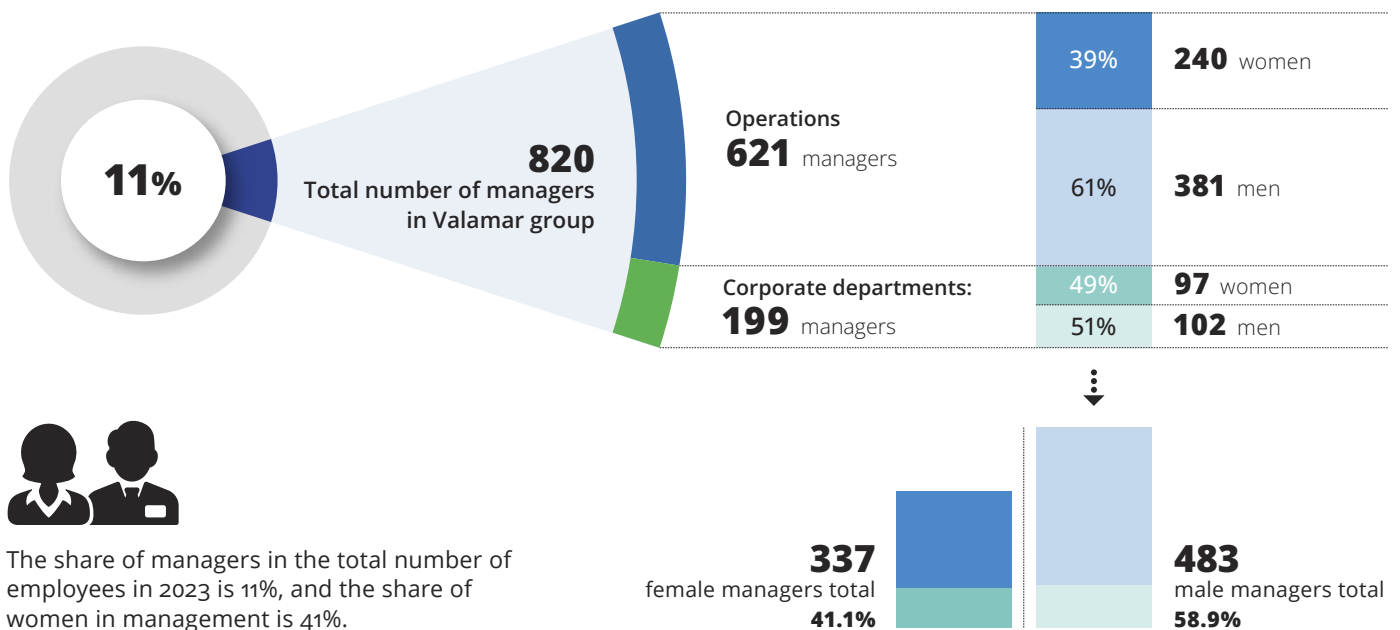


SHARE OF WOMEN EMPLOYED IN THE COMPANY (VALAMAR GROUP, AS AT 31 JULY 2023, SHARE FROM TOTAL NUMBER OF EMPLOYEES)

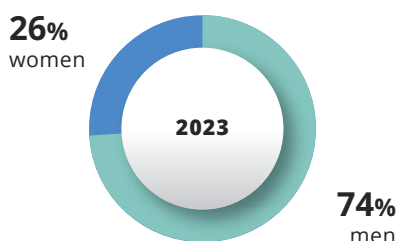
	Total	F	M	F	M
Valamar Riviera d.d.	5,088	2,604	2,484	51%	49%
Imperial Riviera d.d.	1,728	1,014	714	59%	41%
TOTAL	6,816	3,618	3,198	53%	47%

Compared to the total number of employees, the share of women is 53%, while the share of men is 47%. Compared to 2022, the share of women decreased by 1 p.p.

SHARE OF MANAGERS IN TOTAL NUMBER OF EMPLOYEES IN 2023 (VALAMAR GROUP)



SHARE OF WOMEN IN LEADING EXECUTIVE POSITIONS (VALAMAR GROUP)



As of January 1st, 2022 Valamar Riviera's Management Board consists of three members, one of whom is a woman.

EMPLOYEES BY CONTRACT TYPE AND GENDER (VALAMAR GROUP)

	Total	F	M
Fixed term work	345	219	126
Seasonal employee	3,087	1,665	1,422
Permanent seasonal worker	895	481	414
Permanent employee	2,489	1,253	1,236
TOTAL	6,816	3,618	3,198

SHARE OF LOCAL, DOMESTIC EMPLOYEES AND RETURNING SEASONAL WORKERS IN 2023 (VALAMAR GROUP)

	% returning seasonal workers	% local employees	% local residents
Dubrovnik	47%	49%	81%
Krk	59%	51%	86%
Poreč	51%	56%	82%
Rabac	59%	57%	78%
Rab	43%	68%	86%
Makarska	63%	77%	97%
Baška	54%	34%	80%
TOTAL	53%	57%	83%

As the workforce expands each year, it's inevitable to witness a percentage decrease in the categories of returning seasonal employees, local hires, and domestic workers. This trend stems from the diminishing pool of available workers in both the local labor market and across the Republic of Croatia. Despite this, in absolute numbers, the count of returning and domestic employees continues to show slight growth, while the number of domestic workers remains stagnant.

* Local employee is an employee who has permanent residence within the destination where he or she works.

** A domestic employee is an employee who has Croatian citizenship.

EMPLOYEES BY REGION AND GENDER

	NUMBER OF EMPLOYEES			PERMANENT EMPLOYEES			TEMPORARY EMPLOYEES			FULL-TIME EMPLOYEES			PART-TIME EMPLOYEES		
	Total	F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M
Dubrovnik	1,058	580	478	372	179	193	686	401	285	1,048	572	476	10	8	2
Krk	289	127	162	106	45	61	183	82	101	289	127	162	0	0	0
Poreč	2,868	1,470	1,398	1,159	604	555	1,709	866	843	2,826	1,454	1,372	42	16	26
Rabac	1,238	688	550	393	212	181	845	476	369	1,210	674	536	28	14	14
Rab	596	324	272	240	105	135	356	219	137	585	319	266	11	5	6
Makarska	500	301	199	131	68	63	369	233	136	493	296	197	7	5	2
Baška	267	128	139	88	40	48	179	88	91	266	128	138	1	0	1
TOTAL	6,816	3,618	3,198	2,489	1,253	1,236	4,327	2,365	1,962	6,717	3,570	3,147	99	48	51

The data collection methodology is the total number of employees in the period of peak season, i.e. the maximum number of performers.

* The category of "temporary employees" includes all employees except employees with a permanent employment contract.

** This review does not include assigned agency workers.

WORKERS WHO ARE NOT VALAMAR EMPLOYEES

STUDENTS

	Total	F	% F	M	% M
Poreč	375	235	63%	140	37%
Rabac	214	104	49%	110	51%
Rab	70	44	63%	26	37%
Dubrovnik	81	28	35%	53	65%
Makarska	30	19	63%	11	37%
Krk	51	31	61%	20	39%
Baška	42	24	57%	18	43%
TOTAL	863	485	56%	378	44%

AGENCY WORKERS

	Total	F	% F	M	% M
Dubrovnik	6	0	0%	6	100%
Baška	10	4	40%	6	60%
Krk	6	5	83%	1	17%
Poreč	82	25	70%	57	30%
Rabac	16	9	44%	7	56%
TOTAL	120	43	36%	77	64%

STUDENT APPRENTICESHIP

	Total	F	% F	M	% M
Baška	1	0	0%	1	100%
Dubrovnik	21	10	48%	11	52%
Krk	7	3	43%	4	57%
Makarska	8	4	50%	4	50%
Poreč	35	18	51%	17	49%
Rab	39	18	46%	21	54%
Rabac	10	6	60%	4	40%
TOTAL	121	59	49%	62	51%

Data at the level of the Valamar Group on 31 July 2023.

In addition, during peak season, Valamar also concluded a contract with cleaning services to assist in the most intense summer months.

The full-time equivalent (FTE) methodology results in 106 non-employees being hired through a group level cleaning service.

Since the group does not keep records of the above-mentioned workers, it is not able to report on the division by gender for 2023.



EDUCATION, DEVELOPMENT AND EMPLOYEE SATISFACTION

The development and education of employees are key components of human resources management in Valamar and have been given an even more important role within the framework of the adopted sustainability strategy. In 2023, Valamar continued with a series of activities and programs aimed at encouraging the personal and professional development of employees, which is a prerequisite for ensuring high-quality services in tourism. Valamar Excellence as an umbrella title for the in-house lifelong learning program for acquiring knowledge in tourism and hospitality, providing specialist programs within the V-Executive and V-Professional sub-programs, and Valamar training within which education is conducted through V-Academy, V-Lead, V-Intern and V-Start programs for Valamar employees.

Valamar provides its employees with educational opportunities within these in-house programs and through the PERO digital platform that ensures flexibility and availability of educational content. Within the framework of the PERO platform, all employees can learn more about Valamar's standard operating procedures, trends in tourism, and various skills useful for business and personal development.

In addition to the digital form, training conducted in person are extremely important, providing educational content on a number of topics that employees need - from foreign language courses, sommelier courses, schools of bartenders to legally compulsory training and extended training programs. In cooperation with numerous partners and suppliers, Valamar provides employees with education in the field of food and beverages, the use of new technologies and learning different skills.

The transfer of in-house knowledge is particularly expressed within the V- Academy program that Valamar has been developing for many years and mentoring as an extremely valuable approach in

the education and development of employees in all destinations.

Valamar managers and mentors pay special attention to the onboarding of new employees and constantly hold training sessions with them in order to acquire the necessary work skills as quickly and efficiently as possible. At the end of 2023, a new generation of V-Academy with over 70 participants began. They will have the opportunity to learn from a number of mentors in operations and corporate functions in a year, as well as attend education and training that aim to strengthen their competencies as future leaders.

In 2023, ValamarGO! was launched, marking an additional step in employee onboarding in operations. A hundred employees from the food and beverage departments in the destinations of Rabac and Poreč passed through the pilot phase of the program. Employee satisfaction with mentors in the ValamarGo! program was extremely high, 4.96 out of 5 as well as the eNPS of the training itself which was 90.1.

The program itself is highly focused on practical experience, so participants together with mentors learn through training of real situations.

The program continues in 2024 when we plan to expand it to all Valamar group destinations and thus further empower new colleagues.



1,230,588 EUR
annual investment in various educational programs for 2023



163,660 hours
of Valamar Excellence training in 2023
(increase of almost **17%** compared to 2022)



36.1 hours
of education per employee average in 2023 at the level of the Valamar Group



CORPORATE CULTURE AND CLIMATE - RESULTS 2023

The survey examining the corporate climate and culture in Valamar in 2023 was completed by 84% of employees, and the overall rating at the level of Valamar Riviera Group is 3.93 (on a scale of 1 to 5).

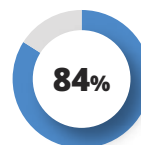
Valamar values the opinion and feedback of its employees as well as whether employees receive timely information within the company, whether they are satisfied with the organizational culture and whether they have suggestions for improvement.

The categories Work Organization, Leadership, Work Environment, Team Relations, and Life and work balance were rated higher than 4.0.

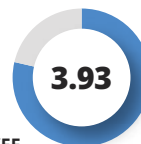
For the fourth consecutive year, Valamar Riviera has been measuring eNPS, i.e. the employee Net Promoter Score. This year it amounts to 12.73.



84%
EMPLOYEES COMPLETED THE SURVEY IN 2024



3.93
TOTAL EMPLOYEE SATISFACTION RATING



The highest score of 4.18
was given to the Leadership category for the third year in a row

Score higher than 4.0
received categories Work Organization, Leadership, Work Environment and Team Relations, Balanced work and life

12.73
eNPS for 2023



VALAMAR'S COOPERATION WITH EDUCATIONAL INSTITUTIONS

In 2023, Valamar continued to develop cooperations with numerous universities and other higher education institutions in Croatia, through the provision of student internships, work on case studies and guest lectures by Valamar experts. Valamar also continued the cooperation with secondary schools and ensuring internships for students, as part of the promotion of career development in tourism.

Valamar actively encourages young people to develop careers in tourism and invests in the promotion of vocational professions. By investing in education and development, Valamar contributes to the development of qualified and educated employees and promotes responsible business practice, which has a positive impact on the development of destinations and the local community and the economy.

Whenever we have the opportunity, we also respond to calls from educational institutions and participate in career days and various events in order to try to further bring students closer to the nature of work in tourism and clarify career development opportunities in this dynamic industry.

VALAMAR SCHOLARSHIP

In 2023 Valamar responded to the public invitation of the Ministry of Tourism and Sports and continued to implement its scholarship program.

In cooperation with the Ministry of Tourism and Sports, the scholarship provides financial support to students during their education, as well as the opportunity to practice and acquire new skills and knowledge. Students can gain work experience in Valamar hotels, camps and resorts, and are offered a job with the leading employer in tourism in Croatia upon graduation. Scholarship holders who come from other destinations are provided with accommodation and meals by Valamar at the expense of the employer. Valamar provides scholarships of EUR 266 per month during the school year for 10 months until the end of school.

Students who are studying hospitality professions are thus encouraged to learn what a career in tourism looks like from the start of their education, to find out the opportunities for advancement and development, and to explore all the dynamics of tourism and hospitality.

In addition to the scholarship program, in 2023 Valamar has also restarted scholarships for students to start their careers after completing their education in Valamar and continuing to develop in the profession. In 2023, 40 students received a scholarship from Valamar, which will continue in 2024.

SCHOLARSHIPS IN TOURISM 2023 (Valamar Riviera and Imperial Riviera)



	Local	From other regions	Total
Graduates	45	17	62
Other grades	52	4	56
TOTAL	97	21	118

SALARY, REMUNERATION AND OTHER MATERIAL AND INTANGIBLE BENEFITS FOR EMPLOYEES

In 2023, Valamar invested more than EUR 25 million in salary increases and reward programs, which was strongly supported by Valamar's social partners.

This initiated the process of harmonizing wages in tourism with EU standards. Salaries for professional positions including chefs, waiters, specialist repairmen and receptionists at Valamar in the 2023 season were between EUR 1,200 and 1,800 net per month. The Valamar minimum net income guarantee for housekeepers, assistant chefs, assistant waiters, kitchen workers, waiters and many others amounted to EUR 1,000 to 1,200 net. In addition to raising basic salaries, Valamar continued its award program.

In Valamar Riviera, salary equality is regulated by the Collective Agreement. Valamar fully respects the rights of workers to join workers' councils and unions, while at the same time guaranteeing that no worker will be disadvantaged due to membership in associations or participation or non-participation in their activities.

The collective agreement covers 97% of employees. The remaining 3% consists of senior management, which is also covered for the most part by the rights from the Collective Agreement, but not 100%.

AVERAGE SALARY IN 2023 - CROATIA, VALAMAR AND THE HOSPITALITY SECTOR (EUR)

	Valamar	Croatia	Sector	Valamar vs. Croatia	Valamar vs. Sector
2018	1,204	1,121	916	7.42%	31.48%
2019	1,187	1,163	949	2.04%	25.12%
2020	1,128	1,223	915	-7.77%	23.35%
2021	1,232	1,274	968	-3.27%	27.26%
2022	1,356	1,380	1,111	-1.73%	22.07%
2023*	1,503	1,584	1,286	-5.10%	16.89%

* Data relates to Valamar Group,



REWARDS AND OTHER TANGIBLE AND INTANGIBLE BENEFITS FOR EMPLOYEES

Valamar ensures the best possible working environment and working conditions, which is why it continuously invests in the improvement of material rights by revising the old and introducing new rights.

Active and constructive social dialogue along with employee feedback, have enabled Valamar to develop rewards and benefits for employees. The number of awards paid in 2023 has doubled compared to 2022.

In 2023, Valamar placed an even greater emphasis on adapting to the labor market and material rights of employees in order to meet the needs of employees, all in order to increase their satisfaction, which ultimately ensures the retention of existing and attracting new employees.

	Employees awarded in 2023	Awards paid in 2023
Valamar Riviera	5,376	61,203
Imperial Riviera	1,770	19,569
Valamar group	7,146	80,923

REWARD POLICIES ACCORDING TO THE DECISION OF THE MANAGEMENT AND THE COLLECTIVE AGREEMENT

- ▶ Gift to children
- ▶ Reward in kind
- ▶ Holiday bonus
- ▶ Jubilee Awards
- ▶ 13th Salary
- ▶ Christmas bonus
- ▶ Award for season preparations

NINE REWARD PROGRAMS

The goal of the reward program is to motivate and encourage employees to achieve the given results, encourage desirable behavior, reward teamwork and work in difficult conditions, reward exceptional contribution in all business segments and emphasis on digitalization processes, annual excellence awards, minimum income guarantee, retention and acquisition of new talents, etc.

OTHER EMPLOYEE MATERIAL AND NON-MATERIAL RIGHTS

- ▶ Paid leave (moving, education, death of family members, etc.)
- ▶ A day off for the first day of school
- ▶ Provided hot meal at the expense of the employer (except for a part of employees, a minimum fee for a wider selection of hot meals)
- ▶ Seasonal accommodation provided (at the expense of the employer)
- ▶ Financial assistance/support due to illness, death of loved ones or death of workers.
- ▶ Free days for prenatal examinations of pregnant women
- ▶ Possibility of year-round work (permanent seasonal worker measure, and employment during the winter season in Austria)
- ▶ Accident insurance 24 hours a day
- ▶ Education
- ▶ House leasing subsidy (Krov nad glavom program)
- ▶ Valamar playroom
- ▶ Travel expenses
- ▶ Severance pay on retirement

EMPLOYEE BENEFITS

With the ValamArtist card employees can get various benefits and discounts and can also pay for a number of services at Valamar – all employed workers can enjoy many benefits within Valamar or with contracted partners.

Valamar is once again setting new standards in the tourism sector by introducing an innovative program called "Krov nad glavom". This program provides additional incentive to rent an apartment in a destination to employees on an indefinite, fixed and seasonal worker in the V+3 program. It is intended for employees and their families who want to live in a destination throughout the year, but have so far had difficulties due to high rental prices in tourist areas. Ensuring adequate housing is crucial for retaining and attracting skilled workers in the tourism sector, as well as for retaining the domestic workforce in Croatia.

Valamar and the City of Poreč have expanded their cooperation, enabling the accommodation of six kindergarten groups of children, two of them for children of Valamar employees, at the Valamar Pinia Hotel, which will significantly increase the capacity of the Radost Kindergarten. This initiative provides improved conditions for the upbringing and education of children, while responding to the needs of the local community and Valamar employees.

VALAMAR BENEFITS

Family & Friends program – accommodation in Valamar properties at cheaper rates

F&B benefits in Valamar Group properties (discounts on food and beverages)

Use of V Sport in all destinations.

EMPLOYEE HEALTH AND SAFETY

Occupational health and safety activities in Valamar are based on a legal obligation under the Occupational Health and Safety Act, which obliges an employer who employs 250 or more workers to employ one or more occupational health and safety professionals, depending on the total number of workers. Also, by the decision on the categorization of fire risk, the employer must provide a certain number of workers who conduct preventive fire protection activities. In accordance with the above regulations, Valamar Riviera has employed occupational safety experts and, if necessary, hires external experts in the field of occupational safety.

Occupational health and safety activities include professional assistance to the employer and authorized persons, commissioners and workers, participation in the preparation of risk assessment as a basic document in the field of occupational health and safety, internal supervision of the application of occupational health and safety rules and encouragement to eliminate deficiencies, collection and analysis of data related to injuries, occupational diseases and work-related diseases, cooperation with bodies responsible for work inspection, occupational health and safety institutes, training of employers, authorized persons and commissioners in the field of occupational health and safety, as well as workers for work in a safe manner, cooperation with an occupational medicine specialist, work in the Occupational Health and Safety Committee, sending workers to health examinations, etc.

In addition to risk assessment as a basic document in the field of occupational safety, the occupational health and safety service and fire protection professionals organize and supervise electrical installation tests (indirect contact protection, insulation resistance), lightning protection system inspection, testing the working environment (illumination, noise, microclimate); testing of work equipment (machines, devices, installations, facilities), keep-



ing prescribed records, health inspections of workers in workplaces with special working conditions, training workers to provide first aid, testing the fire alarm and extinguishing system, preparation of evacuation and rescue plans and conducting evacuation drills.

After analyzing the type and level of risk intensity, the plan of measures provides proposals for the application of basic and special rules of occupational safety and/or certain principles of occupational safety (elimination or reduction of risks, removal of risks from workers or vice versa, use of personal protective equipment, etc.). The service ensures that work equipment is marked with safety signs and instructions for working in a safe manner, so that workers are as safe as possible when handling equipment, and also warns about the use of work clothes and footwear and the use of personal protective equipment.

Valamar Riviera has established a Committee of Occupational Safety and Health which are experts in occupational safety, field doctors of occupational medicine, workers' commissioners or their coordinators and heads of the

Operations sector from destinations. The Committee shall hold regular meetings.

Workers' commissioners are also involved in making and considering certain decisions through the coordination of occupational health and safety, i.e. giving opinions on individual acts (opinion on risk assessment).

Workers are regularly referred to health examinations at workplaces with special working conditions in accordance with the applicable regulations.

The training of workers to work in a safe manner as well as the training of workers for initial firefighting and evacuation is carried out continuously and several hundred workers are trained each year in accordance with new employment.

Inspections by occupational health and safety inspections and fire protection inspections shall be carried out regularly and their reports are satisfactory.

Cooperation with the workers' council, their president and the coordination of occupational health and safety is of high quality, and the occupational health and safety service is present at thematic sessions, where the quality of work clothes and footwear and other important issues for the safety and health of workers are discussed.

The service also keeps records of injuries at work. The injuries are mostly cuts, scratches, falls and traffic accidents when arriving and leaving work, which also applies to 2023.

48

Total injured workers in Valamar Riviera in 2023 = **1.4%**

32

Total injured workers in Imperial Riviera in 2023 = **3.1%**

The share of injuries at work of the Valamar Group in 2023 = **1.8%**

VALAMAR IN THE COMMUNITY 2023

VALAMAR PREPARES HEALTHY LUNCHES FOR THE STUDENTS IN TWO LABIN SCHOOLS

Valamar Riviera has been providing healthy and nutritious meals to students in two educational institutions in Labin, namely Matija Vlačić Elementary School and Centar Liča Faraguna, throughout the 2023/2024 school year.

These institutions emerged as winners of the "Valamar brine za marende fine" prize contest. This initiative, aimed at promoting healthier nutrition among schools in Istria, Rijeka, the surrounding areas, and the island of Krk, was launched in response to the challenges faced by primary schools and parents in organizing nutritious meals for students. The project received support from the Teaching Institute of Public Health of the Istrian County. Valamar took care of the procurement, preparation, and delivery of meals, alleviating any financial burden on parents and the local community.

Twenty schools participated in the competition by submitting creative videos showcasing students' knowledge and love for healthy eating. The high quality of the submitted videos posed a challenge for Valamar's expert jury, leading to the declaration of two winning entries instead of one.



THE THIRD EDITION OF THE CHILDREN'S SUMMER CAMP IN POREČ

Furthermore, Valamar, in partnership with the "Naša Djeca" society and the City of Poreč, organized the Children's Summer Camp for the third consecutive year at Pinia City Beach and beach.

As in previous year, children spent their time on the Pical beach and Valamar enabled the use of the children's playroom and playground of the Pinia hotel. Valamar also provided lunches for the children on both locations of the summer camp.

The children's camp has been expanding its capacity annually to meet growing demand and was designed to cater to kindergarten and elementary school children whose parents work during the summer vacations.

Additionally, Valamar and the City of Poreč extended their collaboration to increase the capacity of Radost Kindergarten in Poreč, providing over 100 additional places.

VALAMAR PLANTS OVER 8.000 WITH THE HELP OF ITS GUESTS

Valamar Riviera, in collaboration with its guests, planted nearly 3,000 trees, contributing to a total of over 8,000 trees planted across Croatia as part of the "Easy as One, Two, Tree" donation campaign.

This campaign, launched in 2022 in partnership with BY PLANTING CO2MPENSATING, an initiative of the Croatian Scouts Association, and HEART agency, is aimed at reducing carbon footprints through tree planting. The first edition saw the planting of more than 3,000 trees in Split-Dalmatia and Karlovac Counties.





