Annual Report 2024

VALAMAR

Holiday
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are

Content

MANAGEMENT REPORT

ANNUAL FINANCIAL STATEMENTS

Management Report

CONTENT

Chairman letter

Franz Lanschützer, Ph.D.
Supervisory Board
Chairman

I am very pleased to present Valamar Riviera's Annual Report for 2024 to our stakeholders and reflect on another successful year for the company. This year's annual report combines our business report with the wider framework of the Corporate Sustainability Reporting Directive which has become obligatory for large companies as of 2024. It therefore reflects an integrated and unified view of our business and sustainability results and achievements, including indicators prescribed by the EU Taxonomy Regulation.

With sharp awareness of high levels of economic and political uncertainty in the global context, Valamar has continued to invest, grow and achieve key strategic goals thus further strengthening our commitment to sustainable tourism development. Our mission statement reflects this commitment by aiming to create holidays which are good for our guests, destinations, employees and the environment while at the same time creating value for our stakeholders and partners. These principles are a foundation on which we are building Valamar as a leading hospitality company on the Adriatic and in the Alps.

Tourism in Croatia is at a crossroads. There is a growing sense of urgency and awareness that we need change, smart investments and new growth paths to make sure that tourism remains sustainable for future generations. Valamar made many important steps this year towards a successful and sustainable future. We defined a new strategy and very clear strategic goals until 2026. We plan to invest 450 million euros in upscaling our portfolio from 2022 until 2026. Valamar thus remains the largest investor in Croatian tourism, with more than EUR 1 billion invested in the last twenty years, creating long-term value through continuous investments in hotels and resorts, quality, employees, local community, and destinations.

Our two biggest investment projects worth 250 million euros in two new Valamar Collection resorts, Pical and Arba, are progressing as planned. Hotel Arba on the island of Rab is opening under the Valamar Collection brand in just a few months, and hotel Pical, the biggest investment in Valamar's history and in Croatian tourism is due to open in the first quarter of 2026.

We launched a new branding strategy to communicate better who we are and what our hotels and resorts stand for. We also launched a new valamar.com website, which is easily one of the most successful hospitality booking platforms in our industry. Dubrovnik fully recovered from the crisis last year and came back as a very strong and desirable destination. We achieved excellent growth, especially outside the main season. Guests loved their holidays with us giving us the best satisfaction results ever.

After twenty years of lobbying, we now have in place a reasonable execution decree for making tourist land and maritime borders operational. The new legal framework for regulating tourist land and maritime domain represents a significant improvement of the rule of law. More importantly, it lays the groundwork for expediting investments and growth in the tourism sector in the next decade.

For years Valamar has been investing heavily in people, in employees and in management, and we continued to do so in 2024, and we will continue in 2025. As the labour market becomes more and more challenging, our reputation as the best employer in tourism has become a key competitive advantage. Valamar has maintained a very high ratio of domestic employees by focusing on excellent working conditions, attractive careers in tourism and continuous education. All that we have achieved was accomplished by our people who continue to strive for excellence across the business, and especially in service quality and guest satisfaction. This is precisely why we continuously invest in employees, and our corporate culture continues to result in high employee satisfaction.

As presented in this report, Valamar's achievements in ESG continue to be strong. Despite a rise in energy costs, Valamar sourced 100% of electricity in 2024 from renewable sources and continued to invest in solar energy. We also continued to care about natural resources in our destinations, including further investments in saving water, buying local food and implementing green building practices in our investment projects. We are especially proud that 80% of our suppliers have also followed in our footsteps and have committed to implementing sustainable business practices. In 2024 Valamar continued to work with WWF Adria to motivate sustainable fishing in the Adriatic by creating a strategic partnership with a fisherman cooperative on Vis island. Valamar has been repeatedly recognized by national and international institutions as a leader in sustainable practices across our initiatives.

Finally, I would like to once again thank the Valamar shareholders, Management Board, Supervisory Board, management, and the employees for their hard work and commitment which have been a key driver of our achievements over the years. We look forward to the future and growing Valamar into a leading hospitality company in Europe.

Letter from the CEO

The past year marked the first phase of implementing Valamar's strategic plan, in which we successfully achieved all our objectives: double-digit business growth, the launch of investments in the Pical Hotel in Poreč and the Arba Hotel on Rab, maintaining our position as the most desirable employer in tourism, the completion of investments in Obertauern, the finalisation of a new product and brand system, the launch of new websites, and further enhancement of our direct sales system. Valamar also received numerous awards and accolades for sustainable tourism development, affirming its position as a regional leader in this field.

Željko Kukurin, Ph.D.
CEO of the Management
Board of Valamar Riviera d.d.

At the beginning of the year, Valamar introduced its sustainable business development strategy for 2026, outlining planned investments worth EUR 450 million, with the goal of reaching EUR 150 million in operating profit by 2026 and achieving double-digit growth in the company's fundamental value, exceeding EUR 1 billion. The targeted dividend yield for shareholders stands at 4%. The focus remains on investments aimed at enhancing portfolio quality and preparing projects for the next investment cycle, which holds the potential for over EUR 1 billion in further investments. Valamar is committed to maintaining its position as the best employer in tourism, providing more than 50% of jobs with year-round income and ensuring that at least 70% of its workforce consists of local employees. Strategic sales initiatives will continue to prioritise the advancement of direct sales and the expansion of business beyond the peak summer tourist season.

In 2024, operating income grew by 12%, reaching EUR 417 million, while operating profit (adjusted EBITDA) rose by 10% to EUR 121 million. Once again, the best results were recorded in the premium hotel and camping segments, with all Valamar destinations delivering strong performance. Dubrovnik's business volume recovered to pre-pandemic levels, and last year's investments in three hotels and Maro World – Croatia's largest children's entertainment complex – proved successful, particularly in significantly increasing the family tourism segment in Dubrovnik. Direct sales reached EUR 211 million, accounting for 64% of total sales revenue, positioning Valamar as one of Croatia's leading tourism operators and a Mediterranean leader in direct sales share. The newly implemented website system and digitalisation of the reservations centre have already yielded excellent results in their first year and will play a key role in future sales growth.

Human resource management, employment, and labour costs will remain the greatest challenges for tourism in the coming years. At the height of the season, we employed 8,300 staff members, while salaries and benefits increased by EUR 20 million, marking a 16% rise compared to the previous year. A particular focus was placed on improving working conditions, training programmes, and employee reward initiatives to retain domestic employees and seasonal returnees. Valamar was once again recognised as the most desirable employer in tourism and hospitality in 2024, maintaining its position for the eighth consecutive year as the only tourism company on the list of Croatia's 20 best employers.

At the beginning of last year, after a four-year pause, we resumed work on the most significant project in Croatian tourism – the construction of the Pical 5* Hotel. This EUR 200 million investment exemplifies sustainable tourism development and will be a key driver of business growth in the coming years. The Pical Hotel will offer high-quality, year-round tourism, create over 700 new jobs, and contribute to an improved quality of life for residents of Poreč. Construction is progressing well, with recruitment and operational preparations underway, and the hotel's opening is scheduled for the first quarter of 2026. Last year, we also began construction on the Arba 4* Hotel on Rab, which is set to open in the summer of 2025. This EUR 54 million investment will reposition Rab as a destinati on for high-quality family tourism.

In 2024, we completed investments in Obertauern and established a management model for further internationalisation and business expansion into winter destinations in the Alps. Expanding into winter tourism brings multiple synergies, and we are particularly pleased that more than 160 employees now have year-round jobs, working on the Adriatic during summer and in Obertauern during winter.

It was also a strong year for our shareholders. In May 2024, we paid a dividend of EUR 0.22 per share, representing a dividend yield of 4.7%. Additionally, our share price increased by 11% over the past year, bringing market value closer to the company's fundamental value.

EcoVadis, the global agency for sustainability ratings, awarded Valamar a high silver ESG rating, reaffirming our success in decarbonisation, sustainable practices, corporate social responsibility, and governance, as well as the effectiveness of our sustainable tourism-oriented business model. Valamar will continue investing in sustainable tourism and corporate social responsibility, with a focus on improving the quality of life in the local communities where it operates.

Finally, I would like to emphasise that sustainable business growth is only possible when we create value for our guests, destinations, employees, shareholders, and partners. Sustainable growth will remain our priority as we embark on this new development cycle, guided by our 2026 Strategy.

Group profile

About Valamar

Valamar is a leader in Croatian tourism and operates in first-class destinations – in Istria, on the islands of Krk, Rab and Hvar, in Makarska and Dubrovnik, and in Obertauern in Austria.

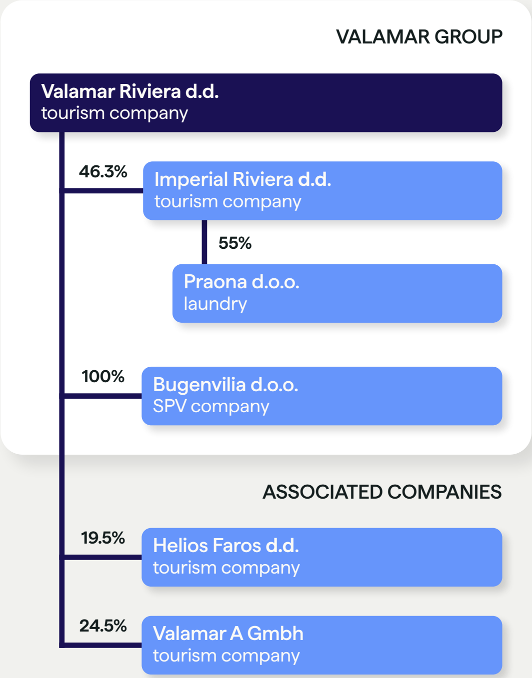
Valamar's 36 hotels and resorts and 15 camping resorts have a capacity of around 21 thousand accommodation units and can accommodate around 58 thousand guests per day.

With total investments of over a billion euros in the last 21 years, Valamar has grown into one of the leading regional investors. It is the largest and most desirable employer in tourism in Croatia.

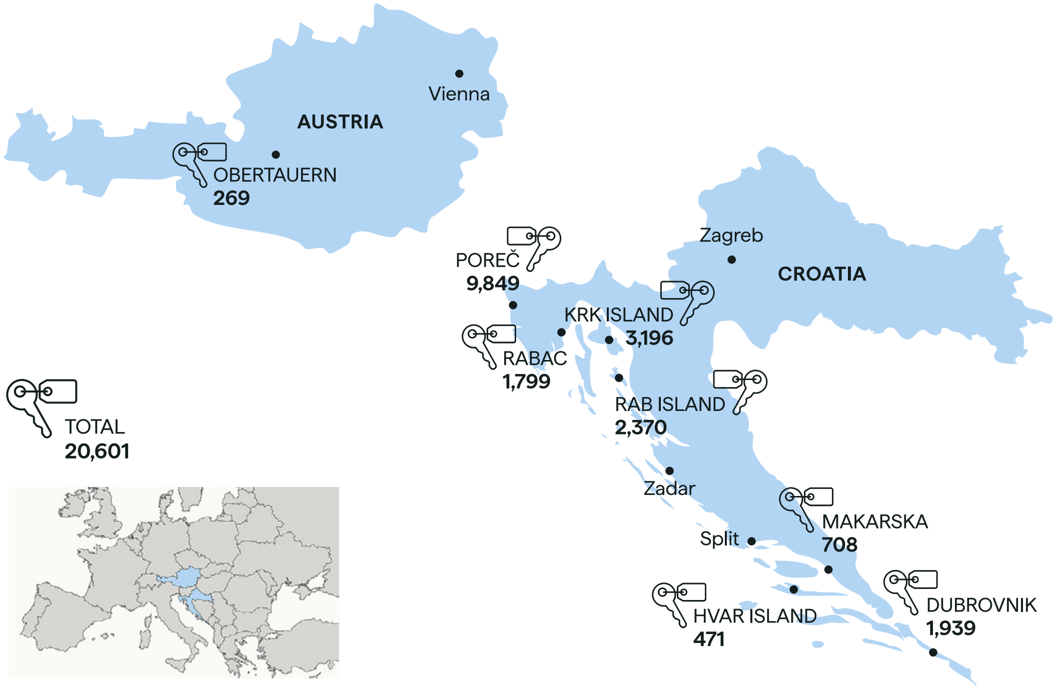
The Valamar Riviera Group (the "Group" or "Valamar Group") consists of Valamar Riviera d.d. (the "Company") and two fully consolidated subsidiaries: Imperial Riviera d.d., Rab, (46.27% ownership) and Bugenvilla d.o.o., Dubrovnik, (100%). Imperial Riviera holds a 55% stake and consolidates Praona d.o.o., Makarska, a company engaged in the laundry services business.

Valamar Riviera has ownership shares in companies ("Associated companies"): Helios Faros d.d., Stari Grad (19.54%) and Valamar A GmbH, Vienna, Austria (24.54%). Valamar Group and its affiliated companies are collectively referred to as "Valamar".

VALAMAR



TOURISM PORFOLIO OF VALAMAR

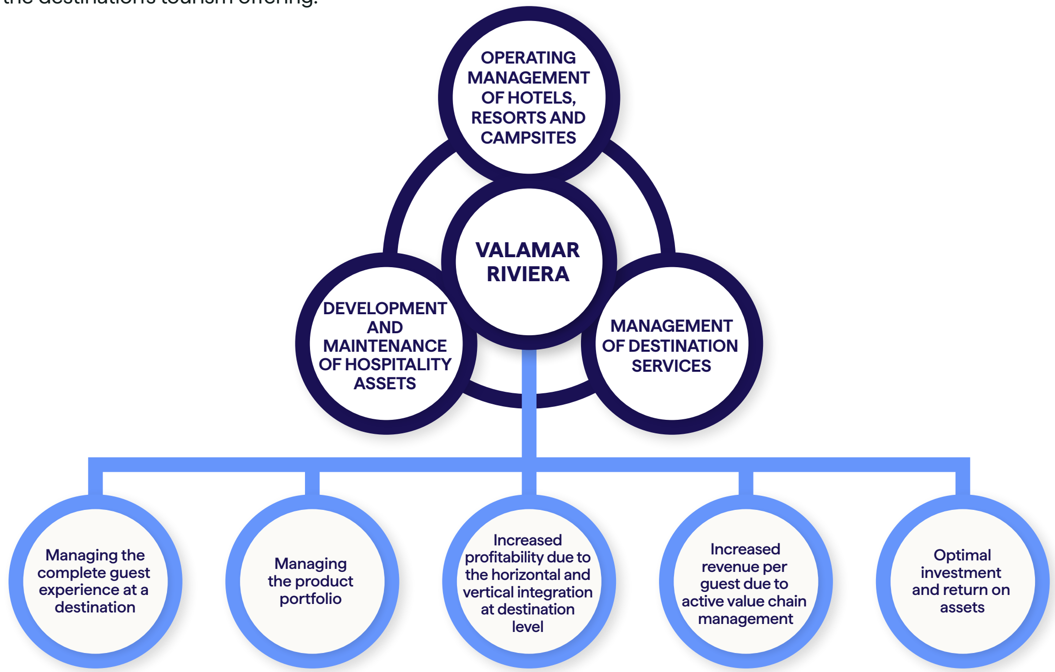


The Company's Business Model and Key Intangible Resources

VALAMAR RIVIERA BUSINESS MODEL

Valamar Riviera is committed to delivering a comprehensive tourist experience for its guests. This encompasses the development and maintenance of tourism assets, the operational management of hotels, resorts, and campsites, as well as the continuous enhancement of the destination's tourism offering.

By managing the entire destination value chain, maintaining operational excellence, and fostering strong partnerships with destinations, the Company ensures a high standard of service quality, optimises business performance, and ultimately delivers strong returns on investment.



KEY INTANGIBLE RESOURCES

Valamar is a leader in the tourism industry in Croatia, building its competitive advantage through strong intangible resources. By investing in people, innovations, sustainability, and digitalisation, it ensures continuous growth, development, and the highest level of guest satisfaction through service quality. In 2024, the key intangible resources are covered through:

1 Brand and Reputation

Valamar is one of the most renowned tourism brands in the region, enjoying an exceptionally positive reputation in Croatia and on the main emissive markets. It is synonymous with high-quality service, authenticity, and innovation in tourism. Valamar's reputation is built on a long-standing tradition and strategic investments, as evidenced by numerous industry awards and recognitions. In Croatia, Valamar is recognised as a leader in sustainable tourism development, the most desirable employer in the tourism sector, a reliable partner to suppliers and the local community, an attractive stock for long-term investors, and a driving force behind socially responsible initiatives that benefit the wider community.

2 Human Resources

Valamar continuously strives to create the best working conditions in the tourism sector, offering competitive, year-round remuneration. It fosters a motivating work environment that includes ongoing training, career development opportunities in tourism, and support for employees in organising their lives within the destinations. Valamar Riviera d.d. has been recognised as the most desirable employer in the tourism and hospitality sector in 2024 and, for the eighth consecutive year, remains the only tourism company ranked among the top 20 employers in Croatia. Thanks to the human resources strategy, Valamar maintains a high level of satisfaction with its corporate climate and culture, conducting annual employee satisfaction surveys. Particular emphasis is placed on retaining local employees, who accounted for 78% of the workforce in 2024. Additionally, a high return rate of seasonal workers was recorded, with 53% choosing to return to work at Valamar.

3 Stakeholder and Partner Relations

Valamar fosters long-term relationships and two-way communication with key stakeholders. Collaboration with the destinations in which it operates contributes to the development of the local economy and establishes partnerships with global partners thus enhancing international recognition and competitiveness.

4 Innovation and Digital Transformation

Valamar is a leader in tourism innovation, investing in numerous projects aimed at enhancing guest satisfaction and optimising business processes. Over the years, digitalisation has streamlined numerous internal processes, including recruitment and employee training. Additionally, a range of innovative solutions has enhanced service quality and positively impacted guest satisfaction, such as online booking options, digital check-in/check-out, new loyalty card functionalities, and various other features. Valamar has also developed its own online retail platform, Valfresco Direkt, which has since expanded into physical retail outlets under the Valfresco Market brand. In 2024, a fully digitalised ordering system was implemented in these stores, integrating real-time inventory tracking with external monitoring systems. Among digital projects in 2024, Valamar has made significant advancements with the launch of new commercial websites (valamar.com) and a series of innovations within the new brand strategy and service concepts. Prominent among these are:

- Smart hotel systems that provide guests with a personalized experience,
- Digital concierge services (Valamar Experience Concierge) for faster and more efficient communication,
- Online booking platforms and AI-driven analytics for a deeper understanding of guest needs.

Direct sales represent the most profitable sales channel and are essential for guest retention at Valamar. Continuous investment in this segment has resulted in direct sales revenue of EUR 211 million, accounting for 64% of total board revenue in 2024.

5 Sustainability and Corporate Social Responsibility

Investing in social impact and supporting the local community are key components of sustainable tourism. Valamar allocates between 3% and 5% of its annual revenue to corporate social responsibility programmes, which include:

- Promoting healthy nutrition in schools through the “Valamar brine za marende fine” (“Valamar Cares for Healthy School Lunches”) initiative, organising summer camps from children, improving working conditions in kindergartens, providing support and donations to local sports clubs and associations,
- Providing support to various socially responsible initiatives, as well as cultural and sporting events in destinations,
- Maintaining and enhancing public tourism infrastructure, such as beaches, promenades, playgrounds, and cycling trails,
- Supporting local producers by sourcing domestic products, resulting in a high share of locally sourced food and beverages in Valamar’s offerings, which stand at 78%.

6 Guest Experience and Loyalty

Valamar continuously enhances the guest experience through:

- A diverse offering – ranging from Valamar Collection hotels to family resorts and premium camping resorts,
- Personalised services based on guest preferences and feedback,
- Loyalty programmes that reward returning guests with exclusive benefits.

In 2024, returning guests accounted for a significant 29% of Valamar’s total visitors. One of the ways Valamar creates added value for returning guests is through the Valamar Rewards loyalty programme. The total number of guests in Valamar’s active marketing database has exceeded 1.3 million, with 656 thousand loyalty members. In 2024 alone, 98 thousand new members joined the loyalty programme.

7 Organisational Culture and Values

Valamar fosters a corporate culture centred on people, innovation, and sustainable development. Core values include:

- Good for our guests: Every guest is unique, and our goal is to create an exceptional experience that makes them feel welcome and valued.
- Good for our employees: Our employees are the foundation of our business. We provide support, opportunities for development, and an inspiring work environment.
- Good for destinations: We are dedicated to sustainability, responsible resource management, and supporting local communities.
- Good for our investors: We create value through outstanding returns on investment and sustainable dividends.

8 Legal and Regulatory Know-How

Valamar’s corporate governance model comprises a set of regulations, rules, policies, protocols, processes, and procedures based on the principles of transparency and best corporate governance practices. Valamar’s senior management is responsible for overseeing key functional business areas and activities. Their role includes cross-functional management and leadership, implementing corporate strategy, and providing executive support to the Management Board. Valamar’s legal experts and strategic teams play a crucial role in ensuring business transparency and compliance with relevant regulations. Through their expertise and proactive approach, they safeguard the company’s stability and long-term sustainability.

The combination of a strong brand, premium service, digital innovations, and sustainable business practices enables Valamar to remain a leader in the tourism industry. Intangible resources are a key advantage in creating long-term value for guests, employees, partners, and the communities in which Valamar operates.

Portfolio overview for 2025

			Accommodation units
HOTELS AND RESORTS			**8,920**
VALAMAR COLLECTION			1,529
Marea Suites, Valamar Collection	★★★★★	Poreč	109
President Hotel, Valamar Collection	★★★★★	Dubrovnik	292
Isabella Island Resort, Valamar Collection	★★★★★ (4/5)	Poreč	334
Girandella Resort, Valamar Collection	★★★★★ (4/5)	Rabac	391
Imperial Heritage Hotel, Valamar Collection	★★★★	Rab Island	116
Arba Resort, Valamar Collection[1]	★★★★	Rab Island	208
Kesselspitze Hotel & Chalet, Valamar Collection	★★★★	Austria	67
Jadran Hotel, Valamar Collection	★★★★★	Poreč	12
VALAMAR HOTELS & RESORTS			3,811
Valamar Amicor Resort	★★★★	Hvar Island	131
Valamar Parentino Hotel	★★★★	Poreč	329
Valamar Diamant Hotel & Residence	★★★★(3/4)	Poreč	372
Valamar Riviera Hotel & Residence	★★★★	Poreč	149
Valamar Tamaris Resort	★★★★	Poreč	506
Valamar Bellevue Resort	★★★★	Rabac	372
Valamar Sanfior Hotel & Casa	★★★★	Rabac	242
Valamar Atrium Residence & Villa Adria	★★★★★ (4/5)	Krk Island	92
Valamar Padova Hotel	★★★★	Rab Island	175
Valamar Carolina Hotel & Villas	★★★★	Rab Island	176
Valamar Meteor Hotel	★★★★	Makarska	268
Valamar Argosy Hotel	★★★★	Dubrovnik	308
Valamar Lacroma Hotel	★★★★	Dubrovnik	401
Valamar Tirena Hotel	★★★★	Dubrovnik	208
Valamar Obertauern Hotel	★★★★	Austria	82
[PLACES] by Valamar			504
[PLACES] Hvar by Valamar	★★★	Hvar Island	194
[PLACES] Dalmacija by Valamar	★★★	Makarska	190
[PLACES] Obertauern by Valamar	★★★★	Austria	120

			Accommodation units
SUNNY BY VALAMAR			1,731
Sunny Poreč by Valamar	★★★★	Poreč	223
Sunny Baška by Valamar	★★★★	Krk Island	426
Sunny Rabac by Valamar	★★★	Rabac	300
Sunny Krk by Valamar	★★★	Krk Island	194
Sunny Dubrovnik by Valamar	★★★	Dubrovnik	338
Sunny Makarska by Valamar	★★★	Makarska	250
NO BRANDING			1,345
Rubin Hotel	★★★	Poreč	155
Lanterna Resort	★★	Poreč	578
San Marino Resort	★★★	Rab Island	466
Arkada Hotel	★★	Hvar Island	146

			Accommodation units
CAMPING RESORTS			**11,681**
VALAMAR CAMPING			7,200
Valamar Camping Lanterna	★★★★	Poreč	2.948
Valamar Camping Istra	★★★★★	Poreč	963
Valamar Camping Krk	★★★★★	Krk Island	495
Valamar Camping Ježevac	★★★★	Krk Island	632
Valamar Camping Marina	★★★★	Rabac	332
Valamar Camping Baška	★★★★	Krk Island	601
Valamar Camping Padova	★★★★	Rab Island	419
Valamar Camping San Marino	★★★★	Rab Island	810
NO BRANDING			4,481
Camping Bunculuka	★★★★	Krk Island	414
Camping Orsera	★★★	Poreč	595
Camping Solaris	★★★	Poreč	1.851
Camping Solitudo	★★★	Dubrovnik	392
Camping Škrila	★★★	Krk Island	342
Camping Brioni	★★	Pula	725
Camping Tunarica	★★	Rabac	162

[1] The property was under reconstruction throughout 2024.

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)

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, Tourist Resort Lanterna

1969.
Hotel Pinus Tamaris

1971
Hotel Rubin, Hotel Kristal

1972
Camping Turist (Orsera)

1974
Camping Lanterna – the largest campsite in Croatia, Kamping Solaris

1976
Hotel Zagreb (Parentino), Hotel Diamant

1977
Camping Istra

1979
Hotel Pical – the first hotel of the highest category in Poreč

1986
Hotel Fortuna on the Island of Sveti Nikola

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
Opening of the Valamar Isabella Island Resort 4/5*

2016-2018
Investments in Camping Lanterna 4*

2017
Repositioning of Rabac destination to 4*.

2017
Construction of the largest tourist complex on the Adriatic, Valamar Girandella Resort and Family Life Bellevue Resort

2018
Valamar Meteor Hotel 4* in Makarska,
Baška Beach Camping Resort,
Valamar Argosy Hotel

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

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

2019
Ježevac Premium Camping Resort,
Valamar Carolina Resort,
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

2024
Valamar adopted a business strategy for the period up to 2026, based on an investment plan valued at EUR 450 million

2024
investment continued in the Pical Resort 5* in Poreč, marking the largest tourism investment in Croatia

2024
the construction of the Arba Resort 4* on the island of Rab began

2024
the renovation of three hotels under the Sunny by Valamar brand was completed

Valamar's Vision, Mission and Core Values

Our Vision

To create really good holidays.

Our mission

Our mission is to create holidays that are good for our guests, destinations, employees and the environment while aiming to create value for our shareholders and partners. In doing so, we aspire to be the leading holiday provider on the Adriatic and in the Alps.

Our Core Values

Good for our guests

Welcoming

Each guest is unique, so holidays should be too. By crafting holiday experiences tailored for the individual, we ensure every guest feels welcome, valued and amazed.

Attention to detail

We are devoted to every detail as to ensure guests leave with lasting memories, deep connections, and enriching experiences, all while celebrating their true selves.

Good for our employees

Proud employer

We believe our employees breathe life into our assets. We strive to offer more than just a job, ensuring purpose and growth for every team member.

Inspiring

We ensure competitive benefits, foster a supportive work environment and encourage continuous learning, enhancing our team's well- being and career progression.

Good for destinations

Committed

Committed to sustainability, we advocate for eco-friendly strategies aimed to efficiently manage and preserve all our resources, protecting our locals for future generations.

Responsible

We support our communities and act responsibly in business, understanding that as our environment thrives with us, we flourish with it.

Good for our investors

Prosperous

We create superior returns and value for our investors and shareholders, and we distribute sustainable dividends.

Valamar's strategic objectives for 2026

At the start of 2024, Valamar published its strategic objectives for 2026, which were presented in detail at Investor Day. The Group has a strong ambition to invest EUR 450 million by 2026 in enhancing the quality of portfolio under management, continuing to improve the quality of hotels and camping resorts, as well as further internationalising operations and investing in projects related to socially responsible and sustainable tourism.

The strategic objectives include achieving double-digit annual business growth and reaching EUR 150 million operating earnings (EBITDA) by 2026. The target dividend yield for the upcoming period is approximately 4%, with dividend payments contingent on the execution of annual business plans and share value. Revenue is projected to grow to EUR 500 million, with 50% generated outside the peak tourist season, and as much as two-thirds of the revenue coming from direct sales. Given the very good results achieved throughout 2024, Valamar reaffirms the aforementioned expectations for 2026.

The plan is to further improve working conditions and raise salaries while focusing on year-round employment (over 50%) as well as retaining local (70%) and returning seasonal workers (60%).

Valamar will remain committed to achieving exceptionally high guest satisfaction (with a quality score of 89% and an NPS of 65). Additionally, the goal is to expand the active marketing database to 1.6 million guests, with one in three guests returning. By 2026, Valamar aims to achieve a gold-tier ESG rating, further strengthening its leadership in sustainable tourism development in Croatia.

STRONG AMBITION

INVESTMENTS
Investment of EUR 450 million in increasing portfolio quality and preparing for the next investment cycle with a potential investment exceeding EUR 1 billion.

DEVELOPMENT
Product development and a strong double-digit business growth through investment in quality and expanding the portfolio.

EMPLOYEES
Remain the best employer in tourism that offers year-round income, quality seasonal jobs, and career development focused on training and education.

SUSTAINABILITY
To be recognized as a leader in socially responsible and sustainable business that focuses on localization, reducing CO2 emissions, and initiatives to improve the quality of life in the destinations where it operates.

STRATEGIC INITIATIVES

1. FOCUS ON INVESTMENTS AND GROWTH
2. BRANDING AND PRODUCT DEVELOPMENT
3. CARE FOR EMPLOYEES
4. FOCUS ON GUESTS
5. DISTRIBUTION, SALES, AND MARKETING
6. SUSTAINABILITY AND SOCIAL RESPONSIBILITY

TO ACHIEVE

- Double-digit growth and operating profit (EBITDA) of **EUR 150 mn** with a **stable net debt** and maintaining a net debt/EBITDA ratio of x2,0[1].
- Fundamental shareholder value of **EUR 1 billion**[2] (9 EUR per share) and dividend yield of **4%**[3].
- Business plans with **investor partners**: AZ, PBZCo, WB GmbH.
- **Sustainable growth** for our guests, employees, destinations, and investors.

[1] In the year of investment and prior to the stabilization of the new product's operations, it is expected that the net debt/EBITDA ratio will be above of x2.0, but below x2.5.
[2] Fundamental shareholder value calculated as a multiplicator of 10.2 (the average market capitalization of relevant tourism companies on the ZSE from 2017 to 2019) times EBITDA minus net debt minus related minority interests
[3] As per the dividend policy published on February 29, 2024: "The targeted dividend yield for shareholders is approximately 4% relative to the average market price of the share achieved in the last quarter of the previous fiscal year."

Business overview 2024

Group's Results

KEY FINANCIAL INDICATORS[1] (in EUR)

	2023	2024	2024/2023
Total revenues	375,333,157	420,253,776	12.0%
Operating income	372,208,414	417,029,033	12.0%
Sales revenues	365,719,180	411,321,821	12.5%
Board revenues (accommodation and board revenues)[2]	304,258,117	340,992,701	12.1%
Operating costs[3]	250,480,269	291,215,431	16.3%
EBITDA[4]	108,216,451	119,347,406	10.3%
Extraordinary operations result and one-off items[5]	1,171,512	1,304,075	11.3%
Adjusted EBITDA[6]	109,387,963	120,651,481	10.3%
EBIT	42,401,589	50,409,133	18.9%
Adjusted EBIT[6]	43,573,101	51,713,208	18.7%
EBT	33,440,643	36,985,063	10.6%
Net profit	33,667,326	32,818,226	–2.5%
EBT margin	9.0%	8.9%	–0.1pp
EBITDA margin	29.1%	28.6%	–0.5pp
Adjusted EBITDA margin[6]	29.4%	28.9%	–0.5pp

	31 Dec 2023	31 Dec 2024	2024/2023
Net debt[7]	217,762,850	340,593,618	56.4%
Net debt (liabilities for tourist land under IFRS 16 excluded)	217,762,850	276,296,796	26.9%
Net debt / Adjusted EBITDA	2,0	2.3	15.0%
Cash and cash equivalents	55,185,359	59,754,067	8.3%
Capital investments	58,603,851	116,955,199	99.6%
ROE[8]	6.0%	5.8%	–0.3pp
Adjusted ROCE[9]	6.3%	6.5%	0.1pp
Market capitalization[10]	594,849,998	660,384,320	11.0%
EV[11]	951,166,260	1,140,875,759	19.9%
Share price	4.72	5.24	11.0%
EPS[12]	0.22	0.21	–4.5%
DPS[13]	0.20	0.22	10.0%

BOARD REVENUES
341 EUR mn
▲ 12%

CASH
60 EUR mn
▲ 8%

CAPITAL INVESTMENTS
117 EUR mn
▲ 100%

MARKET CAPITALISATION
660 EUR mn
▲ 11%

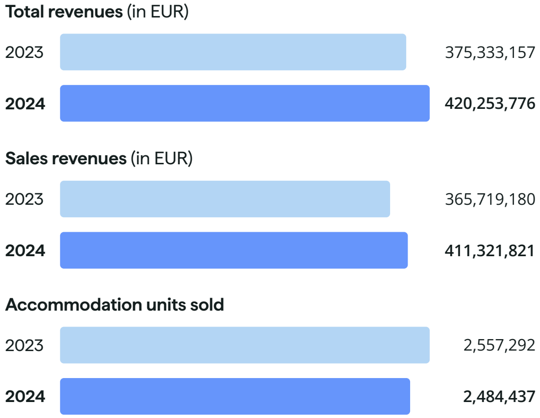
1 In accordance with the classification under the TFI POD-RDG reporting templates, EBIT and EBITDA, along with their margins, as well as the EBT margin, are presented based on operating revenue.
2 In accordance with the classification under the international reporting standard for the hospitality industry, USALI (Uniform System of Accounts for the Lodging Industry). Non-commercial properties/data are excluded.
3 Operating costs include material costs, personnel costs, other expenses, and other operating costs, adjusted for extraordinary expenses and one-off items.
4 EBITDA (earnings before interest, taxes, depreciation, and amortisation) is calculated using the formula: operating revenue - operating expenses + depreciation + value adjustments.
5 Adjustments include: i) extraordinary income (EUR 5.6 million in 2024 and EUR 11.6 million in the previous year), ii) extraordinary expenses (EUR 6.4 million in 2024 and EUR 12.5 million in the previous year), and iii) severance payments (EUR 0.5 million in 2024 and EUR 0.3 million in the previous year).
6 Adjustments made for extraordinary business results and one-off items.
7 Net debt: long-term and short-term liabilities to banks and other financial institutions + liabilities for loans, deposits, and similar + other liabilities under IFRS 16 (leases) - cash in bank and cash equivalents - long-term and short-term investments in securities - granted short-term loans, deposits, and similar.
8 ROE (return on equity) represents the return on total equity and is calculated as: Net profit for the period / (Equity and reserves).
9 Adjusted ROCE (return on capital employed) represents the return on total capital employed and is calculated as: Adjusted EBIT / (Equity 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 similar + other liabilities under IFRS 16 (leases) - cash in bank and cash equivalents - long-term and short-term investments in securities - granted short-term loans, deposits, and similar).
10 Market capitalisation is calculated as the total number of shares multiplied by the last share price at the end of the period.
11 EV (enterprise value) represents the total value of the company and is calculated as market capitalisation + net debt + minority interest.
12 EPS represents earnings per share, calculated based on net profit attributable to the equity holders of the parent company.
13 DPS represents the dividend per share.

KEY OPERATIONAL INDICATORS[14]

	2023	2024	2024/2023
Number of accommodation units (capacity)	20,087	19,956	-0.7%
Number of beds	56,354	56,477	0.2%
Full occupancy days	127	124	29.1%
Annual occupancy (%)	34.88%	34.02%	-0.86pp
Accommodation units sold	2,557,292	2,484,437	-2.8%
Overnights	6,482,614	6,358,966	-1.9%
ARR[15] (in EUR)	119	136	14.1%
RevPAR[16] (in EUR)	15,101	16,904	11.9%
EBITDA PAR (in EUR)	5,536	6,138	10.9%

[14] Data for Helios Faros and Valamar A GmbH are not included. Non-commercial properties/data are excluded. Non-commercial properties/data are excluded.
[15] The average selling price per accommodation unit is based on the cumulative board revenue (accommodation revenue and board food & beverage revenue).
[16] Revenue per accommodation unit is based on the cumulative board revenue (accommodation revenue and board food & beverage revenue).

REVENUES AND ACCOMMODATION UNITS SOLD



OVERNIGHTS AND ARR

In 2024, Valamar Group's operating revenues amount to EUR 417.0 million. That is 12.0% more than last year and in line with the budget. Business growth was fuelled by strong demand from key markets and previous multi-year investments in portfolio development, sales, marketing, and operational excellence. Consequently, premium segment hotels and camping resorts recorded the best results. All Valamar's destinations have shown very good performance, with Dubrovnik leading the way. The business volume in Dubrovnik has fully rebounded to pre-pandemic levels, both financially and in number of overnights.

REVENUES

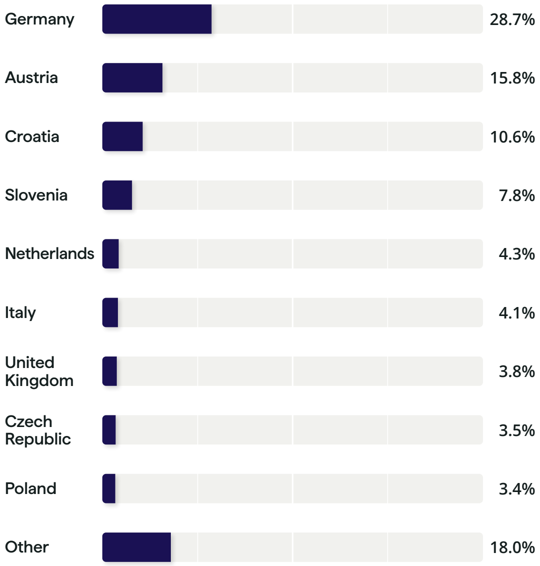
In 2024, total revenues amounted to EUR 420.3 million, an increase of 12.0% (EUR 44.8 million). Total generated revenues have been influenced by:

a) growth in sales revenue of 12.5% (EUR 45.6 million) to EUR 411.3 million, primarily consisting of board revenue (EUR 341.0 million). The revenue structure slightly changed: domestic sales amounted to EUR 49.6 million, with a share of 12.1% in sales revenue (11.3% in 2023), and in comparison to 2023, they are greater for EUR 8.4 million. With a share of 87.9% in sales revenue (88.7% in 2023), sales revenue on foreign markets amounted to EUR 361.7 million, an increase of EUR 37.2 million

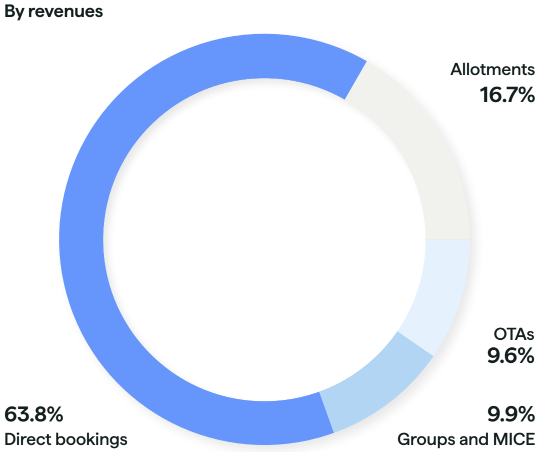
b) decrease in other operating revenue by 12.4% compared to 2023 to EUR 5.6 million mainly due to lower revenues from the cancellation of long-term provisions

c) financial income amounts to EUR 3.2 million and is slightly increased compared to last year (+3.2%), largely as a result of unrealized income from financial assets (based on the increase in the fair value of interest rate swaps).

OVERNIGHTS STRUCTURE IN 2024



DISTRIBUTION CHANNELS IN 2024



OPERATING EXPENSES

In 2024, after two regulations defining the prices and the legal framework relating to tourist land were adopted in February 2024, Valamar Group did the following:

- assessed the value of the right-of-use assets and liabilities according to IFRS 16 as of 1 January 2024 in the amount of EUR 63 million for the Group (EUR 58 million for the Company) and booked the expenses on that basis
  - depreciation of EUR 1,363 thousand for the Group (Company: EUR 1,261 thousand)
  - interest expenses of EUR 3,524 thousand for the Group (Company: EUR 3,141 thousand)
- concerning the variable part of the lease (which is not capitalized but expensed in the profit and loss account), the Group booked the lease costs of EUR 873 thousand for the Group (EUR 873 thousand for the Company) under item Other External Costs within Material Costs.

As explained in detail in the 2023 Annual Report, following the adoption of regulations related to tourist land, in 2023 Valamar cancelled all provisions from previous years (2020-2022) and stated the amount of the lease expenses at new prices following the regulations, including the expenses for 2023. The net effect of these transactions in 2023 amounts to EUR -4.7 million.

OPERATING EXPENSES

367 EUR mn ▲ 11%

OPERATING COSTS

291 EUR mn ▲16%

OPERATING EXPENSES[17]			
(in EUR)	2023	2024	2024/2023
Operating costs[18]	250,480,269	291,215,431	16.3%
Total operating expenses	329,806,825	367,489,188	11.4%
Material costs	118,247,660	128,225,196	8.4%
Staff cost	104,577,058	118,792,829	13.6%
Depreciation and amortisation	65,778,289	68,874,368	4.7%
Other costs	36,168,890	44,988,413	24.4%
Provisions and value adjustments	1,593,802	1,225,823	–23.1%
Other operating expenses	3,441,126	5,382,559	56.4%

Operating expenses evolved as follows:

a) Material costs amount to EUR 128.2 million, an increase of 8.4%, mainly as a result of increased costs of raw materials and supplies, costs of goods sold, maintenance, cleaning, consumables, and costs of promotional activities and marketing. In the period from 1 June 2024 to 31 December 2024, an electricity supply contract with a lower price compared to the comparable period of the previous year was applied.

b) Personnel costs increased by 13.6% to EUR 118.8 million, as a consequence of a higher average number of employees and increased employee salaries.

c) Depreciation amounted to EUR 68.9 million, representing an increase of 4.7%, largely due to increased capital investments in 2023 and 2024 and depreciation related to tourist land

d) Other costs increased by 24.4% to EUR 45.0 million. The increase is mainly due to increased costs for food, accommodation and education of employees, employee bonuses, staffing agency fees, travel expenses, preparation of new projects and utility fees

e) Other operating expenses amount to EUR 4.5 million, which is an increase of EUR 1.1 million, mostly due to the recognition of costs from previous periods.

EBITDA AND PROFIT FOR THE PERIOD

Operating revenue in 2024 amounts to EUR 417.0 million, up 12.0% compared to 2023. On the other hand, operating expenses increased by 16.3% to EUR 291.2 million, primarily due to continued strong spending in employee payroll and compensation (labour costs increased by EUR 20.1 million or 15.9%).

ADJUSTED EBITDA

121 EUR mn ▲10%

EBITDA MARGIN

28.9% ▼–0.5pp

Following 4.7% increase in depreciation expenses and a slightly lower net financial result (explained in more detail in the next paragraph), earnings before tax (EBT) amounts to EUR 37.0 million, up 10.6% compared to the last year. The Group reported a tax expense of EUR 4.2 million, which is mostly a result of current tax. The Group's net profit for 2024 amounts to EUR 32.8 million.

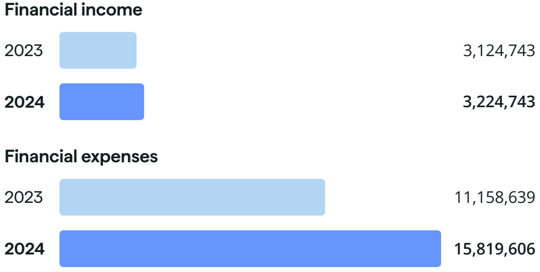
[17] In accordance with the classification under the GFI POD-RDG reporting templates.
[18] Operating costs include material costs, personnel costs, other expenses, and other operating costs, adjusted for extraordinary expenses and one-off items.

RESULT FROM FINANCIAL ACTIVITIES

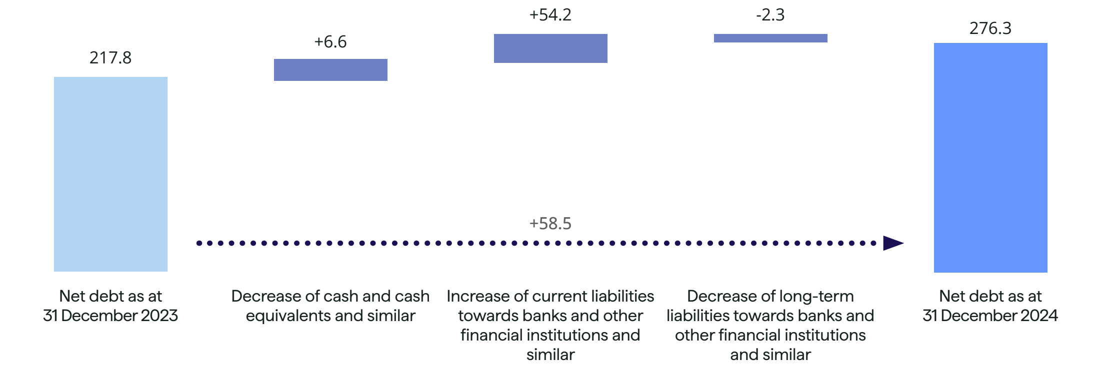
The net financial result for 2024 amounts to EUR -12.6 million, which is EUR 4.6 million lower than in 2023, when it amounted to EUR -8.0 million.

The deterioration of the net financial result was mainly influenced by the increase in interest expenses of 5.2 million euros compared to 2023, as a result of statutory default interest for a lost court cases in the amount of 2.5 million euros, and interest expenses under the liability item for IFRS 16 Rent of tourist land of EUR 3.5 million which are included in the balance sheet of the Company and the Group as of 1 January 2024 (explained in the chapter Operating expenses). The decrease in interest rates on deposits and the lower amount of available cash resulted in EUR 0.2 million lower other interest income. On the other hand, net unrealized gains (income) from financial assets were EUR 1.3 million higher than last year, due to the increase in the market value of interest rate swaps.

FINANCIAL INCOME AND EXPENSES
(in EUR)



NET DEBT[1]
(in EUR mn)



[1] Net debt: long-term and short-term liabilities to banks and other financial institutions + liabilities for loans, deposits, and similar + other liabilities under IFRS 16 (leases) - cash in bank and cash equivalents - long-term and short-term investments in securities - granted

ASSETS AND LIABILITIES

As of 31 December 2024, the total value of the Group's assets amounts to EUR 959.0 million, an increase of 16.1% compared to 31 December 2023. Total share capital and reserves amount to EUR 448.6 million and are higher by 0.4% as a result of the generated net profit for the period and the dividend paid.

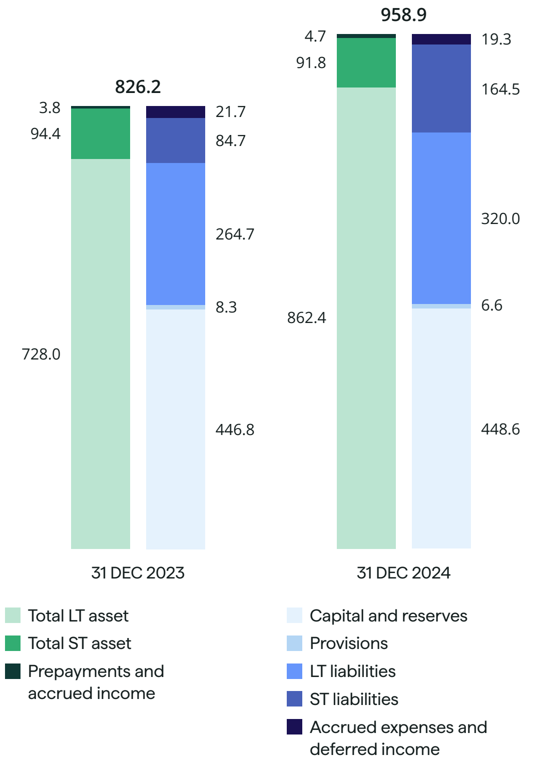
As explained in the chapter Total operating expenses, Valamar Group estimated the value of assets and liabilities with the right of use in accordance with IFRS 16 as of 1 January 2024 in the amount of EUR 63 million. By this, the balance sheet of the Group increased by the stated amount: assets in the position Land (within Tangible assets) and liabilities in the position Other long-term liabilities and Other short-term liabilities.

Total long-term and short-term liabilities to banks and other financial institutions on 31 December 2024 amount to EUR 333.8 million and are 13.5% higher than on 31 December 2023. This was a result of loans received related to the Group's executed investments and new development strategy. Net debt to adjusted EBITDA increased from 2.0 to 2.3 and is expected to return to its baseline level in the medium run.

Almost the entire portfolio of long-term loans consists of loans with a fixed interest rate, i.e. loans protected by derivative instruments (IRS) for the purpose of protection against interest rate risk. This largely eliminated the interest rate risk. Additionally, most of the Group's cash receipts are in EUR, as is the entire credit portfolio, which largely eliminates currency risk.

On 31 December 2024, the Group's cash balance amounted to EUR 59.8 million, which represents an increase of 8.3% compared to 31 December 2023. High cash balance of the Group together with i) the contracted credit lines, ii) valuable tourism assets and iii) a strong operational business model made the Group's balance sheet position stable.

ASSETS AND LIABILITIES
(in EUR mn)



Results of the Company

In 2024, total revenues amount to EUR 331.0 million, an increase of 10.5% or EUR 31.5 million, compared to 2023, when they amounted to EUR 299.5 million. Sales revenues amount to EUR 319.1 million and are 10.0% higher than last year.

Material costs amounted to EUR 103.3 million, up 6.3% due to increased costs of raw materials and supplies, cost of goods sold, maintenance, cleaning, consumables and promotional and marketing costs. Personnel costs amounted to EUR 95.3 million, up 14.3% compared to the previous year, following a higher average number of employees and increased employee salaries. Depreciation amounted to EUR 49.0 million, up 3.8% compared to the previous year, mainly due to increased capital investments in 2023 and 2024 and depreciation related to tourism land (explained in the chapter Group's operating expenses). In 2024, the net financial result amounted to EUR -4.2 million (EUR -1.3 million in 2023). The decrease in net financial result was mainly influenced by the increase in interest expenses of EUR 5.1 million, mostly as a result of the interest expense under the liability item for IFRS 16 Rental of tourist land of EUR 3.1 million and statutory default interest for lost court disputes in the amount of EUR 2.4 million. On the other hand, the largest positive effect comes from the dividend received from Imperial Riviera d.d. (EUR 2.8 million).

In 2024, EBITDA amounted to EUR 84.3 million, which represents an increase of 3.5% compared to the EBITDA of EUR 81.4 million in 2023. This is primarily a result of the mentioned increased employee benefits and growth in other cost categories.

Due to the 3.8% higher depreciation, somewhat lower net financial result and one-off costs related to court proceedings, earnings before tax (EBT) amount to EUR 31.0 million, which is 5.7% less than last year. The Company reported a tax expense of EUR 5.1 million, which is mostly a result of current tax. The Company's net profit for 2024 amounts to EUR 25.9 million.

As of 31 December 2024, the total assets of the Company amounted to EUR 782.4 million, representing an 18.5% increase compared to 31 December 2023. Total share capital and reserves amounted to EUR 408.2 million, remaining at the previous year's level (+0.1%).

Branch offices of the Comapny

The Company has several branch offices where it performs its business activities outside of the headquarters:

- Branch Office for Tourism RABAC, headquartered in Rabac, Slobode 80,
- Branch Office for Tourism ZLATNI OTOK, headquartered in Krk, Vršanska 8,
- Branch Office for Tourism DUBROVNIK-BABIN KUK, headquartered in Dubrovnik, Vatroslava Lisinskog 15a,
- Branch Office for Tourism BRIONI, headquartered in Pula, Puntižela 155,
- Branch Office for Business and Management Consulting ZAGREB, headquartered in Zagreb, Miramarska cesta 24, and
- Branch Office Austria - Zweigniederlassung Austria, headquartered in Austria, Obertauern, Gamsleitenstrasse 6.

Only the Branch Office Austria performs operating activities by leasing three hotels in Obertauern.

Business Development and Investments

INVESTMENT CYCLES 2023/24 AND 2024/25

INVESTMENT CYCLE 2023/24

The continued success and growth of the Valamar Group is driven by strategic investments in products, employees, and tourism destinations, with a strong focus on profitability, sustainable development, and corporate social responsibility. Particular emphasis is placed on reducing the Group's carbon footprint and ongoing investment in renewable energy sources. While enhancing the tourism offering, Valamar is simultaneously developing service concepts tailored to current market demands and guest expectations.

The planned portfolio development strategy includes the expansion of high-value-added offerings and services, with a particular focus on the premium resort and campsite segments. Concurrently, preparations are underway for new projects that will enable long-term growth and development, aimed at enhancing the overall tourism offering and increasing guest satisfaction.

The 2023/2024 investment cycle primarily focused on implementing new projects designed to raise service quality and guest satisfaction levels, thereby creating conditions for achieving satisfactory financial returns.

The total approved investments at the Group level for this cycle amounted to EUR 84 million, with the majority allocated to the renovation of accommodation units in hotels and campsites. Additionally, Valamar made significant investments in environmental protection, energy efficiency, property security, as well as digitalisation and innovation, laying the foundation for a new phase of growth.

VALAMAR RIVIERA

Valamar Riviera d.d. successfully completed the 2023/2024 investment cycle, valued at EUR 45.6 million, in line with the plan. The investments realised were directed towards business improvements, upgrading the quality of facilities and services, optimising business processes, and increasing energy efficiency and digitalisation.

At the beginning of 2024, Valamar launched the most significant project in Croatian tourism – the construction of Hotel Pical 5*, Valamar Collection, scheduled to open in early 2026. This investment, spanning two investment cycles, the current and the next, is valued at EUR 139 million. The project will serve as a catalyst for economic growth, tourism development, and infrastructure improvements within the local community. The Pical 5* Hotel will offer year-round, top-tier tourism experiences, create over 700 new jobs, and contribute to an improved quality of life for residents of Poreč. The investment in the Pical area will also enhance public tourism infrastructure, including promenades, cycling trails, a beach, indoor and outdoor pools, and a range of other amenities available to both tourists and the local population. Construction is progressing as planned, and upon completion, the Pical zone is set to become the most attractive tourism area in Croatia.

Hotel Pical 5* will feature 514 accommodation units and a range of facilities combining luxury, family-oriented holidays, and business tourism. Guests will be able to enjoy eight themed restaurants, with menus designed by Michelin-starred chefs, and ten bars offering a selection of beverages and signature cocktails inspired by the local gastronomic scene. The Balance Spa Centre, spanning an impressive 1,300 square metres, will provide top-tier relaxation and rejuvenation experiences. The hotel will offer state-of-the-art family holiday facilities, including playgrounds, kids' clubs, and Maro World, an educational play area covering over 1,200 square metres – the largest unstructured play area in the regional tourism sector.

The Pical resort will provide outstanding opportunities for active holidays and recreation, with investment directed towards beach development and public infrastructure such as the new Poreč Bike Centre, jogging and cycling trails, an indoor swimming pool for professional swimmers, and a water sports centre. All recreational and sports facilities, including promenades and Pical Beach, will be accessible to the wider public and local residents. This initiative will improve training conditions for children and local sports clubs while strengthening the sports infrastructure in Poreč.

With a capacity of approximately 1,200 attendees, the new conference centre within the Pical resort will be the largest in Istria, facilitating year-round business and social events and reinforcing the region's conference tourism sector. The expansion of this segment will contribute to extending the tourism season and attracting high-spending international guests.

On 14 March 2024, an agreement was signed in Poreč between the investor, Valamar Riviera d.d., and the contractor, Kamgrad d.o.o., on the continuation of the construction of this resort. The contract is valued at EUR 81.7 million.

The largest individual capital investment in the 2023/24 cycle was the transformation of Sunny Rabac by Valamar 3*, created through the merger of Allegro Sunny Hotel 3* and Miramar Sunny Hotel 3*. This EUR 9.6 million investment encompassed the renovation of accommodation units, the development of children's facilities, enhancements to the pool complex, and upgrades to food & beverage (F&B) offerings. As part of the F&B concept, guests can now enjoy Sunny Breakfast & Brunch and Sunny Dinner services. This unique Sunny brand offering provides accommodation in an outstanding location, with a particular focus on families.

Another major investment in this cycle was Sunny Krk by Valamar 3*, valued at EUR 6 million. The investment included the refurbishment of accommodation units, increasing the hotel's capacity by 120 beds. The ground floor now features enhanced children's facilities, including a new playroom, Multimedia Game Lounge, Family Lounge, and Maro Smart Play Rooms, while the Chill & Play Zone has been further upgraded.

At Isabella Island Resort, Valamar Collection 4/5** in Poreč, the Oliva Grill restaurant has been upgraded with an expanded outdoor terrace and kitchen, while the children's playground has also been refurbished

In addition to hotel investments, Valamar continues to invest in the camping resorts. Given the increasing demand for camping tourism, more than EUR 2.4 million has been allocated in this investment cycle to expand accommodation capacity, enhance on-site facilities, and elevate service quality.

At Valamar Camping Lanterna 4* in Poreč, two markets were refurbished, and the quality of 27 pitches was improved. A total of 19 new mobile homes were installed at Valamar Camping Marina 4* in Rabac and Valamar Camping Baška 4*. Further investments in pitch quality were made at Camping Solaris 3* in Poreč, Camping Orsera 3*, Valamar Camping Istra 5*, and Camping Škrila 3* on the island of Krk.

Valamar Riviera remains committed to sustainable and socially responsible business practices. In line with this, the investments wire directed ad in energy efficiency projects and sustainability projects, including the procurement of electric vehicles, tree planting, and other initiatives.

Key projects include the expansion of the Eco Corners initiative ("Eko korneri") at Valamar Camping Lanterna 4* and the launch of bio-waste composting projects at Lanterna Resort apartments, as well as at Valamar Diamant Hotel & Residence 3*/4* and President Hotel 5*, Valamar Collection.

Additionally, new heat pumps have been installed at Valamar Sanfior Hotel & Casa 4* and Girandella Resort 4*/5*, Valamar Collection, further enhancing energy efficiency.

Significant attention has been given to improving accommodation for seasonal employees. In Dubrovnik, the third phase of the accommodation enhancement project has been completed, including interior refurbishments and the furnishing of an additional 36 rooms (72 beds), representing an investment of EUR 924 thousand.

To drive continuous service improvements, Valamar has invested over EUR 5.8 million in digitalisation and innovation in this cycle. The most significant allocation — EUR 1.5 million —has been directed towards the development of Valamar.com, while EUR 1.7 million has been invested in IT maintenance.

Alongside environmental protection and energy efficiency, Valamar places great emphasis on the investment maintenance of all its destinations. These investments include regular property upkeep, enhancements to guest facilities, and improvements in safety standards. In the 2023/2024 investment cycle, approximately EUR 11.7 million has been allocated to investment maintenance.

IMPERIAL RIVIERA

Imperial Riviera d.d. completed the 2023/2024 investment cycle, valued at EUR 38,4 million, aimed at further enhancing of the Company's offerings across all destinations. The most significant investments were directed towards repositioning and improving service quality, digitalisation, green construction, sustainable energy sources, and tourism infrastructure.

One of the key projects in this cycle is the first phase of the reconstruction of the Suha Punta tourist resort on the island of Rab, as part of the future Arba Resort 4*, Valamar Collection. This multi-phase project aims to firmly establish the destination among the leading family-friendly locations on the Adriatic. In early March 2024, a contract was signed with the main contractor, construction company Radnik d.d., and work is progressing according to schedule. The opening of Arba Resort is planned for May 2025.

Additionally, activities have commenced to obtain a concession for the development of beaches and accompanying facilities in the Suha Punta area, including the first phase of investment in Suha Punta Beach, which will be renamed Val Sandy Beach.

The first phase of the refurbishment of the Rivijera Sunny Resort by Valamar has been completed, upgrading its category from 2* to 3* under the new name Sunny Makarska by Valamar 3*. This brand offers an affordable and simple holiday experience, ensuring excellent service quality and value for money.

A new Bike Centre has been built in Poreč, as part of the Valamar Parentino Hotel 4*. The entire project, funded through the National Recovery and Resilience Plan (NPOO), is set for completion in June 2025.

On the island of Rab, investments have been finalised in the Imperial Heritage Hotel 4*, Valamar Collection, as well as in the Brdo Zone at Valamar Camping Padova 4*, alongside additional enhancements to the Valamar Padova Hotel 4*.

In Dubrovnik, investments have been made in upgrading the offerings at Valamar Lacroma Hotel 4* and in improvements at Camping Solitudo 3*.

Imperial Riviera d.d. continues with intensive preparations for project and spatial planning documentation for future investments, particularly in Rab, where the renovation of San Marino Resort 3* and further investments in Valamar Camping San Marino 4* are planned.

INVESTMENT CYCLE 2024/25

The Valamar Group is continuing to implement its ambitious plans to enhance tourism offerings, with a focus on high-quality premium segments within the hotel, resort, and camping categories. The investment cycle 2024/25 is key to further developing the portfolio, creating products and services with high added value to support continuous growth and long-term business sustainability. At the same time, Valamar is improving the service concepts, aligning the offerings with current market demands and trends to consistently elevate service quality and guest satisfaction. Through innovation and technological investments, Valamar is also working to enhance operational efficiency while maintaining its position as a recognised industry leader by adapting its offerings to meet the highest standards and provide exceptional value to guests. This approach will further strengthen Valamar's market position and contribute to the growth of tourism and sustainable development.

The total approved investments at the Valamar Group level for the 2024/25 investment cycle amount to EUR 161.2 million. The Group has continued adapting its products and developing digitalisation projects to enhance service quality and guest safety.

VALAMAR RIVIERA

Valamar Riviera d.d. has planned investments totalling EUR 101.1 million for the 2024/25 cycle. These investments aim to improve business processes, enhance operations, upgrade the quality of facilities and services, and increase energy efficiency and digitalisation.

The largest individual capital investment in this cycle is the continuation of the construction of Pical Resort 5* (a project detailed in the previous cycle), amounting to EUR 60 million.

A significant investment in this cycle is the reconstruction of Hotel Jadran, valued at EUR 5.3 million. This project includes the complete renovation and redesign of 24 existing accommodation units into 12 luxury rooms, along with the redesign of the reception area and common spaces. Additionally, the existing restaurant will be transformed into a new, more luxurious dining venue, creating a unique ambiance that reflects high culinary standards and an exceptional experience for visitors.

In addition to hotel investments, Valamar continues to invest in the camping resorts. Beyond hotel investments, Valamar is actively investing in its campsites. Given the growing demand for camping tourism, over EUR 700 thousand has been allocated in this investment cycle to expand and enhance the accommodation standards and associated amenities at Valamar Camping Lanterna 4* and Valamar Camping Krk 5*.

The company remains committed to sustainable and socially responsible business practices. Consequently, over EUR 500 thousand is being invested in various energy efficiency projects, alongside EUR 3.7 million in sustainability initiatives such as the procurement of electric vehicles, tree planting, landscaping, bio-waste recycling, installation of new heat pumps, and the acquisition of aerators and percolators, among other projects.

The advancement of digitalisation continues to play a key role in improving service quality. As a result, this investment cycle includes over EUR 6.2 million in digitalisation and innovation projects. In addition to digital investments, a further EUR 600 thousand is allocated for IT maintenance projects, and more than EUR 1.4 million for branding and signage improvements.

Alongside environmental protection and energy efficiency efforts, great attention is given to the maintenance of all destinations, with investments directed towards the regular upkeep of facilities and guest amenities, as well as safety enhancements within properties. In the 2024/25 investment cycle, approximately EUR 17.8 million is allocated for investment maintenance.

IMPERIAL RIVIERA

Imperial Riviera d.d. plans to invest EUR 60.1 million in the 2024/25 investment cycle to enhance the company's offerings.

The investments focus on repositioning and improving service quality, digitalisation, green construction, sustainable energy sources, and tourism infrastructure across all destinations. The most significant project is the completion of the reconstruction of Arba Resort 4*, Valamar Collection, which is scheduled to open in May 2025.

Additionally, the second phase of the refurbishment of Sunny Makarska by Valamar 3* is planned. This phase includes the development of a pool complex with water slides, a sunbathing area, and an upgraded F&B offering, with an expected opening for the 2025 tourist season.

Further investments include the construction of staff accommodation for Arba Resort 4*, Valamar Collection, the development of a recycling centre on the island of Rab, modernisation of the administrative buildings in Rab and Makarska, as well as the refurbishment and upgrade of sanitary facilities at Valamar Camping San Marino 4*. As part of ongoing efforts to improve offerings, the company will continue enhancing beaches and preparing future projects.

New Business Model in Austria

Until 31 October 2024, Valamar Riviera managed the operations of three hotels in Austria under hotel management agreements. To enhance operational efficiency, the company has entered into long-term lease agreements with Valamar Obertauern GmbH, Kesselspitze GmbH & Co KG, and Valamar Marietta GmbH, effective 1 November 2024. Moving forward, the company will oversee operations directly through its Austrian subsidiary. Further investments are planned to develop and enhance the overall offering of Valamar's Austrian hotels, along with the continued expansion of its portfolio in Austrian and Italian ski resorts.

Valamar's initial position as a minority shareholder and "asset-light" investor in the existing Austrian portfolio remains unchanged.

Innovations in 2024

VALAMAR PRESENTED NEW MISSION, VISION, BRAND STRATEGY, AND VISUAL IDENTITY

As part of its business strategy for 2026, Valamar has introduced a new visual identity as the foundation for the development of its portfolio and brands in the coming years. In October, the company also launched a new website, *www.valamar.com*, offering a refreshed design and an enhanced user experience.

Valamar's new vision, "To Create Really Good Holidays," reflects its core values of quality and delivering added value to all stakeholders, with a strong focus on preserving local heritage and ensuring environmental and social responsibility. The company's mission is driven by the ambition to position Valamar as the leading tourism company not only on the Adriatic, but also in the Alps.

In 2024, Valamar developed a new brand strategy designed to effectively support the company's business objectives outlined in the 2026 Business Strategy.

Under the Valamar umbrella brand, the new brand architecture comprises five product brands: Valamar Collection, Valamar Hotels & Resorts, Valamar Camping, [PLACES] by Valamar, and Sunny by Valamar.

The former Camping Adriatic brand has been replaced by the new Valamar Camping brand, highlighting the unique blend of natural surroundings and premium amenities. A significant change also includes the renaming of properties across the portfolio. For example, Istra Premium Camping Resort is now Valamar Camping Istra, while Crystal Sunny Hotel has been rebranded as Sunny Poreč by Valamar, integrating the destination into the hotel name. This approach was previously introduced with the [PLACES] brand and is now becoming the standard within the Sunny brand as well.

The implementation of the new branding began across digital channels in October 2024, while the physical rebranding of Valamar properties is scheduled to take place throughout 2025. One of the most notable changes is the introduction of the new slogan, "Holiday As You Are", emphasising a personalised approach for every guest, with a focus on authenticity and freedom of choice.

DIGITAL TRANSFORMATION OF VALAMAR'S WEBSITE

The digital transformation of Valamar's website is a strategic project aimed at developing a modern, technologically advanced, and intuitive digital platform tailored to the needs of today's users. Ensuring consistency across the user system required coordination among multiple teams and partners, including user experience (UX) designers, IT specialists, as well as marketing and operations departments. The website's design and development focused on intuitive navigation and functionality, resulting in a final visual identity and structure characterised by seamless browsing and a contemporary aesthetic. A particular emphasis was placed on the Mobile-First approach, ensuring the new website is optimised for mobile users. The new price configurator has streamlined the process of selecting offers, providing guests with greater flexibility and transparency, while the enhanced Valamar Rewards programme allows users to track their bookings, benefits, and reward euros in one place. In addition to improving user experience, the project has also introduced significant technological advancements. The new Valamar API system enables better integration between the website and internal systems, ensuring faster and more precise data exchange. The optimised CMS now facilitates easier content management, faster information updates, and greater autonomy for the editorial team in adapting content. With the contemporary design, advanced functionalities, and improved infrastructure, the new Valamar website sets new digitalisation standards in the tourism sector, delivering an enhanced user experience, greater accessibility to information, and a more seamless booking process.

COMPLETION OF RENOVATION OF THREE HOTELS INTO THE SUNNY BY VALAMAR BRAND

Valamar Group has completed the renovation of three hotels and resorts in Rabac, Makarska, and on the island of Krk, bringing them under the Sunny by Valamar brand. The brand's portfolio now includes a total of 12 hotels and resorts along the Adriatic coast, spanning from Poreč and Rabac to the islands of Krk, Rab, and Hvar, as well as Makarska and Dubrovnik.

Sunny by Valamar hotels and resorts are characterised by modern design, vibrant colours and interior motifs, and a variety of leisure facilities, including soft play areas and diverse Smart Play playrooms, high-quality swimming pools, stunning beaches, and excellent value for money.

As part of the repositioning of these three hotels and resorts under the Sunny by Valamar brand for the 2024 season, Valamar Group has invested over €20 million.