THE TENTH SEASON OF VALAMAR’S “A THOUSAND DAYS ON THE ADRIATIC SEA” HUMANITARIAN PROGRAM

During the tenth season of the humanitarian program "A Thousand Days on the Adriatic Sea", Valamar Riviera hosted children and young people without adequate parental care.

These included third and fourth-grade students from various parts of Croatia residing in homes funded by the Republic of Croatia. In collaboration with the Ministry of Labour, Pension System, Family, and Social Policy of the Republic of Croatia, Valamar facilitated over four thousand children to enjoy their holidays through this initiative.

IMPERIAL RIVIERA AND VALAMAR BUILT CHILDREN’S PLAYGROUND IN MAKARSKA

Imperial Riviera and Valamar built a children's playground in Makarska, contributing equipment worth over 11,000 euros to the City of Makarska.

The city, through its budget, provided for the necessary construction works. This valuable donation enhanced the playground's activities, providing children with various options on a multifunctional device, fostering creativity and coordination.





IMPERIAL RIVIERA SUPPORTED FIREFIGHTING COMPETITION IN SPLIT-DALMATIA COUNTY

Imperial Riviera supported a large competition of firefighting youth that was held at the City Sports Center in Makarska, organized by the Volunteer Fire Department of the City of Makarska.

More than 320 children aged 6 to 12 showcased their firefighting skills and teamwork spirit. Imperial Riviera sponsored the event by providing sandwiches and juices for all participants and guests. Imperial Riviera, as one of the sponsors of the event, provided sandwiches and juices.

Together with the managers and staff there were more than 400 guests from the entire Split-Dalmatia County from dvd Trogir, Marina, Kaštel Sućurac, Kaštel Gomilica, Kaštel Starog, Solin, Vranjica, Žrnovnica, Slatina, Kučić, Imotski and Makarska.

THE 400TH ANNIVERSARY OF THE BEGINNING OF THE CONSTRUCTION OF LABIN BELL TOWER ST. JUSTUS

Last year, Valamar Riviera participated in commemorating the 400th anniversary of the beginning of the construction of the Labin bell tower St. Justus, underscoring its commitment as a long-term partner of the local community.

The central ceremony was the Holy Mass and procession from the parish church to the bell tower on November 4th, presided over by The Bishop of Poreč and Pula Ivan Štironja. On the same day, an exhibition dedicated to St. Justus (the co-patron of the Labin parish) was opened at the Narodni Muzej. On November 18th there was also a free guided walk along the St. Justus and Sentona's trail.



SUPPORT TO THE SUMMER SCHOOL OF SCIENCE AND EDUCATION CENTRE VIŠNJAN

Last year, Valamar supported the Višnjan Science and Education Centre by providing nutritious meals for participants of various educational programs aimed at promoting scientific and technological literacy among children and young people aged 9 to 14 from Croatia and Europe.

The goal of the Science and Education Center Višnjan is to popularize science through lectures and workshops, and to organize a visit to the Višnjan Observatory, one of the world leaders in finding yet undiscovered celestial bodies.



ENVIRONMENTAL IMPACT

RESPONSIBILITY TO THE ENVIRONMENT AND CLIMATE

With the 2030 Agenda for Climate Change, the European Commission proposes to increase the EU's ambition to reduce greenhouse gas emissions to at least 55% below 1990 levels by 2030. Valamar has already reduced greenhouse gas emissions in scope 1 and 2, per occupied accommodation unit, by more than 70% compared to 2015. The EU's goal is to become a climate-neutral continent by 2050 – hence, to be a net-zero GHG economy.

Due to the scarcity of natural resources, every action of individuals and organizations should be aimed at their preservation. A high level of environmental awareness has become an extremely important factor in the tourism sector.

As the leading tourism company in Croatia, Valamar Riviera has a special responsibility to systematically apply high standards in environmental protection - a key resource in tourism, which reduces exposure to climate risks. Environmental responsibility is one of the pillars of sustainability that Valamar Riviera has incorporated into its Quality and Sustainable Business Policy and ESG goals.

ENERGY AND CLIMATE CHANGE

Valamar Riviera plans to achieve decarbonization in scope 1 and 2 by 2026. Reducing greenhouse gas emissions is the first of 12 ESG targets defined by the ESG strategy. It is becoming increasingly important to our guests, as many want to reduce and compensate for their carbon footprint in hotels or campings. At Valamar's properties, this is much easier to do since Valamar's emissions are among the lowest compared to other tourist properties.

Energy efficiency and green innovation are, in today's energy markets, a source of competitive advantage.

Valamar is continuously reducing its carbon footprint by replacing fossil fuels with electricity from renewable sources, installing heat pumps, building photovoltaic power plants on its properties and other measures.

Valamar is reducing emissions from scope 1 and 2 by increasing the share of energy from renewable sources,



DALMACIJA
[PLACESHOTEL] 3*,
Makarska

increasing energy efficiency, and the company plans to reduce the remaining emissions from scope 1 and 2 by 2026 through restoring and protecting nature, and other projects.

To reduce emissions from scope 3, Valamar plans to cooperate with suppliers, increase the share of local products, use more environmentally friendly materials and more. For the planned reduction of greenhouse gas emissions by 2026, the budget predicts appropriate financial resources.

Climate science is evolving, and so are our goals to reduce greenhouse gas emissions. Accordingly, Valamar aims at decarbonization in scope 1 and 2 by 2026. Valamar also commits to significantly reduce greenhouse gas emissions from: purchased goods and services, capital goods, fuel and energy-related activities, waste generated in operations, business trips and employee transport in the next ten-year period.

In 2023, the certification body: SGS Tecnos conducted a check according to ISO 14064-3:2019 greenhouse gas emissions (GHG) of the Valamar Group. It is a standard that provides principles, requirements and guidance for verifying greenhouse gas emissions reports. The goal of ISO 14064-3 is to ensure the accuracy and reliability of the reported GHG inventory. It helps establish a consistent framework for assessing and verifying greenhouse gas emissions.

SGS Tecnos has checked the Valamar Group's greenhouse gas emission inventory (Valamar Riviera d.d. and Imperial Riviera d.d.), for all 3 volumes, for the year 2022, in accordance with ISO 14064-3:2019, in accordance with ISO 14064-3:2019, in accordance with the requirements of GHG PROTOCOL, for the following activities: hotel management, resorts and campsites, entertainment, meetings, banquets, preparation and serving of food and drinks.

In 2023, Valamar joined the Science Based Targets Initiative (SBTi). The Science-Based Targets Initiative (SBTi) checks whether the targets set by companies are in line with the goals of the Paris Agreement, which aims to keep global temperatures within 1.5°C compared to pre-industrial levels.

THE TOTAL OUTFLOW OF CO₂ FROM FOREST MANAGED BY VALAMAR RIVIERA

is 538 tons of annual outflow, and the total area of forests and forest land owned by Valamar (for which there is a cadastre) is 272.7 ha.

VALAMAR RIVIERA REDUCED MORE THAN 70 PERCENT OF DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS

from scope 1 and 2, per occupied accommodation unit in the period from 2015 to 2023. The reduction was mainly achieved by switching to electricity from renewable sources. An additional, significant effect was also achieved by replacing fuel oil boilers with gas boilers, and even more so with heat pumps, and other measures already listed elsewhere in the Report.



SUSTAINABLE HOTEL CERTIFICATE



Valamar Sanfior Hotel & Casa	★★★★★	Rabac
Valamar Koralj Hotel	★★★	Krk island
Dubrovnik President Valamar Collection Hotel	★★★★★	Dubrovnik
Valamar Parentino Hotel	★★★★★	Poreč
Valamar Bellevue Resort	★★★★★	Rabac
Valamar Padova Hotel	★★★★★	Rab island
Valamar Carolina Hotel & Villas	★★★★★	Rab island

IN BUSINESS VALAMAR IS FOCUSED ON:

- ▶ Reducing greenhouse gas emissions
- ▶ Reducing potable water consumption
- ▶ Reducing energy consumption

INVESTING IN ELECTRIC VEHICLES

During 2023, Valamar Riviera and related companies allocated EUR 196,000 for the purchase of three new electric Melex vehicles, three electric scooters, two electric carts and one Melex freight vehicle for the hotel household.

TOTAL E-CHARGERS IN 35 CHARGING STATIONS

ENERGY EFFICIENCY

CONSUMPTION OF ENERGY PRODUCTS 2023

	Consumption in unit	kWh	GWh	kWh / overnight	kWh/ occ. room
Electrical energy (kWh)	79,326,556	79,326,556	79.33	11.43	26.30
Heating oil (l)	153,578	1,535,780	1.54	0.22	0.51
Vehicle fuel (l)	475,911.73	4,759,117	4.76	0.69	1.58
Natural gas (kWh)	12,626,660	12,626,660	12.63	1.82	4.19
Thermal energy (kWh)	43,298	43,298	0.04	0.01	0.01
LPG (kg)	737,272	9,437,076	9.44	1.36	3.13
TOTAL		107,728,487	107.73	15.53	35.72

ENERGY INTENSITY AS SHOW PER ITEM 2016 - 2023*

kWh/overnight	2016	2017	2018	2019	2020	2021	2022	2023
Electrical energy	63,888,056	68,658,141	76,218,734	82,941,062	38,310,651	63,018,762	79,723,702	79,326,556
Heating oil	14,744,254	12,878,905	14,070,590	7,900,513	1,698,225	2,059,338	1,636,699	1,535,780
Vehicle fuel	2,365,896	3,010,647	3,136,522	3,271,894	2,091,246	3,228,286	4,891,109	4,759,117
Natural gas	10,408,564	12,713,001	12,247,836	11,632,414	4,876,617	7,765,367	11,696,049	12,626,660
Thermal energy							48,491	43,298
LPG	4,570,454	6,004,339	8,763,417	12,574,161	4,934,425	5,673,474	8,667,394	9,437,076
TOTAL	95,977,224	103,265,033	114,437,099	118,320,044	51,911,164	81,745,226	106,663,445	107,728,488

kWh/overnight	2016	2017	2018	2019	2020	2021	2022	2023
Electrical energy	10.52	11.01	11.57	12.24	16.81	12.59	11.76	11.43
Heating oil	2.43	2.06	2.14	1.17	0.75	0.41	0.24	0.22
Vehicle fuel	0.39	0.48	0.48	0.48	0.92	0.64	0.72	0.69
Natural gas	1.71	2.04	1.86	1.72	2.14	1.55	1.73	1.82
Thermal energy							0.01	0.01
LPG	0.75	0.96	1.33	1.86	2.16	1.13	1.28	1.36
TOTAL	15.80	16.55	17.37	17.47	22.78	16.33	15.73	15.53

kWh/occ. room	2016	2017	2018	2019	2020	2021	2022	2023
Electrical energy	24.49	26.58	27.49	28.17	35.76	29.99	26.97	26.30
Heating oil	5.65	4.99	5.08	2.68	1.59	0.98	0.55	0.51
Vehicle fuel	0.91	1.17	1.13	1.11	1.95	1.54	1.65	1.58
Natural gas	3.99	4.92	4.42	3.95	4.55	3.70	3.96	4.19
Thermal energy							0.02	0.01
LPG	1.75	2.32	3.16	4.27	4.61	2.70	2.93	3.13
TOTAL	36.79	39.98	41.28	40.18	48.45	38.91	36.08	35.72

* Data refers to Valamar Riviera, Imperial Riviera and PRAONA d.o.o.



*Kesselspitze Valamar Collection
Hotel 4*^{SUPERIOR}, Austria*

WATER

WATER RECYCLING 2023*

	2019	2020	2021	2022	2023
Total water consumption (m ³)	1,826,616	792,079	1,192,140	1,624,537	1,669,916
Water consumption/occ. room (l)	0.62	0.74	0.57	0.55	0.55
Amount of recycled water for irrigation (m ³)	7,696	7,847	0	0	0
Purified water reused in laundry processes – Laundry facility Poreč (m ³)	28,582	13,958	21,396	23,471	25,551
Used recycled water (out of total consumption)	1.99%	2.75%	1.79%	1.44%	1.53%

GROUNDWATER AND WATER FROM LOCAL OR OTHER WATER SUPPLY

Underground water supply lines (m ³)	25,764	16,758	28,891	28,488	26,994
Local and other water supply (m ³)	1,800,852	775,321	1,163,250	1,596,049	1,642,922

WATER DISCHARGE BY DESTINATION

Public sewage system (m ³)	1,570,889	681,188	1,025,241	1,397,102	1,436,128
Sea (m ³)	85,492	62,672	66,604	82,498	91,355
Discharge into surrounding terrain (m ³)	8,441	8,342	8,782	11,786	14,006

* Data refers to Valamar Riviera, Imperial Riviera and PRAONA d.o.o.



WASTE*

VALAMAR RIVIERA WASTE MANAGEMENT

Valamar Riviera takes care of reducing the amount of mixed municipal waste, i.e. increasing the share of selective waste by handing it over for processing to authorized collectors who take care of its adequate disposal through further activities.

In the past year, the share of selective waste in the total amount was 53%, and Valamar aims to increase this percentage every year by raising awareness on the importance of its proper disposal and recycling, as well as investing in devices and projects that will contribute to this. Valamar pays special attention to bio-waste, as evidenced by the company's participation in the pilot project "Reduce food waste, cook for your guests" of the Environmental Protection and Energy Efficiency Fund. Based on the information obtained by participating in the pilot project, there is more room for the reduction of bio-waste. In order to reduce its quantities, Valamar has acquired and tested several models of composting devices in several of its hotels and camps, while at camping Lanterna, guests started collecting bio-waste separately which is then handed over to an authorized collector.

In the past year, 347 tons of bio-waste have been composted in the Valamar Riviera properties, and the produced substrate (compost) can be used in horticulture. The intention is to continue with the implementation of good practices in the future. Valamar Riviera aims to minimize the amount of bio-waste and position itself as a leading hotel company in the field of sustainable business and thus compete with the world's leading companies from the hotel and hospitality industry.

* The methodology of green waste management from gardens and parks has been improved (900 tons in 2023), while increasing the capacity to dispose of the generated waste due to sudden storms.

TOTAL WEIGHT OF HAZARDOUS, NON-HAZARDOUS AND MIXED MUNICIPAL WASTE** (t)

	2016	2017	2018	2019	2020	2021	2022	2023
NON-HAZARDOUS								
Paper and cardboard	459	598	672	663	290	537	544	616
Glass	211	285	312	319	117	277	350	269
Plastic	160	255	286	285	110	156	220	289
Wood	478	469	42	45	8	17	84	100
Biodegradable waste	625	1,533	1,759	2,527	819	1,960	2,315	3,248
Used cooking oil	20	32	28	21	5	18	25	28
FOG separator waste	712	758	691	480	287	217	277	507
Metals	35	14	12	7	29	43	36	19
Bulky waste	139	306	102	246	242	732	506	453
Other non-hazardous waste	45	6	13	6	2	6	7	5
TOTAL	2,884	4,256	3,917	4,599	1,909	3,963	4,364	5,534
HAZARDOUS WASTE								
Asbestos	-	22	-	-	-	8	1	-
Electric and electronic waste	7	6	18	7	4	3	2	5
Contaminated packaging	5	9	9	6	1	4	7	8
Other hazardous waste	8	2	14	11	1	1	3	4
TOTAL	20	39	41	24	6	16	13	17
Biowaste composted on place of origin							80	347
Waste separated for recycling			3,958	4,622	1,915	3,979	4,456	5,898
Share of separated waste			44.04%	47.53%	48.72%	46.39%	46.34%	53.10%
Mixed municipal waste	4,292	5,117	5,029	5,102	2,016	4,598	5,161	5,210
TOTAL WASTE GENERATED	7,195	9,412	8,987	9,725	3,931	8,577	9,618	11,108

** Data refers to Valamar Riviera, Imperial Riviera and PRAONA d.o.o.

CARE FOR THE ADRIATIC, BIODIVERSITY AND FOOD

The world currently faces two interconnected crises: climate change and biodiversity loss. Recognized by the International Union for Conservation of Nature and Natural Resources (IUCN), the Mediterranean region stands as one of the globe's crucial biodiversity hotspots while simultaneously serving as a premier tourist destination. Tourism's viability directly hinges upon ecosystem health, necessitating concerted efforts to mitigate its impact on these critical ecosystems.

Valamar's impact on biodiversity manifests across various fronts, including greenhouse gas emissions, water consumption, waste generation, potential pollution of pool water and chemicals, beach management and activities, as well as light and noise pollution. Additionally, tourism activities can exert pressure on animal species through harassment, habitat destruction, or hunting. Indirect impacts through the supply chain, notably in the food and beverage segment, are also significant considerations.

Although Valamar properties are not situated within protected areas, some lie adjacent to or within the Natura 2000 ecological network. Consequently, the company prioritizes environmental impact reduction in the vicinity of its properties. This commitment to preservation is crucial not only for guests but also for the broader community reliant on ecosystem services.

Valamar proactively educates both employees and guests about endemic and protected species and promotes

responsible behavior in natural habitats. This includes discouraging disturbance of terrestrial and marine species and adhering to environmental regulations. The company also implements biodiversity conservation measures such as an Environmental Management System certification since 2009, partnerships with nature protection institutions, and employee education initiatives.

Moreover, Valamar's efforts extend to waste management, reduction of single-use plastics, and landscaping practices that prioritize indigenous or adapted plant species. The company's commitment to sustainability is evident through initiatives like the Blue Flag program certification for 16 of its beaches, emphasizing sustainable coastal management.

Standard operating procedures prioritize environmentally friendly practices, including reduced chemical usage and proper waste disposal. During renovations and reconstructions, Valamar emphasizes reuse of furniture and infrastructure while contractors are required to adhere to environmental protection measures.

In 2023, Valamar installed 250 bird houses, 90 bat houses, 70 insect hotels and 30 hedgehog houses near its properties. This amounts to more than 400 habitats for insects, birds and other small animals.

Habitats provide shelter and help various insects and other animals withstand the cold season and, if necessary, find shade during the summer. The aim of the project is to preserve the biodiversity of local areas.

In a notable partnership with the World Wide Fund for Nature (WWF), Valamar aims to enhance sustainability in seafood procurement while contributing to the preservation of the Adriatic Sea's biodiversity—an unprecedented collaboration within Croatia's hotel sector.

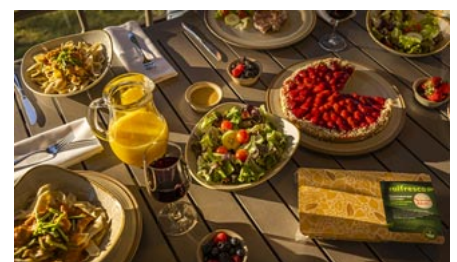
IN 2023 VALAMAR INSTALLED



VALAMAR SUPPLIERS AND PARTNERS

Valamar primarily procures local products and uses the services of local suppliers if possible. In 2023 Valamar recorded a high share of local suppliers, of as much as 92 percent.

Valamar prioritises sustainable production and procurement. This includes the selection of products from recycled or recyclable materials, products using a smaller amount of packaging, and products bearing relevant sustainability labels. Valamar delivers its Quality and Sustainable Business Policies to all suppliers and strives to develop sustainable practices throughout the value chain.



FOOD AND BEVERAGES SEGMENT IN VALAMAR - FOCUS ON LOCAL PRODUCERS

The high share of food and beverages of domestic production and local products in 2023 in Valamar was maintained at the level of 2022.

In 2023, Valamar continued to develop cooperation with more than 100 local family farms, primarily within its Val Fresco Direct platform. Cooperation with local family farms guarantees less impact on the

environment and encourages a stronger connection between tourism and agriculture by facilitating the placement of products by local producers towards domestic and foreign guests. Local family farms guarantee local and seasonal products and contribute to reducing food waste and reducing the use of disposable packaging, especially plastics.

SUSTAINABILITY AND ETHICAL BUSINESS CONDUCT IN THE SUPPLY CHAIN



In 2023, Valamar implemented a Supplier Code of Conduct that sets basic guidelines for the responsible and ethical operations of Valamar suppliers.

The Code covers sustainability aspects through the following principles; compliance with laws and regulations, protection of human rights, workers' rights, protection of children, environmental responsibility, cooperation with the local community and management of prohibited business practices (anti-corruption, protection of personal data and information).

Valamar encourages suppliers to apply the principles set out in the Code to their sub-suppliers as well.




Valamar's contractual partners also have the Code included and can also access it via the link esg.valamar-riviera.com/wp-content/uploads/sites/143/2024/01/13-Kodeks_poslovnog_ponasanja_dobavljacki.pdf

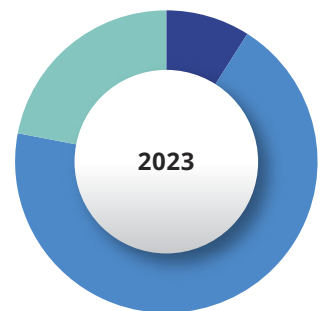
Valamar will continue to work on setting up a process to analyse targeted suppliers on a yearly basis in terms of sustainability.

In 2024, we will strive to ensure that 40 percent of Valamar's selected suppliers meet the standards of responsible business, while our goal for 2026 is to raise that rate to 80 percent.

SHARE OF LOCAL FOOD AND BEVERAGES 2023

Valamar Riviera has a high share of domestic production and local products in the food and beverage segment, which significantly contributes to ensuring authentic service and products. By promoting indigenous products, Valamar further enriches its offer and develops long-term cooperation with local producers.

	Croatian products which may contain imported raw materials	9%
	Croatian products containing only domestic raw materials	69%
	Import products	22%



SUSTAINABLE SEAFOOD PRODUCTS



Coastal and marine tourism account for approximately 50% of global tourism, representing a significant portion of Croatian tourism. It is anticipated that by 2030, this sector will emerge as the most valuable segment of the blue economy.

However, the sustainability of Croatian tourism hinges upon the health of marine ecosystems, which currently face multifaceted challenges. These challenges include climate change, pollution (such as chemicals, plastics, and noise), overfishing, the proliferation of invasive species, and the urbanization of coastal areas. Addressing these issues is imperative for preserving Croatia's allure as a tourist destination and safeguarding its abundant marine resources.

According to the Food and Agriculture Organization (FAO) report of 2022, global seafood consumption has risen steadily, reaching a peak of 20.5 kg per capita in 2019, with a slight decline to 20.2 kg in 2020.

Projections indicate that consumption will continue to increase, reaching an average of 21.4 kg per capita by 2030. Alarmingly, the report also highlights that 35% of fish stocks are currently overfished, with an additional 57% being fished at the sustainability limit, implying a risk of further depletion if fishing practices persist unchecked. As seafood products play an increasingly vital role in global food security, it is evident that concerted efforts are required to conserve marine resources, necessitating collaborative partnerships beyond existing boundaries.

Given the inseparable link between tourism and gastronomy, it is imperative to implement measures to ensure the sustainable utilization of resources, particularly in the Mediterranean region, which attracts the highest number of tourists. It is our belief that Croatia's vision as a sustainable destination must encompass comprehensive marine conservation efforts involving all

stakeholders vested in the utilization of marine resources. Strengthening collaborative efforts at local, national, and regional levels is essential in addressing the challenges associated with marine ecosystem management.

Recognizing its impact on marine ecosystems across its value chain, particularly through seafood procurement for its Food & Beverage (F&B) offerings, Valamar has initiated proactive measures to mitigate its environmental footprint. Acknowledging the significance of adopting sustainable procurement practices, Valamar commenced a partnership with WWF and other external stakeholders in 2023, marking the first such collaboration within Croatia's tourism sector. While acknowledging the complexity of addressing issues like overfishing, Valamar aims to serve as a catalyst for change, inspiring other stakeholders to follow suit in pursuit of sustainable practices.

VALAMAR PORTFOLIO ANALYSIS OF SEAFOOD PRODUCTS

In 2023, an exhaustive analysis of Valamar's product range was undertaken to assess the current situation comprehensively and establish objectives for more responsible procurement, with a focus on increasing the proportion of sustainable seafood products.

Conducted by WWF Adria and external partners in collaboration with suppliers, this analysis involved a meticulous evaluation of multiple parameters for each product. Given the necessity of engaging external stakeholders, this process proved intricate and time-consuming.

The assessment relied on publicly available scientific data and recent research findings, employing a methodology developed in 2009 through collaboration between WWF, the Dutch North Sea Foundation (NSF), and the British Marine Conservation Society (MCS). This methodology, categorized into three key aspects—status of the target stock, environmental impacts of fishing, and fisheries management—enables consistent evaluation and recommendations applicable globally.

The analysis encompassed 24 out of 39 suppliers, representing 96% of the total volume of seafood products within the Valamar and Imperial Riviera portfolios. While responses were obtained from 66% of suppliers, accounting for 83.12% of the volume, complete data covering 71.21% of the volume were ultimately obtained. This substantial dataset serves as a basis for informed decision-making towards procuring products with minimal adverse effects on marine ecosystems. However, efforts are underway to enhance supplier engagement, a crucial aspect considered in setting Sustainable Seafood goals by the conclusion of 2026, aligning with the strategic period.

ANALYSIS BY TOTAL VOLUME OF SEAFOOD PRODUCTS

SUSTAINABLE*	38%
UNSUSTAINABLE	33%
INCOMPLETE DATA	29%

ANALYSIS PER SPECIES

REGISTERED	8%
SECOND CHOICE	31%
UNSUSTAINABLE	29%
INCOMPLETE DATA	32%

IUCN RED LIST

CRITICALLY ENDANGERED SPECIES	2
SENSITIVE SPECIES	6
VOLUME OF PRODUCTS FROM THE IUCN RED LIST	1.26%

* Based on the methodology employed, products are categorized into those recommended for consumption, those to be avoided, and those considered as secondary options. The latter category consists of species that were deemed acceptable for consumption at the time of analysis but require ongoing monitoring. It is crucial to emphasize that this category is highly dynamic, as its sustainability status can swiftly transition to unsustainable due to factors such as overfishing, unsustainable consumption patterns, climate change, and the introduction of invasive species. This category undergoes regular updates based on the latest scientific research and can significantly influence the availability of sustainable products.



SUSTAINABLE SEAFOOD GOALS FOR 2026

Following the conclusion of the analysis and the first year of collaboration with WWF and external partners in 2023, a comprehensive set of seven Sustainable Seafood goals was formulated and officially adopted at the outset of 2024.

Aimed at fostering more sustainable procurement practices while concurrently mitigating negative impacts and enhancing

positive outcomes, these objectives encompass a broad spectrum of initiatives. In addition to ceasing or reducing the procurement of targeted species, they also emphasize the engagement of key stakeholders and the enhancement of internal processes.

Thus, initiatives such as employee education, the establishment of procurement criteria,

the refinement of data collection procedures, collaboration with fishing cooperatives and suppliers, and the facilitation of guest and community education are deemed crucial for realizing Valamar's Sustainable Seafood goals. All objectives are tailored to be achieved by the culmination of 2026, contributing substantively to the ongoing recovery efforts aimed at preserving the health and vitality of our seas and oceans over the long term.

VALAMAR SUSTAINABLE SEAFOOD GOALS



REPORT OF GREENHOUSE GAS EMISSIONS FOR 2023

We have been monitoring greenhouse gas emissions, direct and indirect emissions from scope 1 and 2 since 2015.

The methodology used for calculating greenhouse gas emissions from 2015 to today is the HCMI (The Hotel Carbon Measurement Initiative), published by the WTTC. It is a sectoral methodology, suitable for the hotel industry. Valamar will continue to use HCMI primarily because of the possibility of comparing the performance of our tourist properties with a large database of hotels.

From 2022, Valamar calculates greenhouse gas emissions from all three scopes. Calculation and reporting is carried out in accordance with the Corporate Standard of Calculation and Reporting on Greenhouse Gases (World Resources Institute and World Business Council for Sustainable Development), hereinafter referred to as the "GHG Protocol". Therefore, since 2022, data on greenhouse gas emissions have been recalculated and presented, in accordance with the GHG Protocol.

MOVEMENT OF GREENHOUSE GAS EMISSIONS FROM SCOPES 1 AND 2, FROM 2015 TO 2023 FOR THE VALAMAR GROUP (VALAMAR RIVIERA AND IMPERIAL RIVIERA)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total CO ₂ e (t)	25,491	11,113	10,888	12,024	7,782	3,092	4,505	9,188	8,373
% decrease of emissions compared to base year 2015		56.4%	57.3%	52.8%	69.5%	87.9%	82.3%	64.0%	67.2%
CO ₂ e (kg)/overnight	4.41	1.84	1.70	1.83	1.15	1.36	0.90	1.36	1.21
% decrease of emissions compared to base year 2015		58.4%	61.4%	58.4%	74.3%	71.3%	79.2%	69.2%	72.6%
CO ₂ e (kg)/ occ. room	10.1	4.2	3.9	4.2	2.6	2.9	2.1	3.1	2.8
% decrease of emissions per occ, room compared to base year 2015		58.4%	61.4%	58.6%	73.9%	69.0%	79.6%	69.3%	72.3%

Note: The total greenhouse gas emissions from scope 1 and 2 of related companies not included in the calculations are: Helios Faros d.d., Valamar A GmbH and Valamar Obertauern, and in 2022 they amounted to 608,6 tCO₂e,



SUMMARY OF THE METHODOLOGY - GREENHOUSE GAS CALCULATIONS FOR 2023

Valamar 2023 The GHG report has been prepared in accordance with the GHG Protocol. Greenly, a company specializing in calculating greenhouse gas emissions, supported Valamar in calculating greenhouse gas emissions in 2023.

SCOPE 1

SCOPE 1: STATIONARY COMBUSTION

SCOPE	CATEGORY	METHODOLOGY NOTES
SCOPE 1	Stationary combustion emissions	GHG emissions related to natural gas are estimated based on the consumption of all the sites in kWh.
	Natural gas	The emission factors used comes from IAE.
SCOPE 1	Stationary combustion emissions	GHG emissions related to fuel are estimated based on the consumption of all the sites in kWh.
	Fuel	The emission factor used comes from the Croatian Ministry of Economy and Sustainable Development.
SCOPE 1	Stationary combustion emissions	GHG emissions related to fuel are estimated based on the consumption of all the sites in kWh.
	Liquid petroleum gas	The emission factor used comes from the Croatian Ministry of Economy and Sustainable Development.

SCOPE 1: MOBILE COMBUSTION

SCOPE	CATEGORY	METHODOLOGY NOTES
SCOPE 1	Mobile combustion	GHG emissions related to diesel are estimated based on the consumption of all vehicles in Litres.
	Business vehicle	The emission factor used comes from the ADEME.
SCOPE 1	Mobile combustion	GHG emissions related to diesel are estimated based on the consumption of all vehicles in Litres.
	Transportation Vehicle	The emission factor used comes from the ADEME.
SCOPE 1	Mobile combustion	GHG emissions related to diesel are estimated based on the consumption of all vehicles in Litres.
	Boat	The emission factor used comes from the ADEME.

SCOPE 1: FUGITIVE EMISSION

SCOPE	CATEGORY	METHODOLOGY NOTES
SCOPE 1	Fugitive emission	GHG emissions related to gas leaks were estimated based on the annual refill of all air conditioning systems (in kilograms).
	Air conditioning	The emission factor used comes from the ADEME.

SCOPE 2

The Greenhouse Gas Protocol requires companies to report their Scope 2 emissions using two approaches:

- 1 'location-based approach' reflecting the intensity of average emissions in local energy consumption networks.
- 2 a 'market-based' approach that reflects emissions from electricity generation deliberately chosen by undertakings, allowing companies to use their purchasing power to accelerate the deployment of renewable energy.

SCOPE	CATEGORY	METHODOLOGY NOTES
SCOPE 2	Emission from purchased energy - Electricity	GHG emissions related to electricity consumption are estimated based on the consumption of all sites in kWh.
	Location based	For electricity originating from the network/grid, the emission factor used is the average emission factor of the electricity mix of the country (IAE). The emission factor used for electricity produced on site is equal to 0. Indeed, the solar panel and thermosolar panel on site don't emit GHG when generating energy.
SCOPE 2	Emission from purchased energy - Electricity	GHG emissions related to electricity consumption are estimated based on the consumption of all sites in kWh.
	Market based	For electricity originating from the network/grid and not covered by a guarantee of origin certificate, the emission factor used is the average emission factor of the electricity mix of the country (IAE). The emission factor used for electricity is covered by a certificate of origin and is equal to 0. The distributor of electric energy has provided the Certificate of participation in the Register of guarantees of origin issued by the Croatian Energy market Operator (HROTE). The emission factor used for electricity produced on site is equal to 0. Indeed, the solar panel and thermosolar panel on site don't emit GHG when generating energy. Therefore, Scope 2 emissions are equal to 0.
SCOPE 2	Emission from purchased energy - Steam	GHG emissions related to Steam are estimated based on the consumption of all sites in kWh.
	Location Based	The steam is purchased from a local network in Zagreb. Therefore, the emission factor is the one of the heating plant in Zagreb.

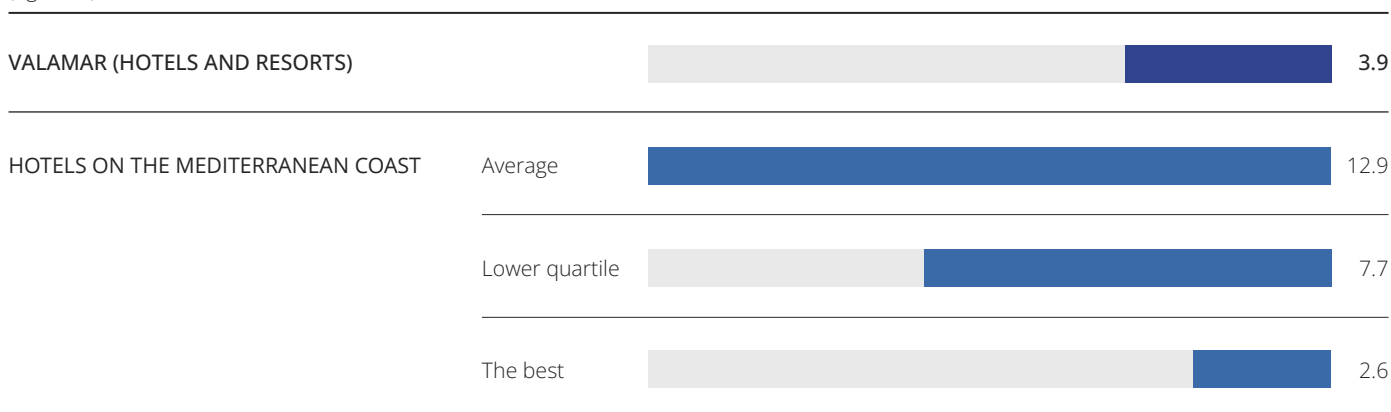


*Isabella Valamar Collection
Island Resort 4/5*, Poreč*

In 2023 Valamar Riviera decreased its greenhouse gas emissions by 0.3 kg per night compared to 2022. Valamar hotels are among the best, compared to other hotels in the Mediterranean Coastal Zone (Hotel Sustainability Benchmark Index 2021).

COMPARISON OF GREENHOUSE GAS EMISSIONS, BY OCCUPIED ROOM, VALAMAR WITH OTHER HOTELS IN THE MEDITERRANEAN

(kgCO₂e)



OVERVIEW OF GREENHOUSE GAS EMISSIONS IN SCOPE 1 AND 2 FOR VALAMAR GROUP IN 2023

(tCO₂e)

EMISSION CATEGORY	LOCATION BASE	MARKET BASE
1.1 Stationary combustion emissions	4,754.3	4,754.3
1.2 Mobile combustion emissions	1,192.9	1,192.9
1.3 Fugitive emissions	2,409.3	2,409.3
2.1 Emissions from bought energy	12,552.2	17.1
2.2 Emissions from bought energy - thermal	9.5	9.5
TOTAL	20,918.3	8,383.2

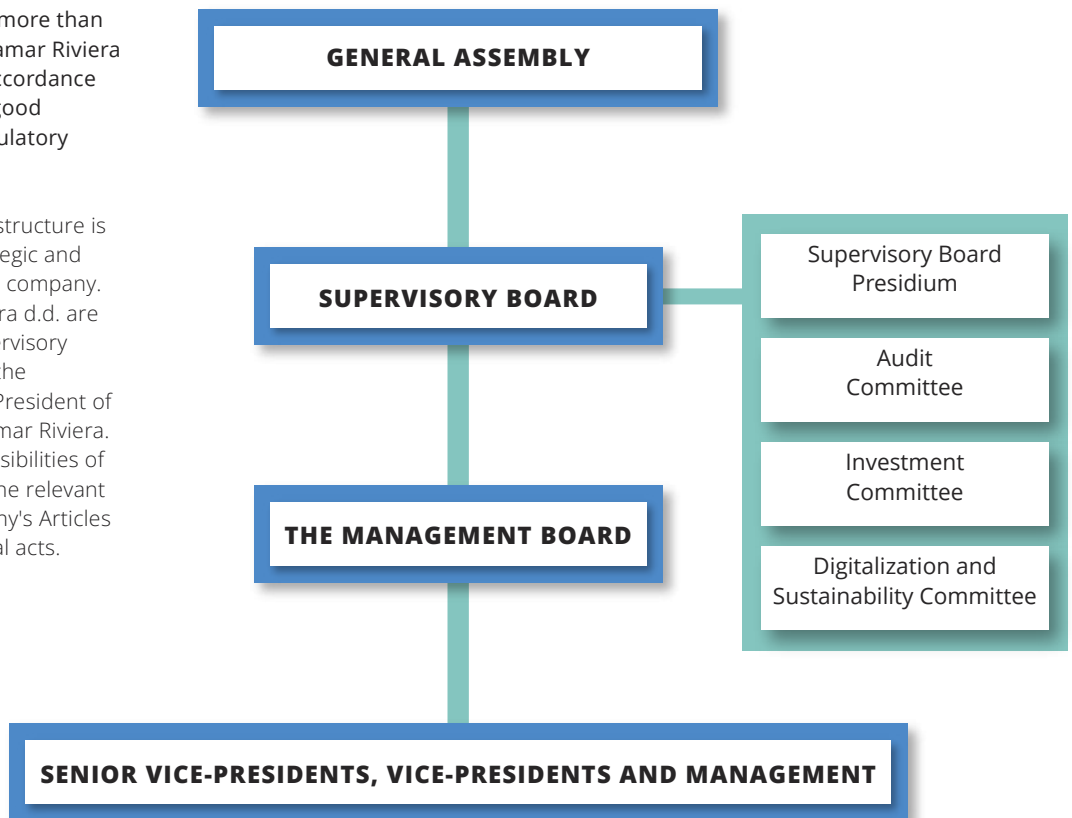
The calculation of greenhouse gas emissions from Scope 3, for 2023, was carried out in accordance with the GHG Protocol. Final data on emissions, by category, were not available on the date of publication of this Report and will be presented in the 2024 Report.

CORPORATE GOVERNANCE

CORPORATE STRUCTURE

As a joint stock company with more than 21 thousand shareholders, Valamar Riviera d.d. is committed to work in accordance with the highest principles of good corporate governance and regulatory compliance.

A well-defined, clear corporate structure is the foundation of effective strategic and operational management of the company. The key bodies of Valamar Riviera d.d. are the General Assembly, the Supervisory Board with its committees and the Management Board led by the President of the Management Board of Valamar Riviera. The specific powers and responsibilities of these bodies are regulated by the relevant Croatian legislation, the Company's Articles of Association and other internal acts.



SUPERVISORY BOARD

The Supervisory Board consists of nine members, three of whom are independent, and one is an employee representative.

The Supervisory Board meets at least four times a year. The Supervisory Board actively participates in key decisions through relevant committees which meet more often in order to consider key strategic initiatives and provide support to the Management Board in the decision-making process and supervision of the management of the Company's affairs in accordance with relevant regulations and acts.

The Supervisory Board, boards and committees of the Supervisory Board on 31/12/2023

			Supervisory Board	Supervisory Board Presidium	Audit Committee	Investment Committee	Digitalization and Sustainability Committee
Franz Lanschützer	Chairman	Proprietary	■	■		■	■
Daniel Goldscheider	Deputy Chairman	Proprietary	■	■		■	■
Mladen Markoč	Deputy Chairman	Proprietary	■	■	■		
Gustav Wurmböck	Member	Proprietary	■		■		
Georg Eltz Vukovarski	Member	Proprietary	■		■		
Boris Galić	Member	Independent	■		■		
Gudrun Kuffner	Member	Independent	■		■	■	
Petra Stolba	Member	Independent	■				■
Ivan Ergović	Member	Employee representative	■				
Meetings held in 2023			10*	10	4	2	2

* The Supervisory Board held ten (10) meetings in 2023, of which five (5) via correspondence in accordance with the Company's Statute.



Valamar Lacroma Dubrovnik
Hotel 4*, Dubrovnik

MANAGEMENT BOARD IN 2023

The Management Board consists of three members:

- ▶ **Željko Kukurin**,
President of the Management Board
- ▶ **Marko Čižmek**,
Member of the Management Board
- ▶ **Ivana Budin Arhanić**,
Member of the Management Board.

President of the Management Board
Željko Kukurin independently:

- 1 Convenes and chairs meetings of the Management Board;
- 2 Coordinates business management activities in individual areas among other members of the Management Board;
- 3 Coordinates the corporate activities of the group (with the Company of affiliated companies);
- 4 Independently manages the affairs of the following areas:
 - ▶ Hotel operations, business of profit centers,
 - ▶ Marketing and sales
 - ▶ Tourist destination management,
 - ▶ Procurement,
 - ▶ Leases,
 - ▶ Development and maintenance of assets, technical services,
 - ▶ Relations with state administration, bodies related to tourism, as well as relations with local administration and self-government in the areas in which the Company operates,
 - ▶ Operations of branches and organizational units outside the Company's headquarters,
 - ▶ Human resources, employment, negotiations and relations with trade unions,
 - ▶ Analysis and preparation of investments,
 - ▶ Controlling,
 - ▶ Legal affairs and general corporate affairs and the Office of the Management Board.

Member of the Management Board
Marko Čižmek independently manages the following areas:

- 1 Finance, accounting, treasury,
- 2 IT,
- 3 Relations with Institutional Investors.

Member of the Management Board
Ivana Budin Arhanić independently manages the following areas:

- 1 Quality Management,
- 2 Public Relations and Corporate Communications,
- 3 Acquisitions and mergers, expansion of management services,
- 4 Internationalization of the Company's operations,
- 5 Digitalization,
- 6 Sustainable business management.

SENIOR MANAGEMENT IN 2023

Strategic corporate business functions are organized into three divisions led by three senior vice-presidents and two sectors led by two vice-presidents: These include:

- ▶ **Sales and Marketingg** –
Senior Vice President Davor Brenko
- ▶ **Operations** –
Senior Vice President David Poropat
- ▶ **Property development, maintenance and technical services** –
Senior Vice President Alen Benković
- ▶ **Strategic planning and controlling** –
Vice-President Sebastian Palma
- ▶ **Human resources development** –
Vice-President Ines Damjanić.

Senior management or vice presidents of divisions are responsible for the management of key functional business areas and activities. Furthermore, the task of senior management is cross functional management and leadership, implementation of the corporate strategy and providing management support to the President of the Management Board.

Therefore, senior management works closely with the Management Board and performs the given corporate functions through business boards that are focused on those strategic activities of the company that require a high level of interdepartmental functional management:

- ▶ **Capex Committee**
- ▶ **Product and Service Development Committee**
- ▶ **Procurement and Partnerships Committee**
- ▶ **Digitization Committee**
- ▶ **Sustainability Committee**
- ▶ **Human Resources Management Committee.**

BUSINESS COMMITTEES

CAPEX COMMITTEE

Željko Kukurin, committee chairman

Alen Benković, committee vice-chairman

Davor Brenko, member

David Poropat, member

Sebastian Palma, member

Andrea Štifanić, member

TASKS OF THE COMMITTEE:

- ▶ preparation of the investment scenario and concept;
- ▶ preparation of business plans;
- ▶ cost-effectiveness studies;
- ▶ annual CAPEX plan and 3/5 annual business plans;
- ▶ analysis of M&A business plans; monitoring of investment realization.

DIGITALIZATION COMMITTEE

Ivana Budin Arhanić, committee chairman

Roberto Gobo, member

Davor Brenko, member

David Poropat, member

Marko Čižmek, member

Željko Kukurin, member

TASKS OF THE COMMITTEE:

- ▶ 3/5 annual digitalization strategy;
- ▶ annual CAPEX and OPEX digitalization plan;
- ▶ monitoring digital projects;
- ▶ approval of the annual digitalization program;
- ▶ monitoring key digital technologies.

PRODUCT AND SERVICE DEVELOPMENT COMMITTEE

Davor Brenko, committee chairman

Ivica Vrkić, member

Alen Benković, member

David Poropat, member

Ivana Budin Arhanić, member

Željko Kukurin, member

TASKS OF THE COMMITTEE:

- ▶ quality and improvement monitoring;
- ▶ product and service concept development;
- ▶ brand management;
- ▶ pre-opening and post-opening monitoring;
- ▶ direct sales and marketing;
- ▶ guest database management (CRM);
- ▶ destination products and marketing;
- ▶ sales and distribution development.

SUSTAINABILITY COMMITTEE

Ivana Budin Arhanić, committee chairman

Tea Pestotnik Prebeg, member

Alen Benković, member

Davor Brenko, member

David Poropat, member

Željko Kukurin, member

TASKS OF THE COMMITTEE:

- ▶ 3/5 annual sustainability strategy;
- ▶ annual CAPEX and OPEX sustainability plan;
- ▶ sustainability project monitoring;
- ▶ approval of annual sustainability initiatives;
- ▶ monitoring key sustainability trends.

PROCUREMENT AND PARTNERSHIPS COMMITTEE

David Poropat, committee chairman

Dragan Vlahović, member

Marko Čižmek, member

Dario Kinkela, member

Alen Benković, member

Željko Kukurin, member

TASKS OF THE COMMITTEE:

- ▶ preparation of procurement guidelines and policies;
- ▶ management contracts;
- ▶ strategic partnerships;
- ▶ Valfresco, trade, central kitchen;
- ▶ analysis of tender results and selection of key suppliers;
- ▶ analysis of procurement processes;
- ▶ strategy for outlets;
- ▶ lease policy and strategic leases.

HUMAN RESOURCES MANAGEMENT COMMITTEE

Željko Kukurin, committee chairman

Ines Damjanić, committee vice-chairman

Davor Brenko, member

David Poropat, member

Alen Benković, member

Ivana Budin Arhanić, member

Marko Čižmek, member

TASKS OF THE COMMITTEE:

- ▶ 3/5 annual strategy for human resources;
- ▶ salary policy;
- ▶ organization;
- ▶ employment policies;
- ▶ education and training program;
- ▶ rewards and bonus programs;
- ▶ succession and talent development.

MEMBERS OF THE SUPERVISORY BOARD



FRANZ LANSCHÜTZER, Supervisory Board Chairman

Franz Lanschützer, Ph.D. received his MBA from the Vienna University of Economics and his Ph.D. from the University of Budapest. He has gained extensive experience in the areas of corporate finance and asset management in Central and Eastern Europe. Mr. Lanschützer is a managing partner at EPIC Goldscheider und Wurmbock Unternehmensberatungsgesellschaft m.b.H. from Vienna. For the last thirty years, Mr. Lanschützer has been working in the field of mergers, acquisitions, and corporate finance, as well as providing consulting services in Austria, the Czech Republic, Poland, Croatia, and some other countries of the former Yugoslavia. He has also set up and run investment privatization funds in the Czech Republic and Croatia.

Before joining EPIC, Mr. Lanschützer held executive positions at major financial advisory and auditing companies such as Ernst&Young and Price Waterhouse. Since 1999, he has also held executive positions at Valamar Group, including CEO and Management Board president at Valamar Group d.d. (2011-2014).

From June 2015 to June 2023, he served as Supervisory Board Deputy Chairman, and in June 2023, he was named Supervisory Board Chairman at Valamar Riviera d.d.



MLADEN MARKOČ, Supervisory Board Deputy Chairman

Mladen Markoč graduated from the Faculty of Law of the University of Zagreb. He specializes in company law, securities law, and commercial law. Mr. Markoč has been a consultant in numerous vital transactions in the Croatian and foreign capital markets and has been a regular speaker at the Zagreb Stock Exchange Academy and, occasionally, at the Judicial Academy. He started his career in law in 1988 as a legal apprentice.

He was a corporate secretary at the pharmaceutical company PLIVA d.d. from 1990 to 1997, a partner at the law firm Bogdanović, Dolički & Partners from 1997 to 2007, and a Management Board member at ICF Grupa d.o.o. in 2008. He served as an attorney at the Mladen Markoč law office from 2010 to 2013, then at the joint law office of Mladen Markoč and Ivan Krešimir Tomić, which is today known as the joint law office of Mladen Markoč, Relja Pečina and Fran Kušeta. He is vice president of the Association of Business Lawyers of Zagreb.