Sales and Marketing

NEW BRAND STRATEGY

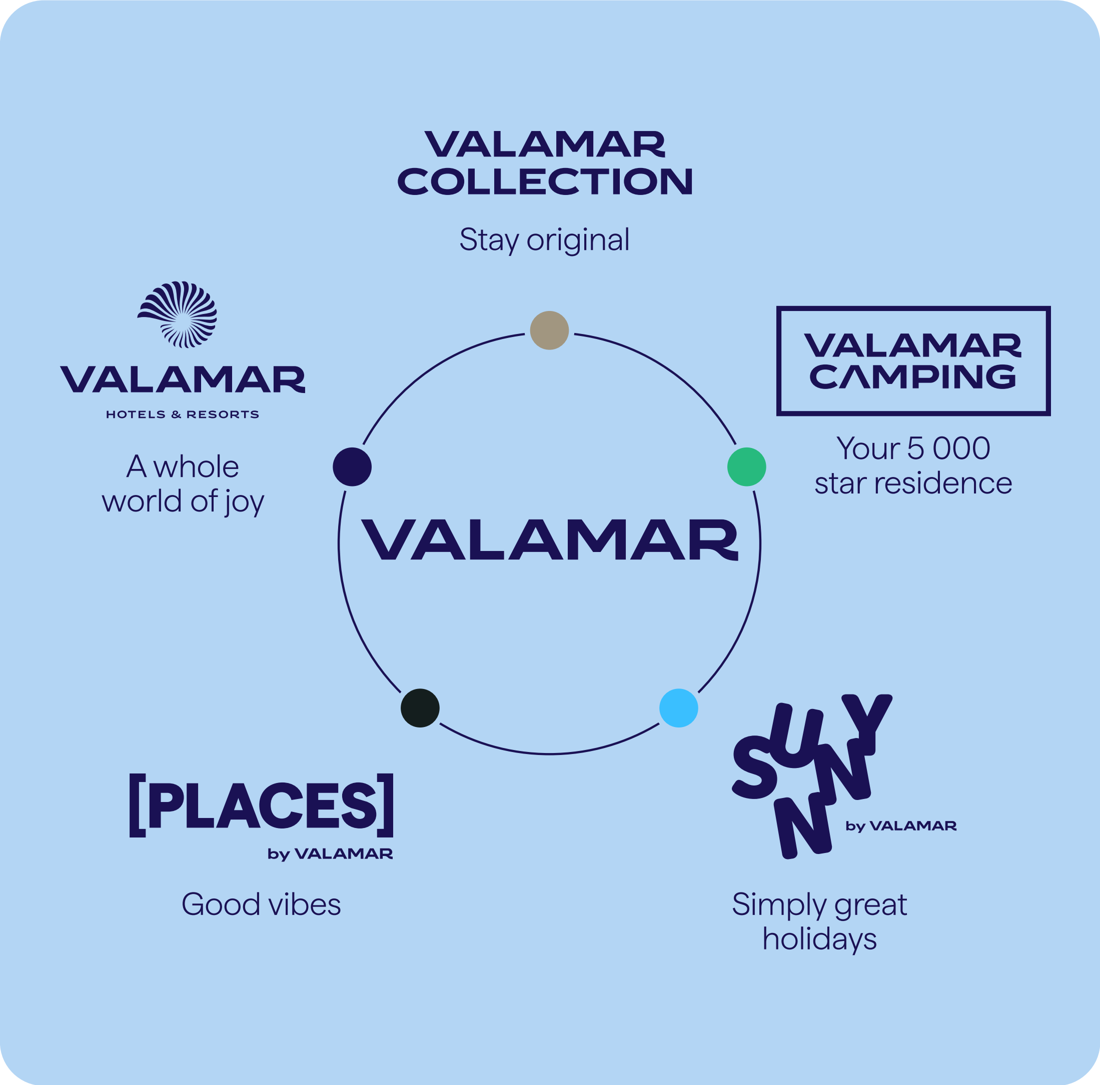
In 2024, Valamar adopted a new brand strategy to align with the Group's business objectives. Brand development aims to enhance the company's market position, elevate the guest experience, and modernise visual identity. As part of the project, several facilities in the porfolio were renamed.

As part of this initiative, some properties within the portfolio have been renamed. A key change is the introduction of the new slogan, "Holiday As You Are," which emphasises a personalised approach to each guest, focusing on authenticity and the freedom of choice.

Within the new brand architecture, there are five product brands under the umbrella Valamar brand: Valamar Collection, Valamar Hotels & Resorts, Valamar Camping, [PLACES] by Valamar and Sunny by Valamar.

- **Valamar Collection**, with the slogan "Stay original", represents a curates selection of top-tier hotels and resorts which exude modern luxury.
- **Valamar Hotels & Resorts**, guided by the slogan "A Whole World of Joy," offers a diverse selection of hotels and resorts distinguished by comfort, exceptional gastronomy with a focus on local cuisine, and a wide range of activities for all ages.
- **Valamar Camping**, with the tagline "Your 5,000-Star Residence," brings together premium camping resorts featuring a rich selection of accommodation options and diverse facilities, seamlessly combining the beauty of nature with outstanding comfort.
- **[PLACES] by Valamar** is synonymous with a vibrant lifestyle, innovative digital experiences, an urban ambiance, and a dynamic atmosphere, all encapsulated in the slogan "Good Vibes".
- **Sunny by Valamar** promises guests a "Simply Good Holiday" in fun-filled hotels that offer exceptional value for money, playful design, and fantastic beachfront locations.

Properties that do not currently meet the criteria for any of the brands and are awaiting investment are now being marketed as unbranded. In this way, it has been ensured that each Valamar brand has a clear purpose and positioning, further strengthening the recognition and consistency of our overall market offering.



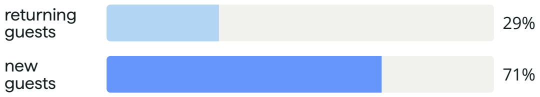
INCREASE IN DIRECT BOOKINGS AND GUEST LOYALTY IN 2024

Valamar Riviera's loyalty programme is one of the key initiatives aimed at increasing revenue and the share of direct bookings while creating additional value for returning guests. In 2024, returning guests accounted for 29% of all stays at Valamar Riviera properties.

Direct channels contributed to 63.8% of total revenue in 2024, including bookings made through Valamar's direct distribution system: call centre, online and mobile reservations, and the loyalty programme. The loyalty programme will continue to evolve, offering enhanced benefits for guests while further advancing website development, e-marketing strategies, and technology solutions.

SHARE OF RETURNING GUESTS

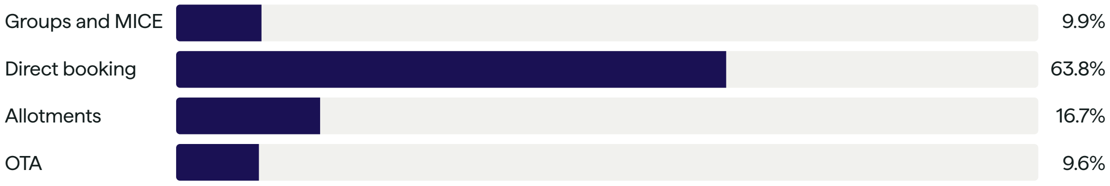
(compared to total number of guests)



SHARE OF LOYALTY MEMBERS REVENUE IN TOTAL DIRECT BOOKING IN 2024

DISTRIBUTION CHANNELS IN 2024

(by revenues[1])



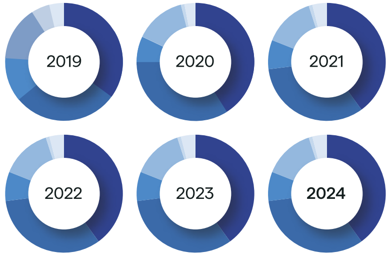
[1] Valamar Riviera, Imperial Riviera, Valamar Obertauern Hotel and Helios Faros.

OCCUPANCY (OPERATING DAYS) 2024[2]		
VALAMAR COLLECTION	73.5%	184
VALAMAR HOTELS & RESORTS	74.7%	231
[PLACES] BY VALAMAR	79.0%	146
SUNNY BY VALAMAR	79.2%	151
NO BRANDING	98.4%	100
VALAMAR CAMPING	59.7%	199
CAMPING - NO BRANDING	66.0%	160
VALAMAR RIVIERA PORTFOLIO	76.3%	187

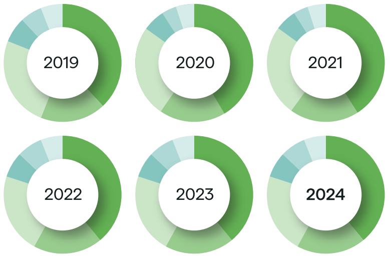
[2] Based on open properties (1 camp and 1 hotel on basis of 365 days).

VALAMAR MARKET SEGMENTS

HOTELS AND RESORTS	2019	2020	2021	2022	2023	2024
Family	35%	41%	40%	41%	40%	41%
Adults and couples	30%	34%	33%	32%	31%	30%
Seniors	11%	7%	8%	6%	6%	6%
Active guests	15%	14%	14%	14%	15%	15%
MICE	5%	1%	1%	4%	4%	5%
Leisure groups and tours	4%	3%	4%	3%	4%	3%



CAMPSITES	2019	2020	2021	2022	2023	2024
Family	38%	41%	41%	42%	41%	41%
Adults and couples	18%	18%	19%	18%	18%	18%
Luxury camping	25%	25%	25%	25%	25%	26%
Active guests	7%	6%	6%	6%	7%	7%
Seniors	6%	4%	4%	4%	4%	4%
Short stay	6%	5%	5%	5%	5%	4%



NET OPERATING REVENUES

(in EUR)	2024[4]	2024/2019	2024/2020	2024/2021	2024/2022	2024/2023
Hotels and resorts	274,605,644	1.32	6.07	2.07	1.29	1.15
Camping resorts	119,930,502	1.68	2.95	1.59	1.20	1.05
Other[3]	18,473,741	2.93	10.38	2.59	1.97	1.39
Total	413,009,887	1.45	4.71	1.92	1.29	1.12

[3] Includes lease, laundry and other operating revenues.
[4] Includes Valamar Riviera, Imperial Riviera.

Employees and Organisation

Valamar has once again been recognised as the most desirable employer in the tourism and hospitality sector and remains the only tourism company to feature among the top 20 employers in Croatia for the eighth consecutive year, according to a survey conducted by Alma Career Croatia, the operator of the MojPosao portal. The 20th edition of this survey, which gathered responses from over 34,000 participants, was conducted in 2024. Valamar continues to be the sole tourism company on the list of Croatia's top employers. Through the "Prvi s razlogom" ('Number one for a reason'), Valamar consistently fosters long-term relationships with employees, empowers them, and creates an inspiring work environment that offers competitive remuneration, professional development opportunities, and career growth in the tourism sector.

SALARY, REMUNERATION AND BENEFITS FOR EMPLOYEES

In 2024, Valamar continued with significant investments in employees in order to retain and develop employees with a focus on domestic employees.

NEW JOB OPPORTUNITIES AND CAREER DEVELOPMENT IN TOURISM

During the peak season of 2024, Valamar employed a total of 8,295 employees[1].

In 2024, two strategic projects were announced, with plans to employ 1,000 new staff members – the Pical 5* Resort in Poreč and Arba Resort on the island of Rab.

The Pical zone is the most significant tourism project in Croatia, set to open in early 2026. The project will serve as a catalyst for economic growth, tourism development, and infrastructure improvements within the local community.

The Pical 5* Hotel will offer year-round, top-tier tourism experiences, create over 700 new jobs, and contribute to an improved quality of life for residents of Poreč.

On the island of Rab, the new Arba Resort is to open, which will employ over 230 staff, including 60 on permanent contracts. A range of positions is available, from managerial to specialist roles such as waiters, chefs, and entertainment staff. This resort will firmly position Rab among the top family holiday destinations in the Adriatic. The project represents a €54 million investment, with the resort set to open in spring 2025. For years, Valamar has successfully filled all positions on Rab thanks to its employee benefits, working conditions, and competitive salaries. Ahead of this season, more than 700 employees worked in Valamar's hotels and campsites on the island, the majority of whom were from Croatia, with 60% being local residents of Rab. All employees had access to a range of benefits, including opportunities for year-round employment and housing incentives in the destination.

ŽIVI DESTINACIJU ('LIVE THE DESTINATION')

One of the Valamar's key programs is "Živi destinaciju ('Live the Destination'), which provides various benefits for employees residing in the destination. Since last year, an additional €400 net has been introduced for employees who live in or permanently relocate to the destination. Equally important is the "Krov nad glavom" ('A Roof Over Your Head') programme, which offers permanent and year-round employees a rental subsidy of up to €500 per month.

Valamar also provides a range of other benefits for employees living in the destination, including a childcare playroom in Poreč, a discounts in Valamar's restaurants and bars, discounts on sports and wellness services, preferential rates with over 300 external partners, banking benefits, and investments in public tourism infrastructure accessible to all. These initiatives significantly enhance the quality of life and overall job satisfaction for employees in the destinations where Valamar operates.

[1] Valamar Riviera, Imperial Riviera, Helios Faros.

EMPLOYEE EDUCATION, DEVELOPMENT, AND SATISFACTION

Employee development and education are essential components of human resources management at Valamar. In 2024, Valamar continued with a series of activities and programs aimed at encouraging the personal and professional development of employees. Valamar Excellence, as the umbrella title for the company's internal lifelong learning and knowledge development programme in tourism and hospitality, provides specialist Valamar education programmes under the V-Executive and V-Professional subprogrammes, as well as Valamar training courses delivered through the V-Academy, V-Lead, V-Intern, and V-Start programmes, all designed to support career development.

Valamar employees have access to education through these internal programmes, as well as via the PERO digital platform, which ensures flexibility and accessibility to educational content. Through the PERO platform, all employees can learn more about Valamar's standard operating procedures, industry trends, and a variety of skills beneficial for their professional and personal development—whenever and wherever they choose.

In addition to digital learning, Valamar places great importance on in-person training and education, ensuring access to a wide range of courses that meet employees' needs. These include foreign language courses, sommelier training, bartender school, legally required training, and longer-term professional development programmes. Internal knowledge transfer is particularly emphasised within the V-Academy, which Valamar has been developing for many years. At the end of 2024, a new V-Academy cohort was launched, comprising over 84 participants who, over the course of a year, will have the opportunity to learn from mentors in both operational and corporate functions, as well as attend training sessions designed to strengthen their competencies as future leaders.

Managers and mentors at Valamar place special emphasis on onboarding new employees, continuously conducting training sessions to help them quickly and efficiently acquire the necessary skills for their roles.

The ValamarGO! programme marked an additional step forward in the onboarding process for new employees in operational roles. New colleagues from the food & beverage and reception departments participated in a structured five-day induction programme led by experienced mentors, where they engaged in real-life training scenarios to prepare them for their roles and equip them to deliver exceptional service to guests.

SCHOLARSHIPS FOR STUDENTS AND PUPILS AT VALAMAR

In 2024, Valamar continued its scholarship programme, offering financial support in collaboration with the Ministry of Tourism and Sport. This programme provides students with financial assistance throughout their education, as well as the opportunity to gain practical experience and acquire new skills and knowledge.

Through internships in Valamar's hotels, resorts, and campsites, students can gain valuable work experience, and upon graduation, they are offered employment with Croatia's leading tourism employer. By supporting students pursuing hospitality careers, Valamar helps them gain early insight into what a career in tourism entails, the opportunities for advancement, and the many benefits of working in the dynamic world of tourism and hospitality.

In addition to scholarships for students in vocational schools, Valamar provided scholarships to university students as well, aiming to encourage graduates to begin their careers at Valamar and further develop their professional expertise. In 2024, a total of 254 students and pupils received Valamar scholarships, and the programme will continue in 2025.

CORPORATE CLIMATE AND CULTURE

Valamar places great importance on employee feedback, ensuring they receive timely information within the company, assessing satisfaction with organisational culture, and gathering suggestions for improvements.

In 2024, 84% of Valamar employees participated in the corporate climate and culture survey. Categories such as work organisation, leadership, work environment, team relationships, and work-life balance received ratings above 4 on a scale of 1 to 5.

For the sixth consecutive year, Valamar measured its Employee Net Promoter Score (eNPS), which stood at 17.56 in 2024.

KEY EMPLOYEE-RELATED INDICATORS[1]	
Total number of employees on the Group level (31 July 2024)[1]	8.295
Total training and education hours within the Valamar Excellence programme	226.470 h
Average training hours per employee	49 h
Number of students and pupils receiving a Valamar scholarship	254

[1] Valamar Riviera, Imperial Riviera, Helios Faros.

Service Excellence

STRATEGIC QUALITY MODEL 2024

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.

STANDARDS AND CERTIFICATES

Valamar 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)
- ISO 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)
- EN 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
- 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 GUEST SATISFACTION SURVEY

NUMBER OF COMPLETED SURVEYS IN 2024

27%

of guests completed the survey or left an online review.

OVERALL GUEST SATISFACTION SCORE 2024

88%

based on **223,808** feedback surveys and online guest posts.

Total score for hotels was **90%**,

and total score for camping resorts was **85%**.

Valamar Collection properties have the highest guest satisfaction score: 93%.

GUEST SATISFACTION SCORE ONLINE AVERAGE IN 2024

90%

The average online guest satisfaction rating refers to the overall online rating of the last 24 months across all online portals.

NPS – NET PROMOTER SCORE 2024

To determine the **Net Promoter Score (NPS)**, Valamar asked its guests the following question: "Would you recommend us to your friends or colleagues?"

In 2024, the result was **66%**

UNBELIEVABLE INDEX 2024

78%

Unbelievable index, the percentage of guests who rated employees as "amazing" or "unbelievable".

In 2024 it amounted to **78%**.

Sustainability highlights

ESG STRATEGY

At the beginning of 2024, Valamar adopted a Business Strategy until 2026, that includes key objectives and initiatives in the ESG domain. The new strategy focuses on holiday tourism that is good for destinations, residents, guests, and employees while creating new value for investors Strategic goals include achieving double-digit annual business growth and company value and an investment plan amounting to EUR 450 million aimed at building Pical and Arba premium resorts. Valamar continues increasing the quality of hotels and campsites with continuous investments in sustainable tourism and socially responsible business, renewable green energy, waste and water management, local food, and sustainability in the supply chain.

Special attention is given to taking care of employees, increasing their earnings, and developing their competencies. The focus is also on the continued development of tourist infrastructure that is open to the public and improving the quality of life for residents in the local communities where Valamar operates. By 2026, Valamar plans to achieve a gold-level ESG rating and strengthen the position as a leader in sustainable tourism development in Croatia.

Valamar's sustainability strategy encompasses 12 key goals in the areas of Environment (E), Social (S), and Governance (G). Valamar is the first tourism company in Croatia to integrate sustainable development into business management and development and publish sustainability goals according to the ESG framework.

SUSTAINABILITY

EcoVadis, a global agency that evaluates a broad range of sustainability areas, awarded Valamar a silver ESG rating. The award confirms Valamar's success in the decarbonization domain, sustainable practices, social responsibility and management, and the success of the business model focused on sustainable tourism. With the aim of mitigating climate change, EUR 4.4 million was invested in renewable energy sources, with a particular emphasis on solar energy and electric vehicles, i.e. on scope 1 and 2 decarbonization. Since 2015, Valamar has continuously reduced greenhouse gas emissions per occupied accommodation unit. Over 80% of the supply chain procurement value comes from suppliers integrating sustainability criteria into their operations. The share of local food and beverages is 78%, achieved through successful cooperation with many local family farms (OPGs) and collaboration with WWF on sustainably sourced seafood.

In 2024, Valamar continued investments in employee development and rewards, including various education programs, development initiatives, and incentives for living in the destination. In all destinations, investments in tourist infrastructure were made, such as promenades, bike paths, playgrounds, and beaches, as well as in destination events, community support, and local socially responsible organizations.

As a member of the UN Global Compact, Valamar continues to respect the Ten Principles that encompass fundamental business responsibilities in human rights, labour, environment, and anti-corruption. In 2024, Valamar joined the GSTC (Global Sustainable Tourist Council), which establishes and manages global standards for sustainable travel and tourism.

ESG PROJECTS AND ACHIEVEMENTS

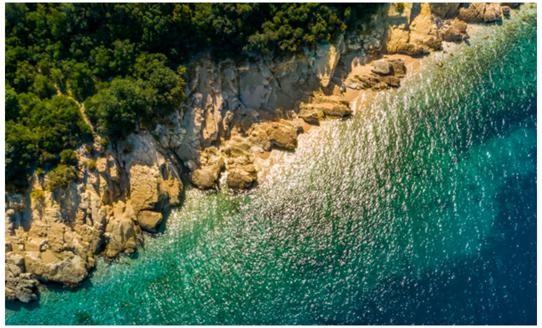
ENVIRONMENT

Valamar reduces the carbon footprint by using 100% electricity from renewable sources, including its own photovoltaic power plants, LED lighting, replacing fossil fuels with electricity from renewable sources, installing heat pumps and other energy efficiency measures, using electric vehicles, and then other indirect measures such as cooperation with local suppliers.

Valamar also manages over 80.000 trees and runs the 'Easy as one, two, tree' initiative in its hotels and campsites. Through the initiative, Valamar invites guests to donate funds for planting new trees while the company donates an additional tree for each donated. Thanks to the excellent response from guests, 23.200 trees were planted from 2022 to February 2025.

In 2024, a high share of local food and beverage procurement was achieved, reaching 78%. Valfresco Direkt, an online platform that collaborates with around a hundred family farms (OPGs), offers products from family farms and numerous producers from various parts of Croatia in one place, including ready-made and semi-prepared meals available to Valamar guests and residents of Istria and Kvarner. Eight Valfresco Markets are located in Valamar's campsites, providing guests with direct access to traditional local products, thus directly supporting the local community. Valamar premium campsites also offer delivery services from Valfresco Markets and other catering services to the campsite.

Implementing a fully digitalized ordering system connected with external real-time inventory tracking systems enables efficient coordination between warehouses, suppliers, and delivery teams.



Valamar and WWF Adria, the regional branch of the World Wide Fund for Nature, presented the achievements of their joint initiative to preserve the Adriatic Sea and promote sustainable fishing, which began in 2023. The collaboration between Valamar and WWF Adria is the first of this kind in Croatia's tourism sector. In line with WWF Adria's recommendations, Valamar has completely excluded endangered species such as sharks, rays, and swordfish from its restaurant menus.

Another significant collaboration was achieved with the local fishing cooperative from Komiža, from which Valamar obtained 20% of total procurement of sustainably caught hake. Thanks to this collaboration, the cooperative has attracted new fishermen and ensured the long-term sustainability of operations.

In 2024, Valamar was awarded the Croatian Sustainability Index (HRIO) award for excellence in the environmental management category. The HRIO award is presented by HRPSOR, a prominent independent association that promotes sustainable business practices and aims to integrate sustainable development principles into decision-making processes.

SOCIAL

Valamar is the largest investor in Croatian tourism, having invested over one billion euros in the past two decades to develop high-quality, sustainable tourism with added value. For the past eight years, Valamar has been recognised as the best employer in the Croatian tourism sector. Valamar's investments in corporate social responsibility are primarily focused on employee development, support for students and educational institutions, investments in tourism infrastructure – such as promenades, cycling trails, playgrounds, and beaches – support for cultural and sports events in its destinations, and various initiatives aimed at enhancing the quality of life in local communities.

Valamar has continued to invest in improving working conditions, employee training programmes, and reward schemes to retain local employees, who accounted for 78% of the workforce in 2024. Additionally, a high return rate of seasonal workers was recorded, with 53% choosing to return to Valamar. In 2024, Valamar further strengthened its commitment to employees by creating 400 new permanent positions.

In collaboration with UNICEF, the global organisation dedicated to promoting and protecting children's rights, Valamar organised a series of online training sessions on positive parenting for children up to the age of 8, as well as workshops for parents of adolescents. These initiatives were designed to support employees and help them navigate the challenges of parenthood.

The Ana Rukavina Foundation and Valamar organised a donor registration drive for the Croatian Registry of Voluntary Haematopoietic Stem Cell Donors. A total of 402 Poreč residents participated, including a significant number of Valamar employees.

GOVERNANCE

Receiving the Silver Medal from EcoVadis, a global agency for assessing a wide range of business sustainability, Valamar has become the first and only Croatian tourism company whose sustainable practices have been recognized globally. EcoVadis evaluates impacts on the environment, labour and human rights, ethics, and sustainable procurement, and their rating is globally recognized by international institutions, investors, and banks. Only the top 15% of companies assessed by EcoVadis reach the silver level.

Valamar applies a Supplier Code of Conduct that provides basic guidelines for the ethical behaviour of Valamar's partners to operate responsibly and contribute to achieving business goals since 2023.

Sustainability certification bodies and organizations have awarded Valamar Group companies and tourist facilities numerous certificates and labels, confirming Valamar's commitment to sustainability. Sustainability certificates are an independent confirmation that Valamar operates in accordance with high standards of environmental protection and social responsibility, considering ecology, health and safety protection, labour and human rights, and the local community in business decisions and daily operations. In 2024, Valamar certified all its facilities with ISO 9001 quality certificates, ISO 14001 environmental protection certificates, and ISO 50001 energy management certificates. 28 Valamar hotels were awarded Travelife sustainability certification, six campsites received EU Ecolabel, and 16 beaches got Blue Flag certificates.

The Croatian Green Building Council, the national partner of the DGNB System for Croatia, which is the leading international green building certification system, awarded Valamar Amicor Green Resort on the island of Hvar a gold pre-certification for sustainable construction of standalone villas. The award makes Valamar the first tourism company on the path to a gold sustainability certificate and Valamar Amicor Green Resort the first such resort in this part of Europe.

Valamar continuously builds trust with the public, employees, investors, institutions, and partners through open communication and responsible business practices. In 2024, Valamar conducted the first measurement of the reputation index through an independent market research agency. With a representative sample via telephone surveys using the CATI method, the research was conducted in the destinations where Valamar operates and at the national level in the Republic of Croatia.

OTHER ESG RECOGNITIONS

- Valamar was awarded the **Certificate of Appreciation by the County of Istria** for its outstanding contribution to the tourism sector over the past 70 years of operation. Valamar Riviera has played a key role in shaping the development of tourism and has become a leader in economic and social progress across Croatia's most successful tourist destinations.
- In December 2024, Valamar received the **Green Goat – Capra Verde Award** in recognition of its commitment to sustainable tourism.
- Valamar was also named Croatia's favourite tourism company among female audiences, winning the prestigious **'Woman's Choice Award'**. The award is presented annually by miss7, a leading women's lifestyle portal, which has been conducting the 'Woman's Choice Award' survey for the past seven years. This year, Valamar was recognised as the most beloved brand in the hotel chain category.
- At the CX.hr Annual Awards held in June 2024, Valamar's reservation centre secured **first place in the "Contact Centre with 31 or More Workplaces" category**, highlighting its dedication to exceptional service, guest satisfaction, and operational excellence.
- Additionally, Krk Premium Camping Resort by Valamar was awarded **Best Campsite 2024** by ACSI, Europe's leading camping association. The award was based on guest votes from campsites across Europe, recognising Krk Premium Camping Resort as the best campsite in Croatia.

ESG KPI 2024

100% ELECTRICITY FROM RENEWABLE SOURCES	**75%** TOTAL ENERGY FROM RENEWABLE SOURCES	**69%** DECREASE IN THE INTENSITY OF GREENHOUSE GAS EMISSIONS PER ACCOMMODATION UNIT COMPARED TO 2015.	**10.000** NEW TREES PLANTED IN 2024
78% LOCAL FOOD	**78%** DOMESTIC EMPLOYEES	**53%** RETURNEES AMONG SEASONAL WORKERS	**49%** YEAR-ROUND INCOME INDEX
28 HOTELS TRAVELIFE CERTIFICATE **6 CAMPSITES** EU ECOLABEL	**16** BEACHES BLUE FLAG CERTIFICATE	**100%** PROPERTIES ISO 14001 ISO 50001 CERTIFICATE	**80%** PROCUREMENT VALUE FROM RESPONSIBLE SUPPLIERS

ESG KPI 2023

- **100**% electricity from renewable sources
- **74**% total energy from renewable sources
- **70**% decrease in the intensity of greenhouse gas emissions per accommodation unit compared to 2015.
- more than **9,000 trees** planted in 2023
- **78**% local food
- **83**% domestic employees
- **53**% returnees among seasonal workers

Corporate Social Responsibility

VALAMAR IN THE COMMUNITY 2024

Valamar continuously contributes to the development of local communities by providing support to various initiatives. By preserving natural resources and implementing sustainable practices, the company ensures a long-term balance between tourism and environmental protection. Through the creation of new amenities and services, as well as investments in publicly accessible tourism infrastructure, Valamar enhances the quality of life for local residents. Its strategy focuses on collaboration with local partners and fostering regional economic growth.

Croatia Summer Camp

Croatia Summer Camp by Valamar was introduced. This new digital platform serves as an innovative and socially responsible initiative in sustainable family tourism, bringing together sports, educational, and artistic camps. This platform is the first of its kind in Croatia, designed to enable local residents, guests, and tourists to easily find a variety of activities for children and teenagers while allowing local club organisers to advertise their programmes free of charge and connect with potential participants.

The camps are categorised into three main groups: sports, arts, and education. In its first year, 2024, the initiative brought together 55 camps and over 3,000 children, offering a diverse range of activities, from football and sailing to STEM education and music workshops.

Valamar supports initiatives in kindergartens

Valamar collaborated with the "Radost" Kindergarten in Poreč, as well as the "Paperino" kindergartens in Poreč, "Tići" in Vrsar, "Milan Šorgo" in Oprtalj and "Pjerina Verbanac" in Labin, and hosted 650 children from Dubrovnik kindergartens at Maro World in Dubrovnik.

In 2024, Valamar also provided support to vocational schools by improving training facilities and enabling students to participate in competitions, while primary schools in Tar and Baška on the island of Krk benefited from various educational projects and initiatives.

By collaborating with kindergartens, schools, and other educational institutions, Valamar strives to provide better conditions for children's growth, learning, and development, thereby further contributing to the advancement of local communities.

"A Thousand Days On the Adriatic" Humanitarian Programme Need

Valamar has continued its long-standing humanitarian initiative, "A Thousand Days on the Adriatic," which provides holidays for children without parental care, those from financially disadvantaged families, as well as children with special needs and health challenges. Over the past 11 years, Valamar has provided holidays for more than 4,400 children from all parts of Croatia through this initiative.

10,000 New Trees Planted

In 2024, Valamar carried out the third season of its donation initiative, Easy as One, Two, Tree, resulting in the planting of over 10,000 new trees across Croatia. Guests at Valamar's hotels and campsites had the opportunity to contribute to Croatia's reforestation efforts, with Valamar matching each donated tree by funding the planting of an additional one.

The traditional tree-planting event, organised by the Scout Association of Croatia, took place last autumn near Vrbovsko, with Valamar employees once again actively participating.

Valamar rewarded numerous primary schools with the award "Week of Local School Lunches"

As part of the "Valamar brine za marende fine" ("Valamar Cares for Healthy School Lunches") initiative for the 2024/2025 school year, Valamar has rewarded all 28 primary schools from Istria, Rijeka and the surrounding areas, as well as the island of Krk, that participated in the competition and thus provided a week of local school lunches prepared from Valfresco Direkt, prepared from quality, locally sourced ingredients, for more than 6,600 students during the 2024/2025 school year, with the aim of raising awareness about the importance of healthy eating.

Valamar and WWF Adria Partner to Protect the Adriatic Sea

In line with recommendations from WWF Adria, the regional branch of the World Wide Fund for Nature (WWF), Valamar has completely removed endangered species such as sharks, rays, and swordfish from its offerings. Furthermore, the company has established a significant collaboration with a local fishing cooperative in Komiža, attracting new young fishermen and ensuring the long-term sustainability of their business.

This partnership, initiated in 2023, is the first of its kind in Croatia's tourism sector.

Valamar supported the “Mirno More” regatta

Valamar has supported the world's largest humanitarian sailing event for socially disadvantaged children and young people, by providing three sailboats for participants.

In the milestone 30th edition of the Regatta, 1,000 participants from nearly 30 nations sailed from Šibenik to Split on approximately 100 yachts, promoting messages of peace, tolerance, and unity.

Organised by the Austrian association “Mirno More,” this unique regatta welcomes children and young people from children's homes, SOS Children's Villages, social communities, and therapeutic institutions from various countries, including Croatia, Austria, Germany, Slovenia, Bosnia and Herzegovina, and Serbia.

Croatia's Largest Bike Center is Opened

A major milestone was the opening of Bike Center Poreč*, the largest cycling centre in Croatia, located at the starting point of the Parenzana cycling trail.

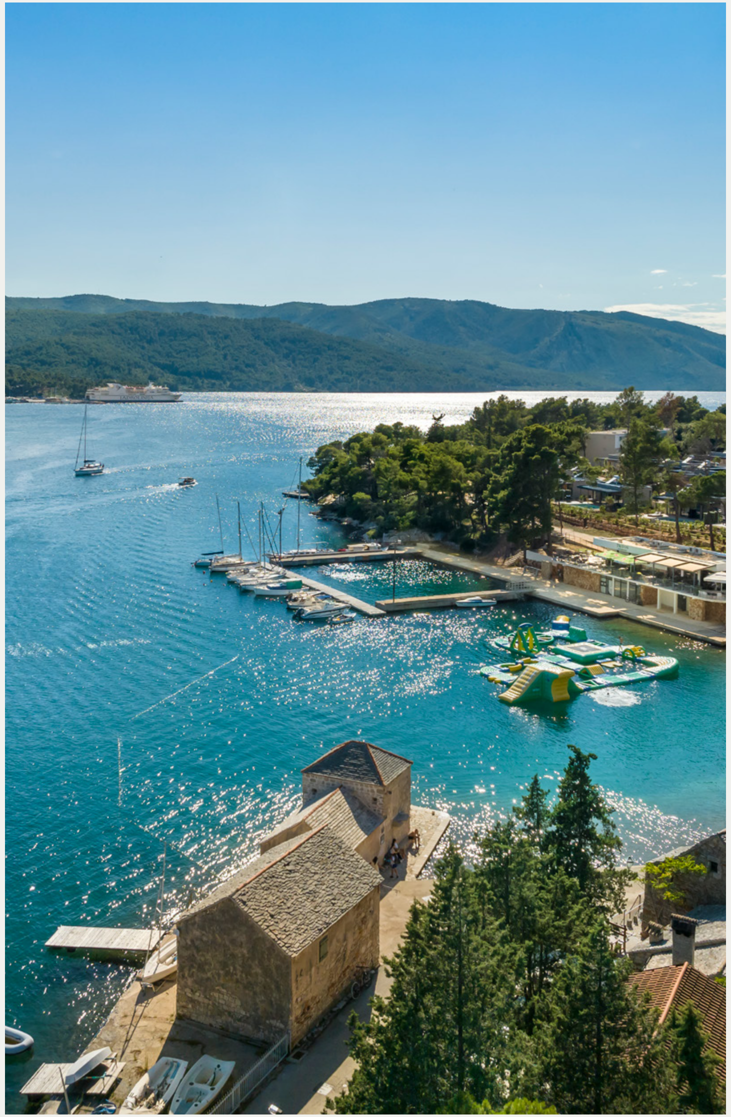
The project was made possible through EU grant funding, awarded to Imperial Riviera under the National Recovery and Resilience Plan. The total value of the project, led by Imperial Riviera, amounts to EUR 6,059,631.21, of which EUR 1,586,126.72 is financed through EU grants. guided cycling tours, bike and passenger transfer services, and bicycle maintenance. Bike Center Poreč also features a themed cycling park with a 566 m^2 asphalt pump track and a circular children's trail, both of which are open to the public free of charge.

Valamar also supported Istria300, a leading recreational cycling race that, in its third and largest edition to date, attracted over 3,600 cyclists from around the world. Additionally, at a scenic viewpoint within Bike Park Rabac, Valamar developed a dedicated rest area for cyclists and nature enthusiasts, further enhancing the park's offering. This investment marks the completion of Valamar's cycling infrastructure development in Rabac.

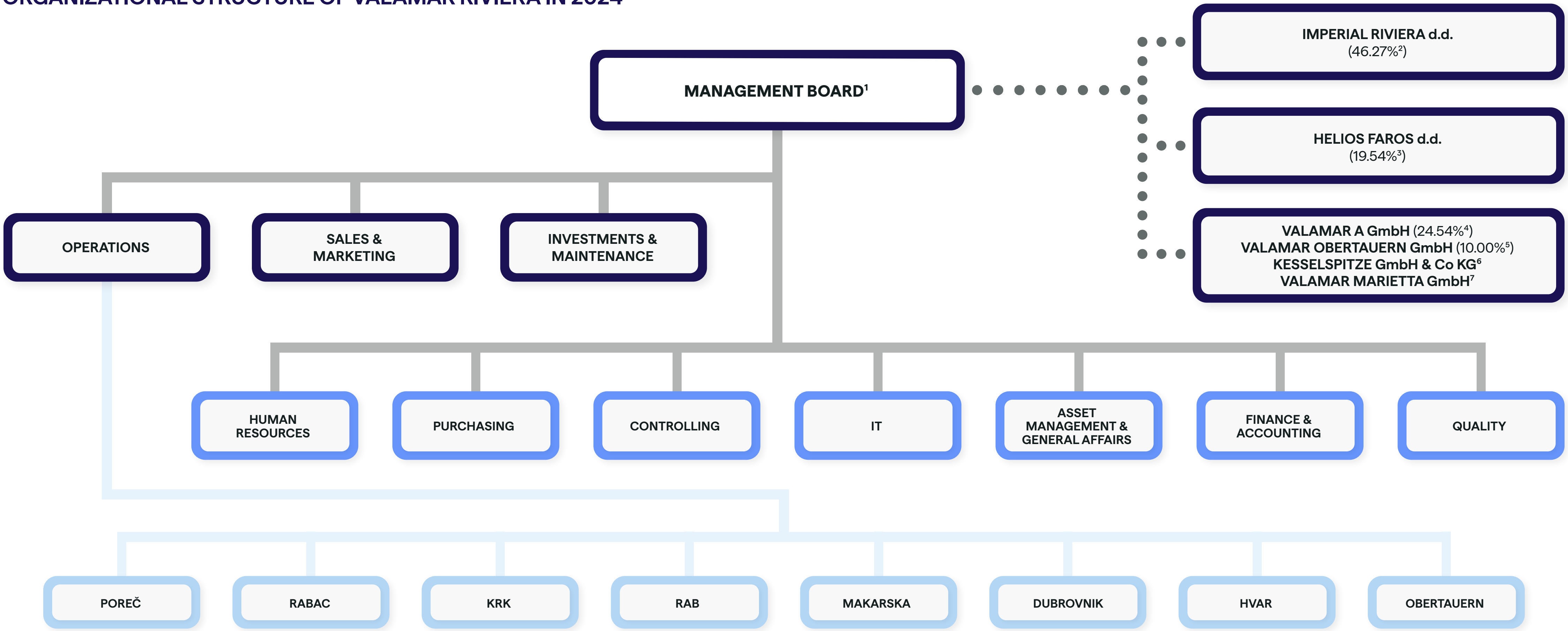
Valamar's Support for Tennis Tournaments to Promote Sport Development

In March 2024, Valamar once again hosted the oldest international tennis tournament in Croatia – Istarska Rivijera, with the aim of developing and promoting sport in the communities in which it operates. In June 2024, Valamar's tennis centre in Makarska welcomed the 18th edition of the WTA Makarska Open – hosted by Valamar. Participants were accommodated at the [PLACES] Dalmacija Hotel.

Corporate Governance



ORGANIZATIONAL STRUCTURE OF VALAMAR RIVIERA IN 2024



[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 28 November 2019.
[3] 19.54% owned by Valamar Riviera d.d. The contract in relation to the management of hotel and tourist properties and facilities is in force from 2 September 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 until 28 September 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 was in force until October 31, 2024. As of November 1, 2024, the Company manages the Austrian hotels through its branch, Valamar Riviera d.d. Zweigniederlassung Austria.
[6] The contract in relation to the management of hotel and tourist properties and facilities was in force until October 31, 2024. As of November 1, 2024, the Company manages the Austrian hotels through its branch, Valamar Riviera d.d. Zweigniederlassung Austria.
[7] The contract in relation to the management of hotel-tourist properties and facilities was in force until October 31, 2024. As of November 1, 2024, the Company manages the Austrian hotels through its branch, Valamar Riviera d.d. Zweigniederlassung Austria.

CORPORATE STRUCTURE

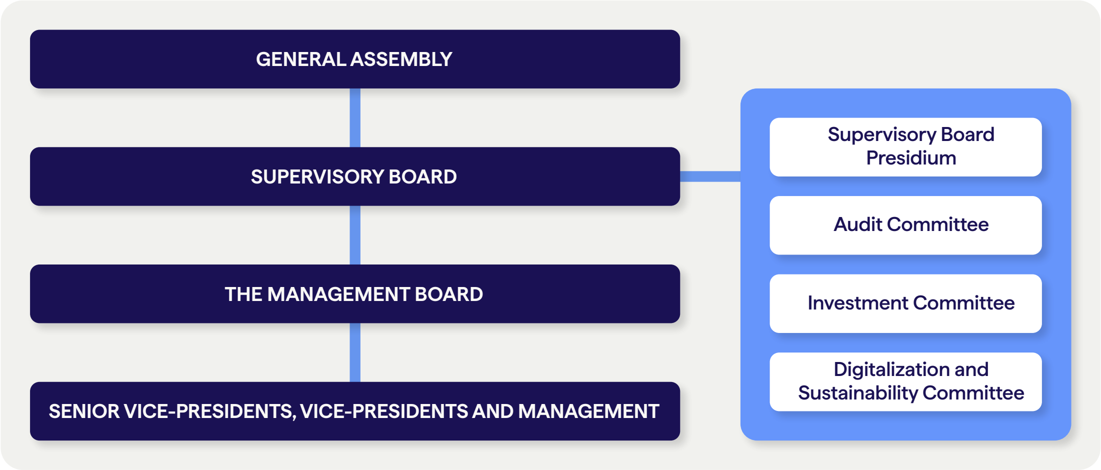
A well-defined, clear corporate structure is the foundation of effective strategic and operational management of the company. The key bodies of Valamar Riviera d.d. are the General Assembly, the Supervisory Board with its committees and the Management Board led by the President of the Management Board 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.

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.



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

In its operations, Valamar Riviera places the highest importance on the health and safety of guests and employees, with the aim of ensuring their well-being and satisfaction. It responsibly and consistently ensures a healthy environment for both living and working. The health and safety policy is implemented across all company facilities through Valamar's standard operating procedures. Valamar Riviera continuously aligns its operations and activities with all applicable legal and other health and safety requirements. The company actively consults with employees and their representatives, ensuring their participation in the development and enhancement of the health and safety management system.

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.

MEMBERS OF THE SUPERVISORY BOARD

FRANZ LANSCHÜTZER,
Supervisory Board Chairman

Franz Lanschützer received his Master of Business Administration from the Vienna University of Economics and Business and his doctorate (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. Dr. Lanschützer is a Managing Partner at EPIC Goldscheider und Wurmböck Unternehmensberatungsgesellschaft m.b.H. from Vienna.

For the last thirty years, Dr. 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 the region. He has also set up and run investment privatization funds in the Czech Republic and Croatia. Before joining EPIC, Dr. 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 President of the Management Board at Valamar Group d.d. (2011–2014) and Valamar Riviera d.d. (2014–2015). 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.

DANIEL GOLDSCHEIDER,
Supervisory Board Deputy Chairman

Daniel Goldscheider graduated from the Theresian Academy in Vienna. He is the founder and Executive Director of the OpenWallet Foundation, the leading non-profit organization for developers to work on open-source components for digital wallets. He also co-founded the OpenWallet Forum together with the International Telecommunication Union, the United Nations specialized agency for information and communication technologies.

He serves as Vice Chair of the Supervisory Board of Valamar Riviera d.d., Croatia's largest tourism company. Before that, Mr. Goldscheider started yes.com, an open banking scheme, with leading banks in Germany and co-founded Mediaguide, a broadcast monitoring service in the United States, with the American Society of Composers, Authors and Publishers as well as Aureus Private Equity, which is known today as Invision.

Daniel Goldscheider also served two terms on the Board of Directors of the Global Footprint Network, a charitable non-profit and independent think tank which coined the term footprint as an ecological metric and promotes tools for advancing sustainability.

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 Pećina, 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., Helios Faros d.d., Ingra d.d., and ICF 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.

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 a Management Board Member and Chief Marketing Officer of a major Swiss corporation, as well as CEO of its Canadian subsidiary.

He co-founded Valamar Adria Holding (formerly PIF Dom Fond d.d.) in 1998 and served as its Chairman before it merged with Valamar Riviera d.d. in 2014. In the years between, he served as President and Member of the Management and Supervisory Boards of several affiliated companies.

From 1999 to July 2008 and from June 2012 to the end of September 2014, he held the position of Supervisory Board Chairman at Riviera Poreč d.d. Since then, he has been a Member of Valamar Riviera's Supervisory Board. He served multiple terms on the Board of the German-Croatian Chamber of Industry & Commerce. As a co-founder of Zaklada Znanje na Djelu – Stiftung Wissen am Werk, he remains a Member of its Supervisory Council.

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, one of CEE's leading investment and advisory firms. At EPIC, he has led many large privatization and corporate finance transactions in 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 Supervisory Board of Valamar Riviera d.d.

BORIS GALIĆ,
Supervisory Board Member

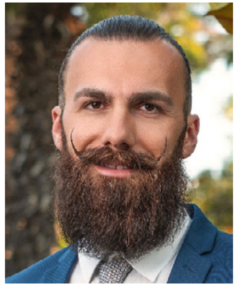
Boris Galić graduated from the Faculty of Economics, University of Zagreb, majoring in Finance. He began his years of finance and accounting experience in 1991 in Germany with Tchibo GmbH.

He gained experience auditing financial institutions and industrial companies in 1995 at ECONTA 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 at 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 at 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. Boris Galić has been a member of the Valamar Riviera Supervisory Board since June 16, 2021.

Mr. Galić is an independent member of the Board since he is not in business or employed by Valamar Riviera d.d.

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 the positions of 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. In 2021, Ivan Ergović started working as the Executive Chef at the Marea Valamar Collection Suites, and in 2024, he was promoted to the position of Food Manager for Valamar Hotels.

His work has been noted and awarded at numerous international culinary competitions. Since 2023, he has been a member of the Management Board of the Croatian Culinary Federation, and in 2024, he became the Vice-President of the Referee Committee of the Croatian Culinary Federation.

He was appointed a member of Valamar Riviera's Supervisory Board, as the workers' representative by the Labour Council of the Company, for a four-year mandate starting June 16, 2021.

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 from the Vienna University of Economics and Business and a post-matric course in 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). Her extensive experience in Tourism and Marketing started in 1998 as Head of the Department at the State Tourist Board of Lower Austria (Niederösterreich Werbung).

Between 1999 and 2004, she was Head of the Department for National Tourism Policy at the Federal Ministry of Economics and Labour Affairs (Directorate of Tourism and Historic Buildings), and from 2004 to 2006, she was Secretary General at the Austrian Federal Economic Chamber, Federal Division of Tourism and Leisure Industries. From 2006 to 2021, she was Managing Director of Österreich Werbung (national tourism organization). Since 2022, Ms. Stolba has served as Head of the Cabinet of the First Vice-President of the European Parliament and at the European Parliament's Liaison Office in Austria.

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 is an independent Supervisory Board Member since she is not in business or employed by Valamar Riviera d.d.

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 leading functions at Austrian companies.

Starting as a Project Manager at EPIC Goldscheider & Wurmböck Unternehmensberatungs GmbH 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., the 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 the 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 an independent Supervisory Board Member since she is not in business or employed by Valamar Riviera d.d.

MEMBERS OF THE MANAGEMENT BOARD

ŽELJKO KUKURIN,
Management Board President and CEO

Željko Kukurin graduated from the Faculty of Economics and Business in Zagreb. He began his career in 2000 as an intern at Riviera Poreč while pursuing his Master of Science in Marketing.

From 2003 to 2009, he held various managerial positions in Sales and Marketing, developing strategic projects such as direct online sales and CRM. In 2010, he earned an Executive MBA from Bocconi University and became CEO of Istraturist d.d., one of Croatia's most significant tourist companies, owned by Zagrebačka banka (Zaba), UniCredit Group. Over the next five years, Mr. Kukurin collaborated with Meliá Hotels International to manage the tourist portfolio in Umag.

In June 2015, he was appointed President of the Valamar Management Board, leading the company through significant growth and transformation and elevating it to the position of a leading tourist company in Croatia. Alongside his managerial duties, Željko Kukurin began a doctoral study focusing on investments in the hotel industry. Throughout his career, he has managed hotel investment projects worth over one billion euros. In 2020, he earned a Doctorate in Economics.

Under his leadership from 2015 to 2019, Valamar repositioned its portfolio and doubled its enterprise value, becoming the best employer in tourism. Mr. Kukurin was named Businessperson of the Year in 2017 and has been an advocate for corporate responsibility and sustainable tourism.

He holds key positions in the Croatian Tourism Sector, including Deputy Chairman of the Supervisory Board at Imperial Riviera d.d., and is actively involved in various professional and academic associations.

MARKO ČIŽMEK,
Management Board Member

Marko Čižmek graduated from the Faculty of Economics and Business in Zagreb and is also qualified as a Broker and Investment Advisor. Mr. Čižmek started his career in 1996 at the Croatian National Bank, followed by corporate finance at Investment Bank Austria and ICF. From 2001 to 2004, he was a Management Board Member at EURO Invest, an investment fund management company.

Marko Čižmek held numerous executive positions at Valamar Group companies that have since been merged into Valamar Riviera, including 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 Supervisory Board Member at Zlatni Otok d.d. (2002-2011) and Rabac d.d. (2000-2004).

Mr. Čižmek has held the position of Management Board Member at Valamar Riviera since 2011 and is responsible for Finance, Accounting, Treasury, Capital Markets, Investor Relations, and Information Technology.

He also serves as a Management Board Member at the Croatian Association of Corporate Treasurers and, since 2019, as Supervisory Board Deputy Chairman and 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 has since held various leadership positions focused on Strategic Development, Corporate Restructuring, Portfolio Expansion, Digital Transformation, Sustainability, and Communications, most recently as Management Board Member in Valamar Riviera.

Mrs. Budin Arhanić has led Valamar's Business and Portfolio Expansion in Croatia and Austria, strategic investments in Digital Transformation, and Sustainability.

Ivana Budin Arhanić also serves on the boards of the National Competitiveness Council, Croatian Business Council for Sustainable Development, and MBA Croatia Association.

DIVISION VICE PRESIDENTS AT VALAMAR RIVIERA

ALEN BENKOVIĆ,
Senior Vice President for Asset Development, Maintenance & Technical Services and Management Board President 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 Director of Asset Development, Maintenance, and Technical Services at Istraturist.

Mr. Benković joined Valamar in 2015 and became Vice President of Asset Development, Maintenance, and Technical Services, responsible for managing investments in the tourism portfolio and planning future asset development. Since 2021, Alen Benković has served as President of the Management Board of Imperial Riviera (term of office starting on January 1, 2022) and Senior Vice President at Valamar Riviera.

DAVID POROPAT,
Senior Vice President for Operations

David Poropat, Ph.D., graduated from the University of Rijeka Faculty of Hospitality Management in Opatija in 1993. In 2007, he completed his Postgraduate Research Program at the Faculty of Tourism and Hospitality Management in Opatija, where he also completed a Postgraduate Doctoral Program 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, first as the Head of the Western Market in Sales and then became a Planner and Analyst in the Controlling Department. From 1996 to 2002, he was General Manager of Jadran Turist's Sol Park Hotel, managed by the Spanish company Sol Meliá.

In March 2002, he joined Riviera Holding d.d. in Poreč as Operations Director, and until 2006, he oversaw all Valamar tourist properties. From 2007 to 2011, he was a Member of the Management Board of Valamar Hotels and Resorts d.o.o., and between 2012 and 2014, he served as a Member of the Management Board of Valamar Business Development d.o.o. At the end of 2014, he became a Vice President of Operations and since 2021, he has served as a Senior Vice President of Operations at Valamar Riviera d.d. 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 in the Sales and Marketing Department of the former Valamar Hoteli i Ljetovališta. In 2002, he became a Project Manager in Guest Satisfaction Research and Customer Relationship Management, while from 2004 onward, he oversaw Direct Sales at Valamar.

In 2009, Mr. Brenko was promoted to Valamar's Director of Direct Sales and Marketing. At the beginning of 2010, he joined Istraturist Umag d.d., where he worked as Director of Business Development.

In 2015, Davor Brenko was appointed Vice President for Sales and Marketing at Valamar Riviera, and since 2021, he has been serving as Senior Vice President for 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. She gained work experience in Croatia, America, and Italy during her studies.

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 at 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. 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.

At the former Riviera Poreč d.d., he was Regional Hotel Director, Assistant to the Destination Manager of Operations for Investments, and a 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.

Risks and Internal Control Systems

Risks of the Company and the Group

The Company and the Group are exposed to numerous risks in everyday operations.

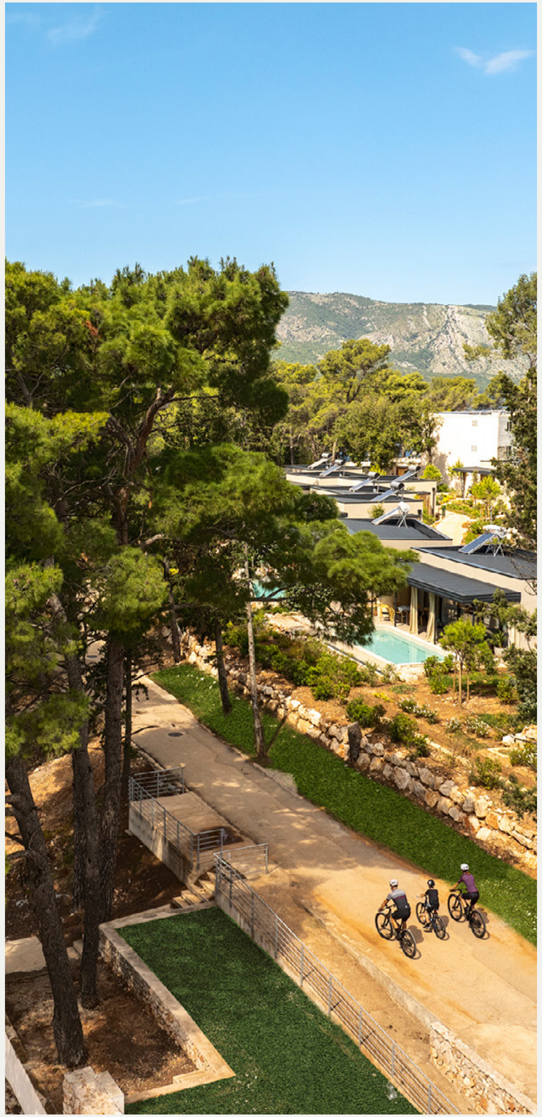
As the main risks, the Company and the Group have identified the following risks:

- BUSINESS RISKS:
  risks related to the way the Company business is conducted, business environment, competition, supply and demand, lack of workforce and continuous adjustment to market needs
- FINANCIAL RISKS:
  comprise financial variables that may cause difficulties in settling financial liabilities of the Company and the Group, impact liquidity, or complicate debt management
- OPERATIONAL RISKS:
  related to inadequate use of information and procedures, IT systems and errors in operational management
- GLOBAL RISKS:
  include climate change, adverse weather and natural disasters, pandemics, food shortages, civil unrest, wars and other risks beyond the Company or the Group's (direct) control
- REGULATORY RISKS:
  related to changes in laws, tax and other legislation governing the business operations of the Company and the Group

When monitoring and assessing risks, the Company and Group use a proactive approach. Risk management is considered a key factor of differentiation among competitors. Along with risk differentiation and mitigation, risk management aims to create sustainable value, thereby strengthening the trust of all stakeholders of the Company and Group. When defining the strategy, particular attention is paid to the short and mid-term risk impact to maintain business sustainability over time.

The risk management process comprises the following steps:

- Identifying potential risks in business operations
- Analysis and assessment of identified risks
- Determining actions and responsibilities for efficient risk management
- Monitoring and overseeing initiatives to prevent the occurrence of risk events and alleviating their consequences
- Exchanging information on risk management results



BUSINESS RISK

The Company and Group's business risks are seasonality, the often changing market demands, a lack of the workforce and lawsuits.

Tourism is a specific activity constantly in flux and going through quick trend changes. This requires tourist companies to continuously adapt to survive in the market for the long term. The Company and the Group are exposed to business risks connected with the stability of global tourist trends. The business operations of the Company and the Group are highly dependent on the results achieved during the high season, which generates around 55% of the total turnover. Tourist trends thus considerably depend on the weather during the summer months.

To mitigate these risks, the Company and the Group continuously invest in the expansion and quality enhancement of their accommodation capacities and in developing additional facilities. They are currently the largest investors in Croatian tourism. The development of new technologies considerably changes guest habits and how they plan their holiday and make reservations. The ever-present trend of simplicity of online reservations continues to strongly impact the dynamic of selecting the destination and accommodation. The Company and the Group realise 63.8% of their revenues via direct channels, including reservations via a direct distribution system – call centre, internet mobile platforms and the loyalty programme.

The loyalty programme will continue to grow to create additional value for our clients. Web pages, e-marketing and technology will also be further upgraded.

The Company and the Group's development is impossible without a high-quality human resources management. The construction of new facilities and the refurbishment of existing accommodation capacities in Croatia increase the risk of a lack of a qualified workforce. Valamar Riviera is one of the most desirable employers in the country, continuously investing in attracting, training and developing employees. We constantly improve incentive and reward systems, employee career development, employees' wellbeing and accommodation and foster cooperation with education institutions throughout Croatia.

The Company is a defendant in a lawsuit from 2010 relating to the payment for the works on hotel Lacroma during its reconstruction and extension. In 2013, the Commercial Court issued a judgement that fully rejected the claims of the claimants. In 2020, the High Commercial Court of the Republic of Croatia overturned the first-instance judgement, and the case was returned for retrial. In the repeated proceedings, the Commercial Court, by its judgement from May 2023, largely accepted the claim and the Company was charged with the payment of the principal of EUR 2,264,861.17 as well as lawsuit costs in the amount of EUR 702,752.22 and the corresponding statutory default interest. On 31 January 2024, in the appellate procedure on the Company's appeal, the High Commercial Court of the Republic of Croatia delivered a final judgement in favour of the Company, whereby it varied the judgement of the Commercial Court of Dubrovnik from May 2023 and rejected all claims of the claimants as unfounded. The claimants submitted a motion for the permission to file a second appeal regarding the judgment of the High Commercial Court of the Republic of Croatia of 31 January 2024, to which the Company submitted its response. The Company has not yet made any provisions in its business ledgers or booked any costs for this lawsuit.

In 2023, the Company initiated an administrative dispute to annul the Resolution of the Ministry of the Sea, Transport and Infrastructure, adopted after an inspection of the commercial utilisation of the maritime domain in the area of the Ježevac camping on the island of Krk. This Resolution includes a prohibition on providing accommodation services on several cadastral parcels and a prohibition on providing anchoring services. In 2024, a non-final judgement was delivered against the Company, and the Company appealed to the competent court against this judgement. The Government of the Republic of Croatia, in its June 2024 Conclusion, charged the Ministry of the Sea, Transport and Infrastructure to urgently establish maritime domain boundaries for all campsites in front of which maritime domain boundaries have not been determined. It also ordered that the Customs Administration and the Maritime Safety Directorate of the Ministry of the Sea, Transport and Infrastructure stay inspection measures that prohibit the operation of campsites until resolving the unresolved property relations concerning the respective maritime domains, and to do it at the latest by 31 December 2025. Also, the Customs Administration will charge companies a fee for the undisputed area of the maritime domain that they utilise, starting from 1 January 2019 until the respective property relations are resolved. In July 2024, the Ministry of the Sea, Transport and Infrastructure accepted the Company's proposal to reopen the proceedings and lifted the prohibition on providing accommodation services in the Ježevac camping. In 2023, the Company made provisions for this case amounting to EUR 130,0000 and will continue actively participating in the future legal proceedings.

Apart from the above-stated lawsuits, the Company is party to some other court proceedings and has made provisions in its business ledgers for all lawsuits amounting to EUR 2.1 million.

FINANCIAL RISKS

In everyday business operations and activities, the Company and the Group are exposed to numerous financial risks, especially:

- interest rate risk
- credit risk
- liquidity risk
- inflation risk
- foreign exchange risk

Interest rate risk

The interest rate risk is a risk of change of an interest rate that may lead to a change in the amount of liabilities and interest rate on revenues.

To decrease interest rate risk, the Company and the Group regularly implement interest rate hedging using interest rate swaps (exchange of the variable interest rate with a fixed interest rate). This effectively converts variable interest rate loans to fixed interest rate loans. The impact of interest rate risk on business is limited since most of the Company's and Group's loan portfolios are long-term loans with an agreed fixed interest rate or loans insured with an interest rate swap.

The Company and Group have interest-bearing assets (cash assets and deposits) that generate revenues from interest rates, so their revenues and cash flows depend on changes in the market interest rates. This risk is especially pronounced in the high season when the Company and the Group have significant cash surpluses at their disposal. Cash placements are mainly done for the short term at market interest rate.

Credit risk

Credit risk can arise from cash assets, time deposits and receivables. According to the Company's and the Group's sales policy, business transactions are conducted only with customers with a suitable credit history, i.e. by agreeing on advance payments, bank securities and paying via credit cards. The Company and the Group continuously monitor their exposure to business partners and their creditworthiness to decrease credit risk.

The Company and the Group obtain instruments for securing receivables, such as debentures, bank guarantees and mortgages, thus reducing the risks of inability to collect receivables.

Exposure to credit risk also arises due to cash and deposits with business banks. To diversify this risk, we have set a maximum exposure level for each bank, and the relevant qualitative and quantitative financial stability indicators of banks are continuously monitored.

Liquidity risk

The Company and the Group have a sound liquidity risk management. Sufficient funds for meeting liabilities are available at any moment through own funds, adequate amounts from contracted credit lines for investments and through working capital.

The repayment of credit lines is in line with the period of significant cash inflows from operating activities. The Company and the Group monitor the liquidity through daily cash and short-term and long-term debt reports. Surplus cash is invested in current accounts and time deposits. Only instruments with suitable maturity and sufficient liquidity are selected according to the forecasted needs for liquid funds.

Inflation risk

The Company and the Group are exposed to changes in purchase prices for energy products (especially electricity), food and beverages and consumables, and increase in the prices for construction works and purchase of assets. The Company and the Group have been continually investing in energy efficiency and renewables to mitigate the impact of increasing energy product prices and decrease dependence on suppliers. Where appropriate, when doing procurement, the practice is to enter into long-term contracts at fixed prices.

One of the ways how to mitigate the negative impact of inflation is a flexible management of sales prices. The Company and the Group have a very high share of direct and online sales channels, enabling dynamic sales price formation throughout the year.

Foreign exchange risk

Judging from overnights realised in various source markets, the Company and the Group operate internationally. By the Republic of Croatia's entry into the eurozone on 1 January 2023, almost 100% of revenues and cash inflows are realised in euros. This nearly eliminates the foreign exchange risk (potential losses due to foreign exchange volatilities).

OPERATIONAL RISKS

Operational risks are connected with direct or indirect losses arising from inadequate or wrong internal or external processes within the Company and the Group. An organisation's complexity and size increase operational risks, which is why building quality processes is a key pillar when it comes to successfully managing these risks.

In today's digital age, cyber and information security have become the key domains of interest for any company that wishes to protect its key information assets. Information, as one of the most important currencies and the foundation of any business system, is often the target of attacks. The information security risks include unauthorised access, data theft, malicious attacks and technical malfunctions, while cyber security includes the protection of networks systems and data against digital threats. Timely recognition and management of these risks are of key importance for ensuring business continuity as well as the trust of our guests.

Being aware of the risks concerning the reliability of business IT solutions and cyber security, the Company and the Group have been continuously investing in improving, developing and implementing new technologies and protection mechanisms in their everyday business operations. A particular focus is placed on ensuring sufficient resources for developing and implementing new ICT technologies, data protection projects and improving the existing and the development of new robust business systems. Over the years, Valamar has implemented several projects and made several investments to increase its ICT infrastructure's security, stability and efficiency. The Company has ensured an efficient infrastructure and data protection by optimising its incident management process, implementing a 24 hours monitoring system and consolidating all platforms into a single ICT platform.

In case of personal data violation incidents, the Company and the Group may be significantly fined, which can also have a detrimental effect on the Company's reputation. The Company has been continuously working on training its employees and raising their awareness about the importance of personal data protection and information security.

The Company will continue developing and implementing new technologies to continuously boost the resilience of its business processes against the threats posed by cyber and information security.

GLOBAL RISKS

Despite improved security and political conditions, Croatian tourism continues to face challenges, such as:

- Periods of global economic and financial crises which reduce the purchasing power of the population from our key source markets and the Republic of Croatia
- Security and political issues related to local and global terrorism threats
- Global crises due to war zones

Results of the Company and the Group may be influenced by various environmental impacts, such as:

- Climate change, such as global warming, long draught or rain periods
- Natural disasters and calamities (earthquakes, fires, floods, severe storms, etc.)
- Deterioration of quality and pollution of the sea and coast

All these factors may directly impact the number and duration of overnights of our guests in hotels and campsites, as well as increase the costs of our business operations.

Health pandemics also represent a global risk, causing financial and operational disruptions in the global economy, and they significantly impact tourism as a very sensitive industry branch. Health risks represent an incredibly challenging risk management segment since the possibilities of the Company and the Group in these cases are limited to risk monitoring and undertaking activities in accordance with internal and external rules and following recommendations in case of a contagious disease outbreak.

REGULATORY RISKS

Changes in laws, taxes and other regulations also represent a significant risk for the Company and the Group. Changes in relevant regulations often enter into force after the business plans for future periods have already been adopted and commercial conditions with business partners have already been agreed upon. This can significantly adversely affect the financial position of the Company and the Group, endanger the planned investment and weaken investor trust.

Recent changes in the regulations relating to the utilisation of the maritime domain, concessions, concession permits and fees for the utilisation of the maritime domain still represent an area that is not fully regulated and has a significant impact on business operations and future development.

The regulatory risks are one of the most challenging risk management segments, where the possibilities of the Company and the Group are limited.

Internal Controls System and Internal Audit

The internal controls system in Valamar Riviera ensures effective oversight of all business processes and is implemented at all levels of the organisation, from the Management Board and management to operational staff.

The primary objective of the internal control system is to ensure compliance with legal regulations, the company's standard operating procedures, internal decisions, and other corporate acts. Additionally, the system contributes to the efficiency of business processes, the accuracy of financial and other data required for decision-making, asset protection, and the optimal use of all types of resources.

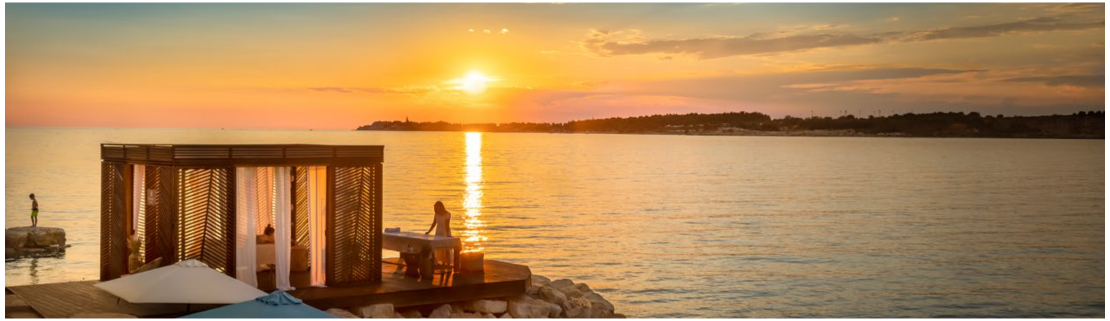
The internal control system functions primarily as a preventive measure but also includes corrective actions when necessary to maintain compliance with policies and enhance business efficiency.

In 2024, Internal Audit conducted compliance control activities related to the Code of Business Conduct and associated policies, including the oversight of the Audit Committee and the Management Board.

Valamar Riviera operates transparently and ethically, with a strong focus on protecting all key forms of capital, including human, financial, physical, informational, social, environmental, and reputational capital. The company's Internal Audit and Audit Committee are committed to maintaining high business standards and best practices in corporate governance.

The Audit Committee of Valamar Riviera is responsible for overseeing the integrity of the company's business activities in relation to annual reporting as well as procedural and regulatory compliance. The Committee also supports the work of Internal Audit and meets at least four times per year.

The Internal Audit work plan is based on a systematic assessment of key strategic risks, which are quantified and evaluated through the corporate risk matrix. Each risk, as identified by business stakeholders – including management and the Audit Committee – is assessed based on its likelihood of occurrence and its potential impact on operations. This framework forms the basis for developing the annual operational and strategic audit plan.



The audit process is standardised and consists of planning, data collection and analysis, the preparation of reports with recommendations and corrective measures, which are presented to the Audit Committee and the Management Board, followed by monitoring the implementation of proposed measures.

In 2025, Internal Audit will align its planning and reporting with the calendar year rather than the previous July-to-June cycle. This change was confirmed at the last Audit Committee meeting in December 2024. Internal audits are conducted across various organisational units, considering their specificity, size, complexity, and structure, as well as the involvement of individuals or internal clients.

The key documents governing internal audit at Valamar Riviera are aligned with the Global Internal Audit Standards (GIAS) and include:

- Internal Audit Charter
- Internal Audit Standards
- Code of Business Conduct
- Internal Audit Code of Ethics

Sustainability-related risks identified through the double materiality assessment will be collected and evaluated using the same methodology as all other risks within the risk assessment and collection process. If these risks are ranked among the most significant, they will become an integral part of the annual Internal Audit plan and audit engagements in the forthcoming period.

KEY INTERNAL AUDIT AND AUDIT COMMITTEE ACTIVITIES IN 2024

Internal Audit carried out activities in line with the annual work plan to ensure compliance across the Company's operations. The Audit Committee convened for five meetings, during which various aspects of audit processes and business operations were discussed.

Internal Audit monitored and analysed financial processes, including payment terms, security instruments, early payment models, and the calculation of default interest. Based on these analyses, recommendations were provided to ensure alignment with internal policies and best practices.