He was also a Supervisory board member at Valamar Adria holding d.d. (2011 – 2014), and is currently a member of the Supervisory Boards in Valamar Riviera d.d., Imperial Riviera d.d., Helio Faros d.d., Ingra d.d., ICF d.d., and Proficio d.d. He is a member of the Management Board of the Magdalena Clinic for Cardiovascular Diseases at the Faculty of Medicine of J.J. Strossmayer in Osijek. He has been a Supervisory Board Deputy Chairman at Valamar Riviera d.d. since 2014.



DANIEL GOLDSCHIEDER, Supervisory Board Deputy Chairman

Daniel Goldscheider graduated from Theresian Academy in Vienna. He is the founder and Executive Director of the OpenWallet Foundation and serves as Vice Chair of the Supervisory Board of Valamar Riviera d.d., Croatia's largest tourism company.

Before that, he started yes.com, an open banking scheme, and co-founded Mediaguide with the American Society of Composers, Authors and Publishers and Aureus Private Equity (today Invision).



BORIS GALIĆ, Supervisory Board Member

Boris Galić graduated from the Faculty of Economics, University of Zagreb, majoring in Finance. He began his years of Finance and accounting experience in 1991 in Germany with Tchibo GmbH. He gained experience auditing financial institutions and industrial companies in 1995 at ECONSTA Ernst & Young S.a.s. in Italy.

In the period from 1997 to 2001, he earned both knowledge and insight into the banking world by working at the National Bank of Croatia, CAIB d.d. and Zagrebačka banka d.d. He held the position of President of the Management Board in Allianz ZB d.o.o., the mandatory pension fund management company, from October 2001 to April 2003, and the position of member of the Management Board for sales and marketing and President of the Management Board in Allianz Zagreb d.d. from 2003 to 2019. From 2012 to 2016, he held the position of Treasurer and Vice President of the Management Board in the German-Croatian Chamber of Industry and Commerce.

In previous years, he was the President of the Supervisory Board of Allianz ZB d.o.o., a mandatory pension fund management company (from 2003 to 2014), and since 2019, he has been the President of the Supervisory Board of Imperial Riviera d.d.



GEORG ELTZ VUKOVARSKI, Supervisory Board Member

Georg Eltz Vukovarski was educated in Switzerland and Germany, majoring in economics, history, and philosophy. He graduated from the University of St. Gallen with a degree in Business Administration. Before moving to Croatia in 1994, he was Management Board member and Marketing Chief of a major Swiss corporation, and a CEO of its Canadian subsidiary.

He co-founded Valamar Adria Holding (as PIF Dom fond d.d.) in 1998 and was its chairman before it was merged with Valamar Riviera d.d. in 2014. In the years between, he served as President and Member of Management and Supervisory Boards of several affiliated companies, in particular of Riviera Poreč d.d. From 1999 to July 2008 and from June 2012 to the end of September 2014, he held the Supervisory Board Chairman position at Riviera Poreč d.d. Henceforth, he has been a Member of Valamar Riviera's Supervisory Board.

He served several terms on the German-Croatian Chamber of Industry & Commerce boards and the Croatian-Austrian Chamber of Commerce. As a co-founder of "Zaklada znanje na djelu - Stiftung Wissen am Werk", he is still a member of its Supervisory Council.



IVAN ERGOVIĆ, Supervisory Board Member

Ivan Ergović graduated from the Faculty of Management in Tourism and Hospitality in Opatija, University of Rijeka, in 2008, and in 2014, he completed the lifelong learning program at the same faculty where he acquired the skills and knowledge of Food and Beverage Specialist. In 2021, he also enrolled in a training program for nutritionists at the Magistra Lifelong Learning Institution. He started his career in 2008 as a chef at the Valamar Club Tamaris Hotel, after which he was promoted to Specialist Chef (2010-2012), Head Chef (2012-2014), Assistant Chef (2014- 2016), and Chef (2016-2018). In 2018, he became the Executive Chef at Valamar Riviera and the Spinnaker restaurant, which received many top reviews and recognitions, as well as the "Tourist Flower" award for the best restaurant of 2019. Since 2021, he has worked as an Executive Chef at the Marea Valamar Collection Suites. His work has been noted and awarded at the event "Days of Croatian Culinary Arts", where he won a silver medal (2012), two bronze medals (2013) and a gold medal (2014). In 2022 and 2023, at the Days of Croatian Culinary Arts, he won the title of Best Pastry Chef. At the World Culinary Cup 2022 in Luxembourg, he won a bronze medal, while at the European pastry championship in 2023 in Rimini, he won the silver. At the International culinary event "Zlatni orah" (Gold Walnut) in Slatina he won first place for the best walnut cake. He regularly participates in conferences such as the Istria Gourmet Festival and Chefs' Stage and in various culinary courses. Since 2023, he has been a member of the Croatian Culinary Federation.

He was appointed a member of the Valamar Riviera's Supervisory Board as the workers' representative by the Labour Council of the Company for 4 years starting from June 16, 2021.

ČLANOVI NADZORNOG ODBORA



PETRA STOLBA, Supervisory Board Member

Petra Stolba acquired valuable knowledge through her education at a technical High School followed by a certificate in Marketing and Sales at the Vienna University of Economics and Business as well a post-matric course on photography. She has also received a master's degree in communications, a doctorate in political science and a diploma in business administration (specializing in tourism). In her work so far, she has gained extensive experience in the field of tourism and marketing, starting in 1998 as Head of Department at the State Tourist Board of Lower Austria (Niederösterreich Werbung) in charge of tourism marketing and PR. Between 1999 and 2004 she was Head of Department for National Tourism Policy at the Federal Ministry of Economics and Labour Affairs (Directorat Tourism and Historic Buildings) and from 2004 to 2006 she was Secretary General at the Austrian Federal Economic Chamber, Federal Division Tourism and Leisure Industries. From 2006 to 2021 she was Managing Director of the Austrian National Tourism Organization "Österreich Werbung" and since summer 2022 she has been Head of Cabinet of the First Vice-President of the European Parliament. Petra Stolba is a member of AIEST, the International Organisation of Scientific Experts in Tourism, and she shares her valuable knowledge and experiences as a lecturer at various universities and conferences in Austria and abroad. Since 2010, she has been a member of Future Mountain, the Alliance for Promoting the Development of Alpine Winter and Summer Tourism and has been appointed SDG Ambassador for Tourism.

Petra Stolba serves as an independent member of the Supervisory Board since she is not in business or employment with Valamar Riviera d.d. She contributes with her vast experience and expertise in the field of tourism and marketing, to the work of the Supervisory Board which, in its current term, continues to be composed of top experts with the knowledge and skills necessary to successfully perform the function of the Supervisory Board, in accordance with the relevant regulations and acts of the Company.



GUSTAV WURMBÖCK, Supervisory Board Member

Gustav Wurmböck graduated from the Universities of Vienna and Innsbruck in Business and Finance. Before founding EPIC in 1991, Mr. Wurmböck held various positions in prestigious companies such as IFC in Washington D.C. (International Finance Corporation - World Bank Group), DEG (Deutsche Investitions und Entwicklungsgesellschaft) in Cologne, Germany, and was head of the International Department of Länderbank in Vienna (today's Bank Austria). Mr. Wurmböck is one of the co-founders and managing partners of EPIC in Vienna, which is one of the leading investment and advisory firms in CEE. At EPIC, he has led many large privatization and corporate finance transactions in the areas of energy, telecommunications, brewing and the hotel industry.

From 2005 to 2010, he was the Chairman of the Management Board of Valamar Group d.d., and from 2014 to June 2023, he served as the Chairman of the Supervisory Board of Valamar Riviera d.d. As of June 2023, he is a member of the Valamar Riviera d.d. Supervisory Board.

GUDRUN KUFFNER, Supervisory Board Member

Gudrun Kuffner graduated from the University of Vienna, Department of Economics and subsequently obtained her Master of International Affairs from the School of International and Public Affairs at Columbia University, New York. She has extensive business experience in performing leading functions in Austrian companies. Starting as project manager at EPIC Goldscheider&Wurmböck UnternehmensberatungsgmbH in 1999, she was a partner at EPIC Financial Consulting GmbH, one of the leading investment and advisory companies in Central and Eastern Europe, from 2008 until 2017. Since then, she has been Chief Internal Auditor at AIT Austrian Institute of Technology GmbH. In the period 2005-2010, she was a member of the Supervisory Board of Valamar Group d.d., legal ancestor of Valamar Riviera d.d., and in the period 2014-2015, a member of the Supervisory Board of Valamar Riviera d.d. and the investment committee of same Company. She was also a member of the supervisory board and project committee of Austria Wirtschaftsservice GmbH from 2012-2017, as well as a member of the investment committee of AWS Mittelstandsfonds GmbH from 2014-2018.

Gudrun Kuffner is proposed as an independent member of the Supervisory Board since she is not in business or employment with Valamar Riviera d.d. With her rich knowledge and expertise in the field of internal audit and finance, as well as a good knowledge of opportunities in the Company and in tourism, Ms. Kuffner will contribute to the work of the Supervisory Board in the current term, which will continue to be composed of top experts with the knowledge and skills necessary to successfully perform the function of the Supervisory Board in accordance with the relevant regulations and acts of the Company.

MANAGEMENT BOARD



ŽELJKO KUKURIN, president and CEO

Željko Kukurin, Ph. D. was born in 1974 in Zagreb. He graduated from the Faculty of Economics and Business in Zagreb, where he received his Master of Science degree in Marketing. In 2010, he received his EMBA degree in International Management from the Bocconi University in Milan. In 2020, he received his Doctor of Economics degree from the Faculty of Economics and Business in Pula on the profitability of investments in the hospitality industry. In 2000, he began his career as an intern at Riviera Poreč, a member of Valamar Group. From 2003 to 2009, he held various managing positions in Sales and Marketing and was responsible for developing several strategic projects within the group. From 2010 to 2014 he was the Management Board president at Istraturist d.d., owned by Zaba Unicredit Group and cooperated with Meliá Hotels International in managing the hospitality portfolio in Umag. After restructuring business operations and increasing enterprise value, in 2014 he participated in the EUR 120 million sale of the company. In June 2015, Mr. Kukurin was appointed President of the Management Board of Valamar Riviera,

where he led a strong development and investment cycle worth EUR 661 million, so the value of Valamar's business more than doubled. During this period, Valamar Riviera's portfolio has been repositioned towards higher quality products, expanded through acquisitions in Croatia and the first international acquisition in Austria, and various strategic partnerships with pension funds have been established for joint investments in tourism while enterprise value grew. Valamar Riviera is the best employer in tourism for the third consecutive year, and Mr. Kukurin was a businessperson of the year in 2017. He has managed more than EUR 1 billion in tourism investment projects in his extensive career. He also serves as deputy Supervisory Board Chairman at Imperial Riviera d.d. and holds many vital positions in Croatian tourism; he is a Chairman of the Hospitality and Tourism branch of the Croatian Employers' Association, Deputy Chairman of the Croatian Tourism Association and a Member of the Croatian National Tourist Board Council and the Istrian Tourist Board Council. In addition, he is involved in various national professional associations.



MARKO ČIŽMEK, Management Board Member

Marko Čižmek graduated from the Faculty of Economics and Business in Zagreb. He has qualified as a broker and investment advisor. He started his career in 1996 at the Croatian National Bank. He worked in corporate finance at Investment Bank Austria and ICF for several years. From 2001 to 2004, he was a Management Board Member at EURO Invest, an investment fund management company. Mr. Čižmek has held numerous managing positions at companies that have been merged to the present Valamar Riviera: he was a Management Board Member at Rabac d.d. (2004-2011), Dubrovnik Babin kuk d.d. (2009- 2013) and

Valamar Adria holding d.d. (2008-2013), General Manager at Epima d.o.o. (2008- 2014), and a Supervisory Board Member at Zlatni otok d.d. (2002-2011) and Rabac d.d. (2000-2004).

He started serving as a Management Board Member at Valamar Riviera in 2011, responsible for finances, accounting, the treasury, capital markets, investor relations, and information technology. He is also a Management Board Member at the Croatian Association of Corporate Treasurers and, since 2019, the Supervisory Board Deputy Chairman and the Audit Board Chairman at Helios Faros d.d.



IVANA BUDIN ARHANIĆ, Management Board Member

Ivana Budin Arhanić received her economics degree from Middlebury College (USA) in 1999 and an MBA from Harvard Business School in 2007. She started her career as a strategy management consultant in Boston and New York. Following this, she successfully led Lura d.d. group expansion on the Serbian market. In 2007, she joined the Valamar Group, where she held leading positions focused on strategic development, corporate restructuring, service quality, portfolio expansion, digital transformation, sustainability, and communications. As of 2022, she is a member of the Management Board of Valamar Riviera. At Valamar, she has led the business and portfolio expansion in Croatia, as well as the first acquisitions in Austria, which initiated the process of business internationalization. Furthermore, she has built a digitalization and innovation team responsible for strategic investments in digital

solutions and new technologies. She has developed a high-quality service system through which Valamar has continually increased guests' satisfaction and created a unique culture of excellence among its employees.

She has steered Valamar's sustainable business since 2015, and today, Valamar is a renowned leader in Croatia and Europe, evidenced by awards such as the CSR Index and the Financial Times Climate Leader award. As for stakeholder communication, Valamar is a multiple winner of the Grand Prix for corporate communications award and has been recognized as the best employer in tourism in Croatia. Ivana Budin Arhanić is an active member of the National Competitiveness Council of the Republic of Croatia and a participant in professional bodies and associations in tourism.

DIVISION VICE PRESIDENTS AT VALAMAR RIVIERA



ALEN BENKOVIĆ, Senior Vice President for Asset Development, Maintenance & Technical Services and President of the Management Board at Imperial Riviera

After graduating from the Faculty of Economics in Pula, Alen Benković began his career in 1999 as an intern at the former Riviera, where he held several important positions, including assistant general manager at Funtana campsite, assistant general manager at Lanterna campsite and general manager at the Neptun Hotel – today's Valamar Riviera 4* in Poreč. He continued his career at the municipal company Parentium, which manages investments for the City of Poreč, where he worked on the Žatika Sports Hall construction project (the City of Poreč's largest investment in the last decade). From 2011 until 2015, he was the director of asset development, maintenance, and technical services at Istraturist and managed investments in tourism assets worth around EUR 47 million. Since 2015, he has been Vice President of Asset Development, Maintenance and Technical Services at Valamar Riviera d.d., where he has been responsible for managing investments in the tourism portfolio and planning further asset development. In just seven months, one of the largest investment projects in Valamar's history was completed, repositioning destination Rabac to high-value-added tourism through the reconstruction of the Bellevue and Girandella hotels with a total of 763 accommodation units worth almost

EUR 60 million. At that time, the following repositioning projects were successfully implemented - Valamar Girandella Maro Suites, Valamar Marea Suites, Imperial Valamar Collection Hotel, Valamar Parentino Hotel, Valamar Meteor Hotel, Valamar Padova Hotel and campsites Ježevac Premium Camping Resort, Istra Premium Camping Resort, Lanterna Premium Camping Resort, Padova Premium Camping Resort and Baška Beach Camping Resort. Notably, during this period, there have been continuous investments in energy efficiency projects, seasonal workers' accommodation, and beach infrastructure.

In 2021, Alen Benković was named President of the Management Board of Imperial Riviera (term of office starting on January 1, 2022) and Senior Vice President at Valamar Riviera. Since then, Imperial Riviera's portfolio has been augmented with the lifestyle hotel Dalmacija [PLACESHOTEL] by Valamar in Makarska, as well as with valuable investments in the Dubrovnik destination—hotels Valamar Lacroma Dubrovnik, Club Dubrovnik Sunny and Valamar Tirena, and Maro World, the largest family entertainment center on the Adriatic. From 2016 until today, Alen Benković has realized around EUR 420 million in capital investments in the Valamar Group.



DAVID POROPAT, Senior Vice President for Operations

David Poropat, Ph.D., graduated 1993 from the University of Rijeka's Hotel Management Faculty in Opatija. In 2007, he completed his postgraduate master's study at the Faculty of Tourism and Hotel Management in Opatija, where he completed a doctoral scientific course in 2013. He started his career in 1993 as a sales and marketing intern at the former Jadran Turist d.d. in Rovinj, where he continued his career in charge of the western market in sales and then became a planner and analyst in the control department. From 1996 to 2002, he was the general manager of Sol Park, one of Jadran Turist's hotels, managed by the Spanish company Sol Meliá.

In March 2002, he joined the company Riviera Holding d.d. in Poreč as Head of Operations, and until 2006, he oversaw all Valamar tourism properties. From 2007 to 2011, he served as a Management Board member at Valamar hoteli i ljetovališta d.o.o., and from 2012 to 2014 he headed Valamar poslovni razvoj d.o.o.

At the end of 2014, he became Vice President of Operations at the leading Croatian tourism company Valamar Riviera d.d. where he manages 37 hotels and 15 campsites, which can accommodate up to 58,000

guests daily. In 2021, he was named Senior vice president of operations at Valamar Riviera.

He is responsible for service management and operations in all areas of hotel and camping operations like property management, including accommodation, food and beverage, sport, pools, beaches, wellness, entertainment and animation, in which Valamar implemented numerous innovations through new product and service concepts for which Valamar has received a number of guest and trade awards. He is also responsible for service management and operations at destinations Rab, Hvar, Makarska, and Obertauern.

Mr. Poropat has also held vital positions in trade associations and actively participated in dozens of business projects that broadened his business experience. He has published several expert and scientific papers.



DAVOR BRENKO, Senior Vice President for Sales & Marketing

Davor Brenko graduated from the Faculty of Economics in Rijeka and began his professional career in 2000 at the former Riviera hoteli i ljetovališta, in Sales and Marketing. In 2002, he became project manager for research into guest satisfaction and guest relations management, while in 2004, he oversaw Direct Sales, which quickly became the strongest sales channel in Valamar.

In 2009, Mr. Brenko was promoted to the position of Valamar's head of Direct Sales and Marketing and, as such, has participated in creating developmental projects which resulted in upgrading sales, marketing, and business development. At the beginning of 2010, he joined Istraturist Umag d.d., where he headed Business Development and implemented strategic marketing and destination management initiatives to raise the quality and competitiveness of the company and its destination.

As of 2015, Davor Brenko has been appointed Vice President of Sales and Marketing at Valamar Riviera d.d., where he has achieved double-digit growth in sales income and has advanced Valamar's direct channel development, increasing its part in sales to 60%. He rebranded the hotels and campsites portfolio under the Valamar umbrella brand name in line with the company's development strategy. He is responsible for numerous projects aimed at strengthening the tourism offer, destination management and raising Valamar destinations' attractiveness for visitors.

In 2021, he was named Senior Vice president of sales and marketing at Valamar Riviera.



INES DAMJANIĆ, Vice President for Human Resources

Ines Damjanić graduated from the Università degli Studi di Trieste, specializing in technical and scientific translation, and then completed an international master's degree in tourism and hospitality at the MIB School of Management in Trieste in 2009. During her studies, she gained work experience in Croatia, America, and Italy. She began her business career in 2009 as a Human Resources Coordinator at the Four Seasons Hotel in Milan. From 2010 to 2016, she worked in the former Istraturist Umag, first as a human resources coordinator and then as a recruitment manager.

She joined Valamar in 2016 as Head of Employment, and in 2019, she was promoted to Director of Human Resources. Together with her team, she has successfully implemented a number of projects in the field of management, education and development of human resources, which resulted in the recognition of Valamar as the top employer in tourism.

In 2022, Ines Damjanić was appointed Vice President of Human Resources at Valamar Riviera.



SEBASTIAN PALMA, Vice President for Strategic Controlling and Management Board Member at Imperial Riviera

After completing his studies in Hotel Management at the Faculty of Tourism and Hotel Management in Opatija, Sebastian Palma completed his master's degree in corporate finance at the SDA Bocconi School of Management in Milan in 2009. He started his business career at Laguna Novigrad d.d. as a sales and marketing representative, and in the same year, he gained foreign experience in Germany and the United States.

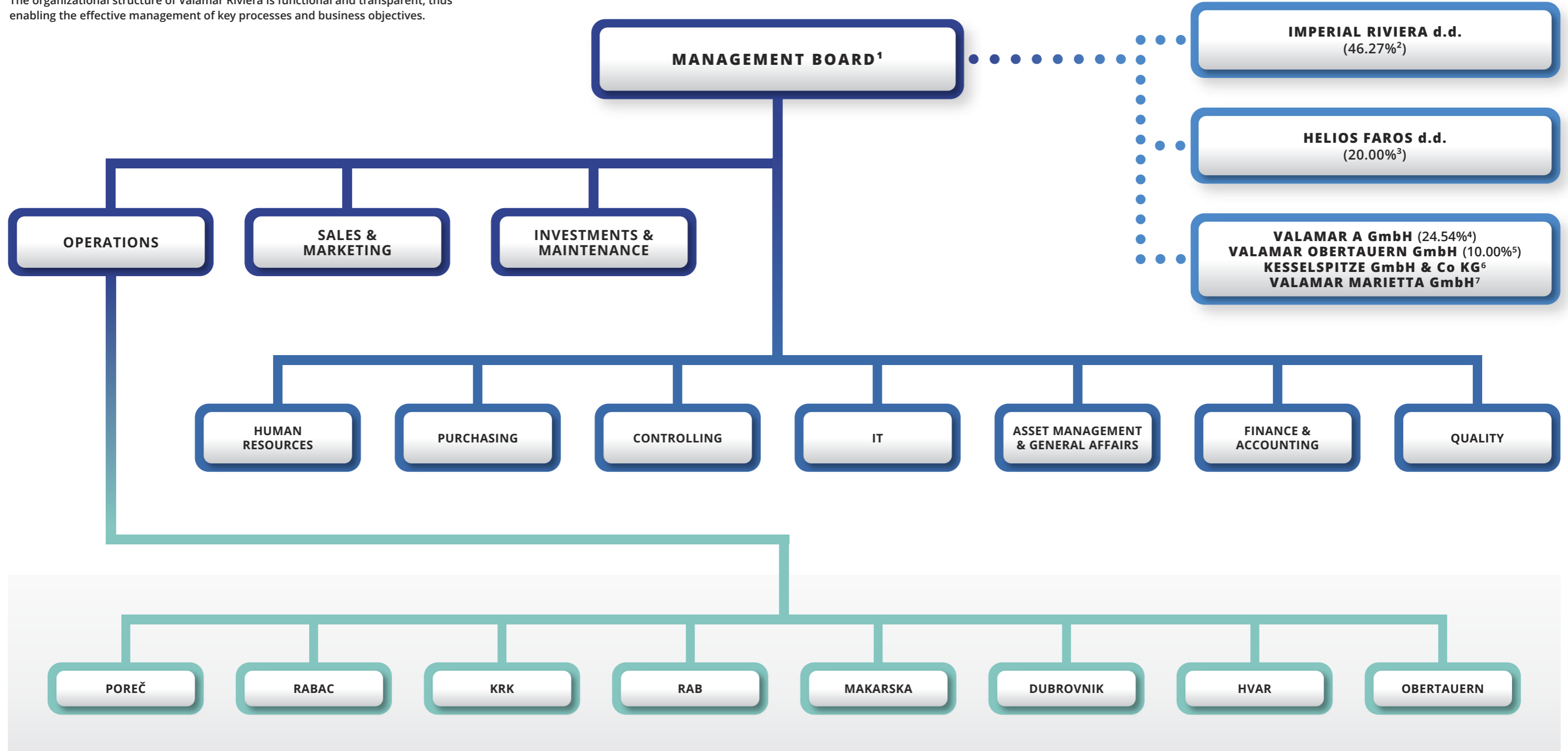
In the former Riviera Poreč d.d., he was regional hotel director, assistant to the destination manager of operations for investments, and member of the local Tourist Board from 2003 to 2008. In 2009, he worked at BS Private Equity as an investment manager in Milan, and in the same year, he became Head of Investment and Development Projects at Valamar Hotels and Resorts and remained in office until 2012. He was

Director of Finance, Accounting and Controlling at Istraturist d.d. from 2012 to 2015 and was appointed Director of Strategic Planning and Controlling at Valamar Riviera d.d. from 2015 until 2020.

In 2020, he became an advisor for strategic development to the Management Board of Valamar Riviera d.d. and a Member of the Management Board of Imperial Riviera d.d. In 2022, he was appointed Vice President for Strategic Controlling at Valamar Riviera d.d. and continues to be a Member of the Management Board at Imperial Riviera d.d.