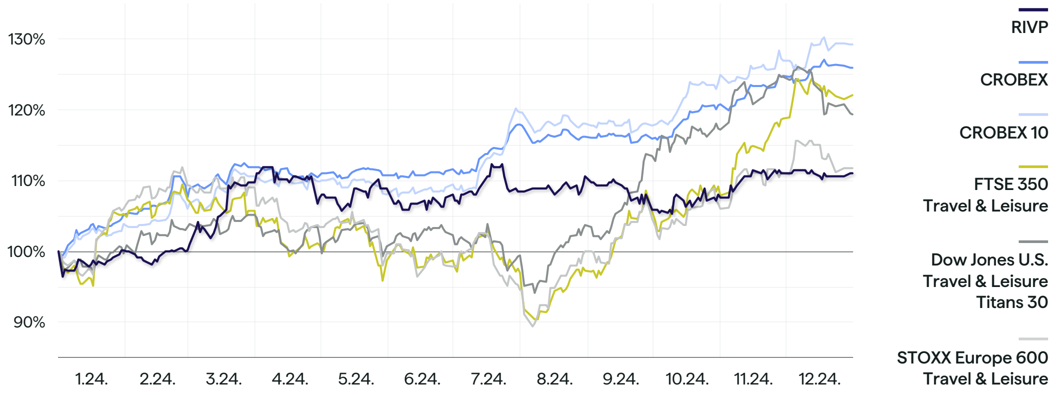
Additionally, Internal Audit contributed to the enhancement of the organisational structure and the implementation of changes that improved operational efficiency and team coordination. Particular attention was given to the review of the Code of Business Conduct and policies related to risk management, conflicts of interest, and the approval and disclosure of related-party transactions.

To support the execution of these activities, a decision was made to engage an external audit firm, which will provide additional support through the partial outsourcing of the internal audit function in 2025.

Through these initiatives, Internal Audit maintained operational continuity, ensuring a high level of compliance with internal procedures and global standards. Furthermore, it continued to strengthen the internal control system and enhance operational efficiency across the Company and the Group.

Valamar Share (RIVP)

Performance of Valamar Riviera's share and Zagreb Stock Exchange and travel and leisure indices in 2024



During 2024, the highest achieved share price in regular trading on the regulated market was EUR 5.30, and the lowest EUR 4.55. On 31 Dec 2024 the price was EUR 5.24 which represents an increase of 11.0% compared to the last price in 2023. With a total turnover of EUR 20.1 million[1] Valamar Riviera share was the seventh share on the Zagreb Stock Exchange in terms of turnover during 2024.

In addition to the Zagreb Stock Exchange index, the joint stock index of the Zagreb and Ljubljana stock exchanges ADRIAprime, the stock is also a component of the Vienna Stock Exchange index (CROX[2] and SETX[3]) and the Warsaw Stock Exchange (CEEplus[4]), the SEE Link regional platform index (SEELinX and SEELinX EWI)[5] and the MSCI Frontier Markets Index[6].

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

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 new investors.

By continuing to actively represent Valamar Riviera, we will strive to contribute to further growth in value for all stakeholders with the intention of recognizing the Company's share as one of the leaders on the Croatian capital market and one of the leaders in the CEE region.

Analytical coverage of Valamar Riviera is provided by:

1) ERSTE bank d.d., Zagreb;
2) Interkapital vrijednosni papiri d.o.o., Zagreb;
3) Zagrebačka banka d.d., Zagreb and
4) Ipopema, Warsaw.

[1] Block transactions are excluded from the calculation.
[2] The Croatian Traded Index (CROX) is a capitalisation-weighted price index comprising the 12 most liquid and capitalised stocks on the Zagreb Stock Exchange.
[3] The South-East Europe Traded Index (SETX) is a capitalisation-weighted price index that includes blue-chip stocks traded on stock exchanges in Southeast Europe (Bucharest, Ljubljana, Sofia, Belgrade, and Zagreb).
[4] CEEplus is a stock index composed of the most liquid shares listed on exchanges in the Visegrád Group countries (Poland, Czech Republic, Slovakia, and Hungary) as well as Croatia, Romania, and Slovenia.
[5] SEE Link is a regional securities trading platform established by the Bulgarian, Macedonian, and Zagreb stock exchanges. SEE LinX and SEE LinX EWI are two blue-chip regional indices comprising the ten most liquid regional companies listed on these three exchanges: five from Croatia, three from Bulgaria, and two from North Macedonia.
[6] The MSCI Frontier Markets Index includes large- and mid-cap companies across 29 frontier market countries.

OWN SHARES AND SHARE BUYBACK PROGRAM

The Company has the ability to acquire own shares based on and in accordance with the conditions set forth in the General Assembly resolution on the acquisition of own shares dated 9 May 2019, which remained in effect until 17 November 2024, as well as the General Assembly resolution dated 24 April 2024, which has been in effect since 18 November 2024.

Pursuant to the aforementioned resolutions, on 14 November 2024, the Company's Management Board adopted a resolution approving the Own Shares Buyback Program (*https://valamar-riviera.com/media/493963/notification-of-adopting-an-own-share-buy-back-programme-1-107-24.pdf*). The Company holds and acquires own shares for the purpose of rewarding the management and key executives in accordance with the Company's remuneration policies and for the potential payment of a portion of the dividend in the form of share-based rights. In accordance with the Program, the Company plans to acquire its own shares on the regulated market of the Zagreb Stock Exchange d.d. up to a maximum amount of EUR 2 million.

In accordance with the adopted long-term share-based reward plan for key executives for the period from 2023 to 2026, which aims to promote loyalty, focus on achieving business objectives, and increased shareholder value, a total of 426,160 own shares were released on 12 March 2024 by the Company.

In 2024, the Company acquired 110,674 of its own shares on the Zagreb Stock Exchange at an average price of EUR 5.24.

Following the disposal and acquisition of own shares during the year, the Company holds a total of 3,101,536 own shares on 31 December 2024, which represents 2.46% of the Company's share capital.

VALAMAR RIVIERA'S GENERAL ASSEMBLY

The General Assembly was held on 24 April 2024 and it adopted the decision on the utilisation of profit realised in 2023, on approving actions of the members of the Management Board and Supervisory Board, approval of the report on the remuneration to members of the Management Board and Supervisory Board for 2023, and appointment of Ernst & Young d.o.o. za reviziju and UHY RUDAN d.o.o as the Company's auditors for 2024.

Apart from the above decisions, it also adopted the Remuneration Policy for the upcoming four-year period, i.e. from 2024 to 2027, and passed the decision about the remuneration for the work of Supervisory Board members and the decision on authorization to acquire own shares.

The General Assembly also adopted the decision on dividend payment of EUR 0.22 per share (dividend yield of 4.7%), which was paid out on 24 May 2024 from the retained earnings realised in the years 2016, 2019 and 2021.

OWNERSHIP STRUCTURE
(as at 31 December 2024)

Goldscheider Keramik Gesellschaft M.B.H. Plosslgasse 8, 1040 Vienna, Republic of Austria	**19.85%**	25,017,698
Wurmböck Beteiligungs GmbH Plosslgasse 8, 1040 Vienna, Republic of Austria	**19.90%**	25,078,700
Satis d.o.o. Miramarska 24, 10000 Zagreb	**5.24%**	6,610,048
Raiffeisenbank Austria d.d./Joint custody account – for SF/Custodian, SR Njemačke 2 i 8,, 10000 Zagreb	**4.48%**	5,646,079
Valamar Riviera d.d. (treasury shares)	**2.46%**	3,101,536
OTP Banka d.d./AZ MPF B category/Custodian Domovinskog rata 61, 21000 Split	**3.46%**	4,364,708
Enitor d.o.o., Miramarska cesta 24, 10000 Zagreb	**2.11%**	2,657,950
CERP, Ivana Lučića 6, 10000 Zagreb	**1.25%**	1,570,206
OTP Banka d.d./Erste plavi MPF B category/Custodian Domovinskog rata 61, 21000 Split	**1.21%**	1,519,010
HPB d.d./Kapitalni fond d.d./Custodian Jurišićeva 4, 10000 Zagreb	**1.13%**	1,419,657
PBZ d.d./State street client account/Custodian Radnička cesta 50, 10000 Zagreb	**1.92%**	2,418,148
Other small shareholders	**36.99%**	46,623,802

Responsibility for the sustainability report

According to the provisions of Articles 32 and 36 of the Accounting Act (NN 85/24, 145/24), the Management Board is responsible for the preparation of the consolidated Sustainability Report in accordance with the European Sustainability Reporting Standards (ESRS) and for:

- preparation of disclosures in the section "Consolidated disclosures pursuant to article 8 of the taxonomy regulation" of the consolidated Sustainability Report in accordance with the reporting requirements of Article 8 of EU Regulation 2020/852 (EU Taxonomy Regulation)
- design, implementation, and maintenance of internal control systems that the Management Board deems necessary to enable the preparation of the consolidated Sustainability Report, free from material misstatements due to fraud or error, and
- selection and application of appropriate sustainability reporting methods, as well as making reasonable judgments and estimates regarding individual sustainability disclosures, considering the circumstances.

The Management Board is also responsible for the design and implementation of the process for identifying information disclosed in the consolidated Sustainability Report in accordance with the ESRS, and for disclosing this process in the section **"ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks, and opportunities"** and **"IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement"** in the consolidated Sustainability Report. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and understanding the affected stakeholders;
- identification of actual and potential impacts (both negative and positive) related to sustainability issues, as well as risks and opportunities that affect, or could reasonably be expected to affect the Group's financial position, financial performance, cash flows, access to financing or cost of capital in the short, medium, or long term;
- assessment of the significance of the identified impacts, risks, and opportunities related to sustainability issues by selecting and applying appropriate materiality thresholds, and
- making assumptions that are reasonable under the circumstances.

The consolidated Sustainability Report was approved by the Management Board on April 8, 2025.

Signed on behalf of the Management Board on April 8, 2025.

President of the
Management Board
Željko Kukurin

Member of the
Management Board
Marko Čižmek

Member of the
Management Board
Ivana Budin Arhanić

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

Sustainability Report

Welcome to the Valamar Group's sustainability statement for 2024. This is first year of reporting ESG progress against the EU Corporate Sustainability Reporting Directive (CSRD). As such, report is structured based on the topical standards of the CSRD.

Each section takes its starting point in the impacts, risks and opportunities material for its business. Valamar Group then detail the key policies, targets and actions that address these topics, driven by ESG strategy.

The Corporate Sustainability Reporting Directive (CSRD) is a regulatory framework established by the EU to improve and standardise sustainability reporting among companies, starting with the financial year 2024. Until 2023. Valamar Group has been reporting according to GRI standards.This 2024. report highlights key sustainability issues and offers stakeholders clear, comparable, and trustworthy information on environmental, social, and governance (ESG) performance.

Valamar Group efforts to align with the CSRD have been a collaborative process, with extensive teamwork across departments to gather the necessary data for reporting.

Under the CSRD, Valamar Group adhere to specific standards that cover a wide range of sustainability topics. These standards ensure that reported information is consistent and comparable across different organisations and industries.

One of the key components of the CSRD is the Double Materiality Assessment (DMA), through which Valamar Group has identified the material sustainability matters relevant to its business and value chain.

In the sustainability statements, Valamar Group has implemented the CSRD and the specific requirements of the European Sustainability Reporting Standards (ESRS). In accordance with the 2024. DMA, Valamar Group report on the following topics, in addition to the EU Taxonomy:

- **General disclosures**
- **Climate change**
- **Water and marine resources**
- **Own workforce**
- **Business conduct**

Valamar Group implemented a more structured approach to CSRD reporting by standardising its data collection and established processes for analysing and controlling data. The DMA introduces Impacts, Risks, and Opportunities (IROs) that provide insights into sustainability matters.

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

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

GENERAL INFORMATION

ESRS 2	**GENERAL DISCLOSURES**
BP-1	General basis for preparation
BP-2	Disclosures in relation to specific circumstances
GOV-1	The role of the administrative, management and supervisory bodies
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
GOV-3	Integration of sustainability-related performance in incentive schemes
GOV-4	Statement on due diligence
GOV-5	Risk management and internal controls over sustainability reporting
SBM-1	Strategy, business model and value chain
SBM-2	Interests and views of stakeholders
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement

ENVIRONMENT INFORMATION

CONSOLIDATED DISCLOSURES PURSUANT TO ARTICLE 8 OF THE TAXONOMY REGULATION

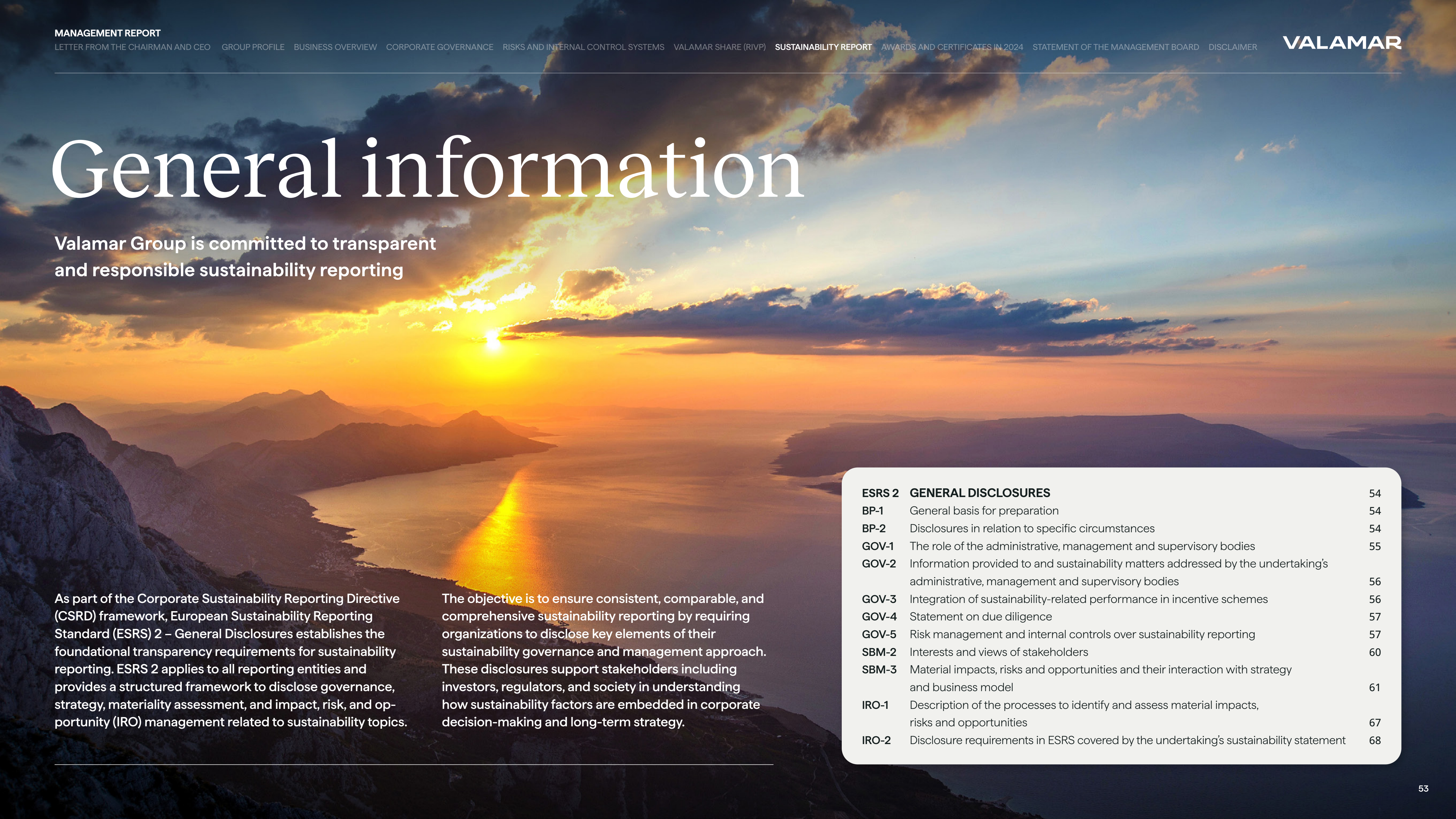
ESRS E1	**CLIMATE CHANGE**
E1-1	Transition plan for climate change mitigation
E1-2	Policies related to climate change mitigation and adaptation
E1-3	Actions and resources in relation to climate change policies
E1-4	Targets related to climate change mitigation and adaptation
E1-5	Energy consumption and mix
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E3	Water and Marine Resources
E3-1	Policies related to water and marine resources
E3-2	Actions and resources related to water and marine resources
E3-3	Targets related to water and marine resources
E3-4	Water consumption

SOCIAL INFORMATION

ESRS S1	**OWN WORKFORCE**
S1-1	Policies related to own workforce
S1-2	Processes for engaging with own workers and workers' representatives about impacts
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
S1-6	Characteristics of the undertaking's employees
S1-7	Characteristics of non-employee workers in the undertaking's own workforce
S1-8	Collective bargaining coverage and social dialogue
S1-10	Adequate wages
S1-16	Remuneration metrics (pay gap and total remuneration)
S1-17	Incidents, complaints and severe human rights impacts

GOVERNANCE INFORMATION

ESRS G1	Corporate Culture and Business Conduct
G1.GOV-1	The role of the administrative, management and supervisory bodies
G1-1	Policies related to business conduct



General information

Valamar Group is committed to transparent and responsible sustainability reporting

As part of the Corporate Sustainability Reporting Directive (CSRD) framework, European Sustainability Reporting Standard (ESRS) 2 – General Disclosures establishes the foundational transparency requirements for sustainability reporting. ESRS 2 applies to all reporting entities and provides a structured framework to disclose governance, strategy, materiality assessment, and impact, risk, and opportunity (IRO) management related to sustainability topics.

The objective is to ensure consistent, comparable, and comprehensive sustainability reporting by requiring organizations to disclose key elements of their sustainability governance and management approach. These disclosures support stakeholders including investors, regulators, and society in understanding how sustainability factors are embedded in corporate decision-making and long-term strategy.

ESRS 2

GENERAL DISCLOSURES

In its general disclosures, Valamar Group outlines the scope of reporting and address governance topics. It also details Valamar Group strategy, business model, value chain, and stakeholder interests, all in relation to its DMA.

BP-1
General basis for preparation

Valamar Group sustainability report has been prepared in accordance with the Croatian Accounting Law and the European Sustainability Reporting Standards (ESRS). The sustainability statements for Valamar Group have been prepared on a consolidated basis with the same scope as the financial statements. They cover Valamar Riviera d.d. ("Valamar Riviera"), Bugenvilia d.o.o. and Imperial Riviera d.d. ("Imperial Riviera") with the subsidiary Praona d.o.o. This ensures consistency and comparability across both financial and sustainability disclosures.

Imperial Group has prepared its own sustainability report that includes Imperial Riviera d.d. and Praona d.o.o.

Valamar Group did not use the exemption from disclosure of impending developments or matters in the course of negotiation, as provided for in articles 19a(3) and 29a(3) of Directive 2013/34/EU.

The sustainability statement covers the main value chain of Valamar Group, including the impacts, risks and opportunities related to its value chain in line with double materiality results.

Valamar Group has not opted to omit details about intellectual property, know-how results of innovation not about ongoing developments or negotiations.

BP-2
Disclosures in relation to specific circumstances

This is the first year of reporting in accordance with ESRS standards. The changes regarding the recalculation of base year GHG emissions are disclosed in the topical standard.

The sustainability disclosures in this report have been expanded significantly to comply with the requirements of the CSRD and ESRS for the first time in 2024. Valamar Group has not deviated from time horizons defined by ESRS except in climate risk scenario analyses where definitions of short-, medium- and long-term time horizons is as follows:

- **Short term – period by 2030**
  (2026 – 2035)
- **Medium term – period by 2040**
  (2036 – 2045)
- **Long term – period by 2050**
  (2046 – 2055)

Climate change impacts are assessed over longer time horizons to capture the full range of potential risks, aligning with the Intergovernmental Panel on Climate Change (the IPCC) emphasis on long-term climate scenarios and projections.

Within the E1-6, GHG methodology, Valamar Group has changes in the calculation of GHG emissions in the base year compared to current year.

Incorporation by reference
The Sustainability Report has included references to the Valamar Group's Annual Report for the same period, which is in the same reporting language and published together.

Disclosure requirement	Reference to Annual Report section
ESRS 2 GOV 1	Corporate Governance Code Implementation Report
ESRS 2 GOV 1	Management report section Corporate governance

Measurements subject to uncertainty
All measurements conducted in the preparation of this report have been done directly, resulting in no uncertainty in qualitative metrics except scope 3 GHG emission.

Information on value chain estimates and sources of uncertainty are disclosed in the methodology section, as it relates to specific material sustainability topics and/or indicators (see pp. 89 and 90).

Other legislation and standards used in preparation
In the preparation of Valamar Group's sustainability report, no legislation or standards other than CSRD are used.

GOV-1
The role of the administrative, management and supervisory bodies

Valamar Riviera has a dualistic corporate structure (management board and supervisory board) and therefore has no executive and non-executive members of the Management Board, in accordance with the relevant regulations.

The Management Board of the Company consists of three members:
- **Željko Kukurin**, the President of the Management Board
- **Marko Čižmek**, the Management Board Member
- **Ivana Budin Arhanić**, the Management Board Member

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 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 Group 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 Committee and Human Resources Management Committee below the Management Board. The Sustainability Committee and the Human Resources Management Committee regularly reports to the Management Board on the management of impacts on the economy, the environment, and people.

Apart of Management Board members, other senior management also participate in the mentioned committees, including:
- **Alen Benković**, senior vice-president for development, asset maintenance and technical services
- **Davor Brenko**, senior vice-president for sales and marketing
- **David Poropat**, senior vice-president for operations
- **Ines Damjanić**, vice-president for human resources
- **Tea Pestotnik Prebeg**, director of Quality and Sustainability Sector.

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 of the Company consist of nine members:
- **Franz Lanschützer**, Chairman
- **Mladen Markoč**, Deputy Chairman
- **Daniel Goldscheider**, Deputy Chairman
- **Gustav Wurmböck**, member
- **Gudrun Kuffner**, independent member
- **Petra Stolba**, independent member
- **Georg Eltz**, member
- **Boris Galić**, independent member
- **Ivan Ergović**, member (employee representative)

Percentage of independent supervisory board members: 33.33%

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.

Members of the Sustainability and Digitalization Committee are Petra Stolba, Franz Lanschützer and Daniel Goldscheider.

The Audit Committee on the Supervisory Board level of Valamar Riviera reports to the Supervisory Board and consist of the following members: Gudrun Kuffner, Georg Eltz, Gustav Wurmböck, Mladen Markoč and Boris Galić.

Detailed information regarding of Management Board, Supervisory Board and their Committees are presented in Annual Report in section Corporate Governance Code Implementation.

The percentage of females on Valamar Riviera's Management Board is 33.33%.

Expertise in administrative, management and supervisory bodies
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.

In late 2023, Valamar Riviera, in collaboration with PwC, conducted a workshop on sustainable development, highlighting the active engagement of its Management Board. Additionally, Ivana Budin Arhanić, a member of Valamar Riviera Management Board, serves on the board of the Hrvatski poslovni savez za održivi razvoj (HR PSOR), an association established by leading Croatian entrepreneurs to promote sustainable economic practices. These initiatives reinforce Valamar Group commitment to sustainability and foster collaboration with partners and stakeholders in advancing the Sustainable Development Goals (SDGs).

CVs of all members of supervisory board, management board and senior management are presented in Management report section Corporate governance.

Roles and responsibilities in the oversight of impacts, risks and opportunities (IROs)
As the highest governing body concerning sustainability and sustainable management at Valamar Group, the Management Board is responsible for developing, approving, and updating the statements of values, mission, strategy, policy, and objectives. The effectiveness of ESG organizational processes is systematically monitored within the responsibilities of the Management Board and the definition of strategic initiatives and key performance indicators, which Valamar Group reports on an annual basis.

Sustainability Committee in Valamar Riviera operates under the Management Board and is responsible for oversight of Valamar Group´s impact, risks and opportunities in relation to all sustainability matters. The committee evaluates progress, identifies any deviations from targets, and recommends corrective actions or strategic adjustments. The Sustainability Committee plan its meetings every month, it reports to the Management Board on Valamar Group's environment, social and governance impacts, ensuring continuous alignment with strategic goals.

The Sustainability committee also coordinates the assignment of responsibilities for managing impacts mentioned above. This is achieved through collaboration with the Quality and Sustainability department and various departmental managers responsible for implementing specific sustainable initiatives. These departments track relevant KPIs based on their functional expertise and operational focus, contributing data and insights to support comprehensive decision-making.

Cross-departmental cooperation is central to Valamar Group's sustainability approach. Internal functions collaborate to ensure that data, performance metrics, and sustainability insights are shared across departments. The Sustainability Committee acts as the central coordination point, receiving inputs from all relevant sectors, analysing their reports, and ensuring consistency with broader organizational objectives. This integrated framework streamlines decision-making and enhances Valamar Group's capacity to address sustainability-related challenges effectively. Information related to the IRO is provided as needed. Report covers results that are based on existing policies (e.g., the Environmental Protection Policy), ESG goals, and KPIs.

Own workforce topics are carried out through the responsibilities of the Human Resources Management Committee and Human Resources Sector. The Human Resources Management Committee meets 3 to 5 times a year, and its tasks include: Human resources strategy, Salary policy, Organization, Employment policies, Education and training programs, Reward and bonus programs, Succession planning and talent development.

At the Supervisory Board level, the Sustainability and Digitalization Committee serves as an advisory body. It reviews key strategic topics in advance and provides recommendations and proposals to the Management Board, which makes final decisions in line with Valamar Group's corporate acts and applicable regulations. The Sustainability and Digitalization Committee shall, as a rule, hold its meetings at least twice a year.

The Audit Committee on the Supervisory Board level of Valamar Riviera monitors the financial and sustainability reporting process and provides recommendations or suggestions to ensure its integrity. The Audit Committee must hold its meetings at least twice a year.

The Rules of Procedure for the Management Board, the Supervisory Board, and their Committees regulate the organization, operations, and decision-making processes of these governance bodies.

GOV-2
Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

List of activities performed by administrative, management and supervisory bodies in relation to material IROs.

BODY OF GOVERNANCE	TASKS OF THE COMMITTEE	MATERIAL TOPICS COVERED in 2024
Sustainability Committee	• Adoption of a 3- to 5-year sustainability strategy • Annual CAPEX and OPEX sustainability plan • Monitoring of projects implemented to achieve sustainability objective • Approval of annual sustainability initiatives • Monitoring key sustainability trends	• Review and approval of DMA • Review of results for scope 1, 2 (project of decarbonization) and scope 3 • Monitoring of other KPI's according to ESG strategy • Sustainability Projects & Capex • ESG regulatory requirements
The Sustainability and Digitalization Committee	• Preliminary consideration of strategic plans in relation to investments in sustainability • Monitoring relevant issues for the preparation of supervisory board decisions in relation with sustainability	• Carbon Management & ESG Reporting • Sustainability Projects & Capex • Reviewing ESG KPIs according to strategy • ESG regulatory requirements
Human resources management Committee	• Adoption of a 3- to 5-year strategy for human resources • Adoption of salary policy • Organization development • Adoption of employment policies	• Defining salary police for a current year • Reviewing KPIs according to strategy

Management and supervisory board of Valamar Riviera are involved in sustainability matters through their participation in the Committees.

GOV-3
Integration of sustainability-related performance in incentive schemes

In accordance with the Remuneration policy and pursuant to the Remuneration report for 2024, management board members do not receive any variable remuneration that includes sustainability-related performance.

Members of the Supervisory Board, in accordance with the Remuneration Policy, do not receive a variable remuneration.

GOV-4
Statement on due diligence

The following overview shows how and in which sections of the sustainability statement the main aspects and steps of the due diligence process are considered.

Core elements of due diligence	Paragraphs in the sustainability statement	
Embedding due diligence in governance, strategy, and business model	ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model
	ESRS S1.SBM-3.	Material impacts, risks and opportunities and their interaction with strategy and business model
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies
	ESRS 2 SBM-2	Interests and views of stakeholders
	ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks, and opportunities
Identifying and assessing adverse impacts	ESRS 2 IRO-1	(including Application Requirements related to specific sustainability matters in the relevant ESRS)
	ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model
	ESRS S1.SBM-3.	Material impacts, risks and opportunities and their interaction with strategy and business model
Taking actions to address those adverse impacts	ESRS E1-3	Actions and resources in relation to climate change policies
	ESRS E3-2	Actions and resources related to water and marine resources
	ESRS S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
Tracking the effectiveness of these efforts and communicating	**TARGETS:**	
	ESRS E1-4	Targets related to climate change mitigation and adaptation
	ESRS E3-3	Targets related to water and marine resources
	ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
	METRICS:	
	ESRS E1-5	Energy consumption and mix
	ESRS E1-6	Gross Scopes 1, 2, 3 and total GHG emissions
	ESRS E3-4	Water consumption
	ESRS S1-6	Characteristics of the undertaking's employees
	ESRS S1-7	Characteristics of non-employee workers in the undertaking's own workforce
	ESRS S1-8	Collective bargaining coverage and social dialogue
	ESRE S1-10	Adequate wages
	ESRS S1-16	Remuneration metrics (pay gap and total remuneration)
	ESRS S1-17	Incidents, complaints, and severe human rights impacts

GOV-5
Risk management and internal controls over sustainability reporting

Sustainability reporting risks, along with risks associated with double materiality, were not included in the risk management and internal control system in 2024. However, moving forward, these risks will be collected and evaluated using the same methodology applied to all other risks within the risk collection and evaluation process. The following section outlines the functioning of the risk management and internal controls system, which will incorporate sustainability reporting and double materiality analysis in future periods.

Risk management encompasses inputs from all departments and organization units within the Valamar Riviera, including at the end those of Management Board, as well as those of Audit Committee. Risk management, from the perspective of Internal audit department and its processes, is based on key company risks stipulated by Heads of Departments and finally ranked into the matrix, by using scale of impact and probability of occurrence. Risk matrix (of portfolio) is used as a basis for development of annual audit plan.

Methodology for assessment and prioritization of risks presented and confirmed by the Management Board and Audit committee. Methodology is based on risk identification and collection, using several sources of information, out of which, pivotal ones are interviews with Heads of Departments and key management representatives. Besides this key source of information (interview process that occurs annually from February till April), other sources are also taken into consideration, such as complaints, World Bank initiatives, realization vs budget deviations, key project. After risk collection is finalized, each risk is estimated from two perspectives:

a) probability (from "rare" to "very likely") and
b) impact (from low, over medium to high).

After this initial ranking process, key management (higher management, including Management Board) attribute, to each risk, final ranking status, ranging from 1 to 3. Final approval of the risk matrix and ranking is done by Management board and Audit committee.

Risk matrix is updated annually, process led by Internal audit and in cooperation with key process stakeholders within the Valamar Riviera. In case two or more departments are proposing same or similar risks, Internal audit department mediates to gather and unite such initiatives under a single risk item.

SBM-1
Strategy, business model and value chain

Valamar Group operates within the Hospitality sector, specifically focusing on Accommodations and Food and Beverage Services. The most significant markets for Valamar Group include Germany, Austria, Slovenia, and Croatia. Key customer segments consist of tour operators, travel agencies, online travel agencies, and individual guests, all of which play a vital role in the company's revenue generation.

Valamar Group does not offer products or services that are restricted or banned in certain markets.

Number of employees per significant geographical area

Country	Number of employees (head count)
Croatia	3,624
Austria	175

Revenue per sector
As the European Commission has not adopted a delegated act specifying the list of ESRS sectors, undertakings are not required to disclose the information referred to in ESRS 2 paragraph 40 (b). The ESRS Sectors will be defined in a future delegated act, following the issuance of a draft ESRS to be prepared by EFRAG.

Sustainability goals
Valamar Group ESG goals follow business strategy and are set for the period up to 2026 to ensure that short to medium term results are met and that the impact of business activities and initiatives is measurable, transparent and accountable. Furthermore, Valamar Group identified a balanced combination of measurable goals representing each ESG segment effectively through strategic initiatives. Valamar Group has identified key goals: reduction of energy consumption and production of own renewable energy, responsible water management and reduction of greenhouse gas emissions - Scope 1 and Scope 2. Appropriate wages are measured using a KPI that compares salaries to the national industry average, ensuring they are above the benchmark.

Valamar Group will continue with decarbonization in scope 1 and 2 in order to reduce greenhouse gas emissions by 75% per occupied accommodation unit by 2026 compared to 2015, that is to 2.4 kg per occupied accommodation unit. Valamar Group will significantly increase the share of electricity from renewable sources produced at Valamar Group properties, goal is to achieve 15% of solar electricity and will continue to invest in renewable energy sources through long-term partnerships. Valamar Group has set goals for achieving high sea quality, and for caring for 80,000 trees and further afforestation. Valamar Group 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. Valamar Group employs and retains domestic employees. Valamar Group provides numerous opportunities for the personal and professional development of employees through education and training programs.

Valamar Group has a high share of domestic production and local products in the food and beverage segment. By promoting indigenous products, Valamar Group provides authentic experiences and develops long-term partnerships with local producers. Valamar Group will continue to invest in decarbonization, employees, destination development, tourism infrastructure and local communities for the benefit of all stakeholders. The goal is to invest 50 million euros in destinations and employees by 2026. In order to have a greater positive impact on the environment and the destinations in which it operates, Valamar Group engages and motivates its strategic suppliers to transition towards sustainable business practices. Valamar Group's commitment to sustainability is recognized by professional organizations and a large number of Valamar Group properties hold sustainability certificates.

Valamar Group is recognized as a leader in environmental protection and sustainable development in tourism in its destinations. As the leading hospitality company in Croatia, Valamar Group has invested in various sustainability and social development programs since 2015. In 2024 Valamar Group has put in place a strategy for sustainable business development as part of a wider business strategy with the overall objective of alignment of ongoing and new activities with ambitious targets which will have a major impact on the environment and the society. Within this strategy the company defined strategic ESG initiatives.

Valamar Group has set specific ESG goals to ensure that short – to medium terms results are met and that the impact of business activities and initiatives is measurable, transparent, and accountable. In 2024, investments were made in LED lighting, electric vehicles, further decarbonization, and ensuring 100% of electricity comes from renewable sources. Valamar Group also continues its significant investments in employees and, in agreement with social partners, has increased the base salary for more than 5,000 employees. As a result, peak-season salaries for skilled positions range from €1,400 to €2,000 net. Under the "Živi destinaciju" program, Valamar Group offers an additional €400 net to employees who live in the destinations or relocate there permanently, encouraging year-round work and local employment. Additionally, as part of the "Krov and glavom" project, Valamar Group subsidizes rent for its employees with an amount of €500. In 2024, Valamar Group continued certifying its properties for quality management with ISO 9001, environmental protection with ISO 14001, and energy management with ISO 50001. Group also maintained Travelife sustainability certifications for selected hotels and the EU Ecolabel for six campsites, along with 16 Blue Flag certifications for its beaches.

Through the decarbonization project, Valamar Group monitors the results and set goals for reducing GHG emissions in Scope 1 and 2. By 2026. Valamar Group plans to continue with decarbonization in scope 1 and 2 to reduce greenhouse gas emissions, significantly increase the share of electricity from renewable sources, i.e. solar energy produced at Valamar Group properties and continue to invest in renewable energy sources, as well as keep the water withdrawal intensity below 0.55 m3 per occupied room and focus on the use of treated wastewater and optimizing water consumption. Valamar Group remains dedicated to achieving and maintaining diverse sustainability certifications.

Description of value chain

The sustainability report addresses the material impacts, risks and opportunities (IROs) of Valamar Group own operations and for Scope 3 GHG emissions of Valamar Group upstream and downstream value chain. Transitional provision related to chapter 5 Value chain allows to limit value chain information to those already available within the company. Due to the lack of an implemented procedure for collecting direct data from customers, suppliers, and other relevant stakeholders Valamar Group has not been able to collect data directly from the value chain. Therefore, the published policies, measures, targets, and indicators do not include information from these parts of the value chain. The value chain is only included when publishing indicators arising from other EU regulations, in this case, Scope 3 GHG emissions. Valamar Group plans to implement a data collection procedure within its value chain and incorporate it into its future reporting.

Valamar Group 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. Valamar Group manages 607 hectares of property, which includes 38 kilometres of coastal area. Valamar Group'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.

Valamar Group 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 Group 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 Group's success is its long-standing open communication with key stakeholders. Hence, Valamar Group has adopted policies that ensure the Group'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. This communication is carried out through ESG materials in both indoor and outdoor areas of the facilities. Digital channels, including Valamar Riviera's ESG website, newsletters, and social media, also play a key role in these efforts. Guests are guided towards sustainable practices through messages encouraging water conservation during showers and towel use, closing windows while using air conditioning, proper waste separation, and electricity saving, while children are introduced to the basics of sustainability through animation programs. Through these efforts, Valamar Group aims to engage its guests and foster a deeper understanding of sustainability in every aspect of their stay. Through booking agencies and various platforms, Valamar Group collects data and reach its current and future guests.

One of Valamar Group's key business partners are food & beverages suppliers. Currently, 78% of the food and beverages we serve come from local producers, and we aim to maintain this percentage in 2025.

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.

Valamar Group has not identified any material errors in the sustainability information reported in previous periods.

SBM-2
Interests and views of stakeholders

Valamar Group's key stakeholders in the value chain are guests, employees, the management board (sustainability committee), local community and stakeholders and investment community. Valamar Group's associated stakeholders are suppliers, trade unions, public administration bodies, public and professional associations. These stakeholders are crucial to Valamar Group for maintaining market competitiveness, optimizing costs, improving guest service quality, developing its business and activities, and recognizing and addressing potential risks. The engagement of stakeholders for the double materiality assessment is disclosed in IRO 1.

Stakeholder Group	Why Valamar Group Engaged	How Valamar Group Engaged	Value of Engagement
Guests	Enhance guest experience, gather feedback, ensure satisfaction, promote sustainability	Guest opinion surveys, newsletters, education on environmental protection, involvement in humanitarian activities	Improved guest satisfaction (89% in 2024 for sustainability efforts), service improvements, and alignment with sustainability expectations
Suppliers	Encourage sustainable practices, ensure compliance, build long-term partnerships, reduce scope 3 emissions	Long-term collaboration, quality assurance, ESG surveys, procurement policies, supplier Code of Conduct, sustainability criteria in procurement	Stronger supplier relationships, increased local sourcing (78%), and sustainability improvements in the supply chain
Employees	Improve working conditions, increase satisfaction, involve employees in sustainability initiatives	Surveys on corporate culture, internal communication channels (magazines, blogs, meetings), ESG participation, two-way feedback	Higher employee retention, better working conditions, increased engagement in sustainability efforts, and improved job satisfaction
Senior Management	Strategic sustainability planning, monitoring ESG initiatives	ESG workshops, Sustainability Committee oversight, Management Board involvement	Defined sustainability strategy until 2026, clear KPIs, and structured ESG monitoring
Trade Unions	Ensure fair labour conditions, promote workers' rights, improve employee relations, and align with labour regulations	Collective agreement, cooperation with the Workers' Council	Improved labour relations, enhanced employee rights protection, increased workplace stability, and stronger employee representation
Shareholders & Investment Community	Aligning business strategy with investor expectations, maintain transparency	Shareholder assembly, financial reports, corporate website, investor communication (meetings, conferences, reports)	Stronger investor confidence, transparent financial performance reporting
Local Community & Destinations	Strengthen local partnerships, support sustainable tourism	Collaboration with tourist boards, participation in local events, engagement in charity activities	Positive local impact, strengthened community ties, and contribution to destination sustainability

Description of amendments to strategy and (or) business model
There were no changes in strategy or business model to consider the interests and opinions of stakeholders in 2024. However, Valamar Group will consider the interests and opinions of stakeholders when creating new business strategy for a period 2027 – 2030.

Description of how governance bodies are informed about the views and interests of stakeholders
Governance bodies are informed about the views and interests of stakeholders through various mechanisms, such as mailing, reporting, committees and meetings.

Key stakeholders include both internal and external partners who help Valamar Group to create value and for whom Valamar Group generates value. A continuous dialogue with these stakeholders informs Valamar Group`s strategic decisions and daily operations in areas such as employee training and development, diversity, enhancing its service, sustainable efforts, procurement practices, and strategic partnerships.

Specifically for guests, Valamar Group continuously assess their needs to adapt to shifting market demands and ensure an exceptional experience. Each stakeholder group has unique needs and perspectives, and their relationships with Valamar Group can lead to both positive and negative impacts.

Valamar Group goal is to stay informed and act on opportunities and risks identified through its engagement and dialogue with key stakeholders. The views and interests of Valamar Group's stakeholders are regularly discussed within relevant departments and business units.

SBM-3
Material impacts, risks and opportunities and their interaction with strategy and business model

In 2024, Valamar Group didn't conduct a qualitative and a quantitative analysis of the resilience of the undertaking's strategy and business model regarding its capacity to address its material impacts and risks and to take advantage of its material opportunities. In the coming period, Valamar Group will need to assess ways to strengthen the resilience of its strategy and business model considering material impacts, risks, and opportunities.

All identified material impacts, risks and opportunities are included in Valamar Riviera´s ESG Strategy and covered by ESRS Disclosure Requirements.

There are no changes compared to the previous reporting period, as 2024 is the first year of CSRD reporting.

ACTUAL POSITIVE MATERIAL IMPACTS

Material impact	Reduction of energy consumption and production of own renewable energy
SHORT DESCRIPTION	A positive impact on decarbonization and mitigation of climate change through the implementation of capital projects for the transition to renewable energy and an increase in the number of accommodation capacities with a low carbon footprint.
Current and Future Effects on Business Model, Value Chain, Strategy, and Decision-Making	This will result in a reduction of GHG emissions and an increase in the production of own energy from renewable sources and a simultaneous reduction in dependence on the purchase of energy sources and the volatility of energy prices and by reducing energy consumption.
Company Response or Planned Response	Investments in photovoltaic plants and energy efficiency measures
Impact on People and Environment	The reduction of energy consumption and the production of renewable energy positively impact people by improving health and economic stability while benefiting the environment through reduced emissions, resource conservation, and enhanced climate resilience.
Link to and ability of Strategy and Business Mode to Address Impact	Included in ESG strategy
Expected time horizon	Long Term
Business relationships related to the impact	Direct activities

Material Impact	Reduction of Greenhouse Gas Emissions - Scope 1 and Scope 2
SHORT DESCRIPTION	Positive impact on decarbonization and mitigation of climate change.
Current and Future Effects on Business Model, Value Chain, Strategy, and Decision-Making	Managing Scope 1 and 2 emissions per accommodation unit by raising the share of renewable energy, implementing energy efficiency measures, and investing in electric vehicles and electric boat
Company Response or Planned Response	Investments in photovoltaic plants, energy efficiency measures, and investments in electric vehicles and electric boat
Impact on People and Environment	The reduction of greenhouse gas emissions, particularly in Scope 1 and Scope 2 has significant positive impacts on both people and the environment. By decreasing GHG emissions, Valamar Group contribute to mitigating climate change, improving air quality, and reducing the environmental footprint in own operations. This led to positive outcomes for communities through improved public health.
Link to and ability of Strategy and Business Mode to Address Impact	Included in ESG strategy
Expected Time Horizon of Impact	Long Term
Connection to Business Activities or Relationships	Direct activities

Material Impact	Reduction of Greenhouse Gas Emissions - Scope 3
SHORT DESCRIPTION	Includes indirect emissions from the value chain such as transportation, supply chain activities, and product use. Valamar Group has adopted a Supplier Code of Conduct as a requirement for its suppliers, which includes taking steps to calculate and/or reduce greenhouse gas emissions.
Current and Future Effects on Business Model, Value Chain, Strategy, and Decision-Making	Valamar Group will develop a transition plan in line with the new ESG strategy for a period 2027 - 2030.
Company Response or Planned Response	The transition plan will define actions, measures and targets for Scope 3
Impact on People and Environment	Actions to reduce GHG emission from Scope 3 positively affect the environment by reducing the carbon footprint and promoting the transition to a low-carbon economy. These efforts support local communities by enhancing economic opportunities and improving public health.
Link to and ability of Strategy and Business Mode to Address Impact	Will be included in new ESG strategy for a period 2027-2030
Expected Time Horizon of Impact	Long Term
Connection to Business Activities or Relationships	Downstream and upstream value chain activities

Material Impact	Ensuring responsible water management
SHORT DESCRIPTION	Positive impact on water consumption to achieve water extraction intensity below 0.55 m^3 per occupied room.
Current and Future Effects on Business Model, Value Chain, Strategy, and Decision-Making	This will result in a reduction of water consumption and an increase in water efficiency, leading to a simultaneous decrease in dependence on external water sources and the risks associated with water supply shortages and price fluctuations.
Company Response or Planned Response	Investment in measures to reduce water usage, planning and implementation and directing investments towards wastewater treatment and water consumption. Investment in a system for desalination of brackish groundwater to produce self-sustained technological water for irrigation of green areas, installation of an advanced water management system for irrigation based on meteorological data collected from an on-site weather station and soil evapotranspiration.
Impact on People and Environment	Ensuring responsible water management has significant positive impacts on both people and the environment. By implementing efficient water usage practices, Valamar Group reduces wastewater and conserves local water resources, ensuring their availability for future generations. For local communities, responsible water management helps secure access to clean water, improves public health, and supports industry by maintaining a stable water supply.
Link to and ability of Strategy and Business Mode to Address Impact	Included in ESG strategy
Expected Time Horizon of Impact	Medium Term
Connection to Business Activities or Relationships	Direct activities

Material Impact	Appropriate Wages
SHORT DESCRIPTION	Ensuring appropriate and competitive wages contributes to employees' financial security, increases their engagement, and reduces turnover, thereby strengthening workforce stability and the long-term sustainability of the business.
Current and Future Effects on Business Model, Value Chain, Strategy, and Decision-Making	Ensuring appropriate wages currently enhances employees' financial security, reduces turnover, and strengthens engagement. It also improves the perception of fairness in the compensation system and reinforces relationships with trade unions. In the long term, competitive wages increase the Group's attractiveness as an employer, facilitate talent attraction and retention, and contribute to operational sustainability by reducing hiring and training costs.
Company Response or Planned Response	In 2024, significant investments in employees continued, and in agreement with social partners, the base salary was increased for more than 5,000 employees. Compensation was also increased for skilled positions, including chefs, waiters, receptionists, and other key roles in hotels, campsites, and resorts. During peak season, net salaries for these positions ranged between €1,400 and €2,000, while housekeepers, assistant chefs, assistant waiters, kitchen staff, and servers received net salaries ranging from €1,000 to €1,300. In addition to salary increases, the company continued providing additional benefits that contribute to employees' financial security. Valamar Riviera grants a 13th salary and a Christmas gift of €1,000, gifts for children, and in-kind benefits, while all local employees received an additional payment of €400. These continuous improvements in the salary and benefits system are the result of regular market analyses and collective bargaining agreements and are aimed at ensuring competitive compensation and long-term workforce stability.
Impact on People and Environment	Providing appropriate wages has significant positive impacts on employees, local communities, and the broader economy. Fair compensation enhances workers' quality of life by ensuring financial stability, reducing income inequality, and improving overall well-being. This, in turn, fosters higher job satisfaction, increased productivity, and employee retention. For local communities, higher wages contribute to economic growth by increasing household spending and supporting local businesses. Ensuring appropriate wages also promotes social equity and aligns with human rights principles. While the direct environmental impact of fair wages may be limited, improved financial security allows employees to make more sustainable lifestyle choices, such as accessing better housing, education, and environmentally friendly products.
Link to and ability of Strategy and Business Mode to Address Impact	Included in business strategy
Expected Time Horizon of Impact	Short Term
Connection to Business Activities or Relationships	Direct activities

Material Impact	Corporate Governance and Risk Management
SHORT DESCRIPTION	As a joint stock company with more than 20 thousand shareholders, Valamar Riviera is committed to working in accordance with the highest principles of good corporate governance and regulatory compliance.
Current and Future Effects on Business Model, Value Chain, Strategy, and Decision-Making	A well-defined, clear corporate structure is the foundation of effective strategic and operational management. The key bodies of Valamar Riviera are the General Assembly, the Supervisory Board with its committees, and the Management Board led by the President of the Management Board. The specific powers and responsibilities of these bodies are regulated by Croatian legislation, the Company's Articles of Association, and internal acts.
Company Response or Planned Response	Governance forms the framework for Valamar Group organizational and decision-making processes, as well as professional and ethical boundaries, both in stable and uncertain times. Valamar Group adheres to international and national standards in sustainability management and is committed to nature protection, Scope 1 and 2 decarbonization renewable energy sources, ESG KPIs are defined by strategic initiatives. In 2024, 84% of employees participated in a corporate climate and culture survey, with an overall rating of 3.99 (on a scale of 1 to 5) at Valamar Group level.
Impact on People and Environment	Strong corporate governance and effective risk management contribute to long-term business resilience, ethical decision-making, and sustainable value creation. By implementing the highest principles of good corporate governance and regulatory compliance, Valamar Group enhances transparency, accountability, and adherence to environmental and social regulations, reducing the risk of unethical practices and corporate misconduct. For people, sound governance fosters trust among stakeholders, protects employees' rights, and promotes diversity, equity, and inclusion within the organization. Effective risk management helps mitigate financial, operational, and sustainability-related risks, ensuring business continuity and stability. From an environmental perspective, governance structures that integrate sustainability considerations enable organizations to proactively address climate risks, resource management, and environmental impacts, supporting the transition to a low-carbon economy. These efforts ultimately contribute to stronger, more resilient communities and ecosystems.
Link to and ability of Strategy and Business Mode to Address Impact	Included in ESG strategy
Expected Time Horizon of Impact	Short Term
Connection to Business Activities or Relationships	Direct activities

ACTUAL NEGATIVE MATERIAL IMPACTS

Material Impact	Greenhouse gas emissions in Scope 1, Scope 2 and Scope 3
SHORT DESCRIPTION	Scope 1 emissions, generated directly from Group-owned or controlled sources, contribute to climate change by increasing atmospheric CO_2 levels. Scope 2 emissions, resulting from purchased electricity, heat, or steam, further exacerbate the organization's carbon footprint, depending on the energy mix. The most extensive impact comes from Scope 3 emissions, which include indirect emissions across the value chain, such as those from suppliers, product use, and transportation. These emissions accelerate global warming, leading to extreme weather events, biodiversity loss, and disruptions to ecosystems.
Current and Future Effects on Business Model, Value Chain, Strategy, and Decision-Making	Scope 1 emissions from direct operations and Scope 2 emissions from purchased electricity result in increased operational expenses due to energy costs. Scope 3 emissions, which account for indirect emissions throughout the value chain, expose Valamar Group to supply chain vulnerabilities, including resource shortages, stricter supplier sustainability requirements, and increased transportation costs due to decarbonization efforts. Climate change driven by GHG emissions increases the likelihood of extreme weather events, impacting infrastructure, supply chains, and overall business resilience.
Company Response or Planned Response	Valamar Group has integrated strategy for decarbonization of GHG emission from Scope 1 and Scope 2 that includes renewable energy adoption, process electrification to mitigate future emissions and maintain business sustainability. To address these challenges, the Valamar Group is aligning its climate action strategy with ESRS requirements, committing to carbon footprint reduction, transitioning to sustainable energy sources, and strengthening its climate risk governance framework to ensure long-term resilience.
Impact on People and Environment	Greenhouse gas emissions from Scope 1, Scope 2, and Scope 3 contribute to climate change, and environmental degradation, leading to health risks for people and threatening the sustainability of ecosystems and communities.
Link to and ability of Strategy and Business Mode to Address Impact	Reduction of GHG emissions in Scope 1 and Scope 2 are included in ESG strategy and reduction of GHG emissions in Scope 3 will be included in new ESG strategy
Expected Time Horizon of Impact	Long Term
Connection to Business Activities or Relationships	Direct activities, Downstream and upstream value chain activities

Material Impact	Responsible water management
SHORT DESCRIPTION	Increased withdrawal of groundwater and an increase in the load on the public water supply system due to an increase in the number of tourists in a short period of time in the year (during the high season)
Current and Future Effects on Business Model, Value Chain, Strategy, and Decision-Making	Intensive investment in water-saving infrastructure and efficiency measures may lead to increase in capital investments and potential cash flow constraints, especially for businesses heavily reliant on water use.
Company´s response	Water management initiatives such as gradually implementing water-saving measures and optimizing water management with smart monitoring raising awareness and collaborating with stakeholders can enhance efficiency while minimizing financial strain, such as encouraging guests to conserve water through informational stickers.
Impact on People and Environment	Valamar Group recognizes that inadequate water management can have negative material impacts on both people and the environment. Excessive water consumption may contribute to local water scarcity, affecting communities, agriculture, and public health. Improper wastewater treatment can lead to pollution, harming marine and freshwater ecosystems and endangering biodiversity.
Link to and ability of Strategy and Business Mode to Address Impact	Included in ESG strategy
Expected Time Horizon of Impact	Medium term
Connection to Business Activities or Relationships	Direct activities

MATERIAL RISKS

Material Impact	Reduction of greenhouse gas emissions in Scope 1 and Scope 2; direct activities; medium term
SHORT DESCRIPTION	In the medium term, reducing Scope 1 and 2 emissions presents significant financial, regulatory, and operational risks for Valamar Group. Proactively investing in sustainable solutions and aligning with ESG standards will be crucial to mitigating these risks and ensuring long-term viability.
Current and anticipated effects of material risks on business model, value chain, strategy and decision-making	The reduction of greenhouse gas emissions in Scope 1 and Scope 2 is driving Valamar Group to adopt more sustainable operational practices, enhancing its brand reputation and mitigating regulatory risks while leading to lower operational costs through investments in energy-efficient technologies. In response, Valamar Group integrated a response into its ESG strategy, tracking effectiveness of decarbonization KPIs till 2026. Valamar Group will develop a transition plan in line with the new ESG strategy for a period 2027 - 2030.
Current effects of the risk on financial position, financial performance and cash flows	Increase in capital investments in energy efficient technologies. There is no significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.
The ability of the strategy and business model to effectively address and withstand the risk	Included in ESG strategy

Material Impact	Reduction of greenhouse gas emissions in Scope 3; Downstream and upstream value chain activities; medium term
SHORT DESCRIPTION	Reducing Scope 3 emissions is a challenge due to reliance on external suppliers, guest travel patterns, and industry-wide carbon intensity.
Current and anticipated effects of material risks on business model, value chain, strategy and decision-making	Valamar Group will develop a transition plan in line with the new ESG strategy for a period 2027 - 2030.
Current effects of the risk on financial position, financial performance and cash flows	The current effects of Scope 3 emission reduction risks include higher supply costs, regulatory burdens, and reputational threats. In the future, fail to adapt could lead to face carbon taxes, financing difficulties, and loss of competitiveness. However, investments in sustainable supply chains, and emission-reducing technologies can gain a market advantage and long-term cost benefits. There is no significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.
The ability of the strategy and business model to effectively address and withstand the risk	Will be included in new ESG strategy for a period 2027-2030

Material Impact	Responsible water management; direct activities; long term
SHORT DESCRIPTION	Integrating sustainable water strategies, such as water recycling, smart irrigation, and desalination, will be critical for mitigating financial risks, maintaining compliance, and ensuring long-term business resilience.
Current and anticipated effects of material risks on business model, value chain, strategy and decision-making	For Valamar Group, responsible water management is essential not just for regulatory compliance but also for financial stability and asset resilience. By investing in sustainable water solutions and aligning with ESRS disclosures, Valamar Group can mitigate financial risks, enhance operational efficiency, and strengthen investor confidence. In response, Valamar Group integrated a response into its ESG strategy, tracking effectiveness through KPIs till 2026.
Current effects of the risk on financial position, financial performance and cash flows	Investing in measures to reduce water use, planning and implementation, keeping the intensity of water pumping below 0.55 m3 per occupied room and directing investments to wastewater treatment and water consumption – significant investments in a system for desalination of brackish groundwater in order to produce its own technological water for irrigation needs of green areas, installation of an advanced system for managing irrigation water consumption based on meteorological data collected from the own meteorological station and soil evapotranspiration
The ability of the strategy and business model to effectively address and withstand the risk	Included in ESG strategy

Material Impact	Appropriate wages; direct activities; short term
SHORT DESCRIPTION	Labor market pressure
Current and anticipated effects of material risks on business model, value chain, strategy and decision-making	Dynamic changes in labour market and increased competition among employers create the need for continuous adjustments to the compensation system to maintain competitiveness in the labour market. Additionally, heightened competition may lead to employee outflow toward employers offering more favourable conditions, highlighting the importance of strategic compensation management and talent retention.
Current effects of the risk on financial position, financial performance and cash flows	For Valamar Group, appropriate wage management is a material financial risk that might impact liabilities and long-term profitability. Aligning wages with regulatory requirements, fair pay standards, and workforce expectations is essential for financial stability, ESG compliance, and business resilience. There is no significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.
The ability of the strategy and business model to effectively address and withstand the risk	Included in ESG strategy

MATERIAL OPPORTUNITIES

Material Impact	Reduction of energy consumption and production of own renewable energy; direct activities; long term
SHORT DESCRIPTION	This issue covers Valamar Group's projects for transitioning to energy-efficient operations and increasing energy production from its own photovoltaic power plants
Current and anticipated effects of the opportunity on business model, value chain, strategy, and decision-making	Investing in the replacement of fossil fuels with electricity from renewable sources, installing heat pumps and building photovoltaic power plants on Valamar Group's facilities, investing in nZEB construction, and implementing energy-efficient solutions enables Valamar Group to create energy self-sufficiency and remove dependence on energy procurement, increases in energy prices and oil derivatives, and disruptions in the supply of energy caused by geopolitical instability.
Current effects of the opportunity on financial position, financial performance and cash flows	Valamar Group's focus on reducing energy consumption and increasing renewable energy production led to operational cost savings, revenue growth, risk mitigation, and strengthened regulatory compliance.

Material Impact	Reduction of greenhouse gas emissions in Scope 1, 2, and 3; Direct activities and value chain activities; Medium term
SHORT DESCRIPTION	Decarbonization of Scope 1 and 2 by 2026 by 75% compared to 2015, reaching 2.4 kg per occupied accommodation unit, an increase in the number of low- or zero-carbon accommodation capacities, and enhancing guests' perception of Valamar as a sustainable destination. The reduction of Scope 3 emissions is planned to be included in the new ESG strategy for the 2027-2030 period.
Current and anticipated effects of the opportunity on business model, value chain, strategy, and decision-making	Reducing emissions in Scope 1, 2, and 3 presents an opportunity for long-term competitive advantage, operational efficiency, and financial benefits.
Current effects of the opportunity on financial position, financial performance and cash flows	Valamar Group's focus on reducing emissions in Scope 1, 2, and 3 leads to cost savings, revenue growth, risk reduction, and strengthened regulatory compliance.

Material Impact	Responsible water management; direct activities; medium term
SHORT DESCRIPTION	Profiling Valamar Group as a sustainable tourism company
Current and anticipated effects of the opportunity on business model, value chain, strategy, and decision-making	The growing awareness among tourists about responsible and sustainable travel presents Valamar Group with opportunities to position itself as a sustainable tourism company.
Current effects of the opportunity on financial position, financial performance and cash flows	Demonstrating a commitment to sustainable practices, such as responsible water management, enhances Valamar Group's reputation among environmentally conscious guests. This can lead to increased demand for its services and potentially higher revenues.

Material Impact	Responsible water management; direct activities; medium term
SHORT DESCRIPTION	Installation of water consumption reduction systems
Current and anticipated effects of the opportunity on business model, value chain, strategy, and decision-making	The installation of water consumption reduction systems provides significant material opportunities for Valamar Group to enhance sustainability, reduce operational costs, and ensure long-term business resilience. By adopting these systems, Valamar Group can improve water efficiency and align with global sustainability trends, ultimately strengthening its reputation and competitive edge in the hospitality industry.
Current effects of the opportunity on financial position, financial performance and cash flows	Implementing water consumption reduction systems leads to lower utility expenses, directly decreasing operational costs and enhancing profitability.

Material Impact	Corporate governance and risk management; direct activities and value chain; short term
SHORT DESCRIPTION	ESG risks and opportunities will be integrated into the corporate risk matrix
Current and anticipated effects of the opportunity on business model, value chain, strategy, and decision-making	By integrating ESG risks and opportunities into its corporate risk matrix, Valamar Group ensures that it is well-positioned to manage sustainability challenges and leverage growth opportunities in a rapidly evolving market. This approach not only helps mitigate risks but also enhances Valamar Group's reputation, investor confidence, and long-term viability in the competitive hospitality sector.
Current effects of the opportunity on financial position, financial performance and cash flows	Aligning corporate governance and risk management practices with ESRS not only fulfils regulatory requirements but also enhances financial performance, reduces risks, stabilizes cash flows, and improves access to capital.

IRO-1
Description of the processes to identify and assess material impacts, risks and opportunities

Double materiality analysis was conducted in three phases:

1. Understanding the context
   - Overview of activities and business relationships in the context of sustainability
   - Understanding of affected stakeholders
2. Identification of the actual and potential impacts, risks and opportunities related to sustainability matters
   - Identification of impacts
   - Identification of risks and opportunities
   - Results of the IRO identification analysis
3. Materiality assessment
   - Impact materiality assessment
   - Financial materiality assessment
   - Business sectors assessment
   - Sustainability Committee assessment
   - Consolidation of results

In the first phase of assessing the material impacts, risks, and opportunities of Valamar Group, an initial review of business activities and relationships, as well as the sustainability context in which these activities take place, was conducted. This established the foundation for further identification of actual and potential impacts, risks, and opportunities.

Activities conducted in this phase include the review and analysis of activities such as:

- business model;
- organizational structure;
- mission, vision, and core values;
- current ESG strategy, goals and initiatives;
- employee structure;
- value chain and geographical context of business activities;
- impacts and challenges related to the tourism and hospitality sector;
- memberships and initiatives that Valamar Riviera has joined;
- Regulatory and legislative environment related to sustainability issues;
- Stakeholders and shareholder groups whose interests are affected or may be affected by Valamar Group's activities;
- satisfaction surveys and
- media content.

Valamar Group performed a relevance analysis of all topics in accordance with paragraph AR 16 in ESRS 1 standard. Following the results of initial review of business activities and relationships, as well as the sustainability context, in the next phase of the process a short-list of impacts, risk and opportunities was performed. Identification and evaluation of impacts, risks and opportunities was performed by including Sustainability Committee and the following organizational units:

a) Technical sector
b) Legal affairs sector
c) Procurement sector
d) Quality and sustainability sector
e) Sector of corporate affairs
f) Investment sector
g) Finance sector
h) Controlling sector
i) Beverage and food sector
j) Human resources sector.

The implemented methodology identifies and evaluates the adverse impacts of Valamar Group's activities through a structured approach that considers various factors, including specific activities, business relationships, and geographic contexts. During the identification process, the interrelationships between impacts and dependencies, along with their associations with risks and opportunities, were thoroughly examined. Each impact was assessed to ascertain its potential financial implications for the company, and where applicable, it was classified as either a risk or an opportunity.

Impacts within the value chain were identified through a benchmark analysis of the hospitality sector by using Sustainability Accounting Standards Board as source, complemented by interviews with internal stakeholders across various departments that engage with stakeholders, including business partners, suppliers, customers and guests. Additionally, an analysis of the current supplier structure was conducted. This methodology was adopted in light of the challenges encountered in data collection from the value chain. Valamar Group plans to implement a procedure for collecting information within its value chain and to incorporate this data into its reporting in the upcoming reporting periods and update the results of double materiality accordingly.

All sustainability matters were evaluated by the relevant business units (sectors) so that every sector evaluates impacts, risks and opportunities related to their work, responsibilities and business relationships. Valamar Group did not engage in consultations with external stakeholders, affected parties, or external experts for the purposes of DMA analysis for 2024. Instead, insights were gathered through consultations with internal departments within Valamar Group, leveraging their expertise and day-to-day operational knowledge relevant to stakeholder perspectives. Valamar Group is committed to conducting stakeholder engagement in alignment with sustainability reporting requirements for the year 2025, in accordance with the European Sustainability Reporting Standards (ESRS).

The criteria for evaluating risks and opportunities are related to the scale of positive or negative financial consequences, impact on profitability (effects on EBITDA), reputational impact, legal risk and probability of occurrence. Valamar Group set a materiality threshold of 7.5 out of maximal 10 for the first year of reporting and a 4-point scale was used to rate both financial magnitude and probability of occurrence. These ratings were considered collectively to derive an average score. The methodology applied by DMA differs from the existing enterprise risk management framework. At present, there is no specialized system for the identification and prioritization of sustainability-related risks in comparison to other risk categories, nor are there tools available for such evaluations. Valamar Group is committed to integrating sustainability into its enterprise risk management system for future reporting purposes.

In impact materiality assessment, existing impacts that have already occurred and/or are occurring, as well as potential impacts that may occur in the future, have been considered. Also, both positive and negative impacts were considered through short-term, medium-term and long-term time period. Impacts were evaluated according to their scale, scope and probability of occurrence on a 4-point scale, while for potential negative impacts, their irreparability and relation to human rights violation were taken into account. Scale was assessed to evaluate the consequent damage or benefit of the impact. The scope was evaluated based on the prevalence of the impact, specifically in terms of the area of effect or the number of affected stakeholders. Irreparability was assessed by the amount of effort required to restore the damage caused by the impact to its original state. Probability was evaluated based on the frequency of occurrence. Same as for risks and opportunities, Valamar Group has set a threshold of 7.5 out of maximal 10 for the first year of reporting.

After collecting the evaluation results from all of the sectors, results were consolidated so that the average value of each individual answer obtained from the relevant sector was taken, which resulted in an average value for each of the above-mentioned criteria according to which every impact, risk and opportunity materiality was evaluated. After sustainability issues were assessed by relevant sectors within Valamar Group, a six-member Sustainability committee also provided evaluations. The overall assessment of each individual impact, risk, and opportunity is taken as the median value of the average sector assessments and the average assessments of the sustainability committee. The methodology incorporates a comprehensive approach to assess both the company's operations and its business relationships throughout the value chain. This methodology identifies where impacts occur by prompting companies to evaluate impacts stemming from their own operations as well as from both upstream and downstream activities in the value chain. The value chain materiality assessment does not evaluate individual actors within the value chain. Instead, it groups the value chain into two major segments: upstream and downstream. By focusing on the broader value chain rather than individual actors, the methodology allows the company to identify critical impact areas ("hotspots") and prioritize their actions effectively, which is essential for addressing significant sustainability issues.

Currently, there is no formal written procedure for the double materiality assessment, and the decision-making process is still being developed. The Management Board actively engages with the Sustainability Committee, which communicates relevant matters to them. It is important to note that the Audit Committee has not yet been involved in this process. The Management Board has been kept informed about the double materiality process and its findings. Looking ahead, Valamar Group is committed to establishing a formalized process for future reporting, which will align sustainability risks and opportunities with the enterprise risk management system, enhancing its overall approach to sustainability.

IRO-2
Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Based on the results of the double materiality assessment, Valamar Group´s most important sustainability matters are:

- **E1** Energy (Reduction of energy consumption and production of own renewable energy),
- **E1** Climate change mitigation (Reduction of GHG emissions),
- **E3** Water and marine resources (Responsible water management),
- **S1** Own workforce (Appropriate wages),
- **G1** Business conduct (Corporate governance and risk management).

Threshold for determining what qualifies as material information for reporting purposes is set at equal or above 7.5 on a 1-10 scale.

Disclosure Requirements in ESRS covered by this sustainability statement are shown in chapter Introduction.

Valamar Group has chosen not to disclose the phased-in disclosure requirements as outlined in ESRS Appendix C: List of Phased-In Disclosure Requirements.

LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

The following table contains all the datapoints that derive from other EU legislation, as listed in ESRS 2 Appendix B, and also indicates where the datapoints can be found in report and which datapoints are assessed as "not material," or "not relevant".

DISCLOSURE REQUIREMENT	DATA POINT	NAME	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS 2 GOV-1	21(d)	Board's gender diversity	X		X			ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies
ESRS 2 GOV-1	21(e)	Percentage of board members who are independent			X			ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies
ESRS 2 GOV-4	30	Statement on due diligence	X					ESRS 2 GOV-4 Statement on due diligence
ESRS 2 SBM-1	40(d) i	Involvement in activities related to fossil fuel activities	X	X	X		Not relevant	-
ESRS 2 SBM-1	40(d) ii	Involvement in activities related to chemical production	X		X		Not relevant	-
ESRS 2 SBM-1	40(d) iii	Involvement in activities related to controversial weapons	X		X		Not relevant	-
ESRS 2 SBM-1	40(d) iv	Involvement in activities related to cultivation and production of tobacco				X	Not relevant	-
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				X		ESRS E1-1 Transition plan for climate change mitigation
ESRS E1-1	16(g)	Undertakings excluded from Paris-aligned Benchmarks		X	X		Not relevant	-
ESRS E1-4	34	GHG emission reduction targets	X	X	X			ESRS E1-4 Targets related to climate change mitigation and adaptation
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	X				Not relevant	-
ESRS E1-5	37	Energy consumption and mix	X					ESRS E1-5 Energy consumption and mix
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	X				Not relevant	-
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	X	X	X			ESRS E1-6 Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E1-6	53-56	Gross GHG emissions intensity	X	X	X			ESRS E1-6 Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E1-7	56	GHG removals and carbon credits				X	Not relevant	-
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			X		Not relevant	-
ESRS E1-9	66(a)	Disaggregation of monetary amounts by acute and chronic physical risk		X			Not relevant	-
ESRS E1-9	66(c)	Location of significant assets at material physical risk		X			Not relevant	-
ESRS E1-9	67(c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		X			Not relevant	-
ESRS E1-9	69	Degree of exposure of the portfolio to climate- related opportunities			X		Not relevant	-
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E- PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	X				Not material	-
ESRS E3-1	9	Water and marine resources	X					ESRS E3-1 Policies related to water and marine resources
ESRS E3-1	13	Dedicated policy	X					ESRS E3-1 Policies related to water and marine resources
ESRS E3-1	14	Sustainable oceans and seas	X				Not relevant	-
ESRS E3-4	28(c)	Total water recycled and reused	X					ESRS E3-4 Water consumption
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	X					ESRS E3-4 Water consumption
ESRS 2 – IRO1-E4	16(a) i	Biodiversity sensitive areas	X				Not material	-

DISCLOSURE REQUIREMENT	DATA POINT	NAME	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS 2 - IRO1-E4	16(b)	Land impact	X				Not material	-
ESRS 2 - IRO1-E4	16(c)	Threatened species	X				Not material	-
ESRS E4-2	24(b)	Sustainable land/agriculture practices or policies	X				Not material	-
ESRS E4-2	24(c)	Sustainable oceans/seas practices or policies	X				Not material	-
ESRS E4-2	24(d)	Policies to address deforestation	X				Not material	-
ESRS E5-5	37(d)	Non-recycled waste	X				Not material	-
ESRS E5-5	39	Hazardous waste and radioactive waste	X				Not material	-
ESRS 2 - SBM3-S1	14(f)	Risk of incidents of forced labour	X					ESRS S1.SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 - SBM3-S1	14(g)	Risk of incidents of child labour	X					ESRS S1.SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S1-1	20	Human rights policy commitments	X					ESRS S1-1 Policies related to own workforce
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			X			ESRS S1-1 Policies related to own workforce
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	X					ESRS S1-1 Policies related to own workforce
ESRS S1-1	23	Workplace accident prevention policy or management system	X					ESRS S1-1 Policies related to own workforce
ESRS S1-3	32(c)	Grievance/complaints handling mechanisms	X					ESRS S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1-14	88(b),(c)	Number of fatalities and number and rate of work-related accidents	X		X		Not relevant	-
ESRS S1-14	88(e)	Number of days lost to injuries, accidents, fatalities or illness	X				Not relevant	-
ESRS S1-16	97(a)	Unadjusted gender pay gap	X		X		Not relevant	-
ESRS S1-16	97(b)	Annual total remuneration ratio of the highest-paid individual to the median annual total remuneration for all employees	X					ESRS S1-16 Remuneration metrics (pay gap and total remuneration)
ESRS S1-17	103(a)	Incidents of discrimination	X					ESRS S1-17 Incidents, complaints and severe human rights impacts
ESRS S1-17	104(a)	Non- respect of UNGPs on Business and Human Rights and OECD	X		X			ESRS S1-17 Incidents, complaints and severe human rights impacts
ESRS 2 - SBM3–2	11(b)	Significant risk of child labour or forced labour in the value chain	X				Not material	-
ESRS S2-1	17	Human rights policy commitments	X				Not material	-
ESRS S2-1	18	Policies related to value chain workers	X				Not material	-
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	X		X		Not material	-
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	X				Not material	-
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	X				Not material	-
ESRS S3-1	16	Human rights policy commitments	X				Not material	-

DISCLOSURE REQUIREMENT	DATA POINT	NAME	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	X		X		Not material	-
ESRS S3-4	36	Human rights issues and incidents	X				Not material	-
ESRS S4-1	16	Policies related to consumers and end-users	X				Not material	-
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	X		X		Not material	-
ESRS S4-4 35	35	Human rights issues and incidents	X				Not material	-
ESRS G1-1	10(b)	United Nations Convention against Corruption	X					ESRS G1-1 Policies related to business conduct
ESRS G1-1	10(d)	Protection of whistle- blowers	X					ESRS G1-1 Policies related to business conduct
ESRS G1-4	24(a)	Fines for violation of anti-corruption and anti-bribery laws	X		X		Not material	-
ESRS G1-4	24(b)	Standards of anti- corruption and anti- bribery	X		X		Not material	-

Environment information

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

In 2024, Valamar Group continued certifying all properties for quality management with ISO 9001, environmental protection with ISO 14001, and energy management with ISO 50001. Valamar Group also maintained Travelife sustainability certifications for selected hotels and the EU Ecolabel for six campsites, along with 16 Blue Flag certifications for its beaches.

In its environmental reporting, Valamar Group focus on reducing greenhouse gas emissions, increasing share of electricity from renewable sources, i.e. solar energy produced at Valamar Group properties and continues to invest in renewable energy sources, as well as keeping the water withdrawal intensity below 0.55 m^3 per occupied room and focus on the use of treated wastewater and optimizing water consumption. Valamar Group continues to enhance its sustainability efforts through a variety of measures.

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 Group 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.

Valamar Group continues decarbonization in Scope 1 and 2 according to its ESG strategy by 2026. Reducing greenhouse gas emissions is the most important target defined by the ESG strategy. It is becoming increasingly important to its guests, as many want to reduce and compensate for their carbon footprint in hotels or campings. At Valamar Group's properties, this is much easier to do since Valamar Group'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.

CONSOLIDATED DISCLOSURES PURSUANT TO ARTICLE 8 OF THE TAXONOMY REGULATION

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 fulfilment 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.

The Taxonomy Regulation has been followed by complementary Delegated Acts:

- **The Delegated Law 2021/2139 of 4 June 2021 (or "Climate Law")** – Establishes the list of economic activities that contribute significantly to the objectives of climate change mitigation and adaptation and that do not cause significant damage to the other environmental objectives.
- **The Delegated Act 2021/2178 of 6 July 2021 (or "Delegated Act on Disclosure of Information")** – describes the specifications for the content and presentation of the information to be reported by companies on environmentally sustainable activities, including the key indicators to be reported and their calculation methodology.
- **The Complementary Climate Delegated Act 2022/1214 of 9 March 2022** – Establishes the Technical Screening Criteria (TSC) and associated Do No Significant Harm (DNSH) for the Annex 1 and Annex 2 objectives in relation to natural gas and nuclear energy activities.
- **The Delegated Act 2023/2486 of 27 June 2023** – Establishes the list of economic activities that contribute significantly to the environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, protection and restoration of ecosystems and biodiversity, and do not cause significant damage to the other environmental objectives.

Basis of preparation
This report assesses the eligibility of Valamar Group's economic activities for the 2024 financial year in accordance with the EU Taxonomy Regulation, its Delegated Acts, and additional guidance released since their adoption. The analysis encompasses the entire Valamar Group.

In accordance with Article 8 of the EU Taxonomy Regulation, companies subject to The Directive on corporate sustainability reporting (CSRD) are required to disclose the eligibility and alignment of their economic activities.

VALAMAR – CONSOLIDATED DISCLOSURES PURSUANT TO ARTICLE 8 TAXONOMY REGULATION

Overview

For details and templates, see the chapter "Accounting policies and KPIs" below.

Table 1:
Proportion of Taxonomy-eligible and Taxonomy-aligned economic activities in total turnover, CapEx and OpEx in FY 2024

FY 2024	TOTAL (tEUR)	Proportion of Taxonomy-eligible (non-aligned) economic activities	Proportion of Taxonomy-aligned economic activities	Proportion of Taxonomy-non-eligible economic activities
Turnover	**411,322**	381,191	-	30,131
(CapEx)	**186,548**	100,923	-	85,625
(OpEx)	**24,864**	12,107	-	12,757

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.

Taxonomically eligible economic activities

Sect. 1.2.2.1 (a) of Annex I to the Disclosures Delegated Act

Valamar Group generates most of the income in the Accommodation services sector. Additionally, Valamar Group recognized some portion of the income from operation of personal mobility devices, sea and coastal passenger water transport, installation, maintenance and repair of charging stations for electric vehicles in buildings transport, and lease of our premises and buildings.

Furthermore, Valamar Group 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 it was 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 CapEx and OpEx: transportation; construction and real estate operations; Professional, scientific and technical activities; energy; water supply, and information and communications (see table 2: Taxonomy-eligible economic activities of the Valamar Group).

In 2024, taxonomically acceptable is: 92.67% of revenue, 54.10% of total CapEx and 48.69% 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.

Table 2:
Taxonomy-eligible economic activities of the Valamar Group

Sector	Eligible Activity		Environmental Objective	KPI
Accommodation activities	2.1.	Hotels, holidays, camping grounds and similar accommodation	BIO	Turnover/ CapEx/OpEx
Transport	6.4.	Operation of personal mobility devices, cycle logistics	CCM CCA	CapEx
	6.5.	Transport by motorbikes, passenger cars and light commercial vehicles	CCM CCA	Turnover/ CapEx/OpEx
	6.6.	Freight transport services by road	CCM CCA	OpEx
	6.11.	Sea and coastal passenger water transport	CCM CCA	Turnover/ CapEx/OpEx
	6.13.	Infrastructure for personal mobility, cycle logistics	CCM CCA	Turnover/CapEx
Construction activities and real estate business	7.2.	Renovation of existing buildings	CCM CCA	CapEx
	7.3.	Installation, maintenance and repair of equipment for energy efficiency	CCM CCA	Capex/OpEx
	7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM CCA	Turnover/ CapEx
	7.6.	Installation, maintenance and repair of renewable energy technologies	CCM CCA	CapEx/OpEx
	7.7.	Acquisition and ownership of buildings	CCM CCA	Turnover/ CapEx/OpEx
	4.16.	Installation and operation of electric heat pumps	CCM CCA	CapEx/OpEx
	7.1.	Construction of new buildings	CCM CCA	CapEx
Professional, scientific and technical activities	9.3.	Professional services related to energy performance of buildings	CCM	CapEx
Information and communications	8.1.	Data processing, hosting and related activities	CCM CCA	CapEx/OpEx
Energy	4.9.	Transmission and distribution of electricity	CCM CCA	CapEx/OpEx
Water supply, sewerage, waste management and remediation	5.8.	Composting of bio-waste	CCM CCA	CapEx/OpEx
	2.2.	Production of alternative water resources for purposes other than human consumption	CE	OpEx

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

Minimum Safeguards

Art. 18 of the EU Taxonomy Regulation

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, Valamar Group has based its assessment on the "Final Report on Minimum Safeguards" published by the Sustainable Finance Platform in October 2022.

Although Valamar Group has been evaluating suppliers according to ESG criteria for many years, its analysis has concluded that Valamar Group is not fully aligned with Minimum Safeguards. Furthermore, in 2024 it was performed a supply chain analysis which included initial labour and human rights issues, environment, biodiversity, governance , and also 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 labour, environmental protection, cooperation with local community, prohibited business practices).

Goal is to be aligned with Minimum Safeguards in 2025. Additionally, also it is goal to maintain the level of 80% of responsible supplier's value share who meet the criteria of sustainable business by 2025, in this way will be also ensure that this contributes to the EU Taxonomy Regulation alignment process.

Accounting policies and KPIs

Sect. 1.2.1(a), (b) and Sect. 1.2.2.1 c) of Annex I to the Disclosures Delegated Act

Key Performance Indicators ("KPIs") include Revenue KPIs (Turnover), Capital Investment KPIs (Capex) and Operating Expenditure KPIs (Opex). To present the KPIs of the Taxonomy, Valamar Group uses the templates listed in Annex II of the Environmental Delegated Act. In accordance with best practices observed in the market for Fiscal Year 2024, considering the core business of Valamar Group, the Group has incorporated Turnover, Capital Expenditures (CapEx), and Operational Expenditures (OpEx) associated with Economic Activity 2.1, which encompasses hotels, holiday accommodations, camping grounds, and similar facilities taking into consideration all activities that are characterized by their primary focus on guest accommodation and do not readily conform to other economic classifications. This inclusion is made irrespective of the potential for alignment with the 2.1 Technical Screening Criteria (TSC) and the Do No Significant Harm (DNSH) principle.

Because Valamar Group is not performing any of the activities related to natural gas and nuclear energy (activities 4.26-4.31), it is not using the dedicated templates introduced by the Complementary Delegated Act as regards to activities in certain energy sectors.

TURNOVER KPI

Definition

Sect. 1.2.1(a), (b) of Annex I to the Disclosures Delegated Act

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 basis for determining eligible turnover for Economic Activity 2.1, which encompasses hotels, holiday accommodations, camping grounds, and similar facilities, includes all revenue generated from accommodation services as well as related offerings for accommodation guests, such as food and beverages.

For the purposes of this report, estimates have been made to quantify the revenue attributable to accommodation guests who consume à la carte food and beverages. This estimation is informed by historical experiences, which suggests that a substantial majority of restaurant patrons - approximately 80% (estimated) of à la carte revenue - are accommodation guests. Consequently, this portion of revenue has been accounted for within Economic Activity 2.1.

All types of turnover that occurred in 2024 were analysed in compliance with the Taxonomy Regulation and were able to identify turnover related to defined economic activities eligible for the Taxonomy on an individual basis. With this approach, an effort has been made to ensure that each amount is counted only once, since capital amounts were considered individually and not aggregated.

The denominator of the turnover KPI is based on consolidated net turnover recognised pursuant to paragraph 82(a) of IAS 1. Further details on accounting policies regarding consolidated net turnover are presented in Note 2 – Summary of material information on the accounting policies in Annual Financial Statements 2024.

Reconciliation

Sect. 1.2.1 (second subparagraph) of Annex I to the Disclosures Delegated Act

Consolidated net turnover can be reconciled to consolidated financial statements in Note 5 – Segment information in Annual Financial Statements 2024.

Turnover template for financial year 2024

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA									
Economic Activities	Code (a)	Turnover	Proportion of Turnover, 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2023	Category enabling activity	Category transitional activity
		000 EUR	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
-		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**	**-**	**-**
Of which Enabling		0	0%																
Of which Transitiona		0	0%																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Hotels, holiday, camping grounds and similar accommodation	**BIO** 2.1	374,960	91.16%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								81.75%		
Infrastructure for personal mobility, cycle logistics	**CCM**/CCA 6.13	78	0.02%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Sea and coastal passenger water transport	**CCM**/CCA 6.11	39	0.01%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	**CCM**/CCA 7.4	56	0.01%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Transport by motorbikes, passenger cars and light commercial vehicles	**CCM**/CCA 6.5	262	0.064%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Acquisition and ownership of buildings	**CCM**/CCA 7.7.	5,796	1.41%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.48%		
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**381,191**	**92.67%**	**1.51%**	**0%**	**0%**	**0%**	**0%**	**91.16%**								**0.00%**		
A Turnover of Taxonomy-eligible activities (A1+A2)		**381,191**	**92.67%**	**1.51%**	**0%**	**0%**	**0%**	**0%**	**91.16%**								**0.00%**		
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
B Turnover of Taxonomy- non-eligible activities		**30,131**	**7.33%**																
TOTAL (A+B)		**411,322**	**100%**																

CapEx KPI

Definition

Sect. 1.2.1 (a), (b) of Annex I to the Disclosures Delegated Act

The CapEx KPI is defined as Taxonomy-eligible and Taxonomy-aligned CapEx (numerator) divided by 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. Additions resulting from business combinations are also included. However, advances paid are excluded from total CapEx., as well as goodwill since it is out of scope according to IAS 38. Further details on accounting policies regarding CapEx are presented in Note 2 – Summary of material information on the accounting poli-cies in Annual Financial Statements 2024. Additionally, all intercompany transactions were eliminated in consolidation process.

All types of capital investments that occurred in 2024 were analysed 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, an effort has been made to ensure that each capital amount is counted only once, as capital amounts were considered individually and not aggregated.

Reconciliation

Sect. 1.2.1 (second subparagraph) of Annex I to the Disclosures Delegated Act

Total CapEx can be reconciled to consolidated financial statements in Note 14 – Property, plant and equipment, Note 15 – Intangible assets and Note 27 – Right-of-use assets and lease liabilities in Annual Financial Statements 2024. They are the total of additions for intangible assets, right-of-use assets and property, plant and equipment.

CapEx template for financial year 2024

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA									
Economic Activities	Code (a)	CapEx	Proportion of CapEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, 2023	Category enabling activity	Category transitional activity
		000€	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
-		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.00%	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0.00%**	**-**	**-**
Of which Enabling		0	0%																
Of which Transitional		0	0%																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Hotels, holidays, camping grounds and similar accommodation	BIO 2.1	23,503	12.60%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								0.00%		
Installation and operation of electric heat pumps	CCM/CCA 4.16	974	0.52%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.56%		
Transmission and distribution of electricity	CCM/CCA 4.9	300	0.16%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Sea and coastal passenger water transport	CCM/CCA 6.11	74	0.04%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.01%		
Infrastructure for personal mobility, cycle logistics	CCM/CCA 6.13	101	0.05%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.51%		
Operations with devices for personal mobility, bicycle logistics	CCM/CCA 6.4	75	0.04%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.02%		
Transportation by motorcycles, cars and commercial vehicles	CCM/CCA 6.5	2,922	1.57%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.30%		
Construction of new buildings	CCM/CCA 7.1	25,987	13.93%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Renewal existing buildings	CCM/CCA 7.2	25,945	13.91%	EL	EL	N/EL	N/EL	N/EL	N/EL								19.14%		
Installation, maintenance and repair of equipment for energy efficiency	CCM/CCA 7.3	3,718	1.99%	EL	EL	N/EL	N/EL	N/EL	N/EL								3.89%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM/CCA 7.4	7	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.12%		
Installation, maintenance and repair of renewable energy technologies	CCM/CCA 7.6	6	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.43%		
Acquisition and ownership of buildings	CCM/CCA 7.7	15,464	8.29%	EL	EL	N/EL	N/EL	N/EL	N/EL								3.08%		
Professional services related to energy performance of buildings	CCM 9.3	10	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Composting of bio-waste	CCM/CCA 5.8	990	0.53%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Data processing, hosting and related activities	CCM/CCA 8.1	847	0.45%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		100,923	54.10%	41.50%	0%	0%	0%	0%	12.60%								0.00%		
A CapEx of Taxonomy-eligible activities (A1+A2)		100,923	54.10%	41.50%	0%	0%	0%	0%	12.60%								0.00%		
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
B CapEx of Taxonomy- non-eligible activities		85,625	46%																
TOTAL (A+B)		186,548	100%																

OpEx KPI

Definition

Sect. 1.2.1(a), (b) of Annex I to the Disclosures Delegated Act

Sect. 1.2.3.3(c) of Annex I to the Disclosures Delegated Act

The OpEx KPI is defined as Taxonomy-eligible and Taxonomy-aligned OpEx (numerator) divided by total OpEx as defined by the EU Taxonomy (de-nominator).

Total OpEx consists of direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, mainte-nance and repair. This includes:

- All leases that have not been capitalised in accordance with IFRS 16, including expenses for short-term leases and low-value leases (Note 27 – Right-of-use assets and lease liabilities in Annual Financial Statements 2024). Even though low-value leases are not explicitly mentioned in the Art. 8 Delegated Act, the legislation is interpreted to include these leases.

- Maintenance and repair of property, plant and equipment were determined based on the maintenance and repair costs allocated to different accounts in trial balance. The related cost items can be found in in RDG line Cost of materials and services. This also includes building renovation measures.

In general, this includes costs for services, and material costs for daily servicing as well as for regular and unplanned maintenance and repair measures. These costs are directly connected to 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 re-sources 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 analysing all operating costs, it was possible to identify individual costs associated with defined activities that meet the requirements of the Taxono-my. With this approach, Valamar Group has tried to ensure that each operating cost is counted only once, since costs were considered individually and not in aggregated.

OpEx template for financial year 2024

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA									
Economic Activities	Code (a)	OpEx	Proportion of OpEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, 2023	Category enabling activity	Category transitional activity
		000€	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
-		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.00%	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0.00%**	-	-
Of which Enabling		0	0%																
Of which Transitional		0	0%																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				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**/CCA 7.7	4,508	18.13%	EL	EL	N/EL	N/EL	N/EL	N/EL								22.60%		
Freight transport services by road	**CCM**/CCA 6.6	454	1.83%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Transport by motorbikes, passenger cars and commercial vehicles	**CCM**/CCA 6.5	462	1.86%	EL	EL	N/EL	N/EL	N/EL	N/EL								4.56%		
Sea and coastal passenger water transport	**CCM**/CCA 6.11	124	0.50%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.56%		
Installation, maintenance and repair of renewable energy technologies	**CCM**/CCA 7.6	23	0.09%	EL	EL	N/EL	N/EL	N/EL	N/EL								6.38%		
Production of alternative water resources for purposes other than human consumption	**CE** 2.2	6	0.02%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.02%		
Composting of bio-waste	**CCM**/CCA 5.8	10	0.04%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Hotels, holidays, camping grounds and similar accommodation	**BIO** 2.1	5,053	20.32%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								0.00%		
Data processing, hosting and related activities	**CCM**/CCA 8.1	842	3.39%	EL	EL	N/EL	N/EL	N/EL	N/EL								11.34%		
Installation and operation of electric heat pumps	**CCM**/CCA 4.16	274	1.10%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.03%		
Installation, maintenance and repair of equipment for energy efficiency	**CCM**/CCA 7.3	330	1.33%	EL	EL	N/EL	N/EL	N/EL	N/EL								3.71%		
Transmission and distribution of electricity	**CCM**/CCA 4.9	21	0.08%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.00%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		12,107	48.69%	28.35%	0%	0%	0%	0.02%	20.32%								0.00%		
A OpEx of Taxonomy-eligible activities (A1+A2)		12,107	48.69%	28.35%	0%	0%	0%	0.02%	20.32%								0.00%		
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
B OpEx of Taxonomy-non-eligible activities		12,757	51.31%																
TOTAL (A+B)		24,864	100.00%																

Additional table

Proportion of turnover/Total turno-ver		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	%	1.51%
CCA	%	1.51%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	91.16%

Proportion of CapEx/Total CapEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	%	41.50%
CCA	%	41.50%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	12.60%

Proportion of OpEx/Total OpEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	%	28.35%
CCA	%	28.35%
WTR	%	%
CE	%	0.02%
PPC	%	%
BIO	%	20.32%

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

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).

ESRS E1

CLIMATE CHANGE

E1.GOV-3
Climate-related considerations in remuneration of administrative, management and supervisory bodies

In accordance with the Remuneration policy and pursuant to the Remuneration report for 2024, management board members do not receive any varia-ble remuneration that includes sustainability-related performance.

Members of the Supervisory Board, in accordance with the Remuneration Policy, do not receive a variable remuneration.

E1-1
Transition plan for climate change mitigation

Currently, Valamar Group does not have a transition plan for climate change mitigation, ensuring its strategy and business model are compatible with the transition to a sustainable economy and limiting global warming to 1.5 degrees in line with the Paris Agreement, but have initiated work to assess how to best approach this. As part of the development of the new strategy 2027-2030, a comprehensive transition plan will also be created.

Disclosure requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Process to identify climate-related impacts
When screening Valamar Group's activities and plans in order to identify actual and potential future GHG emission sources and drivers for other climate-related impacts in its own operations and along the value chain, Valamar Group tooks into account its three-year strategic investment and portfolio de-velopment plan including in particular investments in renewable energy and resource-use efficiency in operations. Portfolio investments are focused on upgrading, reconstructing and repositioning existing assets in the portfolio in accordance with green building standards which should result in a de-crease of the carbon footprint of buildings.

In operating the portfolio Valamar Group asses that motivation of strategic suppliers to transition towards sustainable business practices, its investment in renewable energy and efficient resource use including participation in the virtual power plant in corporation with company Koer d.o.o. (KOER) will have a positive impact on decarbonization and mitigation of climate change. KOER actively support the sustainability of the power system by making its infrastructure available at 12 locations, ready to be activated as needed to ensure grid stability. KOER generators, with a total capacity of 4 MW, will not only serve as backup power sources but also help reduce the load on the electrical grid during peak demand periods. This initiative is part of a broader virtual power plant concept, which connects energy producers, consumers, and storage units across the distribution network, creating a more resilient and efficient energy system.

Valamar Group understands that planned growth in number of overnight stays and range as well as quality of services would proportionally increase Scope 1, 2 and 3 emissions. The double materiality analysis guides Valamar Group`s continued focus to reduce gross greenhouse gas emissions in all scopes in line with EU 2030 targets for reduction.

Process to identify physical and transition risks
Valamar Group used a climate risk quantification and reporting software provided by the external advisor to further assess key climate hazards (water stress (droughts), wildfires, coastal and riverine flooding, extreme winds and sea water quality (algal bloom)) and transition risks (changing energy prices, carbon price and change in flight pricing). For this assessment Valamar Group used the following data: Valamar Group site locations encompassing all together 44 Valamar Group properties (hotels, resorts and camps), site occupancy levels, site values, historic annual consumption, as well as yearly consumption plans until 2027, including energy, carbon emissions and water, mode of transport used by Valamar Group´s customers and historic dam-ages from physical risks.

To assess each climate-related risk Valamar Group used a widely adopted method from the World Bank, summarised by the formula Risk = Impact x Probability. Both climate hazards and transition risks were assessed against 3 IPCC climate scenarios (SSP1-2.6, SSP2-4.5 and SSP5-8.5) and reflect-ed in financial quantification of impacts in 2030, 2040 and 2050. SSP1 used in this analysis does not qualify as a climate scenario in line with limiting global warming to 1.5°C with no or limited overshoot but is aligned with the Paris Agreement.

3IPCC refer to different climate scenarios based on Shared Socioeconomic Pathways (SSPs) and Representative Concentration Pathways (RCPs):

SSP1-2.6: A sustainable development scenario with low greenhouse gas emissions, leading to a radiative forcing of 2.6 W/m² and limited global warming (around 1.3°C by 2100),

SSP2-4.5: A middle-of-the-road scenario with moderate emissions, resulting in a radiative forcing of 4.5 W/m² and higher warming (around 2.7°C by 2100),

SSP5-8.5: A fossil-fuel-intensive, very high-emissions scenario with a radiative forcing of 8.5 W/m², leading to severe global warming (potentially exceeding 4°C by 2100).

The time horizons are not fully aligned with the expected lifetime of Valamar Group's assets, as the land and buildings, which constitute a significant portion of its assets, have a longer lifespan than the time horizons being used. The strategic planning and capital allocation plan are set for a period until 2026, which does not align with the time horizon used in the climate risk analysis.

Valamar Group has not identified any assets and business activities that are incompatible with a transition to a carbon-neutral economy or that require significant effort to be compatible with a transition to a carbon-neutral economy. No critical climate-related assumptions have been used to date to measure assets and liabilities in the consolidated financial statements.

The results of the analysis showed that climate value at risk averages at 1.1% of turnover in 2030. This increased to 3.5% in 2040 and 7.4% by 2050. The most of this impact is generated by changes in flight pricing followed by the risk of wildfire, rising energy prices, declining sea quality due to algal bloom, and the price of carbon. Physical and transition risks assessed as a result of this analysis were not deemed material. Nevertheless, Valamar Group will continue to monitor climate-related risks by revisiting the assessment in due time.

E1-2
Policies related to climate change mitigation and adaptation

Environmental policy outlines key actions to mitigate climate impact, improve energy efficiency and continue using renewable energy sources.

POLICY	Description	Scope	Accountability	Stakeholder interests	Communication	Addressed impacts, risks and opportunities
Environmental protection policy	Environmental protection Policy, emphasizes the following aspects: - prevention of pollution as a fundamental ap-proach to environmental protection management - continuous improvement of ecological and energy performance and management systems - preservation and rational use of natural resources - mitigation and adaptation to climate change - procurement of energy-efficient products and services and facilitating project activities that take into account the improvement of energy efficiency - ensuring the availability of information and all necessary resources for the realization of our general and individual environmental and energy objectives - ensuring energy sufficiency by producing our own renewable energy.	Valamar Group's facilities in all destinations, operations and business activities are binding to this policy. The policy refers to the overall management of resources, operational processes and business decision-making, with the goal of achieving sustainable results.	This policy is adopted by the Management Board and the Supervisory Board of Valamar Riviera.	Valamar Group regularly communicates with stakeholders to ensure transparency and participation in the process of achieving goals. Information is simultaneously exchanged with key stakeholders through various communication cannels.	The policy is publicly available on the Valamar Riviera website *https://esg.valamar-riviera.com/hr/*, thus ensuring transparency and allowing all stakeholders insight into Valamar Group's goals and obligations in the field of environmental protection. Policy is integrated into the Code of Business conduct and the Code of Conduct for Suppliers.	The policy addresses reducing energy consumption, producing its own renewable energy, and decarbonizing business operations. A positive impact on decarbonization and mitigation of climate change through the implementation of capital projects for the transition to renewable energy and an increase in the number of accommodation capacities with a low carbon footprint. Investments in replacing fossil fuels with electricity from renewable sources, installation of heat pumps and building PV panels on Valamar Group's facilities and implementation of energy-efficient solutions enables. Positive impact on decarbonization and mitigation of climate change, long-term invest-ment returns and reduction of financial costs for energy procurement. Decarbonization of scopes 1 and 2 by 75% by 2026 compared to 2015, increasing the number of accommodation capaci-ties with a low or zero carbon footprint and increasing the perception of guests of Valamar Group as a sustainable destination.

The current Environmental Protection Policy does not encompass Scope 3 emissions, as Valamar Group is in the process of developing a transition plan as part of ESG strategy for the period 2027-2030. Following the establishment of transition plan, the Environmental Protection Policy will be reviewed and updated to reflect the new objectives, including the incorporation of Scope 3 emissions.

E1-3
Actions and resources in relation to climate change policies

In 2024, Valamar Group reinforced its commitment by focusing on energy efficiency, sourcing renewable electricity, increasing in-own electricity produc-tion, and reducing emissions in Scope 1 and 2. The following priority areas are central to its climate mitigation efforts:

Compliance with Environmental, Energy and Quality Standards
Valamar Group follows internationally recognized standards to ensure high-quality service, responsible environmental and energy management. Its op-erations align with strict environmental and sustainability guidelines, including compliance with ISO 14001 Environmental Management Systems, ISO 9001 Quality Management standards and ISO 50001 Energy Management System. Regular internal assessments, along with external audits, helps to maintain and enhance Valamar Group'senvironmental and operational performance.

Renewable Energy
To further reduce its carbon footprint, Valamar Group continues to increase the use of renewable energy across its hotels and resorts. By sourcing elec-tricity from certified renewable sources, Valamar Group is actively lowering greenhouse gas emissions while ensuring sustainable energy use across its properties. Currently, Valamar Group has power purchase agreements in place that ensure its electricity comes from sustainable sources, covering all its operations. Valamar Group goal is also to produce 15% of its electricity from solar panels by 2026. In 2024, Valamar Group achieved 6% of this target.

Decarbonization in scope 1 and 2
In 2024, Valamar Group made significant progress in reducing GHG emissions per occupied room compared to its baseline year of 2015. By focusing on energy efficiency, and increasing the share of electricity from sustainable sources, Valamar Group is planning to achieved reduction for 75% in emis-sions per occupied room (2.4 $kgCO_2e$/occ. room). In addition to these efforts, Valamar Group implemented several key actions, including replacing fossil fuel-based equipment with heat pumps, introducing e-vehicles, upgrading air conditioning and refrigeration systems to those using environmentally friendly refrigerants, installing LED lighting, integrating energy monitoring systems and building photovoltaic power plants on its properties and other measures. These actions are part of its ongoing investments in sustainability.

During 2024, Valamar Group invested a total of 4.8 million euros in climate mitigation actions, with 4.4 milion euros allocated to CAPEX. This is reflected in the financial report, specifically in note 14 – property, plant and equipment.

Future investments as part of climate mitigation measures include replacing fossil fuel-powered equipment with heat pumps, transitioning to electric boat, upgrading pool equipment (including heating systems and pool covers), purchasing new air conditioning units with models that use environmental-ly friendly refrigerants and invest in increasing energy efficiency. Planned resources for these investments in 2025. are 3.6 milion euros, allocate in CAPEX and are part of CAPEX plan.

E1-4
Targets related to climate change mitigation and adaptation

Valamar Group has identified ESG targets until 2026 that were set before ESRS standards, so they do not meet the current requirements. In the new 2027-30 strategy, plan is to introduce GHG targets that fully comply with ESRS standards.

Environmental topics are also addressed on a continuous basis through Valamar Group`s ISO 14001 and ISO 5001 certifications.

Targets related to climate change mitigation:

- By 2026, reduce GHG emissions in Scope 1 and 2 by 75% per occupied room compared to 2015. Target is aligned with the 1.5°C trajectory. The target is the sum of market base Scope 1 and Scope 2 emissions, with 99.7% attributed to Scope 1 and 0.3% to Scope 2. The greenhouse gases covered by the target are CO_2, CH_4, and N_2O.
- By 2026, produce 15% of electricity from on-site solar systems at Valamar Group properties and through long-term partnerships.

Between 2015 and 2024, Valamar Group reduced direct and indirect greenhouse gas emissions (Scope 1 and 2) by more than 69% per occupied ac-commodation unit, or by 63% in gross GHG emissions. This includes a 14% reduction in Scope 1 emissions and a 99% reduction in Scope 2 emissions compared to 2015. The base year for these reductions is 2015, and the gross amount of GHG emissions in that year was 25,044 tCO_2e.

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.

GHG emission reduction targets for 2030 will be set as part of the Transition Plan, which is scheduled to be adopted with the new ESG strategy for the period 2027-2030.

In 2023, Valamar Riviera 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 next phase is to submit the targets to the SBTi within two years of joining.

As mentioned in E-1 and E-2, Valamar Group will develop a transition plan in line with the new ESG strategy. The plan will define actions, measures and targets for Scope 3.

E1-5
Energy consumption and mix

	Energy consumption and mix	Year 2024
1	Fuel consumption from coal and coal products (MWh)	0
2	Fuel consumption from crude oil and petroleum products (MWh)	15,460
3	Fuel consumption from natural gas (MWh)	13,777
4	Fuel consumption from other fossil sources (MWh)	282
5	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	0
6	**Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)**	**29,519**
	Share of fossil sources in total energy consumption (%)	**25.4%**
7	**Consumption from nuclear sources (MWh)**	**0**
	Share of consumption from nuclear sources in total energy consumption (%)	**0**
8	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	84,305
10	The consumption of self-generated non-fuel renewable energy (MWh)	2,364
11	**Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)**	**86,669**
	Share of renewable sources in total energy consumption (%)	**74.6%**
	Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	**116,188**

Valamar Group used the following data when calculating energy consumption:

- Fuel consumption from crude oil and petroleum products includes heating oil, LPG, and vehicle fuel,
- Fuel consumption from natural gas includes only natural gas consumption,
- Fuel consumption from other fossil sources includes electricity and thermal steam not covered by green certificates,
- Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources includes electricity and thermal steam taken from the grid, covered by green certificates,
- The consumption of self-generated non-fuel renewable energy includes self-produced electricity from PV panels installed on building rooftops.

E1-6
Gross Scopes 1, 2, 3 and Total GHG emissions

	Base year (2015)	Comparative year 2023 (N-1)	Current reporting year 2024 (N)	% N / N-1	2025	2030	2050	Annual % target / Base year
Gross Scope 1 GHG emissions (tCO_2eq)	10,893.00	9,196.86	9,349.99	2%				
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	-	-	-	-				
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO_2eq)	14,151.00	13,352.38	14,463.57	8%				
Gross market-based Scope 2 GHG emissions (tCO_2eq)	14,151.00	36.40	66.18	82%				
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	-	110,300.78	116,115.22	5%				
1 Purchased goods and services	-	71,665.80	81,110.95	13%				
2 Capital goods	-	19,082.87	14,024.12	–27%				
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	-	1,160.29	1,240.93	7%				
4 Upstream transportation and distribution	-	10,344.49	9,961.98	–4%				
5 Waste generated in operations	-	2,818.44	3,182.57	13%				
6 Business traveling	-	291.34	346.60	19%				
7 Employee commuting	-	4,742.56	5,999.05	26%				
8 Upstream leased assets	-	83.84	112.52	34%				
9 Downstream transportation	-	-	-	-				
10 Processing of sold products	-	-	-	-				
11 Use of sold products	-	-	-	-				
12 End-of-life treatment of sold products	-	4.25	0.10	–98%				
13 Downstream leased assets	-	-	-	-				
14 Franchises	-	-	-	-				
15 Investments	-	106.90	136.40	28%				
Total GHG emissions								
Total GHG emissions (location-based) (tCO_2eq)	25,044.00	136,554.57	143,921.22					
Total GHG emissions (mar-ket-based) (tCO_2eq)	-	119,534.04	125,531.39					

Scope 1 and 2 contain the emissions of the Valamar Group that includes Valamar Riviera with Austria Branch Office and Imperial Riviera with the subsidiary Praona d.o.o.

Scope 1 emissions
Direct GHG emissions occur from sources that Valamar Group own or control. They include emissions from combustion of fuel for buildings and vehicles and refrigerant gas leakage in Scope 1. In 2024 Scope 1 emissions increased due increase of energy consumption and fugitive emissions compared to 2023.

Physical or chemical processing is not included in calculation of Scope 1 GHG emissions, because Valamar Group do not have such processes.

Biogenic CO_2 emissions from the combustion or biodegradation of biomass do not exist in Scope 1 GHG emissions.

Scope 2 emissions
Indirect GHG emissions, from the generation of purchased electricity and district heating.

Valamar Group reports, electricity-related, location-based and market-based emissions according to GHG Protocol's Scope 2 Guidance:
- Location-Based Emissions, as average emissions intensity of the electricity grid.
- Market-Based Emissions: 100% of the purchased electricity comes from renewable sources, as per contractual agreements with electricity suppliers. Cancellation Statements for the purchased renewable energy sources (RES) were issued by HROTA, the Croatian Energy Market Operator.

To mitigate scope 1 and 2 emissions, Valamar Group will continue decarbonization path and invest 2.2 million euros from the total CAPEX plan of 3.6 million euros until 2026.

Scope 2 location-based emissions have increased compared to 2023. The increase was attributed to extremely hot summer, cold winter and regulatory requirements as well as almost 2% increase of occupied rooms in 2024.

Scope 2 market-based emissions have increased compared to 2023 due to a higher number of rented offices that source energy from the electrical grid, which partially relies on non-renewable sources.

Percentage of contractual instruments – Scope 2 GHG emissions
In Valamar Group 100% electricity coming from renewable sources covered with green energy certificate from distributor.

GHG emissions intensity

CURRENT REPORTING YEAR (2024)	
TOTAL GHG emissions (location-based) per net revenue (tCO_2eq/monetary unit)	0.000350
TOTAL GHG emissions (market-based) per net revenue (tCO_2eq/monetary unit)	0.000305
Net revenue	411,321,821

Scope 3 GHG emissions
Scope 3 contains the emissions of the Valamar Group that includes Valamar Riviera with Austria Branch Office and Imperial Riviera with the subsidiary Praona d.o.o. They are based on an estimation. In category Investment were include Scope 1 and Scope 2 emissions of Helios Faros d.d. in line with equity share.

Compared to 2023 scope 3 GHG emissions have increased by 5%. A rise in fuel and energy consumption has contributed to higher emissions. The largest absolute increase in emissions relates to the Purchased Goods and Services category. Additionally, emissions from waste generated in operations have increased by 13%, with Austria playing a role in this growth. In the area of business travel, emissions from flights have surged by 19%, while the transport of guests, previously recorded under financial data, has now been reassigned to activity data. Employee commuting has also seen a notable rise, with commuting kilometres in Valamar Group increasing by 26%. Meanwhile, capital goods emissions have decrease by 27%, since larger investments were not activated during 2024.

Other indirect GHG emissions derives from activities, but from sources Valamar Group does not own or control, i.e. they occur upstream or downstream of its value chain. In 2024, scope 3 reporting includes categories:

1. **Purchase of goods and services**
   Greenhouse gas emissions related to food products and chemicals were calculated using the weight or volume of products purchased. Greenhouse gas emissions related to other products and services were estimated using a monetary approach. Depending on the features of different types of products and service specific emission factor is assigned.

2. **Capital goods**
   Emissions related to part of capital goods for which are available emission factors (electric vehicles, IT equipment, furniture, commercial vehicles and other equipment) are calculated using an activity-based approach. For remaining capital goods monetary approach is implemented.

3. **Fuel and energy consumed by the company (not included in scope 1 and 2)**
   Emission factors used to calculate energy-related emissions includes emissions related to the production of fuels and energy.
   Fuel and energy emissions of this category are estimated by multiplying each fuel and energy consumption by the specific emission factor Energy related emissions are estimated based on the consumption of all locations (in kWh).

4. **Upstream transportation and distribution**
   Emissions associated with the upstream distribution and transportation of products were estimated through distance between suppliers and facilities. The estimate of the number of arrivals at the destination was made based on the number of issued invoices.

5. **Waste generated in operations**
   GHG emissions associated with waste produced on-site are estimated using the weight (tons) of the waste and the waste stream (recycling, composting, incineration, disposal, etc.).

6. **Business travel**
   Greenhouse gas emissions from business travel were estimated based on records of air, land and sea travel. Kilometres travelled by each mean of transport is multiplied by appropriate emission factor (GHG emissions from company owned or managed vehicles are presented in Scope 1).
   The calculation was made based on purchased airline tickets and the distance travelled by private cars for official purposes.

7. **Employee commuting**
   Greenhouse gas emissions associated with employee commuting are estimated by assessing:
   – The employee's daily commute
   – Travel of seasonal workers at the beginning and end of the season for the purpose of traveling between the place of residence and the place of work, i.e. temporary residence.
   Valamar Group has accurate distance from home to work since its employees are compensated for their travel to work according to the distance in km.
   In order to estimate car-pooling Valamar Group has conducted a survey.
   For part of the students that seasonally migrate to work within Valamar Group there are no records of their travel from home, therefore Valamar Group estimated the distance based on the average distance to the homes of all students for whom Valamar Group has records.

8. **Upstream leased assets**
   Emissions related to upstream leased assets are leased by the Valamar Group (lessee) and are not included in Scope 1 or Scope 2.
   These emissions represent a small portion and originate from the rental of vehicles and equipment.

9. **Downstream transportation and distribution**
   Most products/services are delivered on-site (food, accommodation, etc.) and do not require transport of the output stream. The only products that require transport (and whose emissions are not covered by scope 1) are toys and textiles that Valamar Group sells via its website. To estimate emissions resulting from downstream transport, the total distance postal travelled was calculated and multiplied by emission factor. These emissions are not significant.

12. **End-of-life treatment of sold products**
    Emissions related to the end-of-life treatment of sold products were calculated on a sample of sold products. The average recycling rate by country was used to estimate the emission factor.

15. **Investments**
    In this category Valamar Group includes share of equity of Scope 1 and 2 of the GHG emissions of the invest. It refers to Helios Faros d.d. as the associate of which Valamar Group does not have operational control.

Categories Processing of sold products, Use of sold products, Downstream leased assets and Franchises are not included in calculation of Scope 3 GHG emissions. Processing of sold products is not applicable to Valamar Group, as it does not supply intermediate products for processing to the market. The products sold by Valamar Group are varied, and they do not directly consume energy or emit greenhouse gases during their use. Therefore, the only emissions associated with these products are the indirect emissions from energy consumed during the product use phase (e.g., cleaning).

Operation of assets owned by the Valamar Group, as lessor, and leased to other entities are included in scope 1 and scope 2 of Valamar Group, because the leased assets are part of Valamar Group buildings. Franchising is not applicable, as Valamar Group is not a franchisor (i.e., Valamar Group does not grant licenses to other entities to sell or distribute its goods or services in exchange for payments, such as royalties for the use of trademarks and other services).

In accordance with the Greenhouse Gas Protocol guidelines, Valamar Group has decided not to include these emissions in its calculations, as they are deemed insignificant compared to the company's total emissions.

Biogenic emissions of CO_2
Biogenic CO_2 emissions from combustion or bio-degradation of biomass are included in Scope 2 and Scope 3 GHG emissions.

Biogenic emissions arise from the use of wooden pallets as an energy source for steam production, which is then utilized for heating buildings in Obertauern. The biogenic emissions are as follows:

Scope	Category	Description	CO_2b (tCO_2b)
2	2.2	Steam, heat and cooling related indirect emissions	186,8
3	3.3	Fuel- and energy- related activities not included in Scope 1 or Scope 2	618,4

GHG assessment methodology
Methodologies, significant assumptions and emissions factors used for assessing GHG emissions:

- Valamar Group carbon footprint calculation and reporting cover all facilities under its financial and operational control.
- Calculation and reporting is carried out according to The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard, GHG Scope 2 Guidance and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. hereinafter referred to as the "GHG Protocol".
- The carbon footprint calculation includes the scopes 1, 2 and 3.
- To calculate GHG emissions, emission factors were used: Base Carbone Ademe 22.0, Base Empreinte Ademe 23.1, Company Report 1.0, Greenly 1.0, IEA 2023, UK GHG Conversion Factor 2023
- For scope 3 calculation: Base Empreinte Ademe 23.2, Company Report 1.0, Greenly 1; , Ecoinvent 3.7.1, Exiobase 3.8.1, ADEME's monetary emissions factors. These emission factors were chosen because they best correspond to the actual sources of emissions.

Valamar Group has been calculating GHG emissions as of 2015. As new companies joined Valamar Group, Valamar Riviera included them in the consolidated report along with their GHG emissions. Furthermore, according to GHG Protocol, due to structural changes, Valamar Group has recalculated its base year emissions (2015) by including joiner companies' GHG emissions in Group base year emissions. Valamar Group missed the GHG emissions data for 2015 for 6 facilities (destination Makarska and Obertauren), from later joined companies. However, their emissions were not significant (around 5% of actual Group's emissions). Therefore, Valamar Group has estimated their emissions in 2015 from available data from the closest year.

Effects of significant events and changes in circumstances relevant to GHG emissions
There has not been any significant events and changes in circumstances relevant to Valamar Group's GHG emissions.

Reconciliation to financial statements of net revenue used for calculation of GHG emissions intensity
Net revenue value used for calculating GHG emissions intensity and other relevant net revenue values are presented in financial statement within Note 5 - Segment information.

GHG assessment methodology – Scope 3 specifics
The share of GHG Scope 3 emissions calculated using primary data is 62%. This percentage is based on emissions calculated using activity-based data from value chain.

Efforts are underway to enhance accuracy in the upstream transport category and improve the precision of activity-based data for purchased goods. Suppliers are encouraged through the Supplier Code of Conduct to track their emissions, enabling the collection of actual emission data from suppliers in the future.

ESRS E3

WATER AND MARINE RESOURCES

E3.IRO-1
Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

Evaluation of assets and activities

Valamar Group has a long tradition of monitoring and evaluating its impacts, risks and opportunities related to water management, including:

- Consumption: Total water consumption in m^3, Water consumption per occupied room, Amount of recycled water for irrigation, Purified water reused in laundry processes, Used recycled water
- Groundwater and water from local or other water supply: Underground water supply lines, Local and other water supply
- Water discharge by destination: Public sewages system, discharge into surrounding terrain.

Na rezultate poslovanja Valamar Grupe mogu utjecati i različite promjene iz okoliša. One u prvom redu predstavljaju rizik za zadovoljstvo gostiju ukupnim iskustvom boravka na odredištima na kojima Valamar Grupa posluje, što može dovesti do manjeg broja dolazaka. Procjena je pokazala da je odgovorno upravljanje vodama značajno za Valamar Grupu.

Consultations with affected communities

Outlined in the ESRS 2, SBM-2 requirement.

E3-1
Policies related to water and marine resources

Environmental Policy outlines key actions and policies focused on the significant issues; water management, including commitment to reduce significant water consumption within operations and water treatment as a step towards sustainable water procurement.

POLITIKA	DESCRIPTION	Scope	Accountability	Stakeholder interests	Communication	High water stress areas	Measures	Water management
ENVIRONMENTAL PROTECTION POLICY	**The policy emphasizes the responsible management of water consumption. A continuous reduction of water consumption is ensured through a system for monitoring and managing water consumption and detecting key positions for optimal water consumption.**	All Valamar Group's facilities in all destinations, operations and business activities are binding to this policy. The policy refers to the overall management of resources, operational processes and business decision-making, with the goal of achieving sustainable results.	This policy is adopted by the Management Board and the Supervisory Board of Valamar Riviera.	Valamar Group regularly communicates with stakeholders to ensure transparency and participation in the process of achieving goals. Information is simultaneously exchanged with key stakeholders through various communication cannels.	The policy is publicly available on the Valamar Riviera website *https://esg.valamar-riviera.com/hr/*, thus ensuring transparency and allowing all stakeholders insight into Valamar Group's goals and obligations in the field of environmental protection. Policy is integrated into the Code of Business conduct and the Code of Conduct for Suppliers.	Valamar Group has no operations in areas of high water stress.	Valamar Group invests in wastewater purification and reducing consumption, develops alternative sources for producing own process water used for irrigating green areas and washing laundry.	Educating employees and lessees and informing guests Valamar Group strives to increase awareness about the consumption of this essential resource. Planting native plans that are adapted to the conditions of the local climate that reduces need for irrigation and contributes to the preservation of water.

E3-2
Actions and resources related to water and marine resources

In 2024, actions were focused around three initiatives leading to an increased water management efficiency:

Investment in water consumption optimization from 2024 to 2026
Installation of perlators and aerators - To reduce water consumption, perlators and aerators will be installed to minimize excessive water flow and improve overall efficiency in the water usage system. This is expected to result in water consumption savings. By monitoring the water consumption after the installation of aerators and perlators, and comparison with previous consumption levels, Valamar Group can assess and track the effectiveness of this action.

Installation and supply of taps and showers - Installation and supply of taps and showers with a flow rate of less than 8 liters for showers and 6 liters for taps per minute to reduce water consumption in facilities. These devices allow for efficient water use while minimizing unnecessary consumption, contributing to sustainability and reducing the environmental footprint. The installation of these devices is carried out in all relevant areas, including bathrooms and kitchens, with the aim of optimizing water use without compromising user comfort. This is expected to result in water consumption savings. By monitoring water consumption before and after the investment, Valamar Group can assess and track the effectiveness of this action.

Use of groundwater for irrigation
Use of boreholes for irrigating the green areas of the property at Baška Beach Camping Resort and the new Valamar Pical Resort building. This is expected to result in water consumption savings for drinking water used for irrigating green areas. The effectiveness of the action is assessed or tracked by monitoring the water consumption from groundwater sources.

Rainwater harvesting system
Use of rainwater for irrigating green areas and watering tennis courts at Valamar Pical Resort. This is expected to result in water consumption savings through construction. The effectiveness of this action is assessed and tracked by measuring water usage from the retention system.

The total amount of 58.643 EUR was invested in water management actions in 2024. and 385.000 EUR is planned for 2025.

E3-3
Targets related to water and marine resources

In the tourism sector, water is essential for various operations, including cooling systems, maintaining swimming pools, and landscaping. Valamar Group has established a voluntary target for responsible water management to address identified impacts, risks and opportunities related to water availability and consumption, aiming for low water withdrawal intensity of 0.55 m^3 per occupied room by 2026.

Target is aligned with Environmental protection policy and applies to all Valamar Group's properties. The baseline year used is 2023 at the value of 0.55 m^3. A continuous reduction of water consumption is ensured through a system for monitoring and managing water consumption and detecting key positions for optimal water consumption. By applying advanced technologies that increase the efficiency of water use, as well as by reusing it, Valamar Group is further contributing to the sustainability of its business.

Valamar Group has decided on a water consumption reduction target, using a methodology based on benchmarking against other tourism companies. A target of 0.55 m^3 per occupied room) has been set.

Valamar Group is monitoring water consumption across all it's facilities through the facility maintenance management level (EMIS).

There are no changes to metrics, methodologies and definitions. In 2024, due to an exceptionally warm period and slightly extended operational hours, an increase in water consumption was recorded, resulting in a value of 0.59 m^3 per occupied guestroom, compared to the set target.

E3-4
Water consumption

WATER RECYCLING	2024
Total water consumption (m^3)	1,786,544
Occupied accommodation unit	3,046,343
Water consumption per occupied accommodation unit (l)	0.59
Amount of recycled water for irrigation purposes (m^3)	0
Treated water for reuse in washing processe – Poreč Laundry (m^3)	21.854
Utilized recycled water (as a percentage of total consumption)	1.22%
GROUNDWATER AND WATER FROM LOCAL OR OTHER WATER SUPPLIES	
Groundwater supply (m^3)	23,407
Local or other water supplies (m^3)	1,763,137
WATER DISCHARGE	1,657,939
Public drainage system (m^3)	1,536,428
Sea (m^3)	104,323
Discharge into land (m^3)	17,188
Total consumption m^3 / net revenue million EUR	4.34
NET REVENUE	411,321,821

Social information

Empowering People: Valamar Group's Commitment to Employees in 2024

Through the "Prvi s razlogom" initiative, Valamar Group continuously strengthens long-term relationships with employees, creating an inspiring workplace with competitive salaries, training opportunities, and career development in tourism.

In 2024, Valamar Group continued to invest significantly in its employees, increasing base salaries for thousands of team members in agreement with social partners and awarding various bonuses. Other perks include childcare facilities, discounts in Valamar Group restaurants and bars, wellness and sports benefits, and exclusive deals with numerous partners.

Valamar Group's dedication to its employees has been widely recognized, with the company being named the most desirable employer in tourism for the eighth consecutive year, according to the annual employer ranking by Alma Career Croatia. By continuously improving working conditions and investing in employee support, Valamar Group strengthens job satisfaction and contributes to a positive work environment in the destinations where it operates.

ESRS S1

OWN WORKFORCE

S1.SBM-3.
Material impacts, risks and opportunities and their interaction with strategy and business model

Description of impacts on workers

Positive material impact	Appropriate wages
SHORT DESCRIPTION	Ensuring appropriate and competitive wages contributes to employees' financial security, increases their engagement, and reduces turnover, thereby strengthening workforce stability and the long-term sustainability of the business.
Current and Future Effects on Business Model, Value Chain, Strategy, and Decision-Making	Ensuring appropriate wages currently enhances employees' financial security, reduces turnover, and strengthens engagement. It also improves the perception of fairness in the compensation system and reinforces relationships with trade unions. In the long term, competitive wages increase the Group's attractiveness as an employer, facilitate talent attraction and retention, and contribute to operational sustainability by reducing hiring and training costs.
Company Response or Planned Response	In 2024, significant investments in employees continued, and in agreement with social partners, the base salary was increased for more than 5,000 employees. Compensation was also increased for skilled positions, including chefs, waiters, receptionists, and other key roles in hotels, campsites, and resorts. During peak season, net salaries for these positions ranged between €1,400 and €2,000, while housekeepers, assistant chefs, assistant waiters, kitchen staff, and servers received net salaries ranging from €1,000 to €1,300. In addition to salary increases, the company continued providing additional benefits that contribute to employees' financial security. Valamar Riviera grants a 13th salary and a Christmas gift of €1,000, gifts for children, and in-kind benefits, while all local employees received an additional payment of €400. These continuous improvements in the salary and benefits system are the result of regular market analyses and collective bargaining agreements and are aimed at ensuring competitive compensation and long-term workforce stability.

Employees and non-employees in the workforce who are subject to material impacts

Worker type (name or ID)	Employment category	Description	Description of activities that result in a positive impact
Permanent Employees	Employee(s)	Permanent employees are individuals with open-ended contracts, receiving a full range of benefits. They have ongoing roles within the company and contribute to its long-term success.	For permanent employees, the company ensures stable and predictable earnings throughout the year through structured wage policies and various reward programs.
Seasonal employees	Employee(s)	Seasonal employees are workers hired for a specific, temporary period to address peak business demands. Their contracts last only during certain seasons.	For seasonal employees, the company provides competitive earnings during the peak season. Additionally, retention bonuses and performance-based incentives encourage employees to return for future seasons, promoting workforce stability.
Employees with a one-year contract	Employee(s)	Employees with a one-year contract are considered a step towards permanent employment. They work throughout the year, not just during peak seasons, and are entitled to many of the same benefits as permanent staff.	For employees with one-year contract, the company ensures stable and predictable earnings throughout the year through structured wage policies and various reward programs.
Students	Non-employee(s)	Students are typically individuals engaged in academic studies, often working during breaks or as part of specific training programs. While they are not part of the permanent workforce, they may still contribute to the company on a short-term or flexible basis, often to gain practical experience.	For student employees, the company provides flexible working conditions and competitive earnings aligned with market standards. Additionally, the work experience gained through seasonal and part-time roles offers students opportunities for professional development and potential future employment within the company.
Agency employees	Non-employee(s)	Agency employees are hired through staffing agencies and work on temporary or short-term assignments. They are not directly employed by the Valamar Group but contribute to operations during their assignments, often covering peak periods or specific needs.	For agency workers, the company ensures earnings and working conditions in accordance with collective agreements, guaranteeing fair compensation and equal treatment.
Permanent seasonal employees	Employee(s)	Permanent seasonal employees are workers who commit to returning for the next season, with the employer guaranteeing reemployment. During their off-season, they are registered with the employment office and receive benefits, but their pension contributions continue to be paid, and they are not considered unemployed.	For permanent seasonal employees, the company provides competitive earnings during the peak season. Additionally, retention bonuses and performance-based incentives encourage employees to return for future seasons, promoting workforce stability.

Material risks and opportunities linked to own workforce

Material risk	Appropriate wages; direct activities; short term
SHORT DESCRIPTION	Labor market pressure
Current and anticipated effects of material risks on business model, value chain, strategy and decision-making	Dynamic changes in labour market and increased competition among employers create the need for continuous adjustments to the compensation system to maintain competitiveness in the labour market. Additionally, heightened competition may lead to employee outflow toward employers offering more favourable conditions, highlighting the importance of strategic compensation management and talent retention.
Current effects of the risk on financial position, financial performance and cash flows	For Valamar Group, appropriate wage management is a material financial risk that might impacts liabilities and long-term profitability. Aligning wages with regulatory requirements, fair pay standards, and workforce expectations is essential for financial stability, ESG compliance, and business resilience. There is no significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.

Valamar Group has no identified operations that are at significant risk of forced or child labour.

People at particular risk or harm
According to risk assessment, particular employees or employee groups face a higher risk of harm compared to the rest of its workforce which are on the certain workplace:

- Handyman and Horticulture Worker
(Hazards: Environmental, Electrical, Chemical, Mechanical, Physical),
- Security guards
(Hazards: Biological and chemical, Physical injuries, Physical harm),
- Butcher
(noise, cold, vibration, physical injuries and ergonomic hazards).

Employees who perform tasks with special working conditions must meet special requirements in accordance with the provisions of the Ordinance on jobs with special working conditions regarding their age, gender, professional abilities, health, physical state and mental condition. They have regular medical examinations at the occupational medicine department to determine their health status, and training to improve their knowledge.

S1-1
Policies related to own workforce

Anchored in Valamar Group organizational values is a steadfast commitment to respect and protect the human and labour rights of workforce. These policies and procedures demonstrate its dedication to upholding and implementing its values. Valamar Group is committed to ensuring that its policies adhere to internationally recognized standards, reflecting its dedication to creating a safe, inclusive, and fair workplace. By aligning with global standards, Valamar Group uphold the highest ethical principles and promote a culture of respect and dignity for all employees.

Overview of workforce policies
Valamar Riviera and Imperial Riviera have adopted the Working Conditions Policies that manage material impacts, risks, or opportunities related to workforce and apply to all employees. With those Policies, Valamar Group remains resolute in its intention to ensure that the company's activities never result in the abuse of human rights. In line with these principles, the salary of every employee is above the legally prescribed minimum wage in the Republic of Croatia and Austria and is calculated and paid in accordance with the mandatory regulations of the Republic of Croatia and Austria and the Company's Collective Agreement in Croatia. Valamar Group ensures equal pay for female and male employees for equal work or work of equal value, strictly prohibiting any form of discrimination based on gender, sexual orientation, racial or ethnic origin, religion or belief, disability, age, or any other personal characteristic.

To uphold these principles, Valamar Group guarantees confidentiality for all employees who choose to report any form of discrimination or complaints, safeguarding their dignity. Complaints can be submitted via email or orally. The quality of interpersonal relationships, as well as relationships with supervisors, is assessed during annual evaluations. If any issues arise, specific measures are taken to address them. Management Board of Valamar Riviera and Imperial are accountable for the implementation of those Policies, that are made available to all Valamar Group employees through official websites. Valamar Group is committed to implementing the UN Guiding Principles on Business and Human Rights, as well as the core conventions of the International Labour Organization.

Valamar Group respects and acts in accordance with the European Convention on Human Rights and Fundamental Freedoms. Valamar Group has made adjustment of the physical environment to ensure the health and safety of persons with disabilities.

Changes to policies in the past year
There were no changes in Working Conditions Policy in 2024.

Illustration of how policies are communicated to stakeholders
Valamar Group's policies are publicly available on its official website, ensuring that all employees have easy access to the latest information. This transparent approach allows stakeholders, including workforce, to stay informed about Valamar Group practices, standards, and expectations.

Alignment of policies with internationally recognized standards

Valamar Group ensures that its policies are aligned with internationally recognized standards, demonstrating its commitment to ethical business practices and the protection of fundamental rights.

Valamar Group strictly adhere to the European Convention on Human Rights and Fundamental Freedoms, ensuring that policies and operations uphold the highest standards of human rights protection. Valamar Group also implements the UN Guiding Principles on Business and Human Rights, reinforcing its commitment to responsible business conduct and respect for fundamental rights. Additionally, Valamar Group is committed to respecting the Children's Rights and Business Principles established by UNICEF, integrating these principles into business practices to promote the well-being and rights of children.

The Working Conditions Policy explicitly address trafficking in human beings, forced labour, compulsory labour and child labour.

The Health and Safety Policy and Business Quality Policy address workplace accident prevention.

Inclusion and non-discrimination

The Diversity and Non-Discrimination policy, Working conditions policy and Code of business conduct addresses the elimination of discrimination and harassment, promoting equal opportunities, and supporting diversity and inclusion. Those Policies explicitly addresses the following grounds for discrimination: racial and ethnic origin, sex, sexual orientation, disability, age, religion, or any other discrimination. Valamar Group actively promotes a diversity and non-discrimination policy, supported by Standard Operating Procedures. These procedures clearly define the reporting process for cases of discrimination and harassment, ensuring transparency and support in addressing such situations. In compliance with labour law, Valamar Riviera and Imperial Riviera have appointed for each company two authorized individuals of different genders responsible for receiving and resolving complaints related to the protection of employee dignity. This practice further strengthens employee trust and ensures a fair process. To raise awareness and educate employees, Valamar Group conducts internal training sessions on topics such as recognizing discrimination, inclusion, and related issues. These training programs ensure that all employees understand the importance of diversity and inclusion and can identify potential instances of discrimination.

Top-management responsibility for equal treatment and opportunities

Valamar Group has assigned top management responsibility for equal employment treatment and opportunities, issuing clear group-wide policies and procedures for equal employment practice.

Process for handling employee complaints and providing solutions

Valamar Group has process for handling employee complaints and providing solutions, including both formal and informal ways to raise concerns, especially during negotiations and collective agreements.

S1-2
Processes for engaging with own workers and workers' representatives about impacts

Valamar Group takes into account the perspectives of its workforce when making decisions or taking actions that impact them. Valamar Group values input from its employees and encourage them to freely express their views and insights with each other and its leadership.

Key participants and resource allocation in engagement process

Valamar Group employs various methods to actively collect feedback from its employees, ensuring a comprehensive understanding of their needs and experiences. These methods include:

- Surveys: Regular assessments of corporate culture and work climate.
- Worker Representatives: Communication with employee representatives such as trade unions and workers' councils.
- Direct Email: Feedback collected through emails sent to the Human Resources department.
- Local HR Offices: In-person communication facilitated through Human Resources offices located in key destinations.
- Employee Gatherings: Organized events and forums for group discussions and feedback.

These diverse channels allow Valamar Group to gather both direct and indirect information. While the Human Resources department takes a leading role in managing the data collection process, the close collaboration with company management ensures the integrity and applicability of the feedback. This data serves as the foundation for informed decision-making and continuous improvement in employee engagement and well-being.

Stage, type and frequency of engagement

Stage of Engagement Occurrence Valamar Group utilizes various communication and engagement channels to collect feedback from employees and their representatives, identify issues, and support decision-making. These activities include:

- Corporate Culture and Climate Survey: A regular survey is conducted across 12 different categories to understand employee needs and perceptions. The survey results are analysed, presented to management, suggestions for improvement are considered, and specific actions are taken to implement changes.
- Meetings with Employee Representatives: The employer holds meetings with employee representatives at least once every three months to discuss key issues and address employee needs.
- Communication via E-mail: The Human Resources email address is open for suggestions, complaints, and other types of feedback from employees.
- Human Resources Offices: HR offices are available at the destinations during working hours, providing employees with direct interaction and support.

This systematic approach ensures transparency and continuous dialogue between employees, their representatives, and management. Engagement takes place at various stages of business processes, from issue identification to implementation and evaluation of solutions, providing a comprehensive insight into the needs and perspectives of the workforce.

Highest-ranking department or function responsible for ensuring engagement with the workforce
The responsibility for ensuring that engagement with employees and their representatives occurs and that its results are used to manage the company's impacts falls under the Human Resources department. The Human Resources Vice President is the highest-ranking person in charge of overseeing these activities. The Human Resources Vice President ensures that employee engagement is systematically implemented across various levels of the organization. This includes both direct feedback from employees and input from worker representatives, which are integral to shaping the company's policies and practices related to workforce impacts. The role of the Human Resources Vice President is part of a broader responsibility within the Human Resources function, which also involves overseeing employee welfare, development, and communication strategies.

Participation in agreements with workers' representatives
At Valamar Riviera, 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.

Evaluation of engagement effectiveness
Valamar Group regularly evaluates employee engagement and satisfaction with compensation through structured assessment methods. Each year, Valamar Group conducts a corporate culture and workplace climate survey, which includes a dedicated section on employee satisfaction with salaries and benefits.

Additionally, feedback on the compensation system and working conditions is gathered through ongoing communication with worker representatives and trade unions. These insights play a crucial role in shaping its wage policies, ensuring that employee perspectives are considered in decision-making processes.

Through these processes, Valamar Group continuously monitors employee satisfaction with the compensation system and uses these insights for adjustments and improvements to ensure competitive and fair wages.

Consideration of the perspectives of vulnerable and marginalized employees
Diversity, equality, and inclusion measures involve ensuring equality for all generations of employees. In line with diversity and inclusion policies and practices, Valamar Group strives to attract all categories of employees, without discrimination based on gender or age. Valamar Group employs individuals with disabilities and continuously works on improving working conditions and adapting workplaces, taking into account the individual needs and capabilities of each employee. Due to the nature of work in tourism facilities, there are certain challenges in adapting workplaces to engage individuals with disabilities. Therefore, in addition to direct employment, Valamar Group has been successfully collaborating for many years with integrative workshops that employ individuals with disabilities, while also using their services and purchasing their products, thereby promoting the inclusion of individuals with disabilities in the labour market in line with their abilities and potential.

In the coming years, Valamar Group will continue to explore additional opportunities to increase the inclusion of individuals with disabilities and provide the best working conditions and career development opportunities for all employees.

S1-3
Processes to remediate negative impacts and channels for own workers to raise concerns

Employees who experience discrimination or harassment are encouraged to seek support, while leadership has a duty to report any such cases they witness or are notified of. Valamar Group continuously ensures that all employees are informed about the available grievance mechanisms through onboarding and internal communications and every report is handled confidentially. Valamar Group also ensure that individuals who raise concerns are protected from retaliation.

Valamar Group provides multiple channels for employees to raise concerns or express their needs, ensuring accessibility, confidentiality, and appropriate follow-up. These channels include:

- Written Complaints: Employees can submit written grievances directly to designated representatives.
- Oral Statements: Verbal concerns can be reported to a designated person within the company, who will document the issue in an official record.
- Formal Statements on the Record: Employees may provide verbal reports in the presence of a union representative, works council member, or authorized proxy, ensuring transparency and proper representation.

Additionally, Valamar Group emphasizes confidentiality and impartiality in addressing these concerns, fostering trust and encouraging employees to voice their issues. Feedback from these mechanisms is regularly reviewed, and appropriate actions are implemented to resolve issues effectively.

Accessibility of third-party mechanisms for the workforce
Employees can raise concerns or needs through various channels such as grievance mechanisms, trade unions, works councils, or dialogue processes.

Commitment to Human Rights
Valamar Group is committed to protecting fundamental human rights, including safeguarding the dignity, privacy, health, and equitable treatment of all employees. These principles are aligned with the regulations of the Republic of Croatia and Austria and have been integrated into the company's internal policies, including the Collective Agreement concluded with union partners in Croatia. The company consistently implements the UN Guiding Principles on Business and Human Rights as well as the core conventions of the International Labour Organization, actively preventing any misuse of human rights.

Channels for Submitting Complaints
Valamar Riviera provides employees with the opportunity to submit complaints via the email address *Prituzbe.prijedlozi@valamar.com*, which is publicly available on the company's official website and included in the integrated report. Additional channels are also available, such as submitting complaints through union representatives or workers' councils.

Complaint Handling Procedure
Two authorized individuals of different genders are responsible for managing complaints. Upon receiving a complaint, they are required to investigate the case within a maximum of 8 days and take all necessary measures

appropriate to the specific situation to prevent further harassment, if identified. The procedure fully adheres to established Standard Operating Procedures (SOPs).

Monitoring the System's Effectiveness
Valamar Group regularly monitors and evaluates the effectiveness of its complaint mechanisms through:

- annual employee satisfaction surveys,
- feedback from employee representatives, and
- audits and assessments of all reported cases.

Based on insights gained, corrective actions are taken to improve the process and enhance employee trust. Transparency is ensured by timely communication with complainants regarding the progress and outcome of the process. Feedback is also utilized to advance the company's workplace culture and human rights policies.

Valamar Group actively ensures that employees are aware of the available channels for raising concerns through various informational activities and internal communication channels. This includes:

- **Training Sessions:** Valamar Group regularly organizes mandatory online training sessions for all employees, providing information about workers' rights protection policies and the available complaint submission channels.
- **Anonymous Feedback Mechanisms:** To foster trust and security among employees, Valamar Riviera has established an email address for submitting complaints. Employees can freely express their concerns without fear of retaliation.
- **Protection from Retaliation:** In accordance with Valamar Group policies, all employees and worker representatives have the right to use these channels without fear of retaliation. Valamar Group has clearly defined protective measures to ensure that any employee can safely report issues or concerns.
- **Evaluation and Monitoring of Effectiveness:** Valamar Group regularly monitors the effectiveness of the complaint reporting mechanism through annual employee satisfaction surveys and feedback from worker representatives.