ORGANIZATIONAL STRUCTURE OF VALAMAR RIVIERA 2023

The organizational structure of Valamar Riviera is functional and transparent, thus enabling the effective management of key processes and business objectives.



¹ The Management Board holds the following departments: digitalization, business and sustainable development, corporate affairs, legal affairs, internal audit, project management and the administration office.

² 46.27% owned by the company Valamar Riviera d.d. together with the subsidiary PRAONA d.o.o., Makarska. The contract in relation to the management of hotel and tourist properties and facilities is in force from November 28, 2019.

³ 20% owned by Valamar Riviera d.d. The contract in relation to the management of hotel and tourist properties and facilities is in force from September 2, 2019.

⁴ 24,54% owned by Valamar Riviera d.d. together with subsidiaries Kesselspitze GmbH & Co KG, Kesselspitze GmbH, WBVR Beteiligungs GmbH, Valamar Marietta GmbH, ContiEstates AG until September 28, 2022 when it was merged with Valamar Marietta GmbH.

⁵ 10% owned by Valamar Riviera d.d. The contract in relation to the management of hotel and tourist properties and facilities is in force from June 1, 2022.

⁶ The contract in relation to the management of hotel and tourist properties and facilities is in force from July 12, 2022.

⁷ The contract in relation to the management of hotel-tourist properties and facilities has been in force since March 1, 2023.



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

GOVERNANCE STRUCTURE AND COMPOSITION IN THE AREA OF SUSTAINABILITY

The Management Board of Valamar Riviera makes decisions considering the impact of the organization on the economy, the environment and people, and the Management Board member Ivana Budin Arhanić is responsible for sustainability and has the necessary competencies and significant experience in the area of ESG.

Valamar Riviera has a dualistic corporate structure and therefore has no executive and non-executive members of the Management Board, in accordance with the relevant regulations. There is no separation between dependent and independent members as all members of the Management Board are employees of Valamar Riviera.

As related to sustainability and ESG management at Valamar Riviera, Management Board is responsible for developing, approving, updating the statements of values, mission, strategy, policy and objectives.

The Sustainability and Digitalization Committee on the Supervisory Board level of Valamar Riviera is an advisory body that examines key strategic topics in advance and makes recommendations and proposals to the Management Board, which in turn makes decisions in accordance with corporate acts of Valamar Riviera and relevant regulations.

The efficiency of ESG organizational processes is monitored systematically within the framework of the Management's responsibilities and defined strategic initiatives and key performance indicators that Valamar reports on an annual basis. The assigning of responsibility for managing the impact of business on the economy, the environment and people is carried out primarily through the work of the Sustainability and Digitalization Committees below the Management Board, through the responsibilities of the Quality and Sustainability department and the responsibilities of managers from a number of other departments which implement certain strategic sustainable initiatives. The Sustainability and Digitalization Committees regularly reports to the Management Board on the management of impacts of Valamar on the economy, the environment and people.

MANAGEMENT BOARD AND SUPERVISORY BOARD

At the session of the Supervisory Board held on 3 December 2021, a new female member was appointed to the Management Board with the beginning of term of office from 1 January 2022, and at the General Assembly held on 19 May 2022, the number of members of the Supervisory Board increased from 7 to 9 as two additional female members of the Supervisory Board were elected. The percentage of female Supervisory Board members is 22.22%.



APPOINTMENT OF THE MANAGEMENT BOARD

The Articles of Association of Valamar Riviera d.d. stipulates that the Management Board has one to five members, appointed by the Supervisory Board. Therefore, the task of the Supervisory Board is to ensure timely and quality appointment of the President and members of the Management Board, as a prerequisite for the quality management of the Company's affairs. The Presidium of the Supervisory Board prepares the basis for the Supervisory Board so that it can decide on the appointment of the President and members of the Management Board, revocation of that appointment, as well as remuneration. It also prepares a succession plan to re-nominate or replace board members.

After reviewing, analysing and discussing what the Presidium has prepared and proposed, the Supervisory Board adopts decisions on the remuneration policy, the conclusion of contracts with the members of the Management Board, the possible need to determine the annual bonus of the members of the Management Board in accordance with the achieved results of the Company and personal results according to the Company's acts and contracts concluded with the Company, the report on remuneration with the Management Board, the appointment and revocation of the appointment of the President and members of the Management Board and the succession plan for the reappointment or replacement of the members of the Management Board.

The Company's Management Board members must be competent to manage the Company's business. They must: be adequately educated and highly skilled in licensed schools and universities; have years of professional experience in conducting business in the economy during which they have acquired additional professional knowledge and skills necessary to conduct the business of a significant joint stock company of size, scope of work, type of business and other characteristics such as the Company; have additional necessary specialist professional knowledge and experience in a specific area relevant to the Company's business, such as knowledge in the field of management, tourism, hotel management, finance, commercial law; be appropriately familiar with the rules and standards of good corporate governance in a joint stock company whose shares are listed on a regulated market.

The Presidium of the Supervisory Board prepares the basis for the Supervisory Board so that it can decide on the appointment of the President and members of the Management Board, revocation of that appointment, as well as remuneration.

PRESIDENT OF THE MANAGEMENT BOARD

The President of the Management Board is a senior manager in terms of the provisions of the Capital Market Act. The company has an internal act that regulates in detail possible conflicts of interest, both the president and members of the Management Board, as well as the president, deputies and members of the Supervisory Board, as well as managers and employees.

THE ROLE OF THE MANAGEMENT BOARD IN SUSTAINABILITY REPORTING

At its session, the Management Board reviews the Integrated Annual Report and Sustainable Business and determines it. In accordance with the Rules of Procedure of the Management Board, the Management Board makes decisions unanimously. Subsequently, the report is sent to the Supervisory Board for approval. Upon approval by the Supervisory Board, the report shall be made public.

CONFLICT OF INTEREST

The Management Board and the Supervisory Board of the Company have established a Conflict of Interest Management Policy with the aim of better regulation and improvement of the corporate governance system of the Company. The Conflict of Interest Policy forms part of the Code of Business Conduct available on the Company's corporate websites. This Policy applies to all members of the Company's Management Board and to all members of the Company's Supervisory Board (and all its committees) as well as to all Company employees. The policy is a set of rules by which the Company establishes mechanisms for identifying, detecting and preventing conflicts of interest. The policy establishes rules to avoid conflicts of interest.

The Company's interest is to monitor and manage any identified or potential conflict of interest and, if necessary, take measures to reduce or eliminate conflicts of interest of Executives and Employees, in order to ensure their independence and objectivity in complying with the provisions of this Policy.

In cases where a conflict of interest cannot be avoided, Executives and Employees have the following duties in the process of determining a conflict of interest in accordance with this Policy:

- 1) the obligation to disclose to the competent person any conflict of interest,
- 2) the obligation to document any conflict of interest and
- 3) the obligation to act with expert care in accordance with the applicable regulations of the Republic of Croatia and other internal acts of the Company.

The following will not be considered a conflict of interest:

- legal transactions related to the use of hospitality services in the Company's properties in accordance with the conditions set by the Company's internal acts (for example in accordance with the provisions of the Regulation on prices and conditions of use of accommodation services and other hospitality services for employees and business partners)
- concluding employment contracts in accordance with the conditions set by internal acts and the needs of the Company (for example in accordance with the provisions of the Regulation on the internal organization and systematization of jobs and employment plans)
- legal transactions from the Company's regular operations (procurement of goods and services, assignment of work, sale of services, etc.) which are concluded according to market conditions and according to the conditions and selection procedure of certain internal acts of the Company (for example based on tenders according to the Procurement Regulation).

In accordance with the provisions of this Policy, Executives and Employees are obliged without delay upon the occurrence of events or circumstances that may be considered a conflict of interest (including suspicion of a particular situation or knowledge of a particular activity that could lead to a conflict of interest), or immediately after becoming aware of a circumstance that may be considered a conflict of interest, to notify the Company thereof.

Executives must immediately notify the Supervisory Board, the Management Board and the Management Board of the Company of all potential and actual conflicts.

Employees must report any conflict of interest or potential conflict of interest to their superior, the Company's Management Board and the competent member of the Management Board without delay.

If the Executive has reason to believe that the other Executive has not reported an existing or potential conflict of interest, he/she is obliged to inform the Chairman of the Supervisory Board. In case the Chairman of the Supervisory board is the person in the conflict of interest then the Deputy chairman of the Supervisory board must be notified.

Managers and Employees must provide all necessary information regarding conflicts of interest, including all necessary information about closely related persons (spouse or common-law partner and life partner, children, all blood relations or in-laws up to the second degree and persons in the joint household).

In the event of suspicion regarding a particular situation and/or knowledge of a particular activity that could lead to a conflict of interest and/or in the event of doubt whether a particular legal act is considered a conflict of interest under the provisions of this Policy, managers and employees may request the opinion of the Office of Administration – Department of Legal Affairs. If the Management Board Office - Legal Affairs Department, based on the information received from the Managing Person and the Employee, determines that a particular situation/activity/legal transaction could be considered a conflict of interest, it will refer the Managing Person and the Employee to the notification and reporting obligations in accordance with the provisions of this Policy.

The following procedures and measures may be taken to manage conflicts of interest:

- 1) exemption from participation in decision-making when deciding on an issue in respect of which the Executive or Employee is in a conflict of interest or potential conflict of interest;
- 2) the obligation to obtain prior consent for transactions from executives, significant shareholders or employee with the Company;
- 3) ban on trading in Company shares for executives and employees;
- 4) organizational separation and change of work of the Employee in order to prevent access to confidential information of the Company;
- 5) keeping a register of conflicts of interest and
- 6) conducting education.

In 2023, there were no reported conflicts of interest in the Valamar Riviera.

COMMUNICATION OF CRITICAL PROBLEMS

Critical problems are reported to the management of several open channels of communication with all stakeholders in the Valamar Riviera business, from employees to shareholders, the investment public, the local community or business partners. To this end, a channel for Proposals and complaints has been opened, as well as a channel intended to protect whistleblowers. Internal audit in a structured manner and through reports can indicate irregularities and at the same time to the Management Board and the Audit Committee of Valamar Riviera.

During the 2022 reporting period, no reports of critical problems were recorded according to the administration.

MANAGEMENT REWARD POLICIES

At the General Assembly on 24 September 2020, the Remuneration Policy for the period from 2020 to 2023 was approved, all by invitation and within the meaning of Article 247a (1) under the Corporations Act; The Remuneration Policy was publicly announced as part of the call for GS on 24 September 2020 and can be found at the following link: valamar-riviera.com/media/374466/poziv-na-glavnu-skupstinu-1-61-2020.pdf.

In accordance with the provisions of Article 272r of the Companies Act and the relevant provisions of the Corporate Governance Code of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency, the Management Board and the Supervisory Board shall establish a report on the remuneration of the members of the Management Board and the Supervisory Board. The remuneration report is examined by the auditor who also examines the company's annual financial statements. The auditor shall examine whether the statement of receipt contains the information referred to in paragraphs 1 and 2 of Article 272r. He shall draw up a report on the examination of the remuneration report. The auditor's report shall be attached to the remuneration report. The Management Board and the Supervisory Board shall submit the report on receipts to the General Assembly for approval.

The Company is obliged to publish and make available on its website a report on receipts for a period of ten years free of charge, so the reports are available on the following links:

- For 2020: valamar-riviera.com/media/431300/mis-ljenje-revizora-i-izvjesce-o-primicima-2020.pdf
- For 2021: valamar-riviera.com/media/451357/mis-ljenje-revizora-i-izvjesce-o-primicima-za-2021.pdf
- For 2022: valamar-riviera.com/media/467956/misljenje-revizora-i-izvjesce-o-primicima-za-2022.pdf
- For 2023: valamar-riviera.com/media/482252/mis-ljenje-revizora-i-izvjesce-o-primicima-za-2023.pdf.

All of the above reports have been approved at the General Assembly by the shareholders, and the results of the vote are available at the following links.

- For 2020: valamar-riviera.com/media/441920/odluke-glavne-skups-tine-i-rezultati-glasovanja-1-37-2021.pdf
- For 2021: valamar-riviera.com/media/451379/odluke-glavne-skups-tine-i-rezultati-glasovanja-1-39-2022.pdf
- For 2022: valamar-riviera.com/media/467984/odluke-glavne-skupstine-i-rezultati-glasovanja-1-29-23.pdf

EVALUATION OF THE MANAGEMENT BOARD'S SUSTAINABILITY WORK

The Management Board assesses its effectiveness in relation to the management of the company's business. In the area of sustainability, for which Management Board member Ivana Budin Arhanić is responsible, this includes the implementation of strategic initiatives and the achievement of goals that are monitored through the given key ESG indicators that are evaluated on a quarterly basis.

In late 2023, Valamar, in collaboration with partners and consultants from PwC, convened a workshop focused on sustainable development. This workshop saw active involvement from members of the Management Board, underlining their dedication to the cause. Additionally, the participation of Valamar's board member and corporate affairs director in the HR PSOR council was highlighted. In this capacity, they, alongside other esteemed members, spearheaded the introduction of innovative sustainability-driven practices. These engagements not only reaffirm Valamar's steadfast commitment to sustainability but also foster synergies with partners and key stakeholders, furthering the collective pursuit of Sustainable Development Goals (SDGs).

MANAGEMENT STRUCTURE - AWARD RATIO

1. The ratio between the total annual compensation of the highest-paid individual in the organization and the mean annual total compensation for all employees (excluding the highest-paid individual) is 1:20.54. This indicates that the highest-paid individual earns 20.54 times more than the median annual compensation for all employees (excluding the highest-paid individual).

2. The compensation of the highest-paid individual experienced a 5% decline, while the average annual wage (excluding the highest-paid individual) saw an 18% increase.

The ratio of the percentage decline in the total annual compensation for the highest-paid individual to the percentage increase in the total annual compensation for all employees is 1:-0.26. In other words, the total annual compensation for the highest-paid individual decreases by 0.26 times compared to the increase in the median total annual compensation for all employees (excluding the highest-paid individual).

Note: The figures presented represent the percentage increase in the total annual allowance paid in 2023 compared to 2022.

3. Compensation of the highest-paid individual: Total income realized between January 1st and December 31st as per the "Remuneration Report of the Management Board and the Supervisory Board," audited by the statutory auditor and approved by the GS.

Median annual total remuneration for all employees (excluding the highest-paid individual): Total remuneration realized between January 1st and December 31st as per the "Remuneration Report of the Management Board and the Supervisory Board," audited by an authorized auditor and approved at the General Assembly. This is divided by the average number of employees based on hours worked from January 1st to December 31st.

Note: The calculation excludes the entire Management Board from the average total annual compensation for employees, with only the highest-paid individual excluded from the presented data.

STATEMENT ON THE SUSTAINABLE DEVELOPMENT STRATEGY

Valamar Riviera has published its sustainability strategy by 2025 as part of the published the Integrated annual and sustainability report in June 2022 and through the Valamar Riviera corporate website, *esg.valamar-riviera.com*. As part of the monthly Sustainability Committees, all sustainability topics are thoroughly considered and put into practice always in line with Valamar's long-term strategy.

DECISIONS ON THE ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS OF VALAMAR RIVIERA

The members of the Valamar Riviera Management Board with senior division vice-presidents and sector vice-presidents are responsible for the economic, environmental and social impacts of Valamar Riviera.

OBLIGATIONS OF IMPLEMENTATION

The Code of Business Conduct is established by the Management Board and the Supervisory Board of the Company.

Managers have a duty to promote a culture of ethical conduct and the rules set out in this Code. They are obliged to acquaint employees with the provisions of this Code and to take measures to comply with it.

Managers are obliged to set clear and realistic goals, fulfill their obligations, should be an example to other employees and be ready to advise associates and support them in performing tasks independently.

Every employee of the Company is obliged to:

- Comply with laws and all relevant regulations, as well as internal general acts.
- Know the regulations, manuals, standard operating procedures and common business practices in a particular task area and apply them conscientiously and in the best possible way.
- Intervene in case of non-compliance with standards of conduct.
- Contribute to a work climate that encourages trust, professionalism, success, respect and self-esteem.
- Constantly act in good faith, responsibly, with appropriate care and competence, without misrepresenting the facts.
- Protect property and other resources and encourage their successful implementation.
- Act honestly and ethically, inter alia, with actual or potential conflicts of interest.
- Maintain and encourage cooperation and share knowledge and experience.
- To maintain and improve the public reputation of the Company.

Employee behavior should be in accordance with generally accepted rules of decency, which include greeting at the meeting, a polite communication style, appropriate addressing, apology and mistake rectification, adherence to agreed deadlines, appropriate business attire, cleanliness and tidiness of the workplace, avoidance and active prevention of quarrels and conflicts, avoiding participation in rumors or other types of negative and harmful communication.

Valamar integrates the obligations of organizational strategy, operational policies and operational processes through internal acts and standard operating procedures at the company level and provides the necessary training for employees to be familiar with them.

PROCEDURES FOR REMEDIATION OF NEGATIVE IMPACTS

In accordance with the provisions of the Law on the Protection of Whistleblowers, the Management Board of the Company has adopted the Regulation on in-house whistleblowing, which establishes the procedure for in-house whistleblowing, the appointment of a confidential person, the right to the protection of whistleblowers and other issues related to in-house whistleblowing in the Company. The Company has also established Procedures for the management of proposals, complaints and applications intended for all employees, business partners, shareholders and other interested persons via e-mail address: *prituzbe.prijedlozi@valamar.com*, published on the corporate website of Valamar Riviera.

Complaints received by a confidential person will be identified and resolved in accordance with the Law on the Protection of Whistleblowers and the Regulation on in-house whistleblowing. Accordingly, a confidential person is obliged to receive a report and initially determine whether the report contains all the prescribed information and is obliged to examine it within a further prescribed deadline. If necessary, a confidential person may request clarifications from the applicant upon receipt of the application and throughout the application process. In the procedure after the report, a confidential person has the right to professional assistance of professional persons of the Company depending on the reported irregularity. Complaints received through the specified e-mail address in accordance with the internal procedure are received through a confidential person who forwards the received complaints to the competent authorized persons within the division, sector or department to which the complaint relates for further resolution.

MECHANISMS FOR SEEKING ADVICE AND VOICING CONCERNS

Individuals can contact us through all publicly available contacts published on the corporate website of Valamar Riviera. Number of reports received by whistleblowers in 2023: 0 (zero)

COMPLIANCE WITH LAWS AND REGULATIONS

Valamar Riviera had no significant cases of non-compliance during the 2023 reporting period. During this period, no fine was imposed that would relate to significant cases of non-compliance with laws and regulations. During the reporting period, the Company paid EUR 2,068.71 in fines for non-significant cases of non-compliance with laws and regulations for a total of 6 cases. The total amount of fines paid was related to fines paid for non-compliance with laws and regulations in the current reporting period.

In 2023, the Company initiated an administrative dispute to annul the Decision of the Ministry of the Sea, Transport and Infrastructure, issued after the inspection supervision of the economic use of maritime domain in the area of camping Ježevac on the island of Krk, which includes the prohibition of providing accommodation services on several cadastral parcels and providing anchoring services.

In 2024, a non-final judgment was issued to the detriment of the Company, against which the Company will appeal to the competent court.

PROTECTION OF HUMAN RIGHTS AND WORKERS' RIGHTS

Valamar Riviera complies with and applies basic human rights regulations, including the protection of life, health, dignity and privacy, as well as the prevention of discrimination. Valamar respects and applies these regulations in accordance with the regulations of the Republic of Croatia and has incorporated them into its internal acts, including the Collective Agreement concluded with trade union partners. The Company is committed to the implementation of the UN Principles on Business and Human Rights, as well as to the core conventions of the International Labor Organization and insists that the Company's activities never result in human rights abuse. Valamar Riviera's core values include responsibility and credibility towards business partners, employee care, support for the community and commitment to the environment. Employees participate in the Workers' Council, which ensures the representation of employees and the presentation of all key problems in an appropriate and transparent manner.

CHILD PROTECTION

Valamar pays special attention to the protection of children's rights and respect for all human rights. In the consultation process with stakeholders, Valamar also takes into account the rights of the child. The Company considers its direct and indirect positive and negative effects on children's rights related to business operations, products and services, as well as business relationships, including employees, suppliers, clients and other partners. Valamar Riviera is committed to respecting national legislative, administrative and other measures on children's rights and the Convention on the Rights of the Child, adopted by the UN General Assembly in 1989, which encompasses the civil, political, economic, social and cultural rights of children, anywhere in the world and without discrimination. It emphasizes the right of children to survival, full development, protection from harmful influences, abuse and exploitation, and full participation in family, cultural and social life. The Company has zero tolerance for violence, abuse and exploitation of children in all its business facilities, real estate, resources and communication networks. The Society respects the UN Guidelines on the Business Sector and Human Rights: Implementation of the United Nations Framework "Protect, Respect and Correct". The Company respects the International Labor Organization (ILO) Conventions and the Declaration of Fundamental Principles and Rights at Work, adopted in 1998, and commits to abide by the UNICEF Principles on the Rights of the Child in Business.

HEALTH AND SAFETY

Valamar Riviera focuses on the health and safety of its guests and employees in business, all with the aim of their well-being and satisfaction. Valamar responsibly and consistently ensures a healthy living and work environment. The Health and safety policy is implemented in all properties of the Company by applying Valamar standard operating procedures. Valamar Riviera continuously harmonizes operations and activities with all applicable legal and other requirements in the field of health and safety protection. Valamar Riviera conducts consultations with workers and their representatives and ensuring their participation in the creation and improvement of health and safety management systems. The company is focused on identifying potential risks and hazards in the environment and implementing measures to eliminate them, thus preventing injuries and diseases. In addition, the company continuously improves working and living conditions, as well as improving the health and safety management system.



COOPERATION WITH THE LOCAL COMMUNITY

Valamar Riviera develops and maintains a close and long-term relationship with local communities in the destinations in which it operates, ensuring that key issues of cooperation or the needs of the local community and the company are addressed in the mutual interest. Particular attention is paid to the employment of domestic employees and the procurement of local products and services.

Valamar Riviera continuously supports many local associations, organizations, humanitarian and environmental projects - through donation programs or support in co-organizing many events. In addition, Valamar Riviera encourages the participation of its employees and guests in actions aimed at preserving the environment and the well-being of the community.

ETHICS AND INTEGRITY

The fundamental characteristics of the corporate culture and business of Valamar Riviera are ethics and integrity. The highest priority of Valamar Riviera is transparent business management.

The application of the Corporate Governance Code of the Zagreb Stock Exchange d.d. and the Croatian Financial Services Supervisory Agency promotes the culture of corporate governance and business transparency, as evidenced by the Compliance Questionnaire and the Management Practices Questionnaire. The highest priority is transparent business management, and the most important characteristics of the Company's corporate culture are the protection of human rights, the promotion of fair and secure employment conditions, responsible environmental management and high ethical standards.

Valamar Riviera also applies its Code of Business Conduct in its daily work. It sets out, with a view to achieving a common good and public interest, including anti-corruption rules, desirable rules of conduct for all employees. Ethics in business, equal opportunities and



working conditions for all employees, equality and protection of human rights and nurturing cultural diversity are the basic principles that guide the Company in business. The fundamental human rights and their protection, including the protection of life, health, dignity and privacy and the prohibition of discrimination, are incorporated into the labour law positive regulations of the Republic of Croatia that Valamar Riviera respects and applies and are also incorporated into the Collective Agreement concluded by the company with trade unions operating within it.

The Company is committed to the implementation of the UN Principles on Business and Human Rights, as well as to the core conventions of the International Labor Organization, and insists that the Company's activities never result in human rights abuse. Valamar Riviera's core values include responsibility and credibility towards business partners, employee care, support for the community and commitment to the environment.

As one of the first companies in Croatia, Valamar Riviera signed the Diversity Charter in October 2017, organized by the Croatian Business Council for Sustainable Development. The Diversity Charter is a document signed by business and other organizations, which commits them to implementing diversity and non-discrimination policies in their work environments and business environment, and Valamar has incorporated the same into its diversity and non-discrimination policies. Bearing in mind that diversity is one of the most important values of modern society, in 2018 Valamar Riviera incorporated issues of diversity and non-discrimination into its Diversity Policy, in accordance with the previously signed Charter, and in 2019 it included the topic of diversity and non-discrimination in its regular annual employee education. Diversity enables the realization of the full potential of each person, and a diversity and non-discrimination policy in the workplace is a prerequisite for the development of creativity, innovation and individual talent. Valamar Riviera strongly believes that employees, in their diversity and with their skills, creativity and innovation, are the key to the long-term success of any organization.