S1-4
Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The policies, procedures, and processes serve as the foundation for actions to prevent potential negative impacts and foster positive outcomes. These frameworks help to identify and implement actions to address potential negative and positive impacts on workforce. Valamar Group aim to ensure that practices do not cause or contribute to significant negative impacts on workforce as Valamar Group continuously works to address and mitigate risks related to diversity and equality.

Employee data is handled with strict confidentiality, allowing to gather honest and constructive input through various channels. This approach ensures that workforce remains supported, valued, and included. The commitment to training and skills development positively impacts workforce, empowering employees and ensuring they have the tools and knowledge needed to succeed and thrive.

Overview of actions
Valamar Group has implemented measures to manage material impacts, risks, and opportunities related to its workforce, with a strong focus on ensuring a fair and competitive compensation and reward system.

To achieve this, Valamar Group conducts regular labour market analyses and salary benchmarking against industry standards, ensuring that its compensation models remain competitive and sustainable. Additionally, through collective bargaining negotiations, Valamar Group continuously adjusts its salary and reward system, while financial incentives such as performance-based bonuses and reward programs serve as key tools to enhance employee motivation and engagement. Furthermore, monitoring employee satisfaction with the compensation and reward system allows Valamar Group to continuously improve its remuneration model.

From a quantitative perspective, the company ensures competitive salaries aligned with market conditions, while from a qualitative perspective, employee feedback reflects a positive shift in the perception of financial security, fairness, and transparency in the compensation system. Ongoing dialogue with trade unions further contributes to the improvement of the reward system and employee retention.

To support these measures, the company has allocated financial and non-financial resources, aiming to maintain workforce stability and ensure long-term business sustainability. The salary increase is reflected in the financial statements under the Note 8 – Staff Costs.

Ensuring practices do not cause or contribute to negative impacts
Valamar Group ensures that its business practices do not cause or contribute to material negative impacts on its workforce through clearly defined and structured policies that promote fair compensation, financial security, and employee well-being.

Through regular salary benchmarking, market-based adjustments, and collective bargaining agreements, Valamar Group prevents wage disparities and ensure equitable treatment for all employees.

Furthermore, Valamar Group actively monitors employee satisfaction through annual corporate culture and workplace climate surveys, which include a dedicated section on wages and benefits. Feedback from these surveys, along with ongoing dialogue with worker representatives and trade unions, enables us to proactively address potential concerns and implement necessary improvements.

Through these proactive measures, Valamar Group ensures that its compensation policies and workforce management strategies support a positive and sustainable work environment, minimizing risks related to employee dissatisfaction, turnover, and financial insecurity.

S1-5
Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Valamar Group has set objectives to manage significant negative impacts, enhance positive effects, and address key risks and opportunities related to the workforce, with a particular focus on the compensation and rewards system.

One of the key goals is to ensure fair and competitive salaries through regular benchmarking against market standards, collective bargaining, and salary adjustments in line with market conditions. This approach aims to mitigate risks related to employee turnover and talent attraction while strengthening long-term workforce stability and engagement.

Furthermore, Valamar Group monitors employee satisfaction with the compensation and rewards system and, through feedback from employees and trade unions, works on improving the reward model. As part of its strategy, Valamar Group has set a measurable target for overall employee satisfaction at a level of 4.0, with satisfaction with pay and rewards being one of components of this score. The goal is to continuously improve employee's perception of fairness and transparency in the pay system, recognizing that progress in this area is not always easily measurable on an annual basis, as the impact of changes often becomes evident over a longer period.

To further enhance positive effects, Valamar Group implements financial incentives, such as performance-based bonuses and reward programs, which increase employee motivation and contribute to workforce stability. Additionally, ongoing dialogue with trade unions enables continuous improvements in wage policies and ensures a competitive and sustainable pay structure.

To achieve these objectives, Valamar Group has allocated financial and non-financial resources, focusing on market analysis, employee feedback, and long-term strategic guidelines to ensure a sustainable and transparent compensation system that supports long-term business stability.

S1-6
Characteristics of the undertaking's employees

Disclosing the number of employees at the end of the reporting period provides information for that point in time, without capturing fluctuations during the reporting period.

Employee head count by gender

Gender	Number of employees
Male	1,878
Female	1,921
Other	-
Not reported	-
Total Employees	3,799

Employee numbers by country and contract type

	Croatia	Austria	TOTAL
Total number of employees	3,624	175	3,799
Number of permanent employees	2,793	6	2,799
Number of temporary employees	831	169	1.000
Number of non-guaranteed hours employees	98	2	100

Employee numbers by gender and contract type

	Female	Male	Other	Not Disclosed	TOTAL
Total number of employees	1,921	1,878	-	-	3,799
Number of permanent employees	1,429	1,370	-	-	2,799
Number of temporary employees	492	508	-	-	1,000
Number of non-guaranteed hours employees	39	61	-	-	100

Employee head count by countries

Country	Total number of employees
Croatia	3,624
Austria	175

Number of employees who left the company during the reporting period: 4,449

Employee turnover percentage: 56%

Numbers reported have been calculated based on head count as at 31.12.2024. The numbers provided for employees are accurate, as they are based on data recorded in internal database. Valamar Group maintains comprehensive records of all employees within the HRIS system, ensuring precise tracking without the need for estimations. Therefore, no assumptions or approximations were used in calculating these figures.

Due to seasonality, a significant portion of Valamar Group's workforce consists of seasonal employees whose contracts naturally expire within the year. As a result, these employees are included in the total number of employees who left the Group, which impacts the turnover percentage. To provide a more accurate representation of workforce stability, the turnover rate is calculated based on the total number of employees who were employed at any point during 2024 (7,879 employees). Considering the total number of departures (4,449), this results in a turnover rate of 56%. However, this high turnover rate does not reflect actual employee retention but rather the normal and expected workforce dynamics. The expiration of fixed-term contracts for seasonal employees is an inherent part of its operational cycle, ensuring flexibility to meet peak business demands while maintaining an optimal workforce structure throughout the year.

To provide a more accurate picture of employee turnover, it is important to highlight that the turnover rate for permanent employees in 2024 was 8%. This is based on the fact that 223 permanent employees left Valamar Group, compared to an average of 2,675 permanent employees. This rate serves as a more stable indicator of long-term employee retention within Valamar Group.

S1-7
Characteristics of non-employee workers in the undertaking's own workforce

Number of non-employees in the workforce by category

Non-employee category	Number in the workforce
Staff provided by a third party	15

Numbers provided are reported as headcount, from the end of the reporting period.

Most common types of non-employees
The largest share of non-employees in Valamar Group's workforce consists of students, both at the end of the reporting period and during the peak season. Students are engaged in various roles, primarily in support operations and administrative tasks. In addition to students, a smaller but still notable share consists of workers from employment agencies, who are engaged based on business needs, mainly in operational functions.

According to the workforce structure, the majority of work is carried out by Valamar Group employees. However, during the peak season, when booking volumes reach their highest levels and additional support is required, the company engages non-employees. On July 31, non-employees accounted for approximately 11% of the total workforce, while outside the peak season, this figure drops to below 0.5%. By highlighting the share of non-employees in the total workforce during the season, Valamar Group aims to emphasize their importance, which may not be evident from the figures at the end of the reporting period.

The numbers provided for non-employees are accurate, as they are based on data recorded in internal database. Valamar Group maintains comprehensive records of all non-employees engaged in workforce, ensuring precise tracking without the need for estimations. Therefore, no assumptions or approximations were used in calculating these figures.

S1-8
Collective bargaining coverage and social dialogue

Collective bargaining coverage
Percentage of total employees covered by collective bargaining agreements: 93%, calculated based on headcount at the end of the reporting period. The figure includes all types of employment contracts as well as employees with non-guaranteed working hours.

Coverage rate of collective bargaining agreements by country with significant employment

	Collective Bargaining Coverage		Social dialogue
Coverage Rate	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Own workforce – Non-EEA (estimate for regions with >50 empl. representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
0 – 19 %			
20 – 39 %			
40 – 59 %			
60 – 79 %			
80 – 100 %	Croatia		Croatia

Working conditions and terms of employment for employees not covered by collective agreements
The working conditions and terms of employment for employees not covered by collective bargaining are based on their employment contract and the Labor Law.

Working conditions and terms of employment for non-employees in own workforce

Students are not covered by the collective agreement. Instead, their employment terms are regulated in accordance with the Law on Student Employment, which sets specific conditions for student work, including wages, working hours, and rights.

Agency workers, on the other hand, are covered by collective agreement of Valamar Riviera and Imperial Riviera, ensuring that they receive the same working conditions and employment terms as directly employed workforce.

Workplace representation coverage rate in EEA countries with significant employment

Worker representation coverage rate	EEA Countries
93 %	Croatia

Valamar Group has no agreements with employees for representation by a European Works Council (EWC), Societas Europaea (SE) Works Council, or Societas Cooperativa Europaea (SCE) Works Council.

S1-10
Adequate wages

At Valamar Group, all employees are paid adequate wages in line with applicable benchmarks.

S1-16
Remuneration metrics (pay gap and total remuneration)

When calculating the annual total remuneration ratio Valamar Group undertakes all employees (based on working hours) and considers all the following:

- base salary, which is the sum of guaranteed, short-term, and non-variable cash compensation,
- benefits in cash, which is the sum of the base salary and cash allowances, bonuses, and other forms of variable cash payments,
- benefits in kind, such as cars, private health insurance, life insurance, and
- direct remuneration, which is the sum of benefits in cash, benefits in kind and total fair value of all annual long-term incentives (stock option awards).

To address the seasonality of the business, and given that a significant number of Group employees did not work for the entire 12-month period, the hourly rate per employee was utilized to calculate the denominator. This hourly rate was derived by dividing each employee's annual salary, which encompasses all components relevant to the salary calculation stated above, by the total annual hours worked by that employee, excluding the highest-paid employee. Utilizing this data, the median hourly rate for the Group was calculated.

For the numerator, a consistent methodology was employed, focusing on the hourly remuneration of the highest-paid employee. This remuneration was determined by dividing the annual salary of the highest-paid individual by the total annual hours worked.

Remuneration ratio in Valamar Group is 34.7.

S1-17
Incidents, complaints and severe human rights impacts

Valamar Group addresses all discrimination incidents and complaints filed within its organization through formal channels. Given the sensitive nature of these matters, Valamar Group does not disclose details about the incidents. Each report or complaint is handled with the highest level of confidentiality. Its grievance mechanisms ensure that employees can report any incident confidently and securely. Valamar Group monitors any fines and penalties to ensure they are promptly identified and addressed. No fines and penalties related to discrimination were registered in 2024. Valamar Group remains dedicated to complying with all relevant regulations and upholding the integrity of its business practices.

Discrimination and harassment in the workforce

Complaints related to harassment were submitted through the internal incident reporting system to the individual authorized to receive and address complaints in writing. After receiving the complaints, the individual responsible for handling them, together with supervisory personnel and a human resources representative, interviewed the alleged offenders to establish the facts. The authorized person is required to investigate the complaint and take all necessary measures appropriate to the specific case to prevent further harassment, if such harassment is established, within 8 days of receiving the complaint. Upon the conclusion of the complaint review process, and considering all circumstances of the case and the employer's capabilities, the appointed individuals may implement measures and actions to prevent further harassment, including:

- Reassignment or alternative scheduling of specific employees,
- Verbal and written warnings with a notice of termination of the employment contract,
- Termination of the employment contract.

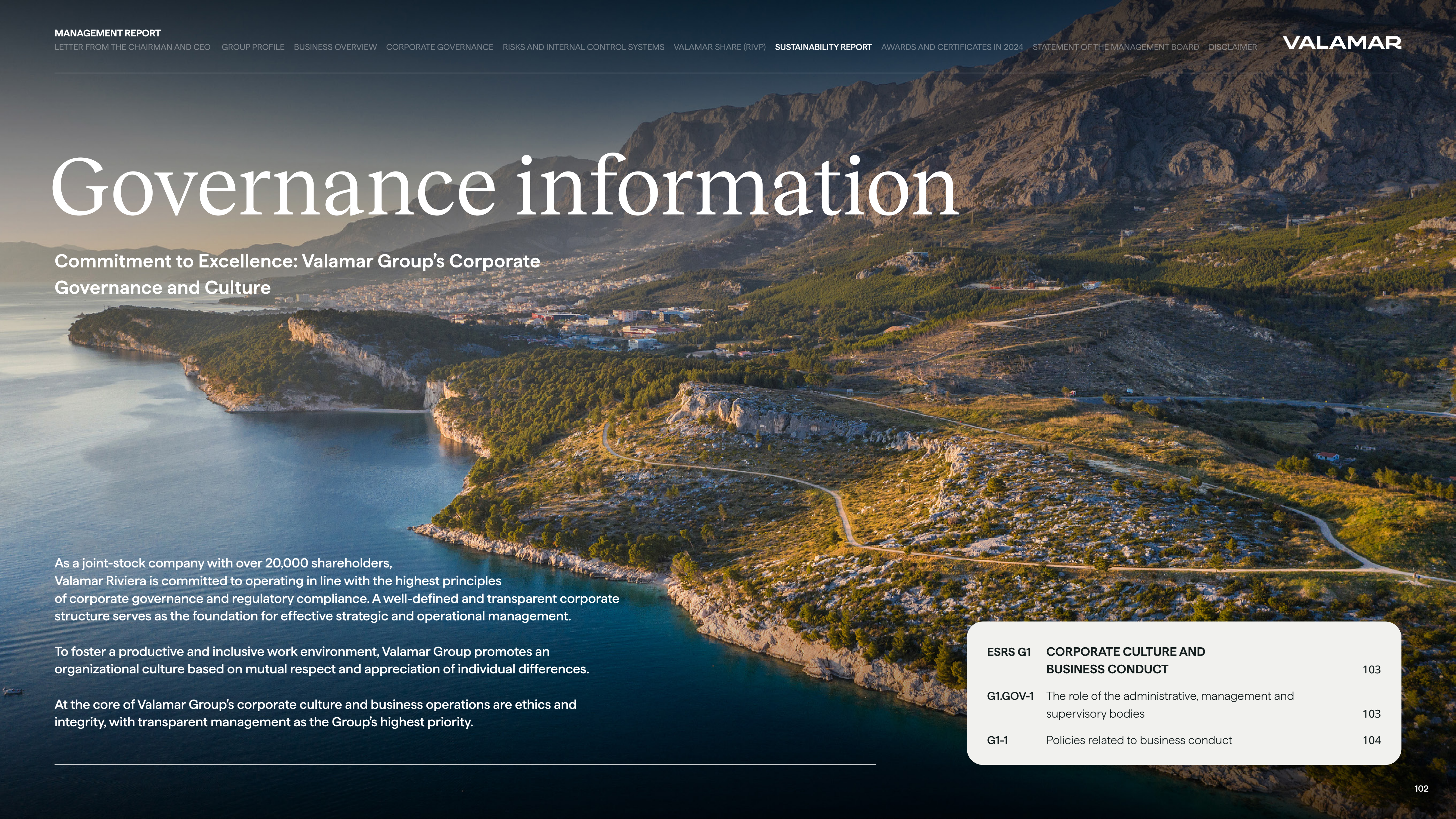
Status of incidents and/or complaints and actions taken

During the reporting period, two complaints related to discrimination were reported. Both cases were handled through internal procedures in accordance with Valamar Group's policies. Following a thorough review, appropriate actions were taken where necessary. Valamar Group strictly prohibits any form of discrimination or harassment and maintains clear policies to ensure a safe, inclusive, and respectful work environment.

Severe human rights issues and incidents

There have been no severe human rights incidents including forced labour, human trafficking, or child labour, involving Valamar Group workforce during the reporting period.

Number of discrimination incidents	2
Number of complaints filed by employees through internal channels	2
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	0
Amount of fines, penalties, and compensation for damages regarding social and human rights violations	0 EUR
Additional information on the reconciliation of fines, penalties, and damages, in line with financial statements	-



Governance information

Commitment to Excellence: Valamar Group's Corporate Governance and Culture

As a joint-stock company with over 20,000 shareholders, Valamar Riviera is committed to operating in line with the highest principles of corporate governance and regulatory compliance. A well-defined and transparent corporate structure serves as the foundation for effective strategic and operational management.

To foster a productive and inclusive work environment, Valamar Group promotes an organizational culture based on mutual respect and appreciation of individual differences.

At the core of Valamar Group's corporate culture and business operations are ethics and integrity, with transparent management as the Group's highest priority.

ESRS G1

CORPORATE CULTURE AND BUSINESS CONDUCT

G1.GOV-1 The role of the administrative, management and supervisory bodies

Role of administrative, management and supervisory bodies related to business conduct
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.

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 the Code of Business Conduct. 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, fulfil 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 Valamar Group 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.
- Maintain and improve the public reputation of the Valamar Group.

Employee behaviour 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 rumours or other types of negative and harmful communication. Valamar Group 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.

Expertise of administrative, management and supervisory bodies on business conduct matters
Given their long-standing experience, the Management Board, Supervisory Board, and Senior Management members have the necessary skills, knowledge, and qualifications for business conduct matters.

Each individual board member possesses skills that are relevant to Valamar Group's material impacts, risks and opportunities, as well as to the industry in general, the geographical location of business activities, and the type of target consumers and end-users. The Board of Directors collectively currently hold sufficient sustainability expertise and are highly capable of aligning overall strategy with sustainability goals. The evaluation also concluded that each member of the Executive Management has expertise and extensive knowledge on different areas of sustainability that relate directly to Valamar Group's material impacts, risks and opportunities.

Any knowledge which the Board of Directors or the Executive Management do not directly possess is leverageable from internal support functions including Group Finance and Group Legal in addition to external advisors for specific topics.

G1-1
Policies related to business conduct

Code of business conduct
Code of Business Conduct (hereinafter: the Code) sets out the basic guidelines for the ethical conduct within the Valamar Group to achieve the common good. The basic characteristics of the Valamar Group's culture and business are ethics and integrity. The highest priority is transparent business management, and the most important characteristics of the Valamar Group's corporate culture are promotion of fair, incentive and secure work and working conditions, responsible and authentic tourism and destination development, environmental impact management and high ethical standards in relation to the protection of human rights and safety and protection of children's rights, dealing with inside information and building relations with partners, the local community and other stakeholders. In 2024, the Management and Supervisory Boards of Valamar and Imperial Riviera established new text of the Codes 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:
   a) Service excellence and sustainable business policy
   b) Health and Safety Policy
   c) Protocol on ensuring the health safety of food
   d) Diversity and non-discrimination Policy
   e) Procurement policy
   f) Child Safety and Protection Policy
   g) Working conditions policy
   h) Career management policy
   i) Environmental protection policy

Code is binding for all employees of the Valamar Group and each individual is expected to behave in accordance with the Code and all relevant regulations in each situation. Codes are available on official website *www.valamar-riviera.hr* and *www.imperial-riviera.hr*, Online training is available on learning platform PERO. Management Board and Supervisory Board are accountable for its implementation.

Valamar Group is committed to the implementation of the UN Principles on Business and Human Rights, as well as to the core conventions of the International Labour Organization and insists that the Valamar Group's activities never result in human rights abuse or children's rights abuse.

Valamar Group is also committed to maintaining a close and long-term relationship with the local community, ensuring that key cooperation issues or needs of the local community and Valamar Group are resolved in mutual interest. Wherever possible, Valamar Group procures goods and services from local suppliers. Valamar Group endeavours to employ employees locally and encourages its employees and guests to participate in environmental cleaning and preservation actions, humanitarian actions and donations. Valamar Group allocates part of its income to local projects, humanitarian and environmental programs.

Corporate culture
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 Valamar Group'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 Group also applies its Codes of Business Conduct in its daily work. The Codes set 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 Valamar Group 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 d.d. and Imperial Riviera d.d. respect and apply and are also incorporated into the Collective Agreement concluded by the company with trade unions operating within it. All Valamar Group employees are introduced to the Code of Business Conduct through online and onsite education.

The administrative, management, and supervisory bodies at company play a pivotal role in shaping and promoting a positive corporate culture. A cornerstone of this effort is annual Corporate Culture and Climate Survey (3C), which allows us to measure employee sentiments across ten key categories, as well as their overall motivation. This survey enjoys a robust participation rate of over 83%, ensuring that the insights gathered are both representative and meaningful. Following the presentation of survey results, management positions develop action plans that address areas identified for improvement. These plans are designed to enhance workplace conditions, resolve employee concerns, and foster a supportive environment. By taking decisive steps based on employee feedback, Valamar Group demonstrates its commitment to listening, acting, and continuously refining its organizational culture. Results are communicated through live presentations to management teams and to the management board. Key areas are also measured and evaluated in bonus schemes in order to hold management positions accountable for employee wellbeing.

Commitment to investigate business conduct incidents promptly, independently and objectively
Valamar Group has established procedures, beyond those required by EU Directive 2019/1937, to investigate business conduct incidents promptly, objectively, and independently, including corruption or bribery. Measures to prevent bribery and corruption are prescribed by the Code of Business Conduct. In accordance with these procedures, reports may be submitted by internal and external stakeholders.

The Management and the Supervisory Boards of the companies of Valamar Group have established a Conflict of Interest Management Policy with the aim of better regulation and improvement of the corporate governance system of Valamar Group. The Conflict of Interest Management Policies form part of the Codes of Business Conduct available on Valamar Group corporate websites. Those Policies apply to all members of Management Boards and to all members Supervisory Boards (and all their committees) as well as to all Valamar Group employees. The policies are a set of rules by which the Valamar Group establishes mechanisms for identifying, detecting and preventing conflicts of interest. The policies establish rules to avoid conflicts of interest.

Valamar Group'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 senior management and other employees, in order to ensure their independence and objectivity in complying with the provisions of those Policies.

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

1) othe 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.

The following will not be considered a conflict of interest:

- legal transactions related to the use of hospitality services in the Valamar Group's properties in accordance with the conditions set by 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 (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 Valamar Group'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 (for example based on tenders according to the Procurement Regulation).

In accordance with the provisions of those Policies, senior management and other 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.

Senior management must immediately notify the Supervisory Board, the Management Board and the Management Board Office of all potential and actual conflicts.

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

If the Senior management has reason to believe that the other Senior management 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 sent is considered a conflict of interest under the provisions of those Policies, managers and employees may request the opinion of the Management Board Office – Legal Affairs Department. 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 those Policies.

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

- exemption from participation in decision-making when deciding on an issue in respect of which the senior management and employees is in a conflict of interest or potential conflict of interest;
- the obligation to obtain prior consent for transactions from senior management, significant shareholders or employee with the company;
- ban on trading in company shares for senior management and employees;
- organizational separation and change of work of the employee in order to prevent access to confidential information of the company;
- keeping a register of conflicts of interest and
- conducting education.

In 2024, there were no reported conflicts of interest in the Valamar Group.

Functions that are most at risk in respect of corruption and bribery

There is no certain function as such, that is more or less immanent to bribery and corruption, as this kind of risk lays within employed resources and not the function. In general, higher risks of corruption and bribery, could be detected within those functions, that are not covered by adequate and up to date Procedural framework (confined by the Boards and cross departmentally aligned within the company) and not undergoing permanent audit engagements, check up's and having implement different control mechanisms (either internally developed within the Function or externally controlled from other department or even outside engagements), including necessary follow up process. In particular, functions that could be vulnerable to corruption and bribery are those working within the environment of overlapping and multiple procedures (few procedures for a same process), procedures containing ambiguous statements and wording, containing wording like possible, could, should, etc., thus, opening space for different interpretation possibilities and partial (voluntary) implementation.

Legal requirements with regard to protection of whistleblowers

The companies of Valamar Group are required to comply with national laws implementing Directive (EU) 2019/1937.

In accordance with the provisions of the Law on the Protection of Whistleblowers, the Management Board of Valamar Riviera and Imperial Riviera have 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.

All employees have been informed about the internal whistleblowing channels through the Workers' council.

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.

The person reporting irregularities has the right to protection of identity and confidentiality, court protection, compensation for damage, free primary legal aid in accordance with the law regulating the right to free legal aid, emotional support and other protection provided by the Law on the Protection of Whistleblowers

Valamar Riviera 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 through this specified e-mail address in accordance with the internal procedure are received through a appointed 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.

Number of reports received by whistleblowers in 2024: 0 (zero).

Independent auditor's limited assurance report on Sustainability Statement

EY

To the Shareholders of Valamar Riviera d.d.

Scope

We have been engaged by Valamar Riviera d.d. to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on consolidated Sustainability Statement (the "Subject Matter") of Valamar Riviera d.d. (the "Company", an EU/EEA entity) and its subsidiaries (together "the Group"), contained in section 7. Sustainability Report of the Management Report (the "Sustainability Statement"), as at 31 December2024 and for the year then ended.

Criteria applied by the Group

In preparing the Sustainability Statement, Valamar Riviera d.d. applied the provisions of the Articles 32 and 36 of the Croatian Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities and IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement; and
- Compliance of the disclosures set out in the Sustainability Statement with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

Inherent limitations in preparing the sustainability statement

The criteria, nature of the Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In reporting forward-looking information in accordance with ESRS, Management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, Management interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Management and Audit Committee responsibilities

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in note IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities and IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with Croatian Accounting Act Articles 32 and 36 , including:

- compliance with the ESRS;
- preparing the disclosures in Consolidated disclosures pursuant to article 8 of the taxonomy regulation within the environmental section of the Sustainability Statement, in compliance with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that Management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Audit committee is responsible for overseeing the Group's sustainability reporting process.

Auditor's responsibilities

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') as prescribed by the Article 37 of the Croatian Accounting Act, and the terms of reference for this engagement as agreed with Valamar Riviera d.d. on 28 January 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our responsibilities in respect of the Subject Matter, in relation to the Process, include:

- Obtaining an understanding of the process but not for the purpose of providing a conclusion on the effectiveness of the process, including the outcome of the process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the process is consistent with the Group's description of its process, as disclosed in note *IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities* and *IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement*.

Our other responsibilities in respect of the Subject Matter include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error;
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We have the required competencies and experience to conduct this assurance engagement.

We also apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Sustainability statement and related information, and applying analytical and other appropriate procedures.

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by Management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the process implemented by the Group was consistent with the description of the process set out in note IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities and IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement including the consolidation process by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement, but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether material information identified by the process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify EU taxonomy eligible and aligned economic activities for turnover, CAPEX and OPEX and the corresponding disclosures in the Sustainability Statement;
- Evaluated the presentation and use of EU taxonomy templates in accordance with relevant requirements;
- Reconciled and ensured consistency between the reported EU taxonomy economic activities and the items reported in the primary financial statements including the disclosures provided in related notes.

We also performed such other procedures as we considered necessary in the circumstances.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with Articles 32 and 36 of the Croatian Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities and IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement; and
- compliance of the disclosures in Consolidated disclosures pursuant to article 8 of the taxonomy regulation within the environmental section of the Sustainability Statement with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

Other matters

The comparative information included in the Sustainability statement of the Group for the financial year 1 January – 31 December 2023 was not subject to an assurance engagement. Our conclusion is not modified with respect of this matter.

ERNST & YOUNG
d.o.o.
Zagreb, Radnička cesta 50

Filip Hitrec
Certified auditor
15 April 2025
Ernst & Young d.o.o.
Radnička cesta 50
Zagreb
Republic of Croatia

Ivana Krajinović
Member of Board
15 April 2025
Ernst & Young d.o.o.
Radnička cesta 50
Zagreb
Republic of Croatia

Awards and Certificates in 2024

ORGANISATION	AWARD TITLE	TOTAL NUMBER OF AWARDS	
HolidayCheck	HolidayCheck Award 2024 - the most popular hotels in Croatia	8	Isabella Island Resort, Valamar Collection
			Valamar Padova Hotel
			Valamar Girandella Designed for Adults Hotel
			Valamar Sanfior Hotel & Casa
			Valamar Parentino Hotel
			Valamar Bellevue Resort
			Valamar Tamaris Resort
			Brioni Sunny Camping
Green Building Council Croatia	Golden DGNB Pre-Certification for Sustainable Construction of Detached Eco Villas	1	Valamar Amicor Green Resort
Green Building Council Croatia and Croatian Association of Manufacturers of Thermal Facade Systems	“Organisation Of the Year”	1	Valamar Riviera d.d.
HR PSOR i HUP	Croatian Sustainability Index - Environmental Management - Service Enterprises	1	Valamar Riviera d.d.
EcoVadis	Sustainable business conduct - silver medal	1	Valamar Riviera. d.d.
Bloomberg Adria	The best ESG rating in Croatia	1	Valamar Riviera d.d.
ConsumeLess Plus	ConsumeLess Med	9	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

ORGANISATION	AWARD TITLE	TOTAL NUMBER OF AWARDS	
CX.hr portal	First Place in the Category "Contact Centre with 31 or More Workstations"	1	Valamar reservation centre
Moj Posao	Among the Top 20 Best Employers in Croatia – Leading Employer in Tourism	1	Valamar Riviera d.d.
Avtokampi.si	Naj kampi 2024 (Best Campsites 2024) - Second place in the large camps in Istria category	1	Valamar Camping Lanterna 4*
Slovenian Camping Web Portal	Naj kampi 2024 (Best Campsites 2024) - Second place in the category of best mobile homes	1	Valamar Camping Istra 5*
	Naj kampi 2024 (Best Campsites 2024) - Second place in the large camps in Kvarner category	1	Valamar Camping Ježevac 4*
KUH	INOVA CAMP 2024 – for the Innovative Concept of Sustainability and Ecology	1	Camping Solaris 3*
(Camping Association of Croatia)	INOVA CAMP 2024 – for the Innovative Concept of Presenting Indigenous Culture and Traditions for the "Evening of Red Istria" Projecttourist destination	1	Valamar Camping Istra 5*
FEE	Blue Flag	16 labels	Adria Beach, Lanterna Premium Camping Resort, Tar-Vabriga
(Foundation for Environmental Education)			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
			Beach, Ježevac Premium Camping Resort, Krk
			Beach, Krk Premium Camping Resort, Krk
			Val Padova Sandy Beach, Rab
			Beach, Dubrovnik President Valamar Collection Hotel
			Beach "Cava", Valamar Argosy Hotel, Dubrovnik
SGS Adriatica	ISO 9001	51	
	ISO 14001	51	
	HACCP Codex Alimentarius	39	
Quality Austria	ISO 50001	49	
	ISO 45001	1	Istra Premium Camping Resort
	EN 14065 Textile Biocontamination Control System	2	Valamar Laundry facility Poreč, PRAONA d.o.o. Makarska
SGS Tecnos	ISO 14064	49	
Travelife	Sustainable Hotel Certificate	28	
UPUHH	Sustainable Hotel	7	
Ecostars Ecological Hotel Rating	Sustainable hotel Business certificate	2	Kesselspitze Valamar Collection Hotel
			Valamar Obertauern Hotel

ORGANISATION	AWARD TITLE	TOTAL NUMBER OF AWARDS	
Ministry of Economy and Sustainable Development	EU Ecolabel	6	Istra Premium Camping Resort
			Ježevac Premium Camping Resort
			Krk Premium Camping Resort
			Lanterna Premium Camping Resort
			Orsera Camping Resort
			Solaris Camoing Resort
Days of Croatian Tourism	Lifetime Achievement Award	1	Vlado Miš (Imperial Riviera d.d.)
	“Čovjek – ključ uspjeha” (‘Man – Key to Success’) Award for Employee of the Year in the Tourist Animator Category	1	Sandi Štrk (Valamar Parentino Hotel)
Days of the Istrian Statute	Letter of Appreciation from the Istrian County for Outstanding Contribution to Tourism in the Istrian County Over the Past 70 Years of Operation	1	Valamar Riviera d.d.
Days of Croatian Culinary Arts	National Champion in Patisserie	1	Dora Bolkovac
	Silver Medal in the National Championship and Two Bronze Medals in the International Culinary Competition	1	Filip Klanfar
MICHELIN Guide 2024	Michelin Recommended	1	Spinnaker
Miss7.24sata.hr	Favourite Tourism Company in Croatia Among Female Audiences – ‘Woman’s Choice Award’	1	Valamar Riviera d.d.
Culinary Institute Kul IN	First Prize in the Risotto Competition - Italian Cuisine Week Worldwide	1	Sandi Rusijan
Istria Tourist Board	Zelena Koza (Green Goat) - Capra Verde award for the best project, product, or activity in the field of sustainable tourism, recognising innovative solutions and the most successful practices in developing Istria as a sustainable tourist destination	1	Valamar Riviera d.d.
Connoisseur Circle -	Best Winter and Mountain Hotels of 2024	2	Kesselspitze Hotel & Chalet, Valamar Collection
Austrian platform and magazine			[PLACES] Obertauern hotel
ACSI Award 2024	“Award for Best Campsite in Croatia”	1	Valamr Camping Krk 5*
	“Honourable mention”	1	Valamar Camping Ježevac 4*
World Travel Awards	Award in the category Croatia’s Leading Hotel 2024	1	President Hotel, Valamar Collection
	Award in the category Croatia’s Leading Boutique Hotel 2024	1	Valamar Riviera Hotel & Residence
World Luxury Hotel Awards 2024	Award in the category Luxury Family Hotel	1	Marea Suites, Valamar Collection
	Award in the category Luxury Island Resort	1	Isabella Island Resort,Valamar Collection
	Award in the category Luxury Beach Resort	1	President Hotel, Valamar Collection

AWARDS WON IN 2024 AND VALID FOR 2025

ORGANISATION	AWARD TITLE	TOTAL NUMBER OF AWARDS	
ADAC	**ADAC Superplatz 2025**	5	Valamar Camping Istra
			Valamar Camping Lanterna
			Valamar Camping Krk
			Valamar Camping Ježevac
			Valamar Camping Baška
ANWB Top 2025	**ANWB TOP 5***	4	Valamar Camping Istra
			Valamar Camping Lanterna
			Valamar Camping Krk
			Valamar Camping Padova
KUH (Camping Association of Croatia)	**Croatia's Best Campsite 2025**	11	Valamar Camping Istra
			Valamar Camping Lanterna
			Valamar Camping Marina
			Valamar Camping Krk
			Valamar Camping Ježevac
			Valamar Camping Baška
			Valamar Camping Padova
			Valamar Camping San Marino
			Camping Orsera
			Camping Solaris
			Camping Bunculuka
HolidayCheck	**HolidayCheck Award 2025 -** the most popular hotels in Croatia	8	Isabella Island Resort Valamar Collection
			Valamar Girandella Designed for Adults
			Marea Suites Valamar Collection
			Valamar Sanfior Hotel & Casa
			Valamar Bellevue Resort
			Valamar Parentino Hotel
			Valamar Diamant Hotel
			Camping Brioni

Statement of the Management Board

In the course of 2024, the Company's Management Board performed the actions provided by law and the Articles of Association and regarding the management and representation of the Company and planned a business policy that was implemented with prudent care.The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth.

The Management Board adopted the annual report for 2024 on 8 April 2025.

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

Management Board of the Company

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

Management Board
President
Željko Kukurin

Management Board
Member
Marko Čižmek

Management Board
Member
Ivana Budin Arhanić

Disclaimer

This report may contain certain expectations based on currently available facts, knowledge, and circumstances, as well as related estimates.

Our expectations are based on, but not limited to:

a) actual results achieved in 2024;
b) business revenues realised as of 21 February 2025;
c) the current state of bookings;
d) the forecasted business performance until the end of 2025;
e) the absence of any additional significant negative impacts from risks to which the Company and the Group are exposed.

Forward-looking statements are based on currently available information, present assumptions, and expectations, as well as projections of future events. These expectations do not constitute a guarantee of future performance and are subject to future events, risks, and uncertainties, many of which are beyond Valamar Riviera's control or currently unknown. Furthermore, the assumptions on which they are based may prove inaccurate, potentially causing actual results to differ materially from the stated expectations and projections. Risks and uncertainties include, but are not limited to, those described in the section "Risks of the Company and the Group." Material deviations from the stated expectations may result from changes in circumstances, unrealised assumptions, and other risks, uncertainties, and factors, including but not limited to:

- Macroeconomic trends in the Republic of Croatia and key source markets, including exchange rate fluctuations, changes in the prices of goods and services, deflation and inflation, unemployment, trends in gross domestic product and industrial production, and other factors that directly or indirectly impact the purchasing power of Valamar Riviera's guests;
- Economic and political-security conditions, as well as developments in capital markets in the Republic of Croatia and Valamar Riviera's source markets;
- Consumer spending levels, disposable income, and guest confidence and satisfaction with Valamar Riviera's products and services;
- Trends in overnight stays, booking patterns, and the movement of average selling prices for accommodation units within Valamar Riviera's properties;
- Changes in market interest rates, fluctuations in the value of equity securities, and other financial risks to which Valamar Riviera is exposed;
- Availability and costs of labour, transport expenses, energy costs, utility charges, the prices of energy sources and other goods and services, as well as disruptions in the supply chain;
- Changes in accounting policies and audit findings related to financial statements, as well as findings from tax and other regulatory reviews;
- Outcomes and costs of legal proceedings involving Valamar Riviera;
- Loss of competitiveness and reduced demand for Croatian tourism and Valamar Riviera's products and services due to weather conditions and seasonal fluctuations;
- Reliability of business IT solutions, cybersecurity risks related to Valamar Riviera's operations, and associated costs;
- Changes in tax and other regulations and laws, trade restrictions, and customs duties;
- Natural disasters, environmental risks, epidemics, and pandemics;
- Regional and global geopolitical uncertainties and armed 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.

Pursuant to the provisions of Article 22 of the Accounting Act and the provisions of Article 272.p of the Companies Act, the Management Board of Valamar Riviera d.d. (hereinafter: Valamar Riviera or the Company) hereby submits

Corporate Governance code implementation report

I CORPORATE GOVERNANCE CODE IMPLEMENTATION

Valamar Riviera, as well as the Valamar Group, are continuously developing and operating in accordance with best corporate governance practices. With its business strategy, policy, key acts and business practice, the company Valamar Riviera has established high standards of corporate governance and thereby strives to contribute to transparent and efficient operations and to establishing strong connections with the environment in which it operates. The Management Board fully complies with the provisions of the adopted acts on corporate governance. Since the listing of shares on the regulated market of the Zagreb Stock Exchange d.d. the Company applies the Corporate Governance Code of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency (hereinafter: HANFA).

The Company fully complies with and implements the prescribed corporate governance measures, with only minor justified exceptions. This is explained in detail in the Corporate Governance Code Compliance Questionnaire, which is published in accordance with the regulations on the Zagreb Stock Exchange website and the corporate website of Valamar Riviera (*https://valamar-riviera.com/pdfjs/viewer.html?file=/media/482338/corporate-governance-code-compliance-questionnaire-2023-pdf.pdf*) and submitted to HANFA. The Company submits the Corporate Governance Practice Questionnaire to HANFA in accordance with regulations.

In 2021, the company adopted the Code of Business Conduct with associated policies, which aligned its internal rules on corporate governance with the Corporate Governance Code of the Zagreb Stock Exchange and HANFA.

The Company's Code of Business Conduct was updated in 2024 and is available on the Company's corporate website at the link *https://valamar–riviera.com/media/494044/valamar–riviera–dd–code–of–business–conduct–2024.pdf*.

An integral part of this Code are:

1 Conflict of interest management policy
2 Policies and procedures for approving and disclosing transactions with related parties
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 Food safety protocol
 4.4 Diversity and non–discrimination policy
 4.5 Procurement policy
 4.6 Policy on the safety and protection of children's right
 4.7 Working conditions policy
 4.8 Career management policy
 4.9 Environmental protection policy.

The main elements of the internal control and risk management system in relation to the financial reporting process are described in chapter Internal Controls System and Internal Audit.

The Companies Act sets the rules for amending the Articles of Association, and the Articles of Association itself imposes no additional restrictions.

II MANAGEMENT BOARD AND THE SUPERVISORY BOARD

In general, the Management Board and the Supervisory Board conduct their work through meetings as well as by decision–making without holding meetings, via correspondence, in accordance with relevant regulations and the Company's regulations and acts.

The authorities of the members of the Management Board and the members of the Supervisory Board of the Company are determined by the Company's Articles of Association, the Rules of Procedure of the Management Board, and the Rules of Procedure of the Supervisory Board, as well as other relevant regulations. The authorities of the members of the Management Board can also be regulated by special decisions of the Supervisory Board, whose authorities are fully aligned with the provisions of the Companies Act.

The rules for appointing and revoking members of the Management Board and members of the Supervisory Board are established by the Articles of Association, in accordance with the provisions of the Companies Act and the provisions of the Company's internal act (Appointment procedures or elections and profiles of the Management and Supervisory Board). The appointment rules do not contain any restrictions on diversity regarding to gender, age, disability, education, profession, and similar restrictions. The rules in question were established with the aim of better organization and improvement of the corporate governance system.

The Management Board and the Supervisory Board consist of persons who have all the appropriate competences for representation, business management, or supervision of business management in the best interest of the Company and for the application of due care in representation, business management, or supervision of the Company's business management.

Given the three–member composition of the Company's Management Board, the Company is required to ensure a balanced representation of women and men in the Management Board, and this requirement has been achieved.

The Company has an obligation to have a balanced representation of women and men in the Supervisory Board, and the mandates of the existing convocation of the Supervisory Board in which such a balanced representation has not been achieved (the percentage of female members of the Supervisory Board is 22.22%) will be held until their regular expiration in accordance with Article 37 paragraph 7 of the Law on Amendments to the Companies Act (Narodne novine 136/2024).

a. MANAGEMENT BOARD

In accordance with the provisions of the Articles of Association, the Management Board may consist of one to five members. The mandate of the members of the Management Board lasts up to five years, with the possibility of re–appointment. The decision on appointment and revoke the number of board members and the duration of their mandate is rendered by the Supervisory Board.

The Management Board of the Company consists of three members:

- **Željko Kukurin**, the President of the Management Board, represents the Company together with one member of the Management Board or together with one procurator
- **Marko Čižmek**, the Management Board Member, represents the Company together with the President of the Management Board, together with one member of the Management Board or together with one procurator
- **Ivana Budin Arhanić**, the Management Board Member, represents the Company together with the President of the Management Board, together with one member of the Management Board or together with one procurator

The President of the Management Board Željko Kukurin shall independently:

1 Convene and preside the meetings of the management board
2 Coordinate management activities in individual areas between other members of the Management Board
3 Coordinate corporate activities of the group (with Company's affiliates)
4 Manage business in the following areas:
- Hotel operations and business of profit centers
- Marketing and sales
- Managing a tourist destination
- Purchasing
- Lease
- Development and maintenance of property, technical services
- Relations with the state administration, the bodies related to tourism, as well as relations with local authorities and local government in areas where the Company operates
- Business of branch offices and organizational units outside the Company's registered seat
- Human resources, employment, negotiations, and relations with trade unions,
- Analysis and preparation of investments
- Controlling
- Legal Affairs, general corporate affairs, and the Office of the Board.

The member of the Management Board Marko Čižmek shall individually manage the business in the following areas:

1 Finance, accounting, treasury
2 Informatics
3 Relations with institutional investors.

The member of the Management Board Ivana Budin Arhanić shall individually manage the business in the following areas:

1 Quality Management
2 Public Relations and Corporate Communication
3 Merge and Acquisition
4 Internationalization
5 Digitalization
6 Sustainability.

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 Marketing – Senior Vice President **Davor Brenko**,
- Operations – Senior Vice President **David Poropat**,
- Development, asset 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, i.e. senior vice presidents of divisions and vice presidents of sectors 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
- Digitalization Committee
- Sustainability Committee
- Human Resources Management Committee

1 CAPEX COMMITTEE

Željko Kukurin, committee chairman
Alen Benković, committee chairman
Davor Brenko, member
David Poropat, member
Sebastian Palma, member
Andrea Štifanić, member

COMMITTEE'S SCOPE OF WORK:

- Preparation of the investment scenario and concept
- Preparation of business plans
- Cost–effectiveness studies
- Annual CAPEX plan 3/5 annual business plans
- Analysis of M&A business plans
- Monitoring of investment realization

2 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

COMMITTEE'S SCOPE OF WORK:

- 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

3 PROCUREMENT AND PARTNERSHIP COMMITTE

David Poropat, committee chairman
Dragan Vlahović, member
Marko Čižmek, member
Dario Kinkela, member
Alen Benković, member
Željko Kukurin, member

COMMITTEE'S SCOPE OF WORK:

- 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

4 DIGITALIZATION COMMITTEE

Ivana Budin Arhanić, committee chairman
Roberto Gobo, member
Davor Brenko, member
David Poropat, member
Marko Čižmek, member
Željko Kukurin, member

COMMITTEE'S SCOPE OF WORK:

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

5 SUSTAINABILITY COMMITTEE

Ivana Budin Arhanić, committee chairman
Tea Pestotnik Prebeg, member
Alen Benković, member
Davor Brenko, member
David Poropat, member
Željko Kukurin, member

COMMITTEE'S SCOPE OF WORK:

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

6 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

COMMITTEE'S SCOPE OF WORK:

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

b. SUPERVISORY BOARD

The Supervisory Board has nine members, of which eight members were elected by the General Assembly in accordance with the provisions of the Articles of Association and the provisions of the Companies Act, and one member is an appointed employee representative.

Members of the Supervisory Board actively participate in the preparation of decisions and the supervision of their implementation through the respective committees, which meet more often to consider key strategic initiatives and provide support to the Supervisory Board in the process of decision–making and supervision of the management of the Company's affairs in accordance with relevant regulations and acts.

Members of the Supervisory Board:

Franz Lanschützer, Chairman
Mladen Markoč, Deputy Chairman
Daniel Goldscheider, Deputy Chairman
Gustav Wurmböck, member
Gudrun Kuffner, member
Petra Stolba, member
Georg Eltz, member
Boris Galić, member
Ivan Ergović, member (employee representative)

The independent members of the Supervisory Board are Boris Galić, Gudrun Kuffner and Petra Stolba. In the field of accounting and auditing of financial reports experts are Franz Lanschützer, Gustav Wurmböck, Georg Eltz, Boris Galić and Gudrun Kuffner.

In order to perform its function more efficiently, as well as the tasks prescribed by the provisions of the Audit Act and the Corporate Governance Code, the Supervisory Board appointed the following Committees:

1 THE PRESIDIUM OF THE SUPERVISORY BOARD

Franz Lanschützer, Chairman
Mladen Markoč, Deputy Chairman
Daniel Goldscheider, Deputy Chairman

THE PRESIDIUM OF THE SUPERVISORY BOARD HAS THE FOLLOWING SCOPE OF WORK:

- Remuneration and rewarding including: preparation and proposing remuneration policies for the Management and Supervisory Board; proposing the annual bonus of members of the Management Board in accordance with the achieved results of the Company and personal results according to the acts of the Company; supervising the entire amount and structure of remuneration of senior management and employees of the Company and giving recommendations to the Management Board on its remuneration policies in relation to senior management and relations/negotiations with social partners (trade unions represented in the Company); supervise the preparation of the prescribed annual report on remuneration;
- Human resources including overseeing management policies in the selection and appointment of key management
- Business strategy including annual business plan (budget)
- Nomination of candidates for members of the Supervisory Board and members of the Management Board, including examination of the required profiles, professional competencies, age, experience, independence and other necessary characteristics of candidates and monitoring the availability of information on candidates on the Company's website in accordance with corporate governance standards
- Proposing conditions for the appointment and management of the Company with potentially new members of the management board, including the expected time required to perform their function
- Preparation of a succession plan for re–nomination or replacement of members of the supervisory board and the management board
- Review and analysis of legal acts which the Company intends to conclude as part of the approved investment (CAPEX) in the single value exceeding the amount of EUR 4,000,000.00 (in words: four million euro) for the purpose of evaluation on the need to obtain consent from the Supervisory Board.
- Review and analysis of legal acts (agreements, collective agreements) that the Company intends to conclude with trade unions if the value of the workers' material rights exceeds the amount provided by the Business Plan (Budget), for the purpose of evaluation on the need to obtain consent from the Supervisory Board.
- Other issues for the preparation of decisions of the supervisory board and supervision of their implementation.

The Presidium of the Supervisory Board is, by its scope of work, the nomination committee and the remuneration committee in terms of the provisions of the relevant regulations and recommendations/standards of corporate governance.

2 AUDIT COMMITTEE

Gudrun Kuffner, committee chairwoman
Georg Eltz, member
Gustav Wurmböck, member
Mladen Markoč, member
Boris Galić, member

COMMITTEE'S SCOPE OF WORK:

- Reports to the Supervisory Board on the statutory audit and explains how the statutory audit has contributed to the integrity of financial reporting and explains the role of the Audit Committee in this process
- Monitors the financial reporting process and provides recommendations or suggestions to ensure its integrity
- Monitors the effectiveness of the internal quality control system and risk management system and internal audit, without violating its independence
- Monitors the performance of legal audits of annual financial reports and annual consolidated financial reports
- Supervises the implementation of measures determined as a result of external and internal audit and its own supervision

- Examines and monitors the independence of the audit company, and in particular the suitability of providing non-audit services in accordance with relevant regulations
- It is responsible for the selection process of the audit company and proposes its appointment in accordance with the relevant regulations
- It considers an additional report submitted to it by the audit company in accordance with the relevant regulations
- Supervises the application of procedures for reporting violations of laws or internal standards, rules and procedures of the Company
- Performs other tasks to prepare decisions of the Supervisory Board in relation to all types of audits.

3 INVESTMENT COMMITTEE

Daniel Goldscheider, committee chairman
Franz Lanschützer, member
Gudrun Kuffner, member

COMMITTEE'S SCOPE OF WORK:
- Preliminary consideration of investment proposals (CAPEX)
- Monitoring the progress of investments
- Preliminary consideration of strategic investment plans
- Other issues for the preparation of supervisory board decisions in relation to CAPEX.

4 COMMITTEE FOR DIGITALIZATION AND SUSTAINABILITY

Petra Stolba, committee chairwoman
Franz Lanschützer, member
Daniel Goldscheider, member

COMMITTEE'S SCOPE OF WORK:
- Preliminary consideration of proposals of digitalization projects
- Monitoring the progress of digitalization
- Preliminary consideration of strategic plans in relation to investments in the digitalization and sustainability
- Other issues for the preparation of supervisory board decisions in relation to digitalization and sustainability.

III SHAREHOLDERS OF THE COMPANY

The Company's shares are listed on the Prime Market of the Zagreb Stock Exchange d.d.

Information on significant shareholders of the Company is published in the Annual Report in the section Notes to the financial report (Note 24 - Share capital).

As of December 31, 2024, shareholders who are members of the Supervisory Board and the Company's Management Board are as follows:

1. Franz Lanschützer, Chairman of the Supervisory Board, who is the holder of 4,450,000 shares,
2. Mladen Markoč, Deputy Chairman of the Supervisory Board, who is the holder of 65,078 shares,
3. Gustav Wurmböck, member of the Supervisory Board, who is the holder of a 100% stake in the company Wurmböck Beteiligungs GmbH, which is the holder of 25,078,700 shares,
4. Georg Eltz, member of the Supervisory Board, who is the holder of 20,463 shares as well as the holder of a 100% stake in the company Satis d.o.o., which is the holder of 6,610,048 shares,
5. Boris Galić, member of the Supervisory Board, who is the holder of 10,000 shares,
6. Ivan Ergović, member of the Supervisory Board, who is the holder of 3,579 shares,
7. Gudrun Kuffner, member of the Supervisory Board, who is the holder of 3,000 shares,
8. Željko Kukurin, President of the Management Board, who is the holder of 209,192 shares,
9. Marko Čižmek, member of the Management Board, who is the holder of 111,035 shares,
10. Ivana Budin Arhanić, member of the Management Board, who is the holder of 77,991 shares.

IV GENERAL ASSEMBLY

The General Assembly is convened, conducted, and has power in accordance with the provisions of the Law on Companies and the provisions of the Company's Articles of Association, and the call and proposals for decisions, as well as the decisions made, are publicly announced in accordance with the provisions of the Companies Act, the provisions of the Capital Market Act and the Rules of the Zagreb Stock Exchange d.d. There is a time limit related to the exercise of the right to vote at the General Assembly in accordance with the provisions of the Companies Act - shareholders are required to register their participation within the deadline provided by law. A financial right arising from a security cannot be separated from the ownership of that security. Within the Company, no securities carry special control rights, nor are there any restrictions on voting rights. Each share entitles its holder to one vote.

The General Assembly is presided over by the Chairman of the Supervisory Board or a person authorized by him with a special power of attorney. Minutes of the work of the General Assembly are kept, drawn up by the Notary Public. The General Assembly can make decisions if shareholders holding shares that make up at least 25% of the share capital, or at least 25% of the total shares with voting rights, are present or represented.

The Company's Management Board can acquire its own shares based on and in accordance with the conditions determined by the decision of the General Assembly on the acquisition of its own shares dated May 9, 2019. which was in use until November 17, 2024, and by the decision of the General Assembly dated April 4, 2024, which is in force from November 18, 2024. Based on the aforementioned decisions, on November 14, 2024, the Company's Management Board rendered a decision on the adoption of the Shares buy back Programme.

V SUSTAINABILITY REPORTING

The Company is required to report on sustainability for the year 2024. The Sustainability Report is an integral part of this Annual Report and can be found in the Management Report.

Management Board
President
Željko Kukurin

Management Board
Member
Marko Čižmek

Management Board
Member
Ivana Budin Arhanić

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

Responsibility for the Annual financial statements

In Poreč, 15 April, 2025

In accordance with provisions of Capital Market Act, Marko Čižmek, Management Board Member and CFO, and Vedrana Ambrosi Barbalić, Finance and Accounting Sector Director and Procurator, together as persons responsible for the preparation of annual financial reports of the company Valamar Riviera d.d. seated in Poreč, Stancija Kaligari 1, OIB 36201212847 (hereinafter: Company), hereby make the following

STATEMENT

According to our best knowledge:

- Annual consolidated and unconsolidated financial statements for 2024, are prepared in accordance with applicable standards of financial reporting and give true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and the companies included in consolidation (Group);
- Report of the Company's Management board for the period from 1 January to 31 December 2024 contains the true presentation of development, results and position of the Company and companies included in the consolidation, with description of significant risks and uncertainties which the Company and companies included in consolidation are exposed.

Marko Čižmek
Management Board
Member

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

Vedrana Ambrosi Barbalić
Finance and Accounting Sector
Director and Procurator

Annual financial statements

Reporting period: from 01.01.2024 to 31.12.2024

Registration number (MB):	3474771	Issuer's home Member State code: HR
Entity's registration number (MBS):	40020883	
Personal identification number (OIB):	36201212847	LEI: 529900DUWS1DGNEK4C68
Institution code:	30577	
Name of the issuer:	Valamar Riviera d.d.	
Postcode and town:	52440	Poreč
Street and house number:	Stancija Kaligari 1	
E-mail address:	uprava@riviera.hr	
Web address:	www.valamar-riviera.com	
Number of employees (end of the reporting period):	2.969	
Consolidated report:	KN	(KN-non consolidated/KD-consolidated)
Audited:	RD	(RN-non audited/RD-audited)

Names of subsidiaries (according to IFRS):	Registered office:	MB:

Bookkeeping firm:	No
Contact person:	Sopta Anka (only name and surname of the contact person)
Telephone:	052 408 188
E-mail address:	anka.sopta@riviera.hr
Audit firm:	Ernst & Young d.o.o., UHY Rudan d.o.o. (name of the audit firm)
Certified auditor:	Ivana Krajinović, Filip Hitrec, Vedrana Miletić (name and surname)

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

(authorized representative's signature)

L.S.

BALANCE SHEET

Submitter: Valamar Riviera d.d.

BALANCE AS AT 31.12.2024 — in EUR

	Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1		2	3	4
ASSETS				
A)	**RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID**	**001**		
B)	**FIXED ASSETS** (ADP 003+010+020+031+036)	**002**	**597,799,951**	**703,490,535**
I	**INTANGIBLE ASSETS** (ADP 004 to 009)	**003**	**6,565,018**	**8,336,873**
	1 Research and Development	004		
	2 Concessions, patents, licences, trademarks, software and other rights	005	4,779,225	6,548,274
	3 Goodwill	006	871,672	871,672
	4 Advance payments for purchase of intangible assets	007		
	5 Intangible assets in preparation	008	914,121	916,927
	6 Other intangible assets	009		
II	**TANGIBLE ASSETS** (ADP 011 to 019)	**010**	**446,642,084**	**547,412,609**
	1 Land	011	70,644,262	127,172,259
	2 Buildings	012	287,897,269	288,789,056
	3 Plants and equipment	013	38,770,695	40,741,520
	4 Tools, working inventory and transportation assets	014	7,487,134	9,268,096
	5 Biological asset	015		
	6 Advance payments for purchase of tangible assets	016	69,958	14,608,527
	7 Tangible assets in preparation	017	36,238,653	61,705,707
	8 Other tangible assets	018	5,185,811	4,816,018
	9 Investments property	019	348,302	311,426
III	**FIXED FINANCIAL ASSETS** (ADP 021 to 030)	**020**	**143,056,928**	**146,084,631**
	1 Investments in holdings (shares) of undertakings within the group	021	124,258,659	124,258,659
	2 Investments in other securities of undertakings within the group	022		
	3 Loans, deposits etc given to undertakings in a group	023		
	4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	16,816,257	17,503,377
	5 Investment in other securities of companies linked by virtue of participating interest	025		
	6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	795,420	3,643,444
	7 Investments in securities	027	135,603	
	8 Loans, deposits, etc. given	028	590,532	613,367
	9 Other investments accounted for using the equity method	029		
	10 Other fixed financial assets	030	460,457	65,784
IV	**RECEIVABLES** (ADP 032 to 035)	**031**		
	1 Receivables from undertakings within the group	032		
	2 Receivables from companies linked by virtue of participating interests	033		
	3 Customer receivables	034		
	4 Other receivables	035		
V	**Deferred tax assets**	**036**	**1,535,921**	**1,656,422**
C)	**CURENT ASSETS** (ADP 038+046+053+063)	**037**	**59,905,492**	**75,555,864**
I	**INVENTORIES** (ADP 039 to 045)	**038**	**5,945,539**	**8,580,962**
	1 Raw materials	**039**	**5,587,078**	**8,296,206**
	2 Work in progress	040		
	3 Finished goods	041		
	4 Merchandise	042	358,461	284,756
	5 Advance payments for inventories	043		
	6 Fixed assets held for sale	044		
	7 Biological asset	045		
II	**RECEIVABLES** (ADP 047 to 052)	**046**	**6,851,328**	**13,317,840**
	1 Receivables from undertakings within the group	047	2,340,631	7,559,683
	2 Receivables from companies linked by virtue of participating interest	048	1,373,496	415,736
	3 Customer receivables	049	1,909,335	2,318,899
	4 Receivables from employees and members of the undertaking	050	88,956	1,561,948
	5 Receivables from government and other institutions	051	893,990	634,436
	6 Other receivables	052	244,920	827,138
III	**SHORT-TERM FINANCIAL ASSETS** (ADP 054 to 062)	**053**	**821,086**	**426,683**
	1 Investments in holdings (shares) of undertakings within the group	054		
	2 Investments in other securities of undertakings within the group	055		
	3 Loans, deposits, etc. to undertakings within the group	056		
	4 Investments in holdings (shares) of companies linked by virtue of participating interest	057		
	5 Investment in other securities of companies linked by virtue of participating interest	058		
	6 Loans, deposits etc. given to companies linked by virtue of participating interest	059		
	7 Investments in securities	060		
	8 Loans, deposits, etc. given	061	35,528	154,210
	9 Other financial assets	062	785,558	272,473
IV	**CASH AT BANK AND IN HAND**	**063**	**46,287,539**	**53,230,379**
D)	**PREPAID EXPENSES AND ACCRUED INCOME**	**064**	**2,611,402**	**3,376,303**
E)	**TOTAL ASSETS** (ADP 001+002+037+064)	**065**	**660,316,845**	**782,422,702**
F)	**OFF-BALANCE SHEET ITEMS**	**066**	**7,179,343**	**7,170,190**

BALANCE SHEET / CONTINUED

Submitter: Valamar Riviera d.d.

BALANCE AS AT 31.12.2024 — in EUR

	Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1		2	3	4
LIABILITIES				
A)	**CAPITAL AND RESERVES** (ADP 068 to 070+076+077+083+086+089)	**067**	**407,623,536**	**408,200,934**
I	**INITIAL (SUBSCRIBED) CAPITAL**	**068**	**221,915,350**	**221,915,350**
II	**CAPITAL RESERVES**	**069**	**1,283,035**	**1,615,440**
III	**RESERVES FROM PROFIT** (ADP 071+072–073+074+075)	**070**	**15,901,347**	**17,013,933**
	1 Legal reserves	071	11,095,768	11,095,768
	2 Reserves for treasury share	072	18,158,509	18,158,509
	3 Treasury shares and holdings (deductible item)	073	–13,743,570	–12,624,875
	4 Statutory reserves	074		
	5 Other reserves	075	390,640	384,531
IV	**REVALUATION RESERVES**	**076**		
V	**FAIR VALUE RESERVES AND OTHER** (ADP 078 to 082)	**077**	**39,878**	
	1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	39,878	
	2 Cash flow hedge - effective portion	079		
	3 Hedge of a net investment in a foreign operation - effective portion	080		
	4 Other fair value reserves	081		
	5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
VI	**RETAINED PROFIT OR LOSS BROUGHT FORWARD** (ADP 084–085)	**083**	**143,538,707**	**141,723,515**
	1 Retained profit	084	143,538,707	141,723,515
	2 Loss brought forward	085		
VII	**PROFIT OR LOSS FOR THE BUSINESS YEAR** (ADP 087–088)	**086**	**24,945,219**	**25,932,696**
	1 Profit for the business year	087	24,945,219	25,932,696
	2 Loss for the business year	088		
VIII	**MINORITY (NON–CONTROLLING) INTEREST**	**089**		
B)	**PROVISIONS** (ADP 091 to 096)	**090**	**6,284,948**	**5,379,063**
	1 Provisions for pensions, termination benefits and similar obligations	091	3,342,017	3,281,683
	2 Provisions for tax liabilities	092		
	3 Provisions for ongoing legal cases	093	2,942,931	2,097,380
	4 Provisions for renewal of natural resources	094		
	5 Provision for warranty obligations	095		
	6 Other provisions	096		

BALANCE AS AT 31.12.2024 — in EUR

	Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1		2	3	4
C)	**LONG–TERM LIABILITIES** (ADP 098 to 108)	**097**	**166,870,642**	**218,344,029**
	1 Liabilities towards undertakings within the group	098		
	2 Liabilities for loans, deposits, etc. to companies within the group	099		
	3 Liabilities towards companies linked by virtue of participating interest	100		
	4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
	5 Liabilities for loans, deposits etc.	102		
	6 Liabilities towards banks and other financial institutions	103	151,652,565	139,704,743
	7 Liabilities for advance payments	104		
	8 Liabilities towards suppliers	105		
	9 Liabilities for securities	106		
	10 Other long–term liabilities	107	13,789,397	77,331,291
	11 Deferred tax liability	108	1,428,680	1,307,995
D)	**SHORT–TERM LIABILITIES** (ADP 110 to 123)	**109**	**61,443,224**	**136,287,661**
	1 Liabilities towards undertakings within the group	110	48,042	57,055
	2 Liabilities for loans, deposits, etc. to companies within the group	111		
	3 Liabilities towards companies linked by virtue of participating inte rest	112	31,800	99,060
	4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
	5 Liabilities for loans, deposits etc.	114		
	6 Liabilities towards banks and other financial institutions	115	33,001,611	84,527,014
	7 Liabilities for advance payments	116	5,060,911	12,488,044
	8 Liabilities towards suppliers	117	13,335,698	20,983,225
	9 Liabilities for securities	118		
	10 Liabilities towards employees	119	3,834,829	4,805,383
	11 Taxes, contributions and similar liabilities	120	4,232,394	5,884,813
	12 Liabilities arising from the share in the result	121		
	13 Liabilities arising from fixed assets held for sale	122		
	14 Other short–term liabilities	123	1,897,939	7,443,067
E)	**ACCRUALS AND DEFERRED INCOME**	**124**	**18,094,495**	**14,211,015**
F)	**TOTAL – LIABILITIES** (ADP 067+090+097+109+124)	**125**	**660,316,845**	**782,422,702**
G)	**OFF–BALANCE SHEET ITEMS**	**126**	**7,179,343**	**7,170,190**

STATEMENT OF PROFIT OR LOSS

Submitter: Valamar Riviera d.d.

FOR THE PERIOD 01.01.2024 TO 31.12.2024 — in EUR

Item		ADP code	Same period of the previous year	Current period
1		2	3	4
I	**OPERATING INCOME** (AOP 002 do 006)	**001**	**294,475,295**	**324,026,872**
	1 Income from sales with undertakings within the group	002	13,266,380	18,450,009
	2 Income from sales (outside group)	003	276,816,723	300,617,817
	3 Income from the use of own products, goods and services	004	81,930	88,369
	4 Other operating income with undertakings within the group	005	219,627	244,174
	5 Other operating income (outside the group)	006	4,090,635	4,626,503
II	**OPERATING EXPENSES** (AOP 08+009+013+017+018+019+022+029)	**007**	**260,298,742**	**288,775,101**
	1 Changes in inventories of work in progress and finished goods	008		
	2 Material costs (AOP 010 do 011)	009	97,191,203	103,317,180
	a) Costs of raw material	010	54,197,430	55,891,305
	b) Costs of goods sold	011	2,592,001	4,406,140
	c) Other external costs	012	40,401,772	43,019,735
	3 Staff costs (AOP 014 do 016)	013	83,363,542	95,325,693
	a) Net salaries and wages	014	51,949,966	59,566,760
	b) Tax and contributions from salaries expenses	015	20,616,001	23,331,358
	c) Contributions on salaries	016	10,797,575	12,427,575
	4 Depreciation	017	47,224,180	49,038,816
	5 Other expenses	018	29,359,538	36,415,772
	6 Value adjustments (AOP 020+021)	019	36,573	32,756
	a) fixed assets other than financial assets	020		
	b) current assets other than financial assets	021	36,573	32,756
	7 Provisions (AOP 023 do 028)	022	1,324,721	1,115,114
	a) Provisions for pensions, termination benefits and similar obligations	023	1,097,855	1,068,539
	b) Provisions for tax liabilities	024		
	c) Provisions for ongoing legal cases	025	226,866	46,575
	d) Provisions for renewal of natural resources	026		
	e) Provisions for warranty obligations	027		
	f) Other provisions	028		
	8 Other operating expenses	029	1,798,985	3,529,770
III	**FINANCIAL INCOME** (AOP 031 do 040)	**030**	**5,013,112**	**6,982,513**
	1 Income from investments in holdings (shares) of undertakings within the group	031	2,183,287	4,978,422

FOR THE PERIOD 01.01.2024 TO 31.12.2024 — in EUR

Item		ADP code	Same period of the previous year	Current period
1		2	3	4
	2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032		
	3 Income from other long-term financial investment and loans granted to undertakings within the group	033		
	4 Other interest income from operations with undertakings within the group	034		
	5 Exchange rate differences and other financial income from operations with undertakings within the group	035	178,578	47,137
	6 Income from other long-term financial investments and loans	036		8,672
	7 Other interest income	037	1,655,236	1,102,843
	8 Exchange rate differences and other financial income	038	2,160	3,341
	9 Unrealised gains (income) from financial assets	039		
	10 Other financial income	040	993,851	842,098
IV	**FINANCIAL EXPENDITURE** (AOP 042 do 048)	**041**	**6,287,039**	**11,217,315**
	1 Interest expenses and similar expenses with undertakings within the group	042		
	2 Exchange rate differences and other expenses from operations with undertakings within the group	043		
	3 Interest expenses and similar expenses	044	4,882,765	9,977,181
	4 Exchange rate differences and other expenses	045	2,609	
	5 Unrealised losses (expenses) from financial assets	046	299,425	133,909
	6 Value adjustments of financial assets (net)	047		
	7 Other financial expenses	048	1,102,240	1,106,225
V	**SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST**	**049**		
VI	**SHARE IN PROFIT FROM JOINT VENTURES**	**050**		
VII	**SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST**	**051**		
VIII	**SHARE IN LOSS OF JOINT VENTURES**	**052**		
IX	**TOTAL INCOME** (AOP 001+030+049 +050)	**053**	**299,488,407**	**331,009,385**
X	**TOTAL EXPENDITURE** (AOP 007+041+051 + 052)	**054**	**266,585,781**	**299,992,416**
XI	**PRE-TAX PROFIT OR LOSS** (AOP 053-054)	**055**	**32,902,626**	**31,016,969**
	1 Pre-tax profit (AOP 053-054)	056	32,902,626	31,016,969
	2 Pre-tax loss (AOP 054-053)	057		
XII	**INCOME TAX**	**058**	**7,957,407**	**5,084,273**
XIII	**PROFIT OR LOSS FOR THE PERIOD** (AOP 055-059)	**059**	**24,945,219**	**25,932,696**
	1 Profit for the period (AOP 055-059)	060	24,945,219	25,932,696
	2 Loss for the period (AOP 059-055)	061		

STATEMENT OF PROFIT OR LOSS / CONTINUED

Submitter: Valamar Riviera d.d.

FOR THE PERIOD 01.01.2024 TO 31.12.2024 — in EUR

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE–TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (AOP 063–064)	**062**		
1 Pre–tax profit from discontinued operations	063		
2 Pre–tax loss on discontinued operations	064		
XV INCOME TAX OF DISCONTINUED OPERATIONS	**065**		
1 Discontinued operations profit for the period (AOP 062–065)	066		
2 Discontinued operations loss for the period (AOP 065–062)	067		
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE–TAX PROFIT OR LOSS (AOP 055+062)	**068**		
1 Pre–tax profit (AOP 068)	069		
2 Pre–tax loss (AOP 068)	070		
XVII INCOME TAX (AOP 058+065)	**071**		
XVIII PROFIT OR LOSS FOR THE PERIOD (AOP 068–071)	**072**		
1 Profit for the period (AOP 068–071)	073		
2 Loss for the period (AOP 071–068)	074		
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (AOP 076+077)	**075**		
1 Attributable to owners of the parent	076		
2 Attributable to minority (non–controlling) interest	077		
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	**078**	**24,945,219**	**25,932,696**
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (AOP 80 + 87)	**079**	**39,065**	**–47,554**
III Items that will not be reclassified to profit or loss (AOP 081 do 085)	**080**	**39,065**	**–47,554**

FOR THE PERIOD 01.01.2024 TO 31.12.2024 — in EUR

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
1 Changes in revaluation reserves of fixed tangible and intangible assets	081		
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	39,065	–47,554
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083		
4 Actuarial gains/losses on the defined benefit obligation	084		
5 Other items that will not be reclassified	085		
6 Income tax relating to items that will not be reclassified	086	7,032	–7,676
IV Items that may be reclassified to profit or loss (AOP 088 do 095)	**087**		
1 Exchange rate differences from translation of foreign operations	088		
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089		
3 Profit or loss arising from effective cash flow hedging	090		
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091		
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092		
6 Changes in fair value of the time value of option	093		
7 Changes in fair value of forward elements of forward contracts	094		
8 Other items that may be reclassified to profit or loss	095		
9 Income tax relating to items that may be reclassified to profit or loss	096		
V NET OTHER COMPREHENSIVE INCOME OR LOSS (AOP 080+087 - 086 - 096)	**097**	**32,033**	**–39,878**
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 078+097)	**098**	**24,977,252**	**25,892,818**
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 100+101)	**099**		
1 Attributable to owners of the parent	100		
2 Attributable to minority (non–controlling) interest	101		

STATEMENT OF CASH FLOWS - indirect method

Submitter: Valamar Riviera d.d.

FOR THE PERIOD 01.01.2024 TO 31.12.2024 in EUR

Item			ADP code	Same period of the previous year	Current period
1			2	3	4
CASH FLOW FROM OPERATING ACTIVITIES					
	1	Pre-tax profit	001	32,902,626	31,016,969
	2	Adjustments (ADP 003 to 010):	002	44,192,553	53,955,947
	a)	Depreciation	003	47,224,180	49,038,816
	b)	Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	734,727	876,012
	c)	Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		-11,934
	d)	Interest and dividend income	006	-3,836,412	-6,087,516
	e)	Interest expenses	007	5,034,255	10,121,830
	f)	Provisions	008	-5,626,693	-905,885
	g)	Exchange rate differences (unrealised)	009		
	h)	Other adjustments for non-cash transactions and unrealised gains and losses	010	662,496	924,624
I		**Cash flow increase or decrease before changes in the working capital** (ADP 001+002)	**011**	**77,095,179**	**84,972,916**
	3	Changes in the working capital (ADP 013 to 016)	012	17,814,562	-4,262,118
	a)	Increase or decrease in short-term liabilities	013	21,576,758	4,897,200
	b)	Increase or decrease in short-term receivables	014	-2,108,775	-6,523,896
	c)	Increase or decrease in inventories	015	-1,653,421	-2,635,422
	d)	Other increase or decrease in the working capital	016		
II		**Cash from operations** (ADP 011+012)	**017**	**94,909,741**	**80,710,798**
	4	Interest paid	018	-4,790,078	-8,680,034
	5	Income tax paid	019		-4,786,302
A)		**NET CASH FLOW FROM OPERATING ACTIVITIES** (ADP 017 to 019)	**020**	**90,119,663**	**67,244,462**
CASH FLOW FROM INVESTMENT ACTIVITIES					
	1	Cash receipts from sales of fixed tangible and intangible assets	021	123,976	242,882
	2	Cash receipts from sales of financial instruments	022	536,796	560,732
	3	Interest received	023	1,353,426	1,399,122
	4	Dividends received	024	2,185,447	4,978,422
	5	Cash receipts from repayment of loans and deposits	025		
	6	Other cash receipts from investment activities	026	1,011,673	968,400

FOR THE PERIOD 01.01.2024 TO 31.12.2024 in EUR

Item			ADP code	Same period of the previous year	Current period
1			2	3	4
III		**Total cash receipts from investment activities** (ADP 021 to 026)	**027**	**5,211,318**	**8,149,558**
	1	Cash payments for the purchase of fixed tangible and intangible assets	028	-27,368,385	-74,276,960
	2	Cash payments for the acquisition of financial instruments	029		
	3	Cash payments for loans and deposits for the period	030		-4,028,012
	4	Acquisition of a subsidiary, net of cash acquired	031		
	5	Other cash payments from investment activities	032	-3,022,425	-687,120
IV		**Total cash payments from investment activities** (ADP 028 to 032)	**033**	**-30,390,810**	**-78,992,092**
B)		**NET CASH FLOW FROM INVESTMENT ACTIVITIES** (ADP 027 +033)	**034**	**-25,179,492**	**-70,842,534**
CASH FLOW FROM FINANCING ACTIVITIES					
	1	Cash receipts from the increase of initial (subscribed) capital	035		
	2	Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
	3	Cash receipts from credit principals, loans and other borrowings	037		73,207,884
	4	Other cash receipts from financing activities	038	336,793	370,286
V		**Total cash receipts from financing activities (ADP 035 to 038)**	**039**	**336,793**	**73,578,170**
	1	Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-51,286,806	-33,429,146
	2	Dividends paid	041	-24,377,582	-27,069,073
	3	Cash payments for finance lease	042		
	4	Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	-1,772,315	-598,730
	5	Other cash payments from financing activities	044	-821,194	-1,940,309
VI		**Total cash payments from financing activities** (ADP 040 to 044)	**045**	**-78,257,897**	**-63,037,258**
C)		**NET CASH FLOW FROM FINANCING ACTIVITIES** (ADP 039 +045)	**046**	**-77,921,104**	**10,540,912**
	1	Unrealised exchange rate differences in cash and cash equivalents	047		
D)		**NET INCREASE OR DECREASE OF CASH FLOWS** (ADP 020+034+046+047)	**048**	**-12,980,933**	**6,942,840**
E)		**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD**	**049**	**59,268,472**	**46,287,539**
F)		**CASH AND CASH EQUIVALENTS AT THE END OF PERIOD** (ADP 048+049)	**050**	**46,287,539**	**53,230,379**

STATEMENT OF CHANGES IN EQUITY

Submitter: Valamar Riviera d.d.

FOR THE PERIOD FROM 01.01.2024 TO 31.12.2024		ATTRIBUTABLE TO OWNERS OF THE PARENT																	in EUR
Item	ADP code	Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20 (18+19)
PREVIOUS PERIOD																			
1 Balance on the first day of the previous business year	01	221,915,351	757,922	11,095,768	18,158,509	16,513,142		5,114,288		7,845					93,163,896	74,415,600	408,116,037		408,116,037
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	221,915,351	757,922	11,095,768	18,158,509	16,513,142		5,114,288		7,845					93,163,896	74,415,600	408,116,037		408,116,037
5 Profit/loss of the period	05															24,945,219	24,945,219		24,945,219
6 Exchange rate differences from translation of foreign operations	06																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									39,065							39,065		39,065
9 Gains or losses on efficient cash flow hedging	09																		
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11																		
12 Actuarial gains/losses on defined benefit plans	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14									–7,032							–7,032		–7,032
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	–1	1																
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18					1,772,315											–1,772,315		–1,772,315
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20														–24,377,582		–24,377,582		–24,377,582
21 Other distributions and payments to members/shareholders	21		525,112			–4,541,887		–4,723,648							336,793		680,144		680,144
22 Transfer to reserves according to the annual schedule	22														74,415,600	–74,415,600			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																		
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	221,915,350	1,283,035	11,095,768	18,158,509	13,743,570		390,640		39,878					143,538,707	24,945,219	407,623,536		407,623,536
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25									32,033							32,033		32,033
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26									32,033						24,945,219	24,977,252		24,977,252
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	–1	525,113			–2,769,572		–4,723,648							50,374,811	–74,415,600	–25,469,753		–25,469,753
CURRENT PERIOD																			
1 Balance on the first day of the previous business year	28	221,915,350	1,283,035	11,095,768	18,158,509	13,743,570		390,640		39,878					143,538,707	24,945,219	407,623,536		407,623,536
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
4 Balance on the first day of the previous business year (restated) (ADP 28 to 30)	31	221,915,350	1,283,035	11,095,768	18,158,509	13,743,570		390,640		39,878					143,538,707	24,945,219	407,623,536		407,623,536
5 Profit/loss of the period	32															25,932,696	25,932,696		25,932,696
6 Exchange rate differences from translation of foreign operations	33																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									–47,554					–61,624		–109,178		–109,178
9 Gains or losses on efficient cash flow hedging	36																		
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38																		
12 Actuarial gains/losses on defined benefit plans	39																		
13 Other changes in equity unrelated to owners	40																		
14 Tax on transactions recognised directly in equity	41									7,676							7,676		7,676
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	42																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																		
18 Redemption of treasury shares/holdings	45					598,730											–598,730		–598,730
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47														–27,069,073		–27,069,073		–27,069,073
21 Other distributions and payments to members/shareholders	48		332,405			–1,717,425		–6,109							370,286		2,414,007		2,414,007
22 Transfer to reserves according to the annual schedule	49														24,945,219	–24,945,219			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																		
24 Balance on the last day of the previous business year reporting period (ADP 31 to 50)	51	221,915,350	1,615,440	11,095,768	18,158,509	12,624,875		384,531							141,723,515	25,932,696	408,200,934		408,200,934
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52									–39,878					–61,624		–101,502		–101,502
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53									–39,878					–61,624	25,932,696	25,831,194		25,831,194
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54		332,405			–1,118,695		–6,109							–1,753,568	–24,945,219	–25,253,796		–25,253,796

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI

Name of issuer:	**Valamar Riviera d.d.**
Personal identification number (OIB):	**36201212847**
Reporting period:	**01/01/2024 to 31/12/2024**

Notes to the financial statements are to be drawn up in accordance with the International Financial Reporting Standards (hereinafter: IFRS) in such a way that they:

a) present information about the basis for the preparation of the financial statements and the specific accounting policies used in accordance with the International Accounting Standard 1 (IAS 1),

b) disclose any information required by IFRSs that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity,

c) provide additional information that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, but is relevant for understanding any of them.

d) in the notes to the financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1 issuer's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the issuer is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration
2 adopted accounting policies
3 the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the issuer within the group or company linked by virtue of participating interest shall be disclosed separately
4 the amount of advances and credits granted to the members of the administrative, managerial and supervisory bodies, with indications of the interest rates, main conditions and any amounts repaid, written–off or revoked, as well as commitments entered into on their behalf by way of guarantees of any kind, with an indication of the total for each category
5 the amount and nature of individual items of income or expenditure which are of exceptional size or incidence
6 amounts owed by the issuer and falling due after more than five years, as well as the total debts of the issuer covered by valuable security furnished by the issuer, specifying the type and form of security
7 average number of employees during the financial year
8 where, in accordance with the regulations, the issuer capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries
9 the amount of the emoluments granted in respect of the financial year to the members of the administrative, managerial and supervisory bodies by reason of their responsibilities, and any commitments arising or entered into in respect of retirement pensions for former members of those bodies, with an indication of the total for each category
10 the average number of persons employed during the financial year, broken down by categories and, if they are not disclosed separately in the profit and loss account, the staff costs relating to the financial year, broken down between net salaries and wages, tax costs and contributions from salaries, contributions on salaries and other salary costs, excluding cost allowances
11 where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year
12 the name and registered office of each of the companies in which the issuer, either itself or through a person acting in their own name but on the issuer's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the company concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the company concerned does not publish its balance sheet and is not controlled by another company
13 the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital
14 where there is more than one class of shares, the number and the nominal value or, in the absence of a nominal value, the accounting value for each class
15 the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer
16 the name, registered office and legal form of each of the companies of which the issuer is a member having unlimited liability
17 the name and registered office of the company which draws up the consolidated financial statements of the largest group of companies of which the issuer forms part as a controlled group member
18 the name and registered office of the company which draws up the consolidated financial statements of the smallest group of companies of which the issuer forms part as a controlled group member and which is also included in the group of companies referred to in point 17.
19 the place where copies of the consolidated financial statements referred to in points 17 and 18 may be obtained, provided that they are available

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI / CONTINUED

20 the proposed appropriation of profit or treatment of loss, or where applicable, the appropriation of the profit or treatment of the loss
21 the nature and business purpose of the company's arrangements that are not included in the balance sheet and the financial impact on the company of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the company
22 the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet
23 the net income broken down by categories of activity and into geographical markets, in so far as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised.
24 the total fees for the financial year charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements, i.e. annual consolidated financial statements, the total fees charged for other assurance services, the total fees charged for tax advisory services and the total fees charged for other non–audit services, total research and development expenditure as the basis for granting state aid.

Detailed information on financial statements are available in PDF document "Annual report 2024" which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

Detailed information on the preparation of financial statements and certain accounting policies are available in PDF document "Annual report 2024" which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

Company Valamar Riviera d.d. below presents comparison tables of items in GFI POD financial statements and audited Notes for 2024.

Summary of adjustments of GFI–POD balance sheet and unconsolidated balance sheet from Audited report for 2024

GFI–POD item "Tangible assets" (ADP 010; EUR 547,413 thous.) is in Audited report presented under items "Property, plant and equipment" (EUR 474,067 thous.), "Investment property" (EUR 312 thous.) and "Right–of–use assets" (EUR 73,034 thous.).

GFI–POD item "Fixed financial assets" (ADP 020; EUR 146,085 thous.) is in Audited report presented under items "Investment in subsidiaries" (EUR 124,259 thous.), "Investment in associate"(EUR 17,503 thous.), "Financial assets" (EUR 19 thous.), in the non–current part of the item "Derivative financial instruments"(EUR 47 thous.) and non–current part of item "Loans and deposits" (EUR 4,257 thous.).

GFI–POD item "Receivables" (ADP 046; EUR 13,318 thous.) and GFI–POD item "Prepaid expenses and accrued income" (ADP 064; EUR 3,376 thous.) is in Audited report presented under items "Trade and other receivables" (EUR 16,694 thous.).

GFI–POD item "Shot–term financial assets" (ADP 053; EUR 427 thous.) is in Audited report presented under item "Loans and deposits" - current part (EUR 154 thous.) and current part of the item "Derivative financial instruments" (EUR 273 thous.).

GFI–POD item "Cash in hand and in bank" (ADP 063; EUR 53,230 thous.) is in Audited report presented under item "Cash and cash equivalents" (EUR 43,230 thous.).

GFI–POD item "Capital and reserves" (ADP 067; EUR 408,201 thous.) is in Audited report presented under item "Share capital" (EUR 408,201 thous.).

GFI–POD item "Provisions" (ADP 090; EUR 5,379 thous.) is in Audited report presented under non–current liabilities in item "Provisions" (EUR 5,379 thous.).

GFI–POD item "Long–term liabilities" (ADP 097; EUR 218,344 thous.) is in Audited report presented under non–current liabilities in the item section "Borrowings" (EUR 139,705 thous.), "Lease liabilities" (EUR 68,807 thous.), "Trade and other payables" (EUR 8,524 thous.) and "Deffered tax liabilities" (EUR 1,308 thous.).

GFI–POD item "Short–term liabilities" (ADP 109; EUR 136,288 thous.) and GFI–POD item "Accruals and deferred income" (ADP 124; EUR 14,211 thous.) are in Audited report presented under item of short–term part item "Borrowings" (EUR 84,527 thous.), "Lease liabilities" (EUR 5,916 thous.), "Trade and other payables" (EUR 51,052 thous.), "Income tax liability" (EUR 3,403 thous.), "Provisions" (EUR 5,601 thous.).

Summary of adjustments of GFI–POD reclassified income statement and unconsolidated statement of comprehensive income from Audited report for 2024

GFI–POD item “Operating income” (ADP 001; EUR 324,027 thous.) is in Audited report presented under item “Sales revenue” (EUR 319,068 thous.), “Other income” (EUR 4,846 thous.), and “Other gains/(losses) – net” (EUR 113 thous.).

GFI–POD item “Operating expenses” (ADP 007; EUR 288,775 thous.) is in Audited report presented under item “Cost of materials and services” (EUR 103,317 thous.), “Staff costs” (EUR 119,988 thous.), “Depreciation and amortisation” (EUR 49,039 thous.) and “Other operating expenses” (EUR 16,431 thous.).

GFI–POD item “Material costs” (ADP 009; EUR 103,317 thous.) is in Audited report presented under item “Cost of materials and services” (EUR 103,317 thous.).

GFI–POD item “Staff costs” (ADP 013; EUR 95,326 thous.) is in Audited report presented under item “Staff costs” (EUR 119,988 thous.). The rest of the amount EUR 24,662 thous. is presented under GFI–POD item: “Other expenses” (ADP 018; EUR 23,594 thous.) and relates mainly to transport and other employee benefits and student costs) and “Provisions” (ADP 022; EUR 1,068 thous. and is related to provisions for emplyees).

GFI–POD item “Other expenses” (ADP 018; EUR 36,416 thous.) and “Other operating expenses” (ADP 029; EUR 3,530 thous.) is in Audited report presented under items “Other operating expenses” (EUR 16,352 thous.). The rest of the amount EUR 23,594 thous. is previously explained under staff costs.

GFI–POD item “Value adjustment” (ADP 019; EUR 33 thous.) is in Audited report presented under item “Other operating expenses” (EUR 33 thous.).

GFI–POD item “Provisions” (ADP 022; EUR 1,115 thous.) is in Audited report presented under items “Other operating expenses” (EUR 47 thous.) and in the part of the item “Staff costs” (EUR 1,068 thous.).

GFI–POD item “Financial income” (ADP 030; EUR 6,983 thous.) is in Audited report presented under item “Finance result – net” presented under part of financial income (EUR 6,983 thous.).

GFI–POD item “Financial costs” (ADP 041; EUR 11,217 thous.) is in Audited report presented under item “Finance result – net” presented under part of financial expenses (EUR 11,217 thous.).

Summary of adjustments of GFI–POD cash flow statement and unconsolidated cash flow statement from Audited report for 2024

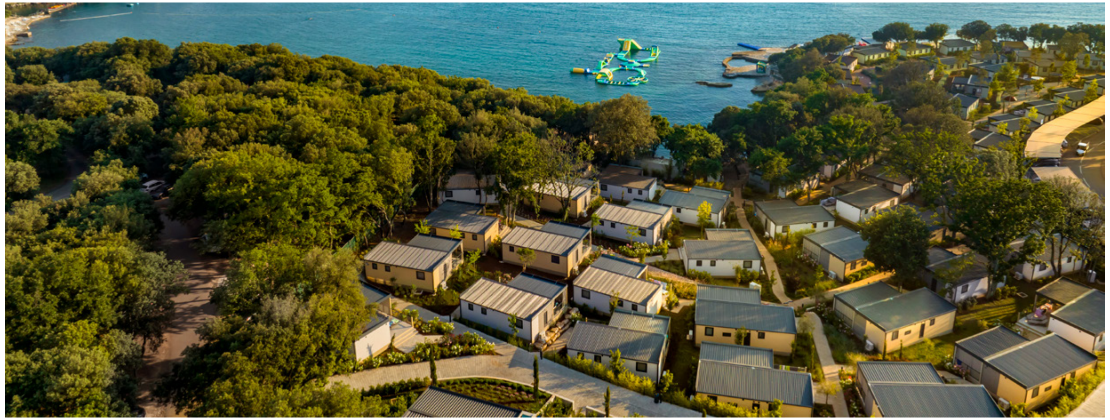
GFI–POD item “Net cash flow from operating activities” (ADP 020; EUR 67,245 thous.) is in Audited report presented in item “Cash flow generated from operating activities” in comparable amount of EUR 75,925 thous. and item “Interest paid” (Net cash inflow from financing activities) in the amount of EUR –8,680 thous.

GFI–POD item “Net cash flow from investment activities” (ADP 034; EUR –70,843 thous.) is in Audited report presented in item “Net cash outflow from investment activities” in comparable amount of EUR –70,843 thous.

GFI–POD item “Net cash flow from financing activities” (ADP 046; EUR 10,541 thous.) is in Audited report presented in item “Cash flow from financing activities” in comparable amount of EUR 1,861 thous. increased for the item “Interest paid” in the amount of EUR 8,680 thous.

Summary of adjustments of GFI–POD statement of changes in equity and unconsolidated statement of changes in shareholder’s equity from Audited report for 2024

GFI–POD item “Capital and reserves” (ADP 067; EUR 408,201 thous.) is in Audited report presented in items “Share capital” (EUR 221,915 thous.), “Treasury shares” (EUR –12,625 thous.), “Capital reserves” (EUR 1,616 thous.), “Legal reserves” (EUR 11,096 thous.), “Other reserves” (EUR 23,655 thous.) and “Retained earnings” (EUR 162,544 thous.). Other reserves items of Audited report consist of reserve for treasury shares in the amount of EUR 18,158 thous., other reserves in the amount of EUR 385 thous. as a result of the recognition of the salary costs for payments based on shares in principal instruments, and other reserves in the amount of EUR 5,112 thous. from mergers of subsidiaries. Retained earnings from the Audited report comes from the regular business result.



Annual financial statements

Reporting period: from 01.01.2024 to 31.12.2024

Registration number (MB):	3474771	Issuer's home Member State code: HR
Entity's registration number (MBS):	40020883	
Personal identification number (OIB):	36201212847	LEI: 529900DUWS1DGNEK4C68
Institution code:	30577	
Name of the issuer:	Valamar Riviera d.d.	
Postcode and town:	52440	Poreč
Street and house number:	Stancija Kaligari 1	
E-mail address:	uprava@riviera.hr	
Web address:	www.valamar-riviera.com	
Number of employees (end of the reporting period):	3.814	
Consolidated report:	KD	(KN-non consolidated/KD-consolidated)
Audited:	RD	(RN-non audited/RD-audited)

Names of subsidiaries (according to IFRS):	Registered office:	MB:
Magične stijene d.o.o.	Dubrovnik	2315211
Bugenvilia d.o.o.	Dubrovnik	2006120
Imperial Riviera d.d.	Rab	3044572

Bookkeeping firm:	No
Contact person:	Sopta Anka (only name and surname of the contact person)
Telephone:	052 408 188
E-mail address:	anka.sopta@riviera.hr
Audit firm:	Ernst & Young d.o.o., UHY Rudan d.o.o. (name of the audit firm)
Certified auditor:	Ivana Krajinović, Filip Hitrec, Vedrana Miletić (name and surname)

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

(authorized representative's signature)

L.S.

BALANCE SHEET

Submitter: Valamar Riviera d.d.

BALANCE AS AT 31.12.2024 — in EUR

Item		ADP code	Last day of the preceding business year	At the reporting date of the current period
1		2	3	4
ASSETS				
A)	**RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID**	**001**		
B)	**FIXED ASSETS** (ADP 003+010+020+031+036)	**002**	**728,032,913**	**862,393,774**
I	**INTANGIBLE ASSETS** (ADP 004 to 009)	**003**	**7,113,034**	**8,805,704**
1	Research and Development	004		
2	Concessions, patents, licences, trademarks, software and other rights	005	5,327,241	7,017,105
3	Goodwill	006	871,672	871,672
4	Advance payments for purchase of intangible assets	007		
5	Intangible assets in preparation	008	914,121	916,927
6	Other intangible assets	009		
II	**TANGIBLE ASSETS** (ADP 011 to 019)	**010**	**662,329,502**	**792,216,731**
1	Land	011	129,883,886	191,149,147
2	Buildings	012	412,109,694	411,037,030
3	Plants and equipment	013	57,687,356	61,428,951
4	Tools, working inventory and transportation assets	014	14,412,117	17,740,167
5	Biological asset	015		
6	Advance payments for purchase of tangible assets	016	117,031	14,792,164
7	Tangible assets in preparation	017	41,738,408	89,842,314
8	Other tangible assets	018	6,032,708	5,915,533
9	Investments property	019	348,302	311,425
III	**FIXED FINANCIAL ASSETS** (ADP 021 to 030)	**020**	**18,469,932**	**20,599,969**
1	Investments in holdings (shares) of undertakings within the group	021		
2	Investments in other securities of undertakings within the group	022		
3	Loans, deposits etc given to undertakings in a group	023		
4	Investments in holdings (shares) of companies linked by virtue of participating interest	024	16,254,440	16,108,372
5	Investment in other securities of companies linked by virtue of participating interest	025		
6	Loans, deposits etc. given to companies linked by virtue of participating interest	026	795,420	3,643,444
7	Investments in securities	027	135,827	224
8	Loans, deposits, etc. given	028	590,532	613,367
9	Other investments accounted for using the equity method	029		
10	Other fixed financial assets	030	693,713	234,562
IV	**RECEIVABLES** (ADP 032 to 035)	**031**		
1	Receivables from undertakings within the group	032		
2	Receivables from companies linked by virtue of participating interests	033		
3	Customer receivables	034		
4	Other receivables	035		
V	**Deferred tax assets**	**036**	**40,120,445**	**40,771,370**
C)	**CURENT ASSETS** (ADP 038+046+053+063)	**037**	**94,414,531**	**91,820,402**
I	**INVENTORIES** (ADP 039 to 045)	**038**	**7,386,812**	**10,177,867**
1	Raw materials	**039**	**6,971,251**	**9,833,231**
2	Work in progress	040		
3	Finished goods	041		
4	Merchandise	042	412,423	339,835
5	Advance payments for inventories	043	3,138	4,801
6	Fixed assets held for sale	044		
7	Biological asset	045		
II	**RECEIVABLES** (ADP 047 to 052)	**046**	**6,200,436**	**8,328,541**
1	Receivables from undertakings within the group	047		
2	Receivables from companies linked by virtue of participating interest	048	1,373,496	415,736
3	Customer receivables	049	2,436,265	2,945,305
4	Receivables from employees and members of the undertaking	050	109,278	1,589,196
5	Receivables from government and other institutions	051	1,942,981	2,506,983
6	Other receivables	052	338,416	871,321
III	**SHORT-TERM FINANCIAL ASSETS** (ADP 054 to 062)	**053**	**25,641,924**	**13,559,927**
1	Investments in holdings (shares) of undertakings within the group	054		
2	Investments in other securities of undertakings within the group	055		
3	Loans, deposits, etc. to undertakings within the group	056		
4	Investments in holdings (shares) of companies linked by virtue of participating interest	057		
5	Investment in other securities of companies linked by virtue of participating interest	058		
6	Loans, deposits etc. given to companies linked by virtue of participating interest	059		
7	Investments in securities	060		
8	Loans, deposits, etc. given	061	24,035,528	12,954,510
9	Other financial assets	062	1,606,396	605,417
IV	**CASH AT BANK AND IN HAND**	**063**	**55,185,359**	**59,754,067**
D)	**PREPAID EXPENSES AND ACCRUED INCOME**	**064**	**3,763,787**	**4,730,568**
E)	**TOTAL ASSETS** (ADP 001+002+037+064)	**065**	**826,211,231**	**958,944,744**
F)	**OFF-BALANCE SHEET ITEMS**	**066**	**7,179,343**	**7,170,190**

BALANCE SHEET / CONTINUED

Submitter: Valamar Riviera d.d.

BALANCE AS AT 31.12.2024 — in EUR

Item		ADP code	Last day of the preceding business year	At the reporting date of the current period
1		2	3	4
LIABILITIES				
A)	**CAPITAL AND RESERVES** (ADP 068 to 070+076+077+083+086+089)	**067**	**446,821,035**	**448,613,607**
I	**INITIAL (SUBSCRIBED) CAPITAL**	**068**	**221,915,350**	**221,915,350**
II	**CAPITAL RESERVES**	**069**	**1,218,381**	**1,550,786**
III	**RESERVES FROM PROFIT** (ADP 071+072–073+074+075)	**070**	**15,901,347**	**17,013,933**
	1 Legal reserves	071	11,095,768	11,095,768
	2 Reserves for treasury share	072	18,158,509	18,158,509
	3 Treasury shares and holdings (deductible item)	073	-13,743,570	-12,624,875
	4 Statutory reserves	074		
	5 Other reserves	075	390,640	384,531
IV	**REVALUATION RESERVES**	**076**		
V	**FAIR VALUE RESERVES AND OTHER** (ADP 078 to 082)	**077**	**39,878**	
	1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	39,878	
	2 Cash flow hedge - effective portion	079		
	3 Hedge of a net investment in a foreign operation - effective portion	080		
	4 Other fair value reserves	081		
	5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
VI	**RETAINED PROFIT OR LOSS BROUGHT FORWARD** (ADP 084–085)	**083**	**42,165,052**	**42,432,256**
	1 Retained profit	084	42,165,052	42,432,256
	2 Loss brought forward	085		
VII	**PROFIT OR LOSS FOR THE BUSINESS YEAR** (ADP 087–088)	**086**	**27,027,615**	**25,803,461**
	1 Profit for the business year	087	27,027,615	25,803,461
	2 Loss for the business year	088		
VIII	**MINORITY (NON-CONTROLLING) INTEREST**	**089**	**138,553,412**	**139,897,821**
B)	**PROVISIONS** (ADP 091 to 096)	**090**	**8,330,408**	**6,602,040**
	1 Provisions for pensions, termination benefits and similar obligations	091	4,156,621	4,125,118
	2 Provisions for tax liabilities	092		
	3 Provisions for ongoing legal cases	093	4,102,327	2,429,282
	4 Provisions for renewal of natural resources	094		
	5 Provision for warranty obligations	095		
	6 Other provisions	096	71,460	47,640

BALANCE AS AT 31.12.2024 — in EUR

Item		ADP code	Last day of the preceding business year	At the reporting date of the current period
1		2	3	4
C)	**LONG-TERM LIABILITIES** (ADP 098 to 108)	**097**	**264,707,353**	**319,962,162**
	1 Liabilities towards undertakings within the group	098		
	2 Liabilities for loans, deposits, etc. to companies within the group	099		
	3 Liabilities towards companies linked by virtue of participating interest	100		
	4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
	5 Liabilities for loans, deposits etc.	102		
	6 Liabilities towards banks and other financial institutions	103	244,200,777	232,030,522
	7 Liabilities for advance payments	104		
	8 Liabilities towards suppliers	105		436,876
	9 Liabilities for securities	106		
	10 Other long-term liabilities	107	14,787,692	82,348,815
	11 Deferred tax liability	108	5,718,884	5,145,949
D)	**SHORT-TERM LIABILITIES** (ADP 110 to 123)	**109**	**84,649,099**	**164,473,726**
	1 Liabilities towards undertakings within the group	110		
	2 Liabilities for loans, deposits, etc. to companies within the group	111		
	3 Liabilities towards companies linked by virtue of participating inte rest	112	31,800	99,060
	4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
	5 Liabilities for loans, deposits etc.	114		
	6 Liabilities towards banks and other financial institutions	115	49,774,765	101,722,030
	7 Liabilities for advance payments	116	6,573,592	15,255,638
	8 Liabilities towards suppliers	117	16,924,444	26,711,139
	9 Liabilities for securities	118		
	10 Liabilities towards employees	119	4,789,942	6,101,809
	11 Taxes, contributions and similar liabilities	120	4,624,581	6,412,646
	12 Liabilities arising from the share in the result	121	49,388	49,388
	13 Liabilities arising from fixed assets held for sale	122		
	14 Other short-term liabilities	123	1,880,587	8,122,016
E)	**ACCRUALS AND DEFERRED INCOME**	**124**	**21,703,336**	**19,293,209**
F)	**TOTAL – LIABILITIES** (ADP 067+090+097+109+124)	**125**	**826,211,231**	**958,944,744**
G)	**OFF-BALANCE SHEET ITEMS**	**126**	**7,179,343**	**7,170,190**

STATEMENT OF PROFIT OR LOSS

Submitter: Valamar Riviera d.d.

FOR THE PERIOD 01.01.2024 TO 31.12.2024 — in EUR

Item		ADP code	Same period of the previous year	Current period
1		2	3	4
I	**OPERATING INCOME** (AOP 002 do 006)	**001**	**372,208,414**	**417,029,033**
	1 Income from sales with undertakings within the group	002		
	2 Income from sales (outside group)	003	365,719,180	411,321,821
	3 Income from the use of own products, goods and services	004	83,740	95,465
	4 Other operating income with undertakings within the group	005		
	5 Other operating income (outside the group)	006	6,405,494	5,611,747
II	**OPERATING EXPENSES** (AOP 08+009+013+017+018+019+022+029)	**007**	**329,806,825**	**366,619,900**
	1 Changes in inventories of work in progress and finished goods	008		
	2 Material costs (AOP 010 do 011)	009	118,247,660	128,225,196
	a) Costs of raw material	010	69,301,049	73,658,599
	b) Costs of goods sold	011	2,690,545	4,529,361
	c) Other external costs	012	46,256,066	50,037,236
	3 Staff costs (AOP 014 do 016)	013	104,577,058	118,792,828
	a) Net salaries and wages	014	65,192,504	73,993,907
	b) Tax and contributions from salaries expenses	015	25,746,359	29,249,357
	c) Contributions on salaries	016	13,638,195	15,549,564
	4 Depreciation	017	65,778,289	68,874,368
	5 Other expenses	018	36,168,890	44,964,593
	6 Value adjustments (AOP 020+021)	019	36,573	63,905
	a) fixed assets other than financial assets	020		
	b) current assets other than financial assets	021	36,573	63,905
	7 Provisions (AOP 023 do 028)	022	1,557,229	1,161,918
	a) Provisions for pensions, termination benefits and similar obligations	023	1,294,383	1,097,369
	b) Provisions for tax liabilities	024		
	c) Provisions for ongoing legal cases	025	262,846	64,549
	d) Provisions for renewal of natural resources	026		
	e) Provisions for warranty obligations	027		
	f) Other provisions	028		
	8 Other operating expenses	029	3,441,126	4,537,092
III	**FINANCIAL INCOME** (AOP 031 do 040)	**030**	**3,124,743**	**3,224,743**
	1 Income from investments in holdings (shares) of undertakings within the group	031		
	2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032		
	3 Income from other long–term financial investment and loans granted to undertakings within the group	033		
	4 Other interest income from operations with undertakings within the group	034		
	5 Exchange rate differences and other financial income from operations with undertakings within the group	035		
	6 Income from other long–term financial investments and loans	036		8,672
	7 Other interest income	037	2,381,463	2,144,521
	8 Exchange rate differences and other financial income	038	2,873	4,910
	9 Unrealised gains (income) from financial assets	039		192,728
	10 Other financial income	040	740,407	873,912
IV	**FINANCIAL EXPENDITURE** (AOP 042 do 048)	**041**	**11,158,639**	**15,819,607**
	1 Interest expenses and similar expenses with undertakings within the group	042		
	2 Exchange rate differences and other expenses from operations with undertakings within the group	043		
	3 Interest expenses and similar expenses	044	8,621,199	13,789,832
	4 Exchange rate differences and other expenses	045		
	5 Unrealised losses (expenses) from financial assets	046	1,145,636	
	6 Value adjustments of financial assets (net)	047		
	7 Other financial expenses	048	1,391,804	2,029,775
V	**SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST**	**049**		
VI	**SHARE IN PROFIT FROM JOINT VENTURES**	**050**		
VII	**SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST**	**051**	**927,050**	**829,206**
VIII	**SHARE IN LOSS OF JOINT VENTURES**	**052**		
IX	**TOTAL INCOME** (AOP 001+030+049 +050)	**053**	**375,333,157**	**420,253,776**
X	**TOTAL EXPENDITURE** (AOP 007+041+051 + 052)	**054**	**341,892,514**	**383,268,713**
XI	**PRE-TAX PROFIT OR LOSS** (AOP 053–054)	**055**	**33,440,643**	**36,985,063**
	1 Pre–tax profit (AOP 053–054)	056	33,440,643	36,985,063
	2 Pre–tax loss (AOP 054–053)	057		
XII	**INCOME TAX**	**058**	**-226,683**	**4,166,837**
XIII	**PROFIT OR LOSS FOR THE PERIOD** (AOP 055–059)	**059**	**33,667,326**	**32,818,226**
	1 Profit for the period (AOP 055–059)	060	33,667,326	32,818,226
	2 Loss for the period (AOP 059–055)	061		

STATEMENT OF PROFIT OR LOSS / CONTINUED

Submitter: Valamar Riviera d.d.

FOR THE PERIOD 01.01.2024 TO 31.12.2024 in EUR

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE–TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (AOP 063–064)	**062**		
1 Pre–tax profit from discontinued operations	063		
2 Pre–tax loss on discontinued operations	064		
XV INCOME TAX OF DISCONTINUED OPERATIONS	**065**		
1 Discontinued operations profit for the period (AOP 062–065)	066		
2 Discontinued operations loss for the period (AOP 065–062)	067		
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE–TAX PROFIT OR LOSS (AOP 055+062)	**068**		
1 Pre–tax profit (AOP 068)	069		
2 Pre–tax loss (AOP 068)	070		
XVII INCOME TAX (AOP 058+065)	**071**		
XVIII PROFIT OR LOSS FOR THE PERIOD (AOP 068–071)	**072**		
1 Profit for the period (AOP 068–071)	073		
2 Loss for the period (AOP 071–068)	074		
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (AOP 076+077)	**075**	**33,667,326**	**32,818,226**
1 Attributable to owners of the parent	076	27,027,615	25,803,461
2 Attributable to minority (non–controlling) interest	077	6,639,711	7,014,765
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	**078**	**33,667,326**	**32,818,226**
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (AOP 80 + 87)	**079**	**39,065**	**–47,554**
III Items that will not be reclassified to profit or loss (AOP 081 do 085)	**080**	**39,065**	**–47,554**

FOR THE PERIOD 01.01.2024 TO 31.12.2024 in EUR

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
1 Changes in revaluation reserves of fixed tangible and intangible assets	081		
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	39,065	–47,554
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083		
4 Actuarial gains/losses on the defined benefit obligation	084		
5 Other items that will not be reclassified	085		
6 Income tax relating to items that will not be reclassified	086	7,032	–7,676
IV Items that may be reclassified to profit or loss (AOP 088 do 095)	**087**		
1 Exchange rate differences from translation of foreign operations	088		
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089		
3 Profit or loss arising from effective cash flow hedging	090		
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091		
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092		
6 Changes in fair value of the time value of option	093		
7 Changes in fair value of forward elements of forward contracts	094		
8 Other items that may be reclassified to profit or loss	095		
9 Income tax relating to items that may be reclassified to profit or loss	096		
V NET OTHER COMPREHENSIVE INCOME OR LOSS (AOP 080+087 - 086 - 096)	**097**	**32,033**	**–39,878**
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 078+097)	**098**	**33,699,359**	**32,778,348**
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 100+101)	**099**	**33,699,359**	**32,778,348**
1 Attributable to owners of the parent	100	27,059,648	25,763,583
2 Attributable to minority (non–controlling) interest	101	6,639,711	7,014,765

STATEMENT OF CASH FLOWS - indirect method

Submitter: Valamar Riviera d.d.

FOR THE PERIOD 01.01.2024 TO 31.12.2024 — in EUR

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre–tax profit	001	33,440,643	36,985,063
2 Adjustments (ADP 003 to 010):	002	69,731,646	82,392,501
a) Depreciation	003	65,778,289	68,874,368
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	960,281	1,097,033
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		–11,934
d) Interest and dividend income	006	–2,379,352	–2,150,768
e) Interest expenses	007	8,832,617	13,975,039
f) Provisions	008	–6,410,463	–1,728,368
g) Exchange rate differences (unrealised)	009		
h) Other adjustments for non–cash transactions and unrealised gains and losses	010	2,950,274	2,337,131
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	**011**	**103,172,289**	**119,377,564**
3 Changes in the working capital (ADP 013 to 016)	012	18,458,416	3,406,642
a) Increase or decrease in short–term liabilities	013	23,220,896	6,792,722
b) Increase or decrease in short–term receivables	014	–2,874,035	–595,025
c) Increase or decrease in inventories	015	–1,888,445	–2,791,055
d) Other increase or decrease in the working capital	016		
II Cash from operations (ADP 011+012)	**017**	**121,630,705**	**122,784,206**
4 Interest paid	018	–8,342,406	–12,485,337
5 Income tax paid	019	–1,085	–4,795,601
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	**020**	**113,287,214**	**105,503,268**
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	180,068	291,775
2 Cash receipts from sales of financial instruments	022	536,796	560,732
3 Interest received	023	1,858,239	2,493,096
4 Dividends received	024	2,160	
5 Cash receipts from repayment of loans and deposits	025		11,200,000
6 Other cash receipts from investment activities	026		968,400

FOR THE PERIOD 01.01.2024 TO 31.12.2024 — in EUR

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
III Total cash receipts from investment activities (ADP 021 to 026)	**027**	**2,577,263**	**15,514,003**
1 Cash payments for the purchase of fixed tangible and intangible assets	028	–58,603,851	–116,955,199
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030	–7,200,000	–4,028,012
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	–3,022,425	–687,120
IV Total cash payments from investment activities (ADP 028 to 032)	**033**	**–68,826,276**	**–121,670,331**
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	**034**	**–66,249,013**	**–106,156,328**
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the increase of initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	17,370,731	90,217,867
4 Other cash receipts from financing activities	038	336,793	370,286
V Total cash receipts from financing activities (ADP 035 to 038)	**039**	**17,707,524**	**90,588,153**
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	–69,465,794	–50,252,299
2 Dividends paid	041	–26,912,708	–32,739,429
3 Cash payments for finance lease	042	–5,470	–3,728
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	–1,772,315	–598,730
5 Other cash payments from financing activities	044	–703,661	–1,772,199
VI Total cash payments from financing activities (ADP 040 to 044)	**045**	**–98,859,948**	**–85,366,385**
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	**046**	**–81,152,424**	**5,221,768**
1 Unrealised exchange rate differences in cash and cash equivalents	047		
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	**048**	**–34,114,223**	**4,568,708**
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**049**	**89,299,582**	**55,185,359**
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	**050**	**55,185,359**	**59,754,067**

STATEMENT OF CHANGES IN EQUITY

Submitter: Valamar Riviera d.d.

FOR THE PERIOD FROM 01.01.2024 TO 31.12.2024		ATTRIBUTABLE TO OWNERS OF THE PARENT																	in EUR
Item	ADP code	Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20 (18+19)
PREVIOUS PERIOD																			
1 **Balance on the first day of the previous business year**	01	221,915,351	693,268	11,095,768	18,158,509	16,513,142		5,114,288		7,845					46,604,740	19,601,100	306,677,727	134,448,828	441,126,555
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
4 **Balance on the first day of the previous business year (restated)** (ADP 01 to 03)	04	221,915,351	693,268	11,095,768	18,158,509	16,513,142		5,114,288		7,845					46,604,740	19,601,100	306,677,727	134,448,828	441,126,555
5 Profit/loss of the period	05															27,027,615	27,027,615	6,639,711	33,667,326
6 Exchange rate differences from translation of foreign operations	06																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									39,065							39,065		39,065
9 Gains or losses on efficient cash flow hedging	09																		
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11																		
12 Actuarial gains/losses on defined benefit plans	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14									–7,032							–7,032		–7,032
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre–bankruptcy settlement procedure)	15	–1	1																
16 Decrease in initial (subscribed) capital arising from the pre–bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18					1,772,315											–1,772,315		–1,772,315
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20														–24,377,581		–24,377,581	–2,535,127	–26,912,708
21 Other distributions and payments to members/shareholders	21		525,112			–4,541,887		–4,723,648							336,793		680,144		680,144
22 Transfer to reserves according to the annual schedule	22														19,601,100	–19,601,100			
23 Increase in reserves arising from the pre–bankruptcy settlement procedure	23																		
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	221,915,350	1,218,381	11,095,768	18,158,509	13,743,570		390,640		39,878					42,165,052	27,027,615	308,267,623	138,553,412	446,821,035
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I **OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX** (ADP 06 to 14)	25									32,033							32,033		32,033
II **COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD** (ADP 05+25)	26									32,033						27,027,615	27,059,648	6,639,711	33,699,359
III **TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY** (ADP 15 to 23)	27	–1	525,113			–2,769,572		–4,723,648							–4,439,688	–19,601,100	–25,469,752	–2,535,127	–28,004,879
CURRENT PERIOD																			
1 **Balance on the first day of the previous business year**	28	221,915,350	1,218,381	11,095,768	18,158,509	13,743,570		390,640		39,878					42,165,052	27,027,615	308,267,623	138,553,412	446,821,035
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
4 **Balance on the first day of the previous business year (restated)** (ADP 28 to 30)	31	221,915,350	1,218,381	11,095,768	18,158,509	13,743,570		390,640		39,878					42,165,052	27,027,615	308,267,623	138,553,412	446,821,035
5 Profit/loss of the period	32															25,803,461	25,803,461	7,014,765	32,818,226
6 Exchange rate differences from translation of foreign operations	33																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									–47,554					–61,624		–109,178		–109,178
9 Gains or losses on efficient cash flow hedging	36																		
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38																		
12 Actuarial gains/losses on defined benefit plans	39																		
13 Other changes in equity unrelated to owners	40																		
14 Tax on transactions recognised directly in equity	41									7,676							7,676		7,676
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre–bankruptcy settlement procedure)	42																		
16 Decrease in initial (subscribed) capital arising from the pre–bankruptcy settlement procedure	43																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																		
18 Redemption of treasury shares/holdings	45					598,730											–598,730		–598,730
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47														–27,069,073		–27,069,073	–5,670,356	–32,739,429
21 Other distributions and payments to members/shareholders	48		332,405			–1,717,425		–6,109							370,286		2,414,007		2,414,007
22 Transfer to reserves according to the annual schedule	49														27,027,615	–27,027,615			
23 Increase in reserves arising from the pre–bankruptcy settlement procedure	50																		
24 **Balance on the last day of the previous business year reporting period** (ADP 31 to 50)	51	221,915,350	1,550,786	11,095,768	18,158,509	12,624,875		384,531							42,432,256	25,803,461	308,715,786	139,897,821	448,613,607
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I **OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX** (ADP 33 to 41)	52									–39,878					–61,624		–101,502		–101,502
II **COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD** (ADP 32 do 52)	53									–39,878					–61,624	25,803,461	25,701,959	7,014,765	32,716,724
III **TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY** (ADP 42 to 50)	54		332,405			–1,118,695		–6,109							328,828	–27,027,615	–25,253,796	–5,670,356	–30,924,152

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI

Name of issuer: **Valamar Riviera d.d.**
Personal identification number (OIB): **36201212847**
Reporting period: **01/01/2024 to 31/12/2024**

Notes to the financial statements are to be drawn up in accordance with the International Financial Reporting Standards (hereinafter: IFRS) in such a way that they:

a) present information about the basis for the preparation of the financial statements and the specific accounting policies used in accordance with the International Accounting Standard 1 (IAS 1),

b) disclose any information required by IFRSs that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity,

c) provide additional information that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, but is relevant for understanding any of them.

d) in the notes to the financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1 issuer's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the issuer is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration
2 adopted accounting policies
3 the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the issuer within the group or company linked by virtue of participating interest shall be disclosed separately
4 the amount of advances and credits granted to the members of the administrative, managerial and supervisory bodies, with indications of the interest rates, main conditions and any amounts repaid, written–off or revoked, as well as commitments entered into on their behalf by way of guarantees of any kind, with an indication of the total for each category
5 the amount and nature of individual items of income or expenditure which are of exceptional size or incidence
6 amounts owed by the issuer and falling due after more than five years, as well as the total debts of the issuer covered by valuable security furnished by the issuer, specifying the type and form of security
7 average number of employees during the financial year
8 where, in accordance with the regulations, the issuer capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries
9 the amount of the emoluments granted in respect of the financial year to the members of the administrative, managerial and supervisory bodies by reason of their responsibilities, and any commitments arising or entered into in respect of retirement pensions for former members of those bodies, with an indication of the total for each category
10 the average number of persons employed during the financial year, broken down by categories and, if they are not disclosed separately in the profit and loss account, the staff costs relating to the financial year, broken down between net salaries and wages, tax costs and contributions from salaries, contributions on salaries and other salary costs, excluding cost allowances
11 where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year
12 the name and registered office of each of the companies in which the issuer, either itself or through a person acting in their own name but on the issuer's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the company concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the company concerned does not publish its balance sheet and is not controlled by another company
13 the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital
14 where there is more than one class of shares, the number and the nominal value or, in the absence of a nominal value, the accounting value for each class
15 the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer
16 the name, registered office and legal form of each of the companies of which the issuer is a member having unlimited liability
17 the name and registered office of the company which draws up the consolidated financial statements of the largest group of companies of which the issuer forms part as a controlled group member
18 the name and registered office of the company which draws up the consolidated financial statements of the smallest group of companies of which the issuer forms part as a controlled group member and which is also included in the group of companies referred to in point 17.
19 the place where copies of the consolidated financial statements referred to in points 17 and 18 may be obtained, provided that they are available

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI / CONTINUED

20 the proposed appropriation of profit or treatment of loss, or where applicable, the appropriation of the profit or treatment of the loss
21 the nature and business purpose of the company's arrangements that are not included in the balance sheet and the financial impact on the company of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the company
22 the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet
23 the net income broken down by categories of activity and into geographical markets, in so far as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised.
24 the total fees for the financial year charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements, i.e. annual consolidated financial statements, the total fees charged for other assurance services, the total fees charged for tax advisory services and the total fees charged for other non–audit services, total research and development expenditure as the basis for granting state aid.

Detailed information on financial statements are available in PDF document "Annual report 2024" which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

Detailed information on the preparation of financial statements and certain accounting policies are available in PDF document "Annual report 2024" which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

Company Valamar Riviera d.d. below presents comparison tables of items in GFI POD financial statements and audited Notes for 2024.

Summary of adjustments of GFI–POD balance sheet and consolidated balance sheet from Audited report for 2024

GFI–POD item "Tangible assets" (ADP 010; EUR 792,217 thous.) is in Audited report presented under items "Property, plant and equipment" (EUR 714,267 thous.), "Investment property" (EUR 312 thous.) and "Right–of–use assets" (EUR 77,638 thous.).

GFI–POD item "Fixed financial assets" (ADP 020; EUR 20,600 thous.) is in Audited report presented under items "Investment in associated" (EUR 16,108 thous.), "Financial assets" (EUR 23 thous.), the non–current part of the item "Derivative financial instruments" (EUR 212 thous.) and non–current part of the item "Loans and deposits" (EUR 4,257 thous.).

GFI–POD item "Receivables" (ADP 046; EUR 8,328 thous.) and GFI–POD item "Prepaid expenses and accrued income" (ADP 064; EUR 4,731 thous.) are in Audited report presented under items "Trade and other receivables" (EUR 13,059 thous.).

GFI–POD item "Shot–term financial assets" (ADP 053; EUR 13,560 thous.) are in Audited report presented under item "Loans and deposits" - current part (EUR 12,955 thous.) and current part of item "Derivative financial instruments" (EUR 605 thous.).

GFI–POD item "Cash in hand and in bank" (ADP 063; EUR 59,754 thous.) is in Audited report presented under item "Cash and cash equivalents" (EUR 59,754 thous.).

GFI–POD item "Capital and reserves" (ADP 067; EUR 448,614 thous.) is in Audited report presented under item "Share capital" (EUR 448,614 thous.).

GFI–POD item "Provisions" (ADP 090; EUR 6,602 thous.) is in Audited report presented under non–current liabilities in item "Provisions" (EUR 6,602 thous.).

GFI–POD item "Long–term liabilites" (ADP 097; EUR 319,962 thous.) is in Audited report presented under non–current liabilities "Borrowings" (EUR 232,030 thous.), "Lease liabilities" (EUR 73,449 thous.), "Trade and other payables" (EUR 9,337 thous.) and "Deffered tax liabilities" (EUR 5,146 thous.).

GFI–POD item "Short–term liabilities" (ADP 109; EUR 164,474 thous.) and GFI–POD item "Accruals and deferred income" (ADP 124; EUR 19,293 thous.) are in Audited report presented under item of short–term part item "Borrowings" (EUR 101,722 thous.), "Lease liabilities" (EUR 6,101 thous.), "Trade and other payables" (EUR 65,973 thous.), "Income tax liability" (EUR 3,465 thous.), "Provisions" (EUR 6,506 thous.).

Summary of adjustments of GFI–POD reclassified income statement and consolidated statement of comprehensive income from Audited report for 2024

GFI–POD item "Operating income" (ADP 001; EUR 417,029 thous.) is in Audited report presented under items "Sales revenue" (EUR 411,321 thous.), "Other income" (EUR 5,573 thous.), and "Other gains/(losses) - net" (EUR 135 thous.).

GFI–POD item "Operating expenses" (ADP 007; EUR 366,620 thous.) are in Audited report presented under items "Cost of materials and services" (EUR 128,225 tis.), "Staff costs" (EUR 148,974 tis.), "Depreciation and amortisation" (EUR 68,874 thous.) and "Other operating expenses" (EUR 20,547 thous.).

GFI–POD item “Material costs” (ADP 009; EUR 128,225 thous.) are in Audited report presented under item “Cost of materials and services” (EUR 128,225 thous.).

GFI–POD item “Staff costs” (ADP 013; EUR 118,793 thous.) is in Audited report presented under item “Staff costs” (EUR 148,974 thous.). The rest of the amount EUR 30,181 thous. is presented under GFI–POD item: “Other expenses” (ADP 018; EUR 29,084 thous. and relates mainly to transport and other employee benefits and student costs) and “Provisions” (ADP 022; EUR 1,097 thous. and is related to provisions for emplyees).

GFI–POD items “Other expenses” (ADP 018; EUR 44,965 thous.) and “Other operating expenses” (ADP 029; EUR 4,537 thous.) is in Audited report presented under item “Other operating expenses” (EUR 20,418 thous.) The rest of the amount EUR 29,084 thous. is previously explained under staff costs.

GFI–POD item “Value adjustments” (ADP 019; EUR 64 thous.) is in Audited report presented under item “Other operating expenses” (EUR 64 thous.).

GFI–POD item “Provisions” (ADP 022; EUR 1,162 thous.) is in Audited report presented under item “Other operating expenses” (EUR 65 thous.) and in the part of the item “Staff costs” (EUR 1,097 thous.).

GFI–POD item “Financial income” (ADP 030; EUR 3,225 thous.) is in Audited report presented under item “Finance result - net” presented under part of financial income (EUR 3,225 thous.).

GFI–POD item “Financial costs” (ADP 041; EUR 15,820 thous.) is in Audited report presented under item “Finance result - net” presented under part of financial expenses (EUR 15,820 thous.).

Summary of adjustments of GFI–POD cash flow statement and consolidated cash flow statement from Audited report for 2024

GFI–POD item “Net cash flow from operating activities” (ADP 020; EUR 105,503 thous.) is in Audited report presented in items “Net cash inflow from operating activities” in comparable amount of EUR 117,988 thous. and item “Interest paid” (Net cash inflow from financing activities) in the amount of EUR –12,485 thous.

GFI–POD item “Net cash outflow from investment activities” (ADP 034; EUR –106,156 thous.) is in Audited report presented in item “Net cash outflow from investment activities” in comparable amount of EUR –106,156 thous.

GFI–POD item “Net cash flow from financing activities” (ADP 046; EUR 5,222 thous.) is in Audited report presented in item “Net cash inflow from financing activities” in comparable amount of EUR –7,263 thous. increased for the item “Interest paid” in the amount of EUR –12,485 thous.

Summary of adjustments of GFI–POD statement of changes in equity and consolidated statement of changes in shareholder’s equity from Audited report for 2024

GFI–POD item “Capital and reserves” (ADP 067; EUR 448,614 thous.) is in Audited report presented in items “Share capital” (EUR 221,915 thous.), “Treasury shares” (EUR –12,625 thous.), “Capital reserves” (EUR 1,551 thous.), “Legal reserves” (EUR 11,096 thous.), “Other reserves” (EUR 22,118 thous.), “Retained earnings” (EUR 64,661 thous.) and “Non–controlling interest” (EUR 139,898 thous.). Other reserves in Audited report consist of reserve for treasury shares in the amount of EUR 18,543 thous., other reserves in the amount of EUR 3,575 thous. as a result of the recognition of the salary costs for payments based on shares in principal instruments, and the remaining amount consists of the effects of consolidation. Retained earnings from the Audited report comes from the regular business result.

Management Board's decision on Annual Report determination

Valamar Riviera d.d.
MANAGEMENT BOARD
Number: 19–1/25
Poreč, April 8, 2025

Pursuant to Articles 250a, 250b, 300a and 300b of the Companies Act, Articles 462 and 463 of the Capital Market Act, Articles 3 and 4 of the Content and structure of the Issuer's annual report and form and manner of delivering it to the Croatian Financial Services Supervisory Agency Regulation and Articles 18, 19, 20, 21, 22, 24, 25 and 29 of the Accounting Act, at its meeting held on April 8, 2025, the Management Board of Valamar Riviera d.d. from Poreč, Stancija Kaligari 1 (hereinafter: Valamar Riviera d.d. or the Company) rendered the following

DECISION

I

The Annual Report of Valamar Riviera d.d. for 2024 is hereby determined as stated in the text of the enclosed "ANNUAL REPORT 2024".

Annual Report 2024 includes the following:

1 Annual financial statements for the year 2024, audited, non consolidated and consolidated, consist of the following: Balance Sheet, Statement of profit or loss, Statement of Other Comprehensive Income, Statement of cash flows, Statement of changes in equity and Notes to the Annual financial statements;
2 Corporate Governance Code Implementation Report;
3 Management Report, including Sustainability Report;
4 Auditors' Report by Ernst & Young d.o.o. from Zagreb and UHY RUDAN d.o.o. za porezno savjetovanje i reviziju from Zagreb.

II

The proposed decision to distribute the Company's realized profits in 2024 totaling EUR 25,932,696.15 to the Company's retained profits is hereby determined.

III

Pursuant to Article 300b of the Companies Act:

1 the reports mentioned in points I of this Decision are submitted to the Supervisory Board for examination. It is proposed that the Supervisory Board approves the said reports,
2 the Auditors' Report mentioned in point I of this Decision is submitted to the Supervisory Board for approval
3 It is proposed that the Supervisory Board approves the proposed pursuant to point II of this Decision, and to pass it as such to be adopted at the General Assembly.

IV

Pursuant to Article 133 of the Zagreb Stock Exchange Rules, the Zagreb Stock Exchange will be informed of this Decision.

After the Supervisory Board decides on the matters presented in point III, the reports determined in this Decision and the proposal for the distribution of profits from point II will be published in the prescribed period, pursuant to Article 462 and Article 463 of the Capital Market Act and Article 4 Regulation on content and structure of the Issuer's annual report and form and manner of delivering it to the Croatian Financial Services Supervisory Agency.

V

Upon their adoption, the following decisions and reports will be submitted to the Financial Agency to be disclosed in the prescribed period, pursuant to Article 47 paragraph 2 of the Accounting Act: this Decision together with the proposed decision on the distribution of profits in point II, the reports determined by this Decision and the decisions rendered by the Supervisory board in point III.

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

Željko Kukurin
Management Board President

Supervisory Board's decision on Annual Report determination

Valamar Riviera d.d.
SUPERVISORY BOARD
Number: 20–1/25
Dubrovnik, April 15, 2025

Pursuant to the provisions of Article 300b, Article 300c and Article 300d of the Companies Act and Management Board Decision no. 19–1/25 dated April 8, 2025, at its meeting held on April 15, 2025, the Supervisory Board of Valamar Riviera d.d. from Poreč rendered the following

DECISION

I

The Supervisory Board hereby approves the 2024 ANNUAL REPORT of Valamar Riviera d.d. that includes the following:

1. Annual financial statements for the year 2024, audited, non–consolidated and consolidated, consist of the following: Balance Sheet, Statement of profit or loss, Statement of Other Comprehensive Income, Statement of cash flows, Statement of changes in equity and Notes to the Annual financial statements;
2. Corporate Governance Code Implementation Report;
3. Management Report, including Sustainability Report;
4. Auditors' Report by Ernst & Young d.o.o. from Zagreb and UHY RUDAN d.o.o. za porezno savjetovanje i reviziju from Zagreb.

II

Pursuant to Article 300d of the Companies Act, by granting approval as stated in point I of this Decision, the 2024 Annual Financial Statements of Valamar Riviera d.d. from Poreč are considered to be approved both by the Management Board and by the Supervisory Board.

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

Franz Lanschützer
Supervisory Board Chairman

Supervisory Board's report to the General Assembly of the Company

Valamar Riviera d.d.
SUPERVISORY BOARD
Number: 20–3/25
Dubrovnik, April 15, 2025

Pursuant to the provisions of Article 263, paragraph 3 and Article 300.c, paragraph 3 of the Companies Act, at its meeting held on April 15, 2025, the Supervisory Board of Valamar Riviera d.d. from Poreč has determined and submits the following

REPORT

to the General Assembly of Valamar Riviera d.d. from Poreč on the performed supervision of Company's business management for 2024

I

In the course of the reporting period of 2024, the Supervisory Board consisted of nine members: Franz Lanshützer, Chairman, Mladen Markoč and Daniel Goldscheider, Deputy Chairmen and members as follows: Gustav Wurmböck, Georg Eltz, Boris Galić, Petra Stolba, Gudrun Kuffner and Ivan Ergović, worker's representative.

In addition to the Supervisory Board, the members of the Supervisory Board also worked in four boards and committees of the Supervisory Board as follows:

- Presidium of the Supervisory Board is composed of: Franz Lanschützer, Chairman, Mladen Markoč and Daniel Goldscheider as Deputy Chairmen. According to its scope of work, the Presidium of the Supervisory Board is both the nomination committee and the remuneration committee in terms of the provisions of the relevant regulations and recommendations/standards of corporate governance;
- Audit Committee is composed of: Gudrun Kuffner, Chairwoman of the board and members Georg Eltz, Gustav Wurmböck, Mladen Markoč and Boris Galić.
- Investment Committee is composed of: Daniel Goldscheider, Chairman of the board and members Franz Lanschützer and Gudrun Kuffner.
- Digitalization and Sustainability Committee is composed of: Petra Stolba, Chairwoman of the board and members Daniel Goldscheider and Franz Lanschützer.

II

During 2024, the Supervisory Board held eight meetings, of which four by correspondence, at which it discussed many issues related to the Company's business and supervised the business management of the Company, all in accordance with the Company's Articles of Association and Rules of Procedure of the Supervisory Board. All members of the Supervisory Board participated in the work of the Supervisory Board at seven meetings, four of which by correspondence using appropriate electronic communication, while at one meeting did not participate Ivan Ergović. In part of three meetings in terms of paragraph 2 of Article 263.b of the Companies Act, Gustav Wurmböck was excluded from participating. Boards and committees of the Supervisory Board are the following: Presidium, Audit Committee, Investment Committee and Digitalization and Sustainability Committee held twenty meetings in 2024, of which Presidium held eleven meetings, Audit Committee five meetings, Investment Committee two meetings and Digitalization and Sustainability Committee held two meetings. All members of the Presidium participated in nine Presidium meetings, while Mladen Markoč did not participate in two meetings. All members of the Audit Committee participated in all Audit Committee meetings. In the meetings of the Investment Committee and the Digitalization and Sustainability Committee, all members of mentioned committees participated in all meetings.

III

During 2024, the Supervisory Board regularly received written business reports and other reports and proposals of the Management Board, as well as Management Board's decisions which, in accordance with regulations, the Articles of Association and acts of the Company, it considered and decided on.

In 2024, the Company achieved the growth of business operations, driven by strong demand from key markets and previous investments in portfolio development, sales, marketing and operational excellence. All Valamar's destinations achieved very good results in 2024, while Dubrovnik destination has recovered to pre–pandemic levels in both financial performance and overnight stays. The Company's operations in 2024 continued with the growth of operating costs. In order to ensure the necessary human resources, the Company continued to make significant investments in employee wages, training, benefits as well as numerous programs to reward excellence, dedication and outstanding results. Furthermore, throughout 2024, the Company continued to strongly invest in sustainability initiatives within the ESG framework.

With the aim of further improvement of business in Austria, the Company in 2024 continued to operate hotels in Austria through the new business model, i.e. lease model by its branch office Zweigniederlassung Austria.

Above mentioned circumstances conditioned the special attention of the members of the Supervisory Board in supervising and directing the finding of activities and measures in order to conduct business as successfully as possible and generate as much income in such conditions.

At the meetings of the Presidium of the Supervisory Board, the members, together with the Management Board, responsible persons and experts of the Company, regularly previously discussed all materials and decision proposals which were then subject to decision–making or approval of the Supervisory Board, all for the timely preparation and the efficient functioning of the Supervisory Board in supervision of the Company's business management. Thus, the members of the Presidium previously discussed the conditions for concluding legal transactions in the area of the Company's business and real estate, as well as approving the conditions for legal transactions related to loans and other relations with banks; they also considered business plans and reports as well as information on the course of business and operations of each property individually and of the Company as a whole. In 2024, members of the Presidium paid special attention to monitoring continuation of investment in Pical Resort 5*, Valamar Collection in Poreč, the largest single investment in Croatian tourism as well as the financial and cash flow during 2024. Also, special attention was paid on monitoring the measures taken by the Management Board to find and maintain the necessary structure and number of employees in the peak season, as well as ensure the necessary goods and services despite increase of operational costs, all with the basic goal of generating as much income as possible.

At the meetings of the Audit Committee, the members discussed, proposed and took positions in accordance with the function determined by the relevant regulations and general acts of the Company. Thus, the Audit Committee during 2024 considered the plan and realization of internal audit work, submitted internal audit reports both implemented in accordance with the annual plan, and those carried out by internal regulations (especially by the Code of Business Conduct). Additionally, the Audit Committee reviewed the IT security report conducted by an independent external partner. Audit of payment conditions, payment assurance instruments, early payment models and default interest were also discussed. Changes within the Internal Audit were presented, along with the reorganization and work plan of Internal Audit in its new composition, as well as the engagement of an external audit firm to support Internal Audit and the partial externalization of the function. Furthermore, the revision of the Code of Business Conduct was presented, along with the policies that are part of it, with an emphasis on implementation of Risk management policy, Conflict of interest management policy as well as Policies and procedures for approving and disclosing transaction with related parties.

The Audit Committee also considered the audited financial reports of the Company, made a recommendation to the Supervisory Board on the selection of auditors for 2024. The procedure for tendering the audit of financial and non–financial reports was also discussed. Audit Committee, during 2024, performed all other activities in accordance with relevant regulations and internal acts, which relate to the work of auditors of financial statements.

At the meetings of the Investment Committee, the members, together with the Management Board, responsible persons and experts of the Company, previously discussed the realization of previously approved investments and thus discussed and proposed to the Supervisory Board preliminary investment approvals for 2025 in order for their timely preparation. They also proposed final investment proposals for 2025 both for the Company and for the facilities and amenities of the companies under the management of the Company.

At the meetings of the Digitalization and Sustainability Committee, the members, together with the management, responsible persons and experts of the Company, previously discussed the digitalization and sustainability strategies, including ESG strategy and neutrality of greenhouse gases until 2025.

IV

In accordance with its obligations, the Supervisory Board performed its supervisory role through meetings, boards and committees as well as through the acts and detailed information received from the Management Board throughout 2024, and thus

determined

that Valamar Riviera d.d. from Poreč operates in accordance with the relevant regulations, the Articles of Association and other general acts and decisions of the Company.

V

The Supervisory Board examined in particular the reports and proposals for decisions submitted to it by the Management Board, as follows:

1 2024 ANNUAL REPORT of the company Valamar Riviera d.d., that includes the following:
  - Annual financial statements for the year 2024, audited, non–consolidated and consolidated, consist of the following: Balance Sheet, Statement of profit or loss, Statement of Other Comprehensive Income, Statement of cash flows, Statement of changes in equity and Notes to the Annual financial statements;
  - Corporate Governance Code Implementation Report;
  - Management Report, including Sustainability Report;
  - Auditors' Report by Ernst & Young d.o.o. from Zagreb and UHY RUDAN d.o.o. za porezno savjetovanje i reviziju from Zagreb.

2 Proposal of decision on distribution of profit realized in 2024,

3 Report on related party transactions for 2024 with the Auditor's Report.

Both the Audit Committee at its meeting held in the presence of auditors from the auditing company Ernst & Young d.o.o. from Zagreb and UHY RUDAN d.o.o. from Zagreb, and the Supervisory Board at its meeting, examined the submitted Annual Financial Reports for 2024, Corporate Governance Code Implementation Report as well as Management Report, including Sustainability Report. The Supervisory Board determined that the mentioned reports have been prepared in accordance with the balance in the Company's business books and show the correct property and business condition of the Company, and that there are no objections to them.

The Supervisory Board, in accordance with the previously submitted opinion of the Audit Committee, has no objections to the Auditor's Report on the performed audit. Also, the Supervisory Board has no objections to the Management Report, including Sustainability Report.

The Supervisory Board also examined the previously submitted Report of the Management Board on related–parties relations with the Auditor's Report, to which there are no objections.

VI

In addition to the examinations presented in the previous item, the Supervisory Board supervised the management of the Company's business in accordance with the provisions of the Company's Articles of Association in terms of prior consideration of proposed decisions of the Company's Management Board, the valid adoption of which requires the consent of the Supervisory Board. In this part, the Supervisory Board paid special attention to the approval of the conditions for concluding legal transactions in the area of the Company's business activities, especially in relation to transactions with significant agencies and electricity suppliers, legal affairs in relation to the disposal of the real estate as well as the approval of conditions for legal affairs related to loans and other relation with banks. The Supervisory Board also regularly monitored the financial and cash flows of the Company.

Apart from the above mentioned, the Supervisory Board regularly considered the booking status and preparations for the tourist season, the monthly business results of each business facility individually and the Company as a whole, in relation to previously adopted business plans. In this area, the Supervisory Board paid special attention to the business plan for 2025.

In 2024, the Supervisory Board continued to carefully supervise the Management Board in managing hotel and tourist facilities and amenities of the company Imperial Riviera d.d. and company Helios Faros d.d., as well as companies Valamar Obertauern GmbH, Kesselspitze GmbH & Co KG and Valamar Marietta GmbH until October 31, 2024, all in accordance with the provisions of previously concluded Agreements regarding the management of hotel and tourist facilities and amenities of those companies.