In 2021, the Management Board and Supervisory Board of Valamar Riviera established the Code of Business Conduct, which includes the Conflict of Interest Management Policy, the Policy and Procedures for Approval and Disclosure of Related Party Transactions and the Risk Management Policy. The Annex to the Code of Business Conduct also includes the existing CSR Policies: Service Excellence and Sustainable Business Policy, Health and Safety Policy, Protocol on Ensuring Food Health, Diversity and Non-Discrimination Policy, Responsible Business Policy (Treatment of Employees, Local Community and Child Protection) and Procurement Policy.

All Valamar riviera employees are introduced to the Code of Business Conduct through online education. In 2023, the Management and Supervisory Board of Valamar Riviera established a new text of the Code of Business Conduct, an integral part of which are the following policies:

- 1 Conflict of interest management policy
- 2 Policies and procedures for approving and disclosing related party transactions
- 3 Risk management policy
- 4 Corporate social responsibility policies:
 - 4.1 Service excellence and sustainable business policy
 - 4.2 Health and Safety Policy
 - 4.3 Protocol on ensuring the health safety of food
 - 4.4 Diversity and non-discrimination Policy
 - 4.5 Procurement policy
 - 4.6 Child Safety and Protection Policy
 - 4.7 Working conditions policy
 - 4.8 Career management policy

THE CODE OF BUSINESS CONDUCT

esg.valamar-riviera.com/wp-content/uploads/sites/143/2024/01/01_Code_Business.pdf

The Code of Business Conduct, with the aim of achieving the common good, defines the basic guidelines of ethical behavior in the Company.

CONFLICT OF INTEREST POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2024/03/02_Conflict_interest.pdf

It establishes principles and guidelines for the management of conflicts of interest, i.e. rules for avoiding conflicts of interest and measures for dealing with the resulting conflict of interest.

POLICIES AND PROCEDURES FOR APPROVING AND DISCLOSING TRANSACTIONS WITH RELATED PARTIES

esg.valamar-riviera.com/wp-content/uploads/sites/143/2024/03/03_Transaction_Policy.pdf

It establishes a set of rules by which the company establishes mechanisms for approving and disclosing transactions with related parties and a reporting procedure at the level of the Company and subsidiaries.

RISK MANAGEMENT POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2024/03/04_Risk_Policy_Management.pdf

It establishes a set of rules by which Valamar Riviera establishes mechanisms and measures for the company's risk management, with the aim of better regulation and improvement of the corporate governance system.

QUALITY AND SUSTAINABLE BUSINESS POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2024/03/05_Quality-and-Sustainability-policy.pdf

It sets out the principles and guidelines for ensuring the quality of service, including guest satisfaction, ensuring the health and safety of guests and employees, respecting the interests of employees, society, the local community and environmental protection.

HEALTH AND SAFETY POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2024/03/06_Health_safety_policy.pdf

It establishes principles and guidelines in order to ensure a healthy and safe environment for Valamar guests and other users, as well as for employees, and good working conditions for employees.

FOOD HEALTH & SAFETY PROTOCOL

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Food_Safety_protocol.pdf

It establishes the principles and procedures that ensure high standards of food safety.

DIVERSITY AND NON-DISCRIMINATION POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Non_discrimination.pdf

It establishes principles and guidelines for the development of an organizational culture based on mutual respect and respect for individual differences.

PROCUREMENT POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2024/03/09_Procurement_Policy.pdf

It establishes principles and guidelines with the aim of ensuring professional and fair relations with suppliers, while respecting and encouraging the principles of business ethics, transparency, quality of products/services and the principles of sustainability in the supply chain.

CHILD SAFETY AND PROTECTION POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2023/02/Safety_Childrens_Rights.pdf

It establishes principles and guidelines to ensure the safety and protection of children's rights, related to business operations, products and services, as well as business relationships, including employees, suppliers, clients and other partners.

WORKING CONDITIONS POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2024/02/11_WORKING-CONDITIONS-POLICY.pdf

It establishes principles and guidelines with the aim of ensuring respect for working conditions and workers' rights in accordance with international standards.

CAREER MANAGEMENT POLICY

esg.valamar-riviera.com/wp-content/uploads/sites/143/2024/02/12_Career_Management_Policy.pdf

Establishes principles and guidelines to ensure effective management of employees' careers, encouraging their development and advancement within the organization.

In order to ensure that all employees are familiar with the Code and that they accept it, Valamar organizes trainings on the Code and specific topics covered by the Code.

Education is available to employees "online" as part of an internal education platform (PERO platform).

Valamar is actively working to prevent bribery and corruption, including Policies and Procedures for Approval and Disclosure of Related Party Transactions and Policies, Controls and Procedures for Reducing and Effectively Managing Money Laundering and Terrorist Financing Risk.



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

INTERNAL AUDIT, CONTROLS AND PROJECT MANAGEMENT OFFICE

Valamar Riviera operates in an open and ethical manner, taking care of the protection of human, financial, physical, information, social, ecological and reputational capital.

Internal audit of Valamar Riviera d.d. and the company's Audit Committee are committed to maintaining the standards of integrity and good practice of corporate governance, in order to ensure business excellence and improve trust in the existing systems and processes. The Project Management Office (hereinafter PMO) provides support in the management of strategic projects and continuously works on the standardization of the reporting process. The Audit Committee is an advisory body of the Supervisory Board, which takes care of the integrity of the company's business activities in financial reporting and general compliance of operations with procedures. Valamar's Audit Committee is an independent body that supports the work of internal audit, and works to increase the efficiency of operations by achieving compliance of operations with procedures. The committee meets four times a year, and more often if necessary. The internal audit work plan is based on a systematic assessment of key strategic risks, which are then separately quantified and evaluated through a corporate risk matrix. Each risk, proposed by the business

stakeholders, in particular the management or the Audit Committee, is valued through an assessment of the probability of occurrence of a particular event, as well as its impact on the business, and thus forms the basis for the development of an annual operational as well as a strategic audit plan.

Although each audit engagement is unique, the process of analysis and audit is standardized for most engagements, and typically consists of four phases, as follows:

- ▶ planning the audit engagement through a single design form;
- ▶ advisory engagement of internal audit, accompanied by different methods of analysis and comparison (interviews, fieldwork, audit notes, best practice comparison, etc.);
- ▶ preparing and presenting an audit report, including measures, findings and recommendations;
- ▶ reviewing and monitoring the execution of performed actions (follow up).

During 2024 Internal Audit and PMO continue with activities for the purpose of developing a new, current risk matrix as a basis for proposing and implementing an operational and strategic work plan for the period from 2023 to 2025.



Practice, as well as internal audit processes, are carried out within organizational units, which are different in their purpose, size, complexity, structure and involvement of persons, i.e. internal clients.

The key documents that regulate the field of internal audit within Valamar Riviera, and are also based on the Global Internal Audit Standards (GIAS), as well as global internal audit standards, are as follows:

- ▶ Internal Audit Charter
- ▶ Internal Audit Standards
- ▶ Code of Business Conduct
- ▶ Internal Audit Code of Ethics;
- ▶ Charter of the Audit Committee.

In addition to the aforementioned activities, envisaged by the internal audit work plan, and based on the risk matrix, during 2023 internal audit carried out control activities in accordance with the Code of Business Conduct, as well as the related policies related to the Internal Audit, the work of the Audit Committee and the Management Board.

KEY RISK TYPES BY AREA

			
<p>STRATEGIC RISKS:</p> <ul style="list-style-type: none"> ▶ corporate governance ▶ development projects ▶ Mergers, Acquisitions and Investments ▶ market dynamics ▶ communication and relations with investors ▶ macroeconomic changes ▶ changes in the sector. 	<p>COMPLIANCE RISKS:</p> <ul style="list-style-type: none"> ▶ compliance with regulations ▶ compliance with legal regulations ▶ standard operating procedures ▶ Internal controls. 	<p>OPERATIONAL RISKS:</p> <ul style="list-style-type: none"> ▶ tangible assets ▶ fraud ▶ threats or natural disasters ▶ human factor ▶ sales ▶ supply chain ▶ reputation ▶ information technologies. 	<p>FINANCIAL RISKS:</p> <ul style="list-style-type: none"> ▶ tax system ▶ liquidity and credit conditions ▶ exchange rate ▶ accounting and market reporting.

KEY ACTIVITIES OF INTERNAL AUDIT AND PMO OFFICE DURING 2023

The key audited business areas during 2023 relate to operations and processes related to corporate governance, company asset management, safety and standardization of children's playgrounds, procurement processes, contracting and prices in the part of costs (OPEX) of the business segment, financial operations and IT security. During 2023, the internal audit also undertook activities to further strengthen digital interfaces and the way they work in such an environment, and the digital platform was fully activated for the purpose of continuous monitoring of costs and prices of key products in procurement, as well as their comparison with available data from the environment.

The annual audit plan for 2023 is adapted to the new circumstances, all based on the corporate risk matrix, updated in the first half of the year. The work plan is defined for the next three-year period, with the obligation to define key risks within each financial year, as well as to monitor the implementation of the set measures through the so-called follow up digital platform.

Furthermore, Internal Audit gave its contribution to ensuring business continuity, further understanding of key risks and adjustment of work, and especially by performing the work of the so-called ESG risks, participating in working groups and preparing to comply with the upcoming EU regulation in this part. Furthermore, during 2023 Internal audit provided support with the transfer of knowledge and experience, introducing the internal audit function in companies operating within the Valamar Group, in particular Imperial Riviera. Introducing the mentioned practice and knowledge transfer, positive synergy effects and alignment of processes and good practices are expected, as well as better management of key risks at the Group level. In the part of the Project Management Office, during 2023, the digital platform was updated, which was also adapted to organizational changes, with the implementation of user training. At the same time, all strategic projects were entered within the digital platform, per individual board under the Management Board, and all key parameters of each project were defined, including the schedule, budget, key performance indicators (KPIs), as well as the project team.

KEY RISK TYPES BY AREA - GROUP AND COMPANY RISKS

The tourism industry is on a global scale and is very closely linked to the real and financial economy, the geopolitical environment and environmental sustainability. The way in which the tourism industry acts as a whole will largely determine its future development.

Considering the importance of the tourism industry and the impact on the overall environ-

ment, the Company and the Group monitor and assess risks at the micro and macro level. In addition, in defining the strategy, particular attention is paid to the impacts of risks in the short and medium term in order to ensure the sustainability of the business over time.

When monitoring and assessing risks, the Company and the Group apply a proactive ap-

proach by considering the impact of each individual risk on the potential opportunities that that risk brings. The Company and the Group consider risk management one of the key factors of differentiation in a competitive environment. The aim of risk management is to further encourage the creation of sustainable value and to offer trust and security to many stakeholders of the Company and the Group.

THE RISK MANAGEMENT PROCESS CONSISTS OF THE FOLLOWING STEPS:



1 IDENTIFICATION OF POTENTIAL RISKS
in business.

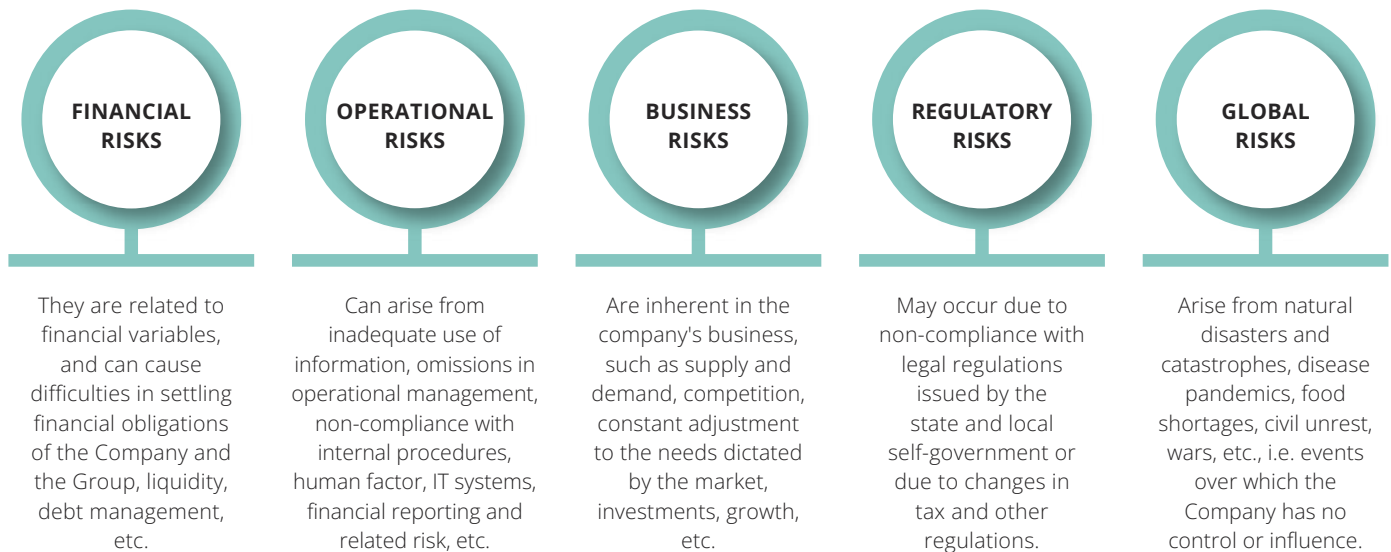
2 RISK ANALYSIS
and assessment.

3 DEFINING ACTIVITIES
and assigning responsibilities to enable effective contribution to risk management.

4 SUPERVISION AND MONITORING
of initiatives aimed at avoiding the occurrence of risky events.

5 EXCHANGE OF INFORMATION
on the results of risk management managed by the Management Board.

DIFFERENT TYPES OF RISKS THAT VALAMAR ENCOUNTERS IN BUSINESS CAN BE DIVIDED INTO THE FOLLOWING GROUPS:



FINANCIAL RISKS

In their daily activities and activities undertaken by the Company and the Group, they are exposed to several financial risks, in particular:

- 1) currency risk;
- 2) interest rate risk;
- 3) credit risk;
- 4) price risk;
- 5) liquidity risk;
- 6) risks related to the listing of company shares on a regulated market
- 7) the risk of inflation and the increase in the prices of procurement goods and distortions in the market for the procurement of goods and services.

The Company and the Group actively approach interest rate and exchange rate protection through market-available instruments with the aim of mitigating the aforementioned risks. Internal objectives and risk management policies relate to the protection of foreign exchange inflows during seasonal activity and partial interest protection of credit principal.

1) CURRENCY RISK

The Company and the Group operate at the international level and are exposed to currency risk, which mostly results from changes in the nominal exchange rate of the euro/kuna. Currency risk arises from future commercial transactions and recognized assets and liabilities. Historically, most of the revenue from sales abroad has been generated in euros, the currency in which most of the long-term credit debt is denominated. Accordingly, the Company and the Group are for the most part naturally protected against currency risk. A certain part of the liabilities is contracted in kunas, which is why the Company and the Group actively manage currency risk through derivative financial instruments available on the financial market, in accordance with operational estimates and expected market trends. This protects the Group and the

Company from the effect of currency risk and the impact of adverse changes in the nominal exchange rate on cash flows. Due to the extraordinary circumstances caused by the COVID-19 pandemic in 2020, potentially stronger depreciation pressures on the kuna against the euro affect the value of long-term credit debt denominated in euros and contracted forward transactions whose potential negative effects are sought to be controlled through proactive management of concluded derivative financial instruments. In case of exceptional reduction of euro inflows, the Company and the Group will use existing euro liquidity reserves to service long-term debt repayments and access adequate use of financial hedging instruments, in accordance with the current situation and future assessment of the Company's and Group's foreign exchange position, the expected movements in value of the kuna/euro currency pair, as well as other intercurrency relations among world currencies. With Croatia's entry into the Eurozone from January 1, 2023, the majority of the stated currency risk in relation to EUR will cease to exist, i.e. the Company will not be exposed to it.

2) INTEREST RATE RISK

Borrowings from banks with variable interest rates expose the Company and the Group to cash flow interest rate risk. The Company and the Group actively use derivative instruments to actively hedge their exposure to cash flow interest rate risk and interest rate risk by applying the interest rate change from variable to fixed interest rate. Such a change in interest rates has the economic effect of converting a variable rate loan into a fixed rate loan for a pre-agreed portion of the principal of the loan being hedged.

The Company and the Group have assets (cash and deposits) that generate interest income, and income and cash flow from operating activities are dependent on changes in market interest rates. This part is particularly pronounced in the seasonal period when the Company and the Group have significant cash surpluses. The Company and the Group expect a limited impact of increased interest rate volatility due to the recent Coronavirus pandemic, given that a large part of the Group's loan portfolio (89,7%) consists of long-term fixed rate loans and derivative loans (IRS).

3) CREDIT RISK

Credit risk arises from money, term deposits and trade receivables. In accordance with the sales policies of the Company and the Group, cooperation is contracted with customers who have an appropriate credit history, i.e. it is contracted with payment in advance, payment of security deposits and via credit cards (for individual customers). In order to reduce credit risk, the Company and the Group continuously monitor their exposure to the parties with which they operate and their creditworthiness, obtains instruments of securing receivables (bills of exchange, promissory notes and guarantees), thus reducing the risks of non-performance of their receivables for the services provided. Considering the negative consequences of COVID-19 on the Company's and the Group's customers, especially tour operators and travel agencies, special attention is paid to the impact of current adverse circumstances on related parties, with active verification of creditworthiness and their potential to overcome current challenges.

4) PRICE RISK

The Company and the Group are holders of equity securities and are at risk of changing the price of equity securities listed on the stock exchange. The Company and the Group are not active participants in the capital market in terms of trading in equity and debt securities. By investing in the shares of Imperial Riviera and Helios Faros, the Company is to a certain extent exposed to the risk of changing the price of the equity.

5) LIQUIDITY RISK

The Company and the Group have a sound management of liquidity risk. A sufficient amount of cash is provided at all times through adequate amounts of contracted credit lines for the settlement of liabilities, as well as ensuring the availability of credit lines in the future. Liquidity risk is assumed and controlled through strong net positive operating cash flows and credit lines that finance capital investments.

Repayments of credit liabilities are in line with the period of significant cash inflows from operational activities. The Company and the Group monitor the level of available sources of funds on a daily basis through reports on the balance of cash assets and liabilities. Based on the established budget, the cash flow for the next year by months is prepared, as well as the long-term cash flow plan. The surplus of funds above the amount required for the management of working capital is transferred to the Company's and the Group's treasury. The Treasury invests surplus cash in accounts that bear interest, fixed-term deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity in accordance with demand projections for liquidity resources.

6) RISKS RELATED TO THE LISTING OF COMPANY SHARES ON A REGULATED MARKET

As the most risky asset class, the market value of shares can be extremely volatile under the influence of the volatility of the entire capital market, trading volumes, macroeconomic developments in the markets in which the Company and the Group operate, the gap in the expectations of financial analysts in relation to the results achieved, the variability of the dividend policy, activities in the segment of mergers, acquisitions and strategic partnerships, the instability of the business model of the Company and the Group, as well as fluctuations in the financial results of the Company and the Group's operations. If these factors have a negative connotation, there is a risk of a drop in the market value of the shares. Furthermore, there is a risk that investors will not be able to sell their shares at any time at a fair market price.

7) INFLATION RISK AND RISING PRICES OF PROCUREMENT GOODS AND DISRUPTIONS IN THE MARKET FOR GOODS AND SERVICES

The COVID-19 pandemic and related movement restrictions and supply disruptions, coupled with strong energy price increases and the war in Ukraine, prompted global inflation and general price increases at the end of 2021 and throughout 2022.

The Croatian Bureau of Statistics (CBS) announced in January 2023 that the prices of goods and services for personal consumption are measured by the consumer price index, in December 2022 compared to December 2021, i.e. on an annual basis, they are on average higher by 13.1%.

According to the CNB statement of December 2022, the acceleration of price growth in 2022 primarily reflects extremely high prices of energy products and food and industrial raw materials on the world market. The acceleration of inflation was also driven by strong demand for services following the abolition of epidemiological measures, in conditions of a lack of skilled labor and wage growth in the hospitality sector. In contrast, the intensity of the acceleration of inflation has been somewhat mitigated by the price caps on some energy products and basic food products. It is precisely the pronounced growth in tourism demand of non-residents in Croatia, stronger economic recovery, less competition on the domestic market and differences in the structure of the consumer basket with a higher share of food and accommodation services in 2022 that resulted in noticeably higher inflation in Croatia than in the euro area. In 2023, the CNB expects a slowdown in inflation in Croatia.

Inflation and the price increase of purchasing goods can have an effect on the purchasing power of foreign and domestic guests, as well as on the level of our sales prices. The Company and the Group are exposed to the impact of the changing purchase prices of energy sources (especially electricity and gas) and the prices of food, beverages and consumables. Furthermore, the Company feels the consequences of disruptions in global supply and delivery channels, with the present risk of the so-called product desertization, which it continuously and actively manages while maintaining business relations with key suppliers. The Company and the Group continuously make significant investments in energy efficiency, renewable and alternative energy sources, in order to mitigate the impact of possible rising energy prices and reduce dependence on suppliers.

The Company and the Group have a very high share of own direct channels and other on-line channels in total sales and sales prices are largely formed dynamically, throughout the year. Accordingly, the Company and the Group have the flexibility to manage the level of sales prices.

OPERATIONAL RISKS

Operational risk is the risk of direct or indirect loss arising from inadequate or erroneous internal or external processes of the Company and the Group.

They also include the generation and analysis of financial reporting information and data (so-called financial reporting risk), as well as potentially insufficient and inadequate internal and external exchange of information. When implementing the operational risk management system, the Company and the Group took care of its continuity and complexity with regard to the size of the organization.

The benefits of its management are reflected in i) defining and recognizing the risk profile of the Company and the Group in relation

to operational risk, ii) recognizing and managing known operational risk events that reduce the costs of the Company and the Group, and iii) data analysis that indicates the business trends of the Company and the Group and the economic situation in the country.

Aware of the risks of reliability of IT business solutions and cyber security of business, the Company and the Group are continuously working on the improvement, further development and implementation of new technologies in everyday business. Special emphasis is placed on ensuring sufficient resources for the development and implementation of new technologies in the field of ICT, data protection projects and the improvement of existing and development and implementation of new, modern business systems.

BUSINESS RISKS

The Company and the Group are exposed to business risks related to competitiveness and business stability. As the Company and the Group are owners of significant real estate, this business model requires intensive engagement of capital to maintain high quality products and services.

Various ongoing capital-intensive investment projects to increase the service and product quality may exceed budgetary expectations, construction may not be completed on time, and in the meantime, changes in urban planning regulations, laws and fiscal policy may take effect. These risks can negatively affect the increase in costs of the Company and the Group, as well as the weakening of cash flow and lower revenues. The Company and the Group have improved the results and efficiency of operations in the past several years by making business decisions, which have contributed to increasing competitiveness in the demanding Mediterranean market, and with thoughtful long-term strategic management, such positive trends are expected to continue in the future.

Considering the fact that about 90% of the guests of the Company and the Group are foreign guests who carefully choose their destination for vacation, the stability of macroeconomic indicators in their home countries is very important. Special emphasis is placed on the exchange rate and price of goods and services that directly affect the purchasing power of guests.

Although the share is smaller, the number of arrivals of domestic guests to the Company and the Group properties is also important. It

is also influenced by a number of other macroeconomic indicators in the country such as employment/unemployment, growth/decline of domestic gross domestic product, growth/decline of industrial production and others that directly affect the purchasing power of Croatian citizens and thus the decision on vacation in one of Valamar properties.

Looking at the risk of the tourism sector of the economy, tourism in the Republic of Croatia was one of the few growing economic sectors in the years of the global financial crisis. In addition, the strong seasonality of tourism as an economic branch leads to insufficient use of the available capacities and resources of the Company and the Group. By joining the European Union, the market of the Republic of Croatia became part of a large European market, while the membership of the Republic of Croatia in NATO reduced security risks. 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 also one of the most desirable employers and continuously invests in the education and development of human resources. Recognizing global trends in tourism helps Valamar Riviera to define the need for new knowledge and skills and how to successfully respond to the challenges in the environment. In the continuous dialogue with the social partners, a high level of labor rights is ensured, both from the point of view of wage competitiveness, motivation and reward systems, as well as career development, health care and cooperation with educational institutions throughout Croatia.