The Supervisory Board also considered and approved Business Plan of the company Valamar A GmbH as well as new business model in Austria starting from November 1, 2024. In accordance with the relevant provisions of law, the member of the Supervisory Board Gustav Wurmböck was exempted from discussion and decision–making.

Furthermore, the Supervisory Board, together with the Company's Management Board, in accordance with the relevant regulations, determined the Report on Remuneration of Members of the Management Board and the Supervisory Board for 2024, which Report shall be submitted to the General Assembly for approval.

Finally, The Supervisory Board has independently evaluated its effectiveness and composition, as well as the effectiveness and composition of its boards and committees and the individual results of its members. The evaluation was led by the Chairman of the Supervisory Board through a transparent discussion with all members of the Supervisory Board at the meeting held on April 15, 2025, within the agenda item at which this Report was determined. In doing so, the Supervisory Board concluded that it effectively supervises the conduct of the Company's business management. It also concluded that the boards and the committee of the Supervisory Board effectively and professionally prepare proposals and recommendations to the Supervisory Board and that these preparations, i.e. previous discussions and deliberations with the Management Board, responsible persons and experts in the Company regarding all materials and proposals which the Management Board directs to the Supervisory Board, contribute to its efficient supervision of the Company's business management. The Supervisory Board also concluded that the members of the Supervisory Board and the members of its boards and committees use their education, knowledge and experience at the highest possible level in order to ensure the best possible results of the Supervisory Board's work. In this way, the members of the Supervisory Board contribute to the results of the Company's operations, as well as to the protection of the Company's interests. Given that the Company has an obligation to have a balanced representation of women and men in the Supervisory Board, and the mandates of the existing convocation of the Supervisory Board in which such a balanced representation has not been achieved, will be held until their regular expiration in 2025.

The Supervisory Board also assessed the effectiveness of cooperation between the Supervisory Board and the Management Board and concluded that mutual cooperation is good, that the Management Board and persons in charge of the Company provide adequate support to members of the Supervisory Board in performing their functions, that the Management Board regularly and adequately provides information, proposals, reports and other materials to the Supervisory Board and its boards and committee regarding the Company's operations in accordance with the relevant regulations and acts of the Company, providing the Supervisory Board with overall supervision over the conduct of the Company's affairs.

The Supervisory Board will continue to conduct such an assessment, at least once a year, as a rule when considering the audited annual report for the previous year.

VII

Based on all the above said, and in accordance with the overall knowledge from the supervision of the Company and the information obtained during the work of the Supervisory Board and the work of boards and committees of the Supervisory Board in the period from January 1, 2023 to December 31, 2024, and conducted surveys given in point V of this Report, the Supervisory Board at its meeting held on April 15, 2025:

A)
gave its consent to

1 2024 ANNUAL REPORT of the company Valamar Riviera d.d., that includes the following:

- Annual financial statements for the year 2024, audited, non–consolidated and consolidated, consist of the following: Balance Sheet, Statement of profit or loss, Statement of Other Comprehensive Income, Statement of cash flows, Statement of changes in equity and Notes to the Annual financial statements;
- Corporate Governance Code Implementation Report;
- Management Report, including Sustainability Report;
- Auditors' Report by Ernst & Young d.o.o. from Zagreb and UHY RUDAN d.o.o. za porezno savjetovanje i reviziju from Zagreb.

2 Proposal of decision on distribution of profit realized in 2024,

and thus, in accordance with Article 300. d of the Companies Act, the Annual Report of Valamar Riviera d.d. from Poreč for 2024 are considered determined by the Management Board and the Supervisory Board.

B)
has no objection

to the statement of the Management Board issued pursuant to the provision of Article 497, paragraph 3 of the Companies Act in the Report on related party transactions for 2024

and issued its agreement with
the report of the auditors Ernst & Young d.o.o and UHY RUDAN d.o.o given on the Report of the Management Board on related party transactions for 2024.

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

Franz Lanschützer
Supervisory Board Chairman

Supervisory Board's decision on distribution of profit

Valamar Riviera d.d.
SUPERVISORY BOARD
Number: 20–2/25
Dubrovnik, April 15, 2025

Pursuant to Article 300b, and Article 300c of the Companies Act and the Management Board Decision no. 19–1/25 dated April 8, 2025, at its meeting held on April 15, 2025, the Supervisory Board of Valamar Riviera d.d. from Poreč rendered the following

DECISION

I

The proposal to distribute EUR 25,932,696.15 of the Company's achieved profit in 2024 in the Company's retained profit is hereby determined.

II

It is proposed that the General Assembly accepts the proposal determined in point I of this decision that was previously approved by the Supervisory and Management Board.

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

Franz Lanschützer
Supervisory Board Chairman

Annual Financial Statements including the independent Auditors' Report for the year ended on 31 December 2024

This version of the financial statements is a translation from the Croatian language original. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

CONTENT

Responsibility for the Financial Statements

Pursuant to the Croatian Accounting Law, the Management Board is responsible for ensuring that financial statements are prepared for each financial year in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, which give a true and fair view of the state of affairs and results of Valamar Riviera d.d. (˝the Company˝) and its subsidiaries (˝the Group˝) for that period.

After making enquiries, the Management Board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing consolidated and separate financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards are followed;
- the financial statements are prepared on the going concern basis.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and the Group, and must also ensure that the financial statements comply with the Croatian Accounting Law. The Management Board is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed by the Management Board on 15 April 2025:

President of the Management Board:
Željko Kukurin

Member of the Management Board:
Marko Čižmek

Member of the Management Board:
Ivana Budin Arhanić

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

Independent Auditor's Report

To the Shareholders of Valamar Riviera d.d.

REPORT ON THE AUDIT OF THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of Valamar Riviera d.d. (the Company), and consolidated financial statements of Valamar Riviera d.d. and its subsidiaries (together- the Group), which comprise the separate and consolidated statement of financial position as at 31 December 2024, the separate and consolidated statement of comprehensive income, the separate and consolidated statement of changes in equity and the separate and consolidated statement of cash flows for the year then ended, and notes to the separate and consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company and the Group as at 31 December 2024 and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report.

We are independent of the Company and the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.

Key audit matters / CONTINUED

KEY AUDIT MATTER	HOW WE ADDRESSED KEY AUDIT MATTER
Impairment of the tourism property Refer to Notes 2.6. Property, plant and equipment, 2.11. Leases and 2.8. Impairment of non-financial assets, Note 4 (a) Impairment of non-financial assets, Note 14 on Property, Plant and Equipment and Note 27 on Right of Use Assets and Lease Liabilites of the separate and consolidated financial statements. The carrying amount of property, plant and equipment of the Company as at 31 December 2024 was EUR 474,068 thousand (Group: EUR 714,268 thousand) and it represented approximately 61% and 74% of the total assets of the Company and the Group, respectively. The carrying amount of right of use assets of the Company as at 31 December 2024 was EUR 73,034 thousand (Group: EUR 77,638 thousand) and it represented approximately 9% and 8% of the total assets of the Company and the Group, respectively. Property, plant and equipment and right of use assets mostly consists of tourism properties and related assets and is included in the separate and consolidated statements of financial position at historical cost less accumulated depreciation and impairment, where required. Assets that are depreciated are examined for a potential impairment when events or changed circumstances indicate that the book value may not be recoverable. The estimation process is complex and highly subjective and is based on the assumptions. Due to the above factors impairment of tourism properties was determined as a key audit matter.	Our audit procedures related to impairment of property, plant and equipment and right of use assets included, among others, understanding of the impairment assessment process, assessing the appropriateness of the methodology used for the impairment testing and testing of key Management's estimates used to determine if there are impairment indicators. We reviewed relevant internal reports prepared by the Company and the Group. We compared the data used in the impairment model for individual tourist properties or cash generating units with the historical data, including, among others, a comparison of gross operating profit, occupancy rates, average daily rate, and revenue per available room. We also performed audit procedures on the mathematical correctness of calculations used in these models. We compared actual results with the figures included in the forecasts to evaluate assumptions used. Additionally, for the newly acquired assets, assets that were recently activated or asset that are in plan for future investment, the Company and the Group provided us with internal assessments of the market value or reports from the external valuers. We have reviewed the assessments and we have tested, on the sample basis, the correctness of the input data. We also assessed the adequacy of related disclosures in the Notes 2.6. Property, plant and equipment, 2.11. Leases and 2.8. Impairment of non-financial assets, Note 4 (a) Impairment of non-financial assets, and Note 14 Property, Plant and Equipment and Note 27 Right of Use Assets and Lease Liabilities of the separate and consolidated financial statements and their compliance with IFRS as adopted by EU.

Other information

Management is responsible for the other information. Other information comprises the information included in the Annual Report, but does not include separate and consolidated financial statements and our auditor's report thereon. Our opinion on the separate and consolidated financial statements does not cover the other information.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report (excluding the Sustainability Statement) and Corporate Governance Report, we also performed procedures required by the Accounting Act. Those procedures include considering whether the Management Report (excluding the Sustainability Statement) is prepared in accordance with the requirements of Article 22 and 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in Article 22 and 25 of the Accounting Act.

Based on the procedures undertaken, to the extent we are able to assess it, we report that:

1. the information given in the enclosed Management Report and Corporate Governance Report is consistent, in all material respects, with the enclosed separate and consolidated financial statements;
2. the enclosed Management Report is prepared in accordance with requirements of Article 22 and 24 of the Accounting Act, excluding the requirements on sustainability reporting. Auditor's conclusion regarding the procedures conducted on the Sustainability Statement, in accordance with Article 37 of the Accounting Act, is provided separately; and
3. the enclosed Corporate Governance Report includes the information specified in Article 22 and 25 of the Accounting Act.

In the light of the knowledge and understanding of the Company and Group and its environment obtained in the course of the audit of separate and consolidated financial statements, we are also required to report if we have identified material misstatements in the other information (excluding the Sustainability Statement). We have nothing to report in this respect.

Responsibilities of management and Audit Committee for the separate and consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of ISAs:

Appointment of Auditor and Period of Engagement
Ernst & Young was initially appointed as auditors of the Company on 4 May 2017. This appointment has been renewed annually by General Assembly of Shareholders, with the most recent reappointment on 24 April 2024, representing a total period of uninterrupted engagement appointment of eight years.

UHY RUDAN d.o.o. was initially appointed as auditors of the Company on 9 May 2019. This appointment has been renewed annually by General Assembly by Shareholders, with the most recent reappointment on 24 April 2024, representing a total period of uninterrupted engagement appointment of six years.

Consistence with Additional Report to Audit Committee
We confirm that our audit opinion on the separate and consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 10 April 2025 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services
We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company and its controlled undertakings within the European Union. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the separate and consolidated financial statements.

Report based on Delegated Regulation (EU) 2018/815 on supplementing Directive 2004/109/EZ of European parliament and Council related to regulatory technical standard for specification of single electronic reporting format of reporting

Independent report on the compliance of separate and consolidated financial statements prepared pursuant to Article 462 (5) of the Capital Market Act (Official Gazette 65/18, 17/20, 83/21 and 151/22) applying the requirements of the Delegated Regulation (EU) 2018 / 815 on establishing of single electronic reporting format for issuers (the ESEF Regulation).

We have conducted a reasonable assurance engagement on whether the separate and consolidated financial statements, as contained in the attached electronic file [Valamar_Riviera_dionicko_drustvo_za_turizam_eng_2024], are prepared, for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, in all material respects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the management and Audit Committee
Management is responsible for the preparation of the separate and consolidated financial statements in accordance with ESEF Regulation.

Furthermore, management is responsible for maintaining an internal control system that reasonably ensures the preparation of separate and consolidated financial statements without material non-compliances with ESEF Regulation requirements, whether due to fraud or error.

Management is also responsible for:

- the public disclosure of separate and consolidated financial statements included in the annual report, in XHTML format and
- selecting and using XBLR codes in accordance with ESEF regulation.

Audit Committee is responsible for overseeing the preparation of the separate and consolidated financial statements in ESEF format as part of the financial reporting process.

Auditor's responsibilities
Our responsibility is to express a conclusion, based on the audit evidence gathered, as to whether the separate and consolidated financial statements are free from material non-compliances with the requirements of the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with International Standard for Assurance Engagements ISAE 3000 (revised)-Assurance engagements other than audits or reviews of historical financial information.

Work performed
The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high degree of assurance; however, it does not guarantee that the scope of procedures will identify all significant (material) non-compliance with ESEF regulation.

In respect of the subject matter, we have performed the following procedures:

- we read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or error; and
- Based on this, devise and implement procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The aim of our procedures was to assess whether:

- the separate and consolidated financial statements, which are included in the annual report, are prepared in the relevant XHTML format,
- the information contained in the separate and consolidated financial statements required by the ESEF Regulation is marked and all markings meet the following requirements:
  - the XBRL markup language was used,
  - the basic taxonomy elements listed in the ESEF Regulation with the closest accounting significance have been used, unless an additional taxonomy element has been created in accordance with Annex IV. ESEF Regulation,
  - the labeled elements comply with the common labeling rules under the ESEF Regulation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion
Based on the procedures performed and evidence gathered, the separate and consolidated financial statements presented in ESEF format for the year ended on 31 December 2024, contained in the aforementioned attached electronic file and prepared pursuant to Article 462 paragraph 5 of the Capital Market Act prepared for public disclosure, are prepared in all material respects in line with the requirements of Articles 3, 4 and 6 of the ESEF Regulation.

Further to this conclusion, as well as the opinion contained in this independent auditor's report related to accompanying separate and consolidated financial statements and annual report for the year ended 31 December 2024, we do not express any opinion on the information contained in these presentations or on any other information contained in the aforementioned file.

The partners in charge of the audit resulting in this independent auditor's report are Filip Hitrec for Ernst & Young d.o.o. and Vedrana Miletić for UHY RUDAN d.o.o.

Hitrec
Ivana Krajinović

ERNST & YOUNG
d.o.o.
Zagreb, Radnička cesta 50

UHY RUDAN d.o.o.
za porezno savjetovanje i reviziju
ZAGREB, Ilica 213

Filip Hitrec	Ivana Krajinović	Vedrana Miletić
Certified auditor	Member of Board	Director and Certified auditor
15 April 2025	15 April 2025	15 April 2025
Ernst & Young d.o.o.	Ernst & Young d.o.o.	UHY RUDAN d.o.o.
Radnička cesta 50,	Radnička cesta 50	Ilica 213/IV
Zagreb, Republic of Croatia	Zagreb, Republic of Croatia	Zagreb, Republic of Croatia

CONSOLIDATED AND UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024		GROUP		COMPANY	
(all amounts in thousands of EUR)	Note	2023	2024	2023	2024
Sales revenue	5	365,719	411,322	290,083	319,068
Other income	6	6,371	5,572	4,302	4,846
Cost of materials and services	7	(118,248)	(128,225)	(97,191)	(103,317)
Staff costs	8	(128,621)	(148,974)	(103,056)	(119,988)
Depreciation and amortisation	14,15,27	(65,778)	(68,874)	(47,224)	(49,039)
Other operating expenses	9	(17,159)	(20,547)	(12,827)	(16,431)
Other gains/(losses) – net	10	118	135	90	113
Operating profit/(loss)		**42,402**	**50,409**	**34,177**	**35,252**
Finance result – net	11	(8,034)	(12,595)	(1,274)	(4,235)
Share of net profit/(loss) of associate	17	(927)	(829)	-	-
Profit/(loss) before tax		33,441	36,985	32,903	31,017
Income tax	12	227	(4,167)	(7,958)	(5,084)
Profit/(loss) for the year		**33,668**	**32,818**	**24,945**	**25,933**
Other comprehensive income					
Items that cannot be reclassified to P&L account					
Change in financial assets value		39	(48)	39	(48)
Tax on other comprehensive income	12	(7)	8	(7)	8
Total comprehensive income for the year		**33,700**	**32,778**	**24,977**	**25,893**
Profit/(loss) attributable to:					
Owners of the Parent Company		27,028	25,803	-	-
Non-controlling interests		6,640	7,015	-	-
		33,668	**32,818**	-	-
Total comprehensive income attributable to:					
Owners of the Parent Company		27,060	25,763	-	-
Non-controlling interests		6,640	7,015	-	-
		33,700	**32,778**	-	-
Earnings per share (in EUR) attributable to equity holders of the Group during the year:					
- basic and diluted	13	**0.22**	**0.21**	-	-

These financial statements were approved by the Management Board of the Company on 8 April 2025.

President of the Management Board:
Željko Kukurin

Member of the Management Board:
Marko Čižmek

Member of the Management Board:
Ivana Budin Arhanić

VALAMAR
VALAMAR RIVIERA D.D.
POREČ (4)

CONSOLIDATED AND UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

		GROUP | 31 December		COMPANY | 31 December	
(all amounts in thousands of EUR)	Note	2023	2024	2023	2024
ASSETS					
Non-current assets					
Property, plant and equipment	14	658,450	714,268	442,879	474,068
Investment property		348	311	348	311
Right-of-use assets	27	3,532	77,638	3,415	73,034
Intangible assets	15	7,113	8,806	6,565	8,337
Investment in subsidiaries	16	-	-	124,259	124,259
Investment in associate	17	16,250	16,108	16,816	17,503
Deferred tax assets	12	40,120	40,771	1,536	1,656
Financial assets		158	23	154	19
Derivative financial instruments	22	675	212	442	47
Loans and deposits	19	1,386	4,257	1,386	4,257
		728,032	**862,394**	**597,800**	**703,491**
Current assets					
Inventories	20	7,387	10,178	5,946	8,581
Trade and other receivables	21	9,965	13,059	9,463	16,695
Loans and deposits	19	24,036	12,955	35	154
Derivative financial instruments	22	1,606	605	786	272
Cash and cash equivalents	23	55,185	59,754	46,287	53,230
		98,179	**96,551**	**62,517**	**78,932**
Total assets		**826,211**	**958,945**	**660,317**	**782,423**

		GROUP | 31 December		COMPANY | 31 December	
(all amounts in thousands of EUR)	Note	2023	2024	2023	2024
EQUITY AND LIABILITIES					
Share capital	25	221,915	221,915	221,915	221,915
Treasury shares	25	(13,743)	(12,625)	(13,743)	(12,625)
Capital reserves	25	1,219	1,551	1,283	1,615
Fair value reserves	25	40	-	40	-
Legal reserves	25	11,096	11,096	11,096	11,096
Other reserves	25	22,123	22,117	23,662	23,656
Retained earnings	25	65,618	64,662	163,370	162,544
		308,268	**308,716**	**407,623**	**408,201**
Non-controlling interest		138,553	139,898	-	-
Total equity		**446,821**	**448,614**	**407,623**	**408,201**
LIABILITIES					
Non-current liabilities					
Borrowings	26	244,201	232,030	151,653	139,705
Lease liabilities	27	2,551	73,449	2,379	68,807
Trade and other payables	28	12,237	9,337	11,410	8,524
Deferred tax liabilities	12	5,719	5,146	1,429	1,308
Provisions	29	8,330	6,602	6,285	5,379
		273,038	**326,564**	**173,156**	**223,723**
Current liabilities					
Borrowings	26	49,938	101,722	33,002	84,527
Lease liabilities	27	593	6,101	657	5,916
Trade and other payables	28	47,089	65,973	38,017	51,052
Income tax liability	12	2,877	3,465	2,872	3,403
Provisions	29	5,855	6,506	4,990	5,601
		106,352	**183,767**	**79,538**	**150,499**
Total liabilities		**379,390**	**510,331**	**252,694**	**374,222**
Total equity and liabilities		826,211	958,945	660,317	782,423

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024											GROUP
(all amounts in thousands of EUR)	Note	Share capital	Treasury shares	Capital reserves	Legal reserves	Fair value reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total
Balance as at 1 January 2023		221,915	(16,513)	694	11,096	8	26,847	62,631	306,678	134,449	441,127
Profit/loss for the year		-	-	-	-	-	-	27,028	27,028	6,640	33,668
Other comprehensive income/loss	25	-	-	-	-	32	-	-	32	-	32
Total comprehensive income/loss		-	-	-	-	32	-	27,028	27,060	6,640	33,700
Treasury shares acquired	25	-	(1,772)	-	-	-	-	-	(1,772)	-	(1,772)
Return of uncollected dividend	25	-	-	-	-	-	-	337	337	-	337
Dividend	25	-	-	-	-	-	-	(24,378)	(24,378)	(2,536)	(26,914)
Reserves for payments with equity instruments	25	-	4,542	525	-	-	(4,724)	-	343	-	343
Total contributions by and distributions to company owners, recognised directly in equity		-	2,770	525	-	-	(4,724)	(24,041)	(25,470)	(2,536)	(28,006)
Balance at 31 December 2023		221,915	(13,743)	1,219	11,096	40	22,123	65,618	308,268	138,553	446,821
Profit/loss for the year		-	-	-	-	-	-	25,803	25,803	7,015	32,818
Other comprehensive income/loss	25	-	-	-	-	(40)	-	-	(40)	-	(40)
Total comprehensive income/loss for the year		-	-	-	-	(40)	-	25,803	25,763	7,015	32,778
Treasury shares acquired	25	-	(599)	-	-	-	-	-	(599)	-	(599)
Return of uncollected dividend	25	-	-	-	-	-	-	370	370	-	370
Dividend	25	-	-	-	-	-	-	(27,068)	(27,068)	(5,670)	(32,738)
Reserves for payments with equity instruments	25	-	1,717	332	-	-	(6)	-	2,043	-	2,043
Sale of financial assets	25	-	-	-	-	-	-	(61)	(61)	-	(61)
Total contributions by and distributions to company owners, recognised directly in equity		-	1,118	332	-	-	(6)	(26,759)	(25,315)	(5,670)	(30,985)
Balance at 31 December 2024		221,915	(12,625)	1,551	11,096	-	22,117	64,662	308,716	139,898	448,614

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024									COMPANY
(all amounts in thousands of EUR)	Note	Share capital	Treasury shares	Capital reserves	Legal reserves	Fair value reserves	Other reserves	Retained earnings	Total
Balance as at 1 January 2023		221,915	(16,513)	758	11,096	8	28,386	162,466	408,116
Profit/loss for the year		-	-	-	-	-	-	24,945	24,945
Other comprehensive income/loss	25	-	-	-	-	32	-	-	32
Total comprehensive income/loss		-	-	-	-	32	-	24,945	24,977
Treasury shares acquired	25	-	(1,772)	-	-	-	-	-	(1,772)
Return of uncollected dividend	25	-	-	-	-	-	-	337	337
Dividend	25	-	-	-	-	-	-	(24,378)	(24,378)
Reserves for payments with equity instruments	25	-	4,542	525	-	-	(4,724)	-	343
Total contributions by and distributions to company owners, recognised directly in equity		-	2,770	525	-	-	(4,724)	(24,041)	(25,470)
Balance at 31 December 2023		221,915	(13,743)	1,283	11,096	40	23,662	163,370	407,623
Profit/loss for the year		-	-	-	-	-	-	25,933	25,933
Other comprehensive income/loss	25	-	-	-	-	(40)	-	-	(40)
Total comprehensive income/loss for the year		-	-	-	-	(40)	-	25,933	25,893
Treasury shares acquired	25	-	(599)	-	-	-	-	-	(599)
Return of uncollected dividend	25	-	-	-	-	-	-	370	370
Dividend	25	-	-	-	-	-	-	(27,068)	(27,068)
Reserves for payments with equity instruments	25	-	1,717	332	-	-	(6)	-	2,043
Sale of financial assets	25	-	-	-	-	-	-	(61)	(61)
Total contributions by and distributions to company owners, recognised directly in equity	25	-	1,118	332	-	-	(6)	(26,759)	(25,315)
Balance at 31 December 2024		221,915	(12,625)	1,615	11,096	-	23,656	162,544	408,201

CONSOLIDATED AND UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024			GROUP		COMPANY
(all amounts in thousands of EUR)	Note	2023	2024	2023	2024
Cash flow generated from operating activities					
Cash from operations	31	121,631	122,784	94,908	80,711
Income tax (paid)/received		(1)	(4,796)	-	(4,786)
Net cash inflow/(outflow) from operating activities		**121,630**	**117,988**	**94,908**	**75,925**
Cash flow generated from operating activities					
Investment in associate	17	(2,590)	(687)	(2,590)	(687)
Cash from merger of subsidiary		-	-	1,012	-
Purchase of property, plant, equipment and intangible assets		(58,604)	(116,955)	(27,368)	(74,277)
Proceeds from disposal of property, plant and equipment		180	292	123	243
Proceeds of derivative financial instruments (IRS)		537	522	537	522
Proceeds from the sale of financial instruments (shares)		-	38	-	38
Deposits granted		(7,632)	(4,028)	(432)	(4,028)
Loans and deposits repayments received		-	12,168	-	968
Dividend received		2	-	2,185	4,978
Interest received		1,858	2,493	1,353	1,399
Net cash outflow from investment activities		**(66,249)**	**(106,157)**	**(25,180)**	**(70,844)**
Cash flow from financing activities					
Dividend paid		(26,914)	(32,738)	(24,378)	(27,068)
Treasury shares acquired		(1,772)	(599)	(1,772)	(599)
Interest paid		(8,343)	(10,256)	(4,790)	(6,696)
Interest paid (principal portion of IFRS 16)		-	(2,230)	-	(1,984)
Proceeds from borrowings		17,371	90,219	-	73,208
Repayments of borrowings		(69,471)	(50,256)	(51,285)	(33,429)
Lease costs (principal portion of IFRS 16)	27	(704)	(1,772)	(821)	(1,940)
Return of uncollected dividend	25	337	370	337	370
Net cash inflow/(outflow) from financing activities		**(89,496)**	**(7,262)**	**(82,709)**	**1,862**
Net increase/(decrease) in cash and cash equivalents		**(34,115)**	**4,569**	**(12,981)**	**6,943**
Cash and cash equivalents at beginning of year		89,300	55,185	59,268	46,287
Cash and cash equivalents at year end	23	**55,185**	**59,754**	**46,287**	**53,230**

NOTE 1 – GENERAL INFORMATION

Valamar Riviera d.d., Poreč ("the Company") has been established and registered in accordance with laws and regulations of the Republic of Croatia. The Company is registered with the Commercial Court in Pazin. The principle activity of the Company is the provision of accommodation in hotels, resorts and campsites, food preparation and catering services as well as the preparation and serving of beverages. The registered office of the Company is in Poreč, Stancija Kaligari 1.

The Company's shares were listed on the Prime market of the Zagreb stock exchange d.d. In 2024 shares were traded in an organized market in compliance with the relevant regulations.

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

- Magične stijene d.o.o., Dubrovnik 100% ownership; until 3 August 2023 when the Company Magične stijene d.o.o. was deleted from the court register;
- Bugenvilia d.o.o., Dubrovnik, 100% ownership;
- Imperial Riviera d.d., Rab, 46.27% ownership with the subsidiary Praona d.o.o., Makarska.

Associated Companies make:

- Helios Faros d.d., Stari grad 19.54% ownership (20% ownership until 15 November 2024, when the increase in share capital was entered in the court register, which was carried out in the Central Depository & Clearing Company Inc. in 2025);
- Valamar A GmbH, Vienna, Austria 24.54% ownership, along with dependent companies WBVR Beteiligungs GmbH, Vienna, Austria, Valamar Marietta GmbH Obertauern, Austria, Kesselspitze GmbH, Obertauern, Austria and Kesselspitze GmbH & Co KG, Obertauern, Austria;
- Valamar Obertauern GmbH, Obertauern, Austria 10% direct ownership and 22.08% indirect ownership.

On 28 June 2022, a branch of the Company was established in Austria under the name Valamar Riviera d.d., Zweigniederlassung Austria.

In accordance with the decision of the General Assembly of the Company Helios Faros d.d. held on 12 October 2023 the share capital of the company Helios Faros d.d. is increased by issuing new shares with stakes in cash with partial exclusion of priority rights for existing shareholders was made by investor PBZ Croatia osiguranje d.d. za upravljanje obveznim mirovinskim fondovima acting in its own name and on behalf of PBZ Croatia obvezni mirovinski fond kategorije A and PBZ Croatia obvezni mirovinski fond kategorije B in the total amount of EUR 6,435,303 for 4,838,574 shares and Valamar Riviera d.d. in the amount of EUR 1,608,825 for 1,209,643 shares.

Members of the company Valamar A GmbH in 2023 made a payment in the amount of EUR 4,000,000 in capital reserves of the company Valamar A GmbH in proportion to the following business shares: the Company paid the amount of EUR 981,600 and Wurmböck Beteilgungs GmbH the amount of EUR 3,018,400.

In 2024, according to the decision of the members of the company Valamar A GmbH, the company's capital reserves have increased by a total of EUR 2,800,000 in proportion to the following business shares: the Company paid the amount of EUR 687,120 and Wurmböck Beteilgungs GmbH the amount of EUR 2,112,880.

In June 2024, the members of the company approved the provision of a subordinated loan to Valamar A GmbH in the amount of EUR 3,200,000 The Company and Wurmböck Beteiligungs GmbH are participating with an equal amount of EUR 1,600,000.

The Company's Supervisory Board approved in October 2024 a new form of business cooperation in Austria, by which the previous hotel management contracts with Valamar Obertauern GmbH, Kesselspitze GmbH & Co KG and Valamar Marietta GmbH were terminated as of 31 October 2024. The Company continued to manage, through the new lease business model, the operational business activities of hotels Valamar Obertauern Hotel, Kesselspitze Hotel & Chalet, Valamar Collection and [PLACES] Obertauern by Valamar through its subsidiary in Austria.

Based on the decisions of the General Assembly on the acquisition of own shares from 9 May 2019 and 24 April 2024, the Management Board of the Company adopted the Program for the repurchase of own shares on 14 November 2024 in the amount up to EUR 2 million. From the basis of the Program, the Company intends to acquire its own shares through the investment company on the regulated market of the Zagreb Stock Exchange d.d. by the end of 2025 primarily for the purpose of fulfilling the obligations for the Company that arise regarding the allocation of shares to key employees and members of the Management Board, and in the accordance with the long-term reward program.

Based on the decision from the General Assembly on 24 April 2024, the Company paid a dividend in the amount of EUR 0.22 per share, in the total amount of EUR 27,068.070.

NOTE 2 – SUMMARY OF MATERIAL INFORMATION ON THE ACCOUNTING POLICIES

Material information on the accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented herein.

2.1 Basis of preparation

These financial statements represent the unconsolidated and consolidated financial position and results of the Company and the Group, respectively.

(a) Statement of compliance

The financial statements of the Company and Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The financial statements have been prepared under the historical cost method, except for the financial assets at fair value through profit or loss and financial assets.

(b) Significant accounting estimates

The preparation of financial statements in accordance with IFRS requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's and Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are relevant to the financial statements, are disclosed in the notes.

(c) Functional currency and presentation currency

The items included in the Company's and Group's financial statements are expressed in the currency of the primary economic environment in which the Company and the Group operate (functional currency). Financial statements are presented in thousands of euros.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (incl. special purpose companies) in which the Group has control over the financial and operating policies, which generally goes hand in hand with holding more than half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or exchangeable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is effectively transferred to the Group. They are de-consolidated from the date such control ceases.

In the consolidated financial statements, all within-Group transactions, balances and unrealised gains and losses on transactions between the Group companies are eliminated. Where necessary, accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling shareholders that do not result in loss of control are accounted for by the Group as equity transactions – that is, as transactions with the majority owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Associates

Associate is a company in which the group has significant influence, but it is not included in joint venture. The significant influence refers to the power to participate in the decision making of financial and business policies of the company that is the subject of investment but does not have the control over those policies.

The Group's shares at the associate are presented using the equity method. Under this method, share in an associate is initially recognized by cost and subsequently adjusted by changes related to acquisition of share in net assets of the associate. On acquisition, any difference between acquisition cost and the investor's share in net fair value of assets and liabilities is calculated as follows:

- goodwill that relates to a company is included in the carrying amount of the acquisition,
- every surplus of the investor's share in the net fair value of assets and liabilities above the acquisition cost is included in income.

Group's gains or losses include Group's share of the associate's gains and losses. Company's share in the associate is presented at cost less impairment, in separate financial statements.

2.2.1 Subsidiaries in separate financial statements

The Company discloses its subsidiaries in the separate financial statements at cost value less impairment (Note 16 – *Investment in subsidiaries*).

2.3 Merger of entities and transactions with companies under common control

Merger of entities classified as companies from parties under common control are accounted for using book values (carryover basis accounting). Under this method, the assets and liabilities of the entities under common control are transferred to the predecessor entities' carrying amounts. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these financial statements. Any difference between the carrying amount of the net assets and the consideration paid is accounted for in these financial statements as an adjustment to equity.

2.4 Segment reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or group responsible for allocating the resources and assessing the performance of the operating segments. The chief operating decision-makers are the Company and Group Management, which are in charge of managing the hotel and tourist properties and facilities.

2.5 Foreign currencies

Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions and assets and liabilities denominated in foreign currencies are translated into the functional currency at the middle exchange rate of the Croatian National Bank valid on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are recorded in the statement of comprehensive income within 'finance income/(costs) – net'.

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

2.6 Property, plant and equipment

Property, plant and equipment are included in the statement of financial position at historical cost less the accumulated depreciation and impairment, where required. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item shall flow to the Company and Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they incurred. The cost of replacement of larger items of property, plant and equipment is capitalised, and the carrying amount of replaced parts is derecognised.

Land, arts and assets under construction are not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Buildings	10-25 years
Plant and equipment	4-10 years
Furniture, tools and horticulture	3-10 years

Depreciation is calculated for each asset until the asset is fully depreciated or to its residual values if significant. The residual value of an asset is the estimated amount that the Company and Group would currently obtain from disposal of the asset less the estimated costs of disposal if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is zero if the Company and Group expect to use the asset until the end of its physical life.

The operating assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of a subsidiary is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Recoverable amount of the cash-generating units is determined on the basis of a calculation of value in use based on an estimate of future income discounted by weighted average cost of capital. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Software

Separately acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of up to 4 years.

2.8 Impairment of non-financial assets

The Company determines the impairment indicators of the property, plant and equipment identified as separate cash generating units by using the GOP multiplicator and segment carrying net book values, which is determined by comparing the individual property segment (identified as separate cash generating unit ("CGUs") carrying values with the gross operating profit ("GOP").

If the determined ratios and multiples are not in line with expected amounts or targeted levels (at individual cash generating unit level), the recoverable amount is based as the higher amount of fair value less the costs of disposal and its value in use.

Determination of impairment indicators, determination of the fair value of assets (or group of assets), and estimation of future cash flows, which are based on the projections of expected cash flows, applicable discount rates, useful lives and remaining values require significant judgement by the management.

Determination of fair value less the costs of disposal is based on the market approach, which uses the prices and other relevant information generated by the market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business. The Company and Group use internal and external valuations.

2.9 Financial assets

2.9.1 Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income (OCI), and financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. The Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category includes financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by the Management. Assets in this category are classified as current assets except derivative financial instruments.

(b) Financial assets at fair value through other comprehensive income (OCI)

The Company measures financial assets at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of holding the financial assets to collect and selling contractual cash flows,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for the financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to profit or loss.

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

2.9 Financial assets / CONTINUED

2.9.1 Classification / CONTINUED

Changes in the fair value of equity instruments are recognized in other comprehensive income. After derecognition, the cumulative change in fair value in other comprehensive income is not recycled through profit or loss.

c) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective of holding financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Financial assets at amortised cost include trade receivables.

2.9.2 Measurement and recognition

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company committed to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. For trade receivables and contractual assets, the Company applies a simplified approach in the calculation of expected credit losses.

The Company does not monitor changes in credit risk but recognizes impairment based on lifetime expected credit loss at the end of each reporting period. Financial assets are written off when there is no reasonable expectation of payment collection.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within 'other (losses)/gains – net' in the period in which they arise.

The interest on securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on equity instruments are recognised in the statement of comprehensive income as part of other income when the right to receive payments is established.

The fair value of quoted investments is based on the current bid prices. If the market for financial instrument is not active (as is the case with unlisted securities) the Company establishes fair value using various valuation techniques, making maximum use of market inputs and inputs specific to the business entity.

2.9.3 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.10 Derivative financial instruments

Derivative financial instruments include forward contracts in foreign currencies and interest rate swaps. Derivative financial instruments are recognised in the statement of financial position at fair value. The fair value is determined according to the market value, if appropriate. All derivatives are recorded in the statement of financial position as assets when their fair value is positive, and as liabilities when their fair value is negative. These derivatives do not classify as hedge accounting and are recognised as derivatives held for trading.

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

2.11 Leases

At the beginning of the contract, the Company and the Group assess whether the contract contains elements of a lease, that is, whether the contract has the right to control the use of the asset concerned over a specified period in exchange for remuneration, in accordance to IFRS 16 Leases.

The Company and the Group as lessees

The Company and the Group apply a single recognition and measurement approach for all leases, except for short-term leases, leases of low-value assets and leases that cannot be considered leases under IFRS 16, which includes leases of exchangeable property, "ad hoc" leases (e.g. providing one-day hall rental services), licenses, etc.

(a) Right-of-use assets

The Company and the Group recognize the right-of-use assets on the lease's commencement (i.e., the date when the property in question is ready for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and is reconciled with any remeasurement of the lease liabilities. The cost of right-of-use assets includes the amount of recognized lease obligations, the initial direct costs, and all lease payment incurred on or before the lease commences, less any received rental incentives, if any. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.8 – *Impairment of non-financial assets*.

(b) Lease liabilities

At the beginning of the lease period, the Company and the Group recognize lease liability, measured at the present value of future lease payments over the period. The lease payments include fixed payments, variable lease payments that depend on the index or rate, and the amount expected to be paid under the residual value guarantee, if any. If included in the contract, lease payments also include the purchase price for which it is reasonably certain that the Company and the Group will use, and the payment of penalties for termination of the lease, if it is reasonably certain that the Company and the Group will exercise the option of terminating the lease. Variable lease payments that do not depend on an index or rate are recognised as expenses in the period in which they are incurred. In calculating the present value of lease payments, the Company and the Group use their incremental borrowing rate at the lease's commencement if the lease interest rate is not easily determined. The carrying amount of lease liabilities is remeasured if a change in the lease term occurs.

(c) Short-term leases and leases of low-value assets

The Company and the Group apply an exemption for the recognition of short-term leases for short-term leases (i.e. leases that have a lease term of 12 months or less from the commencement date and do not include a purchase option). The Company and the Group also recognize the exemption for the recognition of leases of low value assets. Payments for short-term and low-value assets leases are recognised as an expense on a straight-line basis over the lease term.

The Company and the Group as lessors

Leases in which the Company and the Group do not transfer substantially all the risks and rewards of asset ownership are classified as operating leases. Rental income is calculated on a straight-line basis in accordance with lease terms and is included in revenue in the Statement of comprehensive income due to its operational nature.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

Small inventory is written-off in full at the moment of commencement of the use (porcelain, glass, metal, kitchen appliances, sports inventory, work clothing and other small items), except of the part of small inventory (linens, sheets and towels) for which the useful life is estimated up to 3 years.

2.13 Trade receivables

Trade receivables are amounts due from the customers for the services provided in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less the impairment.

2.14 Loans and deposits

Provided loans and deposits represent non-derivative financial asset with fixed or determinable payments. It is included in current assets, except for assets with a maturity of more than 12 months after the balance sheet date. Such assets are classified as non-current assets. A discount rate that corresponds to the cost of borrowings to invest in the asset of same type, risk and maturity is used to calculate fair value of loans and deposit.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less.

2.16 Share capital

Ordinary shares are classified as equity. Where the Company and the Group purchase their equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from the equity attributable to the Company and Group equity holders until the shares are issued or purchased. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects and is included into the equity attributable to the Company and Group equity holders.

2.17 Borrowings

Borrowings are recognised initially at nominal value, net of transaction costs incurred which is fair value. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

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

2.17 Borrowings / CONTINUED

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility shall be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility shall be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it refers.

Borrowings are classified as current liabilities unless the Company and the Group have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired, i.e. provided in the ordinary course of business from, i.e. by the suppliers. Accounts payable are classified as current liabilities if the payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income or loss, except to the extent in which it refers to items recognised in equity.

Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting nor the taxable profit or loss.

Deferred income tax is determined using tax rates (and tax acts) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit shall be available, against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the temporary difference reversal is controlled by the Company and the Group and it is probable that the temporary difference shall not be reversed in the foreseeable future.

Investment tax credits

Investment tax credits are incentives arising from government incentive schemes, which enable the Company and the Group to reduce their income tax liability or liabilities arising from other specified taxes in future periods, and are linked to the construction or acquisition of certain assets and / or the performance of certain activities and / or the fulfilment of certain specific conditions prescribed in the relevant regulation on investment incentives adopted by the relevant authorities. Tax investment credits are recognised as a deferred tax asset and an income tax benefit when the criteria for recognition is fulfilled (Note 12 – *Income Tax*) in the amount which the Company and the Group shall be able to utilize until the incentive expires. Deferred tax assets recognised as a result of investment tax credits is utilised during the period of the incentive, i.e. until the expiration of the credits (if so specified) in accordance with and subject to the availability of the tax obligations in the future years, against which the credits can be offset.

2.20 Employee benefits

(a) Pension obligations and post-employment benefits

In the normal course of business, the Company and the Group make payments to mandatory pension funds on behalf of their employees through salary deductions as required by law. All contributions made to the mandatory pension funds are recorded as salaries expense when incurred. The Company and the Group do not have any other pension scheme and, consequently, have no other obligations in respect of employee pensions. In addition, the Company and the Group are not obliged to provide any other post-employment benefits.

(b) Termination benefits

Termination benefits are recognized when the Company and the Group terminate employment contracts of employees before their normal retirement date in accordance with pension and labour regulations. The Company and the Group recognize termination benefits when they have made an individual decision on the termination of an employment agreement due to business or personal reasons, whereby the liability to pay termination benefits are objectively determined, in accordance with regulations and by-laws.

(c) Short-term employee benefits

The Company and the Group recognise a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. In addition, the Company and the Group recognise a liability for accumulated compensated absences based on unused vacation days at the reporting date and if the liability can be reliably estimated.

(d) Long-term employee benefits

The Company and the Group recognise the obligation for long-term employee benefits (severance retirement payments and jubilee awards) evenly over the period in which the benefit is realised, based on the actual number of years of service. The long-term employee benefit obligation includes the assumptions on the number of employees to whom the benefits should be paid, the estimated cost of the benefits and the discount rate.

(e) Employee benefits in the form of own shares

The cost of transactions that are settled to employees with equity instruments is recognized as an expense in the vesting period. The total employee cost is determined according to a predefined award fund for each employee and the number of shares awarded depends on the share fair value on the date of award.

Employee benefits in the form of shares are presented within salaries and other employee costs (Note 8 – *Staff costs*), together with a corresponding increase within equity for the shares value (as part of Other reserves - Note 25 – *Reserves and retained earnings*) and Liabilities for calculated tax - rewarding in shares (Note 28 – *Trade and other payables*).

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

2.21 Provisions

Provisions are recognised when: the Company and the Group have a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources shall be required to settle the obligation; and the amount has been reliably estimated.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

The amount of provisions is increased in each period to reflect the past period. The increase in the provision due to the passage of time is recognised as interest expense.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of Company's and Group's activities. Revenue is shown net of value-added tax. Group's revenues are shown after eliminating sales within the Group.

The Company and the Group recognise revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits shall flow to the entity and when specific criteria have been met for each of the Company's and Group's activities as described below.

(a) Sales of services

Revenue from hotel and tourist services is recognised in the period in which the services are provided.

(b) Rental of services

Revenue for rental services is generally recognised in the period in which the services are provided using a straight-line basis over the terms of contracts with lesser and presented in Statement of comprehensive income within 'Sales revenue'.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company and the Group reduce the carrying amount to its recoverable amount being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.23 Earnings/(loss) per share

Earnings/(loss) per share are determined by dividing the profit or loss attributable to equity holders of the Group by the weighted average number of participating shares outstanding during the reporting year less ordinary shares purchased by the Company, which are hold as treasury shares.

2.24 Value added tax

The Tax Authorities require the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the statement of financial position on a net basis. Where a provision has been made for the impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2.25 New and amended standards and interpretations

2.25.1 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group/Company as of 1 January 2024:

- **Amendments to IAS 7** *Statement of Cash Flows and IFRS 7 Financial instruments:* Disclosures: Supplier Finance Arrangements, issued on 25 May 2023 (effective date for annual periods beginning on or after 1 January 2024)
- **Amendments to IAS 1** *Presentation of Financial Statements:* Classification of liabilities as Current or Non-current, Classification of liabilities as Current and Non-current – Deferral of the effective date and Non-current liabilities with Covenants, issued on 23 January 2020, 15 July 2020 and 31 October 2022 respectively (effective date for annual periods beginning on or after 1 January 2024)
- **Amendments to IFRS 16** *Leases:* Lease liabilities in Sale and Leaseback, issued on 22 September 2022 (effective date for annual periods beginning on or after 1 January 2024)

The adoption of these Standards and Interpretations had no impact on the financial statements of the Company and the Group.

2.25.2 Standards issued but not yet effective and not early adopted

- **Amendments to IAS 21** *The Effects of Changes in Foreign Exchange Rates:* Lack of Exchangeability, issued on 15 August 2023 (effective date for annual periods beginning on or after 1 January 2025)

2.25.3 Standards and Interpretations issued by IASB but not yet adopted by the EU

At the date of authorization of these financial statements the following standards, revisions and interpretations were in issue by the International Accounting Standards Board but not yet adopted by the EU:

- **IFRS 18** *Presentation and Disclosure in Financial Statements (issued on 9 April 2024)*
- **IFRS 19** *Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)*
- **Amendments to IFRS 9 and IFRS 7** – Contracts Referencing Nature-dependent Electricity (issued on 18 December 2024)
- **Amendments to IFRS 9 and IFRS 7** – Classification and Measurement of Financial Instruments (issued on 30 May 2024)
- **Annual improvements to IFRS Accounting Standards** – Volume 11 (issued on 18 July 2024)

The Company and the Group does not anticipate that the adoption of these Standards and Interpretations will have a significant impact on the financial statements of the Company and the Group.

NOTE 3 – FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

In their day-to-day business activities, the Company and the Group face a number of financial risks, especially market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company and the Group have a proactive approach in mitigating the interest rate risks by using available market instruments. Internal risk management goals and policies aim at protecting partial interest hedging of the principal loan amount.

(a) Market risk

(i) Foreign exchange risk

The Company and the Group operate internationally, measured by overnight stays generated from various source markets. With the Republic of Croatia's entry into the Eurozone on 1 January 2023, nearly 100% of revenues and cash inflows are now denominated in euros. As a result, currency risk (the potential loss due to fluctuations in exchange rates) has been nearly completely eliminated.

(ii) Interest rate risk

Interest rate risk is the risk of changes in interest rates that could lead to changes in the level of obligations and interest income.

To reduce interest rate risk, the Company and the Group actively implement interest rate hedging using interest rate swaps (converting a variable interest rate to a fixed one), thereby effectively transforming variable-rate borrowings into fixed-rate ones. The impact of interest risk on operations is limited because the majority of the Company's and the Group's loan portfolio consists of long-term loans with fixed interest rates or are secured by interest rate swaps.

The Company and the Group have assets (cash and deposits) that generate interest income, and income and cash flows from their placements depend on changes in market interest rates. This risk is particularly pronounced in the seasonal period when the Company and the Group realize significant cash surpluses. Cash investments are mostly made on a short-term basis, at market interest rates.

(b) Credit risk

Credit risk arises from cash, time deposits and receivables. According to the Company's and Group's sales policy, business transactions are conducted only with customers with suitable creditworthiness, i.e. by agreeing advances, bank securities and payments made through credit card companies. The Company and the Group continuously monitor their exposure towards customers and their credit rating as well as obtain security instruments in order to reduce bad debt risks related to services provided. Receivables are secured using instruments such as promissory notes, bank guarantees, and mortgages which reduces the risk of non-collection.

Exposure to credit risk also arises from cash and deposits with commercial banks. To diversify the risk, a maximum exposure level to each individual bank is set, and relevant qualitative and quantitative indicators of the financial stability of banks are continuously monitored.

(c) Liquidity risk

The Company and the Group prudently manage liquidity risk and ensure at all times that sufficient cash is available from their own sources and available credit lines form investments and working capital. Repayments of credit obligations are aligned with periods of significant cash inflows from operational activities. Liquidity is monitored daily through reports on the status of cash balances and short-term and long-term liabilities. As at 31 December 2024, the Company has contracted unused credit lines with financial institutions for 2025 in the total amount of EUR 105,792 thousand, and the Group in the total amount of EUR 152,077 thousand. The increase in unused credit lines is a consequence of contracting long-term investment loans for Pical Resort, i.e. Arba Resort. Excess funds are invested in current accounts and time deposits, with instruments selected based on appropriate maturities and sufficient liquidity, in accordance with projected needs.

NOTE 3 – FINANCIAL RISK MANAGEMENT / CONTINUED

3.1 Financial risk factors / CONTINUED

The expected contractual cash flows for financial liabilities of the Group and the Company are analysed in the table below. The amounts stated below include interest, if applicable, and represent undiscounted cash flows.

GROUP

(in thousands of EUR)	Less than 3 months	3 months-1 year	1-3 years	3-6 years	Over 6 years
					As at 31 December 2023
Trade and other payables	16,599	6,599	-	11,955	-
Borrowings	10,499	46,468	97,668	107,379	59,989
Right-of-use assets and lease liabilities	118	475	1,318	797	435
Total liabilities (contractual maturities)	**27,216**	**53,542**	**98,986**	**120,131**	**60,424**
					As at 31 December 2024
Trade and other payables	26,296	514	812	8,525	-
Borrowings	52,339	56,493	85,913	104,584	64,645
Right-of-use assets and lease liabilities[1]	1,830	5,490	14,856	18,054	150,871
Total liabilities (contractual maturities)	**80,465**	**62,497**	**101,581**	**131,163**	**215,516**

COMPANY

(in thousands of EUR)	Less than 3 months	3 months-1 year	1-3 years	3-6 years	Over 6 years
					As at 31 December 2023
Trade and other payables	13,059	5,773	-	11,411	-
Borrowings	7,093	29,751	58,969	57,008	48,518
Right-of-use assets and lease liabilities	133	524	1,318	736	324
Total liabilities (contractual maturities)	**20,285**	**36,048**	**60,287**	**69,155**	**48,842**
					As at 31 December 2024
Trade and other payables	20,625	514	-	8,524	-
Borrowings	49,205	39,316	45,837	58,451	49,880
Right-of-use assets and lease liabilities[1]	1,786	5,359	14,177	16,801	134,640
Total liabilities (contractual maturities)	**71,616**	**45,189**	**60,014**	**83,776**	**184,520**

[1] A significant increase in the right-of-use assets lease liability relates to the lease of tourist land. In Note 27 – *Right of use assets and lease liabilities*, the present value of the lease liability for the tourist land lease is disclosed.

NOTE 3 – FINANCIAL RISK MANAGEMENT / CONTINUED

3.2 Capital management

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

3.3 Fair value estimation

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

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

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

Fair value hierarchy

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

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

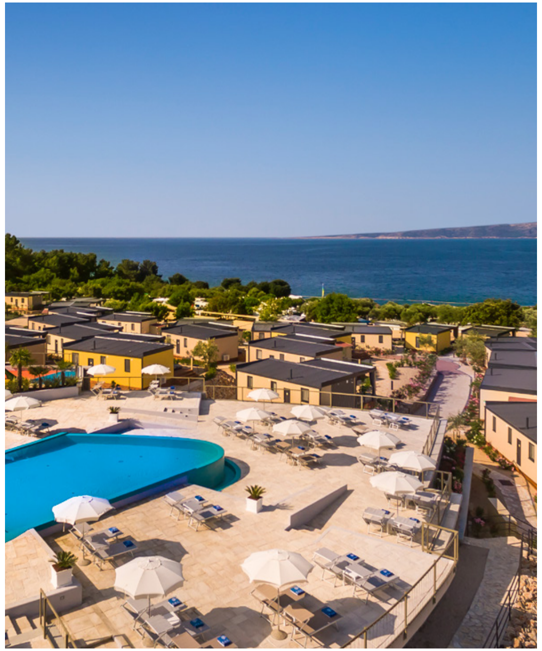
The following table presents assets measured at fair value as at:

GROUP				
(in thousands of EUR)	Level 1	Level 2	Level 3	Total
				As at 31 December 2023
Assets measured at fair value				
Financial assets - equity securities	158	-	-	158
Derivative financial instruments	-	2,282	-	2,282
Total assets measured at fair value	**158**	**2,282**	**-**	**2,440**
				As at 31 December 2024
Assets measured at fair value				
Financial assets - equity securities	-	23	-	23
Derivative financial instruments	-	817	-	817
Total assets measured at fair value	**-**	**840**	**-**	**840**

COMPANY				
(in thousands of EUR)	Level 1	Level 2	Level 3	Total
				As at 31 December 2023
Assets measured at fair value				
Financial assets - equity securities	154	-	-	154
Derivative financial instruments	-	1,227	-	1,227
Total assets measured at fair value	**154**	**1,227**	**-**	**1,381**
				As at 31 December 2024
Assets measured at fair value				
Financial assets - equity securities	-	19	-	19
Derivative financial instruments	-	319	-	319
Total assets measured at fair value	**-**	**338**	**-**	**338**

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES

The Company and the Group make estimates and assumptions about uncertain events, including estimates and assumptions about the future. Such accounting assumptions and estimates are regularly evaluated, and are based on historical experience and other factors such as the expected flow of future events that can be rationally assumed in existing circumstances, but nevertheless necessarily represent the sources of estimation uncertainty. These and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.



(a) Impairment of non-financial assets

The application of IAS 36 – Impairment Test observes the relationship between the carrying amount, i.e. book value of an asset and its recoverable amount, where the impairment does not exist if the recoverable amount is equal to or greater than the carrying amount. The recoverable amount is determined using the higher of an asset's fair value less costs to dispose and its value in use.

In general, the Company determines the impairment indicators of property, plants and equipment by applying the multiplicators of segment net book value and operating profit, whereby the net book values of individual property segments (identified as separate cash generating units -"CGUs") are compared with the operating profit achieved. CGUs (PCGM) is a group of assets of the lowest organizational unit that generates mostly independent cash inflows and on the basis of which performance is monitored and decisions are made on the acquisition and disposal of related assets, as well as operations.

If the determined ratios are not in line with targeted levels (at individual cash generating unit level), the recoverable amount is determined based on fair value less the costs of disposal or value in use, whichever is greater. Furthermore, the recoverable amount is determined for newly acquired property (including property acquired through business combinations). To determine the recoverable amount, the Company and Group use internal and external valuations.

Determination of impairment indicators, determination of the fair value of assets (or group of assets), and estimation of future cash flows require significant judgement by the management while recognizing and assessing the impairment indicators, expected cash flows, future investments, applicable discount rates, useful lives and remaining values. When determining the recoverable amount, the management considers various indicators such as occupancy of properties, revenue per unit, expected market growth in the hotel industry, etc.

The calculation of fair value less the costs of disposal is based on the market approach, which uses the prices and other relevant information generated by the market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as business activity segments.

In 2023, it was estimated that there are no indicators of impairment for profit centers in the Company, while for several profit centers that generate money (PCGM) in the subsidiary there are potential indicators of impairment and an assessment based on value in use was approached. Through impairment tests conducted in 2023, the Group demonstrated that it was not necessary to impair value of tangible and intangible assets, in accordance with the established values in use, applying a discount rate of 9.46%, a cash flow projection period of 5 years, a growth rate of 6%, and for certain assets based on fair value which was confirmed by certified appraisers. For 2024, there were no indicators of impairment of non-financial assets and no valuations performed.

(b) Estimated useful lives

By using a certain asset, the Company and the Group use the economic benefits contained in this asset, which diminish more intensely with economic and technological aging. Consequently, in the process of determining the useful life of an asset, in addition to assessing the expected physical utilisation, it is necessary to consider the changes in demand on the tourist market, which shall cause a faster economic obsolescence as well as a more intense development of new technologies. Current business operations in the hotel industry impose the need for more frequent investments, and this circumstance contributes to the fact that the useful life of an asset is decreasing.

Based on historical information, and in line with the technical department, the useful life of buildings components was assessed by the Management to be 10 to 25 years. The useful lives of equipment and other assets have also been assessed.

The useful life of property, plant and equipment shall be periodically revised to reflect any changes in circumstances since the previous assessment. Changes in estimate, if any, shall be reflected prospectively in a revised depreciation charge over the remaining, revised useful life.

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES / CONTINUED

(c) Recognition of deferred tax assets

Deferred tax assets represent amount of corporate income tax that are recoverable based on future deductions of taxable income and are recognized in the statement of financial position. Deferred tax assets are recognized to the amount of tax revenue that is probable that it will be realized. In determining future taxable profit and the amount of tax revenue that is probable to be realized in the future, the management makes judgments and estimates based on previous years' taxable profit and expectations of future income that are considered reasonable in the existing circumstances.

Incentives for investments are realized on the basis of regulations on stimulation of investments and improving the investment environment based on the application of a specific project to the competent ministry, which issues a decision on gaining the status of incentive holder for investments and calculation of maximum incentive amount when a company meets the required conditions.

Each project involves investments in a three-year cycle that begins with acquiring incentive holder status. The competent ministry is informed about the annual investments made, and the incentives enable the tax liability to be reduced from the moment of the investment to the expiry of 10 years. Tax assets and tax revenue are recognized on the investment made when the conditions are met, and previously recognized tax assets are derecognized during the period of the incentive measure, i.e. until the expiration of the incentive. Explained detailed in Note 12 – *Income tax*.

(d) Consolidation

The Valamar Riviera Group (the Group) consists of the Company Valamar Riviera d.d. (the Company) and its subsidiaries as it is presented in Note 1 – *General Information*. The assets and liabilities of the related Companies are fully included in the consolidated statement of financial position of the Group as at 31 December 2024, eliminating the parent Company's share in subsidiaries and the position of capital and reserves of subsidiaries and mutual receivables and liabilities. Mutual transactions are excluded from the consolidated statement of financial position and the consolidated statement of comprehensive income.

The Company is a holder of 1,054,728 shares which represents 46.27% of voting rights. The Company has entered into an Agreement with the AZ mirovinski fond which are significant shareholders of Imperial Riviera (Imperial Riviera's shareholders agreement). Furthermore, the Company has entered into a hotel management agreement with Imperial Riviera d.d. which falls under other business agreements. The Company significantly influences the business of Imperial Riviera d.d. through the operational management of hotel and tourist facilities, and it is entitled to a management fee. As a result, the Company's exposure to returns is significantly higher than the return based on voting rights.

Based on the Company's proposal, members of the Management Board of Imperial Riviera d.d. are appointed and responsible for strategic and current planning, as well as directing the business operations.

A combination of all of the above factors indicates control of the Company over a subsidiary Imperial Riviera d.d. in accordance to IFRS 10.

During 2024, there was no changes in the structure of the Group.

(e) Leases

New significant evaluations are related to the introduction of IFRS 16 Leases and mostly relate to estimates of lease term, discount rate and whether contract includes elements of a lease.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Company and the Group determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company and the Group have several lease contracts that include extension and termination options. The Company and the Group apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company and the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., significant customisation to the leased asset).

The Company and the Group have several leases that are expected to be extended, however the Company and the Group do not expect to terminate the contracts before the lease term expiry. The Company and the Group have included the extension term in the lease term for term that have shorter non-cancellable term (e.g. 2-3 years). The Company and the Group mainly expect to extend the leases that would have negative effect on business if a replacement asset is not readily available.

Refer to Note 27 – *Rights-of-use assets and lease liabilities* for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Property lease classification – the Company and the Group as lessor

The Company and the Group, as the lessor classify leases as either operating or financial lease. The classification depends more on the content of the transaction than on the form of the contract, taking into account whether ownership of the released asset is transferred at the end of the lease term, as well as the assessment of the coverage of the asset's economic life during the lease period and the residual value of the asset.

Leases – Estimating the incremental borrowing rate

The Company and the Group cannot readily determine the interest rate implicit in the lease, therefore, they use theirs incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company and the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company and the Group estimate the IBR based on several inputs. Interest rate that is applied on lease contract presents the lessee's credit rating, lease term, security and economic environment. Interest rate is calculated based on comparable transactions. Information used by the Company to determine the IBR are changed annually at least or in the event of significant changes in the Company's credit rating.

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES / CONTINUED

(e) Leases / CONTINUED

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

Due to the transition from public to private ownership, e.g. in the transformation and privatisation process and the fact that the properties of the Company and the Group that were used in the transformation process were appraised in the share capital of the Company, and a part was not appraised, there are certain ambiguities and proceedings regarding the ownership of a part of the land within the majority of tourist companies, as well as Company and the Group.

A more detailed description of proceedings and unsolved situations for properties of the Company are disclosed in the Note 31 – *Contingencies and commitments*. According to the Act on Tourist and Other Construction Land not appraised in the transformation and privatisation process ("the ZOTZ"), which entered into force on 1 August 2010, a concession fee for the use of tourist land with an area of 3.29 mn m^2 was calculated for the Company and 3.47 mn m^2 for the Group. With the entry into force of the Act on unappraised land ("the ZNGZ") on 2 May 2020 the ZOTZ ceased to be valid.

The ZNGZ prescribes the obligation to determine and form buildings on appraised parts of campsites, hotels, tourist resorts and other construction land as ownership of the Company and the Group and buildings on unappraised parts of campsites, hotels, tourist resorts and other construction land as ownership of Republic of Croatia or local governments. For parts of a land owned by the Republic of Croatia or local governments, the Company and the Group currently do not have lease agreements in place. However, they are actively working on preparing such agreements, with the lease term set for 50 years, starting from 2 May 2020.

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

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

After the adopted Regulations, the Company and the Group revised the areas of tourist land and estimated that in the future the Company will use 2.6 mn m^2 and the Group 2.8 mn m^2. After the adoption of the Regulations, the Company and the Group in 2023 cancelled all provisions from the previous years (2020-2022), posted the amount of the rental cost for new areas and prices in accordance with the provisions of the Regulations, including the cost related to the year 2023, and corrected obligation for concessions for new areas for the period 2010-2020. The net effect of these transactions in 2023 is shown in Note 7 – *Cost of materials and services*.

The accounting treatment of leases by lessees, including the rent of tourist land according to the provisions of the ZNGZ, should be viewed in the context of provisions of IFRS 16 Leases. However, when analyzing the effects of the Act and Regulations and the actual application of the relevant standard, significant evaluations of the criteria for the application of IFRS 16 are required.

According to the Regulations lease fees are determined as an indexed unit price per square meter up to a maximum of 4% of the tourist facility income of the previous period. The Company and the Group made detailed analysis of fees for each individual tourist facility.

For tourist facilities for which the variable income threshold is estimated to be unlikely (very low probability) to ever be exceeded, the payments are basically fixed and the indexed unit price per square meter is included in the calculation of the rental obligation.

The estimated annual amount of rent for tourist land according to the new law (ZNGZ) is EUR 4 million for the Company and EUR 4.4 million for the Group. The Company and the Group estimate that the majority of the rent, which is calculated at a fixed price starting from 1 January 2024 will be accounted for in accordance with the provisions of IFRS 16 (Note 27 – *Right-of-use assets and lease liabilities*).

According to the prescribed unit rent prices from the Regulations and the determinated discount rate of 5.42% to 7.96% for the Group, an assessment of the value of assets and liabilities with the right of use was carried out in accordance with IFRS 16 on January 1, 2024 and amounts to EUR 58 million for the Company and EUR 62.8 million for the Group (Note 27 – *Right of use assets and lease liabilities*).

For tourist facilities for which it is estimated that the variable income limit will be reached in most years, the payments are considered variable and as such are excluded from the lease liability, i.e. the criteria for applying IFRS 16 are not met. Variable lease payments are recognized in the statement of comprehensive income for the period (Note 7 – *Cost of material and services*).

NOTE 5 – SEGMENT INFORMATION

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group's Management (the chief operating decision-makers) who are responsible for allocating resources to the reportable segments and assessing its performance.

The Group records operating revenues and expenses by types of services rendered in three basic segments: hotels and apartments, camping and other business segments. Revenue was divided between segments according to the organisational principle, where all of the income generated from camping profit centres was reported in the camping segment, and all of the income generated from hotel and apartment profit centres was reported in that segment. Other business segments include revenue from laundry services, other rentals of properties, revenue generated from the central services and central kitchens, agency revenue and revenue from the accommodation of employees.

The segment information related to reportable segments for the year ended 31 December 2023 is as follows:

GROUP				
(in thousands of EUR)	Hotels and apartments	Campsites	Other business segments	Total
Revenue from segments	239,363	111,105	46,677	397,145
Inter-segment revenue	(1,284)	(86)	(30,056)	(31,426)
Sales revenue	**238,079**	**111,019**	**16,621**	**365,719**
Depreciation and amortisation	40,138	17,619	8,021	65,778
Net finance income/(expense)	(6,780)	(1,392)	138	(8,034)
Write-off of fixed assets	514	167	397	1,078
Profit/(loss) of segment	110,614	71,213	(59,524)	122,303
Segment assets	**409,330**	**178,780**	**92,620**	**680,730**
Segment liabilities	**227,543**	**92,153**	**32,425**	**352,121**

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

The segment information related to reportable segments for the year ended 31 December 2024 is as follows:

GROUP				
(in thousands of EUR)	Hotels and apartments	Campsites	Other business segments	Total
Revenue from segments	275,653	116,335	58,319	450,307
Inter-segment revenue	(1,857)	(128)	(37,000)	(38,985)
Sales revenue	**273,796**	**116,207**	**21,319**	**411,322**
Depreciation and amortisation	41,047	19,050	8,777	68,874
Net finance income/(expense)	(7,644)	(3,894)	(1,057)	(12,595)
Write-off of fixed assets	530	129	573	1,232
Profit/(loss) of segment	127,998	72,698	(68,570)	132,126
Segment assets	**497,985**	**220,098**	**97,016**	**815,099**
Segment liabilities	**278,223**	**124,223**	**76,393**	**478,839**

All hotels, apartments and campsites (operating assets) are located in the Republic of Croatia, except for three rented hotels operating in Austria as part of the Subsidiary Valamar Riviera d.d. Zweigniederlassung Austria. The subsidiary has leased hotels since 1 November 2024.

NOTE 5 – SEGMENT INFORMATION / CONTINUED

Reconciliation of the profit per segment with profit/(loss) before tax is as follows:

GROUP		
(in thousands of EUR)	2023	2024
Revenue		
Revenue from segments	397,145	450,307
Inter-segment revenue elimination	(31,426)	(38,985)
Total sales revenue	**365,719**	**411,322**
Profit		
Profit from segments	122,303	132,126
Other unallocated expenses	(79,239)	(80,997)
Profit/(loss) from financial and extraordinary activities	(9,623)	(14,144)
Total profit/(loss) before tax	**33,441**	**36,985**

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

GROUP				
(in thousands of EUR)	2023		2024	
	Assets	Liabilities	Assets	Liabilities
Segment assets/liabilities	**680,730**	**352,121**	**815,099**	**478,839**
Hotels and apartments segment	409,330	227,543	497,985	278,223
Campsites segment	178,780	92,153	220,098	124,223
Other business segment	92,620	32,425	97,016	76,393
Unallocated	**145,481**	**27,269**	**143,846**	**31,492**
Investments in associate	16,250	-	16,108	-
Other financial assets	158	-	23	-
Loans and deposits	25,422	-	17,212	-
Cash and cash equivalents	55,185	-	59,754	-
Other receivables	6,065	-	9,161	-
Deferred tax assets/liabilities	40,120	5,719	40,771	5,146
Other liabilities	-	17,376	-	23,869
Derivative financial assets/liabilities	2,281	-	817	-
Provisions	-	4,174	-	2,477
Total	**826,211**	**379,390**	**958,945**	**510,331**

The Group's hospitality services are provided in Croatia and Austria from 1 November 2024 to domestic and foreign customers. The Group's sales revenues are classified according to the customers' origin.

GROUP				
(in thousands of EUR)	2023	%	2024	%
Revenue from sales to domestic customers	41,276	11.29	49,641	12.07
Revenue from sales to foreign customers	324,443	88.71	361,681	87.93
	365,719	**100.00**	**411,322**	**100.00**

NOTE 5 – SEGMENT INFORMATION / CONTINUED

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

GROUP				
(in thousands of EUR)	2023	%	2024	%
Sales to foreign customers				
EU members	270,012	83.22	290,752	80.39
Other	54,431	16.78	70,929	19.61
	324,443	**100.00**	**361,681**	**100.00**

NOTE 6 – OTHER INCOME

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Income from donations and other	434	521	336	358
Income from provision release[1]	3,109	1,615	1,353	1,615
Reimbursed costs	281	377	481	560
Income from insurance and legal claims	802	602	677	347
Income from own consumption	84	95	82	88
Collection of receivables previously written-off	210	34	206	32
Other income	1,451	2,328	1,167	1,846
	6,371	**5,572**	**4,302**	**4,846**

[1] Income from provision release of the Company and the Group mostly refer to the cancellation of provisions for legal cases.

NOTE 7 – COST OF MATERIALS AND SERVICES

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Raw materials and supplies				
Raw materials and supplies used[1]	39,814	45,885	31,401	35,353
Energy and water used	23,043	24,380	17,951	18,831
Small inventory	4,546	4,099	3,833	3,292
	67,403	**74,364**	**53,185**	**57,476**
External services				
Maintenance	13,987	14,306	11,877	11,815
Commission fees (tourist agencies and credit cards)	6,290	7,558	3,986	4,473
Marketing, promotion and fairs	6,528	8,095	6,133	7,629
Communal fees[2]	7,363	7,815	6,509	6,914
Telecommunication and transport	2,703	3,202	2,304	2,780
Rent[3]	6,760	3,841	5,759	3,532
Recreation services	1,606	1,888	1,052	1,222
Laundry services	1,180	2,056	2,240	2,699
Services of arrangement and other contents	574	628	405	398
Informatics services	1,355	1,611	1,319	1,574
Protection services	827	975	679	820
Other services[4]	1,671	1,886	1,743	1,985
	50,845	**53,861**	**44,006**	**45,841**
	118,248	**128,225**	**97,191**	**103,317**

[1] Cost of materials and services of the Company is comprised of raw materials and supplies used of EUR 4,627 thousand (2023: EUR 4,478 thousand), food and beverage costs of EUR 24,635 thousand (2023: EUR 22,922 thousand) and other materials and supplies used of EUR 6,091 thousand (2023: EUR 4,001 thousand).

[2] Communal fees are related to sewage water disposal services, disposal and collection of bio-waste, communal and useful waste and similar.

[3] The most significant item of rent cost refers to the cost of tourist land lease determined in accordance with the ZNGZ and adopted Regulations for the period 2020-2023 in the amount of EUR 10,832 thousand for the Company and EUR 11,920 thousand for the Group. The cost is reduced for the cancelled provisions for tourist land in the period 2020-2022 in the amount of EUR 5,272 thousand for the Company and EUR 5,581 thousand for the Group, and for the determined income as a result of the reduction of the area of tourist land leased according to the ZOTZ for the period 2011-2020 in the amount of EUR 1,682 thousand for the Company. Expenses related to Company's and Group's short-term leases and low-value asset leases (exemptions according to IFRS 16) are included in Rent, as well as variable leases and leases that do not meet the classification criteria according to IFRS 16.

[4] Other services of the Group mainly comprise of provision costs of EUR 344 thousand (2023: EUR 271 thousand), health and safety testing costs of EUR 142 thousand (2023: EUR 184 thousand), costs of water rescue services EUR 186 thousand (2023: EUR 123 thousand) and market research services EUR 26 thousand (2023: EUR 43 thousand).

NOTE 8 – STAFF COSTS

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Net salaries[1]	65,193	73,995	51,950	59,567
Pension and taxes contributions[1]	25,746	29,249	20,616	23,331
Health insurance contributions[1]	13,638	15,550	10,798	12,428
Termination benefits	103	186	70	121
Provisions for staff[2]	1,294	1,097	1,098	1,069
Other staff costs[3]	22,647	28,897	18,524	23,472
	128,621	**148,974**	**103,056**	**119,988**
Number of employees at 31 December	3,319	3,814	2,541	2,969

[1] The included cost of bonus in shares which for the Group amounts to EUR 1,035 thousand (2023: EUR 514 thousand), while for the Company it amounts to EUR 948 thousand (2023: EUR 468 thousand).

[2] Provisions for staff are related to long-term employee benefits (termination benefits and jubilee awards).

[3] Other staff costs comprise non-taxable receipts (accommodation and meals for employees, Christmas bonuses, regress, awards and similar) in the amount of EUR 18,749 thousand (2023: EUR 13,414 thousand) for the Group and EUR 14,830 thousand for the Company (2023: EUR 10,587 thousand), remunerations for student temporary services in the amount of EUR 3,001 thousand (2023: EUR 2,849 thousand) for the Group and EUR 2,353 thousand for the Company (2023: EUR 2,316 thousand), transportation costs in the amount of EUR 3,472 thousand (2023: EUR 3,322 thousand) for the Group and EUR 2,882 thousand for the Company (2023: EUR 2,794 thousand) and other.

On behalf of building of fixed assets, the Group and the Company capitalize salary costs.

The Group capitalised net salaries cost in the amount of EUR 1,365 thousand (2023: EUR 1,150 thousand), cost of contributions and tax from salaries in the amount of EUR 572 thousand (2023: EUR 482 thousand) and cost of contributions on salaries in the amount of EUR 302 thousand (2023: EUR 232 thousand). During the year the Group's average number of employees is 4,983 (2023: 4,776).

The Company capitalised net salaries cost in the amount of EUR 1,039 thousand (2023: EUR 813 thousand), cost of contributions and tax from salaries in the amount of EUR 436 thousand (2023: EUR 338 thousand) and cost of contributions on salaries in the amount of EUR 226 thousand (2023: EUR 154 thousand). During the year the Company's average number of employees is 3,809 (2023: 3,628).

NOTE 9 – OTHER OPERATING EXPENSES

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Municipal and other charges	6,047	6,887	4,748	5,411
Professional and other services[1]	4,462	5,351	3,557	4,413
Insurance premiums	1,175	1,462	948	1,160
Write-off of property, plant and equipment[2]	1,078	1,232	825	989
Entertainment	1,209	1,418	1,106	1,334
Bank charges	156	199	113	154
Provisions for legal proceedings	263	65	227	47
Value adjustment of assets	37	64	36	33
Membership fee to associations and other administrative expenses	369	564	293	350
Other	2,363	3,305	974	2,540
	17,159	**20,547**	**12,827**	**16,431**

[1] Professional and other services of the Group and the Company are mostly related to consulting services in the amount of EUR 759 thousand (2023: EUR 846 thousand) for the Group and EUR 697 thousand for the Company (2023: EUR 783 thousand), Supervisory Board fees in the amount of EUR 820 thousand (2023: EUR 826 thousand) for the Group and EUR 518 thousand for the Company (2023: EUR 530 thousand), students and scholarships fees in the amount of EUR 641 thousand (2023: EUR 654 thousand) for the Group and EUR 454 thousand for the Company (2023: EUR 439 thousand), lawyer fees in the amount of EUR 644 thousand (2023: EUR 385 thousand) for the Group and EUR 578 thousand for the Company (2023: EUR 306 thousand) and audit fees in the amount of EUR 163 thousand (2023: EUR 156 thousand) for the Group and EUR 113 thousand for the Company (2023: EUR 108 thousand).

[2] Write-off of property, plant and equipment relates to demolition of parts of buildings as a part of new investments. Demolition of buildings amounts to EUR 552 thousand (2023: EUR 591 thousand) for the Group and EUR 390 thousand (2023: EUR 497 thousand) for the Company, and other write-offs amounts to EUR 680 thousand (2023: EUR 487 thousand) for the Group and EUR 599 thousand (2023: EUR 328 thousand) for the Company.

NOTE 10 – OTHER GAINS/(LOSSES) – NET

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Net gains on sale of property, plant and equipment	118	135	90	113
	118	**135**	**90**	**113**

NOTE 11 – FINANCE INCOME/(EXPENSE) – NET

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Interest income	2,377	2,151	1,651	1,109
Net foreign exchange gains from financing activities	537	534	537	534
Net foreign exchange gains - other	1	5	-	3
Realised net gains from changes in value of interest rate swaps	-	193	-	-
Subsidiary liquidation	-	-	271	-
Income from cassa sconto	204	340	186	308
Dividend income	2	-	2,185	4,978
Other financial gains	4	2	183	50
Total financial income	**3,125**	**3,225**	**5,013**	**6,982**
Interest expense[1]	(8,833)	(13,975)	(5,034)	(10,121)
Net foreign exchange losses - other	-	-	(3)	-
Realised net losses from changes in value of interest rate swaps	(1,169)	(1,657)	(940)	(774)
Change in the value of interest rate swaps	(1,146)	-	(299)	(134)
Other financial losses	(11)	(188)	(11)	(188)
Total financial expense	**(11,159)**	**(15,820)**	**(6,287)**	**(11,217)**
Financial expense - net	**(8,034)**	**(12,595)**	**(1,274)**	**(4,235)**

[1] Interest expenses are reduced for the income from the interest rate swaps.

NOTE 12 – INCOME TAX

Income tax comprise:

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Current tax	2,878	5,383	2,872	5,318
Deferred tax	(3,105)	(1,216)	5,086	(234)
Tax (income)/expense	**(227)**	**4,167**	**7,958**	**5,084**

Reconciliation of the effective tax rate:

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Profit/(loss) before tax[1]	33,882	37,954	33,344	31,986
Income tax	5,969	6,830	6,002	5,757
Tax exempt income	(88)	(99)	(445)	(964)
Non-deductible expenses	460	448	181	227
Investment tax credits	(6,568)	(3,074)	2,220	-
Recognition of other deferred tax assets	-	62	-	64
Tax (income)/expense	**(227)**	**4,167**	**7,958**	**5,084**
Effective tax rate	**-**	**10.98%**	**23.86%**	**15.90%**

[1] The gross profit of the Group and the Company less the gross profit of the Subsidiary liable to pay profit tax in Austria.

NOTE 12 – INCOME TAX / CONTINUED

Croatian tax legislation does not allow tax losses to be transferred among group companies. In accordance with the regulations of the Republic of Croatia, the Tax Authority may at any time inspect the Group Company's books and records within three years following the year in which the tax liability was reported, and may impose additional tax assessments and penalties. The Company has no cash outflows based on tax payments.

Income tax is calculated using the legal income tax rate of 18% in the Republic of Croatia.

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

The profit tax supervision for the year 2021 is currently in progress, and at this moment the Company does not expect a negative impact on the financial statements of the Company and the Group.

In December 2024, the Supreme Court annulled the rulings of the High Administrative Court of the Republic of Croatia and the Administrative Court in Rijeka, which has been made in favour of the Company in the dispute related to the tax liability under the tax audit from 2010 in the legal predecessor Rabac d.d.

In the case of losing in the dispute, the Company does not expect a significant impact on the financial statements of the Company and the Group.

Incentives in the Company

Pursuant to the Investment Promotion and Investment Environment Improvement Act of 2012 (NN 111/12), the amendment of the 2013 Act (NN 111/12, 28/13) and the Investment Promotion and Investment Environment Improvement Regulation of 2013 (NN 40/13), in 2014, the Company acquired the status of incentive measure for investments holder according to the submitted project at Valamar Isabella Resort and investments in Family Life Bellevue Resort and Valamar Girandella Resort in Rabac for the period from 18 March 2014 until 17 March 2017.

During the period of the holder of incentive measures, the Company realized a total of EUR 19,371 thousand of tax incentives for investments made according to above mentioned, for which disclosed deferred tax asset and on 31 December 2023, they are entirely used.

Pursuant to the Investment Promotion Act of 2015 (NN 102/15), amendments to the 2018 Act (NN 102/15, 25/18, 114/18) and the 2020 (NN 102/15, 25/18, 114/18, 32/20), and the Investment Promotion Regulation of 2016 (NN 31/16), the amendment of the 2019 Regulation (NN 31/16, 2/19), the Company has submitted a new project for the reconstruction and repositioning of accommodation properties (Camping Istra 5*, Valamar Collection Marea Suites 5* and Valamar Collection Pinea Resort 5*) for the period from 22 September 2017 and acquired the status of investment incentive holder. The Company concluded its second three-year investment cycle on 21 September 2020.

During the period of the holder of incentive measures, the Company realized a total of EUR 18,507 thousand of tax incentives for investments made according to above mentioned, for which disclosed deferred tax asset and on 31 December 2023, they are entirely used.

For the mentioned application, the Company has not received the final calculation of the Gross Equivalent Subsidy (GES).

Incentives in subsidiary Imperial Riviera d.d., Rab

Based on the application submitted to the Ministry of Economy of the Republic of Croatia for the first investment cycle 2019-2022 and in accordance with the Investment Promotion Act, Imperial Riviera d.d. (subsidiary) received confirmation in January 2020, under which it is eligible to use tax incentives in the amount of EUR 10,618 thousand over the next ten-year period. For investments made up to 31 December 2023, subsidiary has recognized the corresponding tax incentives in its books in the amount of EUR 8,086 thousand of which a total of EUR 2,767 thousand was utilized by 31 December 2024.

Based on the application submitted to the Ministry of Economy of the Republic of Croatia for the second investment cycle 2022-2025 and in accordance with the Investment Promotion Act, subsidiary received confirmation on 1 August 2024, under which it is eligible to use tax incentives in the amount of EUR 24,325 thousand over the next ten-year period. For investments made up to 31 December 2024, subsidiary has recognized the corresponding tax incentives in its books in the amount of EUR 11,945 thousand.

NOTE 12 – INCOME TAX / CONTINUED

DEFERRED TAX ASSET

GROUP							
(in thousands of EUR)	Property, plant and equipment	Financial assets	Trade receivables and inventories	Provisions	Tax losses	Tax incentive for investment	Total
As at 1 January 2023	**4,165**	**109**	**431**	**2,255**	**8,497**	**22,137**	**37,594**
Adjustment of deferred tax assets in profit and loss related to inter-group transaction	-	-	-	-	(192)	(31)	(223)
Credited to the income	6	15	-	254	-	8,838	9,113
Debited to the income	(2)	(12)	(11)	(1,279)	(943)	(4,117)	(6,364)
As at 31 December 2023	**4,169**	**112**	**420**	**1,230**	**7,362**	**26,827**	**40,120**
Adjustment of deferred tax assets in profit and loss related to inter-group transaction	-	-	-	-	(147)	(44)	(191)
Credited to the income	238	46	2	207	-	3,074	3,567
Debited to the income	(21)	(100)	-	(335)	(298)	(1,971)	(2,725)
As at 31 December 2024	**4,386**	**58**	**422**	**1,102**	**6,917**	**27,886**	**40,771**

COMPANY							
(in thousands of EUR)	Property, plant and equipment	Financial assets	Trade receivables and inventories	Provisions	Tax losses	Tax incentive for investment	Total
As at 1 January 2023	**52**	**244**	**431**	**1,944**	**-**	**4,066**	**6,737**
Credited to the income	6	15	-	214	-	-	235
Debited to the income	(2)	(147)	(11)	(1,210)	-	(4,066)	(5,436)
As at 31 December 2023	**56**	**112**	**420**	**948**	**-**	**-**	**1,536**
Credited to the income	238	38	2	200	-	-	478
Debited to the income	(21)	(100)	-	(237)	-	-	(358)
As at 31 December 2024	**273**	**50**	**422**	**911**	**-**	**-**	**1,656**

NOTE 12 – INCOME TAX / CONTINUED

DEFERRED TAX LIABILITY

GROUP			
(in thousands of EUR)	Financial assets held for sale	Fair value of land and buildings	Total
As at 1 January 2024	10	5,709	5,719
Debited to the income	-	(563)	(563)
Debited to the other comprehensive income	(10)	-	(10)
As at 31 December 2024	-	5,146	5,146

GROUP			
(in thousands of EUR)	Financial assets held for sale	Fair value of land and buildings	Total
As at 1 January 2024	8	1,421	1,429
Debited to the income	-	(113)	(113)
Debited to the other comprehensive income	(8)	-	(8)
As at 31 December 2024	-	1,308	1,308

NOTE 13 – EARNINGS/(LOSS) PER SHARE

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

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

GROUP		
	2023	2024
Profit/(loss) attributable to equity holders (in thousands of EUR)	27,028	25,803
Weighted average number of shares	122,714,818	122,946,270
Basic/diluted earnings per share (in EUR)	0.22	0.21

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

GROUP						
(in thousands of EUR)	Land	Buildings	Plant and equipment	Furniture, tools and horticulture	Assets under construction	Total
As at 1 January 2023						
Cost	128,684	969,770	160,878	62,953	39,332	1,361,617
Accumulated depreciation and impairment	-	(545,392)	(106,216)	(43,771)	-	(695,379)
Carrying amount	**128,684**	**424,378**	**54,662**	**19,182**	**39,332**	**666,238**
Year ended 31 December 2023						
Opening carrying amount	128,684	424,378	54,662	19,182	39,332	666,238
Transfer within the assets	-	30,525	15,849	6,563	(52,937)	-
Additions	-	265	4	-	55,461	55,730
Disposals and write-offs	(34)	(572)	(62)	(78)	-	(746)
Depreciation	-	(44,687)	(12,764)	(5,321)	-	(62,772)
Carrying amount at year end	**128,650**	**409,909**	**57,689**	**20,346**	**41,856**	**658,450**
As at 31 December 2023						
Cost	128,650	994,340	172,961	67,564	41,856	1,405,371
Accumulated depreciation and impairment	-	(584,431)	(115,272)	(47,218)	-	(746,921)
Carrying amount	**128,650**	**409,909**	**57,689**	**20,346**	**41,856**	**658,450**
Year ended 31 December 2024						
Opening carrying amount	128,650	409,909	57,689	20,346	41,856	658,450
Transfer within the assets	-	30,536	17,851	9,212	(57,599)	-
Additions	-	-	12	43	120,378	120,433
Disposals and write-offs	(219)	(507)	(193)	(85)	-	(1,004)
Depreciation	-	(43,776)	(13,895)	(5,940)	-	(63,611)
Carrying amount at year end	**128,431**	**396,162**	**61,464**	**23,576**	**104,635**	**714,268**
As at 31 December 2024						
Cost	128,431	1,017,363	186,636	75,387	104,635	1,512,452
Accumulated depreciation and impairment	-	(621,201)	(125,172)	(51,811)	-	(798,184)
Carrying amount	**128,431**	**396,162**	**61,464**	**23,576**	**104,635**	**714,268**

As at 31 December 2024, the carrying amount of land, buildings and movable assets of the Group pledged as collateral for borrowings amounted to EUR 267,135 thousand (2023: EUR 304,937 thousand).

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT / CONTINUED

COMPANY

(in thousands of EUR)	Land	Buildings	Plant and equipment	Furniture, tools and horticulture	Assets under construction	Total
As at 1 January 2023						
Cost	69,673	730,874	128,197	53,533	34,362	1,016,639
Accumulated depreciation and impairment	-	(427,244)	(86,188)	(39,207)	-	(552,639)
Carrying amount	**69,673**	**303,630**	**42,009**	**14,326**	**34,362**	**464,000**
Year ended 31 December 2023						
Opening carrying amount	69,673	303,630	42,009	14,326	34,362	464,000
Transfer within the assets	-	13,104	6,353	2,120	(21,577)	-
Additions	-	267	4	-	23,523	23,794
Disposals and write-offs	(34)	(477)	(24)	(6)	-	(541)
Depreciation	-	(30,941)	(9,571)	(3,862)	-	(44,374)
Carrying amount at year end	**69,639**	**285,583**	**38,771**	**12,578**	**36,308**	**442,879**
As at 31 December 2023						
Cost	69,639	742,198	133,735	54,927	36,308	1,036,807
Accumulated depreciation and impairment	-	(456,615)	(94,964)	(42,349)	-	(593,928)
Carrying amount	**69,639**	**285,583**	**38,771**	**12,578**	**36,308**	**442,879**
Year ended 31 December 2024						
Opening carrying amount	69,639	285,583	38,771	12,578	36,308	442,879
Transfer within the assets	-	18,253	12,145	5,470	(35,868)	-
Additions	-	-	12	43	75,874	75,929
Disposals and write-offs	(219)	(340)	(145)	(40)	-	(744)
Depreciation	-	(29,879)	(10,041)	(4,076)	-	(43,996)
Carrying amount at year end	**69,420**	**273,617**	**40,742**	**13,975**	**76,314**	**474,068**
As at 31 December 2024						
Cost	69,420	756,237	143,420	59,475	76,314	1,104,866
Accumulated depreciation and impairment	-	(482,620)	(102,678)	(45,500)	-	(630,798)
Carrying amount	**69,420**	**273,617**	**40,742**	**13,975**	**76,314**	**474,068**

As at 31 December 2024, the carrying amount of land, buildings and movable assets of the Company pledged as collateral for borrowings amounted to EUR 158,189 thousand (2023: EUR 136,239 thousand).

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT / CONTINUED

Assets under construction of the Group in the amount of EUR 104,635 thousand refer to the investment in hotels and apartments of EUR 84,146 thousand, investment in camping of EUR 2,521 thousand and the reconstruction, extension and adaptation of other buildings of EUR 3,176 thousand, advance payments to contractors for the mentioned works in the amount of EUR 14,792 thousand.

Out of the Group's total value of equipment, leased equipment under operating leases is as follows:

(in thousands of EUR)	2023	2024
Cost	24,369	24,824
Accumulated depreciation as at 1 January	(18,265)	(19,268)
Depreciation charge for the year	(672)	(665)
Carrying amount	**5,432**	**4,891**

The operating lease mostly relates to the lease of hospitality and shops to third parties, and other relates to service activities, sport and recreation and similar. During 2024, the Group realised rental income of EUR 6,979 thousand (2023: EUR 6,685 thousand), where fixed amount is EUR 6,736 thousand (2023: EUR 6,370 thousand), while variable is EUR 243 thousand (2023: EUR 316 thousand). All lease agreements are renewable, usually for period of 1 to 3 years and there is no purchase option. In the contracts, the Group obliges the lessees to submit the subject of the operating lease in the condition in which it was received.

Undiscounted future payments on 31 December 2024:

(in thousands of EUR)	Up to 1 year	More than 1, but less than 5 years	More than 5 years
Company	2,421	2,799	204
Group	3,265	3,336	204

NOTE 15 – INTANGIBLE ASSETS

GROUP			
(in thousands of EUR)	Goodwill[1]	Software	Total
			As at 1 January 2024
Cost	872	20,130	21,002
Accumulated amortisation	-	(15,611)	(15,611)
Carrying amount	**872**	**4,519**	**5,391**
			Year ended 31 December 2023
Opening carrying amount	872	4,519	5,391
Additions	-	3,948	3,948
Amortisation	-	(2,226)	(2,226)
Carrying amount at year end	**872**	**6,241**	**7,113**
			As at 31 December 2023
Cost	872	24,054	24,926
Accumulated amortisation	-	(17,813)	(17,813)
Carrying amount	**872**	**6,241**	**7,113**
			Year ended 31 December 2024
Opening carrying amount	872	6,241	7,113
Additions	-	4,309	4,309
Amortisation	-	(2,600)	(2,600)
Disposals and write-offs	-	(16)	(16)
Carrying amount at year end	**872**	**7,934**	**8,806**
			As at 31 December 2024
Cost	872	28,304	29,176
Accumulated amortisation	-	(20,370)	(20,370)
Carrying amount	**872**	**7,934**	**8,806**

[1] Impairment tests for goodwill
Goodwill is allocated to the cash-generating unit (CGUs) Camping Brioni, Pula. The recoverable amount of the cash-generating unit is determined based on the value-in-use calculations.

NOTE 15 – INTANGIBLE ASSETS / CONTINUED

COMPANY			
(in thousands of EUR)	Goodwill[1]	Software	Total
			As at 1 January 2024
Cost	872	19,450	20,322
Accumulated amortisation	-	(15,456)	(15,456)
Carrying amount	**872**	**3,994**	**4,866**
			Year ended 31 December 2023
Opening carrying amount	872	3,994	4,866
Additions	-	3,655	3,655
Amortisation	-	(1,956)	(1,956)
Carrying amount at year end	**872**	**5,693**	**6,565**
			As at 31 December 2023
Cost	872	23,103	23,975
Accumulated amortisation	-	(17,410)	(17,410)
Carrying amount	**872**	**5,693**	**6,565**
			Year ended 31 December 2024
Opening carrying amount	872	5,693	6,565
Additions	-	4,091	4,091
Disposals and write-offs	-	(16)	(16)
Amorisation	-	(2,303)	(2,303)
Carrying amount at year end	**872**	**7,465**	**8,337**
			As at 31 December 2024
Cost	872	27,158	28,030
Accumulated amortisation	-	(19,693)	(19,693)
Carrying amount	**872**	**7,465**	**8,337**

[1] Impairment tests for goodwill
Goodwill is allocated to the cash-generating unit (CGUs) Camping Brioni, Pula. The recoverable amount of the cash-generating unit is determined based on the value-in-use calculations.

NOTE 16 – INVESTMENT IN SUBSIDIARIES

COMPANY		
(in thousands of EUR)	2023	2024
At beginning of the year	**124,999**	**124,259**
Liquidation subsidiary Magične stijene d.o.o.	(740)	-
At year end	**124,259**	**124,259**
Bugenvilia d.o.o., Dubrovnik	5,115	5,115
Imperial Riviera d.d., Rab	119,144	119,144
	124,259	**124,259**

The subsidiaries Bugenvilia d.o.o. generate revenue from rent of property to the Company. Subsidiary Imperial Riviera d.d. generate revenues from performing their registered activities, primarily from hospitality activities (services of accommodation, food and drinks in hotels, tourist resorts and campings).

NOTE 17A – INTEREST IN ASSOCIATE HELIOS FAROS D.D.

The Company holds 8,528,796 shares (19.54%) of shares, i.e. voting rights of the company Helios Faros d.d., acquired in the period from 2019 to 2023. The company acquired shares and voting rights by participating in the investment and increase in the share capital of the company Helios Faros d.d., in bankruptcy in partnership with PBZ Croatia osiguranje d.d. za upravljanje obveznim mirovinskim fondovima acting in its own name and on behalf of PBZ Croatia obvezni mirovinski fond kategorije A and PBZ Croatia obvezni mirovinski fond kategorije B from Zagreb. In accordance with IAS 28, the Company has a significant impact since it holds 19.54% of the voting rights and participates in policy-making, including participation in dividend decisions or other distributions. The data shown below is taken from the unaudited financial statements of the company Helios Faros d.d. on 31 December 2024.

GROUP		
(in thousands of EUR)	2023	2024
At beginning of period at acquisition cost	9,377	10,693
Share increase through capital increase	1,609	-
Impact of change in ownership share	-	19
Share in net profit/(loss) at 31 December	(293)	(444)
At end of year on equity basis	**10,693**	**10,268**
Adjustment of share and share in net asset on 31 December		
Net asset at the beginning of the period	45,901	52,478
Capital increase[1]	8,044	1,335
Profit/(loss) after tax	(1,467)	(2,270)
Net asset at the end of the period	**52,478**	**51,543**
Share in net asset at the end of the period	10,495	10,070
Adjustment for goodwill	198	198
At the end of the period	**10,693**	**10,268**

[1] In 2023, the Company participated in a capital increase alongside PBZ Croatia osiguranje d.d. za upravljanje obveznim mirovinskim fondovima acting in its own name and on behalf of PBZ Croatia obvezni mirovinski fond kategorije A and PBZ Croatia obvezni mirovinski fond kategorije B from Zagreb. In 2024, the capital was increased in favour of the Republic of Croatia in connection with claims arising from bankruptcy proceedings.

(in thousands of EUR)	31 December 2023	31 December 2024
Assets:		
Non-current assets	51,697	56,412
Current assets	8,253	10,642
	59,950	**67,054**
Liabilities:		
Long-term liabilities	4,900	14,092
Short-term liabilities	2,572	1,419
	7,472	**15,511**
Net assets	**52,478**	**51,543**
Income	10,002	12,544
Expenses	11,469	14,799
Profit/(loss) before tax	**(1,467)**	**(2,255)**
Income tax	-	(15)
Profit/(loss) after tax	**(1,467)**	**(2,270)**
Share in profit/(loss) by equity method	**(293)**	**(444)**

NOTE 17B – INTEREST IN ASSOCIATE VALAMAR A GMBH AND VALAMAR OBERTAUERN GMBH

Valamar Obertauern GmbH[1]		
(in thousands of EUR)	31 December 2023	31 December 2024
Share at beginning of period	390	363
Share in net profit/(loss)[2]	(27)	-
At the end of the period	**363**	**363**
Net asset at the end of the period	3,641	3,641
Share in net asset (direct ownership 10%)	363	363
Share in net asset (indirect ownership 24.54% from 90%)	804	804
At the end of the period	**1,167**	**1,167**

Valamar A GmbH[1]		
(in thousands of EUR)	31 December 2023	31 December 2024
Share at beginning of period	4,806	5,193
Capital increase	982	687
Share in net profit/(loss)[2]	(595)	(405)
At the end of the period	**5,193**	**5,475**
Net asset at the end of the period	17,885	19,035
Share in net asset (24.54%)	**4,389**	**4,671**

Valamar Obertauern and Valamar A[1]		
(in thousands of EUR)	31 December 2023	31 December 2024
Share in Valamar A at the end of the period	5,193	5,475
Share in Valamar Obertauern at the end of the period	363	363
At the end of the period	**5,556**	**5,838**
Share in net asset Valamar A 24.54%	4,389	4,671
Share in net asset Valamar Obertauern (direct and indirect)[1]	1,167	1,167
At the end of the period	**5,556**	**5,838**

[1] Explained detailed in Note 1 – General information.

[2] The share in the result consists of the share in the result of Valamar Obertauern GmbH (reduced by 10% for minority interest) and in the result of Valamar A GmbH determined based on the preliminary financial statements. Associated Austrian companies are not subject to audit. The business year of mentioned companies lasts from 1.11. – 31.10., but for the purposes of financial reporting, it was adjusted to the duration of the Group's business year.

	Valamar Obertauern GmbH	Valamar A GmbH	Valamar Obertauern GmbH	Valamar A GmbH
(in thousands of EUR)	31 December 2023	31 December 2023	31 December 2024	31 December 2024
Assets:				
Non-current assets	12,268	49,449	11,985	51,881
Current assets	643	2,741	739	5,589
	12,911	**52,190**	**12,724**	**57,470**
Liabilities:				
Long-term liabilities	7,577	31,624	7,051	33,296
Short-term liabilities	1,693	2,681	2,032	5,139
	9,270	**34,305**	**9,083**	**38,435**
Net assets	**3,641**	**17,885**	**3,641**	**19,035**
Income	3,627	5,266	3,275	9,059
Expenses	(3,935)	(7,425)	(3,338)	(10,662)
Profit/(loss) before tax	**(308)**	**(2,159)**	**(63)**	**(1,603)**
Income tax	41	(24)	63	(48)
Profit/(loss) after tax	**(267)**	**(2,183)**	**-**	**(1,651)**
Minority interest 10%	(27)	-	-	-
Profit/(loss) after tax which belongs to Valamar A	**(240)**	**(2,183)**	**-**	**(1,651)**
Share in profit/(loss) in Valamar A by equity method (24.54%)[1]	**(59)**	**(536)**	**-**	**(405)**

[1] The share in the result consists of the share in the result of Valamar Obertauern GmbH (reduced by 10% for minority interest) and the result of Valamar A GmbH determined based on the preliminary financial statements. Associated Austrian companies are not subject to audit. The business year of mentioned companies lasts from 1.11. – 31.10., but for the purposes of financial reporting, it was adjusted to the duration of the Group's business year.

NOTE 18 – FINANCIAL INSTRUMENTS BY CATEGORY

GROUP

(in thousands of EUR)	Cash, loans and receivables	Financial assets	Financial assets through comprehensive income	Total
31 December 2023				
Assets at the reporting date				
Financial assets not measured at fair value				
Trade receivables	5,290	-	-	5,290
Loans and deposits[1]	25,421	-	-	25,421
Cash and cash equivalents	55,185	-	-	55,185
Financial assets measured at fair value				
Financial assets	-	158	-	158
Derivative financial instruments	-	-	2,282	2,282
Total	85,896	158	2,282	88,336
31 December 2024				
Assets at the reporting date				
Financial assets not measured at fair value				
Trade receivables	5,226	-	-	5,226
Loans and deposits[1]	17,211	-	-	17,211
Cash and cash equivalents	59,754	-	-	59,754
Financial assets measured at fair value				
Financial assets	-	23	-	23
Derivative financial instruments	-	-	817	817
Total	82,191	23	817	83,031

[1] Detailed in Note 19 – Loans and deposits

The above-mentioned amounts of financial assets represent the Group's maximum exposure to credit risk at the reporting date. The carrying values approximate their fair value due to their short-term maturity.

COMPANY

(in thousands of EUR)	Cash, loans and receivables	Financial assets	Financial assets through comprehensive income	Total
31 December 2023				
Assets at the reporting date				
Financial assets not measured at fair value				
Trade receivables	6,477	-	-	6,477
Loans and deposits[1]	1,421	-	-	1,421
Cash and cash equivalents	46,287	-	-	46,287
Financial assets measured at fair value				
Financial assets	-	154	-	154
Derivative financial instruments	-	-	1,227	1,227
Total	54,185	154	1,227	55,566
31 December 2024				
Assets at the reporting date				
Financial assets not measured at fair value				
Trade receivables	11,509	-	-	11,509
Loans and deposits[1]	4,411	-	-	4,411
Cash and cash equivalents	53,230	-	-	53,230
Financial assets measured at fair value				
Financial assets	-	19	-	19
Derivative financial instruments	-	-	319	319
Total	69,150	19	319	69,488

[1] Detailed in Note 19 – *Loans and deposits*

NOTE 18 – FINANCIAL INSTRUMENTS BY CATEGORY / CONTINUED

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Liabilities at reporting date				
Financial liabilities at amortised cost				
Trade and other payables	35,153	36,147	30,242	29,663
Borrowings	294,139	333,752	184,654	224,232
	329,292	**369,899**	**214,896**	**253,895**

NOTE 19 – LOANS AND DEPOSITS

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Deposits given to financial institutions	24,585	13,409	584	608
Deposits given to non financial institutions	831	3,298	831	3,298
Total deposits	**25,416**	**16,707**	**1,415**	**3,906**
Loans	6	505	6	505
Total loans and deposits	**25,422**	**17,212**	**1,421**	**4,411**
Non-current part	1,386	4,257	1,386	4,257
Current portion	24,036	12,955	35	154

The largest part of the given deposits relates to guarantee deposits associated with hotel rentals from related companies in Austria. The fair value of the Company's long-term deposits is calculated based on the discounted cash flow by applying the interest rate on the bonds of the Republic of Croatia in the range of 2.41% - 2.87% depending on the maturity of the deposit. The carrying amounts of other loans and deposits approximate their fair value.

NOTE 20 – INVENTORIES

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Raw materials and supplies	5,546	8,382	4,510	7,200
Trade goods, small inventory and packaging material	1,841	1,796	1,436	1,381
	7,387	**10,178**	**5,946**	**8,581**

NOTE 21 – TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Domestic receivables	2,636	2,600	2,074	1,927
Foreign receivables	180	680	118	615
Related parties receivables[1]	1,374	416	3,714	7,975
Provision for impairment of trade receivables	(380)	(336)	(282)	(224)
Trade receivables – net	3,810	3,360	5,624	10,293
Accrued income	958	1,690	552	1,208
Interest receivables	523	176	301	7
Total trade receivables	**5,291**	**5,226**	**6,477**	**11,508**
Prepaid expenses and accrued income[2]	2,231	2,862	1,706	2,150
VAT receivable	1,760	2,168	828	555
Advances to suppliers	89	537	24	519
Receivables from employees	109	1,589	89	1,563
Receivables from state institutions	183	339	66	80
Other receivables	302	338	273	320
Total other receivables	**4,674**	**7,833**	**2,986**	**5,187**
Total trade and other receivables	**9,965**	**13,059**	**9,463**	**16,695**

[1] Receivables from related companies at the Company level mostly relates to the subsidiary Imperial Riviera d.d. for management fees under the hotel management agreement.

[2] The Company calculated loan fees in the amount of EUR 996 thousand (2023: EUR 710 thousand) and the Group in the amount of EUR 1,429 thousand (2023: EUR 946 thousand).

NOTE 21 – TRADE AND OTHER RECEIVABLES / CONTINUED

Movement of provisions for impairment of trade and other receivables:

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
At 1 January	575	380	486	282
Increase of impairment	52	66	37	33
Collected receivables	(167)	(57)	(165)	(52)
Receivables written-off	(80)	(53)	(76)	(39)
At 31 December	380	336	282	224

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Trade receivables:				
Neither past due nor impaired	3,547	2,965	5,131	9,038
Past due, but not impaired	263	395	493	1,255
	3,810	3,360	5,624	10,293

As at 31 December 2024, the maturities of the trade receivables, which are past due, but not impaired are as follows:

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Up to one month	178	23	181	990
One to two months	40	67	15	45
Two to three months	21	213	3	200
Over three months up to 1 year	24	92	294	20
	263	395	493	1,255

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group holds advances, bank guarantees and promissory notes, and periodically mortgage as collection security. The carrying amounts of trade and other receivables approximate their fair value since they are short-term.

NOTE 22 – DERIVATIVE FINANCIAL INSTRUMENTS

Receivables by derivative financial instruments:

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Fair value of interest rate swap	2,281	817	1,228	319
Non-current portion	675	212	442	47
Current portion	1,606	605	786	272

Interest rate swaps
As at 31 December 2024, the contracted value of outstanding interest rate swaps for the Company amounts to EUR 86,034 thousand (2023: EUR 32,686 thousand), and for the Group amounts to EUR 128,257 thousand (2023: EUR 82,686 thousand).

As at 31 December 2024, the weighted average fixed interest rate from the interest rate swap contract is 1.86% for the Company, while the variable interest rate (EURIBOR) is 2.71%. As at 31 December 2024, the weighted average base interest rate fixed by the interest rate swap contract for a loan is 1.77% for the Group, while the base variable interest rate (EURIBOR) is 2.71%. Fair value gains and losses on interest rate swaps are recognised directly in the Statement of comprehensive income until the repayment of borrowings. Final maturity date of borrowings is 30 September 2036.

NOTE 23 – CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Giro-accounts and current accounts	1,100	2,366	544	1,087
Cash in hand	4	23	-	-
Foreign currency accounts	263	263	95	116
Time deposits up to one month	53,818	57,102	45,648	52,027
	55,185	59,754	46,287	53,230

The interest rate on cash and cash equivalents is up to 3.81% (2023: up to 3.85%).

NOTE 24 – SHARE CAPITAL

The authorised and registered share capital of the Company in 2024 amounts to EUR 221,915 thousand (2023: EUR 221,915 thousand) and comprises 126,027,542 ordinary shares (2023: 126,027,542) with no prescribed nominal value. All the shares are fully paid.

The ownership structure as at 31 December is as follows:

2023	Number of shares	%
Wurmbock Beteiligungs GMBH, Vienna	25,040,000	19.87
Goldscheider Keramik Gesellschaft M.B.H., Vienna	25,017,698	19.85
Satis d.o.o., Zagreb	6,610,048	5.24
Raiffeisenbank Austria d.d./Zbirni skrbnički račun – za SF/Skrbnik, Zagreb	5,634,079	4.47
OTP Banka d.d./AZ OMF kategorije B/Skrbnik, Split	3,424,992	2.72
Enitor d.o.o., Zagreb	2,720,950	2.16
Privredna banka Zagreb d.d./Skrbnički zbirni račun klijenta/Skrbnik, Zagreb	2,155,127	1.71
CERP, Zagreb	1,887,616	1.50
OTP Banka d.d./Erste plavi OMF kategorije B /Skrbnik, Split	1,519,010	1.21
HPB d.d./Kapitalni fond d.d./Skrbnik, Zagreb	1,419,657	1.13
Treasury shares	3,417,022	2.71
Other shareholders - free float	47,181,343	37.44
Total	**126,027,542**	**100.00**

2024	Number of shares	%
Wurmbock Beteiligungs GMBH, Vienna	25,078,700	19.90
Goldscheider Keramik Gesellschaft M.B.H., Vienna	25,017,698	19.85
Satis d.o.o., Zagreb	6,610,048	5.24
Raiffeisenbank Austria d.d./Zbirni skrbnički račun – za SF/Skrbnik, Zagreb	5,646,079	4.48
OTP Banka d.d./AZ OMF kategorije B/Skrbnik, Split	4,364,708	3.46
Enitor d.o.o., Zagreb	2,657,950	2.11
Privredna banka Zagreb d.d./Skrbnički zbirni račun klijenta/Skrbnik, Zagreb	2,418,148	1.92
CERP, Zagreb	1,570,206	1.25
OTP Banka d.d./Erste plavi OMF kategorije B /Skrbnik, Split	1,519,010	1.21
HPB d.d./Kapitalni fond d.d./Skrbnik, Zagreb	1,419,657	1.13
Treasury shares	3,101,536	2.46
Other shareholders - free float	46,623,802	36.99
Total	**126,027,542**	**100.00**

According to the regulations of the Law on the Introduction of the euro as a official currency in Republic of Croatia and the new Act on Amendments of the Companies Act, and based on the decision of the General Assembly on the adjustment of the share capital on 24 April 2023, the share capital of the Company, with the application of the fixed exchange conversion rate from kuna to euro is recalculated in euro and reduced for the amount of 0.72 euro in measure needed for the adjustment with the relevant regulations in a simplified manner, in favour of capital reserves.

As previously reported, based on the decision adopted by the Company's General Assembly held on 24 July 2013, the registered capital was increased by a conversion of the reinvested profit of the year 2012 by EUR 6,928 thousand. The distribution of the reinvested profit of EUR 6,928 thousand in future periods will result in tax liability, since it is based on a tax incentive.

The Company acquired and released treasury shares during 2024 all for the purpose of paying the rewards to key executives and members of the Management Board in accordance with the adopted long-term reward plan for key executives in the Company's shares in the period from 2023 to 2026. The reward plan encourages loyalty, focus on achieving business goals and increasing shareholder value. During 2024, the Company acquired 110,674 shares which represents 0.09% of share capital in the total amount of EUR 599 thousand and released 426,160 of treasury shares which represents 0.34% of share capital. As at 31 December 2024, the Company owned 3,101,536 of their treasury shares (2023: 3,417,022), which represents 2.46% (2023: 2.71%) of the Company's registered capital.

NOTE 25 – RESERVES AND RETAINED EARNINGS

a) Capital reserves

As at 31 December 2024, the capital reserves of the Group amounted to EUR 1,550 thousand (2023: EUR 1,218 thousand). As at 31 December 2024, the capital reserves of the Company amounted to EUR 1,615 thousand (2023: EUR 1,283 thousand).

b) Reserves and retained earnings

GROUP		
(in thousands of EUR)	2023	2024
Legal reserves	11,096	11,096
Fair value reserves	40	-
Other reserves	22,123	22,117
Retained earnings	65,618	64,662
	98,877	**97,875**
Changes in reserves:		
Legal reserves		
At beginning of the year	11,096	11,096
At year end	**11,096**	**11,096**
Fair value reserves		
At beginning of the year	8	40
Change in fair value financial assets	32	-
Financial assets sale	-	(40)
At year end	**40**	**-**
Other reserves		
At beginning of the year	26,847	22,123
Reserves for payments with equity instruments[1]	(4,724)	(6)
At year end	**22,123**	**22,117**
Retained earnings		
At beginning of the year	62,631	65,618
Result for the year	27,028	25,803
Return of uncollected dividend from retained earnings	337	370
Dividends	(24,378)	(27,068)
Financial assets sale	-	(61)
At year end	**65,618**	**64,662**

[1] Explained in Note 2.20 – *Employee benefits - (e) Employee benefits in the form of own shares.*

COMPANY		
(in thousands of EUR)	2023	2024
Legal reserves	11,096	11,096
Fair value reserves	40	-
Other reserves	23,662	23,656
Retained earnings	163,370	162,544
	198,168	**197,296**
Changes in reserves:		
Legal reserves		
At beginning of the year	11,096	11,096
At year end	**11,096**	**11,096**
Fair value reserves		
At beginning of the year	8	40
Change in fair value financial assets	32	-
Financial assets sale	-	(40)
At year end	**40**	**-**
Other reserves		
At beginning of the year	28,386	23,662
Reserves for payments with equity instruments[1]	(4,724)	(6)
At year end	**23,662**	**23,656**
Retained earnings		
At beginning of the year	162,466	163,370
Result for the year	24,945	25,933
Return of uncollected dividend from retained earnings	337	370
Dividends	(24,378)	(27,068)
Financial assets sale	-	(61)
At year end	**163,370**	**162,544**

[1] Explained in Note 2.20 – *Employee benefits - (e) Employee benefits in the form of own share.*

NOTE 25 – RESERVES AND RETAINED EARNINGS / CONTINUED

Legal reserves
The legal reserve is required under Croatian law and shall be built up at a minimum of 5% of the profit for the year until the total legal reserve together with capital reserves reach 5% of the Company's share capital. As at 31 December 2024, the legal reserves of the Group and the Company amounted to EUR 11,096 thousand or 5% of the share capital (2023: EUR 11,096 thousand or 5% of the share capital). This reserve is not distributable.

Other reserves
As at 31 December 2024, the Group's other reserves amounted to EUR 22,117 thousand (2023: EUR 22,124 thousand), which comprise reserves for treasury shares in the amount of EUR 18,158 thousand (2023: EUR 18,158 thousand), other reserves in the amount of EUR 386 thousand (2023: EUR 391 thousand) as a result of the recognition of the salary costs for payments based on shares in principal instruments, and the remaining amount consists of the effects of consolidation.

As at 31 December 2024, the Company's other reserves amounted to EUR 23,656 thousand (2023: EUR 23,661 thousand), which comprise the reserves for treasury shares in the amount of EUR 18,158 thousand (2023: EUR 18,158 thousand), other reserves in the amount of EUR 386 thousand (2023: EUR 391 thousand) as a result of the recognition of the salary costs for payments based on shares in principal instruments, and other reserves in the amount of EUR 5,112 thousand from mergers of subsidiaries.

According to the decision of the General Assembly of 24 April 2024, the Company paid a dividend in the amount of EUR 0.22 per share, in the total amount of EUR 27,068 thousand.

Fair value reserves
As at 31 December 2024, no fair value reserves are reported in the Company and the Group. As at 31 December 2023, the fair value reserves of the Company and the Group amounted to EUR 40 thousand.

NOTE 26 – BORROWINGS

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Bank borrowings				
Current	49,938	101,722	33,002	84,527
Non-current	244,201	232,030	151,653	139,705
Total borrowings	294,139	333,752	184,655	224,232

As at 31 December 2024 non-current and current bank borrowings of the Group amounted EUR 333,753 thousand, of which EUR 284,744 thousand are pledge over Company's property facilities and movable property, while the remaining loan in the amount of EUR 49,009 thousand is secured by promissory notes.

As at 31 December 2024 non-current and current bank borrowings of the Company amounted EUR 224,232 thousand, of which EUR 175,223 thousand are pledge over Company's property facilities and movable property, while the remaining loan in the amount of EUR 49,009 thousand is secured by promissory notes.

As at 31 December 2024, the Company had unused lines of credit contracted with financial institutions for 2024 in the total amount of EUR 105,792 thousand, and the Group in the total amount of EUR 152,077 thousand.

The carrying amount of borrowings is denominated in EUR. Effective interest rates at the reporting date were as follows:

	2023		2024	
GROUP	(in thousands of EUR)	%	(in thousands of EUR)	%
Borrowings:				
EUR	294,139	0% - 5.21%	333,752	1% - 4.21%
COMPANY	(in thousands of EUR)	%	(in thousands of EUR)	%
Borrowings:				
EUR	184,655	1% - 3%	224,232	1% - 3.41%

The highest interest rate for loans of the Company in 2024 is 3.41%. The highest interest rate for loans of the Group in 2024 is 4.21% and is based on the loan which represents less than 0.20% of the Group's total debt as at 31 December 2024.

Maturities of non-current borrowings are as follows:

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
1-3 years	87,621	75,248	53,455	39,809
3-6 years	99,267	95,724	52,050	52,819
Over 6 years	57,313	61,058	46,148	47,077
	244,201	232,030	151,653	139,705

The carrying amounts and fair value of non-current borrowings are as follows:

	Carrying amounts		Fair value	
(in thousands of EUR)	2023	2024	2023	2024
Group	244,201	232,030	215,280	205,387
Company	151,653	139,705	135,798	123,210

The fair value is based on discounted cash flows discounted using a rate based on the weighted average interest rate on Group's borrowings of 2.61% (2023: 2.69%).

The carrying amounts of current portion of non-current borrowings approximate their fair value due to short-term maturity.

NOTE 27 – RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company and the Group have leases for properties, motor vehicles and land used for their business within the scope of IFRS 16 Leases.

The lease period for most contracts, excluding leases related to tourist land lease, is between 3 to 5 years, with exception of a few leases where the lease period exceeds 10 years. The lease period for the tourist land is 50 years, from 2020 to 2069, with the conditions for asset recognition being acquired at the beginning of 2024.

Lease contracts for tourist land lease have not yet been concluded, but active work is underway on their preparation. The Company and the Group have a restriction regarding the lease of certain lease subjects to sublease them.

Recognised right-of-use assets and the movements during the period:

GROUP					
(in thousands of EUR)	Property	Land	Motor vehicles	Tourist land	Total
As at January 2023	2,090	1,260	190	-	3,540
Additions	451	284	-	-	735
Depreciation	(304)	(347)	(92)	-	(743)
As at 31 December 2023	2,237	1,197	98	-	3,532
Additions	13,625	241	64	62,802	76,732
Depreciation	(897)	(313)	(53)	(1,363)	(2,626)
As at 31 December 2024	14,965	1,125	109	61,439	77,638

COMPANY					
(in thousands of EUR)	Property	Land	Motor vehicles	Tourist land	Total
As at January 2023	2,192	1,157	182	-	3,531
Additions	506	235	-	-	741
Depreciation	(384)	(386)	(87)	-	(857)
As at 31 December 2023	2,314	1,006	95	-	3,415
Additions	13,872	392	64	57,994	72,322
Depreciation	(1,014)	(379)	(49)	(1,261)	(2,703)
As at 31 December 2024	15,172	1,019	110	56,733	73,034

Lease liabilities and the movements during the period:

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
As at 1 January	3,024	3,144	3,026	3,036
Additions	720	76,857	728	72,186
Accretion of interest	104	3,551	103	3,425
Payments	(704)	(4,002)	(821)	(3,924)
As at 31 December	3,144	79,550	3,036	74,723
Current assets	593	6,101	657	5,916
Non-current assets	2,551	73,449	2,379	68,807

Leases in profit and loss:

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Depreciation expense of right-of use assets	755	2,626	858	2,702
Interest expense on lease liabilities	104	3,551	103	3,425
Short-term leases expence	8	5	8	5
Variable lease payments	21	891	21	891
Total	888	7,073	990	7,023

Depreciation expense of right-of-use assets are included in Depreciation and amortization within the Statement of comprehensive income, while the Interest expense on lease liabilities is included in Note 11 – *Finance income/(expense) - net - item Interest Expense*. Expense relating to short-term leases and variable lease payments are included in Note 7 – *Cost of materials and services – item Rent*.

In 2024 total cash outflows amounted to EUR 4,820 thousand (2023: EUR 850 thousand) for the Company and EUR 4,898 thousand (2023: EUR 733 thousand) for the Group (including cash outflows for short-term leases and variable lease payments).

The Company and the Group in calculation of the present value of the lease liability on 31 December 2024, have not included potential lease contract extensions for which it is estimated they will not be realized nor the variable lease payments. The undiscounted future cash outflows for leases based on this basis as of 31 December 2024 are as follows:

(in thousands of EUR)	GROUP	COMPANY
Extension – not certain	907	816
Leases not yet commenced to which the lessee is committed	891	891

NOTE 28 – TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Trade payables	16,908	27,135	13,326	20,970
Trade payables – related parties	48	112	90	169
Tourist land rental fee	18,197	8,900	16,827	8,524
Total trade payables	**35,153**	**36,147**	**30,243**	**29,663**
Non-current part[1]	12,237	9,337	11,410	8,524
Current portion	22,916	26,810	18,833	21,139
Liabilities for dividend	49	49	-	-
Liabilities to employees	4,790	6,102	3,835	4,805
Liabilities for calculated vacation and redistribution hours	3,054	3,454	2,387	2,484
Liabilities for taxes and contributions and similar charges	1,748	2,948	1,361	2,482
Accrued VAT liabilities in unrealized income	121	150	73	93
Advances received	6,574	15,256	5,061	12,489
Liabilities for calculated costs	5,827	7,727	5,116	5,923
Liabilities for calculated tax - rewarding in shares	123	159	112	110
Other liabilities	1,887	3,318	1,239	1,527
Total other liabilities	**24,173**	**39,163**	**19,184**	**29,913**
Non-current part	-	-	-	-
Current portion	24,173	39,163	19,184	29,913
Total non-current liabilities	**12,237**	**9,337**	**11,410**	**8,524**
Total current liabilities	**47,089**	**65,973**	**38,017**	**51,052**

[1] Non-current part of trade payables is mostly related to the lease of tourist land.

NOTE 29 – PROVISIONS AND OTHER ACCRUED EXPENSES

GROUP				
(in thousands of EUR)	Termination benefits and jubilee awards	Legal proceedings	Bonuses	Total
As at 1 January 2024	**4,256**	**4,173**	**5,756**	**14,185**
Additional provisions	1,152	65	6,451	7,668
Used during year	(505)	(24)	(5,732)	(6,261)
Reversed during year	(723)	(1,737)	(24)	(2,484)
As at 31 December 2024	**4,180**	**2,477**	**6,451**	**13,108**
2024				
Current part	55	-	6,451	**6,506**
Non-current part	4,125	2,477	-	**6,602**

COMPANY				
(in thousands of EUR)	Termination benefits and jubilee awards	Legal proceedings	Bonuses	Total
As at 1 January 2024	**3,346**	**2,943**	**4,986**	**11,275**
Additional provisions	1,069	47	5,600	6,716
Used during year	(410)	-	(4,961)	(5,371)
Reversed during year	(723)	(893)	(24)	(1,640)
As at 31 December 2024	**3,282**	**2,097**	**5,601**	**10,980**
2024				
Current part	-	-	5,601	**5,601**
Non-current part	3,282	2,097	-	**5,379**

Legal cases of the Company
Provisions for litigation mostly relate to real estate in Dubrovnik in the amount of EUR 1,778 thousand specifically on the sold construction land from 1996 with a total area of 10,441 m² which was not included in the estimated value during the transformation and privatization of the company Dubrovnik - Babin kuk d.d. Due to the impossibility of registering ownership, some buyers filed a lawsuit with the Municipal Court in Dubrovnik with a request to terminate the sales contract, so a provision was made for future payments according to the sale prices of land from sales contracts and interest.

Legal cases of the Group
Legal cases of the Group include Company's land ownership disputes and legal proceedings of Imperial Riviera d.d.

The Management Boards of the companies make decisions regarding the increase and/or removal of reservations, all based on existing disputes related to unresolved asset-legal relations, as well as other litigation procedures, and the assessments of legal advisors, the legal department, and the assets and legal affairs department in relation to the outcome of ongoing litigation proceedings.

NOTE 30 – CONSOLIDATED SUBSIDIARIES

OWNERSHIP AT 31 DECEMBER			
	Country	2023	2024
Bugenvilia d.o.o.	Croatia	100.00%	100.00%
Imperial Riviera d.d.	Croatia	46.27%	46.27%

NOTE 31 – CONTINGENCIES AND COMMITMENTS

Legal proceedings

In the ordinary course of business, the Company is plaintiff and defendant in various legal actions. In the financial statements for the year ended on 31 December 2024, provisions for certain legal proceedings have been made for which the Company anticipates outflows of EUR 2,097 thousand.

The Company and the Group do not anticipate other contingent liabilities based on legal disputes.

Transformation and privatisation audit and land ownership

A transformation and privatisation audit were carried out for the Company during 2002 and 2003, with a separate audit for Riviera Poreč d.d. (formerly Riviera Holding d.d., Riviera Adria d.d., now Valamar Riviera d.d.) and for companies merged into the Company: Rabac d.d., Zlatni Otok d.d. and Dubrovnik Babin kuk d.d. The reports claim that the transformation and privatisation process had not been performed entirely in accordance with legal regulations, primarily in relation to properties that are not appraised in the Company's equity, but are owned by the Company and are partly recorded in the land records, as well as properties that are reported in the Company's equity, but have not yet been recorded in the land registry.

The Company, as well as its legal predecessors, submitted timely objections to the transformation and privatisation audit reports to the State Audit Office, but at the date of issue of these financial statements, they had not received any response from the State Audit Office with respect to the objection of the Company and/or the legal predecessors of the Company.

The outcome of these proceedings is not expected to have a significant impact on the financial position or results of the Company or the Group.

To protect their interests, the Company is conducting a number of legal and/or administrative procedures, which primarily refer to:

- land excluded from the valuation in the process of transformation and privatisation, but partially registered by the Company and to a portion on which catering and other facilities have been built or are in function (in the Lanterna and Solaris resorts and the Lanterna, Solaris and Istra camping grounds);
- land in Dubrovnik, which was appraised, but not registered, and
- land which has been sold, but was not appraised.

The outcome and the result of the legal and other proceedings cannot be predicted with any degree of certainty. On 1 August 2010, the ZOTZ entered into force, on the basis of the provisions of which the ownership and co-ownership over land not appraised in the transformation and privatisation processes should have been finally determined, and in the spirit of the provisions of which all disputes that were ongoing in relation to unappraised tourist land, primarily the land in the area of Poreč, Rabac and Krk, should have been resolved.

The Company initiated procedures in accordance with the provisions of the ZOTZ within the prescribed period, through submission of a request on 31 January 2011 for concessions on tourist land in camping grounds and tourist land in tourist resorts. With the Act on unappraised land ("the ZNGZ") entered into force on 2 May 2020, the procedures for obtaining a concession initiated under the provisions of the ZOTZ have been suspended and further assessment of the court and administrative proceedings related to unappraised land can be predicted only after resolving property relations and determining the actual owners of tourist land, according to provisions of the ZNGZ.

The outcome of these procedures is not expected to have a significant impact on the financial statements or results of the Company or the Group.

The Company is the defendant in a lawsuit from 2010 related to the payment for works on the Lacroma Hotel during its reconstruction and expansion. The Commercial Court issued a judgment in 2013, rejecting the plaintiff's claims in full. In 2020, the High Commercial Court of Croatia overturned the first instance ruling, and the case was sent back for a retrial. In the repeated proceedings, the Commercial Court in its judgement of May 2023, for the most part upheld the claim and the Company is held liable for the payment of principal in the amount of EUR 2,264,861.17 and litigation costs in the amount of EUR 702,752.22 and the corresponding statutory default interest. On 31 January 2024, the High Commercial Court of the Republic of Croatia issued a final judgment in favour of the Company, reversing the judgment of the Commercial Court in Dubrovnik from May 2023 and rejecting as unfounded all of the claims of the plaintiff.

The plaintiffs filed a motion for leave to revise against the judgment of the High Commercial Court of the Republic of Croatia from 31 January 2024, to which the Company sent its response. So far, the Company has not made a reservation or booked costs for the said dispute in its books.

The Company was also a defendant in a lawsuit from 2012, which is related to the payment for work on Lacroma Hotel. The Commercial Court's first-instance ruling from 2015, which was upheld by the High Commercial Court in 2019, rejected the plaintiff's claim. However, on 4 July 2023 the Supreme Court of the Republic of Croatia annulled the rulings of the Commercial Court and the High Commercial Court, and remanded the case for retrial.

Based on the claims in the lawsuit, the principal amount in this case was EUR 1,498,608.42. In the retrial, the Commercial Court in Dubrovnik issued a first instance judgment in favour of the Company in February 2024. In the appeal procedure, following the plaintiff's appeal, the High Commercial Court of the Republic of Croatia issued a final ruling on 26 March 2024, unfavourable for the Company, overturning the Commercial Court in Dubrovnik judgment from February 2024 and accepting the plaintiff's claims. On 23 May 2024, based on the final judgment of the High Commercial Court, funds were transferred from the Company's account. On 28 May 2024, the Company filed a motion for permission to review the judgment of the High Commercial Court of the Republic of Croatia. In September 2024, the Supreme Court of the Republic of Croatia issued a decision rejecting the Company's motion for permission to file a proposal against the High Commercial Court's judgment. In 2024, the Company recorded expenses in the amount of EUR 4.1 million for the principal amount and default interest related to this legal dispute. The Company has filed within a timely manner a Administrative Complaint with the Administrative Court of the Republic of Croatia against the decision of the Supreme Court of the Republic of Croatia which rejected the permission for revision.

NOTE 31 – CONTINGENCIES AND COMMITMENTS / CONTINUED

In 2023, the Company initiated an administrative dispute to annul the Decision of the Ministry of the Sea, Transport, and Infrastructure, issued after an inspection of the economic use of the maritime property in the area of the Ježevac Campsite on Krk.

The decision includes a ban on providing accommodation services on several cadastral plots and offering mooring services. In 2024, a non-final judgment was rendered against the Company, against which the Company filed an appeal with the competent court. In June 2024, the Government of the Republic of Croatia issued a Conclusion directing the Ministry of Sea, Transport, and Infrastructure to urgently determine the boundaries of the maritime property for all camps where the boundary has not yet been established, and also ordered the Customs Administration and the Ministry of the Sea, Transport, and Infrastructure, the Navigation Safety Directorate, to suspend inspection measures banning the operation of camps until property and legal relations on the maritime property are resolved in areas where they have not yet been settled, no later than 31 December 2025. In July, the Ministry of the Sea, Transport, and Infrastructure accepted the Company's proposal for the renewal of the procedure and lifted the ban on providing accommodation at the Ježevac Campsite.

In the same matter, in early February 2024, a notice of tax inspection was received from the Ministry of Finance, which began on 27 February 2024. In 2023, the Company has made a reservation in the amount of EUR 130 thousand and will actively participate in the ongoing procedure.

Capital commitments

The Company's contracted future obligations for investments in tourism properties as of 31 December 2024 amounts to EUR 80,934 thousand (2023: EUR 73,743 thousand). The Group's contracted future obligations for the investments in tourism properties as of 31 December 2024 are in the amount to EUR 112,379 thousand (2023: EUR 84,299 thousand).

The Company is a guarantor for the bank loan of its associated Company, Valamar Obertauern GmbH. The estimated maximum amount of the guarantee that may be realized is EUR 5,427 thousand. The loan of the associated Company is secured by mortgages on the properties of Valamar Obertauern GmbH. The Company assesses the likelihood of an actual obligation arising from the guarantee as very low.

The Company was a guarantor for the loan of its associated Company, Imperial Riviera d.d. in the total amount of EUR 48,889 thousand with a pledge on the properties of Imperial Riviera d.d. securing the claim up to the value of the secured debt. On 15 April 2024, the Company entered into agreements with OTP Bank d.d. to terminate the guarantee agreement for loans related to Imperial Riviera d.d. Following the termination of the guarantee agreement, on 16 April 2024, the Company signed an agreement with its associated Company Imperial Riviera d.d. to terminate the security agreement and authorized the removal of the pledge on the properties of Imperial Riviera d.d.

NOTE 32 – CASH GENERATED FROM OPERATIONS

Adjustment of profit with cash generated from operations:

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Profit/(loss) before taxation	33,441	36,985	32,903	31,017
Adjustment for:				
Depreciation and amortisation	65,778	68,874	47,224	49,039
Net gains on sale of property, plant and equipment and intangible assets	(118)	(135)	(90)	(113)
Write-off of property, plant and equipment	1,078	1,232	825	989
Provision for impairment of trade and other receivables - net	(115)	9	(128)	(19)
Finance costs - net	6,453	11,302	1,198	3,512
Gain/(loss) from financial assets - net	-	(12)	-	(12)
Fair value gains/(loss) from financial instruments - net and financial assets	1,794	1,652	718	1,095
Share in net profit/(loss) of associates	927	829	-	-
Subsidiary liquidation effect	-	-	(271)	-
Reserves for payments with equity instruments	343	371	343	371
Increase in provisions - net	(6,410)	(1,729)	(5,627)	(906)
Changes in:				
- Trade and other receivables	(2,873)	(595)	(2,110)	(6,524)
- Inventories	(1,888)	(2,791)	(1,653)	(2,635)
- Trade and other payables	23,221	6,792	21,576	4,897
Cash generated from operations	**121,631**	**122,784**	**94,908**	**80,711**

NOTE 33 – RELATED PARTY TRANSACTIONS

Related parties are those companies, which have the power to exercise control over the other party or are under common control or which have a significant influence on the other party in doing business or making financial decisions or is directly or indirectly involved in the management or supervision.

The related parties in the Valamar Group in 2023 and 2024 are: Epic Goldscheider & Wurmböck Unternehmensberatungsgesellschaft m.b.H, Vienna, Wurmböck Beteiligungs GmbH, Vienna, Bugenvilia d.o.o., Dubrovnik, Satis d.o.o., Zagreb, Casatis d.o.o., Zagreb, Eladco Invest GmbH, Kraubath an der Mur (Austria), I.Q.M. d.o.o., Poreč, Magične stijene d.o.o. (until 3 August 2023, when the decision of the Commercial court in Dubrovnik on the registration of deletion of the entity Magične stijene d.o.o. became final), Dubrovnik, Imperial Riviera d.d., Rab, with subsidiary Praona d.o.o., Makarska, Valamar A GmbH, Tamsweg/Vienna with subsidiaries Kesselspitze GmbH, Obertauern, Kesselspitze GmbH & Co KG, Obertauern, WBVR Beteiligungs GmbH, Vienna, Valamar Marietta GmbH, Obertauern, Valamar Obertauern GmbH, Obertauern, Helios Faros d.d., Stari Grad, Kamenolom Pridraga d.o.o., Pridraga, Flexi Oscar d.o.o., Zagreb, DPN JEDAN d.o.o. Zagreb (until 16 April 2024, when the change in the Company's members was registered in the court register, and the member of the Supervisory Board ceased to be a member of the Company), B10 Istrian fusion d.o.o., Grožnjan, YES International AG, Lachen, Switzerland, dieTShirt AG, Lachen, Switzerland, NEOLITIKA d.o.o., Rovinj, Z I M – PLAN d.o.o., Zagreb and Künz Holding GmbH, Hard, Austria.

Related party are also lawyers Mladen Markoč, Relja Pećina and Fran Kušeta Zagreb and Obrt za poduku Bucolaj, Novigrad.

Management Agreement

As of 28 November 2019, a new Agreement was concluded between the Company and Imperial Riviera d.d. and in relation to the management of hotel and tourist facilities, based on the Decision of the General Assembly of Imperial Riviera d.d. of 29 October 2019. The contract has been concluded for a period of 25 years, with the possibility of termination or extension.

As of 2 September 2019 the Agreement between the Company and Helios Faros d.d. in relation to the management of the hotel and tourist facilities and amenities is valid. The agreement was concluded for a period of 10 years, on 19 July 2023 Addition to the Agreement has been concluded in relation to the management of the hotel and tourist facilities and amenities between the Company and Helios Faros d.d. for which the agreement has been extended until 2035.

The subject of these agreements, similar to the agreements concluded with Imperial Riviera d.d., is the provision of management services and the performance of business activities related to hotels, apartments, resorts, and/or campsites, as well as other real or movable property of the individual Company. The usual term for this type of agreement is a hotel management agreement or agreement on managing hotels. For the management services provided, Valamar Riviera d.d. is entitled to a management fee, which consist of a basic fee and an incentive fee, a consultancy fee for conceptualizing and structuring investments to introduce the VALAMAR brand(s) (CAPEX fee), a fee for reservation centre services, as well as a fee for initial or "pre-opening" services that Valamar provides before the full reopening and thorough rebranding of properties, depending on the type and size of the accommodation facility.

NOTE 33 – RELATED PARTY TRANSACTIONS / CONTINUED

As of 1 March 2023 new Agreements in relation to the management of the hotel and tourist facilities and amenities with Companies Valamar Obertauern GmbH and Kesselspirze GmbH & Co KG were valid, and also an Agreement between Valamar Riviera d.d. and Valamar Marietta GmbH, all for a period of 25 years. On 24 October 2024, the Supervisory Board of the Company approved a new form of business cooperation in Austria, which resulted in the termination of the previous hotel management agreements with Valamar Obertauern GmbH, Kesselspitze GmbH & Co KG, and Valamar Marietta GmbH, effective as of 31 October 2024. Through the new leasing business model, starting from 1 November 2024 the Company, via its Austrian subsidiary continued to manage the hotels Valamar Obertauern Hotel, Kesselspitze Hotel & Chalet, Valamar Collection, and [PLACES] Obertauern by Valamar.

Related party transactions were as follows:

GROUP		
(in thousands of EUR)	2023	2024
Sale of services		
Associate with participating interest	2,835	2,573
	2,835	**2,573**
Purchase of services		
Associate with participating interest	194	1,139
Other related parties	38	115
	232	**1,254**
Trade and other receivable		
Associate with participating interest	1,374	416
	1,374	**416**
Liabilities		
Associate with participating interest	32	99
Other related parties	16	13
	48	**112**
Loans and deposits given		
Associate with participating interest	968	4,028
	968	**4,028**

COMPANY		
(in thousands of EUR)	2023	2024
Sale of services		
Subsidiaries	14,215	19,535
Associate with participating interest	2,835	2,573
	17,050	**22,108**
Purchase of services		
Subsidiaries	1,941	2,309
Associate with participating interest	194	1,139
Other related parties	32	97
	2,167	**3,545**
Dividend income		
Subsidiaries	2,183	4,978
	2,183	**4,978**
Trade and other receivable		
Subsidiaries	2,341	7,559
Associate with participating interest	1,373	416
	3,714	**7,975**
Trade and other payables		
Subsidiaries	48	57
Associate with participating interest	32	99
Other related parties	10	13
	90	**169**
Loans and deposits given		
Associate with participating interest	968	4,028
	968	**4,028**

NOTE 33 – RELATED PARTY TRANSACTIONS / CONTINUED

Board personnel compensation

	GROUP		COMPANY	
(in thousands of EUR)	2023	2024	2023	2024
Salaries	1,081	1,200	850	963
Pension contributions	150	158	86	97
Health insurance contribution	243	247	190	196
Other costs (contribution and taxes)	375	409	320	349
	1,849	2,014	1,446	1,605

In 2024, Board personnel compensation are related to 6 Group Board members (2023: 6 Board members), and for the Company 3 members (2023: 3 members).

Company's Supervisory Board fees during 2024 amounted to EUR 518 thousand (2023: EUR 530 thousand).

NOTE 34 – AUDIT FEES

The fees for audit of the financial statements of the Group amounted to EUR 163 thousand (2023: EUR 156 thousand), while the audit fees for other services amounted to EUR 60 thousand (2023: EUR 24 thousand).

Other audit services in 2023 and 2024 are mostly related to audit of Report on Board and Supervisory Board personnel compensation, and the audit of the Sustainability Report.

NOTE 35 – SUBSEQUENT EVENTS

After the data of the financial statements, there have been no events that require adjustments or disclosure in the financial statements.

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CONTACTS

Valamar Riviera d.d.

Stancija Kaligari 1,
52440 Poreč, Croatia

T +385 52 408 000
F +385 52 451 608
info@valamar.com

www.valamar.com

Investor Relations

Stancija Kaligari 1,
52440 Poreč, Croatia

T +385 52 408 159
F +385 52 451 608
ir@valamar.com

www.valamar-riviera.com

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