REGULATORY RISKS

The risk of changing tax and other regulations also represents a significant risk for the Company and the Group and is one of the more demanding risk management segments where the possibilities of the Company and the Group are limited.

Frequent changes in the regulations related to fiscal and parafiscal benefits to the economy, which very often occur after the Company and the Group have already adopted the business policy and budget for the next business year and contracted commercial conditions with business partners, significantly impairs the financial position of the Company and the Group and jeopardizes the plans for further

investments, and thus investor confidence. One recent example is the introduction of the Law on Additional Income Tax of December 2022.

The Company and the Group are also exposed to the risks of a potential change in regulations in relation to concessions and concession approvals, i.e. concession fees for the use of maritime domain, but also concession fees, i.e. rental fees for the use of tourist land, which is not fully regulated to date. Considering the core business of the Company and the Group, the right to use the maritime domain and tourist land are some of the particularly important conditions for their further business, especially in camps.

GLOBAL RISKS

Despite the improved security-political conditions that have partly spurred investment cycles in tourism, there are still numerous challenges and risks before Croatian tourism, such as:

- ▶ global economic and financial crises affecting the reduction of purchasing power of the population more prone to travel;
- ▶ security-political risks related to terrorism threats occurring in the world;
- ▶ security-political instability in the immediate environment of neighboring countries;
- ▶ geopolitical risks associated with Russia's invasion of Ukraine in February 2022.

The results of Valamar's operations can also be influenced by various environmental stressors. They primarily pose a danger to the guest's satisfaction with the overall experience of staying in the destinations where Valamar operates. This can result in a reduced number of arrivals. Such stressors are, for example, pollution of the sea (e.g. due to a tanker accident or the release of chemicals into the sea), but also long-term deterioration of the quality of the sea and pollution of the coast due to inadequate waste and wastewater disposal, as well as intensive use of fertilizers in agriculture. At the same time, climate change such as global warming, long periods of drought or, on the other hand, long periods of rain can also have a direct impact on

guests' arrivals and length of stay in Valamar hotels and camps, as well as on increased operating costs. This includes other natural disasters (such as earthquakes, fires, floods or hurricane storms), air and soil pollution caused by emissions from industrial plants and traffic vehicles, excessive urbanization and the introduction of plant and animal invasive species. Likewise, disease epidemics and pandemics can negatively affect Valamar's business results.

In order to minimize their impact, Valamar actively monitors the risk levels of epidemics and pandemics around the world, especially in source markets, and takes proactive steps in managing them. The COVID-19 pandemic is a recent example of the operational and financial disruption of the global economy, especially tourist flows given that almost all global destinations have restrictions or complete travel bans. The occurrence of extraordinary circumstances in the Republic of Croatia and the introduction of extraordinary measures prohibiting social gatherings, closing restaurants and shops, all with the primary goal of protecting the population from the risk of infection, there was the expected consequential and immediate disruption of business operations for the Company and Group due to cancellations of contracted services by partner agencies and guests.

Risks related to Russia's invasion of Ukraine in February 2022 are still present. Historically, source Russian and Ukrainian markets in Valamar accounted for up to 2% of turnover and their absence will be compensated from other source markets in 2022.



*Ježevac Premium
Camping Resort 4*,
Krk island*

AWARDS AND CERTIFICATES IN 2023

AWARDS IN 2023

KUH- Croatian Camping Association	Croatia's Best Campsites 2023 – 11 awards	Istra Premium Camping Resort 5* Lanterna Premium Camping Resort 4* Krk Premium Camping Resort 5* Ježevac Premium Camping Resort 4* Padova Premium Camping Resort 4* Marina Camping Resort 4* Orsera Camping Resort 3* Solaris Camping Resort 3* Baška Beach Camping Resort 4* Bunculuka Camping Resort 4* San Marino Camping Resort 4*
ADAC	Superplatz 2023 – 4 awards	Lanterna Premium Camping Resort Krk Premium Camping Resort Istra Premium Camping Resort Ježevac Premium Camping Resort
HolidayCheck	HolidayCheck Special Award 2023 – 3 awards	Marea Valamar Collection Suites Valamar Parentino Hotel 4* Valamar Girandella Maro Suites
National environmental award 2023	Green Prix – Category "Impact on society"	Valamar Riviera d.d.
EcoVadis	Sustainable business conduct - silver medal	Valamar Riviera d.d.
Bloomberg Adria	The best ESG rating in Croatia	Valamar Riviera d.d.
Poslovni dnevnik and Zagreb Stock Exchange	Investor relations	Valamar Riviera d.d.
PwC and Zagreb Stock Exchange	Building Public Trust Award	Valamar Riviera d.d.
SoMoBorac powered by Httpool	SoMo Global: Winner – „Valamar ongoing campaigns“	Valamar Riviera d.d. (SeekandHit Hrvatska)
	Special Mention by Httpool: Winner – „Valamar ongoing campaigns“	Valamar Riviera d.d. (SeekandHit Hrvatska)
ANWB	ANWB TOP 5* – 4 awards	Lanterna Premium Camping Resort Krk Premium Camping Resort Istra Premium Camping Resort Padova Premium Camping Resort

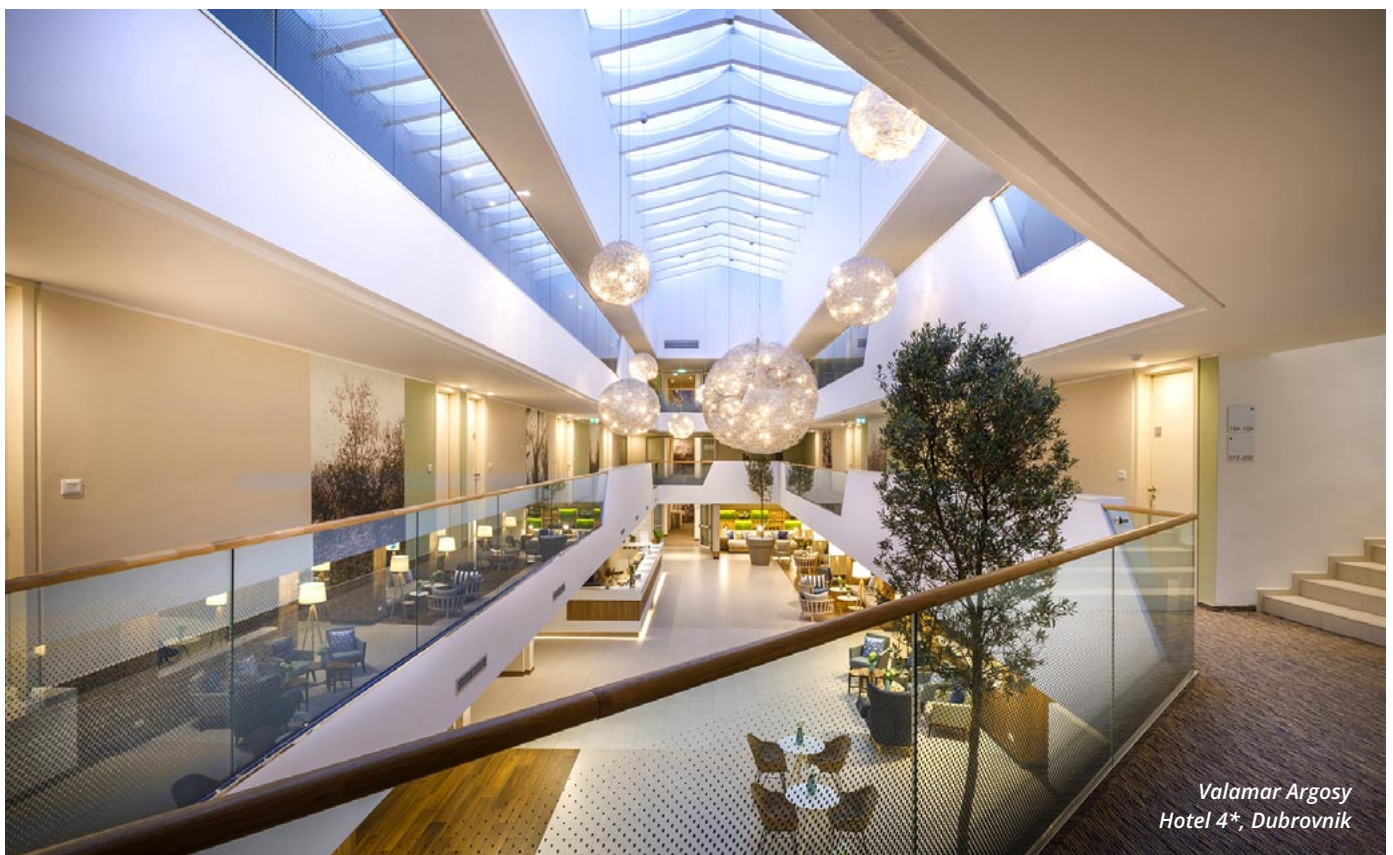
ConsumeLess Plus	ConsumeLess Med – 9 awards	Isabella Valamar Collection Island Resort Marea Valamar Collection Suites Valamar Diamant Hotel & Residence Valamar Parentino Hotel Valamar Riviera Hotel & Residence Valamar Tamaris Resort Girandella Valamar Collection Resort Valamar Bellevue Resort Valamar Sanfior Hotel & Casa
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FEE (Foundation for Environmental Education)	Blue Flag – 16 labels	Adria Beach, Lanterna Premium Camping Resort, Tar-Vabriga Crnika Beach, Lanterna Sunny Resort, Tar-Vabriga Galeb Beach, Solaris Camping Resort, Tar-Vabriga Borik Beach, Poreč-Parenzo Brulo Beach, Poreč-Parenzo Val Marea Sandy Beach, Marea Valamar Collection Suites, Poreč-Parenzo Maro Sandy-Sunrise Beach, Isabella Valamar Collection Island Resort, Poreč-Parenzo Istra Premium Camping Resort Beach, Funtana-Fontane Vala Beach, Orsera Camping Resort, Vrsar-Orsera Lanterna Beach, Valamar Sanfior Hotel, Rabac Girandella Beach, Rabac Ježevac Premium Camping Resort Beach, Krk Krk Premium Camping Resort Beach, Krk Val Padova Sandy Beach, Rab Dubrovnik President Valamar Collection Hotel Beach Cava Beach, Valamar Argosy Hotel, Dubrovnik
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TripAdvisor	Travelers' Choice 2023 – 17 awards	Valamar Diamant Hotel & Residence Valamar Parentino Hotel Valamar Riviera Hotel & Residence Isabella Valamar Collection Island Resort Marea Valamar Collection Suites Istra Premium Camping Resort Valamar Tamaris Resort Girandella Valamar Collection Resort Valamar Sanfior Hotel & Casa Valamar Bellevue Resort Valamar Padova Hotel Valamar Carolina Hotel & Villas HVAR [PLACESHOTEL] by Valamar Valamar Meteor Hotel Dubrovnik President Valamar Collection Hotel Valamar Lacroma Dubrovnik Hotel Valamar Argosy Hotel
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World Luxury Hotel Awards	Luxury Beach Hotel	Dubrovnik President Valamar Collection Hotel
	Luxury Island Resort	Isabella Valamar Collection Island Resort
	Luxury Family Hotel	Valamar Collection Marea Suitea
	Luxury Ski Hotel	Kesselspitze Valamar Collection Hotel
MojPosao	The most desirable employer in tourism and hospitality	Valamar Riviera d.d.
Hotel Innovation Award	Sustainability leader in Europe Top 3	Valamar Amocor Green Resort
World Travel Awards	Croatia's Leading Boutique Hotel	Valamar Riviera Hotel & Residence
	Croatia's Leading Hotel	Dubrovnik President Valamar Collection Hotel
Avtokampi.si Slovenski kamping web portal	Naj kamp Adria – First place in Large Campings in Istria category	Lanterna Premium Camping Resort
	Naj kamp Adria – First place in Mobile Homes category	Istra Premium Camping Resort
	Naj kamp Adria – Third place in Large Campings in Istria and Kvarner category	Ježevac Premium Camping Resort
Ministry of Economy and Sustainable Development	EU Ecolabel – 6 labels	Istra Premium Camping Resort Ježevac Premium Camping Resort Krk Premium Camping Resort Lanterna Premium Camping Resort Orsera Camping Resort Solaris Camping Resort
KUH- Croatian Camping Association	INOVA KAMP 2023 – for innovative children's animation concept	Histri Island Edutainment Park – Istra Premium Camping Resort
	INOVA KAMP 2023 – The best innovation	Inovativan koncept sanitarnog objekta Parenzana – Lanterna Premium Camping Resort
SGS Adriatica	ISO 9001	51 properties
	ISO 14001	51 properties
	HACCP Codex Alimentarius	39 properties
Quality Austria	ISO 50001	49 properties
	ISO 14064	49 properties
	ISO 45001	Istra Premium Camping Resort
	EN 14065	Valamar Laundry facility Poreč PRAONA d.o.o. Makarska

Travelife	Sustainable Hotel Certificate	28 properties
UPUHH	Sustainable Hotel	7 properties
	The best hotel director in 2023 with special award for service excellence	Belinda Lorraine Božanja director of the Valamar Argosy Hotel
Ecostars Ecological Hotel Rating	Sustainable hotel business certificate – 2 labels	Kesselspitze Valamar Collection Hotel Valamar Obertauern Hotel
Croatian Scout Association, Croatian Forests and HEARTH agency	Participation certificate in CO2M RENSATING BY PLANTING	Valamar Riviera d.d.
Days of Croatian Tourism – Tourism Flower	Finalist in category "Unique accommodation of the year"	Valamar Amicor Green Resort
	Camping of the year	Istra Premium Camping Resort
	Gastronomic experience of the year	Restaurant Spinnaker (Valamar Riviera Hotel & Residence)
	Employee of the year - animator	Lea Sačić (Lanterna Premium Camping Resort)
	Employee of the year - receptionist	Davor Bodetić (Valamar Parentino Hotel)



Valamar Argosy
Hotel 4*, Dubrovnik

CERTIFICATES, SAFETY AND SUSTAINABILITY STANDARDS 2023

SGS	HACCP	Valamar Diamant Hotel & Residence Crystal Sunny Hotel by Valamar Rubin Sunny Hotel by Valamar Isabella Valamar Collection Island Resort Marea Valamar Collection Suites Valamar Riviera Hotel & Residence Valamar Tamaris Resort Solaris Camping Resort by Valamar Valamar Sanfior Hotel & Casa Girandella Valamar Collection Resort Valamar Bellevue Resort Koralj Sunny Hotel by Valamar Valamar Parentino Hotel Valamar Lacroma Dubrovnik Hotel Dubrovnik President Valamar Collection Hotel Valamar Argosy Hotel Bunculuka Camping Resort by Valamar Marina Camping Resort by Valamar Padova Premium Camping Resort by Valamar Imperial Valamar Collection Hotel Valamar Carolina Hotel & Villas Eva Sunny Hotel & Residence Zvonimir Sunny Hotel by Valamar Valamar Atrium Baška Residence Corinthia Baška Sunny Hotel by Valamar Lanterna Premium Camping Resort by Valamar San Marino Sunny Camping Resort Valamar Meteor Hotel DALMACIJA [PLACESHOTEL] Rivijera Sunny Resort
	ISO 9001	98% properties in Valamar Riviera, Imperial Riviera and Helios Faros
	ISO 14001	98% properties in Valamar Riviera, Imperial Riviera and Helios Faros
	ISO 14064	Valamar Riviera and Imperial Riviera
Quality Austria	ISO 50001	Valamar Riviera and Imperial Riviera
	ISO 45001	Istra Premium Camping Resort by Valamar
	EN 14065	Valamar Laundry facility Poreč, PRAONA d.o.o.
Ministry of Tourism and Sport	Q Label	Valamar Lacroma Dubrovnik Hotel Valamar Riviera Hotel & Residence

Ministry of Economy and Sustainable Development	EU Ecolabel	Istra Premium Camping Resort by Valamar Orsera Camping Resort Ježevac Premium Camping Resort, Solaris Camping Resort Krk Premium Camping Resort, Lanterna Premium Camping Resort
Travelife	Sustainable Hotel Certificate	28 hotels in Valamar Riviera, Imperial Riviera and Helios Faros
Ecostars Ecological Hotel Rating	Certifikat održivog poslovanja hotela	Kesselspitze Valamar Collection Hotel Valamar Obertauern Hotel
Udruga „Lijepa Naša“ i FEE (Foundation for Environmental Education)	Blue Flag - International label for the sustainable management of sea and coastal zones	16 beaches



*Lanterna Premium
Camping Resort 4*, Poreč*

7 EU TAXONOMY 2023

**CONSOLIDATED PUBLICATIONS IN ACCORDANCE
WITH ARTICLE 8 TAXONOMY REGULATIONS**

INTRODUCTION

By adopting the European Green Plan, the European Union set a goal of energy neutrality (net-zero goal) until 2050. In connection with this, the European Commission has developed a comprehensive program of sustainable financing to ensure the fulfillment of the set goals. One of the key pillars for encouraging investments in sustainable projects is the EU Taxonomy Regulation (EU) 2020/852.

The EU Taxonomy Regulation (EU) 2020/852 establishes a framework to facilitate sustainable investments and sets out the overarching conditions that an economic activity must meet to be qualified as environmentally sustainable.

The Taxonomy Regulation requires undertakings to disclose the proportion of their activities that are taxonomy-eligible and taxonomy-aligned. An activity is considered Taxonomy-eligible if it makes a substantial contribution to at least one of the following environmental objectives defined by Article 9 of the Taxonomy Regulation:

- 1 Climate change mitigation
- 2 Climate change adaptation
- 3 Sustainable use and protection of water and marine resources
- 4 Transition to a circular economy
- 5 Pollution prevention and control
- 6 Protection and restoration of biodiversity and ecosystems

Taxonomy-aligned activities, on the other hand, must not only be eligible but also comply with additional criteria that classify them as environmentally sustainable:

- ▶ The activity must comply with the substantial contribution criteria established for each of the EU Taxonomy environmental objectives.
- ▶ The activity must not significantly harm any of the other EU Taxonomy environmental objectives.
- ▶ The activity must be carried out in compliance with the minimum safeguards, by ensuring alignment with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the United Nations (UN) Guiding Principles on Business and Human Rights. The activity should also be in compliance with the principles and rights set out in the eight fundamental conventions identified in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights

This year, the EU Taxonomy focuses on alignment with climate change issues (first two objectives), and eligibility for the other four environmental objectives.



*Club Dubrovnik Sunny
Hotel 3*, Dubrovnik*

BASIS OF PREPARATION

This report assesses the eligibility, and where applicable alignment, of Valamar’s economic activities for the 2023 financial year, based on the EU Taxonomy Regulation and its associated legislative acts (the Delegated Acts) described below, as well as any additional guidance released since their adoption:

- ▶ **The Climate Change Delegated Act** – Establishes the technical screening criteria (TSC) for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation (Annex 1) or climate change adaptation (Annex 2), and for determining whether that economic activity does no significant harm (DNSH) to any of the other environmental objectives.
- ▶ **The Disclosure Delegated Act** - Specifies the content and presentation of information to be disclosed, concerning environmentally sustainable economic activities, and specifies the methodology to perform that assessment.
- ▶ **The Complementary Climate Delegated Act** - Establishes the TSC and associated DNSH for the Annex 1 and Annex 2 objectives in relation to natural gas and nuclear energy activities.

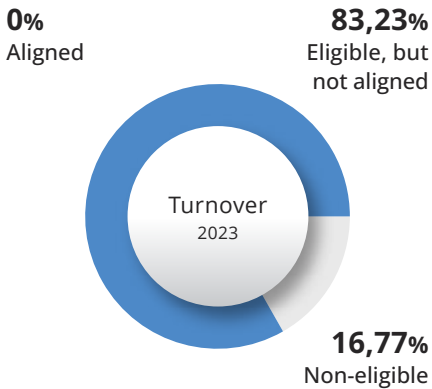
- ▶ **The Environmental Delegated Act and the amendments** - Establishes the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

The entire portfolio of the Valamar Group is included in the analysis of economic activities. By implementing four new environmental targets in line with Commission Delegated Regulation (EU) 2023/2486 and amendments to the existing targets, an increased coverage of business activities and Valamar’s taxonomic eligibility is expected. Furthermore, the Environmental Delegated Act has included Accommodation activities as EU Taxonomy-eligible activities, which represents a significant change from Valamar Riviera’s EU Taxonomy reporting over the past two years. From the financial year 2023, Valamar Riviera will be able to disclose a more significant portion of taxonomy-eligible turnover.

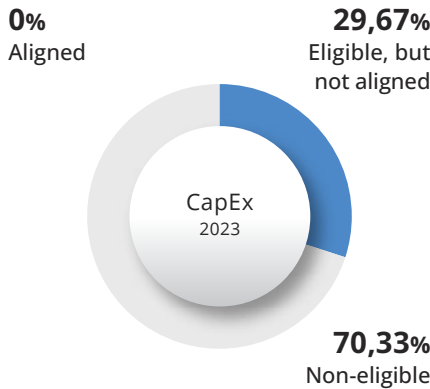
CONSOLIDATED DISCLOSURES PURSUANT TO ARTICLE 8 TAXONOMY REGULATION – OVERVIEW

For details and templates, see the chapter “Our accounting policies and KPIs” below.

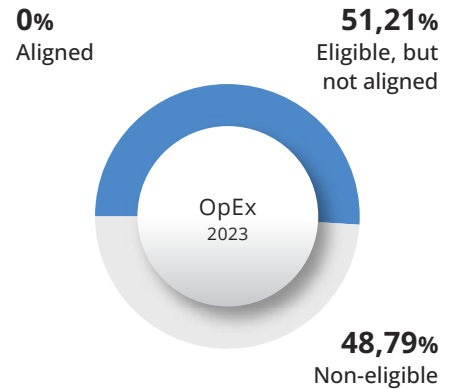
TURNOVER



CAPEX



OPEX



DEFINITIONS

Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (that is, the Climate Delegated Act and the Environmental Delegated Act), irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.

An economic activity is Taxonomy-aligned where it complies with the technical screening criteria as defined in the Climate Delegated Act and the Environmental Delegated Act* and it is carried out in

compliance with the minimum safeguards regarding human and consumer rights, anti-corruption and bribery, taxation, and fair competition. To meet the technical screening criteria, an economic activity contributes substantially to one or more environmental objectives while not doing significant harm to any of the other environmental objectives.

Taxonomy-non-eligible economic activity means any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation.

*For financial year 2023, it is required to report taxonomy eligibility for the additional activities described in the Environmental Delegated Act.

TAXONOMICALLY ELIGIBLE AND HARMONIZED ECONOMIC ACTIVITIES

Valamar Riviera generates most of the income in the Accommodation services sector which has been newly introduced by the Taxonomy.

Additionally, we recognized some portion of the income from the rents of our premises and buildings. Furthermore, we reviewed all economic activities that meet the requirements of the Taxonomies listed in the Climate Delegated Act and the Environmental Delegated Act based on expenditures and investments as a hotel group, and we recognized which expenditures can be harmonized with the so-called procurement of output (according to Commission

Delegated Regulation (EU) 2021/2178). In addition to income, activities from the following areas are eligible within our CapEx and OpEx: transportation, construction and real estate operations, and information and communications.

In 2023, taxonomically acceptable is: 83.23% of revenue, 29.67% of total CapEx and 51.21% of OpEx.

The table below indicates the environmental objective for which the activities qualify as eligible. The templates also provide a clear indication of which environmental objective is pursued by the respective activity.

TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES OF THE VALAMAR RIVIERA

ACCOMMODATION ACTIVITIES	ELIGIBLE ACTIVITY
2.1 Hotels, holidays, camping grounds and similar accommodation	BIO
TRANSPORT	ELIGIBLE ACTIVITY
6.4 Business with devices for personal mobility, bicycle logistics	CCM
6.5 Transportation by motorcycles, cars and commercial vehicles	CCM
6.11 Maritime and coastal passenger transport	CCM
6.13 Infrastructure for personal mobility, bicycle logistics	CCM
CONSTRUCTION ACTIVITIES AND REAL ESTATE BUSINESS	ELIGIBLE ACTIVITY
7.2 Renewal existing buildings	CCM, CE
7.3 Installation, maintenance and repair of equipment for energy efficiency	CCM
7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots connected to buildings)	CCM
7.6 Installation, maintenance and repair of technologies for energy from renewable sources	CCM
7.7 Purchase and Ownership of Buildings	CCM
4.16 Installation and operation of electric heat pumps	CCM, CCA
4.1 Electricity generation using solar photovoltaic technology	CCM, CCA
2.2 Production of alternative water resources for purposes other than human consumption	CE
2.5 Recovery of bio-waste by anaerobic digestion or composting	CE
INFORMATION AND COMMUNICATIONS	ELIGIBLE ACTIVITY
8.1 Data processing, hosting and related activities	CCM

ACTIVITY LABELS

CCM Climate Change Mitigation

WTR Water and Marine Resources

PPC Pollution Prevention and Control

CCA Climate Change Adaptation

CE Circular Economy

BIO Biodiversity and ecosystems

MINIMUM SAFEGUARDS

Minimum protective measures are the basis of harmonization with the EU Taxonomy, in accordance with Art. 18 of the Regulation. They include all procedures carried out to ensure that economic activities are carried out in accordance with:

- ▶ OECD guidelines for multinational enterprises (OECD MNE Guidelines);
- ▶ The UN Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights set forth in the eight core conventions identified in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work; and
- ▶ International Charter on Human Rights.

Minimum protective measures cover four topics; human rights (including labor and consumer rights), corruption and bribery, taxation and fair market competition. Given that there is still no clear guidance on how to comply with the Minimum Safeguards, we have

based our assessment on the "Final Report on Minimum Safeguards" published by the Sustainable Finance Platform in October 2022.

Although Valamar has been evaluating suppliers according to ESG criteria for many years, as we wrote, we have started a comprehensive supply chain management process. Furthermore, in 2022 and 2023, a supply chain analysis which included initial labor and human rights issues, environment, biodiversity, governance etc. in the ESG questionnaire was done), and in 2024, the implementation of the Supplier Code of Conduct is ongoing, which includes all four topics of minimum protective measures (protection of human and workers' rights, and prohibition of child labor, environmental protection, cooperation with local community, prohibited business practices).

Given that our goal is to have 80% of responsible supplier's value share who meet the criteria of sustainable business by 2026, in this way we will also ensure that this contributes to the EU Taxonomy Regulation alignment process.

OUR ACCOUNTING POLICIES AND KPIS

Key Performance Indicators ("KPIs") include Revenue KPIs (Turnover), Capital Investment KPIs (Capex) and Operating Expenditure KPIs (Opex).

To present the KPIs of the Taxonomy, we use the templates listed in Annex II of the Environmental Delegated Act. As the KPIs must include an assessment of Taxonomy compliance for the first two objectives, we present comparative compliance figures where appropriate

only for those objectives. Other objectives have the first year application, thus we cannot present comparative compliance figures.

Because we are not performing any of the activities related to natural gas and nuclear energy (activities 4.26-4.31), we are not using the dedicated templates introduced by the Complementary Delegated Act as regards activities in certain energy sectors.

Only capital expenditures and operational expenditures of "category c" can therefore be qualified as eligible for the Taxonomy, i.e. capital expenditures/operating expenditures related to the procurement of output from economic activities eligible for the Taxonomy and individual measures that enable the target activities (our negligible activities) become low-carbon or lead to a reduction of greenhouse gases (Section 1.1.2.2.(c) of Appendix I to the Delegated Act on Publications).

TURNOVER KPI

DEFINITION

The turnover KPI is defined as net turnover derived from Taxonomy-eligible and Taxonomy-aligned economic activities (numerator) divided by the net turnover (denominator).

The denominator of the turnover KPI is based on our consolidated net turnover recognised pursuant to paragraph 82(a) of IAS 1. For further details on our accounting policies regarding our consolidated net turnover, see page 115 of our Annual Report 2023.

RECONCILIATION

Our consolidated net turnover is aligned with our consolidated financial statements, please refer to the income statement on page 62 of our 2023 annual report. In order to make the report as transparent as possible, we did not accept or reconcile the turnover from activity 4.1 since it accounts for less than 0.01% of the total turnover of Valamar Riviera.

TURNOVER TEMPLATE FOR FINANCIAL YEAR 2023

Economic Activities	Code (a)	Turnover EUR mn	Proportion of Turnover, 2023 %	SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')						Minimum Safeguards Y/N	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, 2022 %	Category enabling activity E	Category transitional activity T
				Climate Change Mitigation Y; N; N/EL (b) (c)	Climate Change Adaptation Y; N; N/EL (b) (c)	Water Y; N; N/EL (b) (c)	Pollution Y; N; N/EL (b) (c)	Circular Economy Y; N; N/EL (b) (c)	Biodiversity %	Climate Change Mitigation Y/N	Climate Change Adaptation Y/N	Water Y/N	Pollution Y/N	Circular Economy Y/N	Biodiversity Y/N				
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
-		0.00	0.00%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.00%	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00%	-	-
Of which Enabling		0.00	0.00%																
Of which Transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	5.53	1.48%	EL	EL	N/EL	N/EL	N/EL	N/EL										1.67%
Hotels, holiday, camping grounds and similar accommodation	BIO 2.1	304.28	81.75%	N/EL	N/EL	N/EL	N/EL	N/EL	EL										0.00%
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		309.80	83.23%	1.48%	0.00%	0.00%	0.00%	0.00%	81.75%										1.67%
A Turnover of Taxonomy-eligible activities (A.1+A.2)		309.80	83.23%	1.48%	0.00%	0.00%	0.00%	0.00%	81.75%										1.67%
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
B Turnover of Taxonomy- non-eligible activities		62.41	16.77%																
TOTAL (A+B)		372.21	100.00%																

CAPEX KPI

DEFINITION

The CapEx KPI is defined as Taxonomy-eligible and Taxonomy-aligned CapEx (numerator) divided by our total CapEx (denominator).

Total CapEx consists of additions to tangible (IAS 16) and intangible fixed assets (IAS 38) including right-of-use assets (IFRS 16) during the financial year, before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. Additions resulting from business combinations are also included. Goodwill is not included in CapEx, because it is not defined as an intangible asset in accordance with IAS 38. For further details on our accounting policies regarding our CapEx, see pages 108, 109 and 111 of our Annual Report 2023.

We analyzed all types of capital investments that occurred in 2023 in compliance with the Taxonomy Regulation and were able to identify investments related to defined economic activities eligible for the Taxonomy on an individual basis. With this approach, we have tried to ensure that each capital amount is counted only once.

RECONCILIATION

Our total CapEx can be reconciled to our consolidated financial statements, see pages 142 to 146 and 167 to 169 of our Annual Report 2023.

They are the total of the following movement types (acquisition and production costs):

- ▶ additions and
- ▶ additions from business combinations

for intangible assets, right-of-use assets and property, plant and equipment.



Valamar Bellevue
Resort 4*, Rabac

OPEX KPI

DEFINITION

The OpEx KPI is defined as Taxonomy-eligible and Taxonomy-aligned OpEx (numerator) divided by total OpEx as defined by the EU Taxonomy (denominator).

Total OpEx consists of direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair. This includes:

- ▶ The volume of non-capitalised leases was determined in accordance with IFRS 16 and includes expenses for short-term leases and low-value leases (cf. pages 167 to 169 of our Annual Report 2023). Even though low-value leases are not explicitly mentioned in the Art. 8 Delegated Act, we have interpreted the legislation as to include these leases.
- ▶ Maintenance and repair of property, plant and equipment were determined based on the maintenance and repair costs allocated to our internal cost centers. The related cost items can be found in various line items in our income statement, including production costs (maintenance in operations), sales and distribution cost (maintenance logistics) and administration cost (such as maintenance of IT-systems). This also includes building renovation measures.

In general, this includes staff costs, costs for services, and material costs for daily servicing as well as for regular and unplanned maintenance and repair measures. These costs are directly allocated to our PP&E.

This does not include expenditures relating to the day-to-day operation of PP&E such as: raw materials, cost of employees operating the machinery, and electricity or fluids that are necessary to operate PP&E. Direct costs for training and other human resources adaptation needs are excluded from the denominator and the numerator. This is because Annex I to Art. 8 Delegated Act lists these costs only for the numerator, which does not allow a mathematically meaningful calculation of the Opex KPI.

By analyzing our operating costs, we were able to identify costs associated with defined activities that meet the requirements of the Taxonomy. With this approach, we have tried to ensure that each operating cost is counted only once.



Dubrovnik
President Valamar
Collection Hotel 5*,
Dubrovnik

ADDITIONAL TABLE

	PROPORTION OF TURNOVER/ TOTAL TURNOVER		PROPORTION OF CAPEX/ TOTAL CAPEX		PROPORTION OF OPEX/ TOTAL OPEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	%	1.48%	%	29.12%	%	51.19%
CCA	%	1.48%	%	29.12%	%	51.19%
WTR	%	%	%	%	%	%
CE	%	%	%	%	%	%
PPC	%	%	%	%	%	%
BIO	%	%	%	%	%	%

CCM: Climate Change Mitigation

CCA: Climate Change Adaptation

WTR: Water and Marine Resources

CE: Circular Economy

PPC: Pollution Prevention and Control

BIO: Biodiversity and ecosystems ekosustava

The Environmental Delegated Act introduced tables have the purpose of providing information if companies have activities which are eligible under multiple objectives. This way companies may show all their contributions because double counting is allowed within these new smaller tables, which is not allowed in the standard table (templates).





HVAR [PLACESHOTEL] 3*,
Hvar island

HR PSOR EXPERT COMMISSION'S OPINION ON VALAMAR RIVIERA'S REPORT FOR 2023

The latest Valamar Riviera's Integrated report for 2023 will be the last report made according to the Global Reporting Initiative (GRI). Once again, it combines the company's financial report and the effect on an array of sustainability topics. It provides an overview of Valamar's material impacts in 2023 on economic, environmental, and social topics, with an emphasis on environmental impacts. We confirm that the report complies with the requirements of the GRI Standard and the still valid Directive on non-financial reporting.

The report comprehensively describes the processes by which the company manages its material impacts and issues. The determination of material impacts is based on a dialogue with stakeholders who are recognized as an important factor in the definition and implementation of the sustainability strategy. Stakeholders' opinions are included in assessing the materiality of topics and indicators on which Valamar's Sustainability Strategy is based. Valamar confirms strategic management of impacts by adopting the Quality and Sustainable Business Policy, which commits to responsible business towards employees and local communities, preservation of the environment and biodiversity, pollution prevention, etc.

Valamar's Sustainability Strategy is based on 6 strategic initiatives, 10 materiality factors, and 12 sustainability (ESG) goals. The report contains information on the sustainability strategy, and we expect that monitoring the end goals and KPIs related to their achievement will continue to be appropriately performed in accordance with the new ESRS.

Considerable efforts are visible in further decarbonizing Scope 1 and 2 greenhouse gas emissions - by 72% until 2023, with a plan to achieve 75% by 2026. The greenhouse gas report has been certified according to ISO 14064-3:2019, which increases consistency and data verifiability. A positive step forward in the next report would be to present an emissions reduction plan that includes Scope 3 emissions.

Other important contributions to managing environmental impacts that stand out are segregated biodegradable waste collection in hotels and campsites, investment in energy efficiency, procurement of heat pumps for heating and cooling facilities, and LED lighting. We want to single out cooperation with the WWF Adria organization to create goals for the sustainable use of marine resources to ensure sustainable procurement and reduce negative impacts on endangered species and ecosystems of the Adriatic Sea.

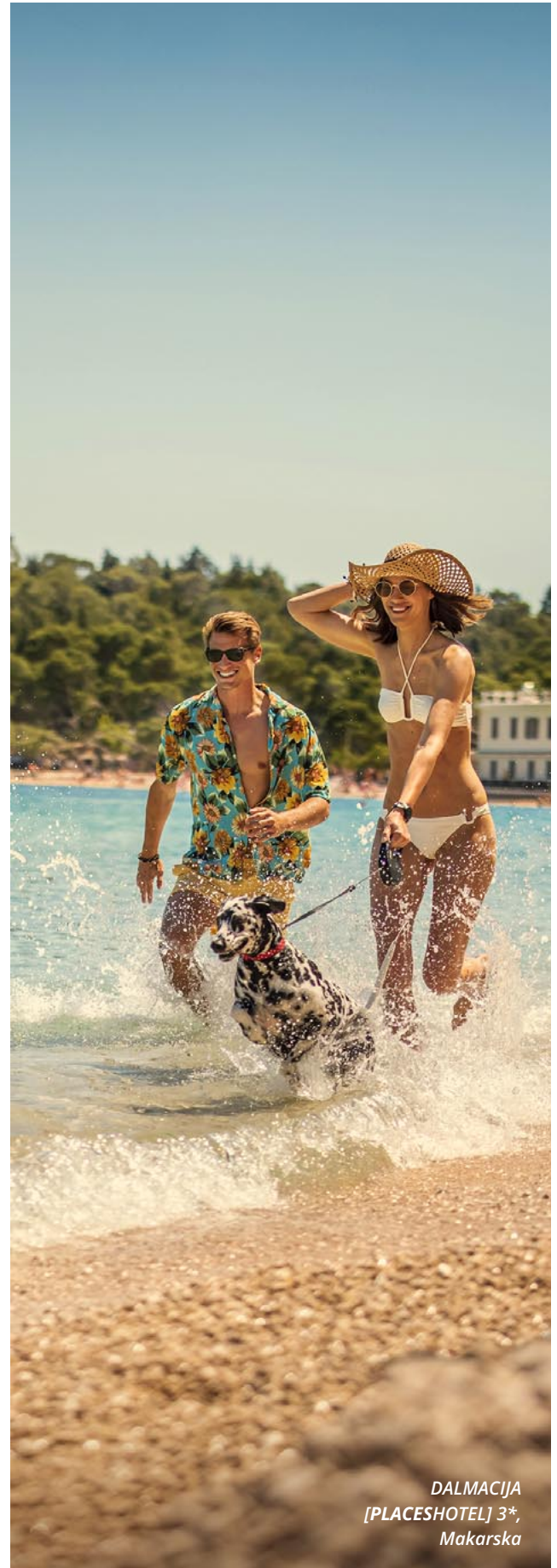
The contribution to social impacts is manifested in the efforts made to protect workers' rights, dignity, and satisfaction, especially through the "Valamar + 3" program, in which permanent seasonal workers' conditions are maximally equalized with the conditions for permanent employees. By investing in the improving working conditions, Valamar manages to achieve its goals in the share of the domestic workforce. The initiative to educate employees on diversity, gender equality, inclusiveness, and an appropriate approach to people with disabilities is commendable. Also, the company recognized the importance of training managers on awareness of diversity in generations since four generations work together in Valamar. The entire report related to employees and the workforce is

highly detailed, complete with clearly presented information and easy to understand.

Recognizing its impacts through the supply chain, Valamar also has a Code of Conduct for suppliers that sets basic guidelines for responsible and ethical business. A measurable goal has been set - in 2024, 40% of the selected suppliers meet the standards of responsible business, while the goal for 2025 is as high as 80%. In this context, the particular focus is on local food suppliers who, due to the short supply and transport chain, meet sustainability criteria much more easily.

Even though the report contains an ample of positive data and very ambitious sustainability goals, which Valamar has been working to achieve yearly, it is certainly important to show three-year trends in certain indicators in the future, e.g., in the case of work-related injuries.

Since this is Valamar's last report prepared according to the GRI methodology and next year the report will follow the guidelines of the European standards for sustainability reporting, we believe that the data in future reports will be structured and positioned in accordance with the ESRS. This will bring additional clarity and readability to the information presented. Regardless of the challenges facing Valamar in sustainability reporting, we assess this report as a high-quality and excellent basis for moving to a new level of reporting that follows.



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GRI INDEX

GRI	PUBLICATION	CHAPTER / TOPIC	PAGES	OMITTED INFORMATION AND EXPLANATION
Valamar Statement on the application of GRI standards: Valamar Riviera reported applying GRI Standards for the period from 1 January to 31 December 2023. The top management body is responsible for reviewing and approving the published information including material topics on organization according to Publication 2-14 in GRI 2: General Publication 2021.				
USED GRI 1: BASICS 2021, GRI 2: GENERAL PUBLICATIONS AND APPLICABLE GRI SECTOR STANDARDS				
GRI 2: GENERAL PUBLICATIONS 2021				
GRI 2-1	Information on the organization	About Valamar Riviera	8	
GRI 2-2	Parts of the organization included in sustainable business report	About this Integrated annual report and sustainability 2023	6	
GRI 2-3	Reporting period, reporting frequency and contact information	About this Integrated annual report and sustainability 2023	6	
GRI 2-4	Repeated statement on information			<i>There were no repeated publications nor information modifications from previous reporting periods</i>
GRI 2-5	External validation	HR PSOR expert commission's opinion on Valamar Riviera's report for 2023	136, 137	
GRI 2-6	Activities, value chain and other business relations	About Valamar Riviera	8, 10 – 13	
GRI 2-7	Employees	Impact on society: employees and organization	64	
GRI 2-8	Workers who are not employees	Impact on society: employees and organization	69	
GRI 2-9	Management structure	Corporate governance	92	
GRI 2-10	Appointment and election of the highest governing body	Corporate governance	94, 104, 105	
GRI 2-11	President of highest governing body	Corporate governance	99, 104	
GRI 2-12	The role of the highest governing body in monitoring impact management	Corporate governance	94, 104	
GRI 2-13	Assigning responsibility for impact management	Corporate governance	99, 104	
GRI 2-14	The role of the highest governing body in sustainability reporting	Message from the CEO, Message from the Chairman	2, 3	
GRI 2-15	Conflict of interest	Corporate governance	105	
GRI 2-16	Communication of issues of particular concern	Corporate governance	106	
GRI 2-17	Collective knowledge of the highest governing body	Corporate governance	104, 105	
GRI 2-18	Performance evaluation of highest governing body	Corporate governance	106	
GRI 2-19	Award program	Corporate governance	106	
GRI 2-20	Process of determining compensation	Corporate governance	106	
GRI 2-21	Total annual compensation ratio	Corporate governance	106	
GRI 2-22	Statement on sustainable development strategy	Valamar ESG strategy 2026/Corporate governance	36, 107	
GRI 2-23	Corporate policy obligations	Corporate governance	109 – 111	
GRI 2-24	Applying corporate policy obligations	Corporate governance	107	
GRI 2-25	Processes of remediating negative impacts	Corporate governance	107	
GRI 2-26	Mechanisms for seeking advice and voicing concerns	Corporate governance	107	
GRI 2-27	Compliance with laws and regulations	Corporate governance	107	
GRI 2-28	Membership in associations	Key stakeholders and material aspects	30, 31	
GRI 2-29	A stakeholder involvement approach	Key stakeholders and material aspects	28, 30, 31, 34	
GRI 2-30	Collective agreements	Impact on society: employees and organization	65	

GRI	PUBLICATION	CHAPTER / TOPIC	PAGES	OMITTED INFORMATION AND EXPLANATION
GRI 3 MATERIAL TOPICS 2021				
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GRI 3-2	List of material topics	Key stakeholders and material aspects	35	
GRI 3-3	Management of material topics	Impact of society/Environmental impact/Corporate governance	64, 78, 108	
THEMATIC STANDARDS				
GRI 201: ECONOMIC EFFECT 2016.				
GRI 201-1	Directly created and distributed economic value	Key stakeholders and material aspects	33	
GRI 201-2	Financial consequences and other risks and opportunities related to climate change	Corporate governance	116	
GRI 202: MARKET PRESENCE 2016				
GRI 202-1	Standard starting wage by gender and local minimum wage ratio	Impact on society: employees and organization	72	
GRI 202-2	Proportion of senior management employed from the local community	Impact on society: employees and organization	94	
GRI 203: INDIRECT ECONOMIC IMPACT 2016				
GRI 203-1	Subsidized investments in infrastructure and services	Reports: Innovations in 2023/ Impact on society: Valamar in the community 2023	39, 40, 42, 62, 63, 75 – 77	
GRI 203-2	Significant indirect economic impact	Reports: Innovations in 2023/ Impact on society: Valamar in the community 2023	62, 63, 75 – 77	
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GRI 204-1	Proportion of expenses on local suppliers	Environmental impact: Valamar suppliers and partners	85 – 87	
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GRI 205-3	Confirmed cases of corruption and measures taken	Corporate governance	106, 107	
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GRI 303- 4	Emissions	Environmental impact	82	
GRI 303 -5	Water consumption	Environmental impact	82	
GRI 304: BIODIVERSITY 2016 ENVIRONMENTAL IMPACT				
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GRI	PUBLICATION	CHAPTER / TOPIC	PAGES	OMITTED INFORMATION AND EXPLANATION
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GRI 305-2	Indirect energy GHG emissions (Scope 2)	Environmental impact	90, 91	
GRI 305-3	Other indirect GHG emissions (Scope 3)	Environmental impact	91	
GRI 305-4	GHG emissions intensity	Environmental impact	88, 91	
GRI 305-5	Reduction of GHG emissions	Environmental impact	88	
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GRI 306-2	Waste by type and disposal method	Environmental impact	83	
GRI 306-3	Total amount of waste	Environmental impact	83	
GRI 306-5	Waste directed to landfills	Environmental impact	83	
GRI 308: ASSESSMENT OF SUPPLIERS IN TERMS OF ENVIRONMENTAL IMPACT 2016				
GRI 308-1	New suppliers that have been verified using environmental impact criteria	Environmental impact		<i>Information incomplete, supply chain analysis with defined key goals until 2026 is underway.</i>
GRI 308-2	Supply chain negative impacts on the environment and measures taken	Environmental impact		<i>Information incomplete, supply chain analysis with defined key goals until 2026 is underway.</i>
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GRI 403-1	Workplace health and safety management system	Impact on society	74	
GRI 403-2	Hazard identification, risk assessment and accident investigation	Impact on society	74	
GRI 403-4	Health and safety issues covered by formal agreements with trade unions	Impact on society	74	
GRI 403-9	Occupational injuries	Impact on society	74	
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GRI 404-1	Average annual number of training hours per employee	Impact on society	70	
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DISCLAIMER

This report may contain certain expectations made on the basis of facts, knowledge and circumstances currently available, as well as estimates in this regard. Our expectations are based including, but not limited to, a) the results achieved in 2023; b) the realized operating income as of 25 February 2024; c) the current state of bookings; d) the forecast of operating results by the end of 2024; e) the absence of additional significant negative consequences of the risks to which the Company and the Group are exposed.

Expectations statements are based on currently available information, current assumptions, and expectations and projections of future events. Expectations are not a guarantee of future results and are subject to future events, risks and uncertainties, many of which are out of control or currently unknown to Valamar Riviera, as well as potentially inaccurate assumptions on the basis of which actual results could differ materially from previously stated expectations and forecasts. Risks and uncertainties include, but are not limited to, those described in the "Company and Group Risks" section. Material differences from given expectations may result from changes in circumstances, unrealised assumptions and other risks, uncertainties and factors, including but not limited to:

- ▶ macroeconomic developments in the Republic of Croatia and in the emitting markets, which include changes in the exchange rate and price of goods and services, deflation and inflation, unemployment, trends in gross domestic product and industrial production and other developments that directly and indirectly affect the purchasing power of Valamar Riviera guests;
- ▶ economic, security and political conditions and movements and events in the capital markets in the Republic of Croatia and the source markets of Valamar Riviera;
- ▶ the level of consumption and disposable income of guests and the trust and satisfaction of guests with the products and services of Valamar Riviera;
- ▶ movement of the number of nights, booking trend and movement of average sales prices of accommodation units in Valamar Riviera properties;
- ▶ changes in market interest rates, changes in the price of equity securities and other financial risks to which Valamar Riviera is exposed;
- ▶ the availability and cost of labour and the costs of transport, energy, utility costs, selling prices of fuel and other goods and services, as well as disruptions in the supply chain;

- ▶ changes in accounting policies and findings of the audit of financial statements, as well as findings of tax and other business supervision;
- ▶ The outcomes and costs of legal proceedings to which Valamar Riviera is a party;
- ▶ loss of competitiveness and reduced demand for products and services of Croatian tourism and Valamar Riviera under the influence of weather conditions and seasonal trends;
- ▶ reliability of IT business solutions and cyber security of Valamar Riviera business and related costs;
- ▶ changes in tax and other regulations and laws, trade restrictions and customs rates;
- ▶ natural disasters, environmental risks, epidemics and pandemics of diseases;
- ▶ regional and global geopolitical uncertainties and war conflicts.

In the event of material changes to the stated expectations, Valamar Riviera shall, in accordance with Article 459 Of the Capital Market Act, inform the public without delay. Expectations expressed do not constitute an inducement to buy, sell or retain shares in Valamar Riviera.



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